



Crowdfunding Glossary

There are a number of terms that are used within crowdfunding, this Glossary will help understanding of what these terms mean.

All or Nothing - Also known as Fixed Funding, this is a model of running a crowdfunding campaign whereby a target sum is set to be raised within a defined time frame and, if that target is not met, then any commitments made by backers are deemed void and not paid. In summary, if you don't reach your target, you don't get any money.

Audit - Reviewing what a group has to help run a crowdfund campaign. This has the numerous advantages of identifying and sharing awareness of resources, skills, assets but also identifying gaps that will need to be closed. It is the second stage of the **TAMP** process.

Authenticity - Demonstrating and exposing the real and genuine "you" without artifice or deception. The process of crowdfunding is very much a "disintermediated" activity where participants in the process are brought very directly in touch with each other. It is then all about building a genuine and trusted relationship and this requires real authenticity from those seeking funds. Without it that relationship cannot be effectively built and this alone is a compelling reason for being deeply involved with a campaign.

Channels - Channels are the paths you use to reach out and communicate with your crowd. These can be online and offline, are very diverse and must be chosen wisely. If we think of Social Media it is a method of communication which has many channels from Twitter to Pinterest. You will not be able to cover all of the channels available to you, and they are not all going to be appropriate or useful. So, you will need to choose some to concentrate on for the reasons of resource, practicality and suitability.

Communicators - Communicators are one of the three core groups you need to identify and build within your crowd development process. Communicators are responsible for transmitting messages without necessarily being highly engaged personally with the project. They include Media and Press links, but they can also include people that can bridge networks for you and so reach much further than you or your immediate allies could.

Crowdfunding - The act of raising funds by putting out a call to the crowd who contribute a large number of small sums to achieve your financial and other goals.

Donation Crowdfunding – The model of crowdfunding where funders provide funds with no expectation of return.

Empowerment - The idea that digital tools provide people with mechanisms to participate in, and take ownership of, activities that were once withheld from, or unavailable to, them.

Equity Crowdfunding - The model of crowdfunding involving the selling of shares or other financial instruments to the crowd and particularly to retail investors.

Fixed Funding - another phrase for All or Nothing crowdfunding where you must reach your target to receive any of the funds raised.

Friends and Followers - The group of your crowd who have some association and existing knowledge of you and/or the project for which you are crowdfunding.

Influencers - A section of the crowd who carry influence and credibility in their sphere which can be made to rub off on your project through their endorsement. Linked to the notion of Trust Tags.

Keep It All - A model of crowdfunding whereby a target for a project is set but regardless of whether this is reached or not whatever sums of money are raised through the course of the campaign are kept.

Messaging - The content, tone and intent of communications you send out through the course of a campaign.

Method - The Third stage of the TAMP process where the model, platform and sector of choice for a crowdfunding campaign is established.

Planning - The Fourth stage of the TAMP process where a structured three stage blueprint is established to prosecute a campaign.

Platform - An online portal which provides the mechanism to transact a crowdfunding campaign.

Publishing Plan - A structured schedule of content, channels and timing to be used in a communication process for a crowdfunding campaign.

Relationship Capital - An expression of the depth of engagement and connection with your existing "crowd". In some places this can be referred to as being "high touch" or "low touch".

Reward Crowdfunding - A model of crowdfunding where rewards or perks are offered to backers and supporters in return for finance.

Social Capital - An expression of the reach and size of your networks.

Social Proof - The idea that certain behaviours are encouraged by

demonstrating endorsement or adoption by others and tapping into an urge to conform to this activity or behaviour.

TAMP - The four stage process for effectively assessing, preparing and executing a crowdfunding campaign. The four stages are Targets, Audit, Method or Model, Planning and Preparation.

Targets - The aims, ambitions and outcomes a campaign owner has for their crowdfunding project. These are much wider than simply money.

The Long Tail - In the context of crowdfunding this refers to the distribution of size against number of contributions. The idea is that the tail - a large number of smaller contribution - is as significant as the head - a small number of large contributions. It is a phenomenon found in an increasing number of activities shifting to the online mode of delivery.

Touch - Low and High - Touch is an expression of the depth or degree of personal connection in a relationship. High Touch are more familiar, deeper and regular than Low Touch ones.

Transparency - Openness, availability, clarity and symmetry of access to information for all participants in a crowdfunding process.

Trust Tags - The idea that a respected individual can vest an element of the trust their followers have in them with a third party. The exchange of trust is a Trust Tag. This achieved by a process of acknowledgement and recognition of the third party by the respected individual. It's a bit like the process whereby a friend's recommendation has greater value when sourcing useful contacts.



We hope you found this information sheet useful – this is part of the MyParkScotland crowdfunding resource – www.mypark.scot/get-involved/crowdfunding-resource

Introduction to Crowdfunding
Running Your Crowdfund
Crowdfund Campaign Planning Worksheet
Glossary
Some Useful Tools

This toolkit has been developed by Tim Wright of twintangibles in partnership with MyParkScotland.

This toolkit was published with support form the Big Lottery Fund.



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