Interreg Mediterranean

EUROPEAN UNION

BLUE CROWDFUNDING

MODULE 2: PRE-CAMPAIGNING
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CROWD POLICY

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Chapter 1:IDENTIFY

(Goals, budget, milestones, business plan, crowdfunding models, crowdfunding platforms)

Chapter 2:PREPARE

(fulfilment process, tasks for team, communication plan, campaign video, campaign texts, legal issues)

Chapter 3: BUILD

(profile on platform, campaign title, description, texts, graphics, rewards, test and publish a campaign)

Module 2: PRE-CAMPAIGNING

In Module 2 we dive deeper into the organisation of a Crowdfunding campaign and explain the different phases of the pre-campaigning process. The module has the following sub-chapters:

o IDENTIFY
o PREPARE
o BUILD

In this module you will learn how to prepare a Crowdfunding campaign and which things are important to know before starting a campaign.

Module 2: PRE-CAMPAIGNING

Organise your Crowdfunding campaign: successful Crowdfunding campaign needs more than just publishing your project on a Crowdfunding platform.

Identify!

- Define your goal
- Define your budget
- Define your milestones
- Define your brand
- Write a business plan*
- Start a company*
- Build your team
- Explore Crowdfunding
- Choose the model
- Choose the platform
- Imagine different scenarios

Prepare!

- Set up project & communication plan
- Assign tasks to team
- Start a pre-launch page
- Produce campaign video
- Produce graphics/pics
- Write campaign texts
- Write FAQs
- Clarify legal issues

Build!

- Open account & add profile
- Set up payment
- Add campaign title
- Add thumbnail & short text
- Add description texts
- Add graphics & pictures
- Add rewards
- Add your team
- Upload campaign video
- Upload businessplan*
- Test your campaign & adjust it
- Publish your campaign

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IDENITIFY!

Define your goal
Make sure that your Crowdfunding goal aligns with the campaign - identify your goal first, then plan your campaign

IDENITIFY!

Define your budget

Consider the following costs when caclulating your budget

Budget for the Crowdfunding project (external budget) which determines your project goal

- project costs
  - production of your product
  - material etc.
- campaign costs
  - platform fees
  - production of video and photos
  - shipping and fulfillment
  - rewards
  - external service providers
  - ads
  - payment fees
  - etc.
- taxes

Projected Costs

155k

51k
10k
42k
15k
23k
15k

- Injection Molding
- Mechanical Components
- Electronics
- Optical System
- Assembly
- Risk Mitigation
- Fees

Source: SnapJet on Kickstarter, https://www.kickstarter.com/projects/snapjet/snapjet-a-slim-portable-open-source-instant-film-p/description?ref=handbook_story

IDENITIFY!

Define your budget

It is important to be transparent about the budget - the budget can really help the crowd to understand what the money is needed for.

Internal budget:

- Your own time
- Preparation costs

Sometimes your internal budget will be higher than the funding goal.

BUDGET BREAKDOWN

Additional Recurring Expenses — 1.92%
Admin — 5.05%
Promotional — 2.38%
The Crew — 47.73%
44.91%

lava mae

The Bus:
Retrofit
Vehicle Insurance
Registration
Gas
Maintenance
Cleaning
Solar Panels
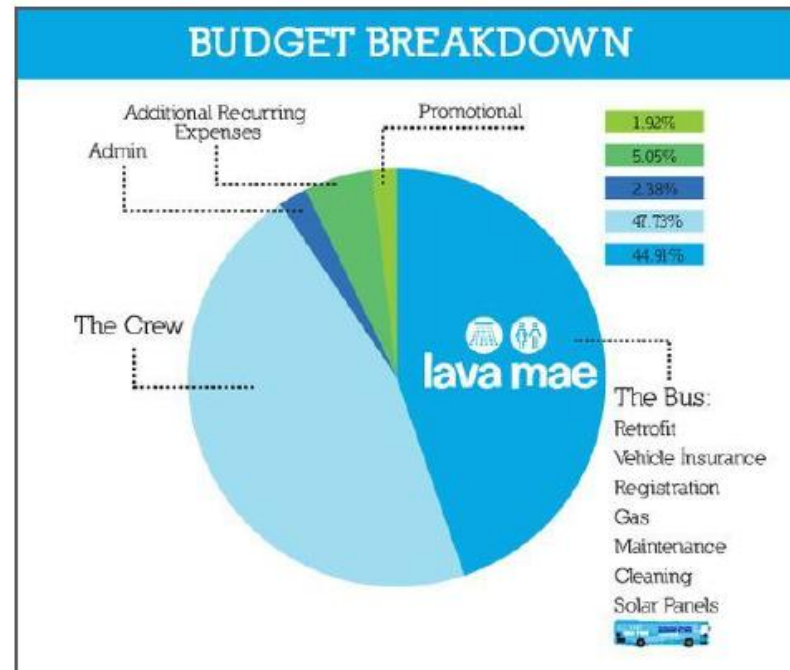
Source: LavaMae on Indiegogo: https://www.indiegogo.com/projects/lavamae-mobile-showers-2013#/

IDENITIFY!

