R5DC
Social Crowdfunding Reference
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Chapter 1

Introduction to Social Crowdfunding
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Introduction to Social Crowdfunding

Social crowdfunding campaigns find local backers to raise funds for a project or business in exchange for a reward, such as a discounted item or other product.

If you’re like most entrepreneurs, fundraising will be the biggest hurdle to making your dream business come true.

We understand that fundraising is difficult. It takes some thinking and lots of time. Use this e-book as a guide to understanding what considerations you should be making when creating a social crowdfunding campaign on MNstarter.com.

Traditional ways of raising funds may have hindered your success in the past, but crowdfunding campaigns widen your access to a larger pool of supporters and allow you to market your campaign in order to attract as many investors as possible.

This guide is a great place start. It will cover the pieces of a campaign, how to think about your funding strategy, and where to look for more resources to help you get going.

www.MNstarter.com
Crowdfunding Resources

Read through this guide and take a look at more crowdfunding setup tips online. Be diligent about building a list of supporters and staying in touch with them along each step of the way.

Region Five Development Commission (R5DC) is able to assist your team as you get set up to run your crowdfunding campaign.

For a $500 fee, Region Five Development Commission will:
- Provide resources to create a successful campaign, such as this How To Guide
- Provide assistance with setting up Campaign page through the MNstarter.com portal
- Provide guidance throughout the campaign, offering input, resources, tools, feedback

Region Five Development Commission will NOT:
- Write content
- Offer legal advice
- Run the campaign for
- the organization
- Provide funding
- Provide marketing

Fees: For R5DC, the only fees involved would be $500 to do the items listed.

www.MNstarter.com
R5DC Meetups

Sign Up To Attend R5DC’s Meetups

Your team will have the opportunity to present to the audience for six minutes, using a powerpoint presentation, followed by a 20-minute Q&A.

These in-person events, or meetups, hosted by Region Five Development Commission, are designed for you to introduce your concept, engage with your community for feedback, and inspire community members to stay connected with you throughout your campaign. Consider these meetups a “soft launch” and use them as a way to attract and gain interest of potential backers, Shark Tank-style.

You are encouraged to take advantage of time with the audience to answer questions, ask for feedback in areas of your venture where you are looking to gain community insight, and incorporate your learning into your campaign narrative.

Consider bringing along flyers to hand out or posters to hang up at the event, so the audience has a concrete reminder of your presentation. Make sure to ask for contact information for folks who you’d like to follow up with, too!

Need More Help?

For any technical support questions about the MNstarter portal, contact the MNstarter team at info@mnstarter.com

All other questions, contact Dawn Espe at Region Five Development Commission at despe@regionfive.org
MNstarter

MNstarter.com is a crowdfunding portal where Minnesota companies can list crowdfunding campaigns. MNstarter is a Public Benefit Corporation, founded Dec 2016. Our mission to grow Minnesota businesses through outreach, education, and MNvest crowdfunding tools.

Outreach

MNstarter educational resources and shared thought leadership articles in an online library Resource Partners. Free and ticketed events are hosted to connect businesses and investors with the Minnesota's crowdfunding 'experts.'

Education

MNstarter portal tools and resources are made available through a partnership with Region Five Economic Development Commission, which provides training to entrepreneurs and businesses in North Central Minnesota.

Crowdfunding Tools

MNstarter's portal tools are available for free use for donation, social benefit and MNvest crowdfunding offerings registered with the Minnesota Department of Commerce.

Accomplishments

MNstarter has built a foundation of toolsets and network support required to reach MNstarter’s first anticipated crowdfunding “growth spurt.” Outreach and educational activities have shown a return on investment of establishing MNstarter as a leader in Minnesota's crowdfunding markets.

www.MNstarter.com
If your team wants additional help, check out these local Resources* in your area:

North Central Economic Development Association
200 1st Street NE, Ste. 2
Staples, MN 56479
https://northcentraleda.org/
Sandy Voigt, Regional Business Specialist svoigt@regionfive.org
218-894-3233 x2

Small Business Development Center Central Lakes College
501 West College Drive, Brainerd, MN 56401
http://www.clcmn.edu/small-business-development-center/
Greg Bergman, Director
gberbman@clcmn.edu
218-855-8145

*Contact Dawn Espe at despe@regionfive.org for an updated list of local Resources.
Chapter 2

Planning Your Crowdfunding Campaign
Chapter 2

Planning Your Crowdfunding Campaign

Can answer these questions?

- How much do you need to raise?
- What are you going to do with that money?
- What measurements will you use to know if you're being successful?

