

## Crowdfunding is a way of raising money for a project through a large number of small pledges from the public.

This is generally done by creating a 'campaign' on a crowdfunding website, such as Kickstarter.

Though different crowdfunding websites vary, as a rule campaigns will have a set target (dollar amount) they want to reach and a set amount of time to achieve this in order to be successful.

Campaigns will attract backers by offering a range of rewards for pledges. These rewards are offered in tiers, with different rewards for different amounts of money pledged to the campaign. As an example, if a backer pledges \$25 they might get a tote bag, at \$50 they might get a shirt etc.

This method of fundraising has proven very popular, with over \$4 billion USD raised on Kickstarter alone since its inception in 2007.

### Advantages of crowdfunding:

- Helps create a sense of investment in your project - backers feel a sense of ownership towards the project
- Reach a wider audience than you could with traditional fundraising
- Direct communication with your backer
- Low risk - If your campaign is not successful, there is no obligation to proceed with the project

### Disadvantages of crowdfunding:

- Very time consuming. Crowdfunding is not 'set it and forget it', it will involve a lot of advertising and pushing the campaign in order to meet your target
- No guarantees of funding, even if you do the hard work
- Accountable to your backers, any issues or problems will need to be addressed with the backers in mind
- Required to be in regular communication with your backers, both during and after your campaign
- Requires you to come up with and fulfill backer rewards

## Before your campaign

### Choose your team

Crowdfunding campaigns are a lot of work, don't leave this to just one person.

### Start with a plan

Crowdfunding is a project-based method of funding. You should be realistic and specific about the project your campaign is intended to fund. Making a plan is essential for this, so take the time you need to ensure your plan is thorough. You should consider the following as a part of your plan:

- **Create a name** for the campaign that will get the attention of potential backers. It should be short and snappy to stand out from the crowd
- **Create an "elevator pitch"** about your project. This is a 1-2 sentence summary of the why, how and when of your project. This will form the basis of your campaign page
- **Create an expanded explanation** about your project. Continuing on from your elevator pitch, people should be able to read about the specific processes, timeline, equipment, staffing and/or steps that you will be using their money to fund. Transparency is key when getting buy-in for crowdfunding; you must demonstrate that you will be reliable and trustworthy to deliver the project.
- **Create a timeline** for your project and share this as a part of your campaign. Ensure that the timeframe you set yourself is realistic. If you say your project will take 6 months when it will actually take a year, you will only end up with disappointed backers.
- **Determine the length** of your campaign. Most run for 40-50 days. Most of the funding will come in during the first and last weeks with a lull in the middle.

## Develop a well thought out budget

You need to have a realistic and well thought out budget. The first thing to do is get quotes, just like a grant application, it's important to be precise. As well as the cost of your project itself though, there are a few other things to consider.

Make sure you factor in:

- **The cost of your rewards** (both the creation of the reward and shipping it)
- **Platform fees**
- **Payment fees** (PayPal, etc)
- **Contingency** - it's useful to have a little wiggle room for any unforeseen costs that might be incurred along the way.

It's important to note that your budget and your target do not have to be the same. You don't have to raise all the money for the project through your campaign, just be open and transparent.

It's a good idea to share your budget on your campaign page. Using a visual breakdown of your budget, for example a small pie graph breaking down how the money will be spent, is the most effective way of communicating.

## What rewards will you offer?

Rewards are a key aspect of your crowdfunding project - people will back a project that they are interested in, but rewards are the reason that most of your backers will pledge to you. Coming up with rewards is difficult but very important.

They should:

- **Relate** to your project
- **Be exclusive or unique** to your campaign. For example, why would someone donate to your campaign for a mug if they can purchase the same one on your website or in your gift shop for the same price?
- **Be realistic** - make sure you can fulfill them
- **Have a range of reward tiers** - about 5-10 reward tiers is a good number to aim for, too many more than this and it can become confusing for potential backers, not enough and the available options will be less likely to meet the budgets of potential backers.

There are many different types of rewards, these are some examples:

- **Experiential rewards** (eg. An exclusive museum tour, perhaps a night tour)
- **Material rewards** (eg. tote bags, a museum catalogue)
- **Gratitude rewards** (eg. thank you cards, mention on the website, a shoutout at an opening)

## Create your video

For your campaign, you will need to have a short video which introduces your team and your project. While you can launch a campaign without a video, those with videos are much more likely to be successfully funded. Keep this video short, it should be about 2-3 minutes long.

As it is quite a short video, it's important that it looks professional; you should have a script and, rehearse before you film and edit the video. If you are going to use music, ensure that it is royalty free and that it isn't so loud that your potential backers can't hear you. For examples of crowdfunding campaign videos, see the links at the end of this resource.

## Decide on the style of Crowdfunding you will use

There are two styles of crowdfunding, both have their pros and cons.

### All-or-nothing

You will only receive the money if your campaign is successful, meaning that if the target is not met within the timeframe you specified, you will receive no money. This option presents less risk for backers as their money will only be taken if the project has enough funding to meet its goal, theoretically meaning that the project they are backing should be successful. As a result, this method has a higher chance of reaching your goal. All-or-nothing campaigns are statistically more likely to be successful.

