

How to run a successful crowdfunding campaign

What is crowdfunding?

Crowdfunding involves funding a project by raising money from a community of people. In many instances, an online crowdfunding platform is used as a vehicle to collect funds.



How is crowdfunding different from more traditional fundraising?

There are some differences between traditional fundraising (including online fundraising) and crowdfunding, including:

- Fundraising raises money for organisations (occasionally for projects) whereas crowdfunding raises money purely for projects
- With fundraising, people give to a charity or cause based on the past achievements of an organisation. With crowdfunding, individuals give based on the expected outcome of a project - the project may or may not be attached to an organisation
- Individuals who donate to a charity are not always provided frequent progress of the project. Individuals investing in a crowdfunding project expect frequent updates on the project and throughout the entire process.¹

Why is crowdfunding important for Neighbourhood Houses/Centres?

Crowdfunding provides another venue for Neighbourhood Houses/Centres to raise funds. In addition to local, state and federal government funding, along with philanthropic trusts/foundations, Neighbourhood Houses/Centres can look to individuals to support projects. Diversification of income streams through crowdfunding is also important to manage financial risk particularly in an age where government funding is being reduced.

The deep and diverse nature of the relationships Neighbourhood Houses/Centres generally have with the communities in which they work mean they are well positioned to leverage the benefits of crowdfunding. Typically, most successful crowdfunding projects receive about 25-40% of their revenue from their first, second and third degree of connections. This could include friends, family, work acquaintances, or anyone that the founder of the project is connected to, including their second and third degree connections. Neighbourhood Houses/Centres attract a diverse range of visitors and participants which lends itself to a successful crowdfunding campaign.

What are the benefits of crowdfunding for Neighbourhood Houses/Centres?

In recent years, there has been a boom in not-for-profit organisations using crowdfunding to fund projects. This is not surprising, given the benefits of crowdfunding:

1. Increased funds

Crowdfunding can provide your Neighbourhood Houses/Centre with access to funds you otherwise would not have. As a result, your Neighbourhood House/Centre can diversify its income streams.

2. Serves as a marketing tool and PR machine

¹ <http://www.probonoaustralia.com.au/news/2012/06/are-australian-nfps-ready-crowdfunding#sthash.wZRsFrum.dpuf>

The nature of crowdfunding – the fact that it requires you to contact people for support and promote a project using social media and email – is such that it serves as a marketing tool and PR machine for your project.

3. It is free

Crowdfunding is free! Some crowdfunding platforms take a percentage of each donation made but if your Neighbourhood Houses/Centre uses crowdfunding platform [Chuffed](#), it can keep 100% of what is raised, even if the fundraising target is not met.

Crowdfunding is an excellent way for Neighbourhood Houses/Centres to raise funds and gain the exposure required to effectively execute a project that delivers a benefit to the community.

Steps to a successful crowdfunding campaign

While crowdfunding is a simple concept, the execution of a successful crowdfunding campaign requires planning and hard work. If you plan to use crowdfunding to get a project at your Neighbourhood House/Centre off the ground, or to maintain an existing project, we suggest you follow these steps:



1. Develop an idea for a project

Develop an idea for a project or choose an existing project at your Neighbourhood House/Centre you would like to raise funds for using a crowdfunding campaign. Keep in mind an innovative or interesting idea that will resonate with and excite the people you are targeting for funds is more likely to receive funds.

2. Choose a crowdfunding platform

Your Neighbourhood House/Centre will need a reliable crowdfunding platform to use as a vehicle to raise funds. We suggest [Chuffed](#) for the reasons outlined below.

3. Set a fundraising target

Consider the amount of money required to successfully execute and/or maintain the project and set this as your target.

4. Develop a marketing strategy and plan

Just because your Neighbourhood House/Centre has set up a crowdfunding platform does not mean anyone is donating. Without a detailed marketing strategy and plan your Neighbourhood House/Centre is unlikely to raise funds through crowdfunding. In developing your marketing strategy and plan, consider the following questions:

- Who will your Neighbourhood House/Centre target to support the project? Consider targeting local community members, businesses, as well as staff, volunteers, students, participants, etc at your Neighbourhood House/Centre.

- How will your Neighbourhood House/Centre promote the crowdfunding campaign? Consider both online and face-to-face marketing - social media, email marketing, website, events, local media, etc.
- What do possible supporters of the crowdfunding campaign need to know about the project? Answering this question will assist you to develop compelling copy about the project to upload to the project profile.

5. Set up the crowdfunding campaign

In setting up the project profile on the crowdfunding campaign site, be sure to include information about the project that donors are likely to find interesting or useful. This may include the likely impact of the project, the fundraising target and/or project partners.

6. Execute the marketing strategy and plan

Set a timeline for the execution of the marketing strategy and plan.

- Make contact with local media and send them a media release
- Post on social media
- Email the target audience
- Promote the crowdfunding campaign at events held at your Neighbourhood House/Centre.

7. Start collecting money!

We recommend using chuffed.org as your crowdfunding platform. Why?

1. Chuffed has no fees!

Chuffed don't charge any fees on donations received, so if someone donates \$100 to your Neighbourhood House/Centre's projects, the Neighbourhood House/Centre receives \$100. Donors pay the lowest-in-the-market credit card fees on top of their donation and if they want to give extra to Chuffed, they can.



2. Chuffed only supports social cause projects!

Chuffed only supports social cause projects, which means 100% of their rapidly growing audience cares about projects like yours.

3. All money raised goes to your Neighbourhood House/Centre!

Neighbourhood Houses/Centres can keep 100% of what is raised, even if the fundraising target is not met.

Sources

Chuffed.org

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