

# Far more than two's company

Crowdfunding is one way of raising finance which can benefit church and community projects, and offer ethical projects for donors and investors, *Clare Bryden* discovers

delivering bread to subscribers by means of pick-up points across Leeds, besides selling at local markets.

A feature-length film made by Blue Hippo Media, *Greenbelt at 40: The film*, which brought to life 40 years of the Greenbelt Festival and where it is going next — shown at this year's festival, and now touring film festivals in the UK and abroad — was also part-funded through crowdfunding, this time on the American crowdfunding platform Indiegogo.

Blue Hippo Media picked the site partly because, unlike some sites, it enables fund-raisers to keep the money that is raised, even if the target is not reached.

It also allows fund-raisers to exceed their target, which Greenbelt did, raising £18,205 in 40 days — more than its £15,000 goal — offering rewards for donations from £20 to £5000, including a DVD in advance, and a seat at the London test screening for £100.

CHRIS BUCKINGHAM, of the crowdfunding research agency Minivation, says that: "Crowdfunding is about a community coming together to achieve a common objective." In that sense, it is something the Church has been doing since the Acts of the Apostles.

Crowdfunding takes traditional fund-raising online, however, and utilises the potential of internet and social-media sites to communicate aims and receive funds. Originally a way for charities to raise funds, it is now being used by entrepreneurs and organisations to raise financial backing for projects.

Community-funding forums operate using a variety of different business models, Mr Buckingham says. Just Giving, which may be a familiar way of raising sponsorship, and Solar Schools, used by a number of Church of England schools, are examples of the donation model. Backers simply donate funds to a good cause.

The ready-made online platforms Peoplefund.it and Indiegogo use the rewards model, as does

THE new oven at the Leeds Bread Co-op is in use three times a week, turning out sourdough bread, with a weekly special loaf such as "roast potato and rosemary", or "raisin and walnut". The Co-op is a small group of bakers who produce bread in what they see as a socially and environmentally responsible way, making it affordable, and available to a wide range of people.

Setting up the new bakery involved many costs, and the Co-op managed to attract £9000 support from the Leeds Legacy Fund, as well as £28,000 loan stock through its website, social media, and word of mouth.

A good-quality and reliable oven was a key requirement. The Co-op saw this as an opportunity to attract more finance, through crowdfunding, while at the same time building their community profile through the site. They turned to the website Peoplefund.it to source the £8000 required.

On Peoplefund.it, backers pledge funds towards a project in return for related rewards, and the satisfaction of feeling that they have supported a good cause. For the lowest pledge of £5, Leeds Bread Co-op offered a reward of a postcard and an invitation to their launch party. For £200 or more, a backer could learn to bake a selection of breads, and then enjoy dinner for two at the bakery. The "crowd" could also pledge their skills, such as accountancy, or bread delivery.

The Leeds Bread Co-op had 45 days to raise the total funds, or they would receive nothing and the backers would get their money back. But, through a mix of friends, the local community, and anonymous donors, they passed their target with 22 days to spare. After much hard work setting up, they started baking in July, and are now currently

**'Crowdfunding is a community coming together'**



Community knead: above: the baker Phil Dacey getting ready to make sourdough; below: he loads up the bread oven, which was financed through the crowdfunding website Peoplefund.it

another well-known site, Kickstarter.

In interest and equity models, backers provide a loan, or buy a stake in the project, and expect a return in the form of interest, or a share of the profits. For investors who wish to get a return through making ethical and social capital investments, popular sites include Crowdcube, and Abundance Generation.

One of the two churches in the parish of St Mary's, Stoke Newington, in London — the Old Church — is a well-loved but decaying and under-used building. The parish is working to turn it into an arts centre for the community, in partnership with Stoke Newington School, Hackney Youth Services, and the community arts group Common Air Theatre.

The PCC has raised the money for the main building work, but is

seeking crowdfunding finance to raise £11,060 to help furnish the space. The group has registered on Spacehive, which uses the donations model, and specifically profiles civic and community-based projects.

FOR churches or charities thinking about crowdfunding, Mr Buckingham warns that it is vital to communicate how the values of your project and organisation align with those of your target audience.

"The success of your project will depend more on its perceived social values — whether it is adding value to your local community, and not the size of your church," he says.

For Leeds Bread Co-op, this meant showing, clearly, the lack of availability of "real" bread in Leeds, and the contribution that their project would make to food-education and health. For the St Mary's Arts Centre (SMART) project, it meant demonstrating that they had listened to the community groups in Stoke Newington, and were meeting their needs and wants.

Simon Garrod, of Leeds Bread Co-op, thinks that it would have been harder to pitch to the "crowd" for more nebulous start-up costs rather than one large, tangible oven.

He also suggests a useful rule of thumb for estimating how much to attempt to raise: "Research shows that about 25 per cent of funds in successful crowdfunding projects comes from people who already know the project. So, work out how many supporters you already have, and how many pounds they would give, and multiply it to get your total."

Mr Buckingham says that the business model and the size of the project are the main factors in selecting the right crowdfunding platform. There are also some regional and sector-specific sites, such as Folk 2 Folk in Cornwall, or Microgenius for renewables.

Mr Garrod found that Peoplefund.it provided more support than other larger platforms. He says that it is also important to look at the small print, such as the fees charged by the website, and any charges for transactions. "Consider whether the site allows you to keep the money,

**'People want to be part of something vibrant'**



even if you don't quite meet the target, perhaps for a higher fee percentage, or whether the site is 'all or nothing', like Peoplefund.it, in which case think about the risks and implications of not meeting the target," he says.