Define your milestones

A rough timetable is useful to successfully finish a Crowdfunding campaign, but also to create a sustainable business.

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Regional Development Fund
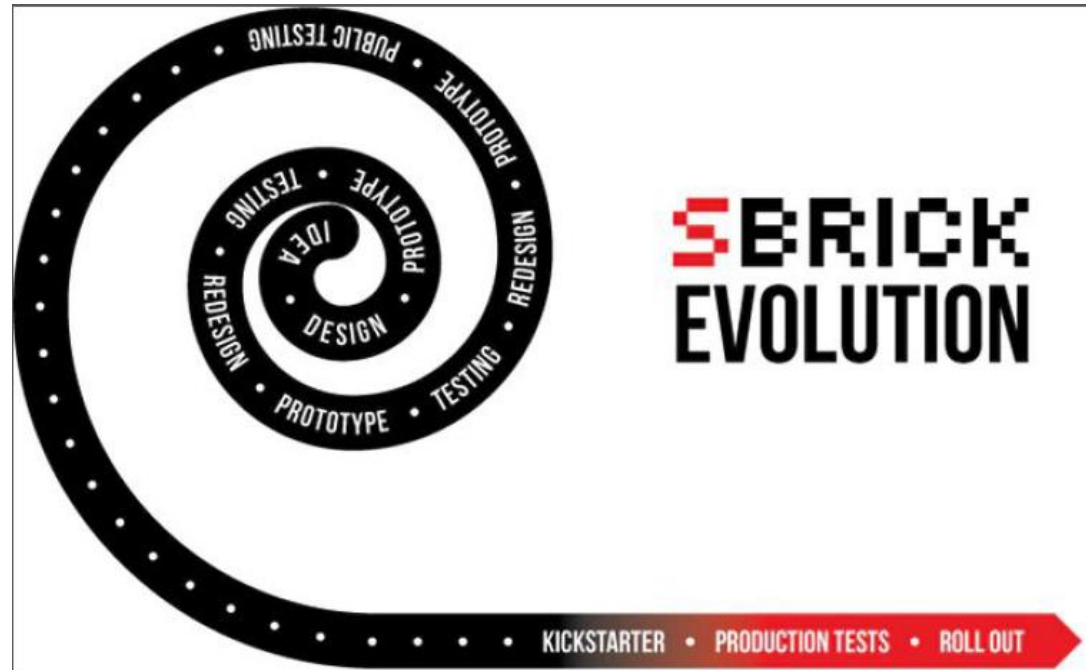
Module 2: PRE-CAMPAIGNING

IDENITIFY!

Prepare a business plan!

In Equity-based Crowdfunding, a business plan is needed to by most platforms.
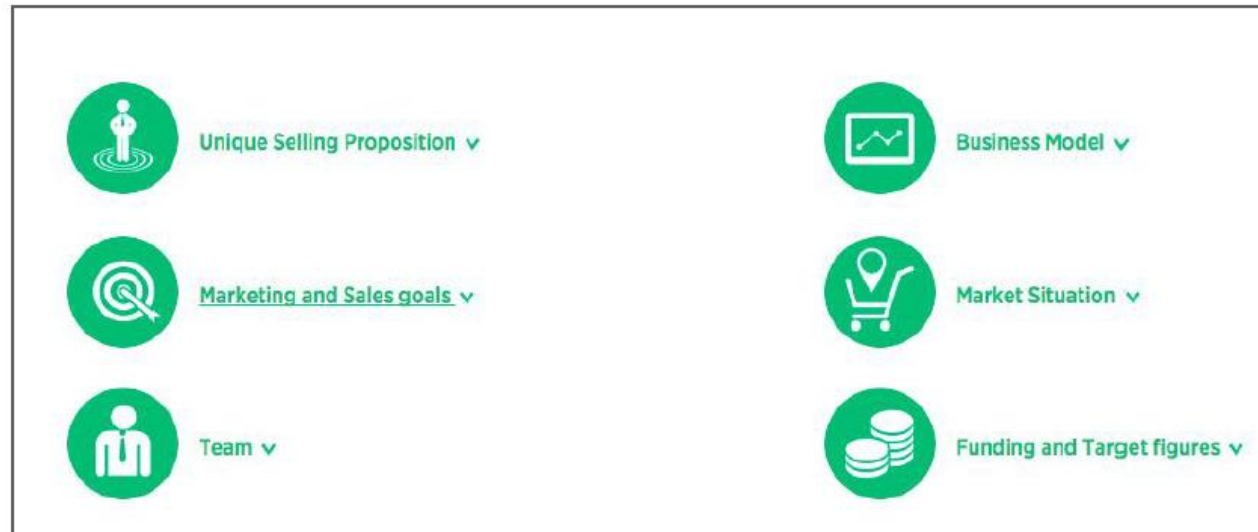
IDENITIFY!

