

Your Book Money May Be in the Clouds ... or the Crowds!



Welcome to the expanding world of cloud funding, also known as crowdfunding, crowd source capital or social funding, where authors just might find the right crowd who will support their ideas and book in a combined social networking with project fundraising project.

Well-known authors, like Seth Godin, have used crowdfunding to seed and in some cases, finance their entire book projects (Godin raised \$40,000 in less than four hours via *Kickstarter.com*).

It always starts with an idea and then the rest is up to you. What are you pitching to your fans, your crowd, your soon-to-be fans and crowd? What are you going to “gift” them if they send \$10, \$25, \$50, \$100, \$500, \$1000 (let’s think big)!—people like perks.

What are you going to give these awesome supporters? A postcard with your name on it? A book? An eBook? Invitation to lunch? Private webinar just for contributors? Their name in the book? Their name as a character within the book? Their street (or city or place of business) named within the book? What?

Expect most contributions to be under \$100—the average project seeks \$5,000 with a wide range from \$500 to \$25,000—so be realistic, set your goals and go for it.

What's interesting is that some will contribute to your cause—the book—just because they like the sound of it or what you are doing.

Once you lay out your presentation on why YOU, why your BOOK and all the other marvelous goodies that come with it on the funding website you partner with (meaning you will pay some type of fundraising fee) ... it then goes out to the cyber universe. Savvy authors include a video—stats show that it increases moneys raised by 100 percent plus! YOU, of course, should be letting everyone and their uncle know about the BOOK and project and the link to go to. Where do you go to learn more (and create your own project)? There's a variety of sites, and surely more to come.

Focusing on the arts in general are: www.KickStarter.com, www.SellaBand.com, and www.Pledge.com. If you have research on your "to do" list or are an investigative journalist, www.Spot.Us.com may be perfect for you.

The author entrepreneur efforts can also be hatched on www.IndieGoGo.com, www.PubSlush.com, www.Kickstarter.com and www.Invested.In.com to help a wide range of musicians, writers, filmmakers, game or application developers, designers, inventors, non-profits and charities.

Caution: where IndieGoGo and PubSlush welcome authors, Kickstarter can be picky. Groucho Marx said he would never join a club that would have him as a member. Groucho would have had a much easier time getting into Indiegogo. They take almost everybody. Keep that in mind.

Is there a cost? Yes there is. Nothing is free, really. Expect to fork over up to 10 percent of what you raise. Sites like www.IndieGoGo.com pay a percentage back if you meet your goal within the time you set. There's one more positive twist for you: if you don't reach your goal, you still keep the money you raise, less the websites' take ... and the contributors know that up front!

CrowdFunding ...The Magic Money Wand for Authors

Imagine an eBay-type website for investing and donating where you could login and browse causes and businesses, and find an "investment" or "cause" that appeals to you. Imagine creating your own "spot" on that site where all those browsers can discover you ... and do a happy dance to see that your book project is exactly what they were looking to give some money to.

It could be small amount of \$5 or a much larger, over \$1,000. The contributor becomes part of a community, and over time, sees the impact of his or her donation/investment.

Crowdfunding, at its essence, is exactly that—connecting “crowds” directly to those who need funds. We authors.

Crowdfunding websites offer a hassle-free way to find, vet, and support companies, causes and organizations, and contribute or invest directly without a middleman.

It’s more personal and impactful—giving you direct access to information and opportunities that were once the exclusive domain of people “in the know.” Today, many thousands of authors have funded their entire book project using OPM ... other people’s money.

It’s amazing how every \$10 adds up to many thousands ... the difference in getting your book done and in hands and not.

The Mechanics of Crowdfunding

So, let’s say you have \$100 to invest, lend, spend, or donate. There are **four basic ways** you could use your “bundle” to stimulate the economy and create jobs (book sales through stores, engaging book production people to create your book); and make the world a better place (books do that!).

1 Donation (authors and books fall into this group)

You give \$100 to a cause or company you support – it could be anything from the local animal rescue charity ... to funding the production of your book ... to the marketing plan to get your awesome words out to the world.

Pros: It feels good to give. The social perks of joining a group of like-minded donors. Tax write-off when giving to non-profit organizations.

Cons: You “lose” your \$100, and get nothing tangible in return. If it’s a non-profit, you kissed off your money.

Best for: Budding philanthropists and people who want to support the ventures of their friends & family.

2 Pre-Sales (authors and books fall into this group)

You pay \$100 and in return receive \$100 worth of goods (one book, one eBook and a

copy of the awesome painting your 5 year-old did); or services (invite to a VIP opening party; your name printed in the program) as soon as the book is printed. For bigger amounts, the donor gets their name as a character in the book—for some reason, villains are always at a premium.

Pros: You get some cool stuff/services/perks and support creative types and small businesses at the same time.

Cons: No instant gratification, you have to wait for your “reward.” There is no guarantee that the ideas will be well executed.

Best for: Early adopters who want first dibs. Investors who want something “real” – a product or experience – in exchange for their support.