Many people struggle to determine all the factors that determine how much to initially raise. Consider your campaign funding goals as managing your runway. You want enough fuel to get up off the ground, but you don’t want any extra baggage.
Rewards & Fulfillment

What will you offer in exchange for supporting your campaign?

Add Cost Of Reward Fulfillment To Your Campaign Budget

Not all crowdfunding campaigns are created equal. Every business must make the decisions about how much money they want to raise and what they are going to give-up in exchange for it.

It is strongly recommended that you take time to consider what the right amount of capital is needed to meet your purchasing and expenditure goals, while also being able to fulfill your reward commitments.
Campaign Costs & Transactions

A business bank account will keep your accounting records organized.

Estimate Transaction Fees

You will not be charged to list your business on MNstarter.com. There are, however, costs to running a successful campaign. These costs should be considered and budgeted for prior to launching.

The total cost of running a campaign is going to depend on many factors like how much you want to raise, the size of your current marketing reach, and your preparedness with certain documents. You can expect fees for accounting, legal and marketing services, if you need them.

Each transaction your campaign receives will incur a fee from MNstarter’s payment processor, WePay.

WePay pricing is $0.30 plus 2.9% per transaction

The total transaction fees cost will depending on the amount of your raise and the number of investors involved in your campaign. A greater number of transactions being managed by the bank will result in a greater cost of transaction fees.

Include room in your campaign budget for these transaction fees by estimating your total number of transactions, or contributions, to your campaign goals.

www.MNstarter.com
Campaign Duration

Pick Start & End Date

Think carefully about the length of your campaign. A typical campaign will last between 30 and 90 days. Are you prepared for that kind of commitment? A campaign should be realistically long enough to meet its goals but not too long so that it drags on, or even worse, comes to a stand still.

The first week or two after launch will be when your campaign generates the most interest. To capitalize on this, start things with a bang. If you have a special event or content planned, this is when it should be launched.

Your campaign should launch with a detailed plan that outlines how you are going to keep your campaign fresh, week by week. You will especially want to plan this out for the first 4-12 weeks.

See the Marketing Your Campaign section on Page 21 of this guide.
Teamwork

Consider these campaign development tips to keep your team organized and on track.

Define PM Team

Define Responsibilities

Define Communication System

Create Meeting Schedule

Enthusiasm is always high when starting out, so much that sometimes it’s forgotten how difficult it can sometimes be to get the word out. Set the right expectations with your team for at least 2-3 months of planning time to launch a crowdfunding campaign.

Form a Project Management (PM) planning team: This team will analyze and plan all aspects of the campaign, including researching and hiring outside assistance as needed, and choosing which media platforms to use for outreach.

Develop clear lines of responsibility. A successful campaign has a variety of moving pieces. Make sure that you clearly define who on your team is responsible for what.

Develop a clear communication system: Whether you are using email, group chat or some other form of communication, care should be taken that everyone understands the processes and next steps.

Create a meeting schedule: Each person on your team needs to be ready and accountable to participate in your campaign. Set a schedule that lays out the time expectations for everyone on your team. This schedule should set expectations with a description and duration of the activities of each team member.
Chapter 3

Building Your Crowdfunding Campaign
Chapter 3

Building Your Campaign

Running a crowdfunding campaign will take a considerable amount of planning, skill, and good execution. Follow these steps to get off to a good start.

1. **Sign Up For A MNstarter Account**

   Visit MNstarter.com to sign up for a free account.

2. **Complete Your MNstarter Account**

   Enter your personal information to complete your account settings.
Create A Company On Your MNstarter Account

Entering the name and address.

Create A Campaign On Your MNstarter Account

Pick your company from the list to attach your new campaign.

Select Reward Crowdfund for a social crowdfunding campaign.

Create Campaign Title
Think of this as your Campaign “Headline.” This is what potential investors will see displayed on the MNstarter offerings page, alongside other campaigns seeking capital.

Create SubTitle
Think of this is your campaign slogan.

Enter Campaign Author
Enter your name.

Choose Start Date & End Date
Your campaign start date is when your campaign goes "live."

Enter Minimum Goal & Maximum Goal
These amounts are used to show your progress toward goals.

Enter a vimeo URL
This video will play at the top of your campaign page. Example: https://vimeo.com/1663275

*Can be changed before campaign start date.
Craft A Narrative

MNstarter provides unlimited space for the images and text of your campaign page’s narrative.

