What’s crowdfunding? It’s an Internet fundraising method that relies on collective online home—called Search and Restore—for the jazz community. The 23-year-old Schatz took matters into his own hands. He turned to the crowdfunding website Kickstarter—and hit his $75,000 goal. What’s crowdfunding? It’s an Internet fundraising method that relies on collective participation and offers a click-through button for contributors.

Traditional funding sources for music projects are less of a sure thing than ever. But online “crowdfunding” platforms may help fill the gap.

by DIANNE DEBICELLA
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MONEY MATTERS
Your fundraising goal is a crucial figure; it not only shows how much money is needed but also gives a sense of urgency to the fundraising—when donors see that a campaign hasn’t reached its target, that may motivate them to give more, or to get others involved. It’s important to set a high enough goal to realize your project. But be aware: on some sites, if you don’t hit your target, you don’t get a red cent. Suggest specific amounts for donations, such as $20, $50 or $100. When jazz trumpeter Brian Lynch used Kickstarter to fund Unveil Heroes, a $10,000 recording project, he offered a menu of rewards. For a mere dollar, a donor would be listed as a “contributor,” while “executive producer” status carried a $4,000 price tag. Many music projects use incentives—copies of CDs, concert tickets—to spark contributions. You will be responsible for sending out these rewards; the crowdfunding platform will not handle that task. And note: Unless you have managed to get nonprofit status for your organization— as Adam Schatz did—your donors’ contributions will not be tax deductible.

THE COST
In crowdfunding there’s no such thing as a free lunch: every platform charges a fee for administering the project. Some take a percentage of the total raised, whether or not you reach your goal. The host site’s fees typically range from 4 to 9 percent, and the ecommerce provider, usually PayPal or Amazon, generally charges between 1 and 5 percent of the donation for its credit-card processing services. Make sure you are taking all of these charges into account when setting your fundraising goal.

YOUR ROLE AS CAMPAIGN MANAGER
Even a well-conceived project will languish without an active promotional effort on your part. Emailblasts are an effective way of informing potential supporters about your project. It’s best to start with one email before the launch, alerting friends and fans to your upcoming crowdfunding activities. Then when your crowdfunding page goes live, you send out another email alert, this time taking the form of a direct request for donations—with a link to the page itself, of course. Just after the page launches, you’ll want to create excitement through frequent updates: “John Smith contributed and got a CD.” “We just got a $1,000 donation. Be the next one to support our project!” “Check out a sample of a track we’re working on.” After that, it’s best to lie low for a period, don’t want people to think you’re badgering them. Rev things up again just before the deadline. At this time, it might be fun to add a new perk (“You will receive a score of the completed commission.”) “We will play a house concert for the highest donor.” “We’ve reached $4,450 dollars. You can be the next donor.” “Have you told your friends?” This final burst of promotion might well put you over the top. Needless to say, you’ll want to thank your donors. This can be done via the platform’s automated email system. At this time, you will also notify your donors of their rewards: “Your CD will arrive in a week. Thanks for your support!”

CONCLUSIONS AND CAVEATS
Crowdfunding is not for everyone. Managing such projects requires time, energy and commitment—it can be the equivalent of holding down a part-time job. The method is best suited to small-ticket projects: only a rare campaign can raise more than $10,000 (Adam Schatz’s success notwithstanding). Looking back on his own campaign, Schatz says he had never worked harder on anything in his life. “I felt like I did the work of ten people—graphics, promotion, and fundraising. Be realistic with your time; other people are only going to be excited if you are excited about it. Reminders are key. It really comes down to how you look at yourself. Do you have what it takes to be borderline obnoxious?” I felt like I was shouting and could not have enough exclamation points.

Still, Schatz acknowledges that crowdfunding is an exciting new way to raise funds. “[The model] can really impact the community at large, as well as the music and culture. It’s more difficult to make the case for a one-time thing,” he explains. “Banding people together is ultimately the idea.”
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Dianne Debicella is program director of fiscal sponsorship at Fractured Atlas.

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Kickstarter is often used to raise seed money for start-ups. The site is curated and may reject the proposals its curators believe have little chance of success. Accepted campaigns must meet their goals or no money is collected. Once launched, you’re on your own: Kickstarter offers no administrative support other than its FAQ section. But the site does allow you to post updates to your page. And you can use your account to send these postings automatically to Facebook, Twitter and/or your Tumblr blog.

Kickstarter isn’t cheap. It takes a 5 percent administration fee for successful campaigns. Amazon, which processes Kickstarter payments, takes an additional 3-5 percent.

Rockethub, unlike Kickstarter, accepts all projects. And its administrators are more hands-on, making suggestions to help strengthen a project’s chances of success. Rockethub demands all-or-nothing funding. It manages payments through PayPal, which debits the donor’s account at the time of the contribution. If a project falls short of its funding goal, administrators will work with artists to make revisions to the initial proposal; supporters can then redirect their donations to the revised project. If they decide not to participate, their donations are refunded.

Rockethub charges a flat 8 percent administration fee, but PayPal charges no separate fee.

Like Rockethub, IndieGogo accepts all comers. But unlike its competitors, it allows project creators to keep all donations, whether or not the project reaches its goal. If the project is successful, IndieGogo collects a 4 percent fee. If it falls short of its fundraising target, though, the fee is 9 percent. Payments are managed through PayPal. IndieGogo offers support through online webinars and has developed a partnership with Fractured Atlas, an organization that provides fiscal sponsorship to artists. [Full disclosure: Fractured Atlas is the writer’s employer.] Artists who launch a fundraising initiative through IndieGogo may use Fractured Atlas’s tax-exempt status, which makes donations tax-deductible. The handling fee for the IndieGogo/Fractured Atlas combo is 6 percent.
The Crowd Roars

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by DIANNE DEBICELLA

Adam Schatz needed $75,000 for an ambitious project—a video documentary of today’s New York City jazz scene and a new online home—called Search and Restore—for the jazz community. The 23-year-old first sought financing from traditional resources: he applied for a foundation grant but got turned down. Unfazed, Schatz took matters into his own hands. He turned to the crowdfunding website Kickstarter—and hit his $75,000 goal.

What’s crowdfunding? It’s an Internet fundraising method that relies on collective philanthropy. Instead of appealing to one or a few select donors to support your work, you solicit donations from many different people—a “crowd”—with the aim of raising the total amount needed to fund your project. Crowdfunding platforms that welcome artists include Kickstarter, RocketHub and Indiegogo. These vary in their particulars, but they all let you set up a web page that describes your project, states a fundraising goal, and offers a click-through button for contributions.

All kinds of ventures—from the New York Road Runners Club to Pakistani flood relief and political campaigns—raise money through crowdfunding. It has proved particularly useful to music professionals, whose usual funding sources were hard hit in the economic downturn of 2008. Thanks to crowdfunding, which didn’t even exist before 2004, creators can post their music projects—making a CD, organizing a tour, working with a choreographer on a new commission—online and seek funding from friends, family, fans and the public at large. In all cases, as Adam Schatz observes, the monetary goal needs to fit the nature of the project and its supporters. His own campaign set an atypically high goal and succeeded, he believes, because it represented “ground that had not been traveled before. I knew the jazz community was not used to being mobilized. If this could really happen, people wanted to see it through.”

He adds, “I would have a harder time imposing on my personal network to give it through.”

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