Build your team

Starting a Crowdfunding campaign as a team increases the chance of success.
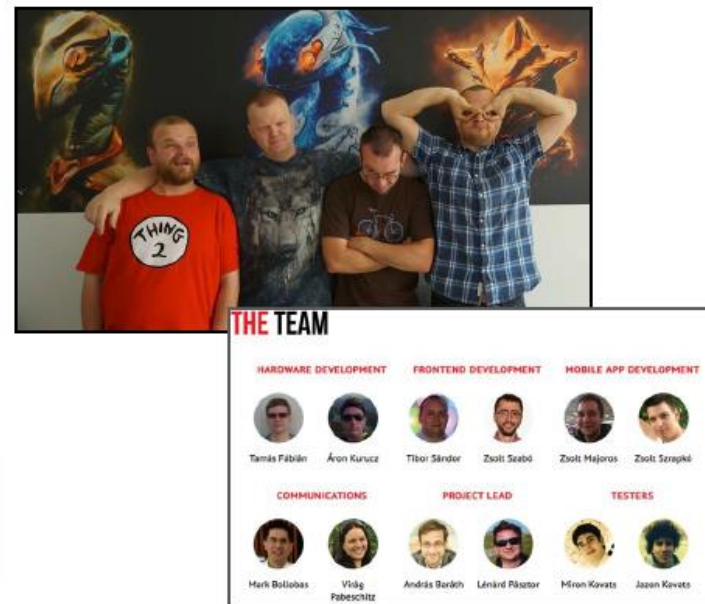
IDENITIFY!

Explore Crowdfunding READINESS & GOOD CHOICE OF PLATFORM/MODEL

Ask as many people as possible about Crowdfunding and learn as much as possible about Crowdfunding before starting your

campaign.

Source: Crowdfunding-Talk with Vello Bike on ununi.TV,
https://www.youtube.com/watch?v=SekjgCBgYFI&index=4&list=PL9NVYzxXit91PpxoznkNaUJVcGpMYMhV3; The
Essential Guide to Crowdfunding, Indiegogo.com, https://learn.indiegogo.com/the-essential-guide-to-crowdfunding; Zagreb Crowdfunding Convention,
http://www.crowdfundingconvention.eu/; Crowd-Fund-Port, http://www.interreg-central.eu/Content.Node/CROWD-FUND-PORT.html; Conda
Investment Guide,
https://www.conda.at/en/crowdinvesting/investment-guide/

IDENTIFY!

Choose the Crowdfunding model
There are different Crowdfunding models

	Reward	Lending	Equity
Types of Project: purpose	Non-governmental and non-profit initiatives, small and medium sized enterprises, commercial pre-sales of products and services, creative and cultural projects: initial funding	Small business loans, project finance: increasing working capital, small acquisitions, purchasing equipment	Small and medium sized enterprises: expansion, production or marketing
Offer	Pre-orders, tangible rewards	Repayment with or without interest	Ownership stake in the company
Average Funding Amount Sought	€ 10,000 - 20,000	€ 0.3 - 1 mill.	€ 0.5 - 2 mill.
Funders	Anyone, Mostly individuals	Individuals, institutional investors	Mostly individuals, high net worth investors and increasingly professional investors

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IDENITIFY!

Choose the Crowdfunding model

…and each Crowdfunding model follows a slightly different approach

	Reward	Lending	Equity
Average Duration	Campaign: around 30 days; timeframe for delivery of reward: up to 1 year	Campaign: depending of platform; Loans: will run for months to years (varies according to loan structure and platform)	Campaign: usually up to 30 days, Investment: until sale of business
Fees	+/- 3-5% plus payment fees via third party operators	+/- 3-5% (plus interest)	+/- 5% listing fees, +/- 3-5% transaction fees, due diligence fees
Success Rate	+/- 50% for raising funds	+/- 50%	+/- 40%
Financial Consequence	Booked as revenue in Profit and Loss account	Debt on balance sheet	Asset on balance sheet

Module 2: PRE-CAMPAIGNING

IDENITIFY!

Choose the Crowdfunding platform

There are many variables to consider when choosing the Crowdfunding platform that fits your purpose.

Which **CROWDFUNDING MODEL** fits best?	Which **INVESTMENT MODEL** fits best?	What about **CONTRACTS** for using the CFP?
How is the **SERVICE QUALITY** of the platform?	Are there any **LIMITATIONS** when using a specific platform?	Which **PAYMENT SYSTEM** is offered by the CFP?

