

Social Entrepreneurship – Powered by the Crowd

Crowdfunding, social entrepreneurship, and philanthropy; a case study of InnoVentum



InnoVentum
power to the people

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Abstract

Crowdfunding is a way of funding projects, start-ups, individuals or non-profits by receiving many small investments from a crowd of backers after having made an open call for help on the Internet (Belleflamme et al 2010). It is a rapidly growing industry and has been used to fund everything from popular TV-show reboots, SmartWatches, medical bills, and relief aid efforts for disaster-stricken areas.

Crowdfunding as well as its academic field are very young, albeit somewhat plentiful. One branch of the academic research has focused on how certain factors can affect or predict the outcome of a campaign, be it campaign duration or use of social media. However, most of this research has investigated only one or two factors, not allowing for context nor for the possibility that a multitude of factors could affect the outcome concurrently. Furthermore, most of this research has been focused on crowdfunding for start-ups. Not a lot of research has been done on either crowdfunding with a philanthropic purpose or on campaigns launched by social enterprises, and research combining the two is non-existent.

This thesis combines these shortcomings in the existing literature by examining social enterprises engaged in crowdfunding with both a philanthropic and publicity purpose and analyses how to succeed in such a venture. A theoretical model of outcome-affecting factors for a social enterprise to consider when creating a philanthropic crowdfunding campaign has been created. It consists of three dimensions answering the *what*, *who*, and *where* questions of a campaign: content, crowd, and platform. The goal is for the model to be used both as a guideline for creating new campaigns and as an analytical tool to determine why a campaign fails or succeeds.

The model has been created through the use of a literature review as well as an analysis of the crowdfunding industry. It was then tested by applying it to the case of InnoVentum, a Swedish social enterprise in renewable energy. The model has been tested in two ways. The first test was of its use as an analytical tool by using it to determine why a previous campaign launched by the company (the Power to the Philippines campaign on Indiegogo, 2014) failed. The second test was of the model's applicability to a real-world context by using it as a guide for the creation of a future campaign, the aim of which is to gather funds for the transportation and installation of an InnoVentum Giraffe (a hybrid solar and wind power model) to a community for differently-abled children in India called Kiran Village.

The thesis concludes that the use of the model as both an analytical tool as well as a guideline works quite well, although the choices made throughout the campaign creation are highly context dependent. The model might even be applicable in other contexts, although a few alterations to the model would be required.

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1. Introduction

“Nothing attracts a crowd like a crowd” (Capital C 2014). This is the cornerstone of the crowdfunding revolution. Financing start-ups and projects by asking a crowd of people for small donations rather than asking traditional financial institutions for funds has quickly become a multi-billion dollar industry (Massolution 2013). Crowdfunding works by going on the Internet asking for help funding a specific project or company, sometimes offering something in return, be it rewards, interests or a share in the company. If the campaign is effective people will not only donate money but will also share it with their friends, introducing them to the project and urging them to take part as well. The more people who support a campaign, the more attractive it will be to other potential supporters – the crowd attracting a crowd.

The democratic nature of crowdfunding has the potential to help people start a business who would normally be rejected by traditional investors, be it due to the nature of the business idea or the gender, race, age etc. of the entrepreneur. Venture capital firms for example, a predominantly white, male industry, act as gatekeepers and are more likely to support projects by people who look and think like themselves (Greenberg and Mollick 2014). The diversity of potential backers of a crowdfunding campaign might break down these barriers and allow for start-up funding regardless of these characteristics. The focus of crowdfunding backers is not on the business aspects of a new venture or project to the same extent as it is for loan or investment providers; instead they are motivated more by the ideas and products being created or the creator behind the campaign. This was the case when the creative team behind the TV-show *Veronica Mars* wanted to make a movie 6 years after its cancellation. No production company or studio had been willing to fund a movie in spite of the show’s success and number of fans. The crowdfunding campaign was a huge success, breaking records as the highest-funded film project in Kickstarter history, fastest project to reach \$1 and \$2 million and several other records (Kickstarter – *Veronica Mars* 2013). The backers did not care about the movie’s potential earnings, they simply cared about the movie itself and the community of fans fostered by the campaign.

This motivation is one of the reasons why crowdfunding is becoming an increasingly important tool for social entrepreneurship. Social entrepreneurs often have even more difficulty getting their ventures funded than traditional, commercial entrepreneurs due to their focus on the social or environmental aspects of the venture rather than the business aspects (Lehner 2013). Funding a social venture with crowdfunding provides both the funds required as well as a signal to traditional investors that a crowd of people consider

this idea viable. These investors thus have some proof of the profitability of the venture and may decide to invest in it after all.

Another way in which crowdfunding is being used is to fund social or personal campaigns, i.e. for philanthropic purposes. People struggling to pay medical bills and relief aid organisations searching for emergency funds to help in disaster-stricken areas all make use of social crowdfunding platforms like GoFundMe or Generosity. Crowdfunding in this case is used both as a tool for a person's immediate network to help her cover unexpected expenses and as yet another tool in NGOs' fundraising efforts.

What would happen if we combine these two aspects of crowdfunding: crowdfunding for social enterprises and crowdfunding for philanthropy? The motivation behind a social enterprise launching a philanthropic crowdfunding campaign would be rooted in both a desire to do good as well as a wish to get some positive publicity by leveraging a crowd of potential backers and thus increasing their awareness of the social enterprise itself. This two-sided motivation is the same that is present in some companies' CSR strategies: while the goal of becoming more socially responsible is of course linked to doing good, it – and especially the company's CSR reporting – can also be interpreted as a desire for its stakeholders to become aware of the company itself (Morsing and Schultz 2006).

The motivation behind combining these two facets of crowdfunding is clear, but is it even possible to do so, and if so, how would a social enterprise go about creating a crowdfunding campaign that succeeds in both motivations? This thesis will delve into these questions by creating a theoretical model and applying it to a case study of the Swedish company InnoVentum.

InnoVentum is one example of a social enterprise engaging in philanthropic projects and crowdfunding. It produces clean energy solutions (solar- and wind power as well as hybrid solutions like the Dali PowerTower and the Giraffe) that target both a rich, Western segment of consumers as well as a Bottom of the Pyramid (BoP, or what InnoVentum calls Power to the People) segment. The latter segment is often not capable of buying an InnoVentum product for themselves. Instead, these products are purchased by NGOs and international organisations and installed by InnoVentum's engineers in collaboration with the local communities.

Being dedicated to producing clean energy already makes InnoVentum a responsible company. However, they have also engaged in actual philanthropic ventures like for example donating a Dali PowerTower to a small community in the Philippines after the super typhoon Haiyan hit the islands in 2013. Aside from this donation, InnoVentum also engaged in philanthropic crowdfunding to raise funds for the procurement,

transportation and installation of another PowerTower in the Philippines. The campaign failed. However, InnoVentum is yet again engaged in philanthropy by donating a Giraffe (a larger hybrid-model than the Dali PowerTower, currently installed in Malmö, Sweden) to an educational community for differently-abled children in India called Kiran Village. The Giraffe is owned and donated by InnoVentum and Malmö City. Funding is required, however, to repair the Giraffe, transport it to and install it in Kiran Village. The company wants to make yet another attempt at funding a philanthropic venture with crowdfunding but needs guidance on how best to do so. While academic writing on crowdfunding in general is becoming increasingly plentiful, it has not yet focused a lot on social enterprise campaigns nor on philanthropic crowdfunding, let alone the combination of the two. This leads us to the research question of this thesis:

RQ: How can a social enterprise ensure success when making a crowdfunding campaign that is intended both as a philanthropic venture and a way of generating publicity?

The research question will be answered by creating a theoretical model of factors that can influence the outcome of a campaign. This model will take into account both the philanthropic nature of the campaign as well as the need for it to generate positive publicity for the social enterprise. This model will then be applied to InnoVentum and a proposed campaign will be created.

2. Methodology

The overall goal of this thesis is twofold. First, there is the creation of a model of factors for social enterprises to consider when engaging in philanthropic crowdfunding. The model's applicability will be tested by using the company InnoVentum and their upcoming crowdfunding campaign as a case study. The testing of the model is the second part of the goal: applying the model to InnoVentum will not only test the validity and applicability of the model, but will also allow the company to create a hopefully successful philanthropic crowdfunding campaign in the near future. The results of this campaign will benefit not only the company but also the children of Kiran Village who will receive a source of stable, renewable energy. The thesis therefore has both theoretical as well as practical, real-world implications.

Before answering the research question, it is important to consider how the thesis will go about doing so. Not only in terms of the more practical details regarding from where its data will be collected and how it will be analysed, but also in terms of what constitutes proper knowledge and knowledge creation.

2.1 Epistemology

Epistemology “*concerns what constitutes acceptable knowledge in a field of study*” (Saunders et al 2007, p. 102). The choice of epistemology is dependent both on the strengths and opinions of the researcher as well as the topic being examined.

Positivism, for example, states that reality is observable and considers knowledge creation to be an exercise in the creation of law-like generalisations. Positivism is tightly related to natural science: a hypothesis is created on the basis of theory; it is then tested and results are reported based on the outcome of said test. Interpretivism, on the other hand, questions the generalisability of research. It is entirely focused on the uniqueness of business situations and will often delve into research that is not easily quantifiable.

Seeing as the goal of this thesis is not just to help InnoVentum make a successful campaign, but also to make a general model that might be applicable in other contexts, interpretivism is not a suitable epistemological choice. However, the focus on *law-like* generalisations of positivism is also too extreme. While the model to be created will be generalised, using it will be highly context-dependent. Furthermore, it will contain numerous factors to be considered by a crowdfunding campaign creator, all of which might

affect the outcome. This also means that even if the campaign being tested succeeds, we cannot be sure it was due to the application of the model, as the model itself includes too many variables.

It might therefore be better to use a critical realist approach. *“The essence of realism is that what the senses show us as reality is the truth ... there is a reality quite independent of the mind”* (Saunders et al 2007, p. 104). This means that in spite of whatever theory used to explain a phenomena, the actual phenomena will not change. For example, the world did not suddenly inflate from a flat pancake to a round globe when Galileo theorised that it might not be flat (Sayer 2000). Successful campaigns that did not make use of the model created herein (like the Potato Salad or Valor campaigns mentioned throughout this paper) do not suddenly cease to exist. It is acknowledged throughout the thesis that any causal relationship between application of the model created and the success of a campaign is tentative at best and is simply one way of interpreting the data. The model is intended to work in both a theoretical and practical way: as an analytical tool to explain why some crowdfunding campaigns succeed and some fail and as a practical guideline for campaign creators.

2.2 Research approach

Having established the thesis' ideas on what constitutes reality and knowledge creation, it becomes relevant to consider its relationship between data and theory. Is it focused on gathering data, analysing it, and building theory from these results (*induction*) or focused on using existing theory, applying it and testing its validity (*deduction*)?

This determination depends to a large extent on what we define as data. The theoretical model will be made by combining the findings of previous research within the crowdfunding literature, most of which has looked into causal relationships in crowdfunding. Different researchers have analysed one or two factors that might affect the outcome of a crowdfunding campaign, quite often *ceteris paribus*, be it geography, for-profit status, or number of friends on Facebook. It is therefore essentially a literature review aimed at highlighting certain commonalities and occasional conflicting results within the literature combined with a descriptive analysis of what the crowdfunding industry has to offer in terms of platforms, crowdfunding models etc. The outcome-affecting factors discussed in both the literature review and descriptive analysis will then be combined into a single, coherent model and applied to the case of InnoVentum.

If the findings of each piece of research discussed in the process of creating the model counts as data rather than theory, you might say that the thesis is *inductive*: gathering data (data in this case being the results from existing research plus the crowdfunding facts analysed descriptively) leads to the formulation

of a theory, as illustrated in the following figure.



Fig. 1 – Deductive approach

However, the literature review may also be considered as the theoretical underpinning of the thesis, not as data in itself. This would then indicate more of a deductive approach. There are traditionally five stages to a deductive approach: Theory-based hypothesis creation (1) is followed by the operationalisation of the hypothesis which proposes a relationship between two specific concepts or variables (2). The hypothesis is then tested (3) and the outcome examined (4). The fourth step confirms or denies the hypothesis. Finally, the theory is modified, if necessary (5) (Saunders et al 2007, p. 117). If we were to consider this thesis as having a deductive approach, the five stages might appear like this:

The underlying theory (i.e. the literature review) creates an implicit hypothesis (H1) that considering all of the factors discussed in the model when launching a crowdfunding campaign will increase the chances of success. The hypothesis is operationalised by defining the first variable, success (V1), as reaching the campaign goal, and the other variable (V2) being the campaign having used the model of outcome-influencing factors presented in the theoretical model. The operationalised hypothesis will then be tested through the application of the model to a case study, in this case InnoVentum, and the hypothesis is answered. The model would then be altered to take into account the findings from the hypothesis testing. The approach is depicted below in fig. 2.



Fig. 2 – Deductive approach

Both approaches make sense and result in the same end-product: a theoretical model applied to InnoVentum. However, they differ significantly in terms of the methods to be used. The deductive approach would focus on the testing of the model within a relatively strict methodology and would prefer the test to be conducted on multiple cases. The inductive approach would focus on the creation of the model, not on its application to InnoVentum.

Instead, it will use a combination of the two approaches, a so called abductive approach, as it will allow for both the creation and test of theory rather than simply focusing on one of the other. First, the model is created by finding data in the literature review and descriptive analysis of the industry, segmenting it into three interlinked dimensions (content, crowd and platform factors), and presenting an analysis of these three dimensions in the form of a model of outcome-influencing factors in a social enterprise's philanthropic crowdfunding campaign. This model is then tested by applying it to a single case study. Due to time constraints InnoVentum's crowdfunding campaign will not be launched until after the writing of this thesis, so the variable of "success" will be changed to the campaign being coherent and logical after having applied the model. This approach will allow the thesis to keep a somewhat equal focus on the theory creation and the practical creation of a real-world crowdfunding campaign.



Fig. 3 – Abductive approach

2.3 Research design

The research design is the general plan of how the research question will be answered. This includes the purpose of the study and the strategies for how the data will be collected and analysed.

2.3.1 Purpose

The purpose of a research study can be roughly divided into exploratory, descriptive, and explanatory studies. Exploratory studies want to explain what is happening and seek new insights, often by searching the literature, interviewing experts, and/or conducting focus group interviews. Descriptive studies wish to portray a phenomenon/person/event accurately. A descriptive study should be considered a means to an end, not an end in itself. Explanatory studies aim to establish causal relationships.

As a result of the thesis using an abductive approach the purposes are somewhat mixed. It aims to create a model for use when creating a crowdfunding campaign that contains a multitude of factors that in isolation have proven to have a causal relationship with the outcome of a campaign, i.e. explanatory. At the same time, it is also exploratory as it aims to create new theory and seek new insights into the field of crowdfunding for publicity and philanthropic purposes. Furthermore, while part of the aim is explanatory,

its methods are somewhat more exploratory, as the causal relationship is determined through a literature review before being tested.

2.3.2 Research strategies

The next consideration is which strategy will best enable the research question to be answered. Surveys, experiments, case studies, action research, ethnography etc. are all different strategies that can be used together or separately.

This thesis will mostly rely on a case study of the company InnoVentum. A case study enables the researcher to use a varied range of data collection techniques, including interviews, observation, and documentary analysis. Context is incredibly important in a case study but also considered vast and uncontrollable. This is both the strength and weakness of case studies: even a single case can contain a vast amount of data, but it also means that the conclusions reached in the case study can be unreliable. This criticism has led to a recommendation to use multi-case studies rather than single-case studies. Regardless, this thesis will only have one case as the main focus is on both the creation of the theoretical model and the creation of a crowdfunding campaign to be used by InnoVentum. Having multiple case studies would therefore exceed the scope of the thesis. Furthermore, InnoVentum is a perfect case to use as it is a social enterprise about to engage in philanthropic crowdfunding that already has prior experience with crowdfunding. Its failed Power to the Philippines campaign can be analysed using the theoretical model, proving the model's analytical capabilities, and can give examples of what not to do. This provides an illusion of a multi-case study engaged within the exact same context.

2.4 Data

Data collection has been divided between the data needed for the creation of the model and the case study. Most of the data is qualitative, although it does contain some quantitative data in e.g. the comparison of platforms and the case study. The merits and pitfalls of the different sources of data will therefore be discussed in two sections: model and case study.

2.4.1 Model

The theoretical model created in chapter 4 is entirely based on secondary and tertiary data. This means, simplistically speaking, that data has been gathered, not created. Especially the first half of the model is based on academic journal articles and published books on crowdfunding. The second half of the model

was not well-covered in the peer-reviewed literature and is therefore more based on data collected from different crowdfunding platforms like Kickstarter and online business sites.

The peer-reviewed literature is considered good data in that the validity of its research has already been determined before publication. Ideally, the claims that each article makes on the outcome-affecting factors would be tested again in this paper to ensure that they are compatible across country/platform/industry borders (as most research on crowdfunding is done based on Kickstarter data, the factors might be different on other platforms, etc.), however that is far beyond the scope of this thesis. Instead it is assumed that the results are valid. In a few factor categories there are conflicting results; they are discussed more thoroughly and the insecurity the conflict presents is included in the model.

The academic field on crowdfunding is young and incomplete and the most important factors affecting the outcome of a campaign may not even have been included in the existing literature and/or in the model created in this paper. The model will therefore not be considered to be “law” but more of a guideline.

Other factors in the model are based on platform data and guidelines. Kickstarter publishes statistics on its website including data on its number of successful projects, funds gathered, most and least successful categories etc. These statistics are published live on the website and change continuously; it can therefore be assumed that the data is not processed and “fixed” by Kickstarter before publication.

Other websites are less willing to publish their site statistics, but most publish different guidelines on how best to launch a campaign. Some of the statistics and advice from these guides are implemented into the model in areas in which little academic research has been done. Guidelines from these platforms are obviously biased to a certain extent; however, those working fulltime at crowdfunding platforms should be considered experts in their field and their advice is therefore considered reliable.

2.4.2 Case

Data for the case is also collected in a multitude of places and ways. The case starts with presenting different crowdfunding platforms that might be used for launching the Kiran Village campaign. Data on them come from the platforms themselves as well as a few online business articles and the website Crowdsunite.com. Crowdsunite is an Internet-based database of crowdfunding platforms. It is a good place to start when analysing platforms as it provides a search function in which you can choose whether it is to e.g. be accessible for companies, individuals, Europeans, Americans etc. However, the database is lacking in that newer platforms like Generosity or smaller ones like Chuffed are not represented. Furthermore, the ratings system is based on individual reviews written on Crowdsunite. This data might be valid if reviews

had numbered in the hundreds or thousands, but the arguably largest platform for private crowdfunding, GoFundMe, only has one review as per 05/15-16 (Crowdsunite 2016). Crowdsunite has therefore only been used as an initial search tool to find platforms available to InnoVentum.

As most data is found on the platforms' own websites it should be considered valid, especially as this part of the thesis is a descriptive analysis of platforms and will contain verifiable data such as launch year and fees charged.

Data on InnoVentum and their crowdfunding campaigns is collected from the company website, marketing material, business case write-ups, internal documents, e-mail correspondence (which can be provided upon request), the actual Power to the Philippines campaign on Indiegogo, and an interview with InnoVentum's marketing and IP manager Ala Kazlova. Most of the written material on InnoVentum has been created by members of InnoVentum, some of which is marketing material and thus uncritical of the company and its products. However, most of the data used is purely factual (i.e. data on the basics of the company and products as well as different milestones) and is considered reliable as InnoVentum is most unlikely to misinform potential customers about their products.

Finally, an interview with Ala Kazlova was conducted to discuss a possible crowdfunding campaign launched by InnoVentum (appendix 2). The interview was held at their offices in Malmö on the 29th of April 2016 and lasted for about 90 minutes. It was recorded with the explicit consent of Ala Kazlova, although the first few minutes of the interview were not recorded.

The interview was semi-structured in that the interviewer had a short list of questions written down. However, the interview was to some extent framed as a business/consultancy meeting in which both parties discussed the benefits and pitfalls of crowdfunding, the failure of the Power to the Philippines campaign, and the framing, content and timeline content of a potential campaign. The interview therefore ended up being quite unstructured and in-depth, as well as decidedly informal. In spite of the unstructured nature, the interviewer managed to get all pre-written questions answered satisfactorily throughout the interview.

3. Theory

The thesis will start by introducing the theory behind two of its core elements, social entrepreneurship and crowdfunding.

3.1 Social entrepreneurship

Most of the research done on crowdfunding is focused on start-ups and other entrepreneurs; research on specifically social entrepreneurs' use of and success with crowdfunding is quite scarce. While crowdfunding is of course the key focus in this paper, it is also important to have a clear understanding of what social entrepreneurship in particular is. This section will therefore define the concept of social entrepreneurship with a focus on the ways in which it differs from commercial entrepreneurship.

3.1.1 Definition

It has been argued that social entrepreneurship has been around for basically as long as human beings have existed, although those engaging in it were often called philanthropists, reformers or visionaries (Volkman et al 2012, p. 4). The actual term was only coined in the latter half of the 20th century, but in spite of 30-40 years' worth of study of the phenomenon an agreed upon definition has yet to emerge. While there is a multitude of definitions out there, most agree that basically social entrepreneurship is when an organisation acts as a business but also helps a social cause in some innovative way. In other words, social entrepreneurship occurs when an organisation engages in *sociality*, *innovation*, and *market orientation* (Volkman et al 2012, p. 35).

3.1.1.1 Sociality

Some scholars argue that on a spectrum between traditional philanthropic non-profits and traditional for-profits, social enterprises would be placed somewhere in between (Volkman et al 2012, p. 20). Others claim that all entrepreneurship is social (Schramm 2010) due to the tax revenues generated, the stimulation of the economy, and the jobs created through any entrepreneurial ventures. The latter claim seems somewhat simplistic. First of all, while successful enterprises do contribute to society, it is difficult to imagine that companies seeking tax havens, that purposely pay their workers below a living wage, or that produce legal but harmful products are inherently social. Secondly, it also ignores one of the key

characteristics of social entrepreneurship that most definitions agree on: *“a central focus on social or environmental outcomes that has primacy over profit maximisation or other strategic considerations”* (Volkmann et al 2012, p. 34), i.e. sociality. It should be noted that this does not mean that all social enterprises are non-profits. Instead it means that social or environmental value creation is the main objective and economic value creation is a necessary but not primary reason for engaging in market activities. While the very presence of an entrepreneurial venture in society might do some good, this does not mean it is an example of social entrepreneurship unless social value creation is an actual goal and primary purpose of the organisation (Westhead et al 2011, p. 165). This helps differentiate social entrepreneurship from traditional CSR in which companies actively seek to do some good for society or the environment but still retain profit-maximisation as the core objective.

3.1.1.2 Innovation

The second characteristic, innovation, does not mean that an organisation must have invented some brilliant product or service and be on the cusp of changing the industry in question forever. Innovation can also present itself as a new way of thinking about societal challenges, organisational models and processes, etc. Social enterprises often function as an intermediary between the market, civil society, and the public sphere (see fig. 4); finding a solution to take over where the government or NGOs leave off often requires some innovative thinking (Lehner 2013).

3.1.1.3 Market orientation

A social enterprise is an organisation that attempts to solve social or environmental problems with a market-based approach by producing and selling a product or service. In some cases the markets serviced by social enterprises are immature, not allowing the end customer the economic ability to purchase the product or service. In these cases the end consumer will pay nothing or very little; funding instead comes from donations, partnerships with governments, philanthropic institutions, banks etc. (Elkington and Hartigan 2008), signifying a gap between the paying customer and the end-user. Some of these partnering actors are the very organisations that create the environment in which a social entrepreneur is able to spot and exploit a problem and thereby create and take advantage of a market opportunity. Governments and the voluntary sector may not be able or inclined to actively solve a problem, but they can invest in or help social enterprises that are.

While the sociality dimension of the definition is important, it should also be remembered that social entrepreneurship is not just about being a bleeding-heart saviour-of-the-world type. The BoP segment is a

potential billion-dollar segment, as is the environmental sector (Elkington and Hartigan 2008, p. XI and p. 4). The CleanTech industry in particular is skewed more towards the for-profit end of the spectrum and in some cases defines itself not as *social* entrepreneurship but instead as *environmental* entrepreneurship. This differentiation is made for these entrepreneurs to distance themselves from the cliché image of a do-gooder with no business sense and instead present themselves as a Schumpeterian hero entrepreneur who develops new technology and profits from it (Deakins and Freel 2009).

Recognising a social or environmental problem and deciding to solve it can therefore be highly profitable. An interesting normative discussion has been had on whether people should be allowed to profit from solving social problems (Westhead et al 2011), however that discussion lies beyond the scope of this paper. We will therefore assume that social entrepreneurs are not capitalist devils out to exploit the misfortune of others but rather are motivated by a genuine desire to make the world a better place.

3.1.2 Commercial entrepreneurship vs. social entrepreneurship

Simplistically speaking, the sociality dimension of the social entrepreneurship definition is what differentiates commercial and social entrepreneurship. The focus on social value creation affects other aspects for the entrepreneur (Austin et al 2006, as seen in Westhead et al 2011 pp. 166-168):

- Purpose or mission. Commercial entrepreneurs' primary purpose is private value creation while social entrepreneurs' is social value creation.
- Type of opportunities identified. *"Social entrepreneurship differs from commercial entrepreneurship in its way of responding to context. Contexts that are difficult for commercial entrepreneurship can be precisely those that stimulate social entrepreneurship"* (Westhead et al 2011, p. 167).
- Resource mobilisation. Social enterprises' group of stakeholders is different from and more diverse than commercial enterprises' and they often rely more on their network. This requires an ability to manage a diverse set of relationships and to mobilise the resources embedded in the network (see more in section 3.1.3).
- Performance measurement. The aim to create social value affects which measures are chosen to evaluate the performance of the enterprise. Profit and market share measures are relevant for commercial enterprises while social enterprises need to evaluate their social value creation in terms that are relevant to the purpose of their business as well as their stakeholders.

