

Fundraising

Crowdfunding for Nonprofits

Answers to five common questions about launching a crowdfunding campaign.

By [Erin Morgan Gore & Breanna DiGiammarino](#) | May 22, 2014

Crowdfunding—the collection of finances from contributors, usually online, to fund an initiative—can be a powerful tool across the social sector. Organizations have used it to [fight malaria in Africa](#), build a [sloth sanctuary in Costa Rica](#), and [open schools in Afghanistan](#).

Used strategically, crowdfunding helps nonprofits build meaningful engagement, inform their work, spread their messages, and expand their donor base to increase their overall funding and impact.

Crowdfunding is still a relatively new concept, and many nonprofits face the same questions when considering it for the first time. Here's a look at some of the most common questions:

Should my organization run a crowdfunding campaign?

Running a campaign is difficult and time intensive. Doing it well requires buy-in from the full organization if it is going to generate the momentum it needs for success. Nonprofits should only run campaigns that both forward the organization's goals and get significant organizational buy-in before launch. Since donors are more likely to give to projects that look successful, it's also helpful to build in early wins for your campaign. That means securing early support for your campaign from existing donors by:

- Laying the groundwork: Socialize the campaign with your current network for at least a couple of weeks before launching it, and appoint a host committee to your campaign team who feels real ownership over the success of the campaign.
- Setting a realistic goal: Aim to reach 30 percent of your goal in the first 48 hours (via your existing network). And refrain from launching a [social media](#) or new audience strategy until

surpassing the 30 percent mark.

One great example of a campaign that got off to a strong start is [the University of Virginia's Rotunda Ball campaign](#), which launched with the team's personal friends and family, and raised a third of its goal before it even reached out to the Rotunda Ball's internal membership list. The campaign raised more than \$22,000 to restore the historic UVA Rotunda, a 200-year-old building Thomas Jefferson designed as a library at the heart of the university.

What role should existing donors play?

Existing donors can do more than participate in early, direct funding of a campaign. Crowdfunding amplifies the value of your current donors' diligence and uses their connections to mobilize a larger crowd of support. Donations by existing donors serve as proof points of an organization's value, helping to more quickly recruit new contributors from those who trust your donors' decisions.

One great example of amplifying current donations through crowdfunding is the recent campaign by [the Parkinson's Institute and Clinical Center](#). The organization asked donor and prominent Venture Capitalist Bill Draper to make his annual contribution publicly via a crowdfunding campaign, where he pledged to match every donation up to \$100,000. The Parkinson's Institute also asked the entire Draper family to share their personal stories of living with Parkinson's on video. The videos rotated on the [campaign page](#), each targeting a different audience segment.

The campaign launched on [#GivingTuesday](#) and raised more than \$200,000 in four days. This initial success inspired a board member to gift another matching grant, and the campaign closed after raising \$550,000 from more than 450 donors.

How can I motivate new donors to give via crowdfunding?

While all campaigns and donors are unique, people generally contribute to campaigns for four main reasons:

- Participation: They want to be part of something bigger than themselves.
- People: They care about and believe in the people running the campaign and want to support them.
- Purpose: They believe in the campaign's goals and want to help move those goals forward.

- Perk: They want a reward in exchange for their contribution.

Every successful campaign employs each of the four “Ps” effectively to some degree. One great example is [App Camp for Girls](#), a campaign to raise funds for a new nonprofit camp in Portland where girls brainstorm, design, and build iPhone apps. App Camp focused on its purpose and the participation of its funders, and reached its goal of \$50,000 in three days. Realizing that the demand for the camp was greater than it imagined, the organizers asked contributors to suggest locations for future chapters of the camp. This motivated donors and made them feel part of the bigger effort. At the end, the campaign raised more than \$106,000 from more than 1,000 people.

Are there benefits to crowdfunding beyond raising money?

Crowdfunding enables nonprofits to leverage support from a wide variety of stakeholders, including beneficiaries, donors, board members, and staff; it also provides space for testing what motivates different groups to give. In addition, it creates an opportunity to communicate with donors directly and describe the positive impact of their support. Increasingly, we’ve also seen nonprofits use successful campaigns as proof of demand when pitching foundations and philanthropists for larger donations.

Save the Children recently held a crowdfunding campaign featuring a popular YouTube celebrity. This opened up a new, younger donor network of givers who live on social media and are comfortable with online giving. And as a result, its [PewDiePie campaign](#) has raised more than \$340,000 from more than 6,000 funders to help Save the Children provide food, shelter, clothing, and schoolbooks to kids worldwide.

How do I get started with a crowdfunding campaign?

You can launch a campaign at any stage of your work, whether you are starting a new organization or expanding existing programs, but it is important to put time and effort into the campaign and to set attainable goals.

Running a successful campaign takes a lot of preparation. Nonprofits can do their homework by:

- Checking out free resources such as Indiegogo’s [Campaign Field Guide](#) and [Cause Handbook](#)
- Speaking to other nonprofits that have run successful crowdfunding campaigns

- Putting together a draft campaign and sharing it with the teams at crowdfunding organizations such as [Indiegogo](#), [Crowdrise](#), and [Causes](#) to get feedback before going live

Crowdfunding isn't a quick fix for the social sector's funding issues, but it is an increasingly critical component of the fundraising toolkit; allowing nonprofits to connect with and solicit support more efficiently than ever before.



Erin Morgan Gore ([@erinmorgangore](#)) is Director of Strategy at Purpose, an Adjunct Professor at NYU's Robert F. Wagner Graduate School of Public Service, and an advisor to the sharing economy startup Weleet.co. Gore previously led social sector work in The Bridgespan Group's New York office and the Boston Consultant Group's Boston and Stockholm offices.



Breanna DiGiammarino ([@IndiegogoCause](#)) is the cause director at Indiegogo, where she leads a team to bring the value of crowdfunding to the social sector. Prior to Indiegogo, DiGiammarino was the senior associate at the Draper Richards Kaplan Foundation and a consultant at The Bridgespan Group.

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