Module 2: PRE-CAMPAIGNING

IDENITIFY!
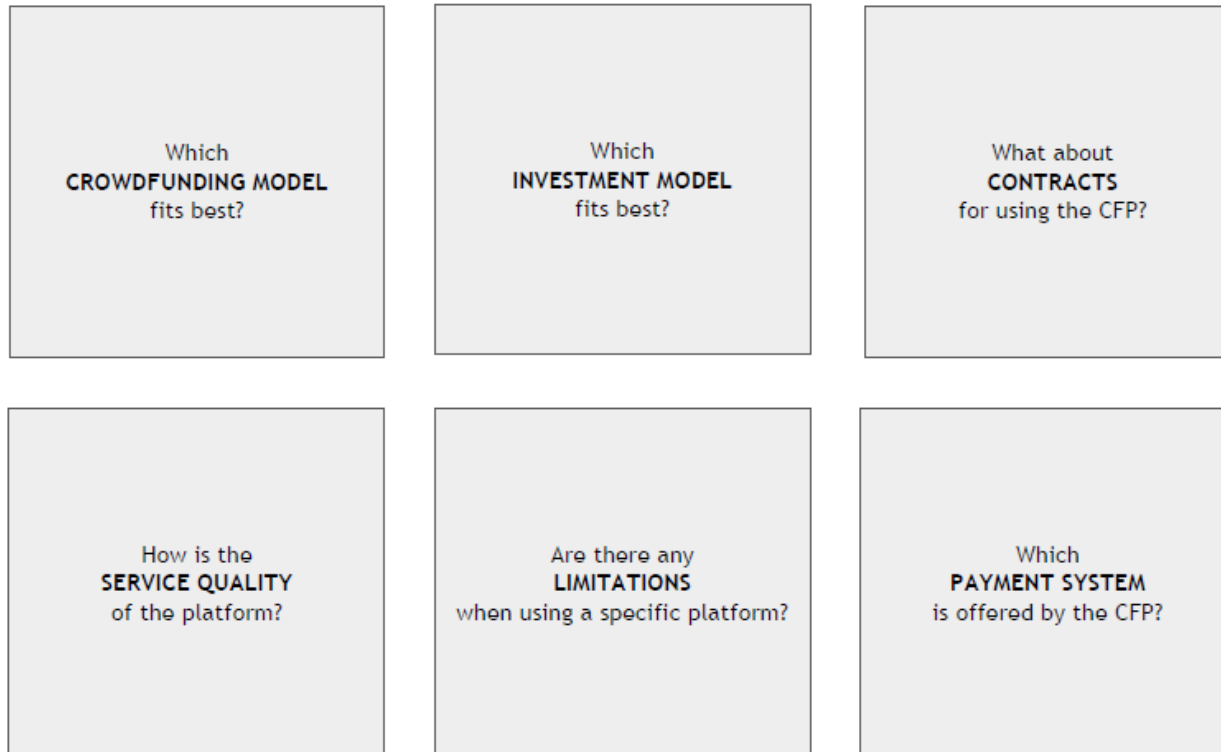
Choose the Crowdfunding platform
Try to answer most of these questions to find the best CFP for your project.

What **FEATURES** does the platform offer?	Does the platform offer **MULTILINGUAL INTERFACES?**	How is the **USABILITY/DESIGN** of the platform?
How much are the **PLATFORM FEES AND COSTS?**	Are there **SIMILAR PROJECTS** on the CFP?	What is the **SIZE OF THE PLATFORM-COMMUNITY?**

Module 2: PRE-CAMPAIGNING

PREPARE!

Plan fulfillment process + INCLUDE DELIVERY COSTS ETC.

Make sure to pre-check logistics for shipping your product before launching your campaign.

Module 2: PRE-CAMPAIGNING

PREPARE!

Assign tasks to team

You should also clearly define the responsibilities within your team and assign certain tasks to each team member

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PREPARE!

