This companion guide to the Organic Sector Crowdfunding Report 2014, was prepared for Canada’s organic sector organizations to help determine if crowdfunding is a fit for specific sector initiatives that require additional funding, and to provide information on the best practices and resources required to run a successful campaign.

Follow the steps outlined in this Guide, and use the Report in your planning for more detailed insights into the industry, the various challenges and opportunities of crowdfunding, and more specific considerations for your campaign’s development.

1. Define your project and funding objective

Before launching into crowdfunding, look at the overall picture:

- What is the specific project that requires funding?
- What purpose does it serve—i.e. what is the unique value proposition?
- How does it fit with your overall fundraising or marketing strategy?
- Is it suitable for collaboration among sector stakeholders?
  - If so, which ones?
- What is the fundraising objective and timeframe?
- What are the various funding options for the project?

‘Crowdfunding’ is the use of online tools and social media to collect small financial contributions from many individuals towards an overall fundraising objective.
Determine if crowdfunding is a fit

Crowdfunding isn’t always the right approach—but it is ideal for…

- Supporting specific, one-time projects (not long-term capital requirements)
- Funding personal or charitable cause projects, socially/publicly relevant and appealing research or advocacy campaigns, and goods production or business expansion
- Getting proof of concept, idea validation, and/or product pre-orders
- Growing a network of supporters
- Creating awareness and market ‘buzz’

Check the prerequisites

1. Do you have a compelling story with a simple message and ideally an appealing spokesperson or ambassador?
2. Is your project relevant and/or of concern or interest to your target group locally? Nationally? Internationally?
3. Will your existing tribe of supporters give 20-30% of your total funding goal at the beginning of the campaign?
4. Are you comfortable with transparency, and are you ready to handle public exposure and communication across various channels, especially social media?
5. Are you active on social media and do you have an existing following? What about your email distribution list? Is it up to date and ready to go?
6. Do you have a dedicated team that has sufficient time to effectively execute a crowdfunding campaign?
Choose a crowdfunding model

The best model is determined by your specific project and overall value proposition: *Does the project provide a financial return, an economic or community impact (a social return), or an altruistic, ‘feel good’ return? What is best for the project and what does the target community want and need?*

For organic sector organizations, the best choice is between the reward-based or donation-based models. For industry organizations such as producers of organic products, the reward and equity-based models are suitable options.

**Reward-based**
- The most popular model, commanding 43% of market share
- Offer people a perk in return for a monetary contribution (typically $25 to $1,000)
- Typically must meet fundraising target within fixed time period
- Platforms have different project criteria and cost structures (e.g. ‘all-or-nothing;’ fixed and flexible fees; up to 9% of campaign revenues; usually no up front fees)
- Platform examples: Kickstarter, Indiegogo, FundRazr

**Donation-based**
- Ask for monetary donation towards personal cause or charity program (tax receipt usually available)
- Platform examples: GiveEffect, GoFundMe, FundRazr
- Fees typically include a percentage of donated funds received (7% on average), a per transaction fee, and sometimes an additional monthly/yearly admin fee charged to the charity/non-profit; campaign pages are usually free to set up

Example: Whole Kids Foundation, PACT and Indiegogo collaborative campaign raised $100K through 60 individual campaigns to help grow 100 urban gardens across the United States. http://www.indiegogo.com/partners/grdn

Example: Data Rescue campaign for Caledon Institute of Social Policy. http://tiny.cc/z530cx
CROWDFUNDING ESSENTIALS
A Guide for Organic Sector Organizations

Equity-based

- Ideal for entrepreneurs needing growth capital greater than $100K
- Provide shares in return for investment
- Online technology provides access to potentially larger funding pool
- Highly regulated by provincial securities commissions—must understand and follow regulation in your jurisdiction
- High upfront costs e.g. Huffington Post cost example http://tiny.cc/ingzcx
- Platform examples: SeedUps Canada, AngelList, CircleUp, AgFunder


Lending-based

- Similar to equity with exception that investors take on debt instead of equity
- Not available in Canada (loan structure over 12 months considered security and regulated as such)
- Platform examples: Zopa, UK; Prosper, U.S.A.