This is where you’ll want to include your company overview where you explain why you started the company, outline your traction so far, your keys to success, and accomplishments. Each piece of writing or image you include should be informative and persuasive to your campaign.
Narrative Suggestions

Campaign Name

What is your hook? Your campaign name is what people are going to see first. It gives a potential investor context and makes them want to learn more. Think about how newspaper articles headlines summarize and contextualize what the article is about. You’ll want to do the same thing with the name of your MNstarter campaign.

Campaign Short Pitch

This should cover the basics of Who, What, When, Where, Why, and How. It pays to be honest, authentic, and transparent. Explain your mission in a clear and concise manner.

If your product provides a solution, the best approach to your short pitch is to address the questions: What is the problem you are trying to solve? How painful is this problem? Are people willing to pay for your solution? What is the “So What” about your solution? Can you show with numbers that your solution is superior to other existing solutions? Does your solution provide a labor savings, cost savings, or additional features important to the market?

Check Formatting

Try using bold fonts, italics, and headings to break your story up. If you start to see a wall of text being created in front of you, beware! Try to keep Short Pitch to a few succinct paragraphs. Importantly, be yourself. Your enthusiasm will shine through to persuade potential supporters.
Narrative Suggestions Continued...

Team Bio

Anyone investing in your business is investing in you. Investors prefer an “A” team with a “B” idea, than a “B” team with an “A” idea. Introduce yourself right away as having experience in the industry, it’s likely potential investors will have more confidence in you to get the job done. This should not be an afterthought. Put your best foot forward.

You’re about to introduce the best investment opportunity in Minnesota! Make sure the people reading it aren’t wondering if you have the industry experience, skills, education, or ability to execute.

You’ve built a well rounded team covering core areas of the business: operations, finance, marketing, sales, research & development, etc. Take this opportunity to explain why you’re a person of interest, your business philosophy, the roles and responsibilities of each founding member, etc. Demonstrate that your advisory board can also guide you as an extension of your team.
Edit FAQ's

Create FAQs
FAQs are displayed on your campaign page, and help to assure supporters who want to contribute to your campaign. Some common FAQs include:
- Is my donation tax deductible?
- How will I receive a donation receipt?
- Is my personal information secure?

Edit News/Updates

Schedule Updates
Posting crowdfunding updates is one of the most important parts of running a crowdfunding campaign. Without updates, your donors and future supporters don’t know what the status of your fundraiser is or how you’re coming along with your goals.
- Post crowdfunding updates on a weekly basis
- Include photos or videos in your updates
- Thank your current supporters
- Link your updates to your social media accounts
- Ask questions and encourage conversation

Edit Campaign Documents

Upload Documents
Your Campaign Page is also where potential investors will be able to view and download any supporting campaign documents for further review. Upload these documents before your MNstarter campaign will be published. Acceptable formats: .pdf, .doc, .txt.
Chapter 4

Marketing Your Crowdfunding Campaign
Chapter 4

Marketing Your Crowdfunding Campaign

A key goal of marketing your campaign is to show momentum.

Define Targets

3-5 Key Messages

Draft Outreach Timeline

If you want to succeed, you’ve got to start from the get-go with a clear marketing plan ready to go before you launch. This plan outlines who you’re going to reach, how you’re going to reach them, the message you are going to share, and when you’re going to do it. Having this plan ready will help you and your team stay organized during the campaign and be available to engage with investors when they’re ready.

Be strategic about having a presence on the channels where you think your potential supporters will be. Regardless of the channel, be consistent and frequent with your updates to keep people informed about your campaign.

Learn from experience by talking to other people who have run successful crowdfunding campaigns on other platforms like Kickstarter, Indiegogo, or other. Ask what they did to prepare a media plan before launching their campaign. Find out how they communicated with their audience and what tricks you could apply to keep momentum going for your campaign, too.
Media Relations

Media Relations can give you the boost needed to turn your first few investments into your campaign goal amounts.

Start strong by developing an effective PR and media strategy. The first couple of weeks of your campaign is when you are going to gain the most attention. You should be thinking about how to include television, print, online, digital, radio, and social channels that target your specific audience. Your story may not always get picked up, but the more opportunities you create, the better your chances are for your campaign to be shared by the media.

The trick will be to tell your story with an angle that you can go to journalists with. The closer you can match your campaign message to the interests a natural audience already has, the better. Take a look at podcasts, bloggers, webinars, anywhere that really speaks to your target investor. Approach these people the same way you’ve laid out your campaign strategy: start with the hook first.