Set up project and communication plan

It is crucial for the success of a campaign to plan your communication in advance.
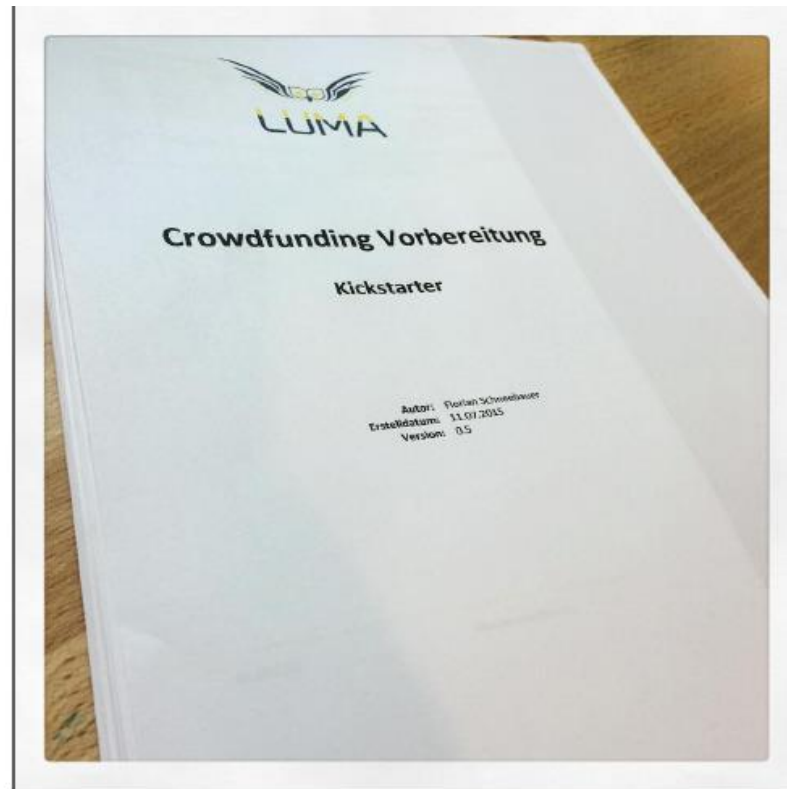
Source: Gumpelmaier on Instagram, https://www.instagram.com/p/8IE2HWzcz0/

Module 2: PRE-CAMPAIGNING

PREPARE!

Set-up project and communication plan

According to your story, define what you tell whom and where to tell it and write it down.

What?

- Project details
- Team introduction
- Reward presentation
- Crowdfunding status
- Referral contest
- Press coverage
- etc.

Who?

- Family
- Friends
- Colleagues
- Journalists
- Influencers
- Other stakeholder
- etc.

Where?

- Email-Newsletter
- Personal emails
- (Kickoff)-Events
- Updates on CFP
- Direct Messages
- Social Media updates
- etc.

Source: „Crowd-Fund-Port" project :
https://www.interreg-central.eu/Content.Node/CROWD-FUND-PORT/D.T2.2.2-Training-material.pdf

PREPARE!

Produce a campaign video pitch

When scripting and producing a pitch video, keep in mind that the attention span online is really short!
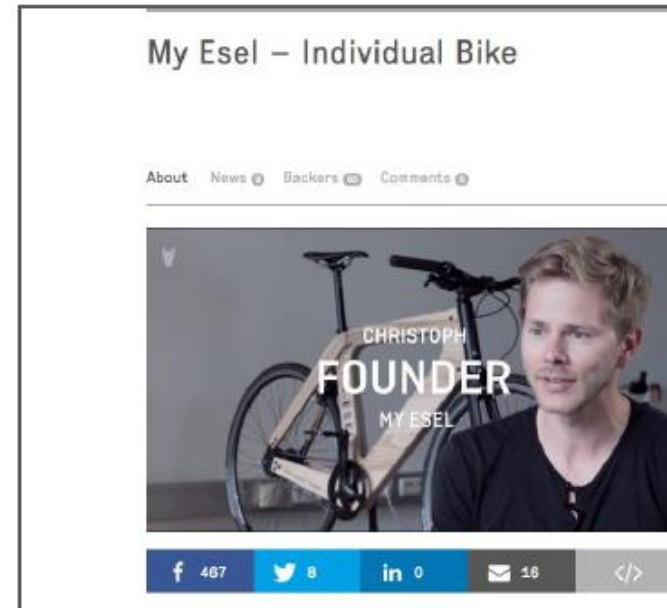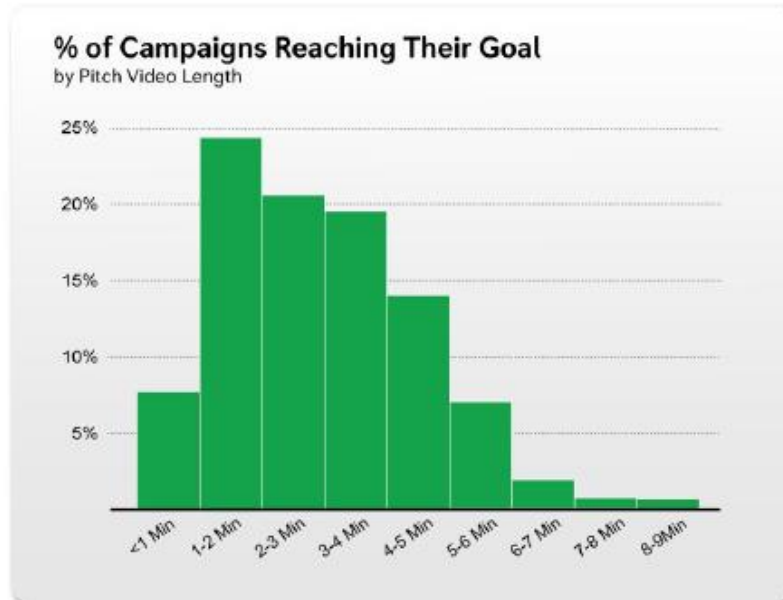
PREPARE!
Write campaign texts
In your campaign text you should answer important questions about the project and the team.

o   Who are you?
o   What's your product?
o   Where does the idea come from?
o   When do you plan to realize the project?
o   What is your budget/goal?
o   Why do you care?
o   What do you expect from supporters?