But, first and foremost, Mr Buckingham says, you need to consider your crowd. "People give to, or invest in, projects for two broad reasons: rationally, according to the project values and benefits; and irrationally, driven by the 'Me, too' factor. So it is really important to build early momentum, and this can be achieved only by building a strong network of supporters in advance of the crowdfunding launch."

Mr Buckingham thinks that churches enjoy a strong advantage here, as most already have a network through their congregations and local community links.

But Pip Piper, of Blue Hippo Media, warns against making assumptions about where the audience is, online. "Although the Greenbelt Festival already had a big following on social media, it still needed to learn how to tap into the 'crowd'. Churches should think laterally about connecting to other audiences — try to create conversations online [that] people want to get engaged with."

On its website, Spacehive advises getting supporters to pledge on day one of a crowdfunding launch, in order to create a sense of momentum. If it is permitted, get supporters to "pledge" the funds raised by other fund-raising efforts, too, such as jumble sales and coffee mornings. The Pendock Church of England Primary School page on the Solar Schools website shows a wide range of funding sources, from small individual donations to the Christmas Fayre,



GREENBELT

Looking back: a still from *Greenbelt 40: The film*, showing the Greenbelt mainstage in 1975

and large grants from companies. Regular updates about successful grant applications and other project progress should also be provided. "People want to be part of something vibrant," Mr Piper says. "They need to see activity on the page, lots of news, photos, videos, and comments. It's going to be time-consuming. You need people who know how to use YouTube, Facebook, and Twitter to push your audience to your crowdfunding site."

Mr Garrod found that Twitter worked better than Facebook: "River Cottage really helped. If you can, get picked up by a much bigger Twitter-user that will champion you. The local press was less useful, but don't blitz all your PR straight away — you need a steady flow — and keep some back to the end, to get you over the line."

For a church that wants to raise a small amount, Mr Piper thinks crowdfunding is a large hammer to crack a small nut. The record for the amount raised through a campaign is £10.2 million, but many requests are for a few thousand pounds. Spacehive caters well for small civic projects.

There are also benefits over and above the financial resources. Crowdfunding is an opportunity for churches to interact with their communities in a new way, and to gain new supporters locally and nationally — even internationally.

Some platforms enable people to pledge their skills as well as their money. So it could also be a useful demonstration that, when making large grant applications, the church is seeking other funding, and also engaging with community needs.

Clare Bryden is an honorary research fellow of the University of Exeter.

## Crowdfunding tips

### 1. Pick your model and platform

To research which crowdfunding site best suits your needs, visit [www.crowdingin.com](http://www.crowdingin.com). Consider the types of projects on the site, and fees and funding deadlines. With a rewards model, think about how you are going to deliver the rewards. With interest or equity models, consider talking to a business adviser first.

### 2. Budget carefully

Consider the costs of the campaign and project. Take into account site costs and transaction charges, as well as costs and delivery of rewards.

### 3. Make a good pitch

Look at successful pitches, and note why their pages work. Use images or short footage to enliven your page and tell your story. Include people connected to the campaign, such as the person behind it.

### 4. Create a "crowd"

Work to engage potential funders before launching. Use mailings, blogs, and social media several months

before. If possible, involve your "crowd" in the design of your project. Target social-media figures who can influence your crowd. Do not neglect traditional media.

### 5. Keep momentum

Most sites require you to set a time limit for your campaign. Plan in advance when key events are to happen, such as updates, marketing pushes, or target milestones. Get supporters to pledge early, and approach your target groups only when the momentum increases. Update your campaign pages regularly, and respond quickly to any comments and questions.

### 6. Plan the end

Have a "Plan B" if you fail to raise the target. You can always try again. If successful, deliver on promises made, including what happens to any extra money. Success is likely to be of interest to local media, and is a good way of ensuring a bigger "crowd" for your next campaign.

# Cracking the nut of social finance

Crowdfunding is not the only new ethical-finance model of interest to churches, charities, and investors, says Rachel Giles

IMPACT investment, also known as social investment, or social finance, is a form of investment model that invests money in projects offering a social return — and, in most cases, a financial one, too, at below-market or at-market rate.

Investment can be large-scale, such as through Social Impact Bonds (SIBs) — complex multi-partner investment projects that tackle difficult societal problems; or small-scale, such as crowdfunding or microfinance loans to entrepreneurs in developing countries.

The CEO and founder of I.G. Advisors, Carlos Miranda, works with funders, charities, and social enterprises to explore their access to social investment. He says that impact investors need to clarify their goals: "What is your ultimate objective — is it about making money? Having a positive social impact? Both? And where is the balance between the two?"

"Even with social finance on the rise, odds are that your return on investment is

not going to be as great as more traditional forms of investment. But for most people who choose these vehicles, their 'return' is about more than the percentage they get back."

Ethex is a not-for-profit company based in Oxford, whose goal is to "make money do good". The managing director, Jamie Hartzell, says that what is happening to the investment market is similar to what happened with the organic and Fairtrade movements in the '80s and '90s, when people started to realise that the choices they made had an impact on the world.

Positive investment is different from negative screening: "It's not about not doing harm: it's about trying to do good."

The Ethex website makes it possible to view and compare different "positive investment" products. Projects include: Woodheat Co-operative, a school aiming to provide renewable energy from a state-of-the-art woodchip boiler; and the Golden Lane Housing Bond, which raises funds for Mencap to build homes for people with severe learning difficulties.

Returns range from about two per cent on a microcredit investment to about five to eight per cent for community renewable energy projects.

### Social impact bonds

WITH Social Impact Bonds (SIBs), private investors put up the funds to support a project that would normally be funded by local or central government. Currently, ten SIBs have been commissioned by the

Continued overleaf



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