

Crowdfunding

The practice of funding a project or venture by raising monetary contributions from a large number of people.



Source: Rocío Lara

Never doubt that a small group of thoughtful, committed, citizens can change the world. Indeed, it is the only thing that ever has.

Margaret Mead

Tags: Economy. Financial Issues

Challenge:

Sometimes we need to finance a special or one-off project. We are not talking about the overall financing of the organisation, but a single project. If it is a non-profit making project it is especially challenging to find funding for the launch because often the existing institutions do not cover this need. However, if we look at the resources we do have, one of them is our network of contacts. How can your organisation engage your wide network in the project?

Solution:

The crowdfunding model is fueled by three types of actors: the project initiator who proposes the idea and/or project to be funded; individuals or groups who support the idea; and a moderating organization (the "platform") that brings the parties together to launch the idea. These sites allow businesses to pool small investments from a number of investors instead of forcing companies to look for a single investment.

It's a good way to involve your network in your project. It goes beyond being consumers and is more about creating a community who support the idea and aspiration. Each platform has its own criteria for accepting projects to be funded and are more appropriate for certain types of projects. There are also different types of crowdfunding: rewards, equity, peer-to-peer lending, etc.

References:

Websites:

<http://en.wikipedia.org/wiki/Crowdfunding>

http://en.wikipedia.org/wiki/Comparison_of_crowdfunding_services

<http://www.crowdfundingnetwork.eu/>

Video:

<http://www.crowfundinsider.com/2013/02/9543-video-crowdfunding-101/>

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