PREPARE!
Clarify legal issues with your lawyer and tax consultant in advance.

Review of
Crowdfunding
Regulation
▶ 2017

EUROPEAN COMMISSION

Brussels, 8.3.2018

COM(2018) 113 final

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

on European Crowdfunding Service Providers (ECSP) for Business

Review of
Crowdfunding
Regulation

Interpretations of existing regulation
concerning crowdfunding in Europe, North
America and Israel

A Publication of the Tax & Legal Work Group
of the European Crowdfunding Network

**Identifying market and
regulatory obstacles to cross-
border development of
crowdfunding in the EU**

*Final report
December 2017*

Source: European Crowdfunding Network, Review of Crowdfunding Regulation,
http://eurocrowd.org/wp-content/blogs.dir/sites/85/2016/12/ECN-Review-of-Crowdfunding-Regulation-2013.pdf;
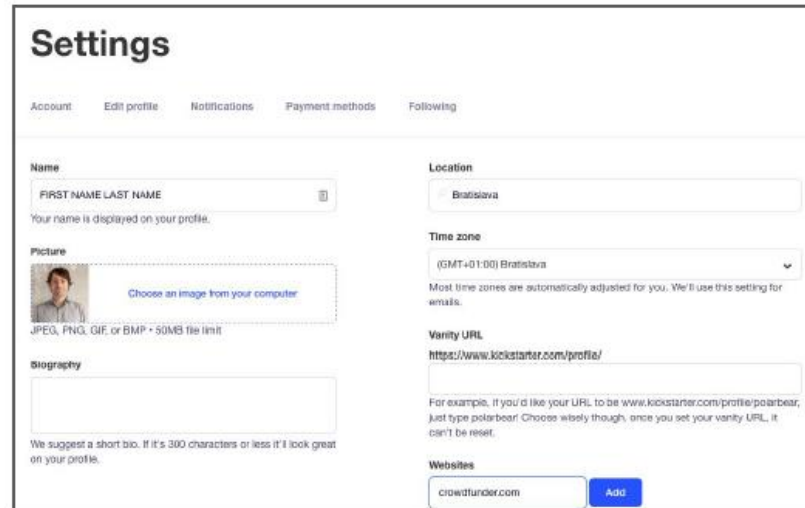
BUILD!

Open account on platform & add profile

To launch a project on a specific platform you need to register first and some basic information about you/your company.

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BUILD!

Add a campaign title

A short and noteworthy title is important to help platform-visitors remember your project and/or topic.
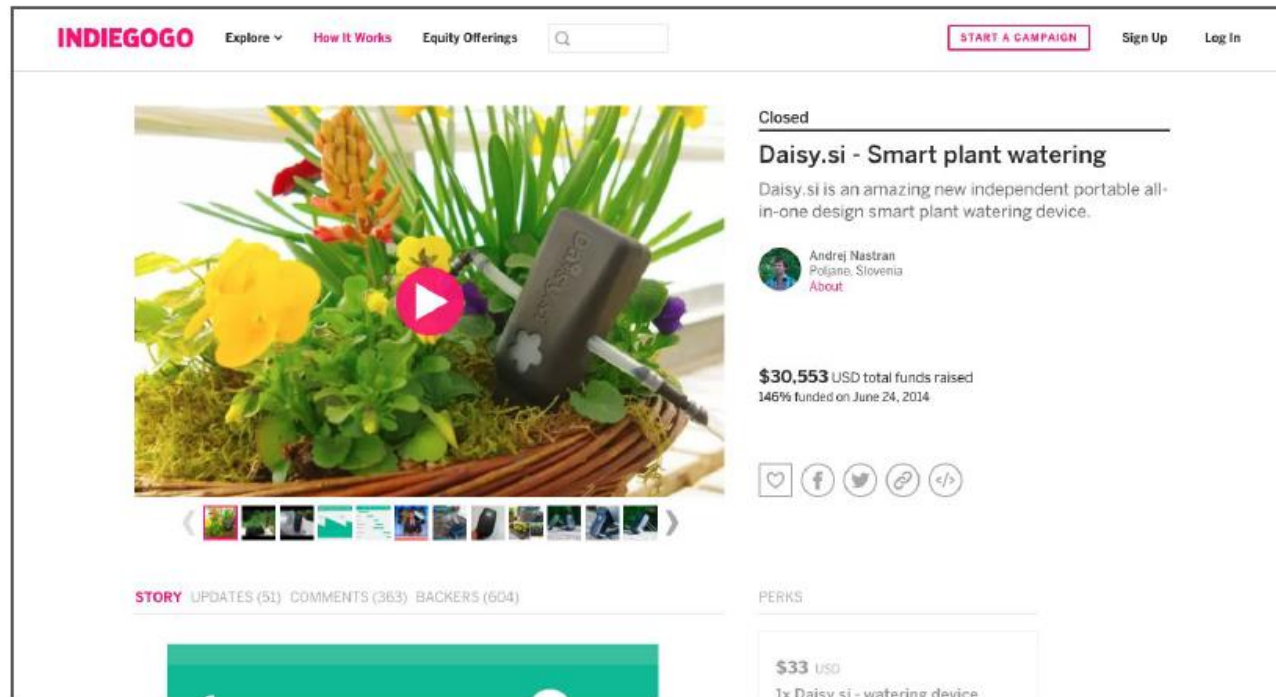
Source: Daisy.si on Indiegogo, https://www.indiegogo.com/projects/daisy-si-smart-plant-watering#/

