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DEVELOPING DIGITAL-SELF-LEARNING
COURSES IN SOCIAL ENTREPRENEURSHIP
FOR THE FUTURE OF COLLABORATION
BETWEEN UNIVERSITY AND COMMUNITY

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Crowdsourcing techniques

Module 7: Social enterprise funding and financial management

Presented by: Anca Draghici

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Institution: UPT, Romania

Lesson Learning Outcomes

After completion of this lesson, learners will:

Understand the concept of crowdsourcing and crowdfunding in the case of social enterprises

- Learners will be able to understand what crowdfunding is and how it can be used to finance social projects and initiatives by collecting money from many people via online platforms.
- Learners will gain knowledge on how to develop a successful crowdfunding campaign, including setting goals, creating compelling stories, and engaging with the audience.

Identify opportunities and react accordingly for crowdfunding social enterprises

- Students will be able to identify and analyze different crowdsourcing models such as rewards-based, donation-based, equity-based, and debt-based crowdfunding, and their applications in social enterprises.

Students will be able to identify opportunities and react accordingly to develop crowdfunding campaigns using specific platforms.

- Students will be able to identify and analyze the key factors that contribute to the success of crowdfunding campaigns, including the role of social media, community engagement, and offering attractive rewards.

Evaluate Case Studies of crowdfunding social campaigns

- Learners will examine detailed case studies, gaining insights from successful crowdfunding campaigns of social initiatives and projects.

Apply Knowledge to Real-World Scenarios

- Learners will develop a crowdfunding campaign to finance a specific social challenge, considering a specific web platform.

Crowdfunding definition

- Crowdfunding enables fundraisers to collect money from many people via online platforms.
- Crowdfunding is most often used by startup companies or growing businesses as a way of accessing alternative funds.
- It is an innovative way of sourcing funding for new projects, businesses or ideas.
- It can be a way of cultivating a community around a social idea, project or initiative.

TRADITIONAL FUNDING



Large amounts from one, or a few, sources

CROWDFUNDING



Many small sums from a large group of individuals

Crowdfunding has emerged as a powerful tool for social enterprises seeking to raise capital. The main themes for crowdfunding campaigns are:

- For social entrepreneurship,
- Impact investing in social enterprises,
- As an innovative way to fund social entrepreneurship and social innovation

Crowdfunding explained



Crowdfunding platforms are websites that enable interaction between fundraisers and the crowd. Financial pledges can be made and collected through these platform.



Fundraisers are usually charged a fee by crowdfunding platforms if the fundraising campaign has been successful. In return, **platforms are expected to provide a secure and easy to use service.**



Many platforms operate an all-or-nothing funding model. This means that if you reach your target, you get the money and if you don't, everybody gets their money back – no hard feelings and no financial loss.

Successful crowdfunding depends on several aspects:

Crowdfunding success factors

- The success of crowdfunding campaigns depends on how well the campaign is presented and the number of people approached.

• *Role of social media*

- Social media platforms like Facebook, LinkedIn, Instagram, Twitter, and YouTube play a crucial role in reaching a large audience and increasing the success of crowdfunding campaigns.

• *Engagement and information*

- Engagement through social media provides quick conversations and information richness, which are essential for crowdfunding success.

• *Positive influence*

- Studies have shown a positive link between social media engagement and the success of crowdfunding campaigns for social enterprises



Key tendencies of social entrepreneurship using crowdfunding:

• *Unique Needs.* Social entrepreneurs often face unique challenges, such as legitimacy issues and lack of traditional funding avenues, which crowdfunding can help mitigate.

• *Resource Sharing.* Crowdfunding is not just about financial resources; it also involves sharing creative ideas, skills, and time, aligning with the sharing economy.

• *Digital Platforms.* The use of digital platforms is crucial for social entrepreneurs to connect with a wide audience, gather resources, and collaborate effectively.

• *Community Engagement.* Crowdfunding fosters a sense of community and collaboration, which is essential for the success of social-entrepreneurial ventures.



Key advantages of using crowdfunding techniques:



Direct Connection with Supporters

- Community Building*
- Customer Acquisition*



Access to a Wide Investor Base

- Diverse Funding Sources*
- Geographic Reach*



Market Validation

- Proof of Concept*
- Feedback*



Cost-Effective Fundraising

- Lower Fees*
- *No Equity Dilution*



Increased Visibility and Brand Awareness

- Marketing Tool*
- Storytelling*



• *Flexibility*

- Multiple Models* (reward-based, equity, donation-based)
- Campaign Customization*

A step-by-step guide for developing a crowdfunding campaign (1/2):

1. Define Your Campaign Goals

- Set a clear goal: Determine the exact amount you need to raise.
- Define your target audience: Identify the people most likely to support your project.
- Choose a crowdfunding platform: Select a platform that aligns with your project and target audience.

2. Create a Compelling Story

- Develop a strong narrative: Share your passion and the impact of your project.
- Highlight your social mission: Explain how your project will create positive change.
- Use visuals: Images and videos can significantly enhance your campaign.