3.1.3 Social entrepreneurs and partnerships

Social entrepreneurs rely to a larger extent on their network of stakeholders than most commercial entrepreneurs. Collaboration with other organisations can provide access to resources, increase efficiency, and generate a greater social impact while using the same set of resources (Volkman et al 2012). Seeing as the business opportunities recognised and exploited by these entrepreneurs are often located in the gaps between the public (governmental institutions, IOs), private (the market), and civil (NGOs, non-profits, charities) sectors, social entrepreneurship encourages and even in some cases necessitates collaboration with actors within one or all of these sectors (Volkman et al 2012; Lehner 2013).

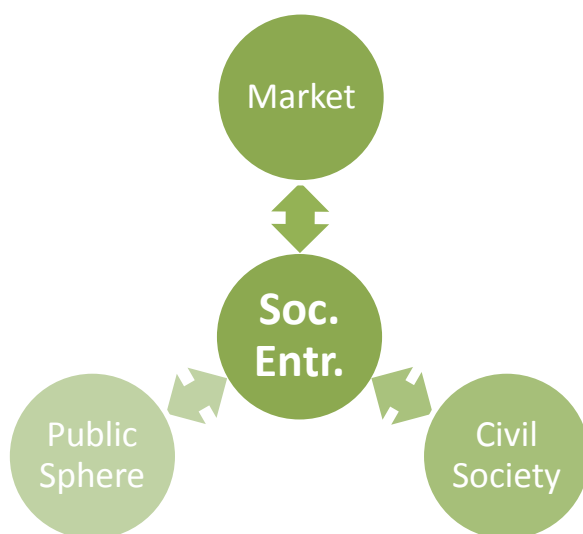


Fig. 4 – The role of Social Entrepreneurship (adapted from Lehner 2013)

Collaboration with an actor in the public sector is classified as a public-private partnership. It often involves long-term contracts in which the social enterprise works closely together with a governmental institution and is indicative of a liberal trend in which *“governments no longer solve society’s problems alone”* (Volkman et al 2012, p. 89).

Collaboration with a private sector actor can range from a simple, philanthropic collaboration and a fully integrated, strategic value creating venture in which both organisations work closely together on one or more projects. Difficulties may arise if the value sets of the two parties do not correlate; a commercial company may reap the rewards of improved reputation by closely collaborating with a social enterprise, but the social entrepreneur’s reputation might suffer if there is even a hint of misconduct on the part of the commercial partner. It therefore becomes vital for the social entrepreneur to ensure that the value sets match.

Finally, social enterprises collaborate with civil society actors. *“[t]he big advantages for social entrepreneurs are in general the similarity of the intentions [sic] and missions of the involved parties”* (Volkmann et al 2012, p. 89). They are equally focused on a social bottom line rather than profit maximisation and can provide support both in terms of funding and local knowledge.

3.1.4 Social entrepreneurship and crowdfunding

Social entrepreneurs' already existing need to engage with their stakeholders and to manage relationships in multiple sectors may be both beneficial and detrimental when engaging in crowdfunding. A crowdfunding campaign has the potential of reaching an extremely diverse group of people, all of whom have different values and opinions. Knowing how best to appease multiple groups of people might therefore prove helpful. However, as will be discussed in the InnoVentum case study, actively involving the existing collaborative stakeholders in a campaign can be a complex undertaking as the values and opinions of multiple partners as well as the crowd then need to be incorporated in the campaign. How best to launch a crowdfunding campaign as a social entrepreneur will be discussed in the following section on crowdfunding.

3.2 Crowdfunding

The concept of crowdfunding is not new. One of the most famous pre-Internet examples is that of the Statue of Liberty, the base of which was funded by newspaper editor Joseph Pulitzer making an open call in his paper for contributions (Brüntje & Gajda 2016, p. 176). However, with the advent of the Internet, Web 2.0 in particular which allows for and encourages user-generated content and communication, crowdfunding is quickly becoming a major industry (Massolution 2013).

3.2.1 The wisdom of crowds

Some of the theory on crowdfunding is based on its close relation, crowdsourcing. It posits that in some cases the crowd is capable of creating content better and quicker than individual experts. The same is stated by *New Yorker* business columnist James Surowiecki in his book *“The Wisdom of Crowds”* (2004/05). He is not a big believer in experts; while individuals can of course be highly qualified within their field, this expertise by no means guarantees that they make consistently right decisions. *“Attempting to ‘chase the expert’, looking for the one man who will have the answers to an organization’s problems, is a waste of time”* (p. 34).

This is of course not to indicate that crowds are always right; if not leveraged properly they risk succumbing to herding behaviour (following the group simply because it is safer (p. 49)) or creating an information cascade in which individual members of the crowd are influenced by each other and make decisions sequentially rather than all at once. One example used to illustrate the dangers of an information cascade is that of two newly opened restaurants. The Indian restaurant is objectively speaking better, but the crowd operates on limited, imperfect information. Some members will be told (wrongly) that the Thai restaurant is better. They will then visit the Thai place to confirm or reject this evaluation. Other members of the crowd who might have been told that the Indian place is better now have another piece of information to consider: there are people in the Thai restaurant. They will then decide to try the Thai place which is suddenly crowded, an indicator of quality. In spite of the objective quality differences between the Thai and Indian restaurants, the crowd as a whole makes the (arguably wrong) decision to frequent the former simply because of an imperfect piece of information at the beginning of the cascade (p. 53-54). This behaviour becomes increasingly relevant in section 4.2.1, as herding behaviour (in crowdfunding known as path dependency) is one of the factors that might lead to the success of a crowdfunding campaign.

Surowiecki advocates for diversity when solving problems, among entrepreneurs as well as among investors. If all investors come from the same background with the same inherent knowledge, they will usually invest in the same kinds of projects, thereby not diversifying the pool of entrepreneurial start-ups and projects. This might be especially important in the case of social entrepreneurship, as solving social or environmental problems often requires several different solutions and thinking outside of the box. It also allows for the idea that crowdfunding, due to its potential diversity and democratic nature, is a good way to ensure that the world's social and environmental issues are dealt with in a diversified way.

3.2.2 Crowdfunding defined

Crowdfunding is relatively simple to define and there is a general consensus among both scholars and practitioners on how to do so. One of the most quoted definitions comes from Belleflamme et al (2010, p. 4): *"Crowdfunding involves an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights"*.

Crowdfunding is often used as start-up capital either for a new company/organisation or for a new project undertaken by an existing company. Even well-off companies that are perfectly capable of acquiring project funding through traditional channels will sometimes choose to use crowdfunding as a means of both spreading awareness of a new product or service, generating buzz about it, and receiving pre-launch consumer feedback. Crowdfunding thus becomes about more than simply funding a venture: it can

potentially provide market research and create a consumer base even before the product has been launched (Mollick 2013).

3.2.3 Crowdfunding platforms

A crowdfunding campaign is launched through the Internet on a so-called crowdfunding platform, a website dedicated to hosting projects and providing support to the project founders. Potential backers can browse the website and will then pledge money to the projects they like the best. The word “pledge” is used on many platforms, as the backer pledges an amount that will then be withdrawn at the end of the campaign. Most of these platforms charge a fee for their services which explains why some project creators decide to create direct crowdfunding campaigns, i.e. circumventing existing platforms by hosting a campaign on their own corporate website to increase control of the output and retain 100% of the campaign proceeds (Massolution 2013 p. 66). However, most campaigns are hosted on platforms as it simplifies the process of creating a campaign significantly, gives the founders the legitimacy of being associated with a more or less well-known platform and the other projects hosted there, and provides access to an existing potential backer base (i.e. individuals who regularly check the particular platform for projects of interest to them).

There are a vast multitude of platforms, and each one works in its own way. Some are specialised to one industry (Sellaband catering to musicians), while others are open to basically all kinds of projects (Kickstarter and Indiegogo). Some cater to for-profits, others to private individuals and non-profits.

3.2.4 Payment models

Platforms also diverge when it comes to their payment systems. The payment system has to do with whether the platform will pay out any money collected in the campaign regardless of reaching a stated goal or whether it requires the campaign to be successful before pay-out. This latter system is called the threshold-pledge system or the all-or-nothing principle (Massolution 2013; Brüntje & Gajda 2016 p. 12). If the campaign fails, the money pledged by backers is not transferred. Some platforms have this system in place, others are happy to pay out whatever is collected (generally called keep-it-all or flexible funding), and yet others have a mix of the two in which you can choose which system suits your campaign best. The latter system sometimes involves differentiated fees depending on the chosen payment model.

3.2.5 Crowdfunding models

Platforms further diverge when it comes to crowdfunding models. This section will present three separate, although similar, typologies for crowdfunding models, i.e. ways in which backers support projects and what compensation, if any, is offered for the money they pledge. The models differ slightly in focus but agree on essentials, yet another indication that while the field is young there is some degree of theoretical coherence in the academic writings on crowdfunding.

Haas et al (2014, as seen in Brüntje & Gajda 2016, p. 14) differentiate between three types of crowdfunding, focusing on the motivations of the backers, i.e. what they receive in return for their support: Hedonism (reward/pre-order), Altruistic (donations), and For Profit (interests/profit shares).

This fits in quite well with the typology presented by Massolution in the Crowdfunding Industry Report from 2013, in which there are four different types of established crowdfunding models based on what the campaigns offer in return (Massolution p.19; Brüntje & Gajda 2016).

1. Donations-based: Backers give money to the campaign without expecting anything in return. This model bears the closest resemblance to traditional philanthropy.
2. Rewards-based: Backers give money and receive some kind of reward in return. There is often a tier of rewards depending on how much money is given. This model can also be used as a pre-order mechanism in which backers support a venture by ordering a product before it has been launched to the general market. This mechanism can be used to price-discriminate: in some cases, early backers will pay more for the product to cover start-up expenses, allowing the company to charge a lower price after the product has become available on the traditional market. Backers in this case are willing to pay extra for the sense of community it creates (Belleflamme et al 2014). In other cases, prices are lower for backers than regular consumers as an incentive to get as many backers as possible to invest in the campaign.
3. Lending-based: The money given by backers will be paid back with or without interests. Micro-finance institutions like Kiva bank use this model.
4. Equity-based: Backers invest in a campaign and receive shares in the project. This in particular is quite complex due to differences in national regulation on the subject of equity shares. For example, before the USA JOBS Act was passed in 2012, this model was illegal in the States.

These four models can be mixed on some platforms. It is entirely possible to have a campaign in which some backers want a reward or a share in the project while others simply want to donate some money (table 1).

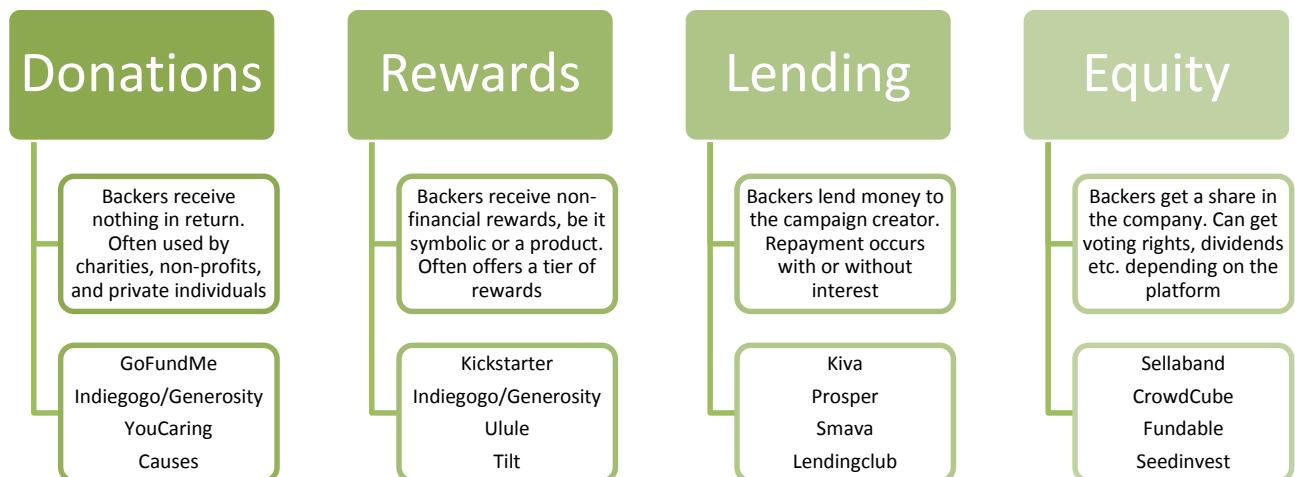


Table 1 – Massolution 4-model typology and platform examples

This model correlates well with yet another typology of crowdfunding business models first presented by Larralde and Schwienbacher (2012) which is focused both on the rewards offered and the kind of communication there might be between backers and founder: donations, passive investments, and active investments.

Donations in this model are the same as in the former typology. There is often little to no communication between backers and founders; if there is, it is mostly one-directional communication from the founder. Passive investments are rewards-based but do not encourage the crowd to be actively involved. Active investments are reward-based as well but encourage the crowd to provide feedback or to actually work on the project. This final model is closely linked to crowdsourcing.

Massolution	Haas et al	Larralde and Schwienbacher
<ul style="list-style-type: none"> • Donations • Rewards • Equity • Lending 	<ul style="list-style-type: none"> • Altruistic • Hedonism • For Profit 	<ul style="list-style-type: none"> • Donations • Passive investments • Active investments

Table 2 – Three typologies of crowdfunding models

This thesis will use the Massolution typology as it provides the most clear and comprehensive understanding of different ways in which a crowdfunding campaign can offer benefits to its backers while focusing less on motivations and communication. As the primary purpose of InnoVentum's crowdfunding campaign is not necessarily to engage in communication or crowdsourcing efforts but rather to gather enough money to Kiran Village as well as to increase awareness of the company, the Massolution typology is sufficient.

3.2.6 Crowdfunding and social entrepreneurship

Having defined crowdfunding, it will now be combined with social entrepreneurship. One of the first attempts at tying together crowdfunding and social entrepreneurship is a 2013 article by Lehner. In the article, social entrepreneurship is defined as broadly as possible: *"All kinds of ventures that have a social or environmental mission as their primal goal, which aim to be financially and legally independent and strive to become self-sustainable by means of the market"* (p. 290).

Some social entrepreneurs, start-ups in particular, have difficulty obtaining funds from traditional sources due to their specialization in and passion for the social or environmental aspect of the venture rather than in business and management. When presenting a business plan to banks, venture capital funds or business angels they tend to focus more on the social bottom-line rather than the financial one, thereby not inspiring faith from investors in the entrepreneurs' business skills. Instead, specialised sources of funding exist to support social entrepreneurs like donations, public grants, philanthropic venture capital funds, social banks like Kiva or Grameen, foundation-organized competitions or partnerships ,or crowdfunding.

Lehner considers crowdfunding to be an optimal source of funding for social ventures due to a multitude of factors:

- The crowd, when deciding where to invest, generally does not care about business plans or long-term financial projections, but instead will focus on the ideas and values within the company as well as the actual product (Ekedahl and Engström 2010 in Lehner 2013, p. 290; Myers 2013).
- Social entrepreneurs are, on the whole, considered more trustworthy than their for-profit peers. In a crowdfunding campaign in which a lot of people have a small stake in a project, all communication occurs online, and there is information asymmetry, trust is a vital factor.
- Due to the democratic nature of crowdfunding a successful campaign may lend legitimacy to the venture. It will show future investors and customers that a lot of people like this project. This legitimacy may also help in a social enterprise's role as intermediary between the market, civil

society and the public sphere (Lehner 2013; see fig. 4 in chapter 3): if a social enterprise is to solve a problem that is not currently being solved by governmental institutions, NGOs or other businesses, it will often need support from at least some of these actors. Having yourself and your project considered trustworthy and of high quality will aid in this.

- Research has shown that non-profits have more successful crowdfunding campaigns than for-profits (Belleflamme et al 2010), indicating that a social enterprise with the values and goals of a non-profit would, in theory, be quite successful.
- A successful crowdfunding campaign can generate both money as well as “buzz”, thus spreading the word on the product, the cause, and the social enterprise itself.

These factors will become relevant in the following chapter in which we create a theoretical framework on factors that might influence the success of a social enterprise’s philanthropic crowdfunding campaign.

4. Model of outcome-influencing factors

When launching a crowdfunding campaign there are numerous factors to take into account. A multitude of books and articles have been written with advice on how a campaign can be successful (Risterucci in Brüntje and Gajda 2015; Mollick 2013; Sviokla 2009 etc.). However, a lot of these are based on campaigns made by start-ups with a product to produce and sell (be it a movie, a videogame, or an app-controlled lamp). If the focus moves to crowdfunding with a philanthropic purpose or crowdfunding by social enterprises, the well of articles with great advice does not exactly dry up, but does tend to diminish significantly. Tying the two together, a social enterprise engaging in philanthropic crowdfunding, means that we start being able to see the bottom of the well. Seeing as crowdfunding is a relatively new concept, there obviously cannot be a plethora of well-researched material on such specific categories.

Another aspect to consider is that a lot of the articles are based on former crowdfunders' personal experiences published by e.g. business websites and crowdfunding platforms. While this is a good source of basic information, it is not very academic in nature. As mentioned earlier academic literature on the topic of crowdfunding is new but somewhat plentiful already. Relevant for this thesis are especially the academic writings on factors influencing the success of a crowdfunding campaign. Most of those writings are single-issue based: only focusing on whether e.g. gender has a negative or positive influence, *ceteris paribus*. The factors have not yet been tied together into a coherent model to be used when analysing or creating a campaign. The purpose of this thesis is therefore to combine these two short-comings in the literature: the lack of articles on social enterprises and philanthropic crowdfunding and the lack of an academic theoretical framework of success indicators.

The framework has been divided into three dimensions to answer the following questions: *What* is my project about, *who* do I want to reach, and *where* will it take place. In other words, the factors determining the success of a campaign can be divided into content, crowd, and platform dimensions. Obviously there will be some overlap as the creation of a campaign cannot be as neatly divided as one might wish for clarity's sake, but there is a certain logic behind treating these three sections as separate but sequential in nature, as choices made in one dimension will automatically affect the other two. Depending on the context, the sequence of the dimensions can be altered, as will be discussed in section 4.4.

Most academic research has been done on the first two dimensions, while little exists that compare and contrast crowdfunding platforms and models. The final dimension is therefore based more on descriptive data than a theoretical background. As the choices made in the first two dimensions will directly affect the choice of platform, it is still a relevant dimension to include and could provide interesting material for future studies on the effect of platform choice. The factors are all summed up in a model at the end of the chapter.

4.1 Content

4.1.1 Purpose

The content dimension is about the characteristics of the project and the story it wants to tell (summed up in fig. 5). The first thing to consider when deciding to launch a crowdfunding campaign is what the project is for and what your goals are. Do you want funds to produce a product, to start a company, to collect money for a charity or your own medical bills, and can your project succeed regardless of reaching your goal? Decisions on how to frame the campaign in terms of language, content, length of the campaign, social media strategy, choice of platform etc. all start here. In the case of social enterprises engaging in philanthropic crowdfunding a choice also has to be made on what the company wants to achieve besides the funding of the project. If getting publicity is one of the motivations behind starting a campaign that will also have an effect on the choices made throughout the creation of the campaign.

4.1.2 Timeframe and continuous funding

The next choice has to do with the length of the campaign. Crowdfunding is often considered best for start-up or project funding, not as continuous funding (Lehner 2013, p. 292). A for-profit enterprise is expected to generate a source of income through selling the product or service launched through the campaign and to become financially independent to stay in business. Traditional investors require some kind of return on their investments within a specified timeframe. This means that campaigns are encouraged, and often required, to have a set time limit rather than remain open indefinitely for potential funding. According to Lu et al (2014), campaigns going beyond 30 days are statistically less likely to succeed. This is due to reduced incentive to contribute and a tendency for backers to procrastinate when they know they have a long time to decide on whether to donate. As will be shown in the following sections, backers follow signals sent by other backers: if a campaign has stagnated, new backers will assume that the campaign is going to fail and will choose not to make a pledge.

However, when it comes to philanthropic crowdfunding this reliance on short-term campaigns might not be as strong. Some non-profits are often dependent on continuous funding and crowdfunding can simply be yet another fundraising tool. Some platforms are built to host continuous funding efforts (e.g. GoFundMe), and the motivations of backers of philanthropic campaigns are different from product-based campaigns. The focus is not on funding a start-up or buying a product as a pre-order but instead simply on supporting an individual cause. As mentioned in section 3.2.5 there is usually little communication between backers and creators when engaging in a donation-based model. The motivation for the backer is not to take an active part in the project, but rather to support a specific cause and thereby get a sense of satisfaction at having helped.

The question of whether or not continuous crowdfunding works becomes even more interesting when discussing social enterprises. If the social enterprise is for-profit, does that mean that people would be willing to donate regularly or to a campaign that was simply about “keeping the lights on” at the company, knowing that the enterprise already has alternative access to funding through their commercial ventures? It will most likely depend on where the social enterprise is on the spectrum of non-profit and for-profit. No conclusion can be reached on this as no research has yet been done, so deciding on whether or not to engage in continuous funding as a social enterprise becomes a matter of case-by-case judgment.

4.1.3 For-profit vs. non-profit

As mentioned in section 3.1, social enterprises can be at both ends of the profit-spectrum, but there are ways even for a for-profit social enterprise to frame the campaign as non-profit. This can be done e.g. through collaboration or a partnership with an existing non-profit, creation of a non-profit that will be directly connected to the social enterprise, or simply making a guarantee in the campaign that all money will be spent on the project and any proceeds will be donated instead of going into the actual enterprise.

Statistically speaking, non-profit campaigns have a higher chance of succeeding in reaching their goals than for-profit campaigns, and the average individual donation is larger (Belleflamme et al. 2010 & 2013; Pitschner and Pitschner-Finn 2014). For-profits receive larger total funding amounts and have a bigger set of backers, although this can be explained by a couple of extremely successful campaigns in the data set (Pitschner and Pitschner-Finn 2014, p. 392). This indicates that choosing between a for-profit or non-profit campaign depends on your goals: if you want to reach as many backers as possible and receive the largest total funding amount possible, you might choose a for-profit campaign. It is important to note, obviously, that success is not guaranteed just by making this choice. If you want to be somewhat more assured of

reaching your goals, while perhaps not reaching as many backers as the most successful for-profits, you might choose a non-profit campaign.

The statistically higher chance of success is explained by Belleflamme et al. (2010 & 2013) using contract failure theory. The reduced focus on profit maximisation can attract more backers as it indicates that *“the owners put a significant weight on the outcome and less on monetary gains”* (Belleflamme et al 2010, p. 10). Not all for-profits consider profit maximisation the be-all and end-all of doing business, nor will they cheat with the quality of their products. However, due to the information asymmetry inherent in doing business, it is difficult to know which companies and campaigns to trust. Having a non-profit element in the campaign somewhat eliminates this insecurity and backers are thus more likely to trust a non-profit and thereby more likely to donate. A specifically philanthropic campaign will most likely be framed as non-profit regardless of the social enterprise’s profit-status to assure backers that the campaign actually is philanthropic in nature.

The double motivation of social enterprises’ crowdfunding campaigns (doing good and getting publicity) will have an effect on this factor. If getting publicity was not a goal in itself the campaign could be run solely in the name of the non-profit. The social enterprise could do the work behind the scenes while having a partnering NGO in the foreground of the campaign. This might be even more effective than an equal partnership as there is even less insecurity in terms of the company’s motivations, although the company would then get nothing from the campaign itself.

4.1.4 Trustworthiness

This leads us to the factor of trustworthiness. Because information asymmetry is especially prevalent in Internet-based ventures like crowdfunding campaigns it is important to be trustworthy and signal trustworthiness in the campaign. Being a social enterprise already minimises the costs of fraudulent risk (Lehner 2013), as does being a non-profit. Other ways of signalling trustworthiness could include complete transparency in terms of what the money will go to; engaging in partnerships with trusted non-profits; using an established, trustworthy platform; engaging with the community of backers regularly through updates throughout the campaign (Mollick 2013) etc. Finally, the quality of the campaign can also signal trustworthiness.

4.1.5 Quality

When engaging in non-profit/philanthropic campaigns, one might expect that the quality of the project is not as important as it is in a for-profit campaign – trustworthiness has already been established by its very nature of being a non-profit, so why not spend your time and energy on something other than the creation of the campaign? This assumption that people will back a philanthropic campaign regardless of quality (and, more importantly, quality *signals*) is wrong. Even when potential backers are philanthropists with no desire of getting anything in return for their donation, there is still resource scarcity to consider. Backers do not have unlimited funds and will therefore choose the best projects to back. Add to this the fact that while the crowd is statistically wise (Surowiecki 2004/2005), it also has a wicked sense of humour. A crowdfunding campaign for a guy wanting to make potato salad went viral and made over \$55,000 (Kickstarter – Potato Salad 2014), and another campaign to build a 7 feet tall statue of Robocop to put in downtown Detroit (an idea which started as a joke on Twitter) reached over \$67,000 (Gullickson 2015). This means that even philanthropic non-profit campaigns – the ones on the absolute moral high ground – are still in competition with all other existing campaigns, be they serious or not, for- or non-profit, product- or service-based. Signalling quality is therefore of vital importance.

