

# CROWD ABOUT NOW.

**Category of Good Practice:** Entrepreneurship

**Good Practice's title:**

Social Due Diligence in crowdfunding

**Main objective:**

Crowdfunding makes it possible for every entrepreneur to find financial means for their plans. Crowdfunding is based on the principle of social due diligence. The crowd decides if a plan has potential and makes an assessment of the risk involved.

**Key words:** Crowdfunding, Entrepreneurship, Social Due Diligence, Network, Finance

**Type of organization:** For-profit enterprise

**Country:** Netherlands

**Year of inception of the good practice:** 2014

**Services and products provided:** Crowdfunding webpage, coaching, financial and legal infrastructure

**Funded loans (€):** 8 million

**Avg loan size (€):** 70, 000

**# of clients:** 300

**Website:** [www.crowdaboutnow.nl](http://www.crowdaboutnow.nl)

**Address:** Maliebaan 24, Utrecht

**Institutional profile**

Founded in 2009, CrowdAboutNow is one of the leading crowdfunding platforms in the Netherlands with a focus on entrepreneurs. The idea is to fund projects by leveraging small amounts of money by large groups of individuals. After an arduous process to obtain the necessary license and to create the platform (in 2010 there was no regulation), CrowdAboutNow developed a model that allows interested stakeholders to invest in companies and support projects.

CrowdAboutNow is a single platform that offers various types of crowdfunding: the preferred model is business and personal lending, followed by pre-sales, equity funding and donations.

**Mission of the organization:**

We believe crowdfunding is more than just finance, as it creates involvement from the crowd. We envision a future where every entrepreneur can use crowdfunding for their financial needs and make entrepreneurship more social.

**Governance structure:**

Private company with six stakeholders.

## Good Practice

**Introduction:**

CrowdAboutNow is one of the first crowdfunding platforms in the Netherlands. We help entrepreneurs to realize their business plans. When entrepreneurs require finance to start, develop or expand their idea, they usually go to a bank to get a loan. We provide an alternative. With crowdfunding you can find investors and supporters of your project. There is a wide range of crowdfunding products.

We facilitate presales and donations, equity and loan crowdfunding campaigns, which means that entrepreneurs are able to find the right product for their needs. When entrepreneurs decide to start crowdfunding, they receive a campaign page on our website. People are able to donate or invest on this page. Their money will be stored until 100% of the goal is achieved, after which it goes to the entrepreneur. If the project is not 100% funded, the money is returned to investors. Most campaigns on our platform are loan based. The average amount for these campaigns is 70k EUR. Investors are typically paid back in 3 or 4 years with interest.

**Target group and accessibility:**

Our target group is Dutch SME's. Anyone with a small business can apply for crowdfunding. The only condition is that they have to be willing to start a good campaign. Crowdfunding is hard work and it takes a lot of effort. We operate across several sectors: hospitality, retail, food, services, crafts, housing and agriculture. Everyone can apply by through a test on our webpage. In this way, we check if the plan is suitable for crowdfunding.

**Innovativeness:**

Crowdfunding on our platform is based on an innovative principle, which we call Social Due Diligence.

Social due diligence is an important aspect of our financing model: show people who you are and what you do and try to get them involved in your plans. If an entrepreneur succeeds in doing so and gets enough public support, it means their business has a right to exist.

This is why on our platform, entrepreneur's offer rather low interest rates and the risks for investors are high, because we don't work with a financial screening system. This makes our platform less interesting for the traditional investor who is looking for a good return. We aim at investors who have a focus on small and local businesses, who are interested in extra (or alternative) rewards, but who also want to get in contact with local entrepreneurs and support them in other ways. The entrepreneurs and their skills and experience, their networks and their specific plans are the most important criteria in convincing those investors.

**Relevance given the context:**

Crowdfunding is highly relevant given the context of the crisis. Banks are very cautious in supplying loans to small businesses nowadays. It makes it harder for new businesses and young entrepreneurs to start. Crowdfunding makes it possible for new ideas to come to life.

**Adaptability to other contexts:**

Donation based crowdfunding is already worldwide. But loan based crowdfunding is less common. Our platform is focused on the Dutch market. Our licenses and paying method are based on Dutch legislation. Adaptability does depend on the legislation and regulation of the country it's based in.

**Efficiency:**

The entrepreneur pays 1% of the maximum goal amount in advance. And after succeeding, the entrepreneur pays another fee. The amount of this fee depends to the financial form chosen. For a donation campaign it is 5%, for a loan it is 2% per year with a maximum of 8% in total.

**Outcomes:**

Over 200 entrepreneurs have been successfully funded from some 20.000 investors. In the last 12 months, investments totalled more than €4 million, of which €2,5 million was during the last 6 months.

**Sustainability:**

Crowdfunding is becoming increasingly popular and a common alternative to bank loans. This trend should continue for the next couple of years. To remain sustainable, we are transparent about the risks and keep our legislations up to date.

**In practice:** Specific description of a success story

In July 2014, a local Amsterdam based brewery, Oedipus, needed money to start a brewpub. They initiated a loan based campaign for €50.000. They offered interest of 5% per year, for three years. They also created some original rewards. The campaign was such a success that they ended up with twice the amount, €100.000. The crowdfunding campaign also gave them a lot of exposure and the brand is now well known. In June 2015, they opened up their brewery. The link of their campaign page can be found here: <https://www.crowdaboutnow.nl/oedipus>