

How to PledgeMe:

pledgeme.equity



**The stuff you need to
know before you run a
PledgeMe.Equity Campaign**

Preamble

Kia ora,

Welcome to PledgeMe's handy guide on equity crowdfunding campaigns.

We're really excited you are considering going out to your crowd for investment. You're definitely in the right place. This guide will help explain the ins and outs of what you need to get ready and answer any manner of questions you may have.

PledgeMe is here to help. We're pretty good at it too, we have already helped hundreds of projects and tens of PledgeMe. Equity campaign raise millions of dollars in New Zealand.

We put that experience to work for you in CrowdfundingU, our crash course in running a PledgeMe.Equity campaign. We'll help you plan and provide feedback on effective pitches, videos, and (almost) anything else you need to make your campaign awesome.

We don't pick and choose who should run a campaign, we let the crowd decide.

So if you're looking for capital and have a business plan, financials, and — most importantly — a crowd, then you're in the right place.

PledgeMe's platform helps you go out to your crowd to grow and thrive.

Because we are regulated by the Financial Markets Authority we have a duty to understand your offer (offer = what investment folk call a campaign) and understand your background.

Businesses of all sizes can benefit from selling equity and we'll help you present your offer professionally and transparently to potential shareholders.

We hope you find our How to PledgeMe guide helpful and if you have any further questions please get in touch.

Cheers,

Anna and Team PledgeMe.



What is it?

What is Equity Crowdfunding?

Equity crowdfunding helps Kiwis fund the companies they care about. Our PledgeMe.Equity platform helps businesses harness the power of their crowd to raise capital without the need for a full prospectus. How equity crowdfunding works is a company (like yours!) can exchange shares for investment. This means your crowd becomes shareholders and ambassadors for your company. Companies can raise up to \$2 million in a 12 month period through a licensed platform (like us). The Financial Markets Conduct Act 2014 regulates this new type of capital raising.

Is equity crowdfunding for you?

Equity crowdfunding is for entrepreneurs, business folk, small to medium enterprises or any business looking to raise capital (usually) in the early stages of their business. Traditionally capital came from bank loans, angel investment, help from friends and family, or by dipping into your own savings. Equity crowdfunding is a new capital raising tool that's more engaging and transparent. It can help Kiwis who have a great business plan, some traction, and excellent people, but can't start up or grow due to a lack of finance. If you've got a crowd and a solid plan to take your business to the next level then equity crowdfunding might be for you.

FEES

CrowdfundingU (See below for details)	\$1,500 zero-rated. (Paid before campaign starts)
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Success fee	5% zero-rated of total raised.
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Credit card fee	2.8% + 25 cents per transaction charged. (Only on pledges paid by credit card, average fee to date has been 0.3%)
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Example:

A company successfully raises \$300,000 through their crowd. They'll pay \$1,500 upfront, a \$15,000 success fee and approximately \$1,500 in credit card fees. This equates to approximately 6% of the total raised amount for PledgeMe's platform and services.

Companies & PledgeMe.



Read up on what crowdfunding is



Take the CRED



Request your campaign



Meet with one of the
PledgeMe team



Sign up & pay for the six week
CrowdfundingU programme



Launch time! Throw a party,
launch your page, keep your
crowd updated



Meet your goal by deadline



Verify investors and process \$\$



Transfer \$\$



Do great things



Repay and communicate with
your lenders

SUCCESSFUL CAMPAIGN!

RECEIVE \$ AND WELCOME
NEW SHAREHOLDERS

How does it work?

The first thing you do before getting started is make contact with the real people at PledgeMe [here](#) (1-2 days).

After chatting with us you then register for CrowdfundingU which puts you on the path to launching your campaign as well as allows us to provide help and feedback your video, pitch, business plan, financial forecasts and other documentation (3-6 weeks).

Then you get ready to go out to your crowd and ask them to pledge.

If you meet your funding goal by the deadline you receive the money (less fees) and onboard your investors as shareholders. Then you go out and do the things you said you'd do!

What is CrowdfundingU?

CrowdfundingU is a crash course which helps you and your company prepare for an equity crowdfunding campaign. The programme is designed to be completed over six weeks (but can be condensed depending on a company's familiarity with crowdfunding and/or raising capital).

We've realised there are a lot of common things companies need support with over the course of an equity campaign. So we've created CrowdfundingU to help you prepare all the things (big and small) in a structured format, giving you necessary one-on-one time over six two hour sessions.

Whether you're a company wanting to raise, a million dollars and make a media splash or just want private friends & family round, CrowdfundingU can help ready your organisation and more effectively communicate what you're up to.