Note: For these two models, additional considerations are required, which are not covered by this guide.
5 Choose a platform

Before choosing a platform, determine your parameters:

- Will it be one individual campaign or a collaborative campaign with several individual campaigns running under one umbrella brand?
- Will it be a local, national or international campaign?
- If the campaign is part of a larger fundraising or marketing initiative, does it warrant the build of a custom-branded portal? Building from scratch is not necessary, as fully functional platforms exist in the form of ‘white label’ solutions or WordPress themes (free content management system) that can be licensed, branded and customized to suit your needs. Another option is collaboration with a leading platform, plugging its technology into your existing site and benefiting from its rich features and existing audience.

Consider the following factors when choosing a platform:

- Does the platform support your chosen model and geographic region(s)/currencies?
- What are the platform fees and terms?
- How advanced are the social integration tools and services?
- How much graphic customization is possible?
- How easy is it for supporters to contribute?
- Do donors get an automated tax receipt? (only applicable to charity campaign using donation model)
- Does the platform provide any promotional services?

WordPress crowdfunding themes start at $60
Katipult white label license starts at $1,500/year
FundRazr ‘plug and play’ charges 5% transaction fee
6 Conduct due diligence

- Read up on the latest status of crowdfunding and the available models (pay attention to changing legislation for equity crowdfunding)
- Understand your options as they relate to your project situation and jurisdiction
- Seek advice from legal, accounting and crowdfunding professionals
- Know and understand your tax and fiduciary duties
- Understand and plan for campaign costs before, during and after the campaign, including human resource time; costs could add up to 30% of raise (20% for marketing, rewards, shipping, legal and accounting; up to 10% for platform)

7 Build your team

Running a campaign with a team will make you more successful, as your network will be broader, and more skills and expertise are available to deliver the various elements of your campaign.

8 Plan your strategy and budget

Develop an integrated marketing communications plan for the campaign that is driven by social media and supported by all the traditional channels such as email marketing, media outreach, events, direct asks and more. Ensure it includes a detailed budget of costs including items such as platform costs, rewards costs and shipping of rewards.
Follow best practices

These are the key ingredients for success when using the reward or donation models:

1) Remember the golden rule: you must be able to raise 20-30% from your close tie network at beginning of campaign

2) Have a compelling story with a strong spokesperson or ambassador

3) Lead consistently and with determination

4) Establish campaign team

5) Know and target your audience

6) Know and share the who, what, when, where and why—transparency is key

7) Plan campaign as part of integrated fundraising/marketing strategy

8) Be actively engaged on social media

9) Paint visual picture with photos and videos (must have a video pitch)

10) Have rewards—make sure they are tied to project

11) Establish reasonable, realistic goal and timeframe—best to run smaller, achievable campaign first, then build on success

12) Communicate and provide updates consistently and proactively throughout the campaign; continue once the campaign is over; thank everyone and provide progress reports—build relationships for the long-term

13) Celebrate successes with your campaign team (even if not hitting all targets); debrief on winning elements and necessary improvements; determine next steps and decide if a follow up campaign is necessary

Note: Indiegogo has developed a detailed step-by-step guide on how to run a reward-based campaign—an essential read (see ‘Key resources’ for link and other useful tools)
Meet or exceed benchmarks

60% of campaigns fail to meet their target. It is harder than ever to stand out, and it’s not enough to launch a campaign page and assume your audience will come and give. A crowdfunding campaign requires time, a dedicated team, commitment, and steadfast leadership.

Choose a great benchmark campaign relevant to your situation, understand why it succeeded and aim to meet it at a minimum. What element can you offer to the ecosystem of ideas that is novel and different?

Sample Benchmark Campaigns

Our Radioactive Ocean: Data collection by citizen scientists
http://tiny.cc/y1eycx

The Center for Marine and Environmental Radiation has established a crowdsourcing hub, asking the public to step up on the critical issue of Fukushima radioactive water testing. Citizen scientists can crowdfund for sampling kits ($550-$600) and then collect seawater samples. This is part of a larger awareness and education campaign.

Real Food Creations: Retail/food service expansion
http://tiny.cc/okyxcx

Real Food Connections, a Fredericton-based grocery company, ran a campaign on Indiegogo from April 13, 2013 to June 13, 2013 with a $20,000 fundraising target and an actual raise of $24,720. The ask was for the expansion of their kitchen capabilities to make their locally grown prepared foods more accessible to their community—a project which Real Food’s existing audience asked for and then followed through in supporting.