3 Loans

You make a \$100 loan to an individual, cause or business, and are repaid according to an agreed-upon schedule. In some cases you may earn interest on your principal (the \$100), but not necessarily. The loan could underwrite a specific section of the book production or just be in a general fund.

Pros: A low-risk way to make a difference. Steady, predictable returns if you’re earning interest. Great for investing locally in small businesses.

Cons: Often no interest is paid on your principal. As with anything, there is some risk involved.

Best for: Low-risk investors who want a steady, consistent return (on interest-bearing loans). Investors who want to support local and/or socially responsible causes without donating their principal.

Taxation Alert: Some people say it’s a total gift; others say it’s taxable.

What’s cool about crowdfunding is that it’s similar to a grant—as in you don’t pay it back. Even the SEC has stepped up to the plate and created a ruling that exempts projects of \$20,000 or less and for contributions of \$100 or less (if contributions exceed \$100, make sure you get professional advice). How did the ruling come about? Why, through crowdfunding— a successful campaign raised \$1,300 to cover the cost of preparing a petition to convince the SEC to “de-regulate” most who are seeking moneys.

The wise author will declare it as “taxable” income and then come in with all the expenses that will do the offset. Be safe ... until the IRS formally declares what it is (and it’s under consideration now), cover your tush.

Meet Some of the Key Players for Authors



Kickstarter is an all or nothing process. If you do not reach your preset funding goal, you do not get to keep any of the money pledged, whether you earned a nickel or fell one dollar short (the wise author gets out his credit card and completes the funding—you don’t want to start over).

Where Kickstarter has one way—its way—to raise moneys and it can be picky or who it allows to use its portal, Indiegogo and PubSlush offer some flexibility.



IndieGoGo offers BOTH the all or nothing—the *fixed funding plan* and has a *flexible* option where you keep what you earned minus the fees.



PubSlush just does books and has only the flexible option where you keep what you earned and PubSlush gives you what you earn minus the fees which come in just shy of 8%.

The Costs

What does each company take for their services? Kickstarter's fee system is much simpler to explain. They take 5 percent. Period. Payments are made through Amazon, who takes an additional 2-6 percent, depending on whether you are paying via your bank, domestic credit card or international credit card.

IndieGoGo has a tiered payment plan. Under the *fixed funding plan*, IndieGoGo takes a 4 percent fee, plus 3 percent for credit card payment, for a total of 7 percent. If you chose their *flexible funding plan*, which allows you to keep whatever amount you raised and you DON'T hit your goal, IndieGoGo takes 9 percent + 3 percent (credit card) for a total of 12 percent. If you reach the goal, the total take is the 7 percent as laid out

above. PubSlush comes in at just under 8 percent. Plans, of course, are subject to change so make sure you check what is

Essentials for Crowdfunding Success

- *Video*— (less than 3 minutes pitching project ... make sure you say what you are doing with the money)
- *Content*—what's the story/book is about
- *Bio*—it's your show time ... why are you the one to write this book
- *Gifts/Rewards/Perks*—your donors like supporting the project and they love the perks as well ... see what others offer and start with that as a model
- *Family/Friends*—people want to see legs starting on a campaign—you ask/plead/tell family and friends to step up to the plate. Once you hit the 25-30% mark, others start climbing on board.
- *Set time limit*—30 to 40 days are the most successful.
- *Communicate*—update your supporters what's going on. Don't be shy, you may need to ask for more. And go back to your own circles of contacts more than once.

Your pitch video

- Make a short video (1-3 minutes) that expresses you goals and intentions.
- You should be the star in it—makes it more personal.
- Give contributors a sneak peak of your book project and what you are going to be doing with the moneys.
- Consider using music—helps sets a tone for the video and the campaign.
- Make sure the video is clear and concise—use visuals and make sure it's audible.
- Call out the spirit of collaboration. You're not just asking for money, you're inviting people to help you work on something to share with others.
- End with a clear call to action. Always—don't leave them hanging.

Written pitch

- Put the most important information first.
- Tell a story — but don't make it too long (consider time and attention spans).
- Explain exactly why you are fundraising.
- Tell the viewer a bit about yourself and those who are involved with your book.

- Build trust with a breakdown of your budget—they want to know where the money is going.
- Spelling and grammar are important. Proofread!
- Break long text into sections with headings and images.
- Make it visual—include images in your pitch.

Small campaign image

- Make sure your image is relevant to your campaign and visually interesting!
- This is your campaign's most visible image —people should be compelled to click on it to become the newest member of your community.

Perks

- Make perk names and descriptions clear.
- Consider the value of each—make sure you can fulfill perks and still complete your project.
- Offer a broad range of perks - from \$10 thank yous on your website to \$1,000+ perks that offer unique experiences.
- Call out the urgency of perk availability related to the length of your campaign. Use words like "limited edition", "exclusive" and "early-bird".
- Create perks that will connect the contributor to the project **emotionally** as well as physically.
- Consider your perk strategy—offer a \$25 perk and a \$100 perk ... 60% of your supporters will fall between these amounts.
- Be reasonable with your perk prices. Offering a T-shirt for \$500 or a mug and pen for \$1,000 isn't going to cut it with your possible contributors. Emotion is the driving force-appeal to it.
- If you are running a Flexible Funding campaign, keep in mind perk fulfillment in the event that you don't hit your goal. Kickstarter doesn't do Flexible—IndieGoGo and PubSlush do.
- Add pictures of your perks in the pitch text! It adds personality and breaks up lots of text.
- You are usually limited to a maximum number of perks at a time—if no one "bites" on one or some are "sold out", you can hide them and add others.