The programme focuses on the two key elements to a successful campaign. Preparing your pitch to raise money and preparing your crowd to invest.

We'll give you a deeper understanding of equity crowdfunding, an insight into identifying and harnessing the power of your crowd and a couple of key ingredients to bake a successful equity campaign.



The two hour sessions are designed to be part teaching/part doing, with weekly goals to complete. By the end of the programme your organisation will feel ready to show New Zealand (or just their family and friends) what you're up to, and invite your crowd to invest.

Private campaigns

A private campaign is where companies have more control over who gets to see their offer. If you choose to do a private campaign you can go out to your crowd, and your crowd only, to secure investment. By only going out to your personal and professional networks and customers, you have a bit more control over who sees your information while still going through the PledgeMe process.

There are a couple of reasons why you might choose to do a private campaign.

- You have a good understanding of who is going to invest and you know using PledgeMe, with its time limit and goal focus for raising funding, will make it easier to invest. This is rather than chasing up multiple people over time and trying to nail them down. This works well for initial rounds for startups who are just going out to their family, friends, and immediate networks.
- You're not quite ready to show the world what you've been working on. It may be for cut-throat competitive reasons that you don't want to shout about it yet, or it may just be that you're the kind of person who likes to do things quietly.

Regardless of why you choose to run a private campaign, the build-up to running it is pretty much the same as a normal campaign. It may even reduce your costs for running a campaign, because if you're not seeking investment from your wider crowd you can spend less on creating a flashy business plan and PR work.

What does PledgeMe do?

PledgeMe is here to help. We're pretty good at it too, PledgeMe has already helped tens of companies and hundreds of projects raise millions of dollars in New Zealand. Other than the basics of operating the platform and hosting campaigns, through CrowdfundingU we support you in planning and provide guidance on putting your showcase documents together and creating effective pitches, videos, and (almost) anything else you need to make your campaign awesome.

We are regulated by the Financial Markets Authority and we have a duty in our licence to understand your offer and understand your background. Businesses of all sizes can benefit from capital and we play a role in helping you present your opportunity both professionally and transparently to your potential investors.

There are some serious things that we will need to do, like background checks and wrapping our heads around your business plan and financials to make sure you're not being inadvertently misleading. We cannot provide you with financial advice, but we can offer feedback on all the other things that will make your campaign a success.

How do I do it?

The Five P's

THERE ARE FIVE STEPS TO THINK ABOUT BEFORE LAUNCHING YOUR EQUITY CROWDFUNDING CAMPAIGN.



Prepare

Get your team informed and ready to start.



Plan

Put together your company description, financials, business plan, valuation, and funding goals.



Pitch

Create an engaging campaign to get your crowd excited about supporting you.



Promo

Promote your campaign and get the word out!



Post

Be transparent, stay in communication with your crowd, and think about the future

**We can help
support you every
step of the way.**



Prepare

Get Informed

Good work. You're already preparing by reading this guide. To get informed we suggest you keep on reading. You should also go out and learn about the law, financial terms, and general investor literacy.

Want to know the law around equity crowdfunding? The FMA has comprehensive explanation [on their website](#).

- Confused by financial terms? See [Unravelling Financial Jargon](#) for information.
- The Commission for Financial Literacy also has some comprehensive training material [on their site](#).
- Need some investor literacy? Check out Sorted's [investment guide](#). Have a read through the [Investment Ready Guide](#) by NZTE to get yourself ready.
- NZTE outlines some other sources of capital over on [their website](#).

Having a handle on the law and jargon helps you make the most of your campaign. You'll better understand your responsibilities and build a better pitch.

Think it through

When you create your campaign and pitch you'll need to use a mix of text, images, video, social media and page updates to get the word out. To communicate why your crowd should invest in your company you need to really know your business and what makes, or will make, it work.

You will need to explain what your company is all about, how the funding will be used to grow your business, and the potential for return (are you aiming to pay dividends, or for a trade sale, or a "potential listing on a suitable exchange").

Take a bit of time to go over your business plan, financials and really get to the nub of why you're seeking investment and why you want your crowd to be the investors.



Get Support

Getting your team on board will be crucial to a successful equity crowdfunding campaign. Make sure your partners, staff and governance board know what's going on and are able to explain the process. They're champions for your business and will help run the campaign.

You'll also need to get your business plan, financials, and pitch video looking good and up to a high standard. Not every business has the skills in-house to do these things and it always pays to have someone on the outside look in.