BUILD!

Add a thumbnail and short description

Choose a meaningful thumbnail picture and a short description (lead-text) that gets your project to the point.

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BUILD!

Add description texts

Describe your idea and your story as detailed and emotional as possible to convince potential supporters.
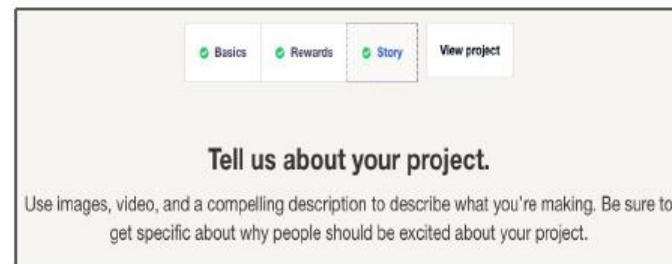
Module 2: PRE-CAMPAIGNING

BUILD!

Add graphics, pictures & videos

Use videos, infographics, photographs and other multimedia material to improve your written presentation.

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BUILD!

Add rewards

Add at least five rewards to your project and make sure to offer a few for small, some for medium and one or two for bigger purses.

PLEDGES   Please include 3 GBP shipping cost ♥

	COFFE PLEDGE	STICKER PLEDGE	EARLY BIRD PLEDGE	SBRICK PLEDGE	COLOUR SBRICK	CRANE SET	F1 SET	VOLVO SET	TRANS EDITION	PROTOTYPE TESTER
	5	15	29	40	55	70	120	180	280	300
# OF BRICKS			1 SBrick	1 SBrick	1 SBrick	2 SBricks	3 SBricks	1 SBrick	8 SBricks	3 SBricks
SPECIAL ELEMENTS	Thank you	Sticker	Special Discount	The real deal	Collectors edition	MOC Instruction	MOC Instruction	Full set of 42030	Instructions for our track switch and semaphore designs	(one is a prototype out of the 3 SBricks)
VALUE FACTOR		★	★★★	★	★	★★	★	★★★	★★★	★★
HELP FACTOR	★★	★★	★	★★	★★	★★	★★★	★★	★★	★★★

Source: SBrick - Smart way to control all your LEGO® Creations on Kickstarter, https://www.kickstarter.com/projects/sbrick/sbrick-smart-way-to-control-all-your-lego-creation

BUILD!
Add rewards
Awards can also be used to attract retail partners.

BUILD!

Add experience team members

Some CFPs offer a direct assignment of team-members to your project. Adding them shows that you are not alone and helps

building trust.
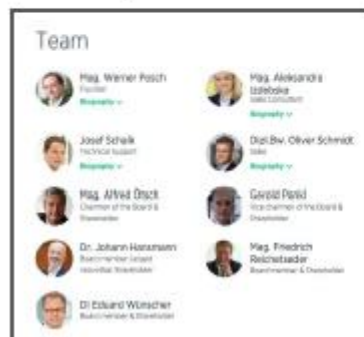
BUILD!