### Keep what you raise

You keep whatever money is pledged to you, regardless of whether your target is met within your timeframe. Some keep what you raise platforms do not have a deadline at all. This method can be harder to build trust with your potential backers, as your project may be underfunded and fail as a result, despite the backers having given their money.

## Decide on your platform

While this list isn't exhaustive, the major crowdfunding platforms are listed below. Take your time to choose the platform that will work best for your campaign.

Major platforms:

### Kickstarter

<https://www.kickstarter.com/>

- All-or-nothing
- Very well known with a good reputation
- Wide range of projects

### GoFundMe

<https://www.gofundme.com/>

- Keep what you raise
- No deadline

### Pozible

<https://www.pozible.com/>

- All-or-nothing
- Australian platform

### Indiegogo

<https://www.indiegogo.com/>

- All-or-nothing – Fixed
- Keep what you raise - Flexible
- Can choose whether you want to go with fixed or flexible funding style

### StartSomeGood

<https://startsomegood.com/>

- All-or-nothing
- Specifically for social impact projects

### Australian Cultural Fund

<https://australianculturalfund.org.au/>

- Keep what you raise
- This site is a little different as it is purely donation based
- Donations over \$2 are tax deductible
- Does not allow rewards for donations

## Launching the campaign!

Advertise to your networks that you are about to start your campaign and create excitement about it! Maybe have a launch party, during which you can show people HOW to back the campaign. Every pledge is important, whether they pledge \$5 or \$500.

It's important to use your network of people and encourage them to pledge straight away. You will be more likely to succeed after hitting 25% as this is the point where strangers will start to pledge to your campaign. The sooner you can reach this amount, the more likely you will be to succeed. On Kickstarter, 83% of failed projects were at less than 20% of their goal, whereas only 17% of projects that raised more than 20% of their goal were unsuccessful.

## During your campaign

**Advertise your campaign:** Continue to advise during the campaign, particularly during the first week and last week, but don't overwhelm people - ensure that you do talk about other things as well!

**Maintain your communication** with your backers and potential backers throughout the campaign.

**Keep your own spirits up!** Your campaign will go through a plateau in the middle, be prepared for this and plan for it. Many crowdfunding websites have an option to 'follow' or be reminded of your campaign, which will alert potential backers 48 hours before the campaign closes, as such you may have a rush of pledges in those last hours.

## After your campaign

**Keep up the communication!** This is one of the most important things, especially if you have any plans to come back to crowdfunding in the future. This will also mitigate any negative responses from your backers if there are any delays.

### What if the campaign is unsuccessful?

Have a plan. Make sure you know how to react and how to move forwards. It's never easy when this happens but if you ever want to come back and try again, how you react when you don't succeed will influence how people view you and whether they will be willing to back you in future. Take the time to thank your backers. Even if you weren't successful, your backers still had faith in you; make sure you take the time to say thank you.

The most important thing is to learn from the experience. See what worked and what didn't, get feedback where possible, and use it to build a better campaign next time.

## Other tips:

- Have an online presence: whether it be a website, a Facebook page, an Instagram, a Twitter, etc. This will help increase your sense of legitimacy. Potential backers are going to be looking for your museum online, especially international backers who aren't able to visit the museum in person. This is also a way of advertising your crowdfunding campaign.
- Stay in communication through the good and the bad: your backers will forgive you if things are delayed as long as you communicate with them.
- Consider making your first crowdfunding exercise small: this helps to build trust and a community who care about your museum before asking for large amounts of money.
- Leverage your existing audience: you will need their support to make your campaign a success
- Do your research: take the time to look at successful campaigns and see what makes them appealing
- Don't take things to heart! Having your campaign open to the world can attract positive and negative feedback from anyone, anywhere. Be prepared for this and make time to step away from the campaign if need be.

## Examples of Museum Crowdfunding Projects

### Conserve Dorothy's RUBY SLIPPERS by Smithsonian Institution

*Kickstarter*

<https://www.kickstarter.com/projects/smithsonian/conserv-dorothys-ruby-slippers>

### Save Their Stories: Undiscovered Diaries of the Holocaust by United States Holocaust Memorial Museum

*Kickstarter*

<https://www.kickstarter.com/projects/ushmm/save-their-stories-undiscovered-diaries-of-the-hol/posts?ref=5jyor8>

### Friends of Toganmain Woolshed Precinct by Toganmain Woolshed Precinct

*GoFundMe*

<https://www.gofundme.com/f/friends-of-toganmain-woolshed-precinct>

### Lawrence Museum's New Shed by Lawrence Museum

*GoFundMe*

<https://www.gofundme.com/f/lawrencemuseum>

### Museum Transformation Project by Phoebe A. Hearst Museum

*Indiegogo*

<https://www.indiegogo.com/projects/museum-transformation-project#/>

### Bringing Back 16th Century Beauty by Abbey Museum of Art & Archaeology

*Pozible*

<https://www.pozible.com/project/173381/>

### Bring Ai Weiwei's Tree sculpture to London's Royal Academy by Royal Academy of Arts

*Kickstarter*

<https://www.kickstarter.com/projects/royalacademy/bring-ai-weiweis-tree-sculptures-to-londons-royal>