3. Offer Attractive Rewards

- Create a variety of rewards: Offer something for everyone, from small perks to exclusive rewards.
- Make rewards tangible: People are more likely to back a project if they can see a tangible benefit.
- Consider early bird specials: Offer limited-time incentives to encourage early support.

A step-by-step guide for developing a crowdfunding campaign (2/2):

4. Build a Strong Online Presence

- Create a dedicated campaign website: This can help build credibility and provide additional information.
- Leverage social media: Promote your campaign across all your social channels.
- Build an email list: Collect email addresses to stay in touch with potential backers.

5. Engage with Your Audience

- Respond to comments and messages: Show your appreciation for backers' support.
- Provide regular updates: Keep backers informed about your project's progress.
- Offer exclusive content: Reward backers with behind-the-scenes content.

6. Launch and Promote

- Create a launch plan: Outline your promotional activities for the first few days.
- Leverage your network: Reach out to friends, family, and influencers to support your campaign.
- Utilize paid advertising: Consider targeted ads to reach a wider audience.

7. Manage Your Campaign

- Track your progress: Monitor your campaign's performance and adjust your strategy as needed.
- Build momentum: Encourage early backers to share your campaign with their networks.
- Prepare for fulfillment: Organize the process of delivering rewards to backers.

Tips for preparing the crowdsourcing campaign are:

Set realistic funding goals;

Offer a clear timeline for your project;

Build a strong team to support your campaign;

Be prepared to adapt your plans based on feedback.



Crowdsourcing models

1. Rewards-Based Crowdfunding:

In this kind, supporters receive benefits or prizes in exchange for their contributions. These benefits might include first dibs on items, special goods, or tailored experiences.

Appropriate for social initiatives of artists, startups, or in the case of product-focused businesses.

2. Donation-Based Crowdfunding:

This type of crowdfunding focuses on requesting donations in exchange for intangible benefits. It's frequently used for communal initiatives, personal situations, and charity reasons.

Ideal for charitable pursuits, health care costs, or community projects that depend on donations.

3. Equity-Based Crowdfunding:

Under this approach, investors give up a portion of the company in return for their financial contributions. It works similarly to traditional investment but using platforms for crowdsourcing.

Adequate for new ventures or companies looking for significant investment and ready to give up some ownership in exchange.

4. Debt-Based Crowdfunding:

Referred to as peer-to-peer financing, this kind entails people or companies taking out direct loans from investors in exchange for interest-bearing repayments.

Suitable for debt-based crowdfunding is a popular choice for businesses in need of financing but who would rather not use traditional banks.

5. Security Token Offerings:

Provide investors with ownership rights by issuing digital tokens backed by actual assets such as earnings, shares, or physical assets.

Ideal for companies looking to tokenize assets and give partial ownership to investors.

What crowdfunding looks like?



Research/Plan

DO NOT SKIMP
HERE!!!!



