


10 Dec 2017 Share   

There's cash in that crowd

Miriam Mannak

 Comments



Johannesburg - Funding, or lack thereof, is a key obstacle to getting business ideas and projects off the ground. Instead of chasing banks, venture capitalists and angel investors, more and more businesses are going the crowdfunding route.

Earlier this year, Modjaji Books in Cape Town decided to publish a book celebrating South Africa's most inspiring women.

There was a problem: the small-scale publisher needed money to put the idea into practice.

Instead of approaching conventional lenders, the company set up a crowdfunding campaign.

"We needed R100 000 for the project," says Modjaji founder Colleen Higgs.

"A to Z of Amazing South African Women was expensive to design, write and print. Crowdfunding was our only option."

After starting the campaign, it took the publisher six weeks to reach its target.

"We had 150 individual supporters backing us," Higgs says.

"Most amounts we got were relatively small, but there were several larger contributions, too. There was always a steady flow of money coming in."



What made crowdfunding and Modjaji's Amazing Women's book a match made in heaven was the reward system.

Depending on their contributions, supporters made themselves eligible for rewards, varying from sets of postcards and a single signed copy for themselves, to a set of signed copies for themselves and underprivileged women and girls.

"Our rewards were very concrete. This made the book very attractive to crowdfund," Higgs says.

Modjaji's journey is just one of the countless crowdfunding campaigns that have been conceptualised in South Africa in recent years.

Data from global statistics company Statista show that over R590 million has been raised through crowdfunding in South Africa since 2012.

Patrick Schofield, founder of the Thundafund

MOST READ FOR SUBSCRIBERS

- 1 **ESKOM LIVE | Stage 4 returns on Sunday afternoon**
- 2 **Eskom chairman says utility's better performance isn't a fluke**
- 3 **Wiese wins first round in lawsuit against Jooste over Lanzerac wine estate**
- 4 **Local asset managers wary of piling up on the cheap rand this time, fearing prolonged pain**
- 5 **Joburg might have the gold but Cape Town has the best brand and reputation – report**

CURRENCIES COMMODITIES JSE INDEXES

Rand - Dollar	18.56	+0.8%
Rand - Pound	23.22	+1.3%
Rand - Euro	19.96	+0.9%
Rand - Aus dollar	12.52	+0.7%
Rand - Yen	0.13	+1.0%

All JSE data delayed by at least 15 minutes

Company Snapshot

Search

Newsletters

Climate Future Weekly

An overview of the challenges and opportunities of the climate crisis, as it changes the world we know.

Get the newsletter

Game on!

Can you ace them all?

“Besides raising capital, the concept creates a supportive ecosystem of customers and potential shareholders.”



Since its launch five years ago, Thundafund – which earns money by deducting a small percentage of the funds raised – has helped mobilise R17.5 million from over 1 500 backers.

One of its first success stories is the Honest Chocolate campaign.

Three years ago, the manufacturer of organic and ethically sourced chocolate wanted to open South Africa’s first chocolate café.

“They didn’t want to go to the bank because paying back tens of thousands of rands plus interest would

Before you go, you might be interested in

Today's crossword, wordflower, sudoku and weekly news quiz

Play Now

Editorial feedback and complaints

Contact the public editor with feedback for our journalists, complaints, queries or suggestions about articles on News24.

ARN MORE

ant tenders

tor tender
1 South Africa here.

is access to information on
y all public sector
lspheres of government.

wse tenders

24.com. All rights reserved.

INS

.ICY

OSURE

scription

group of friends would get others, often strangers, to buy into an idea. This market is worth around R44 billion.”

TALK TO US

What do you think of crowdfunding? Have you or would you invest in a new business in exchange for an equity share?

SMS us on 35697 using the keyword FUNDING and tell us what you think. Include your name and province. SMSes cost R1.50

*** Sign up to Fin24's top news in your**

inbox: [SUBSCRIBE TO FIN24 NEWSLETTER](#)

**We live in a world where facts and
fiction get blurred**

In times of uncertainty you need journalism you can trust.

Before you go, you might be interested in