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Crowdfunding Handbook

A guide to running your campaign

VERSION 2

Funding for the future with BackaBusiness

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Introduction

From Surviving to Thriving!

2020 was all about survival, however, as an entrepreneur, you need to do more than just get through the month. The BackaBusiness movement is a crowdfunding opportunity for you to grow and thrive in the 'new normal'. New and growing small-business owners (like yourself) set up a campaign to raise funds, while backers support their chosen business:

- on a buy now, redeem a reward basis; or
- by investing in new concepts.

Need to fund the growth of your business or turn the quiet months around?

Clients, family and friends are potential backers! Give them the opportunity to support you with their HEARTS AND WALLETS today. Crowdfund your business into the future, with people who have your back.

Why should you get involved?

You will receive a preferential rate of 5%, plus templates, guidance and training through Thundafund to position and create an effective campaign. Various digital media advertising on the BackaBusiness movement will elevate your campaign. More eyes mean more potential backers.

What you need to do?

1. Calculate how much money you will need to kickstart your business into the new year. (Be specific and factor in your quiet months).
2. Map your network of potential backers – your customers, friends, family, neighbourhood etc.
3. Decide what rewards you can offer for cash now.
4. Register your business on SimplyBiz.co.za
5. Start a project on the BackaBusiness page on Thundafund with your SimplyBiz email address.
6. Tell your story – why should the crowd support your business? We will help you!
7. Once your campaign is live – share it! Encourage your network to share it too.

Prepare an authentic video

Tools you can use

Your mobile phone, home camera, a laptop/computer with a camera. (It does not need to be high tech.)

Location

Set up a 'location' at home or if possible, at your place of business. As long as your audience can see and hear you clearly, the background is just background.

Appeal to your audience

Your video needs to appeal to backers (clients, family and friends) who know you or your business well. They are the people who are most likely to respond to your call for assistance.

Bells and whistles are not necessary

Nobody is expecting a slick production. It is sufficient to simply video yourself on your phone, with a sincere message. If you can add photos/footage of the business and the team – great!

Dress code

Look the part so that your customers identify with you e.g. use your business branded wear, work uniform or dress appropriately to your industry. You want to reinforce that you are a skilled and professional chef, beautician, or musician.

Tip: Google "tips when making a video" for guidelines on background, lighting, how to use your phone etc. (Do a trial run and ask your friends for feedback.)

Script

Prepare a 40-60 second script that covers:

Brief business overview

- Location – visitors to your campaign who live in the same neighbourhood are more likely to support a local business.
- Why you are special; what are you known for? e.g. your "secret sauce" or your modern styling techniques, or your new plans to grow and employ local people.

Your plans for the future

- Describe what a cash injection could mean for your business.
- Be specific e.g., you wish to invest in a delivery vehicle so that you can continue to cater for the increase in demand for deliveries.

Rewards you are offering

- What is in it for your customers? – This is trade not aid. As a thank you for their support, you need to offer them an enticing reward. (See rewards tips below, but this is generally a free, inexpensive product or a discount on future purchases.)

Call to action

What do you want customers or viewers of this video to do?

- Buy the rewards on a pay now, redeem later basis.
- Tell their friends and family about your offer.
- Share on social media.
- Thank customers in advance for their support.

An example:

We are a restaurant in Durbanville that services the local business community. Our small team has been together since we opened in 2005 and we are known for serving great homemade food with the best desserts in town!

We have adjusted our business model to offer curb side collection and deliveries, but this has naturally increased our operational costs. We need to acquire a second delivery motorbike so that we can service this growing part of our business.

Please support our BackaBusiness offer of a R450 meal voucher for just R350. Tell your family and friends about our campaign and share it on social media!

Thank you for your loyalty – we look forward to delivering another delicious meal to you!

Existing Examples

<https://www.thundafund.com/project/5701535747014656>

<https://www.thundafund.com/project/6214368104546304>

<https://www.thundafund.com/project/5756686390263808>

Rewards Tips

You want to start a crowdfunding campaign with BackaBusiness, but you are unsure of what to offer as a thank you to your backers?

These tips may help:

- Remember that it is a 'thank you' to your backers for their support, it should not be at such a high cost that it puts your business under even more financial strain.
- Factor in your true costs (cost of raw materials, plus overheads) when working out what you can afford as a give-away or a discount.
- Decide whether you wish to give something of lower value to everyone who backs you, or something more valuable to only those who donate a minimum of Rx. For instance, Backer A pays R100 and Backer B pays R1000 – if your offer is that for every R250 received you will offer a R300 voucher, then you will owe Backer B 4 x R300 vouchers, but you will not owe Backer A. Backer A has simply supported your business and does not expect a voucher, as per your terms.

