



# How to Run a Successful Crowdfunding Campaign

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Regulation Crowdfunding is finally here, and it is quickly gaining traction nationwide. America's small businesses and entrepreneurs *finally* have the opportunity to publicly advertise their fundraise, and equally important, they now have the ability to turn customers, community members and social networks into owners – effectively turning the people who love their business into brand ambassadors and evangelists.

This new avenue for capital formation is truly game changing, but we need to establish the baseline prior to getting started: raising money takes a lot of work, regardless of what channel you pursue. Too often, entrepreneurs rely solely on the investor network of the platform to fully fund their offering, even though this goes against human psychology. We are social creatures; investors don't want to be first movers – they like to see traction, progress and social proof before hopping on the bandwagon. Therefore, to conduct a successful fundraising campaign, entrepreneurs should focus on two things: 1. Compile a

compelling story that resonates with potential investors and customers; 2. Tap into your extended network to ensure early, demonstrable traction.

Campaigns are a relationship-building and story-telling process, which take time and energy to develop, but there are certain commonalities among successful crowdfunding campaigns. First, successful companies tend to have either a broad user base or a product or service that consumers can get excited and passionate about. If you have a lot of patrons (such as a bar or restaurant), a really sexy consumer product or a cool industry, crowdfunding is likely a good avenue for you. Second, successful campaigns tell great stories through images and media; a good video can capture imaginations in a matter of seconds. I can't stress the importance of a good video enough, as investors make decisions based on look, feel and emotional connection. For maximum benefit, keep the video short and simple. The first 10 seconds should really grab attention. And remember, the value proposition to potential investors must be enticing. Crowdfunding will likely be significantly cheaper than alternative funding from VC firms, but just because there isn't a lead investor to set the terms, don't get carried away; maintain a reasonable valuation in order to attract a large number of investors.

Once your offering is live, don't just wait for your campaign to "go viral." Take proactive steps to control your growth trajectory by doing everything you can to mobilize your network. Relying on hope or serendipity is not a strategy that will lead you to success. Your campaign will get traffic – likely significant traffic – from the crowdfunding platform's users, but to capitalize on that traffic, you'll want those users to see your early traction.

Furthermore, a passive campaign won't work. An active campaign however, can create a buzz that leads to success. Keep fueling the fire by continuously engaging the crowd and update supporters on your progress through the platform's communication channel, as action and excitement are infectious. The feedback process is necessary to hone your pitch – after all, the "wisdom of the crowd" is what crowdfunding is all about.

It is helpful to line up your investors early to get the ball rolling. Many investors sit on the sidelines and wait for evidence that others are investing. You should also line up contributors on various days thereafter, to keep the momentum going. Keep prospective investors informed on your progress as each incremental dollar raised may push them to co-invest.

Data suggests that if you can reach 30% of your funding from your own network, you have a 90% chance of successfully reaching your goal. Ask other entrepreneurs how they achieved success. Determine how best to focus your energy before you get started. Campaigns often turn into either part-time or full-time jobs, which can surprise the uninitiated. Fundraising is tough work! I've summarized tips on how to run a successful crowdfunding campaign below:

- **Develop a compelling, passionate story to breed excitement**

What makes your company special? Have a short, clear and concise story that engenders a “wow” reaction! Focus on your imagery and a short video to draw people in quickly.

- **Build trust, credibility and demonstrate competence**

Offer value to investors; be fair in your valuation assessment and make sure not to mislead investors.

- **Be personable, let people get to know you and your team**

Investors are investing in you. You’ve got to demonstrate passion and drive. Appear in your video, talk about why this opportunity excites you. Let investors meet your team and demonstrate that you’ve got the right counterparties to make your venture a success.

- **Network! Tell the world what you’re up to: Friends, Fans, Followers, Community & Customers**

Include as many links as possible to the campaign offering. Add the link to your email signature and chat status. Send personal emails with a direct ask to your friends and colleagues. Let your customers know you are raising a campaign. Make frequent Facebook, Twitter, and LinkedIn updates with links to your campaign. Use campaign widgets on your social media and website.

- **Fuel the fire!**

Continue posting updates to your communication channel to maintain excitement. Let your followers know your progress. Continued access to real-time campaign progression can spark excitement for investors!

Good luck and happy crowdfunding!