

# **How to pledgeme: PledgeMe.Lend**

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

# Preamble

Kia ora,

Welcome to PledgeMe's handy guide on crowdlending campaigns.

We're really excited you are considering going out to your crowd for a loan. 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 PledgeMe.Projects and PledgeMe.Equity campaigns raise millions of dollars in New Zealand.

We put that experience to work for you in CrowdfundingU, our crash course in running a PledgeMe.Lend 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 a loan 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 meet your business goals.

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 borrowing and we'll help you present your offer professionally and transparently to potential lenders.

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

Cheers,

Anna and the PledgeMe team

A handwritten signature in black ink, appearing to be 'Anna', with a long horizontal flourish extending to the right.

# What is it?

## What is Crowdlending?

Crowdlending helps Kiwis fund the companies and organisations they care about. PledgeMe.Lend helps organisations harness the power of their crowd and raise capital, without the restrictions, burdens and smoke and mirrors of traditional borrowing. An organisation's crowd can lend it money and the organisation pays their crowd back with interest. Borrowers can raise up to \$2 million in a 12 month period<sup>1</sup> through a licensed platform (like us). The space is regulated by the Financial Markets Authority (FMA) via The Financial Markets Conduct Act 2014 which deals with this type of capital raising.

## Is a loan from your crowd for you?

If your organisation is looking to raise capital to grow and thrive then a crowdlending campaign could be for you.

Any suitable organisation — from companies to co-ops, schools to societies — can go out to their crowd of supporters, customers, and networks and ask them to lend some cash.

That loan needs to be for a concrete aim. It might be something as simple as a bridging loan to cover costs or it might be something that will save you money in the long run like upgrading your technology. A discrete bit of work that you can clearly articulate and tell your crowd what's the benefit to you, and how you're going to be able to pay them back.

On that note, borrowing with PledgeMe.Lend will work best for organisations which have an ability to show they will be able to pay back the loan to their crowd (which means you've gotta have a crowd as w s like you, then take yourself to our Campaign Readiness Evaluation for Debt (CRED) to see if you're ready to borrow.

Not to worry if you're not ready. Take a look at running a [project](#) or [equity crowdfunding](#) campaign with us instead. We'd be [happy to chat](#) with you about how you can use the different PledgeMe options to reach your goals.

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<sup>1</sup> The \$2 million cap applies as a total of lend and equity crowdfunding campaigns.

## To put it simply you need to

- be a legal entity (a registered company, charity, society or school)
- want to do something cool (e.g. put solar panels on the roof)
- show an ability to repay the loan (got some cashflow)
- have a clear dollar figure for the loan (how much do you want to borrow?)
- have a clear reason for the loan (putting solar panels on the roof allows us to reduce electricity spend)

FEES	
<b>CrowdfundingU</b> (See below for details)	\$1,500 + GST (Paid before campaign starts)
<b>Success fee</b>	4% of total raised zero rated
<b>Repayment fee</b>	1% (Paid by lenders)

### Example:

For an organisation that borrows \$100,000 through their crowd, they'll pay:

- \$1,500 upfront for our CrowdfundingU programme,
- \$4,000 once they raise their goal and around
- Around \$500 in credit card fees
- Lenders will pay a combined total of \$1,000 throughout the life of the loan as they are gradually repaid.
- The only ongoing fee that borrowers have throughout the life of the loan is the interest to their lenders.

## How does it work?

PledgeMe.Lend works pretty much the same way as [PledgeMe.Projects](#) or [PledgeMe.Equity](#). You create a campaign on PledgeMe which contains a video, a brief pitch, your business plan, and financial forecasts. You set a funding goal and a deadline and when the campaign goes live you go out to your crowd and ask them to pledge. If you meet your funding goal by the deadline you receive the pledged money. You go out and do the things you said you'd do with the money, start making repayments and everyone is happy.

# The important bits



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



# What is CrowdfundingU?

While every company and organisation is different, there are a lot of common areas where they need guidance and support.

With our skills and experience we've pulled together this six session programme to help companies and organisations borrow from their crowd.

Whether you're a company wanting to raise a million dollars and make a media splash or just want to do a 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 crowdlending, an insight into identifying and harnessing the power of your crowd and a couple of key ingredients to bake a successful PledgeMe.Lend campaign.

The two hour sessions are designed to be part teaching/part doing, with weekly homework 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.

The programme is registered under the Regional Business Partner network, so talk to your local economic development agency, ask about their capability vouchers and have the cost of CrowdfundingU shared between you and your agency!

# Setting interest rates

PledgeMe.Lend allows the borrower (you!) to set the interest rate. PledgeMe doesn't dictate what rate you should offer, it's up to you to choose a rate which you believe is fair and will attract your lenders.

Modern lending platforms have shown that greater involvement and control on the end of the borrower creates ownership, responsibility, and ultimately better outcomes for you and your lenders.

The first two things to consider when setting interest rates is your ability to pay it back and what rate will attract lenders.