4.1.5.1 Quality signals and the heterogeneous crowd

Signalling quality is admittedly made more difficult “*when targeting a large heterogeneous audience*” like you do when engaging in crowdfunding (Lehner 2013, p. 302). It is obviously easier to signal quality when the target audience is homogeneous both in terms of race, gender, age, nationality, interests etc. However, seeing as the purpose of launching a campaign is often to reach as large a group of backers as possible, particularly when part of the motivation is getting publicity, and the fact that the Internet to a large extent eliminates geographical barriers, the target audience inevitably becomes heterogeneous. If you only wish to leverage a homogeneous group of backers you would have to either launch a campaign on a highly specialised platform or use specific language, be it extremely technical or a small national language like Danish. These decisions would most likely result in failure of the campaign as it reduces the target audience significantly. It is important to remember that while crowdfunding is a rapidly growing industry, it is still in its infancy: many people have not yet discovered crowdfunding or do not wish to engage in it as backers (Massolution 2013). Choosing a small language like e.g. Danish therefore does not mean that you reduce your target audience to 6 million Danish-speaking people, but rather to the small percentage of people in Denmark who know what crowdfunding is, have an interest in and ability to invest, are made aware of the campaign within the time allotted, and have an interest in your specific product.

4.1.5.2 Proposed quality signals

To ensure success it is therefore better to engage with a heterogeneous group of backers, however difficult that may be. Mollick (2013) suggests a few ways in which a campaign might signal quality that are somewhat universal. Mollick's study is based on Kickstarter. His dataset comprises over 48,000 projects in which he examines which factors might statistically signal quality and thus ensure success. One of these is being featured by Kickstarter. Kickstarter chooses campaigns they are interested in and puts them as a feature on the front page of the platform and include them in their newsletters. It is important to note that you cannot buy such a feature place; it is entirely based on Kickstarter staff members' preferences. It is therefore not something you can rely on when creating a campaign, but ensuring that the project is unique and of high quality will increase your chances of having your campaign featured.

Another factor is preparedness. Mollick sets the existence of a pitch video as one variable, quick updates (i.e. within 3 days after launch) as another, and spelling as a third variable, based on the assumption that *"the prevalence of spell-checking software, and the lack of basic proofreading that errors imply, spelling mistakes should indicate reduced preparedness and quality"* (Mollick 2013, p. 8). He found that campaigns with a pitch video had a higher chance of succeeding, as did the ones that updated quickly after launch. Both of these factors had been suggested in Kickstarter's recommendations on how best to create a crowdfunding campaign. Mollick also found that spelling mistakes drastically decreased the chance of success. Using correct grammar and spelling in coordination with a compelling narrative thereby becomes an important way for the project pitch to be effective in engaging its readers and gaining their support.

A final indicator of quality is the support already given by other backers. While this will be discussed in more detail in the following section on crowd factors, it is important to note the Matthew Effect often present in crowdfunding campaigns. The Matthew Effect basically states that *"the rich get rich while the poor get poorer"* or, in the case of crowdfunding, successful campaigns become increasingly more successful while failing campaigns will continue to fail. This correlates well with existing data on how in most cases campaigns fail by large margins and succeed by small ones (Mollick 2013, p. 13). Some experts on crowdfunding suggest that even before the launch of your campaign you should preferably have ensured at least 30% of the funding goal through friends and family and other investors. This money will then go into the campaign as soon as it has been launched, thereby signalling quality. Backers will support projects that are already succeeding because of information cascades or a kind of herding mentality often inherent in crowd decision-making called path dependency (Surowiecki 2004/05). When it comes to campaigns using the threshold-pledge system, path dependency comes into effect: people do not want to

spend time on supporting projects that look like they are going to fail, as the project founder will subsequently not receive any of the money and the effort spent by the backer to read, evaluate, and donate to the campaign will come to nothing. Even in campaigns using the flexible funding system this logic prevails. If a backer can see that the project will fail, she has no interest in spending actual money (i.e. time, effort, *and* money in this case) on a project that will not come into fruition.

4.1.6 Gender

Another factor that may affect the success of a campaign is gender, more particularly the gender of the project founder(s) as well as the gender being presented in the campaign in terms of choice of language and narrative focus. In traditional financing there is ample evidence that female entrepreneurs are discriminated against and there is no indication that the same would not be the case for female social entrepreneurs (Barasinska and Schäfer 2014; Fischer et al 1993). Logically speaking, the democratic nature of crowdfunding should eliminate at least some of these barriers to entry: the gatekeepers are no longer a small number of predominately male investors but instead a heterogeneous crowd that potentially spans all genders, races, nationalities, and ages.

The question of whether or not female crowdfunders are discriminated against should be a quite simple one to answer. Are there more men than women using crowdfunding and are men more successful? Interestingly, this is one branch of academic research in the field of crowdfunding in which there is no clear agreement.

4.1.6.1 Women in lending-based crowdfunding

Barasinska and Schäfer (2014) examined gender discrimination in a German peer-to-peer lending platform (i.e. a lending-based crowdfunding model) and found that once a decision had been made to use the platform, women and men were equally successful in achieving their funding goals, *ceteris paribus* (p. 450). While gender was not a useful variable to predict success or failure, the actual loan terms like interest rate and loan duration were. There was still discrimination in the sense that there were a great deal fewer female than male borrowers (160 of 777 loan applicants were women), however this is assumed to correlate more with the fact that there are overall fewer women than men in entrepreneurship. The relatively low number of women on this platform is therefore not indicative of discrimination in crowdfunding but of discrimination in the surrounding institutional environment.

4.1.6.2 Are women more successful?

Gorbatai and Nelson (2015) find that in crowdfunding “*women are systematically more successful than men*” (p. 1), even when using an exact matching technique. Using this technique means that they examine the success rate of women and men in small, medium, and large campaigns, thus negating the idea that women only engage in small projects and that their success is caused by them needing fewer backers to reach their goal. This conclusion goes against the data presented by Mikhaylova (2014) who concludes that women are not part of any of the top 10 most funded campaigns on Kickstarter and only took part in 7% of the campaigns that reached over \$1 million. She concludes that women generally look for friends-and-family type funding, i.e. small projects under \$5,000 (Mikhaylova 2014).

4.1.6.3 Linguistic gender differences

If we assume that Gorbatai and Nelson’s analysis is accurate, there are a couple of factors to explain why women are more successful. The one presented by Gorbatai and Nelson is linguistic differences between men and women. They conclude that men are more likely to use business language with a focus on monetary terms while women’s language is more inclusive, vivid, and expressive of positive (2015, p. 24 – see also full list of words in table 3).

Money	Inclusive	Vividness	Positive emotion
bank	and	aroma	accept
bargain	along	audible	admire
bought	both	bright	charm
dollar	include	delicious	enthusiastic
donate	inside	delicate	laugh
fee	open	harmony	love
sale	with	rotten	splendid
own	plus	heavy	glamorous
interest	we	picture	adore

Table 3 – Categories of language content (Gorbatai & Nelson 2015, p. 24)

4.1.6.4 Homophily

Another factor that might explain the relative success of women in crowdfunding is homophily as presented by Greenberg and Mollick (2014). Homophily in this case is the idea that “*women will support other women given a chance*” (Greenberg and Mollick 2014, abstract p. 1).

One possible explanation of why women do not succeed in generating enough financing to fund an entrepreneurial venture is the disproportionate number of women to men in venture capital and business angel financing. This explanation assumes that if there were more women in these institutions, women entrepreneurs would have better access to funds. The logic is based on the assumption that we live in a society with homophily in which men choose to associate with men and women with women; that women in gatekeeping roles such as venture capitalists will focus on the gender of the applicant and thus disproportionately invest in female projects. There is, however, little statistical evidence to support this claim (Greenberg and Mollick 2014, p. 2).

In the case of female venture capitalists, *explicitly* choosing projects solely based on gender could prove to be bad business as it might involve ignoring other factors and thereby investing in projects that are not viable. However, when it comes to *implicit* decision-making, the picture becomes a bit more muddled: we tend to subconsciously trust those who look and act like us, creating an unconscious bias against outsiders. Having more female venture capitalists might help with this.

Greenberg and Mollick determine that the increased success of women in crowdfunding cannot be contributed entirely to homophily: the presence of more female backers on platforms than in venture capital institutions does not account entirely for it. In fact, these women backers are just as likely to invest in male campaigns as female. Instead the relative success of women in traditionally male categories such as technology can be explained by a concept known as activist choice homophily. Women are underrepresented in technology crowdfunding as both creators and backers, but still have a high success rate. There are a small number of women who disproportionately back projects by women in traditionally male industries due to motivations that go beyond representation, i.e. investing in someone's gender. Instead they seem to invest specifically in sectors in which women face institutional and structural barriers and thus take a kind of activist role, attempting to break down these barriers by becoming backers (Greenberg and Mollick 2014, p. 34-35).

4.1.6.5 *Doing gender*

A final perspective on gender discrimination in crowdfunding is presented by Radford (2015). He examines whether gender is a discriminating factor on a crowdfunding platform for teachers in the USA. Prior to 2008 teachers could identify themselves in terms of their occupational location (e.g. first-grade teacher in a rural school or high school social science teacher in an inner-city school); some of these occupational locations are inherently feminine or masculine as most first-grade teachers are women and most social science high

school teachers are male. While one might have made assumptions on the gender of the project founders based on occupational location, it was not possible to know for sure before 2008. At that point the platform installed a sex category (the founder would identify themselves as Mr., Miss or Mrs.), allowing Radford to determine whether identifying oneself as male or female had an effect on your likelihood of success. He found that discrimination was *“not largely based on teachers [sic] sex but of teachers occupational location and language”* (Radford 2015, p. 29). This meant that using traditionally feminine language as a teacher in a traditionally feminine teaching position would increase your chance of success regardless of the actual sex of the teacher. It therefore becomes more about *doing* gender than your sex category/gender identity. There is slight discrimination in the sense that female teachers in traditionally male teaching roles and vice versa were slightly more likely to succeed. This might be a case of activist choice homophily as mentioned earlier: making a decision to support teachers who stand out by going against traditional gender dynamics.

It is important to note that these results, some of which differ slightly from those mentioned previously in other research papers, may be as much a result of gender discrimination among teachers as in the crowdfunding industry. However, if we apply these results to crowdfunding in general it presents a multifaceted kind of discrimination. It does not occur as a function of gender in the sense that women would be more or less likely to succeed, but instead focuses on the gender of the “industry”. If you act and communicate according to the dominant gender in your industry, you will be more likely to succeed. This goes somewhat against the conclusions reached by Gorbatai and Nelson (2015) in which the feminine way of communicating is considered best practice in all categories within crowdfunding.

4.1.6.6 Implications for social enterprises

What all of these findings can tell us with regard to the effect of gender on a crowdfunding campaign is that the language of the campaign can be decidedly masculine or feminine and this is bound to have an effect. While there still is not complete gender equality in crowdfunding in the sense that equal amounts of projects are headed by men and women, there is some evidence to suggest that having a woman on the team of founders and using feminine language increases the likelihood of reaching your goal.

Social enterprises engaging in philanthropic crowdfunding might be considered somewhat feminine in nature, regardless of the gender of the campaign founder, as it will automatically be more about soft values and philanthropy (traditionally feminine) than the production of a product and maximisation of profits (traditionally masculine). Exploiting this by using language as suggested by Gorbatai and Nelson (2015) is

one way of ensuring success. If the end result of the campaign is, among other things, to help women, this should be overtly stated in the narrative. One might even have a female voice-over in the video pitch to further enhance the notion that this campaign is inherently feminine.

The choice of language should of course also be framed according to the crowd of people you wish to target. As mentioned previously, choice of language and narrative can attract or repel potential backers, and gender is just one linguistic factor that can be taken into consideration. In order to choose the best linguistic and narrative strategy it is important to be conscious of the crowd and how best to engage with it.

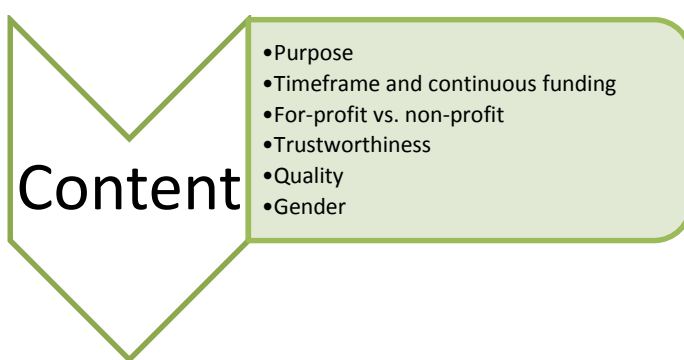


Fig. 5 Content factors

4.2 Crowd

The second dimension to consider is the crowd. Engaging in crowdfunding is not only about raising funds. It is also about leveraging the crowd and thereby creating and increasing an awareness of the products or services an organisation has to offer, as well as functioning as an alternative market research tool. Understanding the behaviour of the crowd and knowing how to leverage it is therefore of great importance.

4.2.1 Buzz and path dependency

The ultimate goal of most crowdfunding campaigns is for the campaign to go viral or at least create some buzz (Schwienbacher and Larralde 2010). Luckily, many crowdfunding backers are to a large extent more motivated by taking part in and ensuring the success of a campaign than any rewards they might receive, meaning that they will often not only support a campaign but also encourage their own networks to take part (Lehner 2013, p. 297). If enough early backers consider the project of sufficient quality and importance to leverage their networks e.g. through social media there is a good chance of the campaign not only succeeding in terms of reaching the funding goal but also by generating buzz.

The same process is involved when creating path dependency. A crowd will often exhibit herding behaviour or at least be responsive to fellow backers' decisions, thus following the signals they make (Belleflamme et al 2014). Backers are more willing to support campaigns that are already succeeding rather than either new and unknown ventures or campaigns that have been active for a while without gaining traction. Path dependency is directly connected to the Matthew Effect as mentioned previously: successful campaigns attract backers who promote it, thereby attracting an even larger crowd.

Being aware of the wonders of path dependency and actually succeeding in generating it are obviously two completely different things. Campaign and product quality is of course an excellent tool, although it is not always a requirement (consider, for example, the aforementioned potato salad campaign). Other tools include leveraging your personal and private networks and creating a social and traditional media strategy. These factors will be discussed in further detail in the following sections.

4.2.2 Personal and professional networks

Getting people to invest in a crowdfunding campaign is difficult and there are no set rules that will work every time. However, starting with your own personal and professional networks is one way.

As described previously Mollick (2013) pegged quality signals as one determinant of success. Another was network size. Founders with a large group of friends on Facebook were more likely to succeed than founders with only a small Facebook network (Mollick 2013, p. 8).

The size and quality of your network is also a deciding factor for Risterucci (2016, in Brüntje & Gajda 2016). He divides the people you will need in a campaign into three circles (see fig. 6): The first consists of family, friends, and professional acquaintances; the second contains friends of friends; the third is your target audience of strangers. Leveraging your existing network becomes a matter of getting support from the first circle that can then provide you access to the second circle which will hopefully make the campaign go, if not viral, at least beyond the scope of the two circles in order to reach a wider audience.

Risterucci recommends doing a lot of research, work and outreach before the campaign is even launched. Ideally, you should already have ensured 20-30% of your funding goal from the first two circles before launch to ensure that you can then focus on reaching the wider audience after launch.

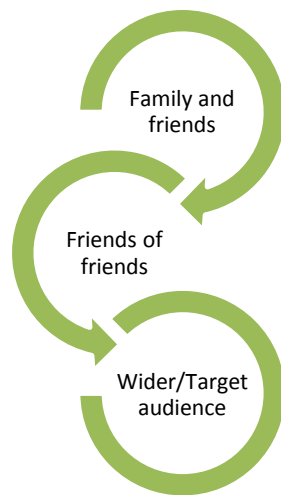


Fig. 6 – Circles of support (Based on Risterucci 2016, in Brüntje and Gajda 2016, p. 242)

If we put this into a philanthropic crowdfunding context, the need to reach a third circle might in some cases become obsolete. Campaigns requesting funds to cover medical bills do not always need to go beyond the first and second circle; indeed, if your goal is only to reach your own network (with the underlying assumption that this network is willing and able to help to an extent that it will cover the entire funding goal) it becomes redundant to consider a target audience of strangers. The language of the campaign will most likely reflect this.

For a social enterprise engaging in philanthropic crowdfunding, leveraging your network remains a good idea. Particularly if the campaign does not offer rewards, having your personal and professional network support and recommend your campaign might prove invaluable. If the enterprise is engaged in some kind of partnership with e.g. an NGO, it might even be possible to leverage the partner organisation's network as well.

The network can also help provide signals to other backers by investing early, which they statistically do. In a survey of Sellaband, Agrawal et al concluded that strange investors' (i.e. those in the third circle) *"propensity to invest in a given week increases as the entrepreneur visibly accumulates capital on the site"* (Agrawal et al 2011, p. 13) while friends and family invest early in the cycle. Friends and family can therefore signal quality and convince the crowd to make a pledge simply by investing early.

4.2.3 Distance-sensitivity

Agrawal et al.'s survey of Sellaband investigated whether crowdfunding eliminates geographical barriers, i.e. whether backers are likely to be co-located or spread out geographically. In traditional financing, there is a geographical component that must be taken into account. Funding from friends, family and traditional investors will almost always be co-located because *“gathering information, monitoring progress, and providing input are particularly important for investors in early stage ventures and the costs of these activities are sensitive to distance* (Agrawal et al. 2011, p. 1). However, Agrawal et al prove that with crowdfunding there is often a broad geographical dispersion of backers. Local backers are almost completely comprised of friends and family, while distant backers are strangers who are likely to submit to path dependency.

The knowledge that many geographical barriers are eliminated in crowdfunding means that the potential target audience increases exponentially but also becomes increasingly more diverse. Having an effective communication strategy that will reach as many as possible is therefore vital, regardless of the campaign being launched by a for-profit or social enterprise.

4.2.4 Social media

Due to crowdfunding being an Internet phenomenon, a communication strategy will most likely rely on social media. Most crowdfunding platforms recommend its users to incorporate their campaigns into their social media networks. Having a strong presence on social media should increase the likelihood of success according to Mollick (2013) and helps ease communication with a geographically dispersed target audience (Gierzsak et al, in Brüntje and Gajda 2016, p. 15). Lu et al (2014) also found that having a strong presence on social media will increase the likelihood of success. Meanwhile, in Belleflamme et al's research using social networks did not affect the amount of funds raised (2013, p. 330).

The difference between the Lu and Belleflamme results may be found in the way each paper investigated social media use. Belleflamme et al investigated whether the campaign makes use of social media, not the quality or quantity of it. Lu et al investigated when in a campaign social media is used and included social media used by backers and other interested parties as well as the campaign creator. The difference in focus may account for the difference in results. Lu et al found that social media activity is at a peak in the first quarter and the last tenth of a campaign which correlates with when backers are most likely to make a pledge (p. 5) (see fig. 7). A social media campaign should therefore focus both on the content created by the campaign creators as well as the content created or shared by its backers. The more activity from both actors, the greater the likelihood of success.

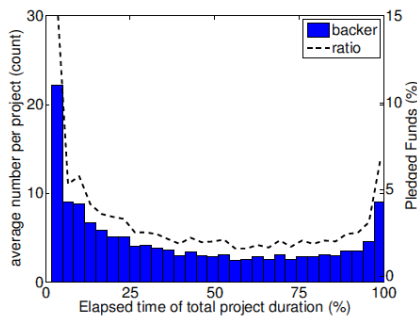


Figure 7: Histogram of the fundraising activities in Kickstarter.

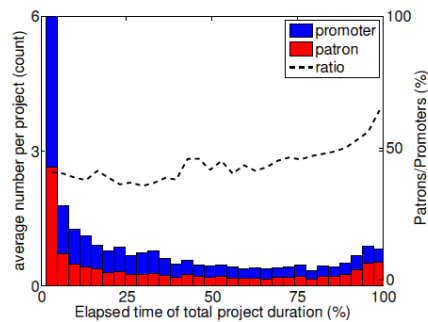


Figure 8: Histogram of the promotional activities in Twitter.

Fig. 7 – Histograms of fundraising and promotional activities (Lu et al 2014)

Social media is also important if the goal is to get publicity for the social enterprise behind the project as it has the potential of reaching both its existing network as well as people who have never heard of the company before. The use of social media will rely on the decisions made previously in the campaign creation in terms of language to be used, content to provide, and the crowd to be targeted. These decisions will also affect the choice of the final dimension, the platform.

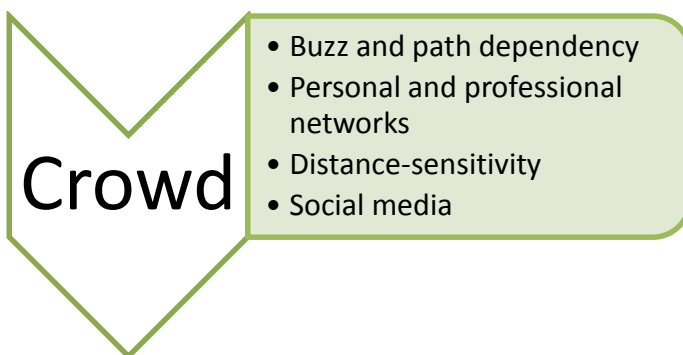


Fig. 8 – Crowd factors

4.3 Platform

Choosing a platform is highly dependent on the choices you have made in the first two dimensions. A non-profit has access to platforms for-profits do not; there are industry-specific platforms only available to members of said industry; some platforms offer the opportunity of hosting a video pitch, some demand it, some do not; some offer the rewards-based model, others prefer other models or a mix; some have built-in social media functions for easy sharing of projects, others offer ways in which a founder can leverage the

network's community of backers, etc. The choice of platform is therefore vital as it can aid you in the framing of the campaign (*content*) and reaching the people you want (*crowd*).

Platform factors have not been analysed in academic writing in terms of them being determinants of success to the same extent as especially the content factors, nor have the merits of different types of platforms been examined. Consequently, this section will be more descriptive in nature and will form the basis for discussions on the merits of a handful of crowdfunding platforms presented in chapter 5.

4.3.1 Platform community

One advantage of hosting your campaign on a platform rather than engaging in direct crowdfunding is the presence of an existing potential backer-base. Hypothetically, if the platform has enough members who regularly check the site for interesting projects and your campaign succeeds in providing enough quality signals to catch these members' attention, you would not have to engage in an extensive (social) media strategy outside of the platform. You could then keep all communication on the campaign site itself. As regular updates are a signal of quality, not communicating at all and letting the project speak for itself is not advisable. However, it is difficult to gauge whether or not one platform has a more active member-base than another, as the number of repeat backers are rarely made readily. As there is little to no academic research that compares platforms or their community and communication structures, any decisions based on this are bound to be a matter of case-by-case judgment.

The following measures might be used to estimate whether the platform community is likely to be a contributing factor to the success of a campaign: the platform's number of members or, alternatively, Alexa rating (a ranking of websites based on "*a combination of average daily visitors to this site and pageviews on this site over the past 3 months*" (Alexa 2016)); number of likes on Facebook; whether the platform has a 'featured project' function like Kickstarter; presence of a communication structure on the campaign site. It is beyond the scope of this paper to make a proper data collection and analysis to determine the efficacy of these measures, but the inherent logic of the choice is explained below:

- Number of members/Alexa rating is an indicator of the potential size of the target audience already embedded in the platform. If the goal of a campaign is to generate buzz, having as large and diverse target audience as possible is desirable.
- Likes on Facebook can also be an indicator of the audience size. If we can measure a campaign creator's network size by number of Facebook friends (Mollick 2013), the network size of a platform might be measured in the same way.

- The featured project function is particularly interesting, as the platform presents projects to its members on the front page of the platform or on its social media sites and thus lends legitimacy to them. Based on the theory of information cascades discussed in section 3.2.1, a piece of information from a trusted source could contribute to the creation of path dependency and ultimately funding success.
- Communication structure refers to whether there is some means of direct communication on the platform between backers and creators. The creation of a sense of community has been proven to be an important tool in crowdfunding, and enabling two-directional communication is one way of doing so.

4.3.2 Size and scope

Closely related to the size and quality of the platform community is the size of the platform, i.e. how many projects are hosted on it. Size in this case is difficult to present as inherently good or bad. On one hand, a large platform is also liable to be well-known and thus will provide your campaign with legitimacy. Large platforms also tend to get more media coverage and have more members who check the site regularly. On the other hand, you might also risk being (ironically enough) lost in the crowd of available projects, thus increasing the need for uniqueness and strong quality signals as well as leveraging a network to aid in creating path dependency.

Small- and medium-sized platforms might also be more likely to aid in the creation and launch of your campaign as they have fewer projects to support, however as mentioned previously there is no academic research on which to base any of these assumptions.

The scope of the platform means what kind of products, services, and organisations it caters to. Is it industry-specific and is it only for start-ups/individuals/non-profits? Once again the choices made in the two preceding dimensions affect the choices you can make here. If you choose an industry-specific platform you reduce your target audience but it also ensures that all of the members on the site are interested in at least the basics of what you offer and want to accomplish. Choosing to frame your campaign as non-profit or philanthropic also affects the availability of platforms from which to launch.

