



# **STAND OUT FROM THE CROWD**

## **Best Practices in Crowdfunding**

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## INTRODUCTION

Crowdfunding has become a growing trend in fundraising. Non-profits and small businesses across the globe are funding initiatives through this new wave of giving. In a time when state and governmental support is diminishing, how can universities take advantage of this trend to increase donor support and engage alumni?

### What is Crowdfunding?

Crowdfunding is the act of peer-to-peer solicitation. Novice fundraisers, passionate about a specific cause, employ grassroots tactics to educate their friends and family and encourage donations, primarily through email and social media channels. Rather than soliciting sizable gifts from relatively few donors, crowdfunding encourages smaller contributions from many supporters to achieve a desired goal.

### Why is Crowdfunding Important?

Crowdfunding has a number of advantages that support why universities should capitalize on the growing trend.

**Building the Base:** It is widely known that the majority of dollars raised come from a small percentage of highly engaged donors, likened to stones at the top of a pyramid. However, most supporters don't start at the top making sizable gifts—they work their way up.

Crowdfunding is a way to build the base of supporters and teach them the importance of giving. The types of projects supported by crowdfunding initiatives especially resonate with recent graduates, a population notoriously difficult to engage.

Similarly, the crowdfunding platform teaches students how to become good future donors. Student organizations are large users and benefitters of crowdfunding campaigns. By fundraising for a cause meaningful to them—and reaping the reward—students are taught the power of giving. This experience increases the likelihood that they will philanthropically support the university as alumni.

Crowdfunding does not eliminate the need for traditional major gift officers, but is a strategy to supplement fundraising efforts and bring future donors into the giving and volunteer pipeline.



**Benefits:** Whereas major gifts and capital ventures can take years or even decades to come to fruition, projects of crowdfunding campaigns are tangible and timely. The amount of time from campaign launch to project completion can often be measured in weeks. Because of this accelerated timeline, there are greater opportunities to steward donors in a timely manner.

Offering opportunities to fundraise for specialty projects can also create goodwill across campus. Deans and campus departments find value in having an on-campus fundraising platform available to avoid the hassle of contracting with an outside service. Likewise, students appreciate having an outlet to raise funds for initiatives that would otherwise be dismissed, due to lack of resources.

In addition, an extensive campus reach allows advancement and alumni associations to showcase the innovation, research, and philanthropic endeavors taking place at the university.

## BEST PRACTICES

Many universities have begun to adopt crowdfunding platforms, but the University of California–Los Angeles (UCLA), University of Maryland and Cornell University are leaders in the field. Each institution has completed dozens of campaigns, with the majority of projects meeting or exceeding its goal. They are proven winners in crowdfunding, and there is value in examining the steps they have taken to achieve success through this new fundraising practice.

### Types of Projects

The projects funded are unique to each school, but crowdfunding platforms are universally used to fundraise for student, faculty or campus projects. While there are some exceptions, campaigns typically do not directly fund research projects due to legal and liability concerns. In each case, the project must benefit an organization affiliated with the University—not an outside party.

Most successful projects identify a specific impact that resonates with donors. Projects more general in nature (such as scholarship) are harder to fund since supporters do not know the precise details of how monies will be allocated.

The following are examples of successful crowdfunding projects:

**Example #1: Cornell University—Mars Rover Challenge**

Cornell students worked to raise \$10,000 to build a Mars rover and compete against robotics teams from across the country at the University Rover Challenge.



**Example #2: University of Maryland—Digitize the Diamondback**

University of Maryland Archives sought to preserve and make accessible all surviving issues of the *Diamondback*, the university's student newspaper.

**Example #3: UCLA—EatSAFE**

UCLA doctor and professor raised funds to design and print literature to educate parents in the community about child choking deaths.

It is important remember that there is no such thing as a perfect project—success is determined by the motivation and determination of the team executing the campaign.

## Project Approval Process

Since campaigns are predominately coordinated by students and faculty—not professional fundraisers or alumni relations staff—it is important to establish clear guidelines and expectations at the forefront. The team must understand the demands and commitment required to run a successful campaign.