Write a press release. Share it with targeted media outlets by looking up the person who may represent your topic and send it directly to them. Tell the story behind why you’re building your business to help them align their values with your own.

Be clear with your communications. Be candid and open in all your communications from tweets to emails and follow up with every connection you make.
Target Supporters

Before your campaign launches, take some time to build a list of target audience groups. Consider what type of people are interested in your industry and do some research to find out where they can be reached. Find out where they get their news and who the influencers are in that arena.

Build an email list. Did you know that email converts 10x more than social media ads during crowdfunding campaigns? Building a large list of people to reach will likely be the most effective and least costly way to find investors.

Write this down and then prioritize your list based on who would be a ‘high value’ investor. Now that you’ve got a plan and a general idea of the market interest, build an outreach plan by answering a few specific questions:

- What will it take to get them to donate?
- Do they want to support a noble cause, or do they prefer immediate, financial gratification?
- How much will the average person donate?
- Are you seeking micro-investments or major ones?
- What will they relate to?
- Should you position yourself as a scrappy young startup with a bold idea, or a savvy, experienced professional?
- How do they communicate?
- Which social platforms do they prefer, and how important are personal referrals?
Engage

Focus your messaging on the mission you’re accomplishing over the fact you’re raising money.

Budget For Social Media Promotion

Social Media Retargeting Plan

Add In-Person Meetings To Timeline

Add Online Q&A Sessions To Timeline

Campaigns that have a natural “social good” factor are the best fit for effective social media share campaigns. People tend to share things on social media that lift them up in the eyes of their peers, so sharing about a campaign that is seen as a good cause could be a good way to do that. You should have a budget to “boost” these messages to your target investor audience during your campaign.

Consider a social media retargeting strategy. This approach means that your campaign would “follow” your website visitors to be shown to them again while they’re scrolling Facebook, for example, by placing a pixel on your website. This is an effective technique to maximize your campaign visibility and stay top of mind to people that already showed some interest in your business.

In-person meetings can prove to be incredibly valuable, especially when seeking large amounts of funding for lead investors to get momentum going for your campaign. It may be worth your time to sit down with a few people you’ve prioritized as high on your list of target investors.

Allow people to engage with you by hosting online Q&A sessions and offline sponsorship of events and contests. These activities will help get people talking about your business and give investors a chance to meet you.
Chapter 5

A Crowdfunding Checklist
## A Crowdfunding Checklist

### Leverage Resources
- [ ] Sign Up To Attend R5DC's Meetups
- [ ] Reach Out To Local Business Resources

### Planning Your Campaign
- [ ] Campaign Start Date
- [ ] Campaign End Date
- [ ] Minimum Crowdfund Goal
- [ ] Maximum Crowdfund Goal
- [ ] Define Crowdfund Raise Use
- [ ] Define Success Measurements
- [ ] Budget Reward Fulfillment
- [ ] Estimate Transaction Costs
- [ ] Outline Project Management Team
- [ ] Define Responsibilities
- [ ] Define Communication System
- [ ] Create Meeting Schedule

### Building Your Campaign
- [ ] Sign up at MNstarter.com
- [ ] Complete Your Account Settings
- [ ] Create A Campaign On Your MNstarter Account
- [ ] Create A Company On Your MNstarter Account
- [ ] Campaign Name
- [ ] Short Pitch
- [ ] Campaign Video
- [ ] Campaign Images
- [ ] Craft 3-5 Key Messages
- [ ] Draft Team Bio
- [ ] Format Campaign Page

[www.MNstarter.com](http://www.MNstarter.com)
Building Your Campaign continued...

- Create Campaign FAQs
- Collect Campaign Documents
- Outline Campaign Update Calendar
- Define Targets
- Create Outreach Timeline

Marketing Your Campaign

- List Target Supporter Audiences
- Build Email & Contact Lists
- Prioritize Email & Contact Lists
- Build Outreach Channel Plan
- Social Media Engagement Plan
- Plan In-Person Engagements
- Online Q&A Engagement Plan

- Brainstorm Media Outlets
- Create Press Outreach List
- Write Press Release
- Build Press Outreach To Timeline

Helpful Crowdfunding Tools

- **FilmSourcing** has provided a free Campaign Planning Template in Google Sheets
- **BackerKit** helps you organize and automate your outreach
  https://www.backerkit.com
- **Canva Media Kit Creator** helps you create professional media kits, with free templates available.
  https://www.canva.com
- **Fiverr** is a Freelance Service Marketplace to help you with services outside your team’s skill sets.
  https://www.fiverr.com/