4.3.3 Crowdfunding model

The choice of crowdfunding model (donation/rewards/equity/lending) affects which platform you can choose as most platforms only offer one or two of them. The equity and lending models are mostly used by

for-profits and are beyond the scope of this paper. Instead we will focus on the donations and rewards-based models and the implications each of them hold for a social enterprise's crowdfunding campaign.

Product-oriented campaigns in which crowdfunding functions as a market research or pre-order tool use the rewards-based model: a pledge of a certain size entails the purchase of the actual product and any pledges that exceed the purchase price will then include different sets of merchandise. An example of a tier of rewards is the "Valor: Fairy tale comic anthology about courageous heroines" (Kickstarter - Valor 2014) campaign. A donation of between \$5 and \$30 would give you a digital copy of the book as a thank you in the back of the book and a selection of digital merchandise; \$30 equalled the purchase of a paperback copy of the book including the digital rewards offered in the previous tiers; the largest reward package on the tier (\$500 or more) being offered included all of the previous tiers' merchandise as well as a special commission of the backer's choosing.

While backers are motivated by more than monetary rewards, campaigns that offer rewards are still significantly more likely to succeed than those that offer no compensation (Belleflamme et al 2013; Brüntje and Gajda 2016).

This picture becomes slightly muddled when we apply it to non-product based philanthropic crowdfunding; if the rewards offered are merchandise that are not directly related to the project (e.g. t-shirts that will cost some money to procure as well as necessitate a certain amount of work to administrate and ship) the backers' money will not go entirely to the funding of the actual project. Transparency of the distribution of funds is an integral part in any kind of philanthropic fundraising: donors like to know what their money is actually used for. In order for potential backers to not disapprove of extraneous rewards being offered in a crowdfunding campaign, the founder should include projected costs of the entire campaign, both in terms of platform and payment fees as well as cost of rewards.

In some cases philanthropic campaigns have made use of a donations-based model while keeping the gist of the rewards-based one. Instead of offering a tier of rewards, the campaign includes a tier of funding. While the backer will not receive an actual reward, she is made aware that a donation of \$10 will help in this specific way, while \$100 will contribute in some other way.

One humorous example is the "Let's help Dr O'Reilly Fight Pediatric Cancer" campaign launched by the popular photoblog Humans of New York on the platform Generosity in May, 2016 (Generosity – Dr O'Reilly 2016). Instead of offering actual rewards, the \$5 reward is an "*Orc Stomper*" which will kill a Cancer Orc, the \$50 reward will crush a Cancer Ogre, and the \$500 reward (a "*Cyclops Stopper*") will kill a Cancer cyclops. The Dr O'Reilly campaign is an excellent example of how the choice of a certain model helps create

a compelling narrative; obviously most of the donors do not actually believe in the existence of Cancer Ogres and Trolls, but it sets the campaign apart from the crowd, is coherent with the project itself and its message, and still gives the illusion that an individual donation has a specific effect

4.3.4 Payment model

Another factor that can influence the outcome is the payment model. If the project can be implemented without actually reaching the funding goal you might choose the flexible funding model. The advantage of this includes a certain sense of security: the campaign creator will receive at least some compensation for her efforts. For philanthropic crowdfunding campaigns this is the preferred method; in the case of e.g. wanting help in paying medical bills even a small amount is better than nothing. However, there are also some disadvantages. In the case of a project-based campaign that does not scale down (i.e. the project has no chance of succeeding without funding at a certain level) backers will easily feel insecure in what their money will go to. Campaign founders might appear greedy if they accept money regardless of being able to finish the actual project (Massolution 2013, p. 37).

In the case of social enterprises in general and the ones engaging in philanthropic crowdfunding in particular, the signals made by the choice of payment model are most likely not as harsh as in the case of for-profit campaigns. The motivations of backers are skewed towards helping a social or environmental cause and in a lot of cases in which the campaigns are framed as non-profit there is an implicit or even explicit understanding that all of the money collected, be it far below or above the stated goal, will be used to support said cause in one way or another rather than go into the pockets of the social enterprise. One might therefore argue that the use of a threshold-pledge system is not as big an indicator or facilitator of success for social enterprises' philanthropic campaigns as it is for for-profit campaigns.

A related factor to consider when choosing a platform has to do with what kind of fees the platform charges. Some only charge payment fees, other a percentage of the money pledged, while yet others charge a monthly or yearly fee which is either the same for all campaigns or alters depending on the funding level reached. If the goal of the philanthropic campaign is to keep as much of the funds, choosing a platform with the lowest fees might take priority.

4.3.5 Geographical limitations

In the previous dimension, geography was established as a non-factor in crowdfunding: a campaign can potentially achieve funding from all corners of the world, a feat nearly impossible in traditional financing.

However, when it comes to choice of platform as well as choice of crowdfunding model geography is an important factor. Some platforms, while open for all backers regardless of nationality, are only available to founders from one or a few countries. Differences in legal institutions and regulations has an effect on the choice of model; in the US, for example, equity crowdfunding was impossible until the passing of the JOBS Act in 2012 (Stemler 2013). Choosing a platform therefore also means choosing where the base of operations will be. A social enterprise engaged in philanthropic crowdfunding has the option of partnering with e.g. an NGO based in a country which provides access to the desired platform, but it remains a factor to take into consideration.

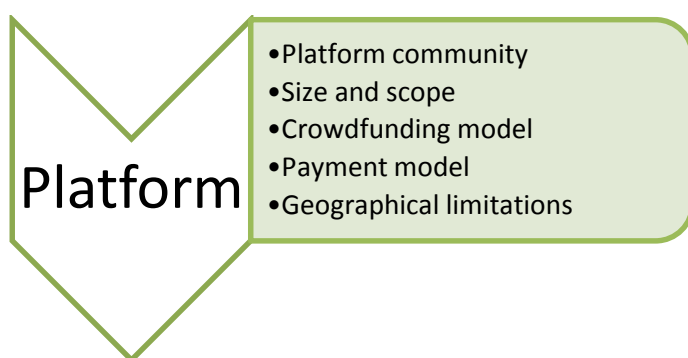


Fig. 9 – Platform factors

4.4 Sequence of dimensions

The three dimensions have been inserted into a diagram (see fig. 10 below) representing the sequential nature of the model. It should be noted that the sequence is not written in stone; the creation of a campaign is bound to go back and forth somewhat as new information is acquired and decisions are made. Choices in the first dimension will of course affect those in the next ones, but limitations in e.g. geographic availability in the third dimension may result in having to reconsider decisions already made in the previous dimensions. The model should therefore only be used as a guideline, not necessarily a step-by-step manual. Furthermore, depending on the context you might even decide to start with either the crowd or platform dimension rather than the content.

The sequence of the proposed theoretical model is based on a social enterprise having some knowledge of what constitutes a crowdfunding campaign (e.g. different models, payment systems, geographical and industrial limitations) but not yet having formed any specific opinions on which platform to use or which crowd to attract. Instead it assumes that the founder will start out with a purpose: “what is my project and

how much money do I need to raise". All other factors thus become dependent upon this purpose as well as the context in which the founder finds herself.

Parts of the sequence might be carried out differently. If the founder is already familiar and comfortable with one platform, she might start with the platform factors: what are the strengths and weaknesses of the platform and the models, payment model and industry/geography specificity it offers; what kind of crowd does it attract, and what kind of content makes sense on this platform etc.

Alternatively, if the founder already knows the network she has to leverage and which specific group of people she wants to attract (e.g. only wanting to attract tech-savvy people), all of her decisions on how to frame the campaign and which platform to use will reflect this.

When it comes to social enterprises engaging in philanthropic crowdfunding, it seems most fitting to start with the purpose. In most cases, the purpose is to do good and hopefully gain some publicity from the campaign. Matters of *who* to attract and *where* to do so matter less than *what* to do, and they will be affected by this purpose. As will be shown in the InnoVentum case in chapters 6 and 7, even campaigns in which the choice of platform has already been decided upon before any other decisions have been made, the original content-crowd-platform sequence will still make sense.

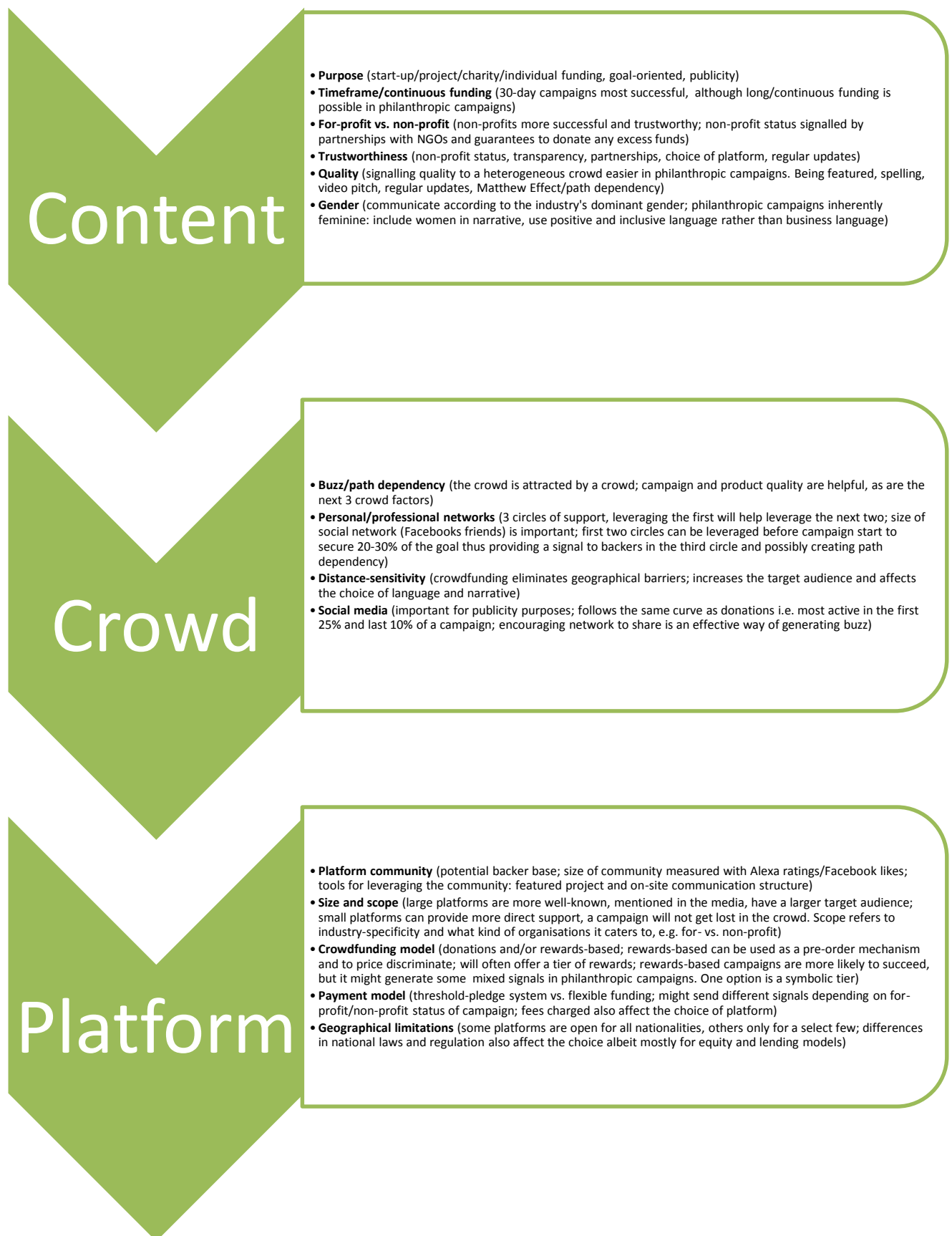


Fig. 10 – Outcome-affecting Factors Model

5. Crowdfunding platforms

One estimate claims that there are over 2,000 different crowdfunding platforms worldwide (Drake 2015). Choosing the right platform is therefore akin to finding a needle in a haystack: it will take time and effort to sort through. It may even be that there is no perfect platform that will meet all of your needs and you will simply be looking for the most needle-like straw in the pile. The third dimension of the model should hopefully help reduce some of the search costs, having described the very basics of what platforms have to offer as well as offered a few factors to take into account when making the choice.

The following section will present a small group of platforms (summed up in table 5 and 6), all of which will be evaluated in terms of their availability to social entrepreneurs and philanthropic crowdfunding. The selection of platforms is based on a few lists of the best platforms (as shown in table 4). Six of these platforms have been chosen due to their similarities to Indiegogo as InnoVentum is familiar and comfortable with this sort of crowdfunding and it allows the former campaign to be used as a directly comparative case to the Kiran Village campaign.

Morpus 2016 (Top 10 non-profit platforms)	Hogue 2016 (only rewards- and donations-based represented here)	TopTenReviews 2016 (Top 10 platforms)	How to do some good 2016
<ul style="list-style-type: none">•Causes•CauseVox•Classy•Crowdrise•FirstGiving•Fundly•Pozible•Rally.org•Razoo•StartSomeGood	<ul style="list-style-type: none">•CauseVox•Crowdrise•Fundable•Giveforward•GoFundMe•Indiegogo•Kickstarter•Patreon•RocketHub•YouCaring	<ul style="list-style-type: none">•Experiment•FundAnything•FunderHut•Indiegogo•Kickstarter•Patreon•PledgeMusic•Pozible•RocketHub•Tilt	<ul style="list-style-type: none">•Chuffed•Generosity•GoFundMe•Indiegogo•Kickstarter•Patreon

Table 4 – Lists of best platforms

5.1 Kickstarter

Kickstarter is one of the most well-known platforms. It is often used in academic articles as it is the only major platform that publishes a lot of data (as can also be seen in table 5). The platform has existed since 2009 and has hosted almost 300,000 campaigns, 36% of which were successful.

Kickstarter is a platform for creative projects in the sense that you must create something to share with others. It can therefore not be used as growth funding for an established company without proving that the funds will go to the funding of a new project. There are 15 different categories including Design, Film & Video, and Technology. It cannot be used for charity fundraising. This does not prevent social enterprises from using Kickstarter, but it does affect how a campaign is framed. The main purpose of the campaign cannot be the raising of funds for an existing organisation, but raising funds for the creation of a new product that will help a group of people should be allowed.

It is built on the rewards-based model and only offers the use of the threshold-pledge system. Campaign founders are encouraged to make and post a video pitch, although it is not a requirement (the infamous potato salad campaign simply featured a picture and a 12-word text pitch). A communications structure is set up on each individual campaign site, enabling backers to communicate with each other and the creator. In terms of fees, the campaign founder pays a 5% platform fee as well as 3-5% payment processing fees if successful. If the campaign is unsuccessful the creator pays nothing.

The front page of the site has both a featured project function (campaigns chosen by Kickstarter staffers) as well as a selection of current popular projects. If chosen by Kickstarter, albeit statistically unlikely, your visibility increases exponentially and significantly increases the likelihood of success (Mollick 2013). There are no geographical limitations in terms of who can back campaigns, but only creators from the US, UK, Canada, Australia, New Zealand, and a large group of Western European countries can start one.

5.2 Indiegogo

Indiegogo is another well-known platform. It holds the third-largest Alexa rating of the selected platforms after Kickstarter and GoFundMe and, like Kickstarter, hosts creative and entrepreneurial ideas. It has 24 categories which include Community, Sports, and Religion, as well as categories reminiscent of those on Kickstarter like Film and Fashion. It offers both a threshold-pledge system and flexible funding. The platform fee used to depend on what payment system you chose as well as whether it succeeded or not – flexible funding would cost a 9% fee unless the goal was reached, at which point the fee would be reduced to match the one for the threshold-pledge system which was set at 4%. Added to these were payment and

processing fees of 3-5%. However, a recent change on the platform means that all campaigns pay a 5% platform fee plus the aforementioned payment and processing fees.

Indiegogo offers both the donation and rewards-based model, although they highly recommend the use of rewards. It also features a small amount of projects on the front page. Finally, there are no geographical limitations, although there is an extra \$25 fee for transfer of the funds raised to non-US banks.

5.3 Generosity

Generosity is Indiegogo's separate platform for social crowdfunding and is their second attempt at separating social and for-profit projects. Their former platform was called Indiegogo Life; in October 2015 it was renamed and reframed and Generosity was born. In many ways it is built like Indiegogo: campaigns can be donation or rewards-based, it allows the user to post a video pitch although it is not a requirement, features projects both on the front page of the site as well as on their Facebook profiles, and are open to all nationalities, be they individuals or non-profits. Unlike Indiegogo, Generosity does not charge any platform fees, only a payment and processing fee. The fact that it is owned by Indiegogo allows it to offer some of the cheapest services on the market. Backers are encouraged but not obliged to give a contribution to the platform when pledging funds for a campaign.

In spite of the novelty of the platform, it has a relatively high Alexa rating. Some of its current success can be attributed to the fact that Humans of New York has organised four highly successful campaigns (including the Dr O'Reilly campaign), thus generating a lot of traffic and attention.

5.4 GoFundMe

GoFundMe is the leading platform for personal fundraising with the second-highest Alexa rating of the platforms chosen. It has two models. The first is Personal Donation Campaign, in which an individual can campaign for basically anything with no time limits or deadlines for a 5% platform fee and 3-5% payment and processing fees. The second is a Certified Charity Campaign in which all funds are sent to a certified charity through FirstGiving and the campaign can offer rewards; essentially a private individual starts a campaign to support a charity. Due to the partnership with FirstGiving, backers can deduct their contribution on their tax statements. This second model has a fee of 5% as well as a 4.25% FirstGiving fee. There is not a featured project function on the start page, but instead a quick insight into the most popular current campaigns. There are also no geographical limitations on who can back projects, but only certain nationalities can start a campaign (most English-speaking countries as well as euro zone countries –

although European individuals outside of the euro zone like Danes and Swedes have started campaigns on the site by using the euro as currency).

5.5 StartSomeGood

This Australian platform is a small one focused on hosting social change projects. It works with individuals, non-profits, for-profit social enterprises etc.; as long as the goal of the campaign is to make a positive impact in the world, all founders, organisational types, and nationalities are allowed. There are 12 different categories to choose from including Environment, Disaster response, and Community.

It is more involved in individual campaigns than most of the larger platforms. It helps spread the word on all projects by assigning a member of the support team to each campaign and promoting them on the platform's social media accounts.

StartSomeGood offers a rewards-based model with a threshold-pledge system and has a featured project function on the front page of the platform. Unlike the other platforms that do not require campaigns to include a video pitch, this one does. The fee is similar to most other platforms: 5% plus payment and processing fees dependent on the provider. Campaigns that do not succeed pay nothing.

5.6 Chuffed

Chuffed is another Australian platform for socially-conscious crowdfunding campaigns. It is one of the more unknown platforms with only just over 3,000 likes on Facebook and an Alexa rating of over 200,000 (table 5). It allows individuals, non-profits, social enterprises and community groups to launch donations or rewards-based campaigns from their site. There are eight different categories including Social Enterprise, Environment, and Animal Welfare. It accepts backers from all countries but has geographical limitations on campaign creators. Only individuals or organisations based in English-speaking countries, the Netherlands and Belgium are allowed. Furthermore, the campaign must be designed to fund a project with a finite outcome, i.e. continuous funding is not available.

There are two ways in which Chuffed differs from the other platforms described. The first is the concept of "team crowdfunding", in which people can start their own campaigns to aid an already existing campaign. If a social enterprise is afraid that their campaign will not reach enough potential backers, they can use this tool. It allows people in the creator's network to not only support the campaign but also take an active part in it by creating their own campaigns within the main one. All funds will go directly into the main campaign.

The second point of differentiation is the fees charged by the platform. Like Generosity, it does not charge any platform fees. The payment and processing fees charged by these service providers will be paid by the donors rather than the campaign. This means that the campaign will keep 100% of the funds received.

Platform name	Year	Alexa	Facebook	Backers	Projects
Kickstarter	2009	495	1,360,570	10,805,207	106198
Indiegogo	2008	1,185	417,474	10,000,000+	?
Generosity	2015	24,499	7,294	?	?
GoFundMe	2010	1,237	461,196	?	?
StartSomeGood	2011	446,686	8,207	?	646
Chuffed	2013	276,492	3,09	?	?

Table 5 – Platform age, community and size (Source: Alexa (25/05-16), Facebook (25/05-16), platform sites)

Platform name	Scope	Country	CF Model	Payment model	Fees
Kickstarter	Creative	Limited	Rewards	Threshold-pledge	5% + 3-5%
Indiegogo	Creative	All	Donation; rewards	Mixed	5% + 3-5%
Generosity	Social	All	Donation; rewards	Flexible	0 + \$.30+3%
GoFundMe	Social	Limited	Donation; rewards	Flexible	5% + 3-5%
StartSomeGood	Social	All	Rewards	Threshold-pledge	5% + 3-5%
Chuffed	Social	Limited	Donation; rewards	Flexible	0 (backer-paid)

Table 6 – Platform scope, country, models and fees (Source: Platform sites)

6. Case presentation - InnoVentum

The outcome-influencing factors model will be applied to the case of InnoVentum. The following chapter will introduce InnoVentum and analyse its failed Power to the Philippines campaign from 2014 using the model as an analytical tool. This will aid in the creation of a crowdfunding campaign dedicated to shipping the Giraffe to Kiran Village.

InnoVentum is a Swedish company engaged in creating sustainable energy solutions. The company has existed since 2010 and has a range of products within wind and solar energy. Their models are sustainable not only by producing clean energy but also by relying on sustainable materials like recycled metals and responsibly forested wood instead of steel. One benefit of using wood rather than steel is its high absorption-quality: the wood absorbs a lot of the sound from the wind turbine, making its operation practically silent.

Another way in which InnoVentum's products are different from other wind turbines is its focus on the design, the underlying logic behind it being that no one wants to invest in energy solutions that become eyesores to the end consumers. The fact that InnoVentum's products are made from wood and are focused on the design and aesthetics of its products differentiates it from other renewable energy companies (InnoVentum Exam Case 2015; InnoVentum 2016).

InnoVentum has since its beginning relied heavily on input from outsiders. Their products have been designed through collaboration and co-creation with academic networks and hosting of collaborative university competitions, and they make use of input from investors and their network. The personal and professional networks within the company have also been used to gain awareness of future markets.

The Dali PowerTower and the Giraffe are both hybrid models with a wind turbine and solar panels so as to ensure a more stable energy curve (see fig. 11 below).

The Dali PowerTower is a three-legged wooden tower with solar panels at its base and a wind turbine at the top. It is modular and can be installed without use of specialised tools, a crane, or a concrete foundation. It is therefore perfect in remote locations that cannot be reached by heavy transport.

The Giraffe is larger, produces more energy, and is aimed at a more exclusive segment than the PowerTower. It has a four-legged wooden structure shaped, fittingly, like a giraffe (see front page). The body is made up of solar panels and the wind turbine is located at the top of the model's neck. It is large

enough to function as a carport and charging station for an electric vehicle. Its size requires the use of a crane for installation which makes it more expensive to install than the PowerTower. The first Giraffe was installed at the site of the Eurovision Song Contest in Malmö 2013. This particular model is the one being shipped to India which will be discussed in more detail in chapter 7.

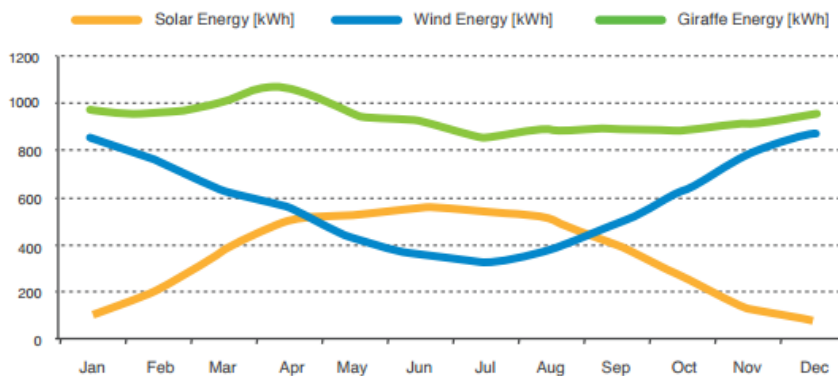


Fig. 11 – Giraffe Energy curve (InnoVentum Giraffe Presentation 2016)

6.3 InnoVentum as a social enterprise

Before delving into an analysis of InnoVentum’s failed crowdfunding campaign, it is necessary to establish InnoVentum as a social enterprise, defined by its innovation, market orientation, and sociality. This section will argue that InnoVentum fulfils all three of these criteria.

InnoVentum’s products are highly innovative both in terms of their use of materials (responsibly forested wood and recycled metals), models (hybrid wind-solar models, some of which can be installed without use of heavy machinery), and design processes (using collaboration with e.g. universities to design their products).

It also fulfils the market orientation criteria: InnoVentum manufactures and sells a product and hopes to make a profitable business from it. It has a clear vision of being the world’s leading brand for truly renewable energy solutions (InnoVentum Presentation 2016), and has products suitable for several different market segments. Their selection of products ranges from the affordable, modular design of the PowerTower for installation in hard-to-reach sites and marketed towards the Power to the People segment to the more exclusive Giraffe marketed towards the Western world. This also means that their products are bought not only by the end-user but also by e.g. NGOs and IOs in markets where its products are too expensive for the end-user.

Before considering the sociality dimension, it is already clear that InnoVentum can at least qualify as an *environmental* entrepreneur even if we were to conclude it is not a social one. Environmental entrepreneurs are to a larger extent based in the for-profit end of the spectrum as a consequence of the high-tech nature of most CleanTech companies which requires a lot funding (Elkington and Hartigan 2008). An environmental entrepreneur's goal is to protect the environment and, hopefully, to make money from doing so.

