

# 6 COMMON MISTAKES MADE

## WHEN CROWDFUNDING TO START A BUSINESS



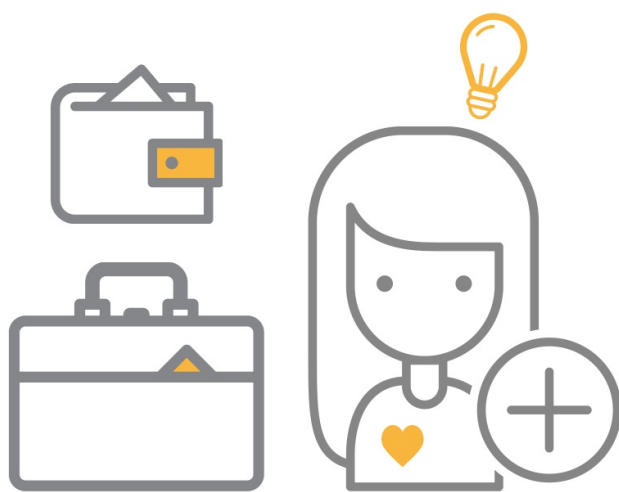
### GETTING A BANK LOAN IS DIFFICULT NOWADAYS

with the economic downturn; it's almost guaranteed you'll be denied even if you have a well thought out business plan. Now that it has become almost impossible to receive a loan, you should ask yourself, "how do I raise money for my business?" With that, in comes the crowdfunding platforms. Be sure not to make these mistakes:

### 01 Not Putting the Investor First

"Me, Myself and I" is never a good marketing strategy to go by. Dale Carnegie's "How to Win Friends and Influence People" is still one of the greatest books to read, even though it came from the previous century.

The investor doesn't care about your needs, only how your product improves their lives. You don't walk into a restaurant and think "waiters and waitresses need my money so I'm going to spend it." You go because you don't want to take the time or effort to cook your own food (Carnegie; 1936).



### 02 Doing Little to No Research

Who are your competitors? Entrepreneurs get caught up in how great they think their product or app is and believe it should make money rain from the heavens.

You should be getting ideas from their marketing campaigns and strategies. What makes them successful? Who do they outsource their work to? How and where are they advertising their products?



### 03 Not Sharing Your Business Plan and Development Strategy

'The Coolest' cooler raised a lot of money, but in the end, was a complete flop because of the failure to deliver.

Going over his Kickstarter page, all it really does is market the product in a way that makes the backer or buyer "look cool" to friends and family and provide a couple of 3D printed screen captures. They had a perfect marketing strategy, but not a product development plan or project timeline, resulting in some serious threats.



### 04 Not Using Social Media

You need to be active on all social media platforms, especially Facebook, to reach the most of your target market. It's easier for people to follow Facebook pages over submitting their email to a bunch of individual websites for news updates.

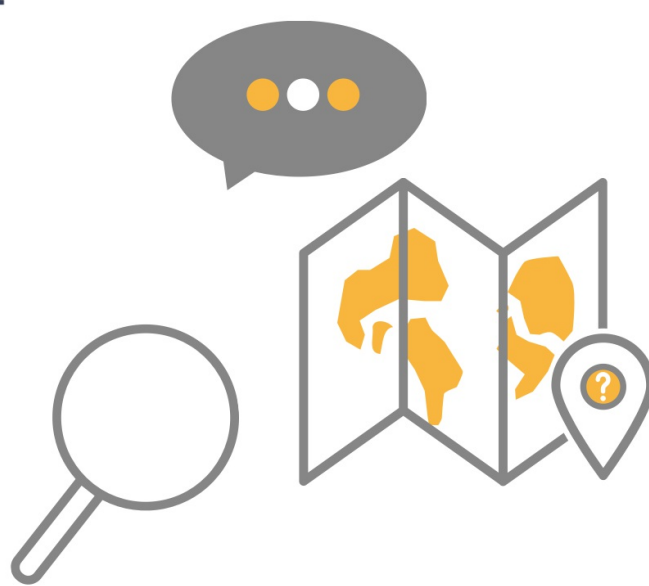
Also, through some split testing, you can run ads on Facebook for your campaign and see which ones convert the most. In order to read detailed data like this, you need to set a tracking pixel on your Facebook campaigns.

### 05 Lacking Updates and Communication

You need to update your backers with news and events practically daily, sometimes twice or more a day depending on how your business grows.

You wouldn't invite someone you haven't talked to in 10 years to your wedding, why should someone who hasn't heard anything from you in 6 or more months be interested in what you're selling?

Your backers need to know what's going on with you and your product. They want to know. They're invested in your dream - share it with them!



### 06 Budgeting Poorly

There is nothing more troubling than not accounting for all possible costs, especially miscellaneous ones that come up post production. No one wants to toss out buckets of their profit margins due to unforeseen, unplanned for costs.

Developing a written budget will help you discern what budget goals are being met or exceeded. It is best to have an extra 10-15% saved when hitting any bumps in the road of your product development (Mollick; 2016).



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