If you want some specialist help we have a few people ready and eager up and down the country

- **Film makers:** the normal daily rate is around \$1,000. Email us for contacts in your area.
- **Accountants:** we know accountants in your home town, and also ones that will Skype you. Email us for an introduction.
- **Business planning:** There are business advisors available to give you feedback and support making your business plan.
- **Crowdfunding consultants:** There are experienced crowdfunders who help people meet their crowdfunding goals. You might also want to talk to your local economic development agency and ask about their [capability vouchers](#) (they can match fund you!) or local incubators.



Your Cornerstone Crowd

Who is your crowd?

Figure out who your crowd is. It's about identifying those who support and believe in what your business does and those that support and believe in you and your team members, as individuals. It might be your friends and family or people in your various communities. You might have networks and organisations who have supported your business in the past and looking to play a bigger role in the future of your company. If you're an existing business you may even already have a dedicated customer base chomping at the bit to see your company succeed. Figure out who is in your crowd, then how and where you will communicate with them. Whether in real life or through technology, connect with personality and authenticity.

If you prefer metaphors and jam donuts have a look at [our sweet explanatory blog post \(pledg.me/crowdonuts\)](https://pledg.me/crowdonuts).

First 50

Make a list of the top 50 people you think are willing and able to invest in your company and spread your message far, wide and deep. Now go talk to them. Seriously. Pick up the phone or, even better, take them out for a coffee, frozen yoghurt or a sit down meal at a three Michelin star restaurant. Maybe not the last one. At least send them a personalised email giving them a heads up about what you're thinking of doing, why, what the money is going to be used for, and how they'll benefit. Get them to agree to pledge when the campaign goes live and willingly preach your good word.

Use one of our [templates](#) to help you.

Take on board early feedback. Seriously.

Prep your crowd

Once you've figured out who your wider crowd is, start letting them know you're planning on doing an equity crowdfunding round. Use your newsletter, website, and social media to get a sense of whether people will invest in your company. Let them know it's happening so they can save up, check with their partners, and plan their finances. Sussing out your cornerstone crowd and your First 50 is an important step because it validates whether people are willing to invest and their feedback can help you to identify what it is about your organisation that really resonates with them (and is likely to strike a chord with other investors). You can get your crowd to pre-register their interest by setting up a [Mailchimp list](#) (if you don't use MailChimp start — like — right now!).

What can PledgeMe do?

Preparation is key. Through our six week CrowdfundingU programme, we'll help you wrap your head around what equity crowdfunding is, how it can work for you and you can effectively spread your message to your crowd and expand your following even further afield. We'll get you in a great position to confidently build, run and celebrate your successful campaign with your adoring crowd. For more info on CrowdfundingU take a look [here](#) and to sign up swing by [here](#)

We know crowds. We've been helping people in the project and equity space for the past couple of years tap into their crowds and have had hundreds of successful campaigns raise millions of dollars.

**Preperation
is key**



Plan

It's all about the plan.

Once you've sussed whether equity crowdfunding is right for your company and you've got your team on board and your crowd prepped, it's time to knuckle down and get some plans in place. Getting all the information together will not only help with your PledgeMe campaign, but it will help clarify and refine messages to your crowd about why you're doing an equity round and why they should invest. It'll also help you and your team get on the same page around your strategy.

A lot of the information you'll already have, and some of it will only need a little bit of tinkering to get ready. It's really important you do have a plan though, your success depends on it.

Your Company Description

You'll need a detailed description of your company to communicate to potential investors on your campaign page. A complete description should include the following:

- **Your company:** be creative in explaining what you do and how you do it.
- **Your team:** keep in mind that people invest in people! Let investors know who you really are. What are your superpowers? What is your vision for your company?
- **Your growth funding needs:** describe what you'll be using the funding for, and how it will help your company grow.
- **Your future plans:** investors want to know where you're going. What's the big dirty ambition?
- **Any key risks,** and how you'll mitigate them.



Your Current Financials and Forecast

People often base investment decisions on their analysis of a company's financials. So they need access to key documents like your, Profit and Loss (P&L), Balance Sheet and Cash Flow Statement. To start an equity campaign you must provide these documents about your company. It is important that time periods are properly labelled and cover a minimum of three years (if it exists) and three years of future projections. All documents should follow the [New Zealand GAAP accounting standards](#).

Your profit and loss statement will give a deeper insight into the operational performance and profitability of your business. It is important you structure it clearly to honestly represent the current state of your business. You are required to clearly state your revenue, costs and profitability, while distinguishing between direct costs and overheads. It's useful for shareholders to clearly identify your EBITDA* in the statement. These are key metrics investors like to use to compare and keep track of a company's core performance.