The question of whether or not InnoVentum is a social enterprise becomes a matter of establishing whether their main goal is profit maximisation or the social and environmental impact it has. *"We are created to do something good... but our form of existence kind of makes us focus on also selling our product."* (Ala Kazlova 2016, timestamp 1:19:40-1:20:33) InnoVentum cannot exist without a revenue stream but its very existence is based on doing good. Ala Kazlova also states that the company is happy when their customers focus more on the sustainability aspect of the products than the purely financial one. Furthermore, some of InnoVentum's products like the PowerTower are specifically designed to aid less well-off communities in the world. Their donation of a PowerTower to the Philippines and their pending donation of a Giraffe to Kiran Village are both examples of the company's desire to do good through the proliferation of their products.

The donation of a PowerTower and the subsequent failed crowdfunding campaign is the focus of the next section.

6.4 Power to the Philippines

In late 2013 the super-typhoon Haiyan hit the Philippines. InnoVentum decided to donate a Dali PowerTower to be installed at the Hills of Grace near Manila. This was done in collaboration with the Swedish NGO Barnmissionen. Barnmissionen has a mission at the Hills of Grace with a child welfare centre, a Children's Village for orphans, as well as several other facilities. The PowerTower was transported to the Philippines and installed at the top of a steep hill. This location proved that the modular and lightweight nature of the model is extremely compatible with projects providing power to the people. A large, steel-based wind turbine/large solar power installation requiring heavy transport, a crane, and concrete foundation could not have been installed at the site. In the midst of this project, InnoVentum decided to install a second Dali PowerTower and fund it through crowdfunding.



Closed

Power to the Philippines

We are looking for funding to produce and install sustainable hybrid wind-solar energy stations in the Philippines disaster areas.



InnoVentum - power to the people
Malmö, Sweden
[About](#) | [Ask a question](#)

\$835 USD raised by 22 backers

2% of \$46,000 [flexible goal](#)



Fig. 12 – Power to the Philippines campaign on Indiegogo (2014)

The campaign went live in the summer of 2014 on Indiegogo and lasted two months. The goal was to reach \$46,000 which would cover the cost of the tower itself, the transportation and installation. Any money donated above the target would go towards installing more PowerTowers in collaboration with Barnmissionen. The campaign featured an almost five minute long video pitch, including footage from the typhoon-struck Philippines, a voice-over by InnoVentum CEO Sigvald Harryson describing the destruction and the need for reliable electricity, and an interview with Bo Wallenberg, the mission director of Barnmissionen's mission in the Philippines. It also featured a presentation of InnoVentum and its products and footage of the children at the mission in the Hills of Grace. The campaign had a text pitch describing why electricity is vital (for e.g. refrigerating medicine, pumping water, access to communication, and light sources) and what the crowdfunded money would go to. There was a special focus on how using trusted partners for transport and working closely together with Barnmissionen meant that none of the funds would go to bribes and corrupt business practices. Finally, it did not offer rewards in the traditional sense; contributions under \$100 would receive good karma; large donations over \$100 would receive an electronic thank you diploma, your name in the project movie, or on the actual PowerTower, depending on the size of the contribution. The decision not to offer rewards was explained by a desire to have as much of the funding as possible go towards the actual project rather than to extraneous costs such as rewards production and shipment fees.

In spite of the effort put into the campaign, it failed quite spectacularly. It only had 22 backers and only reached 2% of its goal - \$835, to be exact. The failure of the campaign will be analysed using the steps in

the outcome-affecting factors model in order to determine what aspects of an InnoVentum crowdfunding campaign should be changed in the future.

6.4.1 Content

The purpose of the campaign was to fund an InnoVentum product, thus making the campaign project-based and continuous funding a non-issue. An underlying goal was also to increase awareness of the company's existence, values, and products, showing the world that it is engaged in providing clean power to the people. Success with a campaign focused on the power to the people segment would cement InnoVentum's role as a true social enterprise. It could also gain awareness in the civil society sector; the Dali PowerTower is a perfect product for NGOs, governments and IOs to buy on behalf of poor communities.

The campaign lasted 60 days which may have been the first mistake as shorter campaigns are more likely to succeed. A 60-day deadline combined with little to no funding activity both sends a signal to backers that the founders are unsure of success and allows backers to consider and reconsider whether or not to donate for a longer period of time.

The project was done in collaboration with Barnmissionen but the crowdfunding campaign was carried out by InnoVentum alone, albeit with participation of the Barnmissionen mission director in the video pitch. It was framed as a non-profit project in the sense that all funds raised, even those going beyond the goal, would go to the installation of the PowerTower. Statistically speaking, as non-profits are more successful, this was the right decision. The non-profit nature of the campaign as well as the thorough introduction to both the situation in the Philippines, the company, and its product are also clear examples of how to signal trustworthiness.

If we go by Mollick's measures of quality – the presence of a video pitch, quick updates, and proper spelling – we start seeing where the campaign may have gone wrong. There is a quite well done video pitch, equally focused on presenting the product as on appealing to its viewers for them to help the Philippines. The text pitch is also well done with no spelling mistakes and a clear structure. However, InnoVentum only made one update on Indiegogo at the end of the campaign. Updates could have been made regarding e.g. the preparation for the installation of the first PowerTower in the Philippines, facts on how the country was faring after the typhoon, facts on how the PowerTower is assembled etc. The updates could possibly have engaged potential backers by giving them more information on the project. Updates were given on

InnoVentum's social media accounts, but as that would not help people in the platform community or third circle become aware of the campaign these updates will not be counted as proper campaign updates.

The final content factor, gender, is a difficult factor to measure as well as gauge the effect of. InnoVentum's CEO is a man; he provided the voiceover as well as an on-screen appeal for support. Barnmissionen's mission director at the Hills of Grace, who was interviewed about the devastation, is also a man. Finally, InnoVentum Sales Director Morgan Widung was also interviewed. The three people asking for support were therefore male. However, the picture of the campaign was of a Filipina girl (see fig. 12) and the project itself – that of helping those in need, children in particular – is traditionally feminine (insofar as we can establish charity work as being feminine and profit-oriented entrepreneurship as masculine (Fischer et al 1993)).

Was the failure of the campaign due to the fact that men happened to be the ones in charge? Of course not. If we go by Radford's notion that it is not the actual gender but how you *do* gender that will affect the outcome, the language and narrative in the campaign are more likely to have been a factor.

The first part of the text is a short summary of the situation in the Philippines and the need for electricity in disaster areas. Then it describes the Dali PowerTower, InnoVentum, and InnoVentum's already established relationship with the Philippines.

The second part of the text is about the campaign goal. It goes into more detail on what the \$46,000 will cover, how they will avoid paying out bribes, the use of any funds gained above the goal, and how you could follow the process on either Facebook or InnoVentum's own website. It then goes on to explain its reasons for not having an actual rewards system.

The next part of the text is about the impact of installing a PowerTower in the Philippines in terms of number of people affected in the local community, how the community usually got electricity, and how a PowerTower would generate more, cleaner, and more stable energy.

The final part is about how backers and other interested parties could share the project on other social media sites.

As the main purpose of this case is not to give an in-depth analysis of the failure of this campaign, it will not delve into a textual analysis using the word suggestions from table 3. Instead, it will simply conclude based on the structure and content of the text pitch that, overall, it is quite business oriented, using the text to explain more about the electricity needs and logistics than about the emotional impact of a typhoon or PowerTower donation. The video pitch is by far the more emotional part of the campaign as it shows

footage of both the destruction and the people affected, albeit even that is quite focused on the product and the good it will do, not the specific people it will help.

One way of including more emotionality and more gendered language and story-telling would be to choose a single or at least just a few victims. The identifiable victim effect (Jenni & Loewenstein 1997) is the theory of how people are more inclined to donate to a cause benefitting one identifiable victim rather than a large group. *“The death of a single Russian soldier is a tragedy. A million deaths is a statistic.”* (Joseph Stalin, quoted in Jenni & Loewenstein 1997, p. 235). Applying this phenomenon to the Power to the Philippines campaign, using one child as a representative of the community, showing the effect of Haiyan on her daily life, and showing how the installation of a Dali PowerTower in her village would positively change her current situation, might have been a good way of providing more emotionality to the campaign. It is important to remember that most crowdfunding backers, particularly those backing philanthropic campaigns, are highly motivated by the good feeling they get from backing a project.

The idea of focusing on gendered (as in feminine) language and narrative becomes more complex if we remember the conclusions reached by Radford (2015) that using the language of the dominant gender in an industry is a valid indicator of success. If we consider the Power to the Philippines campaign not as philanthropic but rather as a CleanTech product campaign, the language used by InnoVentum may actually have been the proper choice. In that case, however, the campaign would have been better off if it had chosen to include a picture of either the company’s logo or the Dali PowerTower as the front cover rather than the Filipina girl.

6.4.2 Crowd

This leads us to the crowd attracted by the campaign. The campaign never made it out of the first two circles of support (see table 7). Furthermore, it was only InnoVentum’s circles that backed the campaign; no Barnmissionen sponsors backed it. The campaign therefore failed in creating any kind of path dependency.

Power to the Philippines backers	
InnoVentum Team	4
Investors	5
Friends/partners	7
Friends of friends	7

Table 7 –Power to the Philippines backers (Ala Kazlova e-mail 2016)

Country ↕	Amount ▼	Contributions ↕	Visits ↕
United States	\$410	8	1,912
Europe	\$255	7	305
Sweden	\$110	4	196
France	\$25	1	73
Netherlands	\$25	1	52
Brazil	\$10	1	3
Philippines	\$0		926
Germany	\$0		80
Canada	\$0		42
Italy	\$0		40

Table 8 – Power to the Philippines visits and contributions (source: Ala Kazlova e-mail 2016)¹

A little buzz was created if we consider the number of people who visited the campaign (see table 8). Most of the visits were from the USA (the host country of the platform and the most active crowdfunding country (Massolution 2013)) and the Philippines. However, in spite of the overwhelming visitor presence not a single donation was made by Filipinos.

InnoVentum used its social media presence to promote both the project (i.e. the installation of the first PowerTower donated by the company itself at the Hills of Grace) and the campaign for the second tower but did not reach farther than their first two circles of support. One way of achieving better results might have been to partner with Barnmissionen in creating and hosting the campaign. It could have lent more legitimacy as it would have signalled both the non-profit nature of the campaign and established InnoVentum as a legitimate company simply due to its partnership with an established NGO. Even without an actual partnership Barnmissionen could still have contributed more by posting about the campaign on their social media accounts which would have made the campaign more visible and attractive to Barnmissionen's network, in particular its existing donor base. While Barnmissionen's Facebook only has 2340 likes as of 11/05-16 (a number which most likely was smaller in the Spring of 2014) there is a steady stream of activities and its followers are somewhat active with between 18 and 71 likes and a few comments on each post in all of 2016. Going back to the spring of 2014, there is only one mention of the

¹ Please note that the number of US donations is wrong. It is assumed that all credit card contributions were attributed to the US (Ala Kazlova e-mail 2016)

Hills of Grace installation (Barnmissionen Facebook 23/04-14) and no mention of the crowdfunding campaign at all.

It should be noted that even if Barnmissionen were to support the campaign more overtly than they did, it would not be a guarantee of success. The values of Barnmissionen's existing donor base may not correlate with that of InnoVentum: they support the organisation to ensure the health and education of children in, among other places, the Philippines. Correlating that mission with that of ensuring steady access to clean electricity could be difficult, as electricity is considered a luxury rather than a necessity in those parts of the Philippines (Ala Kazlova 2016, timestamp 46:32-50:43).

6.4.3 Platform

The platform chosen for the campaign was Indiegogo, one of the biggest rewards-based crowdfunding platforms in the world. One of its advantages is its geographical availability: it is open for all nationalities both for founders and backers and claims to have projects from 223 countries and territories (Indiegogo 2016). The group of potential backers is therefore not limited by geography. It is used by both for-profits and non-profits and offers several different categories in which to launch a campaign. The Power to the Philippines campaign was hosted in the "Environment" category; it could also have been launched from the "Community" category had the campaign had a larger focus on the community being helped rather than the product being installed.

In spite of the size of Indiegogo and its community, the campaign failed in leveraging the platform community. It might be assumed that most of the visitors from Europe, especially the 196 from Sweden, were from InnoVentum's two first circles of support and not actual members of the platform's network. We can also assume that most of the visits from especially the USA were part of the platform's network in some way; people who started on the front page on Indiegogo and decided to go look at the projects offered. The visitors from the Philippines may have done the same and searched for projects directly related to their home country, or may have been made aware of the campaign through local media or their personal networks.

As Indiegogo recommends offering rewards, the campaign offered a symbolic tier of rewards. Such a tier works quite well on social platforms, but on Indiegogo it simply means that this tier will be in direct competition with the tiers of other campaigns which are able and willing to offer actual rewards rather than simply symbolic ones.

InnoVentum chose to use the flexible funding payment method in which there were different fee levels depending on whether the campaign succeeded or not. As it proved unsuccessful the company was forced to pay a larger fee, and the total amount reached after platform, PayPal and credit card fees were paid was \$732.08. The fact that there were fee differences prompted InnoVentum to use it as a motivational factor in the campaign: *“Please note that Indiegogo charges a higher percentage for service if we do not reach the goal, so it is in your and our interest to reach the target and allocate as much money as possible for the good cause!”* (Indiegogo – Power to the Philippines 2014).

The choice of platform may have been wrong for a campaign like this. The size of the platform, its for-profit focus, and the rewards-based model means that it would be in direct competition with a lot of campaigns, some of which would be able to offer actual products as rewards. Furthermore, the community on Indiegogo is not necessarily focused on the philanthropic nature of crowdfunding. While backers are to some extent motivated by a desire to help others, this desire often applies more to helping start-ups or aiding in the creation of entirely new products. Some backers also go on crowdfunding platforms with the express purpose of using it as a pre-order mechanism: finding an interesting new product and ordering it via the campaign (Haas et al 2014 in Brüntje and Gajde 2016; Belleflamme et al 2014). Finally, the size of the platform decreases the likelihood of being featured on the front page of the site. There are many contenders for those spots and a lot of them feature a new product rather than an existing one.

All in all, the Power to the Philippines campaign may have failed due to a multitude of reasons. The choice of platform and crowdfunding model, the business language and focus on the product rather than an identifiable victim, the lack of social media support from Barnmissionen, and the lack of updates on the campaign site itself were all contributing factors. All of these factors should be taken into consideration in a new campaign launched by InnoVentum, as well as any differences in context.

7. The donation of the Eurovision Giraffe

After the 2014 failure of raising funds for the Power to the Philippines campaign, InnoVentum continued to focus on the design and marketing of the Giraffe, launching the Giraffe 2.0 in December 2014. They also established a Dalifant (an 8-legged wind turbine) at a farm in Sweden, installed turbines in Sri Lanka as part of an agreement with Asian Development Bank (ADB), signed a long-term contract with UNDP “to supply [their] systems whenever there is a kind of need for systems like [theirs]” (Ala Kazlova 2016, timestamp 20:58-24:29), and made agreements for new installations in Sweden, Switzerland, and Madagascar (InnoVentum 2016). The project in Madagascar is of particular interest, as it led to the idea of moving the Eurovision Giraffe away from its unused Malmö site to somewhere it might do some good. The proposed but ultimately failed crowdfunding campaign planned for this project will lay the groundwork for the Kiran Village campaign to be analysed in section 7.3.

7.1 The Mandiavato project

The Madagascar installation will be a Dali PowerTower installed at a small village called Mandiavato, situated in the middle of the island. The PowerTower will be connected to a nunnery in the village owned by the *Petites Sœurs Missionnaires de la Charité* (the PSMC Sisters). The nunnery runs a care clinic and school for the local community and the PowerTower would provide electricity for the nunnery, the clinic, and the school. The costs for this project will be covered by the donor Jean-Philippe Deschamps, an academic and entrepreneur who decided to donate the fee he received from a lecture. Instead of simply donating money to an organisation, he decided to donate a Dali PowerTower through the French charity *Réseau des Entrepreneurs Solidaires* (RES) (Ala Kazlova 2016, timestamp 44:53-46:20). The price would include the cost of goods sold of the tower rather than the market price, as well as transportation and installation costs. The project is to start early summer of 2016.

During the planning of the project, the back-up generator at the PSMC Sisters’ nunnery broke. Talk then began of InnoVentum supplying the nunnery with yet another InnoVentum product to replace the faulty generator. Malmö City, owning half of the Eurovision Giraffe, was contacted to see if they would be willing to part with the Giraffe. Meanwhile, RES was contacted to secure information on how great the extra electricity need would be after the installation of the PowerTower.

Malmö City agreed to donate the Giraffe. An idea arose to fund the de-installation, repairs, transport and installation through a crowdfunding campaign. It was decided to launch it on Generosity for reasons that will be described in section 7.3.3. Decisions were also made to include RES and/or the PSMC Sisters in the campaign to make it more believably non-profit; to create a compelling narrative in the text pitch rather than a video pitch; to make regular updates, possibly video updates, and to allocate some funds to boost the campaign on social media (Ala Kazlova 2016; decisions made throughout the interview). However, before InnoVentum could move beyond these initial discussions and decisions on how to frame such a campaign, a few roadblocks came into existence (Mandiavato e-mail correspondence 2016):

- The village of Mandiavato is in a remote location unreachable by heavy transport. As the Giraffe requires heavy transport as well as a crane to install it, installing it in the village therefore became impossible. A decision was made to ask RES, which has multiple projects in Madagascar, to find another nunnery that might want the Giraffe. The idea was that transporting it with the PowerTower and installing both models during the same trip to Madagascar would create synergy by limiting transportation costs and travel expenses.
- InnoVentum was informed that the nunnery's electricity needs would be almost completely covered by the PowerTower and that they would rather have the generator repaired as a back-up solution.
- The discussion on how to frame the crowdfunding campaign reached the conclusion that in order to be successful it would have to be co-hosted by the PSMC Sisters or, more likely, RES. A for-profit company, even a social enterprise like InnoVentum, asking for funds to ship a product to Madagascar could send the wrong signals. *"[I]t will be very difficult to make people sympathise with a company"* (Ala Kazlova 2016, timestamp 06:57-08:19). However, when asked about joining, RES vehemently declined being in any way associated with a crowdfunding campaign as the nature of crowdfunding (or what they call *"push marketing"* (Edouard Montier in Mandiavato e-mail correspondence 2016)) went against the values of the organisation.
- Furthermore, RES works by having their nunneries come to them with requests. RES does not assess what is needed and make unilateral decisions on their behalf. This meant that they could not decide to simply install the Giraffe at one of the locations in Madagascar, nor would they present the idea to the nuns. Instead, a request for help would be made independently by the nuns at which point RES would investigate possible solutions. There was no guarantee that any of the nunneries would actually make a request for an energy source in the near future, nor that RES would decide to accept the Giraffe. InnoVentum therefore decided to find a different site with an organisation that might be willing to engage in a crowdfunding campaign.

7.2 Kiran Village

InnoVentum decided to ship the Giraffe to Kiran Village, a small community in India close to the sacred city of Varanasi. It is an organisation dedicated to the treatment, education and promotion of differently-abled and marginalised children. It provides education, rehabilitation, vocational and skills training, as well as outreach and awareness campaigns in the local community to increase awareness of the plight of differently-abled people and to reduce the stigma surrounding them. It is a relatively large community with 15+ buildings (including classrooms, a canteen, administration offices etc.) The area also includes fields in which they keep dairy cattle and grow their own rice, wheat, and vegetables. The size of the area means that the Giraffe would not be able to cover the entire electricity need of the community, but it could help reduce the electricity bill, thus opening up room in the budget for other activities. One estimate is that the yearly savings would only be around €1,000 (\$1,100), however in the case of grid failures *“the Giraffe will continue to supply energy”* (Julian Daligault in Kiran Village e-mail correspondence 2016).

Kiran Village was founded in 1990 by its current director, Sangeeta JK, who is originally from Switzerland. Throughout the years it has grown from a small school for differently-abled children to a large community in which currently almost 450 children are being helped. They are reliant on donations and have several partnerships with different NGOs that support them, as well as a multitude of ways in which people can donate directly to the village. One way is by providing food for the children. Through the “Project 365 Days” you can pick a day, for instance your birthday, to sponsor the children’s lunch. A day’s lunch costs 2,000 rupees (about \$30) (Kiran Village.org 2016).

One of the organisations supporting Kiran Village is the French NGO Fidei which is dedicated to facilitate access to education for disadvantaged children. Fidei is also the organisation in touch with InnoVentum regarding the installation of the Giraffe in Kiran Village. They have been highly enthusiastic about the possibility of reducing the high electricity bill in the village (Kiran Village e-mail correspondence 2016).

7.3 The Kiran Village crowdfunding campaign

The process through which this campaign was designed was not entirely sequential as e.g. the decision to use Generosity and to frame it as a non-profit through partnering with an NGO had already been made when discussing the Mandiavato campaign. As some of the groundwork had already been done and the fact that the Mandiavato and Kiran Village projects are quite similar (installing the Giraffe in a community aiding the poor/disadvantaged, supported by an NGO), this shortcut felt natural. However, the rest of the

decisions were made following the content-crowd-platform model. The campaign itself will be presented after all three dimensions have been analysed and implemented.

7.3.1 Content

7.3.1.1 Purpose

The purpose of this campaign is to raise funds for the transportation and installation of the Eurovision Giraffe to Kiran Village. While the Giraffe will not be able to cover all electricity needs of the community, it should reduce the utilities bill and provide a stable energy source and pedagogical tool for learning about sustainability. The advantages the campaign presents for InnoVentum include publicity and gaining access to the potentially lucrative market of India through collaboration with a well-established NGO, as well as the feeling of having done something good.

7.3.1.2 Timeframe/continuous funding

The next decision to make is the question of a timeframe and continuous funding. It was quickly decided not to make this a continuously funded crowdfunding campaign, as Kiran Village already has a lot of fundraising tools at their disposal. The Kiran Village-InnoVentum project is exactly that: a project. It is a way for InnoVentum to donate a Giraffe that went unused while getting some publicity from it, and a way for Kiran Village to get a stable energy source. There is a chance that if this project is successful, InnoVentum would install more Giraffes in the community using locally-sourced wood and manufacturing the Giraffes onsite (Julian Daligault in Kiran Village e-mail correspondence 2016). In that case, a continuously funded campaign in the future could make sense if the goal was to secure funds to install several InnoVentum products. A new model would then be installed every time the campaign reached a certain amount.

As that is not the case with this campaign, it will be carried out with a set deadline. To create as much energy as possible it was decided to only run it for one month. Furthermore, InnoVentum wants to allocate some funds to boost the campaign's visibility on social media; spreading out these funds for several months might decrease the effectiveness of these tools. With a 30 day campaign it also becomes easier to plan e.g. weekly updates and provide actual content in them. Having to provide updates throughout a 2-, 3- or 6-month period means that some of the updates will be without any real substance, as there most likely will not be a lot of news on the project before the end of the campaign.

7.3.1.3 For-profit vs. non-profit

Due to the decision to use the Generosity platform, the project would automatically be framed as a non-profit as for-profit campaigns are only allowed on Indiegogo. This is beneficial in several ways: it encourages InnoVentum to co-host the campaign with Kiran Village², gaining legitimacy through the collaboration; this collaboration automatically expands the first two circles of support; and finally, as has already been shown, statistically speaking non-profits are more successful than for-profits. Seeing as the whole purpose of this campaign is philanthropic – getting publicity is merely a valued side effect – it is beneficial for the campaign to have it framed as a non-profit. This way there will be little to no doubt in the minds of the backers whether there are any ulterior motives behind the campaign or whether the funds pledged will actually go to the project.

Had the motivation of receiving some publicity from this campaign not been present, it might have been hosted entirely by Kiran Village. However, in this case it is important to present both InnoVentum and its products as more than simply a provider of a product but as an actual partner.

7.3.1.4 Trustworthiness

The non-profit status, the collaboration with Kiran Village and Fidei, and the use of Generosity can all contribute to the campaign's trustworthiness. Giving clear information on who the parties involved are, who the Giraffe and the subsequent utilities reduction will help, and how exactly the money will be spent, including how any funds beyond the goal will be donated directly to Kiran Village, will also be crucial in signalling trustworthiness. Finally, having regular updates can both be used as a signal of trustworthiness and quality. Updates could include small video clips from Kiran Village or a short video about InnoVentum shot at the current location of the Eurovision Giraffe. Updates could also inform backers of e.g. the date for the transport, having reached a certain funding milestone, or showing where the Giraffe would be installed.

7.3.1.5 Quality

As mentioned earlier, it is difficult to signal quality to a heterogeneous crowd. When discussing the Mandiavato project, based on InnoVentum's experience with the Power to the Philippines campaign, Ala Kazlova believed that the target audience would not be found in the local community and should instead *"be targeted towards the West"* (Ala Kazlova 2016, timestamp 55:52-56:54). This campaign might be

² Albeit Kiran Village has not yet officially agreed to co-host the campaign, this thesis will create the campaign under the assumption that it will. In case it does not agree, the campaign will be launched in collaboration with Fidei instead.

slightly different. The Kiran Village organisation already has an extensive support network, some of which is local, and has a functioning outreach and awareness programme in the community. Some support might therefore be local, and the campaign should not be completely Western-oriented. However, when it comes to a philanthropic campaign like this the differences in what constitutes good quality signals are not too vast. Focusing on an identifiable victim (Jenni and Loewenstein 1997) like including a picture of one or a group of the kids being helped at the village and describing how gaining a source of free, renewable energy would aid these children is a good place to start.

