

Crowdfunding Your Business Startup

*By Curt Walczak, Professional Business Consultant
UMD Center for Economic Development*



Many startup entrepreneurs have an idea, a vision but lack the financial capital to get their business started due to the lack of funding for startup costs and working capital for the initial stage of their business. A solid business plan backed by projections routed in real data, collateral, and a credit score of 700 or better will get you a meeting with the banker but may not produce results in terms of obtaining a loan. The market may be soft, the bank may only be interested in the very best credit risks, or maybe your idea is too risky or small for traditional financing. Maybe you do not have 10-25% for the equity investment the bank is looking for. There are other financing options if you look online. There are crowdfunding websites. These sites exist for varying reasons and usually have a certain niche for their mission. Software development or service related business plans are especially hard to find funding. Some of these crowdfunding websites are looking for specific types of entrepreneurs. Appbackr is a wholesale marketplace for mobile phone apps. The developer posts an app and people who want to back the app can purchase it. The developer receives the payment. Other niche crowdfunding sites include cause related sites such as indieGoGo that give you tools to help raise money for your cause. Most of these sites require that you raise all the funds needed to get the funds released to you as well as giving the donors something.

If you have a product you developed, a software app you wrote, or a widget you want to sell and cannot obtain traditional financing you may want to think about crowdfunding as a way to raise the necessary capital to get your product or service to market.

For the small start up with limited resources crowdfunding may be a viable option.

Here is a list of crowdfunding websites. Investigate the site before listing your project or investing.

www.33needs.com

www.microventures.com

www.appbackr.com

www.peerbackers.com

www.chipin.com

www.pozible.com

www.cofundos.com

www.profounder.com

www.fansnextdoor.com

www.quirky.com

www.indiegogo.com

www.rockethub.com

www.kickstarter.com

www.kabbage.com