Your current balance sheet is where your assets, liabilities and shareholder's equity are broken down. The assets and liabilities section should be divided up in current (short-term) and long-term sections, with a total calculated at the end for both assets and liabilities. Remember it is important to include the newly raised capital from the equity campaign to the shareholders' equity section of your balance sheet.

Your cash flow projections need to show how your company will grow over the next three years. Make sure to include the projected capital from your crowdfunding campaign. You need to clearly show how much money you require to meet your goals, what those goals are and how you're going to achieve them (now, next year, and in three years time). Remember to always include the cash flows from operating, investing and financing activities, as per normal standards.

Please remember to double-check any financial information you publish against your internal records to make sure everything is correct. Checking in with your accountant or financial advisor before submitting your campaign is strongly advised.

*EBITDA

*EBITDA or Earnings before Interest, Taxes, Depreciation and Amortisation is essentially net income with interest, taxes, depreciation, and amortization added back to it. It's widely used to analyse profitability and the relative value of investing in a particular company compared to other companies across different industries and spaces.

Your Business Plan

Having a clear business plan is a critical part of communicating your company's values and goals to your crowd. Your business plan should include information about any research you have done, what your company has achieved to date, the management structure, high level financial budgets, and your goals for the future. Transparency about your company's inner workings is the first step in building trust and a great communication channel with your investors. Consider sharing your business plans with your advisors (e.g. accountants, mentors, or people in your crowd) to get feedback and advice. Don't be afraid to put some of your organisation's personality into your showcase documents.

Your business plan can take many forms. They don't all need to be a swish glossy magazine. If you want to make it stand out that's great, but the main point of the business plan here is to clearly convey information about your business to investors, so keeping it simple is a good idea. We'll need an electronic version, in pdf format, to put up on your PledgeMe campaign.

Need help creating a business plan? Check out the Ministry of Business, Innovation & Employment's Business Plan Template on [their website](#), and our [template Business Plan in Google Docs](#). The most important thing is to put your information together in a cohesive document.



Your Valuation

Valuation is an art not a science and there are a few key things to consider.

The valuation should be fair to you and any existing shareholders — so that you don't give up more of the company than you need to. The valuation should also be fair and appealing to investors so they will want to get involved. There are a number of ways of arriving at a valuation. Some methods are more suited to startups and others to established businesses.

Often, an investor is interested in the return on their investment which is likely to come from dividends (from future profits) or an increase in the value of their shares over time. Think about how you will provide a return and what will happen to the value of your company in the future.

If you have established and/or projected revenues or profits then this may help you to value the company. If you don't, you should consider the market in which you are operating and compare yourself to other companies where you can.

There are a bunch of ways to figure out the valuation of your company, from a discounted cash flow approach, to a net asset valuation, to price-earnings-growth ratio valuation based around market comparables to the Berkus method, to just putting your stake in the ground on what you think your company is worth. You can use a couple of approaches combined to hone in on the valuation that feels right to you. The key is to strike a balance between what your potential investors want and a price you think reflects the value of the company that you have created.

There is no perfect share price or valuation for any given company. But here are some tips to make sure both you and your prospective investors are happy with the offering:

- Explain how you got to your valuation. This will convey your vision as the captain of your company's ship.
- Think about how your crowd will respond to your valuation.
- Will your valuation affect future capital raising?

Remember, valuations are an art not a science. They give you a position to discuss and sense check your thinking with your team before you go out to your crowd



For Start Ups

Remember that evaluating a startup company's worth is very difficult. It requires a lot of estimation and evaluation of future earnings potential. The key is to properly gauge the size of your business and determine what your investors are willing to pay. Once you have figured out an estimated worth of your company and the percentage of the business you want to sell in shares, you can determine the price and number of shares you will be offering.

For Established Companies

Established companies have a bit more data to work with than startups. You need to be aiming for future growth, but you can base that on your successes to date.

If you are established but planning to do something new, then you might be valued more like a startup.

Valuation Methods

Discounted cash flow: This is forward looking. Take your expected cashflow over 3–5 years, discount each year by the investors' required rate of return (a.k.a. their cost of funds) and then add them up. This depends on what money is worth to that investor and the rate usually ranges between 10% and 50%. Investors would want to see reliable future cash flow projections.

For more info have a look [here](#)

Net asset value: using this asset-based approach you pretty much ask yourself what would it take to build your company from the ground up again. What is the fair value of each asset less the fair value of your liabilities.