Good Spread Peanut Butter: Product manufacturing
http://tiny.cc/fmyxcx

This campaign from start-up social venture Good Spread ran on Indiegogo from October 15, 2012 to November 5, 2012 with a fundraising target of $65,000 and actual raise of $69,518. The ask was for the initial production run of 100,000 packets of Good Spread Peanut Butter with organic honey and sea salt. For every packet sold, Good Spread will donate one to children in need. Good Spread did a follow up campaign for another product launch in November 2013, which was also successful http://tiny.cc/iif3cx. Their second campaign video is very creative and engaging, and the message remains simple with a clear benefit to the consumer and the community.
Sample Benchmark Campaigns

Help Translate Le jardinier-maraîcher: Farming book development
http://tiny.cc/jnyxcx

This campaign ran on Indiegogo from December 5, 2012 to April 4, 2013 with a fundraising target of $25,000 and actual online raise of $19,205. This is an example of a campaign that fell slightly short of its online fundraising target yet still received all its funds (flexible funding). The English version was published January 2014.

Open Food: Production of education material for urban agriculture
http://tiny.cc/foyxcx

Community Food Lab, a design and consulting company working to build local food systems, ran the Open Food campaign on Kickstarter in November 2013 and achieved $8,056 of the $6,500 fundraising goal. This example demonstrates how a design start-up solicited help from the community to produce a useful resource for the community.

Pasture Raised Meat on PEI: Farm herd expansion
http://tiny.cc/kpyxcx

Raymond Loo’s campaign ran on Indiegogo from April 2, 2012 to May 17, 2012, raising $12,660 of his $12,000 goal. His ask was to support him and his family in expanding his herd so that he could offer more Pasture Raised Meat to Islanders—a simple, clean message with a clear benefit to the community.

Farmed and Dangerous? Personal justice - fighting CFIA in court
http://tiny.cc/augycx

This donation-model campaign by Montana Jones has been running on GoFundMe for 11 months, raising $90,805 to date out of a $100,000 goal. 2,782 people have donated to her justice campaign fighting the Canadian Food Inspection Agency (CFIA), and 53,000 have shared it across social media. An example of a strong protagonist sharing her story authentically, asking the community for help, not only to get her through a $100,000 legal defence bill, but also to help change CFIA policy for food and farming.

Keep passionate and committed to the end and beyond!
Key resources

Indiegogo Field Guide for Campaign Owners http://tiny.cc/fcu3cx
Kickstarter School http://tiny.cc/pwy8cx
Keep up with the latest developments:
   Indiegogo Tips & Insights Blog http://tiny.cc/rri3cx
   Kickstarter Blog http://tiny.cc/4vi3cx
   FundRazr Blog http://blog.fundrazr.com
Equity Crowdfunding 101 http://tiny.cc/vnxxcx
National Crowdfunding Association of Canada http://ncfcanada.org
National Crowdfunding Association (USA) http://www.nlcf.org
Crowdsourcing.org http://tiny.cc/trxxcx
Canadian Crowdfunding Directory http://tiny.cc/4oxcx
Crowdsourcing.org Directory http://tiny.cc/yqxxcx

Sample white label and plug-in options

Katipult by JOI Media http://www.katipult.com
FundRazr Plug & Play http://poweredby.fundrazr.com
   Example: Healthline http://tiny.cc/wed1cx
Wordpress Crowdfunding Themes:
   IgnitionDeck http://tiny.cc/aid1cx
   Fundify http://tiny.cc/djd1cx

This guide was prepared by Junxion Strategy, March 2014. With offices in Vancouver, London and Delhi, Junxion exists to catalyse social and environmental progress. The company’s international, inter-disciplinary team has spent nearly twenty years supporting mission-minded founders, pioneers of corporate social responsibility and sustainability, non-profit executives, and philanthropists.
To learn more about Junxion and to draw on their team’s expertise, visit Junxion.com or call 604-681-8308 or 1-888-681-8308.

Images courtesy of Agriculture and Agri-Food Canada, Certified Organic Associations of British Columbia and Broadfork Farm.