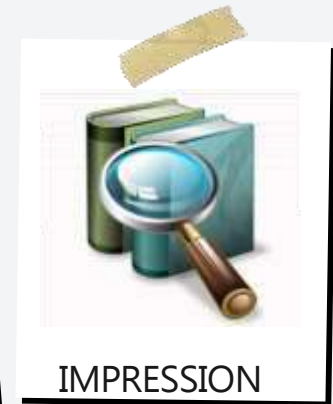
Build, build, refine

Seek Feedback
Involve People
This is NOT Perfect

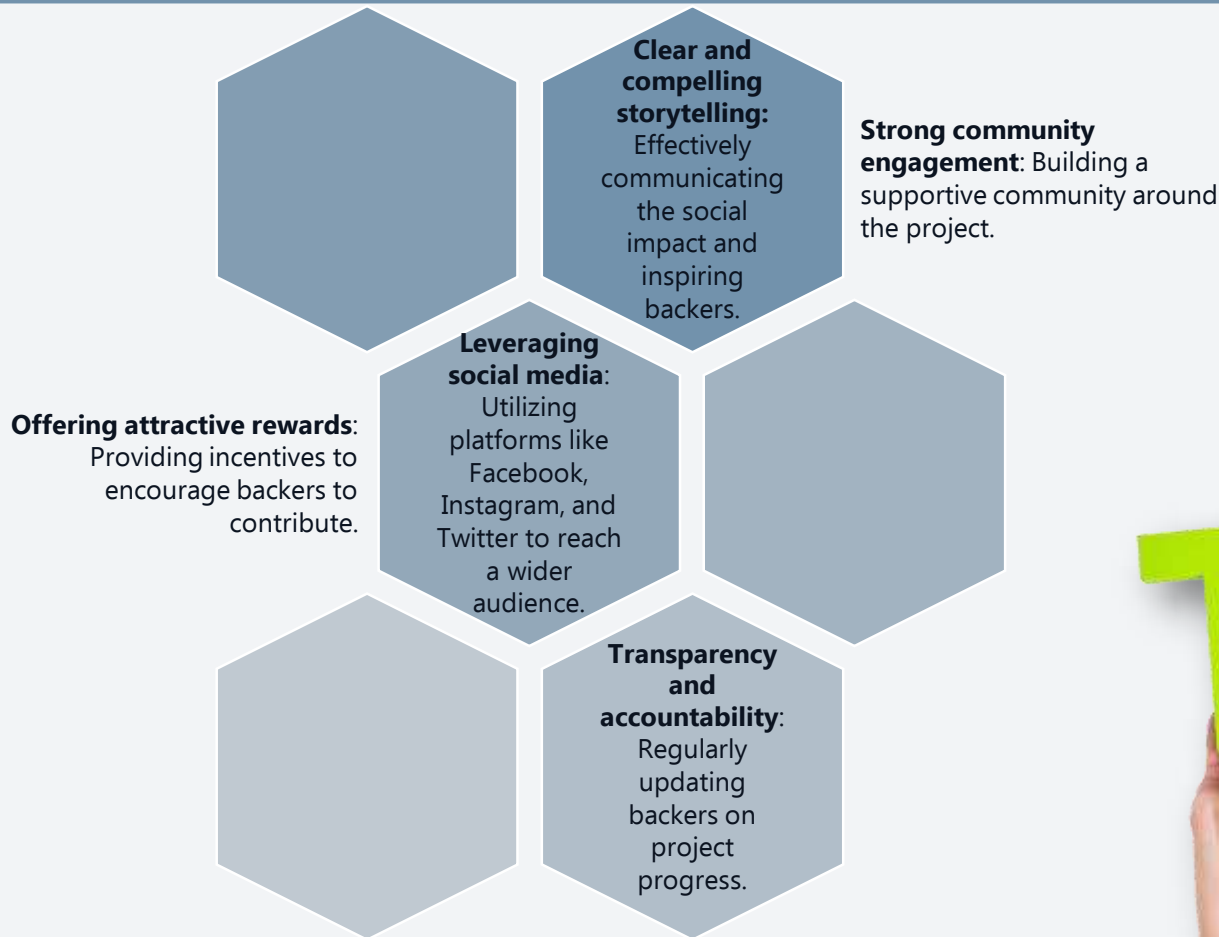


Impressions & Site

Traffic
Good campaigns convert 4-5% of
the traffic that comes to the site



Key success factors of the crowdfunding campaigns:



Reflection Question

1

Visit or document (case study based on Internet resources) a social enterprise and imagine a strategy / plan for crowdsourcing based on the presented models.



Platforms for Crowdfunding

•Crowdfunding:

- ❑ **Platforms** like Kickstarter, Indiegogo, and GoFundMe allow you to raise funds from many people.

•Reward-based crowdfunding:

- ❑ Offer rewards to backers in exchange for their support

•Equity crowdfunding:

- ❑ Sell shares in your company to investors.

Crowdfunding platforms are used for finance social initiatives, causes, social problems by developing funds raising from a large audience/public.

Practical Cases - Examples

- **Solar-powered products:** Companies like **SunFunder**, [Impact | SunFunder](#) have successfully used crowdfunding to finance the installation of solar panels in developing countries, providing access to clean energy.
- **Education initiatives:** Crowdfunding has been used to support educational programs, scholarships, and the development of innovative learning tools ([Crowdfunding platforms for education: How Crowdfunding Platforms Revolutionize Education Entrepreneurship - FasterCapital](#)).
- **Environmental Campaigns:** focused on reforestation, clean water initiatives, and sustainable agriculture have gained significant traction through crowdfunding. For example:
 - [Footprints4ourFuture: A Crowdfunding Campaign for Sustainable Reforestation and Job Creation in Costa Rica | PANORAMA](#)
 - [List of the best Green energy crowdfunding platforms | CrowdSpace \(thecrowdspace.com\)](#)
- **Healthcare Campaigns:** [List of the best Health & Science crowdfunding platforms | CrowdSpace \(thecrowdspace.com\)](#)



How to find your best crowdfunding platform?

- ❑ [Find Top 10 Crowdfunding Platforms In Europe \(2023\) | by Olivia Watson | Medium](#), the top crowdfunding platforms used in Europe
 - ❑ Crowdfunding Platforms in Italy is regulated by Commissione Nazionale per le Società e la Borsa (Consob): [List of the best crowdfunding platforms in Italy | CrowdSpace \(thecrowdspace.com\)](#)
 - ❑ Crowdfunding Platforms in Slovenia: [Fundraising & Crowdfunding Pages for Slovenia - GoGetFunding](#); [Crowdfunding Slovenia — Top 5 Crowdfunding Platforms In Slovenia | by Olivia Watson | Medium](#)
 - ❑ Crowdfunding Platforms in Romania: [10 platforme de crowdfunding din România - Crezu](#)
 - ❑ Crowdfunding Platforms in Germany: [List of the best crowdfunding platforms in Germany | CrowdSpace \(thecrowdspace.com\)](#)
- ❑ From the practical perspective, it is useful to analyze different crowdfunding platforms to choose the best one. See: [List of the best crowdfunding platforms in Europe | CrowdSpace \(thecrowdspace.com\)](#).

Reflection Question 2

Considering the various platforms for crowdsourcing in your country, decide to use one for a concrete case of a social business. Study which platform is best for your specific social project or problem related to your community, in your country. Plan and try to develop your campaign!





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Thank You

For Listening!



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