The first way teams prove their dedication is by completing a comprehensive application including:

**Project description:** profile the organization and outline why they are fundraising

**Fundraising goal:** amount they hope to raise through the campaign

**Timeline:** time of year ideal to launch and length of campaign

**Communication plan:** photos, videos, social media accounts the team plans to use to promote their project

**Campus sponsor or department approval:** ensure department on campus is aware and approves of the project

Once the application is submitted, it is reviewed by a selection committee comprised of stakeholders from across campus. If approved, project team leaders then meet with advancement staff to confirm details and ensure the campaign is structured for success.

## Timing

Campaigns typically last 30 to 45 days. This accelerated timeline creates a sense of urgency, and prevents both the team and prospective donors from becoming bored with the project.

Instead of launching projects individually, Cornell and Maryland release several projects in bursts at specific times throughout the year (usually twice per semester). This allows the university to notify all alumni of the crowdfunding platform and invite them to choose from a menu of giving options.



It is important to consider peak giving or solicitation times and avoid when alumni might be overwhelmed by other “asks” from the university. Cornell launched a project shortly after their annual Giving Day and noticed a slower response than past—they described it as “Giving Day Hangover”.

## Staff Involvement

While the success of the crowdfunding initiative depends on the efforts of the team, advancement and alumni association staff play an important role by providing a framework for success. Before a campaign launches, staff visit with the team to outline marketing and communication plans and confirm a reasonable timeline. They are also responsible for building and managing the crowdfunding website. Some offices offer staff support with photo and video editing and provide sample templates for email and marketing messages.

The level of staff support varies by institution. The University of Maryland employs one staff member that spends 50 percent of her time on crowdfunding, while UCLA has two staff members devoted to crowdfunding full time. Conversely, Cornell has 5 colleagues with wide-ranging responsibilities that rotate serving in the staff advisor role.

While staff size and positions may differ by institution, the role they serve is consistent: staff participate in an advisory role; the team is ultimately responsible for the campaign’s success.

## Spreading the Word

The most critical piece of the crowdfunding puzzle is how the team shares its message. Peer-to-peer outreach is powerful because individuals convey their passion when asking their friends for support. There are a number of mediums campaign leaders use to communicate their message.

**Email:** Email is a quick and inexpensive way to encourage participation. The most effective emails do not contain fancy graphics or designs—instead, they are simple, text-based messages with a personalized ask for support. If a message looks too polished, donors become skeptical that there is a genuine need. Emails are typically sent weekly during a 30 day campaign, providing regular updates on the fundraising status and encouraging additional support.

**Social Media:** The birth of crowdfunding can be attributed to the growth of social media. Social networks make it possible to share information with millions of “friends” at the click of a button. Successful campaigns utilize organization and campus accounts in addition to encouraging members to promote through their personal profiles. Hashtags are another important social media tool. Most groups create a hashtag specific to the campaign, but some are fortunate to capitalize on an existing trending topic.



**Launch Events:** Special events to announce the launch of a campaign can be an effective tool to gain awareness, however they are often expensive—and these groups are fundraising because they lack available funds. Therefore, announcement celebrations are best used when they are strategically added to an existing event.

**Direct Mail:** Like launch parties, direct mail is costly. Therefore, it is rarely used in crowdfunding unless the initiative is spearheaded by a larger department with access to additional budgets or resources.

**Partnerships:** Strategic groups establish partnerships with campus and community organizations with similar missions and use them to leverage their message. Often outside groups are willing to highlight the crowdfunding project in their newsletters and social media sites. The University of Maryland found tremendous success through this approach with a project to raise funds for researching honeybee hives. The team reached out to local farmers markets and honeybee associations to raise awareness of the project. In addition, the local NPR station aired a radio story on honeybees and referenced the crowdfunding campaign in the report. As a result of the additional publicity, the campaign rose over \$24,000 and more than tripled its original goal.

**Crowdfunding Website:** The crowdfunding website itself can be an effective marketing tool when used strategically. The site should be visually interesting with photos, videos, and graphics. It is also advantageous to keep the page current by providing updates throughout the campaign. (See the appendix for samples of crowdfunding websites.)

## Know Your Audience

The second half of the marketing equation is knowing who should receive campaign messages. Because crowdfunding project topics tend to be highly specialized, it is important to tailor messages to specific audiences with which the topic will resonate. Past organization participants make ideal prospects since they understand the group's mission and have a shared experience. Most importantly, successful campaigns target those who have something to gain by meeting the project goal.