Rewards that work well

- **% Discounts** on future products or services – Present this voucher to receive 15% off your next purchase.
- **Added Value Vouchers** – Buy a R450 meal voucher for R300.
- **Low-cost freebies** – Receive a free Mini-Pedi with every full manicure.
- Remember that you are not begging. You are asking for support. Your customers, family and friends know you and love your products or services.
- Do the math! Be specific about what you need to raise (e.g. R10 000) and how you can get to that point quickly.

Examples of how to raise R10 000

1. **Pedro's Pizzeria**

If Pedro offers a R450 meal voucher for R300 each, he needs just 35 backers to support his campaign. However, if Pedro offers a R300 meal voucher for R200, he will need 50 backers to reach his goal.

2. **Cora's Coffee Shop**

If Cora offers a R375 voucher for 15 cappuccinos, for the price of R250... this represents a R125 saving for the backer. If 30 backers take up this offer, then Cora will raise R11 250.

3. **Nifty Gifts** offer a free R100 gift voucher with every R400 spent in their store. They require 25 backers to reach R10 000.

Offer meaningful value - an incentive for the backer to part with their money now, so you can get return customers.

Structure your offering so that customers can buy multiples of rewards.

Your target market is 30-40% of your most loyal customers who can afford to support you.

HELP A BUSINESS RAISE
R10 000
THROUGH CROWDFUNDING



LET'S DO THE
MATH



$R100 \times 100 = R10\ 000$



$R200 \times 50 = R10\ 000$



$R500 \times 20 = R10\ 000$



$R1000 \times 10 = R10\ 000$

Tipping point explained

The Tipping Point does *not* apply to BackaBusiness Campaigns

It is set at only **R1** so that you will effectively receive all the funds you raise.

What is the Thundafund Tipping Point?

Campaigners on Thundafund are generally required to reach a Tipping Point before the project closes to receive all their funds. The tipping point is the first goal that a project must reach in terms of fundraising to be funded. It is the minimum amount that the project creator needs to get their project off the ground – it is about viability. Thereafter, there is a dream goal, which is the ideal amount that the project creator would like to raise. Should the tipping point not be reached, neither Thundafund nor the campaign creator will receive any money, and the backer is refunded (minus banking transaction fees).

Why is BackaBusiness different?

Thundafund agreed to reduce the tipping point to R1 for the BackaBusiness movement as their way of supporting small business. BackaBusiness campaigners will receive all money raised less the preferential 5% charge and the bank transaction fees from your backers' deposits.

What are the deductibles?

- If, and only if your campaign raises money, will Thundafund charge the preferential fee of 5% of the total raised, excluding VAT. This is for use of the Thundafund platform and support.
- Third-party fees and administration transaction fees (depending on the payment method) that the business owner must pay can range from 3% to 5,5% per transaction.

Mapping your Network

Make a list of your potential backers and how you can reach them – Email, WhatsApp, Facebook, Twitter etc.

Backers can be split into three networks

Your first-degree network – the committed

These are the people closest to your business. They could be friends, family, or regular customers. They are the people who want you to stay in business! They love your products or services and they have a trust relationship with you.

Your second-degree network – the inspired

These are other people who know you or your business. They may be people on your mailing list, your business' Facebook fans or Twitter followers. They could be people who have supported your business before, or people in your local community. They may also be the friends and networks of your first-degree network.

Your third-degree network – the shoppers

This is everyone else – the friends of your second-degree networks, the people who may see your business advertised or see a tweet online, or others browsing on the SimplyBiz and Thundafund websites. There are many people out there who want to support local businesses, but do not know where or how to help. Your story might just be the one that catches their eye!

Getting your campaign out

You have mapped your network of potential backers, and chosen what reward/s you are going to offer. Now you need to prepare your message and get it to your backers

Email Outreach

Outreach/Launch Email

Have a great email subject line that is brief yet informative. This must catch their eye if you want them to open your email.

Personalisation is key, ensure every contact feels as though the message they receive from you was written just for them. Especially for your first degree network. These are the people that will back you first and create momentum to attract other backers. It will take you a bit of time to put these customised messages together but it will be worth your while.

Be brief and get to the point sooner than later. Limit yourself to four short paragraphs.

Be clear about the impact their contribution will make, what it means to you (and your team) and most of all, how it will be spent.

Add at least one good quality image that represents your business or campaign. This can be a team picture with staff. People connect with people and are more inclined to give when they can put a face to the need.

Example A

Dear/Hello/Hi [name],

I hope that you're doing well! [Insert personal or relevant details].

As you may have heard, I am raising money for [my restaurant/chocolate shop/salon], and I could really use your help. I've already raised [amount], but I'm trying to make it to [amount] by [date].