For most organisations this is going to lie somewhere between 8% and 15%, but depending on your circumstance you can offer anywhere from 0% up.

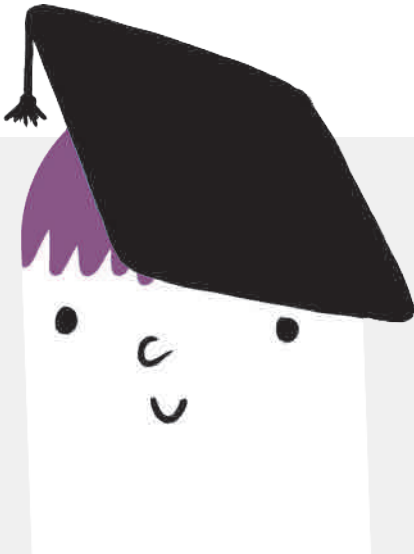
Here is where things get complicated. Even our wordsmith had trouble making this easier to understand, so hold tight and sing out if you need help to wrap your head around it.

Basically, because you pay interest based on the remaining principal amount and because you pay off a bit of the principal each time you make a repayment, you pay less in interest every time. We in the biz call that amortising, and here's what it looks like over different repayment rates over different times.

Here is an example of what happens on a loan with a 10% interest rate to lenders.

Actual average annual interest rate that'll be paid (as a % of initial loan)		Length of the loan				
		1 year	2 years	2 years	4 years	5 years
Repayment frequency	Annually	10%	7.6%	6.9%	6.5%	6.4%
	Semi-annually	7.6%	6.4%	6.1%	5.9%	5.9%
	Quarterly	6.3%	5.8%	5.7%	5.6%	5.7%
	Monthly	5.5%	5.4%	5.4%	5.1%	4.6%

Head over to the Plan section of this guide to find out more about choosing your interest rate.



# What's the difference between a secured and an unsecured loan?

The majority of loans through PledgeMe.Lend will be unsecured but you as a borrower have a choice to secure your loan.

Securing your loan means you put up (personal or business) assets (collateral) to support your loan. This reduces the risk of you not repaying. If you secure your loan and then you default (fail to repay), lenders can be entitled to take ownership of the pledged asset and, if then sold, the proceeds can be used to repay the outstanding debt.

Generally, the interest rates for a secured loan are lower because of the lower risk of a lender losing out.

Banks tend to only grant loans when borrowers secure them. And typically with personal assets, i.e. your home.

## Can I secure my loan?

Sure you can. For organisations with substantial fixed assets like property, equipment and vehicles this could be a good option to reduce the cost of your loan.

If you're considering it, we'd recommend not securing your loan with personal property.





# What does PledgeMe do?

PledgeMe provides the platform which allows you to go out to your crowd and the brains to help your campaign off the ground.

We know crowdfunding. We've already helped hundreds of Kiwis fund the things they care about to the tune of millions of dollars.

Specifically for PledgeMe.Lend, we operate the platform, and all the little tech things in the background which make it tick. This ranges from the application process for your campaign, to the easy gateway for people to pledge, and then the repayment system.

We also support you with CrowdfundingU to help you build your campaign and offer you the expertise we have in crowdfunding.

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 and organisations 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.

## PledgeMe.Lend/Private

PledgeMe Private means companies and organisations can go out to their crowd, and their crowd only, to secure investment. You can raise money through your personal and professional networks and customers, having a bit more control over who sees your information while still going through the PledgeMe process.

Regardless of running a normal public campaign or a private campaign, you're going to need to follow the same process to putting forward an offer on our platform. The only difference is that instead of the offer being visible to anyone on [pledgeme.co.nz](https://pledgeme.co.nz), it will only go out to those you choose to share it with.

One potential difference for a private campaign is that some of the costs around getting your campaign ready may be reduced or eliminated (compared to public campaigns). Things like pitch videos cost money and, depending on the private campaign, may not be necessary.

# How do I do it?

## The Five P's

There are five steps to think about before launching your PledgeMe.Lend campaign. These will all be covered in CrowdfundingU, so start thinking about it all now.

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



### Prepare

Get your team informed and ready to start.



### Plan

Put together your organisation description, financials and business plan and decide your interest rate, the length of your loan, 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

Do what you said you'd do — repay your loan. Be transparent, stay in communication with PledgeMe and keep your crowd of lenders informed, and think about the future.

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



# Prepare

## prepare yourself

### Check that you're ready to borrow.

Hold your horses. Before you dive into preparing a crowdfunding campaign, use our [Campaign Readiness Evaluation for Debt \(CRED\) tool](#) to check if you are ready to borrow and have a good chance of being able to repay your loan.

Not to worry if you're not ready. Take a look at running a [project](#) or [equity crowdfunding](#) campaign with us instead. We'd be happy to chat with you about the different options.