## Show Me the Money

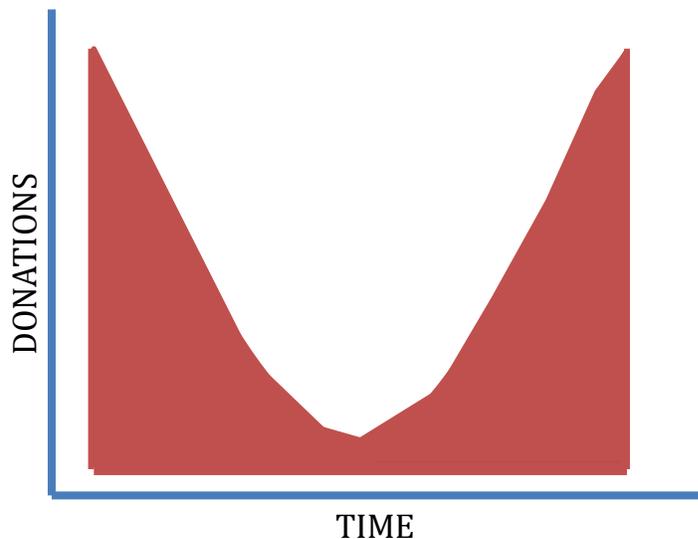
Crowdfunding initiatives must have goals that can reasonably be achieved within the allotted timeframe of the campaign. In most instances, goals range between \$5,000 and \$15,000. Proposed giving levels prompt donors to donate at certain intervals, but it is also important to communicate the impact each dollar amount has on the project. For example, specifying that a gift of \$25 provides materials to educate 100 families on safe toddler eating habits.

While promotional gift and perks are very popular with small business crowdfunding initiatives, they typically are not utilized within the collegiate crowdfunding realm since the cost to produce and fulfill gifts can be cumbersome. Instead, campaigns often offer low or no-cost experiential perks related to the project that are and simple to deliver. Examples include receiving a special video or photo from the special event, including donor names on the robot being built, or offering a behind-the-scenes tour before a concert that was made possible through crowdfunding.

## RESULTS

The three universities studied have experienced desirable outcomes by following the practices listed previously. More than 75 percent of their projects have been fully funded. Approximately forty percent of gifts received were from first-time donors, with recent graduates making up a large portion of that contingent. As expected, gifts primarily consisted of small donations, between \$25 and \$100.

An interesting finding from the study is the pattern in which donors give throughout the campaign. It resembles an inverse bell curve—donors typically give at the beginning and end of campaigns.



There is some concern that meeting a goal early in a campaign could hinder additional giving, however that has not been the experience of the universities studied. Each institution found that donors are eager to support successful projects. As a result, certain campaigns were able to raise three times the original goal. If a campaign experiences early success, find ways to capitalize on the momentum—everyone loves a winner.

## LESSONS LEARNED

Crowdfunding can be an effective tool to raise funds and engage alumni and donors when the appropriate practices are adopted. The following factors have the greatest impact on executing a profitable campaign.

### Entrepreneurial Spirit

The team behind a campaign is instrumental to its outcome. Crowdfunding requires moxie and an *entrepreneurial spirit* to excel. Most successful groups have the following qualities:

**Ambitious:** they have high expectations and set lofty goals

**Understand the Goal:** they know the actions necessary to accomplish the goal

**Motivated:** they are determined to achieve the goal

**Know the Audience:** can identify prospective donors

**Creative:** understand how to speak to donors and capture their attention

### Peer-to-Peer is Vital

The success of crowdfunding hinges on having a passionate team that can communicate the project to their peers in a personalized manner. Donors value individualized attention and are more hesitant to support projects if they feel they are simply a number. The key to solving the crowdfunding puzzle is making supporters feel that their gift, whatever the amount, will make a difference.

It is also important to emphasize that the “ask” for support should be initiated by an individual the prospective donor knows and trusts. The University of Maryland spearheaded a campaign primarily coordinated by annual fund staff, and did not see a strong response—likely because the messaging originated from a campus office rather than a trusted peer.

