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Crowdfunding and its Role in the Future of Business

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Two Western Cape entrepreneurs have raised over R200 000 towards achieving their dream of opening their own wine bar, Proof, in Somerset West.

Rather than calling on investors to provide seed funding, or taking out a bank loan – Dan Crowe and Wayne Mongie, made the decision to reach out to their network of friends, family and strangers by launching a fundraising campaign with Thundafund, a South African crowdfunding platform.

Crowdfunding is one of the newest forms of raising capital. Essentially, it's using investments from friends and family, but on a global scale. Instead of being able to call on only your close community, the entire internet network becomes a potential community of supporters to your start-up, cause or passion project. Human collaboration enabled by Technology! Crowdfunding started gaining real traction around five years ago and has grown exponentially since then: It is estimated that 2017 will have seen US\$34 billion raised globally. According to data analysed by Cowgill Holloway, 'crowdfunding' is the most frequently searched term relating to business funding in the UK. The industry is set to be valued more than \$93 billion by 2025. South African rewards-based campaigns by SA rock band Fokofpolisiekar, and Sugarbird Gin both raised over R1 million in 2017.

A note of caution though, although it provides businesses with amazing funding opportunities, Crowdfunding is not as easy as it sounds. There are many projects that fail to raise funds. There's no way of guaranteeing crowdfunding success, but by studying the projects, strategies, and crowdfunding secrets that have worked for others, you can certainly maximize your chances.

One of the success insights shared by Rob Heyns of Sugerbird Gin: “The power of a good story and leading with purpose and mission.”

No one will write about, read about and let alone support your project if it is the same-same and has no impact. Working from a place of purpose gives meaning and direction to the internal team and can inspire customers to become supporters, advocates and ambassadors. This inspirational clarity has the great side-effect of piquing the interest of media as well.

Like any other business venture, crowdfunding is an iterative process that starts long before the doors are opened, and continues long after the campaign has closed.

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