Other indicators of quality include the number of updates, spelling, being featured on the front page of Generosity, and having a video pitch. Being featured on the front page might be something InnoVentum actually can control, as the front page of Generosity features the popular campaigns. Ensuring that there is activity in terms of pledges made right after the launch seems to be one way of being featured, although exactly how Generosity's popularity algorithms work is not completely clear.

The final indicator was the presence of a video pitch. This quality indicator might not be as important for a philanthropic campaign as for-profit campaigns. A video pitch from InnoVentum would no doubt be high quality, as was the one for the Power to the Philippines project. However, a good video pitch requires time, effort, and money. The best possible video pitch might include footage from Kiran Village, possibly an interview with Sangeeta JK and a group of children to be considered the identifiable victim in the campaign. It would also include footage of the Giraffe at the Eurovision site and possibly some graphics showing its trip from Sweden to India or how the turbine and solar panels work. All of this costs money. While it might signal quality to potential backers, it might also make them more sceptical. If InnoVentum has the funds to donate an expensive product like the Giraffe *and* to create an expensive video, then why does it not simply pay for the transportation and installation on its own? As the framing of this campaign is deliberately to be non-profit with Kiran Village front and centre, having an excellent video pitch might actually damage the coherence of the message and provide negative publicity to InnoVentum.

Alternatively, it might do the opposite and work as a perfect signal of quality as theorised, however as InnoVentum has so far not had any luck with crowdfunding they are somewhat sceptical of the effectiveness of crowdfunding for a social purpose that does not offer rewards. Spending a lot of resources on a video pitch in yet another donations-based campaign that might not work was therefore considered a bad idea.

7.3.1.6 Gender

The final content factor to consider is gender. As female crowdfunding campaigns are statistically more successful, especially relatively small projects and those with female-skewed language and narratives, it would be beneficial for the campaign to include more feminine language and narrative in the text pitch than the Power to the Philippines campaign did. More specifically this would involve:

- Having less business language and more positive and inclusive language. As this campaign will be done in collaboration with NGOs whose focus skew more towards helping people than the environment (although the two are not mutually exclusive, helping the disadvantaged get an education is the core mission of both Fidei and Kiran Village), it is not relevant to consider it a CleanTech campaign. Using predominantly male language (assuming that CleanTech is an inherently masculine industry (Golden 2016)) would therefore not correlate with either the purpose of the campaign nor with the target audience.
- Focus less on the Giraffe's components and capabilities, focus more on what the arrival of the Giraffe will mean for Kiran Village in general, the identifiable victim in particular.
- State explicitly in the narrative that Kiran Village was founded and is run by a woman and that it helps empower not only the differently-abled but also girls and women in India.

7.3.2 Crowd

The choice of content, particularly the narrative and language to be used in the campaign, will affect who the campaign will consider as its target audience. This dimension is crucial to the success of the campaign, as the funding for the project will come from this crowd.

7.3.2.1 Buzz and path dependency

The campaign aims to generate buzz and hopefully some kind of path dependency. As opposed to campaigns in which the goal can somewhat easily be reached simply through the pledges from your first two circles of support, one of the purposes of this campaign is to generate good publicity for InnoVentum. Going beyond InnoVentum's own two circles is therefore essential. One of the most important tools for creating buzz, besides managing to get attention in either traditional or social media, is quality signals. As it has been decided that the campaign will not include a video pitch, the more relevant signals is a coherent narrative with proper spelling and quick updates. Another signal can be

the support from other backers due to the Matthew Effect. Path dependency can therefore be both a *result* of quality signals and an *actual* quality signal in its own right. There is of course no guaranteed way to create path dependency, but one way is to get early contributions from your first circle of support and to create an effective social media campaign.

7.3.2.2 Personal and professional networks

Collaborating with Kiran Village and Fidei means that the first two circles of support are potentially larger and more diverse than if InnoVentum had launched the campaign alone. If the two organisations agree to leverage their networks, both personal and professional, in the beginning of the campaign, it should increase the chances of creating path dependency and reaching the third circle. This can be done using social media (see section 7.3.2.4). Reaching the third circle would mean that the campaign and the products of InnoVentum have reached a wider audience.

7.3.2.3 Distance sensitivity

Having three potential sets of first and second circles of support will most likely have an effect on the geographical dispersion of the first backers. In the Power to the Philippines campaign most of the backers were from Europe, especially Sweden. If InnoVentum and the two organisations (as well as possibly the support organisation for Kiran Village IKFA or Malmö City) leverage their networks, we could expect to see backers from especially Scandinavia (InnoVentum, Malmö City), France (Fidei), Switzerland (IKFA), the US (Generosity) and India (Kiran Village). Using Generosity as a platform also eliminates any potential geographical barriers, as it allows backers from all countries.

7.3.2.4 Social media

A way of leveraging the first two circles of support early in the campaign is to share it on social media and encourage people to support and share. If possible, sharing it not just on InnoVentum's own Facebook page but also its employees' pages as well as those of Fidei and Kiran Village could help with the spread of the campaign. As neither Fidei nor Kiran Village seem to be very active on Facebook, they might also share the campaign on their respective websites and any newsletters they might send out before and during the campaign. InnoVentum will allocate some funds to increase visibility on e.g. Facebook and will share the

campaign as well as its updates on all social media sites (Facebook, Twitter, YouTube, Instagram, and LinkedIn) (Ala Kazlova 2016, timestamp 51:28-54:45).

7.3.3 Platform

The platform Generosity had already been chosen during the initial Mandiavato campaign creation. It is still relevant to go through the decision-making process as the choice of platform and crowdfunding model is an important tool in creating a coherent message and reaching the targeted crowd. The applicability of the platforms analysed in chapter 5 are presented below.

1. Generosity

- Good geographical availability, flexible funding, no platform fees. Good visibility but not too big either. Donations-based and a symbolic tier work well. Subpar communications structure.

2. Chuffed

- Limited geographical availability. Quite small. Otherwise excellent: flexible funding, no fees at all, (payment fees charged to donors) good communications structure.

3. GoFundMe

- Large and well-known. Both models available. Flexible funding, industry-standard fees. Used a lot for personal crowdfunding so a professional campaign might stand out. Subpar communications structure.

4. Indiegogo

- Good geographical availability and flexible funding. Industry-standard fees and too big for donations or a symbolic rewards tier. Subpar communications structure.

5. StartSomeGood

- Good geographical availability, but quite small and unknown. Threshold-pledge system, video pitch requirement, and industry-standard fees all make it less applicable to the campaign. Good support and publicity system, though.

6. Kickstarter

- Not available for charity campaigns. Threshold-pledge system and industry-standard fees. Too big for a symbolic rewards tier to work. Positive aspects include its reputation and communications structure.

Table 9 – Platforms ranked by its applicability to the Kiran Village campaign

7.3.3.1 Community

The size of the Generosity community is difficult to determine. Over 7,000 people like the site on Facebook, and the most funded campaign, the Dr O'Reilly Campaign, has almost 102,000 backers as of May 21st 2016. While the huge number of backers can probably be attributed more to the campaign founder, Humans of New York, than the actual platform, it shows that the site can handle traffic of a larger scale and that a large number of people, while possibly not being repeat backers, are aware of Generosity's existence. The Alexa rating is also quite high if we take into account the newness of the platform, indicating that there are more visitors on the site than on other social crowdfunding platforms like StartSomeGood or Chuffed. In general we can therefore conclude that the potential backer base found on Generosity is relatively large.

The communication features on the platform are not particularly helpful in leveraging the Generosity community. There is no forum on a campaign's site in which people can comment, ask questions and in other ways engage with fellow backers and the campaign creator. There are "share" features allowing backers to share the campaign via e-mail or on Facebook and Twitter, but there are no tools for the creation of a sense of community on the platform itself. The only way in which InnoVentum can properly leverage Generosity's members is therefore in the campaign presentation – having an interesting title and picture to incite initial curiosity and presenting the campaign in a coherent and compelling narrative. Smaller sites such as Chuffed or StartSomeGood provide more tools, e.g. campaign specific forums (Chuffed) or having a specific member of the platform staff allocated (StartSomeGood), sharing your campaign on the platform's own social media pages. However, as both StartSomeGood and Chuffed are quite small (Alexa ratings of 276,492 and 446,686 respectively) and either have geographical limitations or charge fees as large as the ones being charged by for-profit platforms, Generosity was still deemed the better choice.

As the most successful campaigns on the platform are the ones launched by Humans of New York, one way of ensuring maximum visibility is to launch a campaign around the same time as a Humans of New York campaign and in the same category (e.g. the Community category). Potential backers browsing the site after supporting Humans of New York can then easily see the Kiran Village campaign.

7.3.3.2 Size and scope

Generosity is a platform designed for "[s]ocially minded fundraising for causes big and small" (Generosity 2016). It is for individuals and non-profits; a campaign made by a for-profit company is not allowed. This includes campaigns made by social enterprises in which any proceeds from the campaign would go towards the project itself or the organisation it aims to help (Generosity Support e-mail 2016). Generosity is as reluctant to publish site statistics as its parent site Indiegogo. The size of the platform in terms of number of projects launched, members, or success rates is therefore unknown. We can only rely on the same factors as we did when considering the platform community: Alexa rating, Facebook likes, and the size of its biggest campaigns (\$3+ million). Its Alexa rating is significantly higher than the similar platforms of StartSomeGood and Chuffed but nowhere near the three large platforms of Kickstarter, Indiegogo and GoFundMe. In terms of Facebook likes, Generosity is once again overtaken by the three large platforms, as well as StartSomeGood which in spite of its low Alexa rating has about 1,000 more Facebook likes.

One of the reasons why we consider size as a factor is to determine whether people are familiar with and trust the platform. As Generosity is connected to Indiegogo as well as a hugely popular blog like Humans of New York, its actual size is not particularly significant. We know that it has the manpower and site specifics to handle large campaigns and that even if people are unaware of Generosity's existence, they will trust it due to its connections to Indiegogo and Humans of New York.

7.3.3.3 Crowdfunding model

The Power to the Philippines campaign used a rewards-based model although the rewards were symbolic in nature. Due to the failure of this campaign, InnoVentum has been sceptical of crowdfunding campaigns in which no actual rewards are offered. A successful campaign offering physical rewards would require extra funds and manpower to invest in the production and distribution of these rewards – manpower InnoVentum does not have (Ala Kazlova 2016, timestamp 09:34-13:29; Ala Kazlova e-mail 2016). This desire to avoid a rewards-based campaign was one of the reasons for framing it as a non-profit campaign in collaboration with Kiran Village. Launching from Generosity which offers both donations- and rewards-based models is therefore fitting. The campaign launcher can decide whether to include a tier of rewards or not. Some of the most successful campaigns did not or only included a humorous, symbolic tier like the Dr O'Reilly campaign.

The symbolic tier of rewards might be used in this campaign by for example representing what the saving in utilities could buy. However, as the campaign goal is currently €15,000 (\$17,000) and the yearly estimated savings the Giraffe would provide represents only \$1,100, the symbolic value of such rewards would be uncertain. A better solution could be to simply present the savings in terms of what Kiran Village can buy when they don't have to pay for the transportation and installation themselves, like wheelchairs, computers or school books. Another solution could be to simply not include a rewards tier at all which has been a proven successful strategy on Generosity.

7.3.3.4 Payment model

One of the large differences between this campaign and the Power to the Philippines campaign is the funding goal. \$46,000 is a large amount of money and without some kind of evidence of path dependency forming potential backers would be reluctant to contribute to the campaign due to uncertainty of its success. Add to this the use of Indiegogo's flexible funding and people might even feel that their money

would be wasted if the campaign failed. The fees on Indiegogo meant that InnoVentum only received \$732.08. The objective for the Kiran Village campaign was therefore to use a platform that would allow the company and the partner organisation to keep as much of the raised funds as possible.

The current estimated funding goal is \$17,000, by far a more attainable goal. Generosity also makes use of the flexible funding model but without the fees Indiegogo charges. Furthermore, making it explicit in the narrative that the funds will go to Kiran Village regardless of the outcome of the campaign will also aid in ensuring that backers do not feel like their money is wasted.

Using a threshold-pledge system was never seriously considered. On the one hand, using this payment model tends to reduce insecurity as backers are ensured that their pledge will only be withdrawn if the campaign is successful. Backers can therefore feel more secure that the money they contribute will go to the actual project. However, as was already discussed this motivation might not be as prevalent when it comes to philanthropic campaigns as backers of failed flexible funding campaigns will not feel that their money has been wasted if they know that it will go to the non-profit regardless. If the funding level reached in the campaign is not enough to carry out the project, the funds will at least go towards some other aspect of the organisation that will benefit the identified victim. In this case, the organisations involved in the project are determined to find the funds somewhere, should the campaign fail (Kiran Village mail correspondence 2016).

As InnoVentum wanted to ensure that they would get at least some of the transportation and installation costs covered, as well as to ensure that the resources used on the campaign in terms of e.g. manpower and social media spending would be kept relatively low, it was decided to use a flexible funding model.

The main reason for choosing Generosity was its flexible funding model as well as its lack of platform fees. Even social platforms like GoFundMe and StartSomeGood charge industry-standard fees. Of the platforms examined in this thesis only Chuffed and Generosity offer services with no platform fees. A campaign on Generosity is therefore only charged the payment and processing fees. Chuffed even charges these payment fees to a campaign's backers rather than charging the campaign itself, allowing it to keep 100% of what it accumulates. At first sight the latter payment model is excellent for the campaign. However, forcing backers to pay a fee on top of the money they want to donate might discourage some of them from supporting the campaign. If you want to donate \$5 but then will be charged \$5+\$0.30+2.0-2.9% (Chuffed.org FAQ 2016), you might not trust the platform, even if the amount to be paid in fees is miniscule. To be fair, as an attempt to minimise this sense of mistrust Chuffed does provide detailed information on these charges in its FAQ as well as when you reach the payment site.

7.3.3.5 Geography

As Generosity is owned by Indiegogo there are no geographical limitations. This means that whether the campaign is created in Sweden, Denmark, France or India, it will still be allowed on the platform. Chuffed, one of the better platform options for the Kiran Village campaign, is only for campaigns launched by people or organisations based in Australia, the US, the UK, Canada, the Netherlands or Belgium and is therefore not applicable to this campaign. Of the platforms examined in this thesis only Indiegogo, Generosity and StartSomeGood have no geographical limitations. This further cements the choice to use Generosity.

7.3.4 The Kiran Village campaign summed up

The Kiran Village campaign aims to raise funds for the transportation and installation of the Eurovision Giraffe to India and give publicity to InnoVentum. It will make use of the platform Generosity which offers some of the lowest fees on the market and a flexible funding payment model, allowing the campaign to keep as much of what it earns as possible. As it is only possible to use Generosity as an individual or non-profit, the campaign will be co-hosted by Kiran Village. InnoVentum will do most of the work, but Kiran Village will allow the use of its name and bank account into which the funds will be transferred. This partnership will also aid in the legitimacy and trustworthiness of the campaign alongside frequent updates and transparency in terms of how the money will be spent.

The goal will be to raise \$17,000 in a month. Strategically, the best time to launch would be while a Humans of New York campaign is running as traffic on the platform is bound to be higher during this period, possibly allowing InnoVentum to leverage the platform's community of backers.

The campaign will not rely solely on the Generosity community: InnoVentum, Kiran Village and Fidei will spread the word to not only InnoVentum's network but also the two organisations' stakeholders and members. Updating quickly and regularly as well as mentioning the campaign on social media frequently will help leverage the first two circles of support. If these circles donate enough in the beginning it may create the illusion of path dependency, potentially attracting other backers from the third circles. Encouraging people in the organisations' personal networks to both support and share the campaign is therefore key. Furthermore, InnoVentum will allocate some funds to increase the visibility of its posts on Facebook while also sharing the campaign on their other social media platforms.

The project will not be presented by means of a video pitch due to resource constraints: investing too much in the campaign will negate the purpose of it, as those funds might just as well have been spent on the

project itself. This is also the reason why it will be a donations-based campaign. Physical rewards would require spending too much time and money on their creation and distribution. A symbolic tier of rewards would be possible, but as no research has yet been done to prove that *symbolic* rewards work better than donations in philanthropic campaigns it was decided not to include them.

Instead, the campaign aims to motivate backers through a compelling narrative describing how a Giraffe can provide stable energy in Kiran Village. Using an identifiable victim in either the text pitch or the updates and describing how she will benefit from the Giraffe is one possibility, although that requires Kiran Village to do some more work than simply provide the name and bank account. It would mean choosing a child, describing her in detail, and taking pictures as well as possibly video to be uploaded in the text pitch or in the updates.

This focus also should not detract attention from the fact that the Giraffe will help an entire community of differently-abled children, not just one child. She should be framed as an example, not as the story in and of itself. In the proposed campaign (appendix 1), therefore, a picture of a group of children and teachers has been chosen to represent the campaign. A single identifiable victim can then be presented in the updates. This strategy was used by the Dr O'Reilly campaign in which every new update tells the story of a patient at the hospital to be supported by the campaign (Generosity – Dr O'Reilly 2016).

Finally, the gender of the campaign can arguably be considered to be female; the language and content should therefore reflect this. Choosing a girl as the identifiable victim and making explicit the fact that Kiran Village is founded and run by a woman is one way to do so; making the language of the text pitch focused less on business and more on inclusivity and positivity is another.

A proposal of the text pitch implementing all of these factors for the Kiran Village campaign can be seen in appendix 1.

8. Discussion and conclusion

This chapter will briefly conclude on the applicability of the model in both the original and different contexts. Furthermore, it will critique the choice of factors and provide suggestions for future research.

The purpose of the thesis was to determine a way in which social enterprises could best create a philanthropic crowdfunding campaign while also getting publicity from it. To do this, a context-dependent theoretical model of outcome-influencing factors was developed. The model consists of three dimensions, content, crowd, and platform, answering the *what*, *who*, and *where* questions of a campaign. It can be implemented in a sequential manner, as decisions made in the first dimension have implications for choices made in the next two. The sequence is not rigid, as factors in the third dimension might require previous decisions to be reconsidered or altered altogether. Furthermore, depending on the context the sequence of the dimensions themselves can change, allowing either the crowd or platform factors to take primary position and affect the other two dimensions.

The model's applicability has been tested on the case study of InnoVentum by using it both as an analytical tool to determine why the Power to the Philippines campaign failed and as a context-dependent, step-by-step guide for the creation of the Kiran Village campaign.

8.1 Model as an analytical tool

Using the model as an analytical tool works quite well. It creates a system for evaluation that allows a company like InnoVentum to discover the flaws in a campaign and to actively avoid said flaws in the future. Prior to this analysis, InnoVentum believed that its failure could be attributed to the lack of rewards and the fact that it was a for-profit asking for help with a philanthropic project: *"...a lot of that reservation came from the fact that people generally couldn't fully see [...] why a company would ask for money to do something, even though they are asking [for] money to do something good"* (Ala Kazlova 2016, timestamp 06:57-08:19). Using the model it was concluded that other issues included the focus on business language and the PowerTower rather than feminine language and a focus on the people being helped. Using a large, for-profit platform like Indiegogo meant that the campaign was in direct competition with a lot of other projects, many of which could offer actual rewards. The two-month duration and the lack of regular updates on Indiegogo were also concluded to have potentially affected the outcome.

8.2 Model as a guideline

The real test of the model was in its applicability, not as a tool to be used in hindsight. Could taking all of these factors into account create a coherent campaign, or did one factor negate another?

The model is built on existing research on the effect of different factors on a crowdfunding campaign. Some of these factors can be considered as tools (*gendered language, social media*), others as goals (*buzz and path dependency*), signals (*quality, trustworthiness*) or aspects to simply take into account (*platform size and scope, geography*).

Some of these factors might negate each other. For example, Mollick (2013) considers the presence of a video pitch to be a strong signal of quality and thus of success. However, as was discussed earlier the presence of a video pitch might send the wrong signal in a philanthropic campaign launched by a social for-profit. Two tools (non-profit status and video pitch) could signal two different things; while both tools can signal quality and trustworthiness, in combination they might do the opposite: people could find it difficult to believe that a company with the money to donate a high-tech projects as well as create an expensive campaign would need the help of a community of backers to fund a philanthropic project. This potential dissonance is purely theoretical, though, and more research on the effect of a video pitch or rewards on philanthropic campaigns would need to be done before any conclusions could be made on whether to exclude these factors from the model altogether.

The potential dissonance between non-profit status and the use of a video pitch indicates that using the model as a strict step-by-step guide could compromise the coherence of the message being sent in a campaign. However, it was already made clear throughout the creation of the model that while some of these factors had been shown to affect the outcome, context and how each decision would affect the intended message should be taken into account. Context dependence is built into the model by virtue of its sequential nature – one decision in the beginning of the model will affect the implementation of all other factors. This reliance on context might be the major quality of the model. It allows its users to reduce any possible dissonance between factors that have otherwise proven to affect the outcome by reminding them that a decision at the start of the campaign can and must affect all other decisions.

The most important takeaways from the model are included in table 10 below.

Important takeaways	<i>Context is key - one choice affects another. Context is built into the model through its sequential nature.</i>
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The content dimension is about the signals sent to the crowd. *Trustworthiness* and *quality* are signals, *non-profit* status and *gendered language* are tools.

The crowd dimension is about reaching a target audience. *Path dependency* is the goal, *personal and professional networks* and *social media* use are tools.

The platform dimension is a set of tools to further leverage the crowd. *Crowdfunding* and *payment models* are product/funding tools as well as signalling tools.

Table 10 – Key takeaways from the outcome-affecting factors model

8.3 Applicability to other contexts

The outcome-affecting factors model could theoretically be used in other contexts, although the relevance of some factors would change accordingly. For example, a CleanTech entrepreneur looking for funds for a start-up enterprise would not need to concern herself with a decision on whether to frame the campaign as a non- or for-profit as the for-profit nature would be implied. She could therefore not take advantage of the fact that non-profits are more likely to succeed, but there would also not be any dissonance between the non-profit nature and for-profit signals being sent. She would instead have to consider other factors like choice of crowdfunding model or price discrimination. There would be no reason not to offer rewards in terms of the message that would send so choosing between donations- and rewards-based models would be based on the ability of the entrepreneur to accommodate a potentially large amount of backers in terms of rewards creation and shipping. If the campaign is used as a pre-order mechanism she needs to consider price discrimination which was not included as a factor in the original model. Campaigns can discriminate against backers or traditional customers; choosing which group or whether to discriminate at all will depend on e.g. the goals of the campaign, the targeted crowd, and the sense of community the campaign launcher is willing and able to build around the campaign.

The model can quite easily be applied in other contexts as most factors have already been examined in a for-profit context, although it would require some alterations in the choice of factors as well as their importance relative to each other.

8.4 Choice of factors

The goal of this thesis was to create a model based completely on prior academic research and, in areas in which academic research is non-existent, a descriptive analysis of the crowdfunding industry. However, as the model was developed while also engaging with and analysing InnoVentum, it is possible that the choice and relative importance of factors has been influenced by the case. Due to the abductive approach, this practical influence would have been defensible had it occurred through a multi-case study as it would simply have been yet another source of data. However, as the data was entirely from one case it could mean that the generalisability of the model has been compromised (in that the model would then not be about social enterprises in general, but about InnoVentum in particular). This provides ample material for future research.

8.5 Suggestions for future research

Testing the model again could determine the extent of InnoVentum's influence and prove or disprove the validity of the model. The test could be of either a social enterprise's philanthropic campaign or a more traditional for-profit campaign. The first would be a test of the original model; the second a test of its applicability in different contexts.

As part of the model was based on a descriptive analysis rather than academic research, several of the factors could also be examined in isolation, be it the effect of crowdfunding or payment models, the size of a platform and its community, or the choice of social media strategy (as most research on this topic has mostly examined *if* and *when* social media had been used, not *how*).

Finally, the factors already researched could be analysed separately in a social enterprise and/or philanthropic context to determine the validity of prior research across all contexts.

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10. Appendix

Appendix 1 – Kiran Village Campaign Proposal



Let's Bring Free, Clean Energy to the Children of Kiran Village

Kiran Village is an educational community in India for differently-abled children. Most of these children suffer different disabilities such as hearing impairments, cerebral palsy or the effects of polio. At Kiran Village they not only get rehabilitation and an education, they also receive vocational and skills training in the hope that they will be better prepared for life after school.

Started by Sangeeta JK in 1990, she has managed to build the community from only a handful to almost 450 kids being taught and rehabilitated today. Besides helping these children, Kiran Village also has dedicated awareness and outreach campaigns in the local community to combat the stigma associated with physical disabilities and help the differently-abled be accepted. On top of all of this they also have awareness campaigns on the empowerment of women, disease prevention, and how to help the environment. It is a cornerstone and a bright ray of hope in the local community.

Kiran Village relies on donations to keep its lights on. One of its largest bills is its electricity bill. Any savings on electricity would allow them to do more for the children. This is where InnoVentum comes along!

The Swedish renewable energy company InnoVentum wants to donate a Giraffe, (look at the picture below, it kind of looks like a Giraffe, right?) which has both a wind turbine and solar panels. Because it provides both wind and solar power, it can provide energy even at night or when it's not windy!

This particular Giraffe currently lives in Malmö, Sweden where the Eurovision Song Contest was held in 2013. However, it could be so much more useful in a place like Kiran Village.