Links

- Add links to Facebook, Twitter, LinkedIn, Google+ and other social media related to your campaign.
- Add links to your business/other website—lots

- of outside links help legitimize your campaign—the more, the better.\
- Include a link to your campaign on your profile pages.

Record What's Happening



Instagram

Use Instagram to take pictures as your campaign builds momentum and tell your social media world—send emails to friends and supporters (take pictures of you creating your perks or even just hanging out with your team).

- Take pictures of events relating to your project.
- Show pics of those who are involved with the book creation/production.
- Tag words that relate to your project and/or crowdfunding efforts.
- Tag all pictures with a link to your campaign.
- Show people your perks, sneak peeks into your campaign, etc. with pictures.

Social Media Checklist

For Twitter ...

- Use popular and trending hashtags to raise awareness for your campaign.
- Always, always, always include your campaign link whenever you are tweeting about it.
- Ask for Retweets to help spread the word—write “please Retweet” with each Tweet.
- Tweet at people (even those you don’t know) who might have a special interest in the subject of your campaign.
- Gain followers by following others and actively engaging them.
- Don’t OD your Twitter stream.
- Create a “master list” of Tweets and ask your inner circle to Tweet them out throughout the campaign to their followers.
- Tell all your Peeps about your perks—be specific!

For Facebook ...

- Use both your personal Facebook and a Facebook page for the campaign to send regular updates on your campaign.
- Always include a link to your campaign whenever you are writing about it on Facebook.
- Ask people for feedback and engage them with questions.

- People are more likely to “Like” and “Share” media! Show people your perks, sneak peeks into your campaign, etc. with pictures & videos.
- Tell people about your perks—be specific!

For LinkedIn ...

- Send out regular updates on your campaign. Best time is before 8 am.
- Always include a link to your campaign whenever you are writing about it on LinkedIn.
- Ask people for feedback and engage them with questions.
- Tell people about your perks—be specific!

For Google+...

- Use both your profiles page and a business page if you have one (most use the Profile page for posting. Send regular updates on your campaign.
- Always include a link to your campaign whenever you are writing about it on Google+.
- Ask people for feedback and engage them with questions.
- Show people your perks, sneak peeks into your campaign, etc. with pictures & videos. People are more likely to “+1” and “Share” a “Comment”!
- Tell people about your perks—be specific!

For Pinterest

- Use your Pinterest account to build your project’s vision and “brand.”
- Pin pictures of your perks and anything else visually interesting relating to your project.
- Follow other pinners in the industry in order to receive a following for your campaign.
- Pin videos and images that lead back to your campaign.

Momentum and the Final Push

Hot tips:

Add New Perks throughout your campaign—the crowdfunding groups have shown that over 20 percent of repeat contributions (meaning the contributed once and are now adding to the original amount) are for perks that were added after the campaign went live.

Create a referral Contest ... anyone—a PubSlush, IndieGoGo or Kickstarter use—who refers the most contributors to your campaign gets a prize. Make it “hot”!

Updates

Post about progress. Post about perks. Post about new perks. Post about a contest. Post your weekly percentage updates. Just post...once or twice a week during the campaign. Campaigns tend to drag at the half way mark. That's when you need your dancing shoes to engage your followers. Updates are way to keep them interested—especially as you get to deadline and your financial goal ... they want you to make it. And don't forget ... you need to ask for their support, their money. Updates on your crowdfunding site are automatically sent to everyone who has contributed to or favorited your campaign. They already like you ... hang in there!

One more thing ... even if you aren't using a specific crowdfunding platform, it doesn't mean that you shouldn't pay attention to their success blogs. Each has them and your will get ideas on what's working, strategies, even gimmick ideas that just may be the cool thing to include in yours.

IndieGoGo is at: <http://blog.indiegogo.com/category/insights>

Kickstarter is here: <http://www.kickstarter.com/blog/categories/tips?ref=blog>

PubSlush can be found at: <http://blog.pubslush.com/>

Here's to you awesome and successful campaign!



Judith Briles is known as The Book Shepherd, the Author and Publishing expert and the Founder and Chief Visionary Officer of Author U, a membership organization created for the author who wants to be seriously successful. She's been writing about and conducting workshops on publishing since the 80s. She's the author of 31 books including **Author YOU: Creating Your Book and Author Platform** that has won multiple "best" in the writing/publishing categories in book award competitions. Her next book is **Snappy, Sassy, Salty ... Wise Words for Authors and Publishers** and will be available this fall. Join Judith live on Thursdays at 6 p.m. EST for *Your Guide to Book Publishing* on the www.RockStarRadioNetwork.com.

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