Upload your campaign video

You can link your YouTube or Vimeo-URL to integrate your pitch video into the campaign-page, although some platforms want you
to upload it from your computer.
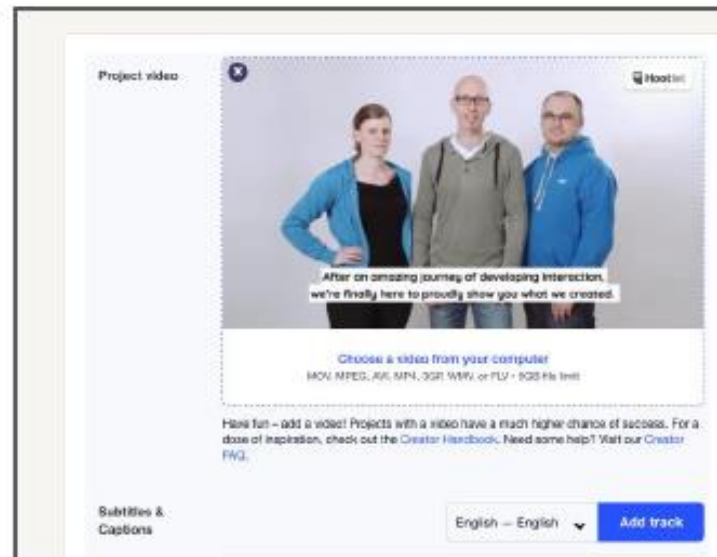
Source: Kickstarter Campaign Dashboard; Indiegogo Campaign Dashboard;

BUILD!

Upload business plan and other documents

Most equity- and lending-based CFPs offer a simple PDF upload to make your business plan and other financial documents

accessible to investors.

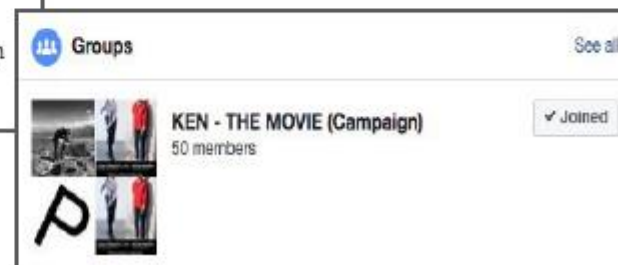Source: Cynny on Investi-re.it, http://www.investi-re.it/project/cynny/

BUILD!

Test your campaign and adjust it

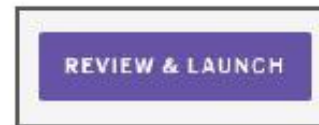Send a preview of your campaign page to friends and colleagues to get feedback. If necessary, adjust your campaign.
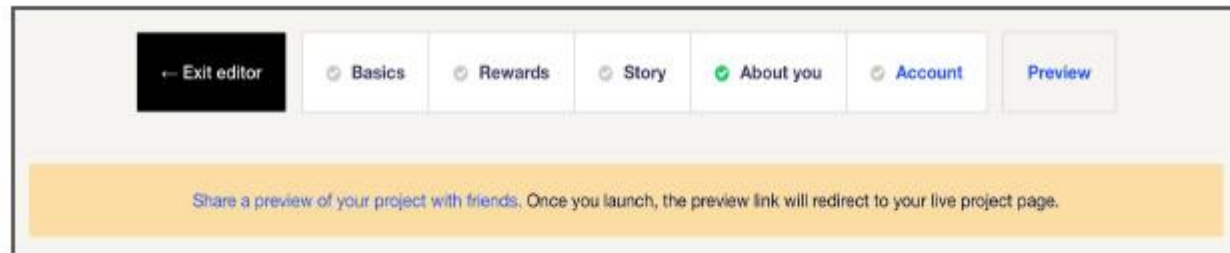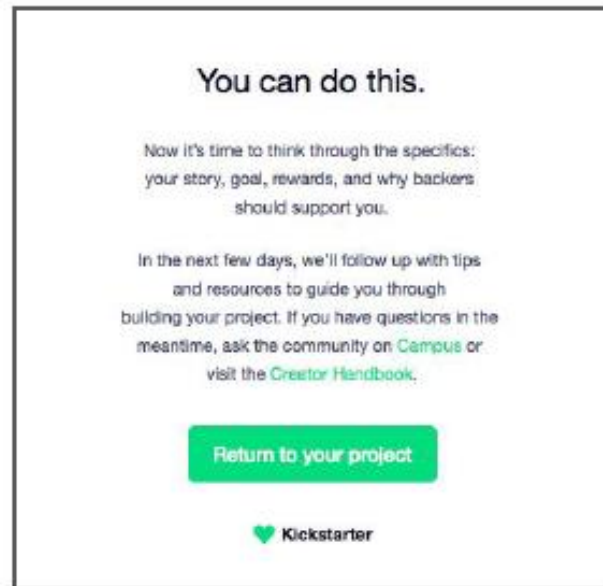
BUILD!

Publish your campaign

Once everything is set up and you passed the CFP's review process, you can launch your campaign by one simple click!

Source: Kickstarter Campaign Dashboard;

End of Module 2

At the end of this module, you should be able to...
- ...understand the different steps necessary to prepare a campaign
- ...select a platform which is suitable for you.
- ...build up the internal structures for your team.