### Great Expectations

Enthusiastic teams are the sparks that ignite great campaigns, but they require a roadmap to guide them in the right direction. Therefore, it is essential to develop a structured framework to set groups up for success and prevent them from acting inappropriately. Today’s students have grown up with social media and are especially savvy, which can be a tremendous asset when crowdfunding—but can also be a challenge. They may become overzealous and attempt to use social media as a tool to encourage support from beyond their circle of peers. For example, one university experienced an issue with students using Twitter and Facebook to solicit celebrity alumni and top donors without the university’s knowledge. Establishing clear rules and expectations can prevent groups from acting beyond their intended purpose.



## **Communication is Key**

Success is determined by how effectively the team communicates with prospective donors, but it is equally important to establish open lines of communication with all parties involved with the campaign. Advancement and alumni association staff overseeing the campaign should connect regularly with the fundraising team to ensure the plans are on track. Likewise, it is imperative to communicate with stakeholders and departments affected by the campaign—such as gift processing and advancement colleagues. Keeping everyone apprised of the campaign status and situations avoids redundancies and prevents potential conflicts.

## **Niche is Nice**

Crowdfunding is most effective when projects are specific and targeted to an audience with a known affinity to the cause. Since the crowdfunding philosophy centers on specificity, it is logical that donors are most interested in supporting niche opportunities. General campus and annual fund solicitations do not resonate with this group—they want to donate to specific projects where they understand the impact of their gift. Therefore, when attempting to retain crowdfunding donors, it is best to offer giving opportunities that support other specialized projects.

## APPENDIX: Sample Crowdfunding Websites

**Cornell:** crowdfunding.cornell.edu

**Cornell Mars Rover: Help us Rove out of this World!**



Share to Maximize IMPACT <

Share  Share  Share 

**\$12,806**

128%

Raised toward our \$10,000 Goal  
45 Donors

 **0 DAYS LEFT**

Project ends on May 15, at 11:59 PM EDT

> Project Owners



Support

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Description Updates (1) Donor Wall

**Cornell Mars Rover: Help us Rove out of this World!**

\*If your employer sponsors a matching gift program, our project fund number is 0007453\*

The Cornell Mars Rover project team (CMR) designs an innovative Mars rover to compete in the [University Rover Challenge](#). We are an interdisciplinary student-run team that brings together talented minds from engineering, science, and business. Together, we foster creative and intellectual growth through the development of our competitive design.



**Levels** Choose a giving level

**\$5** Order

Thank you very much!!

Contribute \$5

**\$10** MAVEN

Thank you very much!!

Contribute \$10

**\$25** Viking

We will send you a personalized thank you note signed by our team honoring your generous donation!

Contribute \$25

**Maryland:** launch.umd.edu

**Digitize the Diamondback: Help Make UMD History Come Alive**



Share to Maximize IMPACT <

Share  Share  Share 

**\$30,550**

305%

Raised toward our \$10,000 Goal  
226 Donors

 **0 DAYS LEFT**

Project ends on May 05, at 11:59 PM EDT

> Project Owners



DONATE NOW

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Description Updates (7) Donor Wall

**Digitize the Diamondback: Help Make UMD History Come Alive**



**OUR PROJECT**

The University of Maryland Archives is seeking funding to preserve and make accessible all surviving issues of the Diamondback (1910-present), one of the key history resources of the University of Maryland. This project will digitize all the issues and create a way to easily search and access the contents of the paper for current students, faculty, and staff, Terrapin alumni, and researchers on campus, across the U.S., and around the world. Ever wonder what happened at UMD 25, 50, or even 100 years ago? Now is your chance to find out online!

**WHY CONTRIBUTE?**

The Diamondback is the primary student paper of record for the university and is a key resource for researching the campus' history.

- The ready accessibility of the digital files will assist a wide variety of researchers with a multitude of types of questions, e.g. major events on campus, policy changes, athletics results, individual student/alumni activities and accomplishments, and evolution of university leadership.
- At present, it is a very tedious and time-consuming process to find information in

**Our way of Thanking You**

**\$10** Staff Writer

A gift of \$10 will digitize 3 issues of the Diamondback.

CLAIM

33 of Unlimited Claimed  
Estimated Delivery: May 2015

**\$25** Senior Staff Writer

A gift of \$25 will digitize 1 week of the Diamondback.

CLAIM

62 of Unlimited Claimed  
Estimated Delivery: May 2015

**\$55** Photographer

A gift of \$55 will digitize 2 weeks of the Diamondback.

CAAE Tardy Fellowship | Best Practices in Crowdfunding



# THANK YOU

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