Fair value being a value that'd be acceptable to a willing buyer and a willing seller.

EBITDA growth multiplier: Take a look at comparable price-EBITDA ratios for companies like yours. Dividing this figure by a company's EBITDA growth rate will let you compare those at different lifecycle stages. Applying an appropriate ratio to your EBITDA and growth rate will give you a valuation. This is a Price/Earnings/Growth Ratio but it substitutes EBITDA for Net Profit as it's a more appropriate performance measure

Take a look [here](#) to get a greater insight.

Berkus Method: Assign a dollar value from a given range to the various qualities or characteristics of the business. Characteristics like: your management team, the size of the prize, your technology and IP, customer validation, competition, sales channels and your ability to execute on your vision.

Have a peak here for more on [Berkus](#).



Your Minimum and Maximum Funding Goals

Okay, so you've got your valuation, what next? You need to set a goal about how much you want to raise. Your valuation will affect how much of your company you can sell and how much you can ask per share.

The minimum goal is the minimum amount of equity you're going to sell in your company. If you do not meet this goal the campaign isn't successful, you receive no money and no shares are issued. This is why accurately canvassing your First 50 is so important. You could still try again later though, perhaps with a lower minimum goal.

A maximum goal is important. Your shares might start selling like hotcakes which is great, unless you accidentally sell 95% of your company! A maximum goal sets the upper limit of shares you will be able to sell. It'll also set out the level of ownership dilution that you are willing to accept.

Take a look at this handy [infographic from Founders and Funders](#) that'll give you an idea of how a average capital structure changes over time. (In this case you can substitute your PledgeMe investors for the angel).

What do you want to achieve with the money you raise?

The money you raise should add significant value to your business, not just keep things ticking along. Think about what your business will look like in the future, what do you want to achieve in terms of market, team and product to take your company to the next stage?

You don't have to raise it all at once. Is there an amount of money which will help the business to achieve a key objective? If you achieve that, you can then raise money at a higher valuation later. The plan of what fundraising you will do and when is called a Capital Plan and investors like to see it. This shows you are thinking about the funding needs of the business and how you will grow the value of their investment.

Prepare a capitalisation table. This is a table of each shareholder, and how much of the company they own. You can plug in future fundraising at different times and different valuations to see the dilution effect on each shareholder. You can use this [example](#) and fill in the yellow sections.

If you raise too little, you might end up devaluing the business by missing your targets or having to raise more money urgently.

If you raise more than you really need then the existing shareholders will own less of the company (due to 'dilution') than they might have if you raised less. But, remember: things generally take longer and cost more than you expect, so don't cut it too fine.

Remember to plan for the time and cost of raising that future money as well as where you expect it to come from.

- Some more things to consider when setting your minimum and maximum funding goals:
- What is the minimum amount of money that will allow you to reach your business goal?
- What is your existing share structure? Will you have to split shares?
- What is your share price (make it a round number) and what's your minimum investment?



What does that mean for your company

From your valuation, you know what your company is worth pre-money. After you raise your investment, you will have a post-money valuation (your initial valuation + the money raised). For example:

Your company is worth \$900,000, and you have 90,000 shares issued (setting a share price of \$10). You crowdfund \$100,000 - and your company is then worth \$900,000 (pre-money) + \$100,000 raised = \$1 million. Your new investors own 10% of this company, or 100,000 / 1,000,000.

Communications Plan

No one is going to buy shares in your company if they don't know you're selling shares. You've got to have a good plan in place to communicate to your crowd, and other potential investors, that there is an equity sale and it's happening now. Your plan should map out what you're going to say, where you're going to say it, and when you're going to say it.

Formulate some key messages you want to get across about your campaign. Key things you should be able to answer off the top of your head in a quick and clear way are:

- Why are you raising the money?
- What is it going to be used for?
- Why should people invest?

The first point of contact should be your existing communications channels: your website, newsletter, and social media. Warm-up your crowd by letting them know what's coming so they can save their dollars and be ready to invest.

Mainstream media coverage is always good at boosting your profile. Get a press release ready and make sure it's clear and concise and figure out who the best journalists to contact are.

Your local papers may be interested in your campaign, the business sections of the major papers might be too. Are there any sector publications which write about your area of work that you could pitch a story to?

Use [this template](#) to start pull together your plan.

Events

You should bring things into the real world and have an event — like a launch party — where you can get your cornerstone crowd and others into a room and get them energised about investing in your company. Be creative and, most of all, have fun.