Installing it in Kiran Village would not only give them free electricity. It can also be used to teach the children about the environment and renewable energy, and they can go to the Giraffe during blackouts to charge their electronic devices. It can also be used as a shaded meeting place when the weather's nice. ("Let's meet under the Giraffe" kind of has a nice ring to it, and being able to charge your phone there just makes it even more awesome!)



The Giraffe has been donated by InnoVentum and Malmö City, but we need funds to make some repairs to the solar panels, take it down, transport it to India and install it in Kiran Village. So we need your help!

Our estimated costs for all of this will be \$17,000. If we are lucky enough to exceed this goal, all of the proceeds will go directly to Kiran Village. The money Kiran Village will save on its electricity bill can instead go to helping the children in the community. This might mean buying new wheelchairs, providing more IT training, or hiring more physical therapists to help the children with their mobility.

Supporting this campaign therefore means not only helping the environment by providing clean and stable energy to a community that sometimes needs to rely on diesel generators, but is also a way for you to directly help these children receive an education and a chance at a better life.

This campaign is created as a partnership between Kiran Village, InnoVentum, and the NGO Fidei.



Proposed updates throughout the campaign

1. Specifics of the project: what the money will go to (i.e. get more than rough estimates of costs of repairs, renting of a crane to take it down and install it, transportation, manpower etc.) (within the first 3 days)
2. An identifiable victim at Kiran Village – what does he/she get from Kiran Village, how does blackouts affect him/her, etc. (within the first week). Alternatively, a message from Sangeeta
3. Introduction to the Giraffe – how does it work, how much power does it generate, why does it want to go to India (within the first week)
4. Thank you for the support! Status on the campaign, answer any questions raised that haven't yet been answered (within the first 10 days)
5. Introduce the possibility of more Giraffes using locally sourced wood and manpower being installed at Kiran Village
6. Status on the campaign in the final stretch, reminder to support and share (within the last few days of the campaign)
7. A final thank you (end of the campaign)

Appendix 2 – Transcript of interview with Ala Kazlova

Interview with Ala Kazlova, IP and marketing manager at InnoVentum. 04/29-16, InnoVentum's offices in Malmö. Interviewer will henceforth be known as LMO (Lennie Marie Olsen), interviewee will be known as AK (Ala Kazlova). The recording is 87 minutes long.

After having presented ourselves, we agree to start by having the interviewer present her opinions so far on how best to create a crowdfunding campaign with the specific purpose of acquiring funds for the transport and installation of the Eurovision Giraffe to Madagascar (site yet to be determined). At this point the interviewer remembers to ask for Ala Kazlova's approval of having the interview recorded, and the recording begins.

00:00-01:53 LMO: So what I would suggest is using a platform that's only based on philanthropic ventures, because I feel like what possibly can go wrong and what went wrong with the Power to the Philippines project is that there are so many different things on Indiegogo and so usually people go for the stuff that they can get something out of, too, so like if I support this I will also get at least a t-shirt or a product or something. So if you don't really have anything to offer in terms of rewards, then you would definitely need to go with like a social platform. So I would suggest using a pretty new one called Generosity, because it's Indiegogo's platform. It's only like half a year old so it's not that well-known or anything, but it has all of the advantages of Indiegogo and the disadvantages I guess, 'cause there's not a lot of uh, like the communication structure isn't very evolved. There's not a forum you can go into and it's not like you can really communicate with the people on the actual crowdfunding page, they just want you to go to other social media platforms like Facebook and Twitter. But yeah, I mean, they've had some very successful projects, and again because the focus is on the philanthropic nature of it, it also means that InnoVentum could stand out a bit, because most of the projects there are either like for relief aid in Ecuador and Haiti, or it's "help my grandma get money for her operation". So it's kind of like those two are the most typical ones, so having one that's based on a company where you can... it can look a bit sleek because we have a very design-wise pretty product and stuff like that. It can help like differentiate it from the big crowd of other campaigns.

01:53-04:08 AK: Is it okay if I just comment a little bit? Because I kind of... My little reservation with regards to you know, not-for-profit campaign run by a company that is actually existing for, well it's not that we exist for profit but we exist to kind of, to develop good products and then sell them and then survive on what we've earned. And that kind of becomes a little problematic in the eyes of many people, and I know that for example on Indiegogo and on a few other platforms where they work with social entrepreneurship

or social campaigns and so not-for-profit campaigns, they require you to have a certain kind of bank number that is classified as not-for-profit. So in many ways I can see how this campaign can be successful if it's run by the Mandiavato Sisters. So I can totally see that yes, they say "oh, we want this great solution, it will help us with this and this and this, we really believe in, you know, becoming green and so on so on, and we have this fantastic company that wants to give us their solution, they don't charge us for the solution, but we need to kind of bring it there". So that's all – put together money to make it happen. I can see this as a good campaign, as a good substance. I don't entirely see how, you know, InnoVentum saying "oh, well, you know, we have this product that we potentially would like to send to this country, but we need money for this, because we're going to put [in] some work, we need transportation charges and so on", and then everyone says "well, actually, you know, you're a company, you're supposed to earn money, and then put, you know, put aside a share that you allocate to this kind of causes, to charitable causes and so on, because you create goodwill and so on, like you know Ericsson is doing or some other companies, well big companies obviously, but smaller companies also do." So this is where I kind of feel that we are not having waterproof, watertight... [solution/case is implied]

04:08-05:24 LMO: Yeah, um, and I think I would agree with you because it is kind of like, it really needs to be framed to ensure that InnoVentum doesn't look greedy in a way, like, "I don't wanna pay for it so why don't you guys pay for it", kind of... So I feel like having a focus on all of the philanthropic ventures you've actually already taken part of, so I mean you didn't succeed in the Philippines project but then you just sent it, or built it anyway and stuff like that, I mean... and the fact that you're the initial Madagascar project at cost. So I think if we, if we frame the Giraffe project as kind of like, kind of a "fortunate happenstance that just fell into our lap while we're actually in the middle of *doing good*", because then it, I mean, then it kind of seems like "we've already used the budget for [slight interruption] ... already used the budget for the doing good thing by not taking any money installation and transportation and stuff like that for the PowerTower.

05:24-05:36 AK: Yes, but then you know... if this platform is entirely focused on projects that are not for-profit, do they have any requirements [to prove] that you are not a for-profit company?

05:36-06:10 LMO: I wrote them yesterday, because they're not completely clear, and they haven't answered me of course. But it seems like, as long as, I mean, I'm not sure about the tax benefits and stuff like that, but it does seem like as long as you ensure that all of the money gathered will not go into

InnoVentum's pockets, but they will go to the project and then any other money will go the Sisters, for example.

06:10-06:17 AK: But then, why not then organizing it from the Sisters, because then it's kind of totally clears all questions.

06:17-06:57 LMO: Yeah yeah yeah... The only reason why I haven't focused on that is because, because I mean that would be the easy way of doing it kind of, but I wanted to focus on how InnoVentum can do it, because I feel like this is also kind of like a marketing venture, and so if this very small group of nuns in Madagascar, very unknown and stuff, there's no guarantee that they will succeed in the project... but if *they* have this project and they succeed in it, then the question is "how big an outreach does it actually get in terms of reaching potential new customers for InnoVentum".

06:57-08:19 AK: Yes but I, well, mmm... To tell, to be kind of honest really, I don't fully believe that people take so much time to investigate, you know, what have we done, how we, you know... it's like, a little bit... it will be very difficult to make people sympathise with a company, that's what I've seen a lot. Because we've had quite good, well relatively good attention to the campaign that we were running on Indiegogo, so if each and every person would have donated at least like 1 dollar or something like that just because they care, that would have already brought, you know, things to the good level. But I think that a lot of the, you know, a lot of that reservation came from the fact that people generally couldn't fully see how, you know, why a company would ask for money to do something, even though they are asking [for] money to do something good. But then that's aid products and so on so it's, it's, I'm... I would be a bit sceptical about the outcome. But it could be just because I was, you know, *[smiling]* seeing the results of the previous campaign, so I have, you know, the bias.

08:19-09:34 LMO: Yeah of course you will have! I know that there's one project I've looked at, which is the RubyCup, a menstruation cup company from Denmark, and they're also like very involved in shipping their products to Africa and stuff, but then you can also buy in the Western world, so I think that you buy it at a premium in the Western world and then part of the money goes to Kenya or something. And they had a crowdfunding campaign that was successful, but I think there it's also because you can actually buy the product, or buy like merchandise for it, like t-shirts and stuff like that. So I think in the *future* if InnoVentum wanted to, like, really engage in crowdfunding campaigns and every time they wanted to do a project like the Madagascar project for example, then in order to get attention to it, then you could use crowdfunding

in that way. But that would also require having it be reward-based, I think, so like if you give this much you can get like a tote bag or a t-shirt or a, like a water bottle and stuff. And then it's a question of whether or not InnoVentum would be willing to invest in... Because I mean, it would require quite a bit of an investment to create those products.

09:34-13:29 AK: I think it's not even in making those products, because you know there are companies that are doing that, but the problem is to administer, you know, to send all those products to the people who are, you know, who have donated, and once we get to multiple, you know like a hundred people, then it becomes a problem, we don't have anyone to devote this time to this. So that's the main kind of issue with that... Because you know, in renewable energy crowdfunding works very well, in some settings. I've seen a number of platforms and examples, especially in the markets where they offer some feed-in tariffs, some subsidies, to people installing the solar or wind or so on. And for example in the UK, until recently, when they have changed kind of the legislation a little bit and so on, it was extremely, extremely popular, several platforms such as, I think, Abundance Energy and a few others, that offered the following solution: that for example a certain council somewhere in the UK would install solar panels on the roof of social housing. So these people wouldn't be able to afford themselves the solar panels, but then they equipped these, and people get like clean energy and, you know, and benefit from this. However, because the government pays feed-in tariff, then this feed-in tariff would be given, in terms of return on investment, to people who helped in the first place to, you know, get the sum together to put the panels installed. So that looks very, kind of like a financial investment that, because feed-in tariff is guaranteed for 20 years, so once you have installed then the government kind of signs a contract more or less with you that they are going to pay, over 20 years for each and every kWh that has been produced at a certain scale and it's, well mathematically you can calculate how much profit and so on it will be then. So, and people were more or less buying shares, you know, in this joint installation. Then there are other projects, for example in the Netherlands. There it's very popular that the community, then they would invest in a wind turbine. But this would also be like a shared ownership, organised through crowdfunding, so there could be several thousands of people that are putting in money. And then they benefit from actually getting proportional electricity from that, which also works very well because, you know, that kind of, and people know... And also a little bit removes the barrier of, you know, "not near me" so to speak, not in my, well, not in my backyard. But in general, you know, this kind of resistance, "okay they install this big wind turbine here, but I don't benefit from it". And there it's a completely different system, so it's very smart in terms of how this could be done. And in the US they have a lot of solar installations as well that are uh, yeah, that are administered in some ways that there is a crowdfunding helping to... because you know, with renewables,

the biggest problem is the fact that you need to pay everything upfront. So you need to have a big lump, sum of money to install this solution. And then over many years you don't pay anything, it just gives you back. But people don't tend to think long-term, they think short-term.

13:29-13:30 LMO: Or they can't get the money for it.

13:30-14:05 AK: Yeah. So therefore that's, that is... And that can be helped through crowdfunding. So in that sense I believe in crowdfunding, but in *those* mechanisms, rather than crowdfunding as a, you know, as a way to... Well, I also believe that in, for start-ups! You know, when you want to test your idea. You see, okay, there are like hundreds and hundreds of thousands of people wanting your product, and you feel sure and you go to investors and show, "look I have already enough orders".

14:05-15:26 LMO: Yeah, I think that's also why, I mean... I think the, like the very best platform you could do an InnoVentum product on would be Kickstarter, but it has to be a new project. So, whenever you guys, if you design a completely new model, then you could use Kickstarter for it, but otherwise it's... And it's such a good site, because there's so much security and people feel safe using it and stuff, but you can only use it for, like, new creative projects. So, because I've looked at so many different platforms by now, and like, none of them really add up, I mean there's something wrong with each and every one of them, so either... There was one that was really good, but then you can only use it if you're based in Australia or the Netherlands, which is like two very separate countries, I would think! And like I said with the Generosity one, with the communication platform on it is pretty bad, so it would be very much a one-way communication, which would also mean that you would not be able to really get the feedback on whether or not people actually think that it's a wrong thing that companies are engaging in crowdfunding for philanthropy when they could just... pay it themselves, I guess. But yeah, I hear what you're saying.

15:27-17:54 AK: Yes because, I think that well, as you mentioned that there was a company that was doing something in a way that, you know, they produce a product that they sell in the West, but they also use crowdfunding campaigns to bring it into less privileged parts of the world. And that is a good example in some ways. To kind of add another layer of complexity, I will tell you something that I somehow recently had a conversation with my colleague, and then he has a person, also a colleague from university, who is now based in Africa and who is actually an entrepreneur starting to run a business installing solar panels and you know, doing renewable energy solutions and so on, and to kind of see, to check in what kind of business models [work] and so on. And then this person is very displeased with the, you know, solar panels

and other technologies that is raining from, from, you know, from the clouds, because that totally kills the whole business idea with renewable energy in those countries. They create jobs, they actually make, you know, things going so to speak. And in some ways that's a, you know... that's also with other aspects, I believe, with healthcare and with a few other things, there are urgency matters where obviously it helps if suddenly it's there when you need it, but there are some development things that, you know, somehow are hindered by those things. So there could be people criticising this approach in some ways through that as well. But that's a minor consideration, that's like, just a little bit putting things into [perspective], you know, another argument as to... but, yes, so... But I sense that you've done a lot of work, you've researched a lot already, you have a good, you know, arguments as to how to, you know, which platforms to use and so on, and of course if they answer from Generosity that it's fine that it's a company, probably the fact that we're a small company, that we're not, you know, Siemens saying "oh give us money"...

17:54-18:09 LMO: Yeah, yeah exactly! I mean, I don't know how the financial situation of InnoVentum is, are you, well... *[AK laughs]* Because I'm thinking of whether or not, like, you actually make a profit through your, like normal [business].

18:09-19:52 AK: Well we kind of, we don't necessarily make, yeah... How would you say it... It's just difficult to evaluate, you know, the company, when we, we have invested a lot of time and everything into the development of our products, and potentially, since we continue, we are still in the process of fixing, certifying, measuring, da da da, this and that. And it's continuous investments from our side. When we sell our products, then we sell them at the kind of compromised price, considering that if, you know, sell it very expensively but that would actually make us very happy, you know, but no one would buy it. So we are already at the edge of not being attractive in some markets because of our expensive prices. But because we are in Sweden, and the Swedish, our kind of products are not necessarily the cheapest, if you only consider the labour and things, and it's... and good technologies within renewable energy are not cheap. Because if you want a wind turbine that works and not kind of just rotates south out there, we've tried and tested a lot... so in some ways we make financial sense from selling our products in terms of to show to our investors and so on the turnover and growing and stuff like that, but we kind of reinvest this money in the company. There is no money going to the shareholders in terms of dividends or anything.

19:52-20:57 LMO: Okay. So I mean, yeah I think that would definitely be a plus factor for making a philanthropic venture like this... I'm thinking that I can try to, try to, if I get a positive response from it, then try to build a campaign. Because one of the most successful campaigns on Generosity didn't even have a

video pitch, and there's no fee, I mean, there's the credit card fee which is 3% plus 30 cents, but there's no platform fee or anything like that. And I checked yesterday whether or not the donors will then be charged extra fees, and they won't. So, so in that case, I mean, even if the project were to fail, there wouldn't be that many expenses associated with it because most of the research has already been done... and I mean, it's part of my thesis so, no matter what I would do it anyway, erm...

20:58 –24:29 AK: Yeah but, you know, it's kind of, we need to think strategically how to maximise the success, so in some ways we need to think how to... because, you see, we kind of... InnoVentum, we are bumping into the same and the same situation again and again because on the one hand, we make products that have beautiful design, that are efficient, that have a smart kind of, smart engineering solutions and so on, and are kind of maximised and look good and that are, well, quite expensive because they are kind of valuable, so to speak from the point of view of, yeah, similar products. And then that's targeted more towards, you know, rich countries, to someone who has a Tesla, someone who, you know, living in Silicon Valley or whatever, or Norway or you know, Sweden, Denmark, so... and then, on the other hand we make, we made a solution that works very well in remote locations, because it's modular, because it's this and that, and you can install it probably slightly cheaper, it will work and, you know... and then we kind of cover both of these segments, and then people who uh... they think "oh well, you're selling all of these expensive products in the West", and because especially if they think that we are selling a lot, we unfortunately don't, so you know, but if we were, we would have had this kind of, then closed loop of okay, you get additional profits on this product which you then channel into this help people, you know, get electricity where they don't. And to a certain extent we've done, we've progressed more on the kind of Power to the People side, because we have completed a project with ADB, Asian Development Bank, to install wind turbines on a little island in Sri Lanka, where it would just provide electricity to a fishing village, so to replace a diesel generator. And then we signed a UNDP agreement, long-term agreement, to supply our systems whenever there is a kind of need for systems like ours, and so... And this will sell, will just, you know, the bare minimum, will just pay back for the production of this and just maybe a little bit because there is also the administrative cost, and so on so on. So, therefore we've actually done more for this sector than we've sold Giraffes, because we've installed this one [*the Giraffe 2.0 at Västres Hamnen close to the InnoVentum offices*] at the, yeah, lab, uh, Max4Lab, and you know, these things. But yeah, so, people go into our website; we obviously try to present ourselves as, you know, this company, having made all these great products and so on, and they look nice visually and stuff like that, and then they would, yeah... I wonder whether we could, how should we shape it, how should we kind of present ourselves so that we

look good to, to people who should believe us that we, you know, we really don't have money, which is true, you know, completely...

24:29-26:05 LMO: Yeah... I was thinking maybe if you told the story of the Eurovision Giraffe, because as far as I know InnoVentum paid for 50% of it and Malmö City paid for 50, which can be framed either as InnoVentum has so much money that they can just give half a Giraffe away, or InnoVentum wants to, it was a marketing ploy, in a way. So if you kind of like put the focus on the Giraffe and was like, "ok so, this Giraffe has been in Malmö for a couple of years, now it wants to go somewhere warmer where it can help more people, stuff like that... kind of frame it as, like the story of the Giraffe going from cold Sweden to warm Madagascar, maybe. Without being too, like, childish and corny. Because I think that that would reflect both that it's not like, like... both that Malmö City and InnoVentum has already, like, they own this Giraffe and are willing to give it away, so it's not like InnoVentum will just take the money required for transportation and installation and give nothing back, because half of the product going down there is actually paid for by InnoVentum. So I think maybe that would be a way out of it, with the campaign. But I, I agree that it is tricky because, because when you look at your website it looks ver, like, sleek and design-wise very good and stuff, so you always assume that this is the most successful company ever, and there must be a Giraffe everywhere.

26:05-26:51 AK: Oh we wish, we wish! *[Both laugh]* So, yeah... and probably, you know, but I think that it kind of, we, that the valuable part would be to create a story about how renewable energy in those parts of the world can empower people. Can bring a big difference to people's lives. So in some ways, I don't know how, how well we are connected to the Man--- uh not Man--- *(LMO prompts – "Mandiavato Sisters?")* the Mandiavato, indeed, not Mandaviato, but Mandiavato ---"

26:51-26:59 LMO: Yeah, 'cause I think it said Mandaviato in one of the e-mails I got, and I was like, I couldn't, if you Google it, nothing happens!

26:59 –28:24 AK: Yes, that was exactly the path that I went through, so, then Mandiavato Sisters... because, you know, now they already get one solution, and then how much more difference the Giraffe will make, or you know, how it will help their activities, what exactly they do in terms of, you know, do they teach, do they, you know, help people, have a little hospital, or something... That kind of, to bring the spotlight to, okay, the final consumer, people who need it, or people who would benefit from it, who they are, and this most likely will be women people probably in trouble and so on, that are being helped from a philanthropic

point of view. But then, if this is a remote location, they don't really have regular access to energy, then that will help them to spend less money on diesel generators, diesel fuel, stuff like that, being transported there and so on. So to, to kind of really make a case of right, you add a little bit of renewable energy and suddenly it makes a lot of sense for people benefitting from it.

28:24-29:18 LMO: Have you heard more about where the Giraffe would go? Because there was talk about it not being able to be transported to the village of Mandiavato, I think, because the heavy transport trucks can't go there or anything. So there was, I think in the, I think I got a copy of the e-mail from Sigvald between him and Jean-Philippe, where they were talking about whether or not RES could use it somewhere else in Madagascar, so, so it's still a coherent project, like donating the PowerTower to the Mandiavato Sisters and then maybe donating the Giraffe somewhere else. Because there was also talk about whether it would actually be needed because the generator that broke, like it wouldn't account for a lot more than the PowerTower actually would. So it's more if you've heard more about...

29:19-29:56 AK: No, actually I'm not in the loop on this project, so I'm kind of, I probably know less than you, in detail. But, but then it's important to understand where it is going to be installed. And then also this RES, what exactly they do, you know, and then to kind of... Because anyways, it would be better that RES for example then stands behind the, you know... Maybe it's a collaborative project, then, you know that not only InnoVentum is there but for example RES *and* InnoVentum.

29:57-31:07 LMO: Yeah, I was also thinking about like, how to get the word out there, of both using the personal and professional networks of InnoVentum, but also especially having both Malmö City and RES make an effort to, like, get the word out there. Because, like for Malmö City, why would you sponsor something like that if nobody's gonna be told that "we're actually doing this really nice thing", then people are just gonna walk around the old Eurovision place and be like "where did that Giraffe go?" And for RES, as far as I understood from their website which is in French, so I used Google Translate, but (*both laugh*) they have several different kinds of donors, and a lot of the donors are in the West, and they... like, they give regular sponsorships, but they also like are pretty active in it, so they will, like actually spend their money to go somewhere to Africa or Madagascar or something and help out and will pay for their own journey there and stuff, so I feel like they have, they probably have a network of people who would be willing to pay at least 10, 15, 20 dollars.

31:07-31:18 AK: Mmm, so that's a much better case. So therefore I would, I would... This Jean-Philippe, is he from RES?

31:18-31:22 LMO: I think he's associated with it, I think he's a donor. As far as Sigvald told me.

31:22-33:14 AK: Because probably, talking to RES is a good idea, to get, you know, to get someone from them on board. And then to say, well, we are willing to run this campaign with you, we are willing even to administer most of the stuff, we just need information from you and we even, well I have, we have at least two French guys in our company who could, you know, get the French and then give us some English, as to how to, yeah, how things are there. And then, because if they have them on board, you know, if we have them on board, maybe even to use their account, but would still use InnoVantum there as well, and we are talking, go through our channels, popularise, and so on so on, but it's a little bit like, we are the good guys who are willing to give, together with Malmö Stad, this Giraffe that's, you know, been installed, that's been kind of, how would you say, Eurovision is like an extremely Western European enterprise so, you know, very not African, you know, very far from those parts, places and so on. So in some ways it's seen this world and is now being brought to help people where it actually makes more sense. And then, in some ways, we would then look, yes, we collaborate with RES, they find the right place, we don't take any money, the money goes to them, to, then they will just give us money to organise the shipping, or they organise the shipping or something like that. But we kind of help with that. That would be a good setup.

33:14-34:13 LMO: Yeah. There are actually several crowdfunding platforms, but that would, I think that would require maybe too much work from RES, but the way... instead of funding for yourself or your own company, which is kind of be like what we would do here, instead there is a different, well several different philanthropies in, like, that you can sponsor. So you can, you can have a crowdfunding campaign and be like, "I'm gonna run to support, like, cancer [research] or something." And companies will also use that, so in that way this kind of project could be framed on one of those sites where you could be like, so InnoVantum is doing the project, but the money will go to RES. But that would require RES to be set up on that platform, and I think several of those platforms will take quite a fee from the actual philanthropies, which is...

34:13-34:23 AK: Which is ridiculous, because these platforms they earn so much money. For almost nothing. Well, for something, but not a lot.

34:23-35:09 LMO: No. Yesterday I sponsored just a little bit for the Ecuador earthquake relief fund on Generosity, just because I wanted to make absolutely sure that there are no extra fees for donors or anything, and then when you go in to donate, they have, like they have a suggested donation to the platform itself. So it said that if you, it had like a suggestion that you could donate 50 dollars to the relief fund, and then you would donate 7.5 dollars to the platform. And I feel like, it was already put in there, so if you're one of those people who were just like "yeah, yeah, sure", then you're kind of tricked into paying extra fees. So yeah... it was clever!

35:10-35:56 AK: Oh, yes, yes, exactly... but that's how they exist. These are quite, uh, I would imagine that these are quite cynical people that organise things where they earn money, even on charity. But yeah, well, we don't discuss that anymore (*both laugh*), but look at how we can use this situation. But I think that RES would help us out, to make this campaign believable. And you know, the good story and people being confident that they put money towards RES and not in InnoVentum's pocket.

35:56- 36:08 LMO: Yeah. So would you say that, like if we did it, on Generosity, would you say that it would be like RES' name on the campaign, or... frame it as a partnership?

36:06-36:59 AK: Maybe, both? As a partnership. I think that would, you know, because that would allow us to still be profiled there, and okay, people would learn what we are doing and so on, and we could also mention our project in the Philippines, so that would kind of give a little bit of, okay, we've done it before in some ways, and we've collaborated with Barnmissionen, with the Children's Mission, was that project, so it was also installed at a charity. And we thought that this was enough, you know, to kind of, yes, well, it *is* helping, the guys doing good work. But then I think that if the account is the RES, that would already be a great improvement. And if we mention them in the, you know, as a partnership.