No amount is too small and every contribution will help me reach my goal. You will be rewarded with [Insert your reward].

I plan to use the money to [e.g. buy a delivery scooter so that you can receive our scrumptious meals freshly delivered to your door]. There is also a selection of exciting rewards for each contribution. Go ahead and see what you might like!

You can support my crowdfunding campaign page by clicking here [insert URL to campaign page]. Feel free to share my campaign on Facebook, Twitter and anywhere on the internet, really. The more eyes we have on it; the sooner we will reach our goal.

Thank you in advance for your support. Please let me know if you have any questions about my campaign, or [the restaurant/chocolate shop/salon.].

Sincerely/Best/Much love

[Your name]

Example B

Dear Mr/Mrs/Ms [Insert name]

Join the BackaBusiness movement!

As a loyal customer and friend of [insert name of your business], I invite you to join the BackaBusiness movement. You know us/me and you know we/I [state what you do well, e.g. make great pizza/do brilliant nails/give the best massages in town.] We're hoping you will assist us to grow our business in 2021!

How can you assist?

AS A BACKER: [our small-business supporter], you can vote for us with your WALLET and HEART. Connect to our campaign [insert link] on Thundafund and contribute towards the R_____ that we are trying to raise.

It is a simple pay-now-redeem-later concept. Thundafund manages the tracking and security of the funding process and you will receive a [state your offering, e.g. a meal voucher valued at R250 for every R200 you spend now], as a thank-you for your loyalty. The more you contribute and share the campaign with your family and friends, the more [insert name of your business] stands to raise.

Click here [Insert link to your campaign page] to vote small business with your heart and wallet, or go to our campaign page:[Provide the actual URL so people can copy and paste.]

Thank you for your loyalty and support. It means the world to us/me.

Yours faithfully

Pete

Pete's Pizzeria

Dear/Hi/Hello [name],

[Campaign's end date] is almost here! Do you know what this means? It means that I have only [number] days left to raise [amount] for [campaign cause].

If only [insert number] of people contribute [insert Rand amount] to my campaign, I will be able to reach my goal. Would you consider giving a contribution of R100 [or any other small amount] towards this? A RX could go a long way towards [list out goals] and also get you [mention discount/voucher or reward attached to this amount]

To contribute, simply go to my crowdfunding page here [insert URL]. It's pretty easy and quick.

It would also mean the world to me if you could share my crowdfunding campaign page on Facebook and Twitter to help me reach more people.

The progress I have made so far has been thanks to people like you who have taken the time to support and share our cause.

Thank you in advance for your support.

Best/Sincerely/Much love

[Your name]

Be as specific as possible about what your backer's money is going toward. This way, they are assured that their contribution made a difference.

Thank you email, after receiving a contribution from a backer

Dear/Hi/Hello [recipient's name],

Thank you so much for being a part of my crowdfunding campaign! Your generosity will go a long way in [mention impact briefly but specifically].

We look forward to relaunching our [restaurant/store/salon] and serving you soon. Once the campaign is over, we will email/WhatsApp the reward to you [insert any additional details of specific reward purchased].

Thank you again! You have no idea how much your support means to me and the team!

*Sincerely/Much love/Best
[Your name]*

Social Media Outreach

Prepare: a short and sweet social media message with the link to your Thundafund page. Ensure the link works.

Mechanism: WhatsApp, SMS, Facebook, Community Facebook pages, estates/home owner associations/schools.

Use your entrepreneurial tenacity: make a list of your potential backers and get the message out to them.

Facebook/Instagram Post

Have a good high-resolution image that will capture your audience's attention.

Include your campaign link and within the first few characters of your post so that your backers will see it before it is truncated and they have to click 'see more'. (Remember for Instagram, the best place to place the link is in the bio. If you place a link in the caption your followers won't be able to click on it).

A brief and clear explanation of why you are crowdfunding.

"Hi! I am running a BackaBusiness crowdfunding campaign to raise money for [insert goal]. You can check it out here [insert URL]."

My/our goal is to raise [amount] which will go towards [goal]. Please purchase one of our exciting rewards to bring us closer to our goal.

Feel free to share this post and encourage your friends to support my campaign. Thank you in advance for your generosity! [insert #hashtag and photo]"

Tweet

Tweets have a very short lifespan and your best bet is to schedule a series of tweets to go out each day.

"Help me raise funds to keep [business name] running! I only need [amount] to reach my goal. Make a difference! [insert #hashtags, URL, and photo]"

Need more information?

Visit our website for a comprehensive
list of frequently asked questions.

[GO TO FAQs](#)

Good luck!

[#BackaBusiness](#)