The idea is to make sure people know you're selling shares, but not spam them with too many desperate pleas for investment.

Plan out what you're going to do before, during, and after the launch of your campaign so you can keep it consistent and on message.

For a press release template check out [this document](#).

Things to Consider

- How many people can you reach through your existing communications channels?
- Where do your crowd get their information from?
- What are the key points you want to get across?
- Make sure you have consistent (but not annoying) communications. What kind of information will you convey during your campaign?

Constitution

You may need to update your constitution to allow electronic voting, and to manage all the new investors you are about to invite on in to your company. This will mean you can use technology to manage voting around resolutions, and turn the potential burden of a large crowd of shareholders into an opportunity.

For our constitution template and resolution check out [this document](#).

Trello Project Plan

If you're a to-do list fan, Trello is the tool for you! It's a free web-based project management platform that supports collaborative teams.

We've created a board template that you can copy and privately use with your team in two clicks!

Feel free to use this [Trello template board](#). Click "Menu" and "Copy Board" to use it privately.

What PledgeMe can help with

Successful campaigns are built on powerful plans. Our CrowdfundingU programme will take you through particularly daunting aspects of your plan so that you feel confident in the path you pave for your campaign. We'll cover things like

- Understanding what effective communication looks and sounds like and taking the initial steps to start identifying and rallying your crowd.
- How to write a Press Release, and connect and talk to media.

We have strong understanding of how crowdfunding can be communicated to your crowd. Let us help you walk through how best to do that.

Please note PledgeMe will not offer financial advice, and you will need to ensure your information isn't false or misleading.



Getting your campaign ready

Campaign Creator	PledgeMe	Time
Enrol and attend CrowdfunderU	Equip you to get your campaign and crowd in ship-shape	Six weeks/sessions
Working on campaign <ul style="list-style-type: none"> • Business plan • Financials • Loan details • Comms plan • etc.. 	Support and feedback	Ongoing throughout CrowdfunderU
Submit final request	Complete background checks	2 working days
Add the finishing touches <ul style="list-style-type: none"> • pitch video • imagery • rewards 		5 working days
Launch	Publish, ensuring all necessary info is there	



Pitch

Batter up!

Your pitch is the centerpiece of your campaign. It's the top level information you want people to see when they visit your campaign page on the PledgeMe site. It consists of a video or image, and a body of text about your company which explains why you're seeking investment and why people should invest, your team, and other important information. Essentially it's all those high level messages you developed earlier in the [planning stage](#). Your pitch isn't the right place to go into great detail about the innards of your business, that's what your business plan and other documents are for. Over the page are some tips on how to make a good pitch so that people are more likely to invest.

Make it Interesting

Text & Images

Be sure to keep your text clean and simple but thorough. Images can really help bring your pitch to life. Be sure to focus on your company's people, your mission statement, and what you do. Make sure the main messages about why you're calling on your crowd and why you need their investment are well canvassed. In terms of word count, the shorter the better, but aiming to keep it at or below 2000 words is an achievable goal.

Break up the text with images of your product, service, or other related photos. This will give people a further sense of what you do. Whether that is brewing beer or making software there are tangible images you can use to communicate positive messages about your company. Don't go too crazy with images either, make sure you use them intelligently. And, for the love of all that's good, don't use bad stock imagery. Check out [Canva](#) if you need help.

Video

If a picture paints a thousand words and a youtube video squeezes 30 pictures into every second, that's...more words than a Tolstoy novel! Video is king! Videos are a great way to engage your crowd with the pitch. It's the first thing people see a PledgeMe campaign page. People are more likely to watch a short video that showcases your key messages and is interesting than read a couple of pages of text. It's a good way to hook people and get them interested enough in you and your company to take the time to read all the other documents and then invest. Videos are beautifully shareable too.

Crowdfunding campaigns with a pitch video are [85% more likely to be funded](#) than those that don't and [raise, on average, four times more](#).

We strongly suggest aiming for a 90 second pitch video and definitely keeping it under five minutes.

Sound quality is also important. While you can make good videos on an iPhone and free software you may struggle to have decent sound.

Making your own pitch video doesn't have to be hard, you can make a video with your phone and a bit of free software online like [Magisto](#) or [Filelab](#). Read more about great pitch videos on our [blog](#) or read [the plan](#) for our equity crowdfunding pitch video. PledgeMe can also set you up with professional video people if you need help.