37:00- 38:04: And I still have kind of like, I feel like having more of a, a bit more creative pitch, instead of the usual concept; 'cause I feel like the Philippines one was also, it was, like, for relief aid, and of course it is, too, in Madagascar, but it has got nothing to do "something terrible *just* happened" and stuff, so I think we can frame it in a bit more positive light than the Philippines project was. Because the Philippines project, especially if it had been on Generosity, it would still be kind of 1 in a million, because all of the projects there are about, like something terrible happened in Haiti or Ecuador or wherever. So I feel like if we focus more on the positive, so you tell the story of the Sisters pretty shortly, like what they do and

where they are and stuff, and then you also at the same time tell the story of the Giraffe, like “I was part of Eurvision, cool, now I’m gonna go help the world in a way... yeah...

38:04-39:30 AK: Yeah because, you know, it’s kind of, it’s important to bring all the pieces together, that it’s a story that people think “yeah, that makes sense, I will, you know, I believe in this cause”. So in some ways it’s to show that, okay, there is this... actually, I wonder from which end to start, either from the people who would benefit from it or from the product or the, kind of, the benefit that is going there, so to speak. Maybe, well, it would, it always helps when there are, there is a concrete, kind of specific place or specific community or specific something, where this happens. Because then you can tell, okay, these guys tell a little bit about their story, and then we bring the Giraffe which, by the way, was installed here and so on, and it’s made by InnoVentum, that it was in fact, it’s been there for Eurovision, and it’s been there as this innovative product to attract attention, to show a little bit the green thing, but it’s probably... it will make more sense somewhere where people need it.

39:30-40:19 LMO: Yeah, and I feel like in a project like that you wouldn’t *have* to focus as much on the like, sustainable part, as you would usually do if you wanted sell it somewhere in Denmark or something, because that’s the whole point of selling it in Denmark or Sweden, like, first of all you make an investment now and then you don’t have to spend money on electricity for 20 years, but also, like, look at what a good person you are. That’s basically what you’re telling yourself when you buy stuff like that. So I feel like, I mean, because there are so many different things that you kind of want to put into the project, that you don’t really have to also put the spotlight on the sustainable part, because we all know that wind energy and solar is sustainable, but you don’t maybe have to focus on the fact that it’s made of wood.

40:19-42:00 AK: Yeah, but you know, I also, I think that in those parts of the world, like in Africa, and in Asia and so on, and in for example India, well India is part of Asia, but in particular, it’s just I read something about Indian energy supply that was very unsettling. First of all, their company – well actually, do you have the time? Because I’m, you know, blablabla, still, we’ll keep close to the topic, but uh – the situation there was that the company that was the provider of electricity was doing a very bad job. So they were not really providing constant access to electricity sometimes, you know, blackouts and everything and so on. And it had a group of customers that are heavily subsidised, that got electricity for free, and these are usually big farmers [*or pharmas?*] and they constitute 20% of all customers. Another 20% of electricity was stolen, lost in transmission, by illegal you know, connection, whatever, anything. So this was gone. And the rest of the customers, they had to pay something like 180% of the price of electricity just to justify the losses that this

energy giant was making. And you know, we don't know what, they can always blame some poor people that connected, that got electricity, but it could be that they were selling it at escalated prices somewhere, black market ---

42:00-42:08 LMO: Yeah, also, I mean if you plug your TV in illegally, that's not gonna make a huge difference, I mean... So yeah, okay, interesting!

42:08-43:50 AK: So, and then you can imagine, well a lot of entrepreneurs, a lot of people who had, you know, not very large enterprises but even large enterprises, they started installing their own solar panels. Because that was more reliable, made more sense, and was kind of, you know, was a fair way to avoid all this stuff that you were suddenly burdened with. And they have also allowed for different companies to survive in this situation. So in many ways, also in the Philippines they have ridiculously high prices, and also not access everywhere and, you know, it's quite messy. So in, and I bet that in Africa lots of places, large utilities that are very close to the government, they are corruption, just, you know, full of corruption, schemes and things and, you know, the profits that they make are not doing a lot of good stuff, paying for that. So therefore, it's a certain degree of, you know, empowering people, communities and so on, to have to rely on their own electricity, make the sound choices to not support the central, you know, vampire sucking up the money, but rather to put the money or, you know, use the capacity that they can be sure of. So I don't know whether this would be, this all depends on where RES would have the place to install it, but if it's benefitting a community that has really poor connection or paying a lot of money for things, and things like that.

43:50-44:17 LMO: Yeah, and it seems like RES is only supporting like nunneries and stuff where both the governments and NGOs have kind of given up. So it is for the poorest of the poor, all over the place, and it's probably in like, a lot of the places, pretty rural and remote places, so I'm assuming that electricity is an issue. So yeah...

44:18-44:38 AK: Yes. So I think that there are many reasons why this would be a good idea for people, you know, because that also, this is like democracy suddenly happening where it's almost impossible, you know, grassroots and stuff.

44:38-44:52 LMO: I was wondering, do you know if InnoVentum sought [sought] out RES or if it was the other way around? Because I think that Sigvald has, like, a connection with Jean-Philippe, so it's more a matter of, like, who contacted who?

44:53-46:20 AK: It's just that, I think that Jean-Philippe, he made a lecture or something like that, or had a Master course or something like this, because he is probably someone, well, like a speaker. And then he was given a certain amount of money, but then this amount of money he didn't want to, well he wanted to donate it. But then he thought that it would be a good idea to donate a product by InnoVentum to these Mandiavato ladies. So that was a little bit like, you know, he also, he probably also thought that, you know, if you put this money into a specific product, then you know what it went towards. You know that it's not, you know, I'm quite sure that they're doing a good job, these guys, but somehow it's more, you know, you can, tangible. *[Slight interruption by a dryer beeping]*

46:20-46:32 LMO: It was more like whether or not InnoVentum actually has a strategy for seeking out like Third World opportunities or if it's more people coming to you and asking?

46:32-50:43 AK: Well, we are open, so to speak, whenever there is an opportunity, and I think that, well we were quite a bit more active before trying to see, okay, different NGOs and some other organisations, whether that could be something where we could, you know, have a collaboration. But right now we see that a lot more attraction happens through these procurement processes where, for example, ABD or some others, because this money, I mean, they are increasingly allocated to actually help various, you know islands and other places that don't have good access to electricity, to get it through renewable sources. So therefore, and this trend is increasing; now the World Bank allocated 28% of all their funding to climate change projects, so there will be more and more financing channelled into projects like that. And we see that this is a great opportunity, because we can't fully see how, you know, how we could... well, you see, that's another, *again*, the same problem with people putting money upfront to get the benefit of it. Because when we had this project in the Philippines, we even thought that based on how much money they spend on every kWh of electricity that they are consuming, it was ridiculously expensive, it was something like 6 times more expensive than what we pay here, but that was, you know, houses just wouldn't *have* access to electricity in lots of places. There would be a diesel generator somewhere in a little small shop, where people could come and charge their phones, where they could get some ice, where they could, you know, use some other things, because they would have the freezer, they would have the sockets to do it and so on, but they were charged a lot of money. But then also this diesel generator, the diesel

ones, you have brought it to this distant location from somewhere, and then also considering that you need to replace this diesel, or it was not even diesel it was a petrol generator that you need to replace every few years. That's an amazing amount of money, that's very expensive electricity. But the fact that it's so expensive then makes it a very scarce resource, so people normally wouldn't have access, they wouldn't miss it in some ways, or they would, you know, build their lives in a way that would kind of mean that they, that this is luxury for them. Therefore, these people, although there would be a possibility if there was for example a financing establishment that would give out a PowerTower and then the person would pay 1 dollar per day, or I don't know, whatever would be an acceptable... and then somehow pay back this, while using the electricity that's being produced. That could be a sustainable model, but then no financing institution would necessarily bother with that. Because probably they, yeah, that's a lot of work to create a scheme like that and so on. So therefore we found that it's not, without kind of financing support, it's not possible to sell our solutions to people, communities that actually need it. So the only way is to, okay there is a big project, they are, you know, installing different things, and this is organised and this is endorsed by a bigger international organisation, and then there is finance allocated to this, and then would bid, and our solution is good, and we'd win, and we'd stop. So that's probably where we see things happen.

50:43-51:28 LMO: Yeah and I guess especially if you have contracts with the World Bank and stuff, I mean. Not, not yet, but if you could get it, and your contacts with UNDP and stuff like that, I mean, it's also a bit more secure, in terms of financing for you guys, I guess. Yeah, so you know that there's a project coming up, and stuff. Yeah, okay... Yep. I was thinking about your social media strategy, so, do you have any projects going on right now in order to get more likes on Facebook and Instagram and stuff?

51:28-54:45 AK: Well, right now not, not running a c-, kind of a campaign. But it's also... but we, I ran it before. We've had some – and it's very effective, to tell the truth. Because people just need to see it, and they like it. We had a very good return on the, you know, just... but that's quite detailed targeting as well, so you choose people who are already interested in similar, you know, Clean Tech and so on. But then, once they see it, a lot of people like it. So that's a very good investment, in terms of, how would you say, growing the audience. On the other hand, as you know, Facebook is all the time optimising the mechanism system, what to show, what to not and so on, and for a product page, for a company page, to be visualised there without sponsorship, they make it increasingly difficult because they want sponsorship money, they want people to pay for advertising. So... but then, for example, I use AdBlocker, and I know that many other people use AdBlocker, so therefore that advertising and sponsorship and stuff does not always hit the people, not always hit the people that you'd want. Therefore, well I try to be, all the time, to share different

things and so on, and kind of maintain just a, you know, share articles that are of interest to the audience that we attract, and different activities that are probably slightly related to us, and so on, and trying to give out links to what we are doing, and so on, so on. And of course whenever we have something that we have done, obviously it's shared as well. So, uh, and it looks positive, I can see that, you know, we have activity going on, and we have people liking/sharing and so on and so on, on Twitter and Facebook. But yeah. So we are doing as much as we can, because that is like a side thing, together with many others. But, of course, if we run a campaign like that, then we would boost, attract more people, we would allocate some kind of financing to support it in that sense, so we would probably make a post that was visible to increase the visibility, and then use all platforms possible in terms of Facebook and Twitter and YouTube and Instagram and LinkedIn and stuff, so yeah. But yeah... the, kind of the... yes, but we need to think about, well, how we construct it, to make a credible story, attract people, who do we attract, who do we think would like it and would, uh, would donate. And so on, so, but...

54:45-55:04 LMO: Yeah. Did you see, with the Philippines project, was it like, I know that you wrote that it was mainly your own personal networks that donated, but was it also people who liked you on Facebook, who weren't really connected to InnoVentum, who also, did they contribute?

55:04-55:46 AK: There were not too many contributions that we didn't, couldn't identify. These were mainly, you know, even though we didn't, well it's a little bit, now we are looking in retrospect, and I don't remember how it was back then, there were some names and some people that we couldn't identify, but then they, some of them even became our investors, or some of them became, so they were following already what we do. And they knew, but they knew Sigvald for example, or they knew one of us or, you know, so that was a little bit still network, extended network.

55:46-55:51 LMO: So that campaign didn't really reach outside of the, like, personal and professional network or stuff.

55:52-56:54 AK: Well, it kind of, it uh, there were many people who liked everything that we've done and updates and everything, everything had lots of people viewing them and so on, and sharing and stuff, but there wasn't, you know, any kind of, to get some return in terms of donations. And that only happened with this network that you asked... and that was another thing that was very surpr-, well, strange, because a lot of people who are from the Philippines, or even people living in America or Europe who originally are from the Philippines, you would think, well, you know, if you like and share and write comments and so on,

and then you, then you don't put a single dollar, that's a little bit like... right, so therefore we wouldn't rely on people from Africa to donate, in that sense. So it's like a campaign that needs to be targeted towards the West.

56:54-57:16 LMO: Yeah, I would think so too. Especially also because one of the purposes of the campaign would be to increase visibility of the actual product, so that some people in the West might be interested in investing in it, so it's not just the philanthropic thing and we only install it in Third World countries and stuff, so yeah...

57:16-59:56 AK: Yes, yes exactly. Because, you know, there is another phenomenon that sometimes we don't necessarily take into account, but, well, I myself I'm not Swedish, I come from Belarus, and I kind of, I understand the difference in mentality in countries that had different historical backgrounds. Because I can see that in Sweden, as well as in Denmark, as well in some Western European countries, there is this feeling that well, we live very well, and we can actually share with the world that is not as fortunate. When I look at Belarus, we don't have the feeling that we are living very well, we have the feeling that throughout the course of our history, we were disadvantaged in many ways, so it kind of makes people kind of think, well, you know, we have our problems to deal with, we have had problems all the time, so what about your prob-, well deal with them, more or less. You know, there is very little – there is of course the charitable feelings towards, you know, like children that are like cancer stuff, you know diseases, things like that, and people would like to do this and stuff, but in terms of that someone would live a better life, that people don't feel that they are responsible for this, you know. It's also probably partly with the colonies and other things, you know, kind of painful memories for many countries in the West, and probably no such thoughts for people in many other parts of the world. And this is where people in Africa think that everyone owes them, well not everyone is thinking like that, of course, but many people do. So many people in Africa would actually not do anything to help themselves, because they think, well, you know, we just kind of, there is help coming in, people... and so, but yeah. And of course that's generalised, that's not a good statement to make, so to speak, it's not that everyone is doing that, but a lot of nations they don't have a lot of initiative going on to change the situation, because in some ways, to be a kind of a victim is an easier role than to be someone who's responsible for what is happening to them.

59:56-01:00:06 LMO: Yeah, 'cause I guess it's easier to attract NGO aid and stuff like that if you're seen not doing a lot for your people and the NGOs go "okay, we'll do it, I guess".

01:00:06-01:01:00 AK: I think that many governments also exploit this. They steal money to send their children to study in London and pay 20,000 pounds a month for their apartment which is a very large proportion of African people from families of the royalty and so on that are just outrageously spending money... So therefore, there is a problem, there is a certain kind of mechanism that's a bit, yeah. But, we can't change it, we can only kind of do the good stuff, and also in some ways it's not giving money. I like this approach better, because okay, there is this electricity, and now you have light, you can read books, you can learn, you can probably do something or have a little enterprise

01:01:00 –01:01:01 LMO: You can maybe refrigerate your food...

01:01:01-01:01:10 AK: Yeah, kind of your quality of life improves, and it gives you more opportunities to use this extra, you know, capacities, so...

01:01:10-01:01:52 LMO: Yeah. And I think it's interesting that it's considered an, like a luxury and an extra thing, because I think especially for me, like, I've had electricity all my life, so I wouldn't consider it a luxury at all, and then you have these discussions, for example in, I know in the States a couple of years ago there was talk about like, the poorest Americans and stuff, and then they had, they'd done research, like statistical research on how many poor Americans on welfare had refrigerators and it was, I think, 97%, which makes sense, like most people in the States live in a house somewhere or an apartment, and there's a refrigerator. And all of the, like, right-wing media went completely crazy over it, because "how can you be poor and still have a refrigerator?"

01:01:52-01:01:53 AK Er what, I mean really?

01:01:53-01:02:08 LMO: Yeah, yeah, Fox News. And it's kind of the same discussion with the immigrants from Syria and stuff, like, if you have a smartphone then obviously you're not, then you shouldn't be a refugee, because...

01:02:08-01:03:27 AK: But then, you know, there are two different things, because I think the big, well right now we've gotten to talk about slightly different things, but you know right now I think the big mistake in the beginning was that the doors were open for everyone, and a lot of people used the opportunity, they are just normal migrants, they are not at all refugees, they've just used the door of opportunity and said "ok, I don't care, I'll do my best, try it out, take my chances and stuff, and then... At first, when people were

not comfortable to, okay, how do we sort, how do we and so on, and lots and lots and lots of people, but half of them at least are not who they pretend to be. So.... So therefore, you know, in some ways being good and generous and helping is very good, but then you need to be like this towards people who really need it, or those who deserve it, so to speak. And, as you say, yes, that's not everyone. But, well, but I don't fully agree that if you have a smartphone, how can you be a refugee, well you know, if a bomb explodes your house ---

01:03:27-01:03:33 LMO: Yeah exactly, like of course you're gonna grab your phone when you leave the house! Yeah, people are crazy.

01:03:33-01:03:41 AK: Yeah, well we hear lots of stuff, and if Trump becomes president in America, that would be a big joke.

01:03:41-01:04:37 LMO: That would be... interesting. So yeah... but I think, I mean, coming back to like considering electricity as a luxury and stuff, and I think, like, having the focus be on nuns helping the poorest of the poor in a poor country, I mean, that is probably a pretty helpful message to put out there. So I'm thinking, so I have to write one of the people from RES anyway to get some background information, so I can suggest to him, whether or not they would be willing to engage in a partnership for the campaign, and then try to, like just quickly write a, like a pitch proposal, in a way, it wouldn't take me that long, because I already have, like, parts of one.

01:04:38-01:05:23 AK: Yeah well, if you would like to kind of... some, because I can, obviously, once you formulate something you can always send it to me, and so that, you know, maybe I have some additional details, or I have a link to show something or, you know, some kind of stuff like this, that I can support you in, you know, in your communication and so on. And also you can always copy myself or Sigvald to, yeah, to kind of help you to endorse you that yes, you are exactly the person that is looking at the project and so on. But then the timeline, how, I mean, what is the...

01:05:23-01:06:36 LMO: I have to hand in my thesis in a month, so 1st of June. So, and like I said this can just be a theoretical thing so I don't have, we don't have to be done with the campaign or even make one, before I defend it, but if possible, also depending on when the Giraffe would actually be sent, and stuff like that, then like starting the campaign within the next couple of weeks would allow us to, allow me to write my thesis without having the influence of the actual success or failure of the campaign, and then when I

defend it, then there would be those results. So in that way, it's like, two or three weeks, and I think especially if we don't want, if we don't make a video pitch which it seems like it's not really that necessary for success on Generosity anyway, as long as you include some pictures and stuff, then it wouldn't be that hard to create a campaign. And then have it like, a 30 day campaign, I guess. Do you know when they're installing the PowerTower in...?

01:06:36-01:07:20 AK: I think that they were actually, there was a conversation about May. So I know that the equipment, everything, comes to Julian, who is based in France, and then he kind of organises the logistics with people there. But then the Giraffe will go separately, as it's coming from Sweden, and there's no point in stopping in France and so on, so it would just go from here to there. But then the time is a bit, you know, it's also a question to RES, whether they can find a place for it.

01:07:20-01:07:25 LMO: And there needs to be foundation work and stuff done before instalment, right?

01:07:25-01:07:36 AK: Well, I mean, we always can send it there whenever, but then it's you know, foundation will be done, yeah, just in the process of things.

01:07:36-01:07:44 LMO: Yeah. It's just a matter of whether or not there is a rush for getting the Giraffe sent off, or, like in terms of the, when to start or end the campaign and stuff like that.

01:07:44-01:07:50 AK: I think that if you talked to Sigvald he would somehow push it as early as possible.

01:07:50-01:07:57 LMO: When I talked to him last week he was like, "I mean, within the next two weeks?"
Okay, calm down *(both laugh)*

01:07:57-01:08:30 AK: Yes, but it's always like that, but I think that the, that the success of the campaign very much depends on how well we kind of, you know, we put an effort in to formulate everything and gather the information from RES to make the case really good, and also to get the endorsement, their support, to actually do this. So I guess that's, that would be very, very important, and yeah, as you say, within the next two to three weeks, probably already having a good project started and then, yeah, when do you defend your thesis?

01:08:30-01:08:59 LMO: I don't have a date yet, so it's either in June or August. Yeah, so I mean August would be fine if we like get in late with the campaign, I would like to be done before Summer, but, I mean, I don't care, because it's just the defence. It's more getting, like, everything down on paper in the next four weeks and that's totally doable. Uh, yeah...

01:08:59-01:09:11 AK: Yes, so then we can, yeah, we can kind of aim at that, within the next two or three weeks, but RES is important...

01:09:12-01:09:27 LMO: Yeah. Uh, so this is like a teeny tiny detail, what would you think, for the campaign, because there's always a picture in the front, would it, would you want it to be like a, like the Giraffe or a picture from the nunnery in Mandiavato?

01:09:27-01:09:46 AK: A bit, I think maybe it's a combination, that it shows you know, on the one hand the people from Mandiavato or somewhere, RES, you know something like this, on the one hand, and on the other hand this kind of a picture of the Giraffe.

01:09:46-01:09:48 LMO: So you, so you'd have both of them up.

01:09:48-01:10:03 AK: But, because that kind of makes it clear, okay, so these are the people, this is the product, and it matches... because if we just did the Giraffe and of course it could attract attention, but then it's not kind of, yeah, it's not referenced to, okay, that's intended for...

01:10:03-01:10:13 LMO: It's already framed towards InnoVentum instead of towards the people it's helping. Yeah, I get it. Yeah...

01:10:13-01:10:59 AK: Yes, and we have a description of the project of Power to the People, and well that's in a PDF document, and then it can be linked to, you know, at home InnoVentum has done like a project in there, and we have good, like, a little testimonial from the Children's Mission that they have put on the little Facebook page that they have, that they administer, and that was all, thank you to InnoVentum, lalala, and so on and so on, and it has a picture with happy children around, and stuff like that, so kind of good outcome, everyone is happy and stuff like that. So that's the...

01:10:59-01:11:54 LMO: Yeah, 'cause I feel like it's interesting with the, with a crowdfunding campaign and the theory on it, because there are so many theories that say that you really should have a video pitch, and I just feel like, especially many of the campaigns have the same information in the text pitch, and they have pictures, and – and then I'm like, well, it's gonna be either or for me, because I don't want to watch a video that's like four and a half minutes long, and then also have to read through everything. So I think especially because we're kind of on the clock and I don't know how, like, in terms of connections with Madagascar and like, how much raw footage we could get and create a video, and I would assume that it's also, it also takes both time and effort and costs a lot of money to create a video like that, so I feel like it's not that necessary, as long as you have, like, the correct pitch and the correct amount of pictures and stuff like that in the text.

01:11:54-01:12:26 AK: Yes, I think that, that's probably, yeah, good uh, good considerations. But also, one needs to think about updates. Because these regular updates, you know, every like week or two weeks or something like that, where you show, you know, something or talk about, yeah, this and this and so on, then that's, that gives, like revitalises it ---

01:12:26- 01:12:42 LMO: Yeah, and that needs to be planned before, like, because I feel like there are two kinds of updates you can make, you can both be like "we hit our 2,000 dollar mark" or something, but then there's also the information ones that are basically just extra information and...

01:12:42-01:14:00 AK: Yeah, in some ways that's, I think that it probably is a better idea to show, either to talk or to write about, or to tape a little interview with for example RES people, say how, you know, how important that would be, da da da, this and that, or then some, you know, if something will happen during May with the installation of the PowerTower, then that would be a good update to show, well, we have installed this, and then these are the people benefitting from it, lalala, join us to bring the Giraffe to the, like, the next community, so that could be natural updates, rather than saying oh yeah, we're thrilled to have 200 dollars, or something like that. No, but obviously to thank everyone who is, you know, contributing, and then answer questions and stuff like that, so that's, because some people ask questions, so probably to, to get in touch with them. So yes, that's uh, that's, it seems a good, well you have a very kind of, you know, good level of energy, and you know focus and everything.

01:14:00- LMO: Well I have to be done, so that's, like, I have a deadline, so

01:14.09-01:19:25 *[Small talk on, among other things, the interviewer's plans for the future which is in no way relevant]*

01:19:25-01:19:36 LMO: I think, I think that was it. Uh, yeah, this is just for like a quote thing; would you say that InnoVentum's number one priority is doing good or earning money?

01:19:36-01:20:33 AK: Well, it's kind of... We are created to do something good and so, in some ways, we, well, but our form of existence kind of makes us focus on, you know, also selling our products. But we are not the most capitalistic of greedy company, because so far that's yeah, not been... And our customers as well, so because most of our customers they think first about sustainability, they think about, you know, doing something good or just, you know, living the good, in a good way. And then that actually makes us happy to see that, you know, these are not some greedy kind of someone who just wants to earn more money and stuff like that, but rather to change the lifestyle to the better, so that's, that's good.

01:20:33-01:20:38 LMO: It's just a matter of me defining InnoVentum as a social enterprise, with theory, so I just needed that quote.

01:20:38-01:22:56 AK: Yes, yeah, it's more towards this side, definitely, because... Yeah, I remember reading and thinking about the sole, that nowadays governments, they, in the developed world, they put people, or push people, to become more enterprising in many ways, to take care of their own employment, for example, with the, you know, companies employing and companies employing less people because there are computers, there are other things that can be, you know, functions that aren't necessary anymore, and then the whole pattern of how people will be employed in the future will probably be, maybe people will depend on themselves to produce money through doing something, and that's redistributing this focus of the state to guarantee something, you know, this, for example, employ-, not employability but employment, at people, then suddenly it's your job to get, you know, create the job for yourself. And in many ways, social functions, redistribution of money, wealth, everything, also kind of goes from centralised government or kind of efforts to, to this grassroots, to people organising themselves and so on. And that seems to be going further and further. So... I guess that kind of business mind put in the area, in the field that is actually social or, you know, climate change or something like that, something that is actually good for the society, will be more and more and more. So that's...

01:22:56-01:23: 04 LMO: Okay, I think that's everything, and then I can just e-mail you about, like project proposals and where we go from here.

[The last few minutes of the recording is yet again small talk, although this is more about Friday night beers than future employment]