Rewards

With equity crowdfunding you can offer rewards beyond shares and the potential for dividends. Rewards are usually tiered, so the more you invest the bigger the value of the reward people will receive, e.g. if you pledge the minimum amount you'll get a mug, but if you buy more shares you'll get a trip on a hovercraft. You may keep it simple like pre existing merchandise (t-shirts, coffee mugs etc) or you may get special rewards made specifically for your equity crowdfunding round, this will make it limited and therefore more desirable.

The point of offering rewards is that you give people a little extra incentive to invest. It's the cherry on the top for your crowd supporting you.

Examples of great rewards

- BrewDog, a brewery in the UK, offered their shareholders discounts, first access to brews, and party invites as part of their offer.
- Oooby and Sorbet offering tiered shareholder discounts.
- Powerhouse wind covering the GST on a purchase of a Thinair for those investing over \$10,000.

Returns

In your pitch you cannot promise your company will provide a return for investors. You can say you have a strong case to be able to return dividends within a set amount of time, based on your financial forecasts. There is an element of risk involved and this, and the expectations of investors, needs to be managed.

If you think you have an airtight case for being able to provide returns then this is definitely a selling point for your pitch. But you do need to be careful of running foul of the FMA's rules. We suggest erring on the side of caution and keeping information about your returns honest, clear, and slightly conservative.

What PledgeMe can do

We'll help you get your pitch on point during the second half of your CrowdfundingU programme. Having watched hundreds of videos and read thousands of pitches, we know what makes a good pitch and will help you get yours to stand out.

We can also put you in touch with professional writers, videographers, and campaigners who can help you with your pitch — but the real power is going to come from you connecting directly to your crowd.

Once your pitch is in order, documents are uploaded and the video is up we'll work with you to publish the campaign. Then it's live and time to move onto the next phase: promo.



Promo

Promoting 101

You're prepared. You've got a plan. You've primed your cornerstone crowd. You've got your pitch. Your campaign is live. Now it's time to share it with your crowd and the rest of the world. Hopefully you've already done a bit of promo and created a bit of a buzz as part of your communications plan. Here are some tips on how to connect to your crowd and find investors.

First 50

Your First 50 are your champions! Get them ready to pledge in the first few hours the campaign is live. Ask them to share the fact they've pledged with their networks. Get them to write a post for you about why they believe in you, what is about you that resonates with them, why they pledged and what they hope for your company. Get them working for you. Because they want to own a piece of you they'll want to see you succeed.

Social Media

Because campaigns are internet-based it's easy to share them online. Tap into your social media presence and promote the PledgeMe page via your Facebook, Twitter, and other platforms. Get your First 50 to do this too, and RT and share your messages and posts.

Find other champions who might not be investing but who support your business to share the campaign through their social media.

Start a hashtag even!

Facebook advertising is another effective medium you may consider using. For more on that check out [Facebook's info on ads](#).

Caution though: people do get fatigued if you're blasting the same messages over and over and over again. Do social media blasts sparingly, figure out interesting and new content to share, and try and provide images or video to go along with them.

If you need help with social media, PledgeMe can help you find someone who is gifted in such dark arts.



Events

Bringing your online campaign into the real world can help raise awareness that you're looking for investors.

Your first event can be as small as your team, some drinks, and your laptops. Once you're live you can hit go on your launch comms plan together, and celebrate the ticker ticking up.

Having an event also gives you an excuse to hold a party or a media stand up and bring your crowd in and have a fun time.

Your imagination is the limit here. We've heard talk of pub crawls, public talks, cottage meetings, stunts and much more.

Organise whatever you feel comfortable with and invite your crowd and others along. At the very least you get an opportunity to talk about your product/service to a bunch of people, who knows they might even all invest. Remember to invite us!

Also, you don't need to organise everything. Is there anyone in your network organising an event that would let you come and speak? Think Pecha Kucha nights, or Coffee and Jam sessions, or even talks at conferences

Mainstream Media

Mainstream media are another go-to when it comes to promoting your equity campaign. The business sections of major dailies are always looking to profile companies who are doing something cool.

Other more specialist media, like interest.co.nz, Idealog, or [the NBR](http://theNBR) are often interested in what is happening with equity crowdfunding too. Local and community papers are also a good bet. They're always looking for content and stories around local businesses creating jobs and doing good things in their communities.

Find out who the journalists you want to talk to are and flick them a copy of your press release (the one that you did as part of your comms plan) with a note saying that you'd like to talk to them about what your company is doing.

If you work in a specialist sector, are there any magazines or websites which write about your niche? Get in touch with them to see if they're willing to publish something.

PledgeMe has some pretty big networks with journalists and media outlets. If you're struggling with finding people to talk to then we may be able to help.

Go to where your crowd hangs out

If you're a bar, and your crowd is your regulars on a Friday night, you've got an easy job. But, even when it's not that clear cut there are lots of ways you can figure out where your crowd spends its time, whether that is a physical place or an online space.

Have a think about what your fans' tastes are. You may consider going along to events other people have organised and use them as a networking opportunity, or you may know that heaps of your fans are members of a particular Facebook group where you could post a message about the campaign.

The point is to ensure maximum opportunity for the people you think will be most likely to invest to hear about your campaign.

How PledgeMe can help

PledgeMe can help with advice about how best to do your social media, events, and figuring out where your crowd hangs out. We can also rattle the cage of some journalists we think might be interested in your campaign. Our newsletter and social media will also be pumping out some alerts about your campaign.

Promo is key. We'll push you to carry out your plans and do fun and interesting things to raise awareness about your campaign.



Post

Take a deep breath. Your campaign is over. Hopefully you've had enough pledges to make your minimum goal, or even better have pushed onward to your maximum goal. The work isn't over yet though. After the campaign has finished you need to tie up all the loose strings and there are now legal obligations which your company has to stick to. Here are some tips on what to do after your campaign.

Communication

You've taken their money, they have shares in your company. But that's not where the relationship should end. PledgeMe offers a shareholders page so you can keep all your shareholders up to date in one place. For more on that check out the bottom of page 30.

It's good practise to keep your shareholders informed about what you're up to and the progress you're making on goals. We recommend a monthly update so they feel connected to the business. This is important because now they have an interest in you succeeding and you have an interest in them continuing to support you.

Also you've got a requirement under law to hold an Annual General Meeting, and release a financial report to shareholders. There are also certain decisions your Shareholders need to vote on.

Most importantly, communicating to your shareholders allows them to support you further. They're more than champions now, they're a resource that want to see you succeed.

Financials/Transparency

You must send annual financial statements to your shareholders. There are now audit requirements which you have adhere to, unless 95 percent of your shareholders vote to not have an audit.

For more on your financial reporting obligations check out the [Business.govt.nz website](https://www.business.govt.nz).

Takeovers Code

You'll need to be aware of the takeovers code too. If you have over 50 voting share parcels you'll need to comply with the code in the event of a take over. Essentially you need to get an independent report if you're in this situation.

You can find out more about the takeovers code on the [Takeovers Panel website](https://www.takeovers.govt.nz).

Obligations to shareholders

As we've already said you now have a legal obligation to provide all shareholders with annual financial statements. You must also hold an Annual General Meeting – it doesn't have to be a bunch of people sitting around in a stuffy room. Some companies that have done equity crowdfunding have made their AGMs into parties and celebrations of their business! You should also be communicating with shareholders regularly to ensure they know what you're doing.

Further capital raising

You can raise up to \$2 million dollars through equity crowdfunding (or a combination of equity and debt crowdfunding) a year. If your first offering raises \$60,000 so you can hire a new staff member, and once you have them on board for six months you realise you need to buy some more equipment, you can do another equity campaign.

It is important to go back out to your current shareholders and crowd again to let them know you're going to do this, especially if you're going to dilute their shareholding.

Shareholders' Page

You can:

- Pull all of your shareholders into this page.
- Hold discussions around certain topics, and share images / attachments.
- Go out to your shareholders to vote on resolutions.
- Publish the results of these votes.

Your shareholders can:

- Support you with ideas, information, and (potentially) even be tapped for work and advice!
- Get to know each other.
- Manage their responses to resolutions simply.
- Read the information you provide.



Think about your Cap table

Keep your capitalisation table handy. You can plug in future fundraising at different times and different valuations to see the dilution effect on each shareholder.

Remember: things generally take longer and cost more than you expect, so don't cut it too fine. Plan for the time and cost of raising future money as well as where you expect it to come from. There are also other places you can go to raise capital. You may want to look up your local [Angel Investors club](#) or look for some [venture capital](#) (and matching).

Postscript

Now you are ready to run your very own equity crowdfunding campaign. Huzzah! We've covered all the basics of what you need to do to run a campaign. We can provide more specific advice about the PledgeMe platform if you need it.

The PledgeMe team is easy to contact.

You can fire through questions and emails to the team at equity@pledgeme.co.nz

Or call us on **027 Pledge 1**

We're super excited about helping you go out to your crowd. We think equity crowdfunding is the future for people raising investment from people.

We look forward to working with you,

Anna and the PledgeMe Team.