## Get Informed

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

Want to know the law around crowdlending? The FMA has comprehensive explanation of peer-to-peer lending 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? Have a read of [Sorted's investing guide](#).
- NZTE outlines some other sources of capital over on [their website](#).

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

## Think it through

PledgeMe.Lend is similar to traditional project crowdfunding. 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 organisation you need to really know your organisation inside out, know your purpose and know what makes (or will make) your campaign work.

You will need to explain what your organisation is all about, how the funding will be used to grow your impact, and the return that you're offering in the form of interest and rewards.

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

# Get Support

Getting your team on board will be crucial to a successful PledgeMe.Lend 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 organisation and will help in running the campaign.

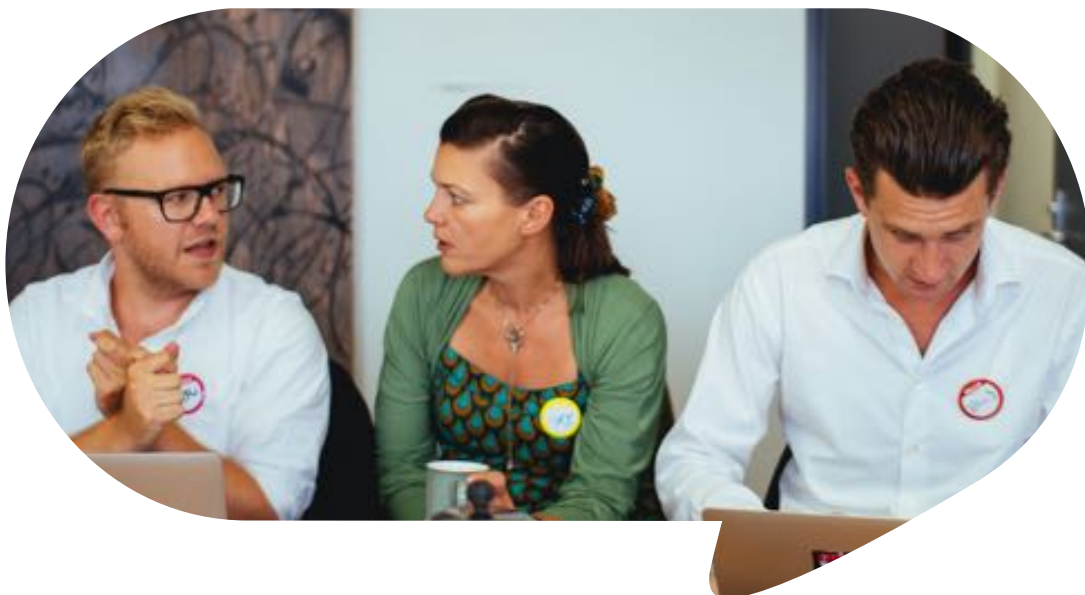
You'll also need to get your business plan, financials, and pitch video looking good and up to a high standard. Not every business has the skills in-house to do these things and it always pays to have someone on the outside look in.

If you want or need specialist help, we have a few people ready and eager.

- **Film makers:** the normal daily rate is around \$1,000. E-mail us for contacts in your area.
- **Accountants:** we know accountants in your home town, and also ones that will Skype you. E-mail 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.

We'll help you figure out if you need external help during CrowdfundingU and set you up with the appropriate people.

You might also want to talk to your local economic development agency and ask about their [capability vouchers](#) (they can match fund you!), incubator, or read through the [Investment Ready Guide](#) by NZTE.



# Your Cornerstone Crowd

## Who is your crowd?

Figure out who your crowd is. It's about identifying the people who support and believe in what your organisation does. It might be your friends, family or people in your various communities. You might have networks and organisations who have supported you in the past and are looking to play a bigger role in the future of your organisation. You may even already have a dedicated customer base chomping at the bit to see you succeed. Figure out who is in your crowd, then how and where you can 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](#).

## First 50

Make a list of the top 50 people you think are willing and able to invest in your organisation 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 or a frozen yoghurt or a sit down meal at a three Michelin star restaurant. Maybe not the last one.

At the very least, send them a personalised e-mail 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 reach out.

## Prep your crowd

Once you've figured out who your wider crowd is, start letting them know you're planning on running a PledgeMe.Lend crowdfunding campaign. Use your e-mail newsletter, website, and social media to get a sense of whether people will invest in your organisation. Let them know it's happening so they can save up, check with their partners, and plan their finances.

Sussing out your crowd and your First 50 is an important step. 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 lenders). You can get your crowd to pre-register their interest by setting up a [Mailchimp list](#).



# What can PledgeMe do?

Preparation is key. Through our six week CrowdfundingU programme, we'll help you wrap your head around what borrowing from your crowd means, how it can work for you and how you can effectively spread your message to your crowd and expand your following even further afield. We'll get you in the best position possible to run a successful crowdfunding campaign. For more info on CrowdfundingU take a look at the next page and to sign up swing by here.

## Crowdfunding U(niversity)

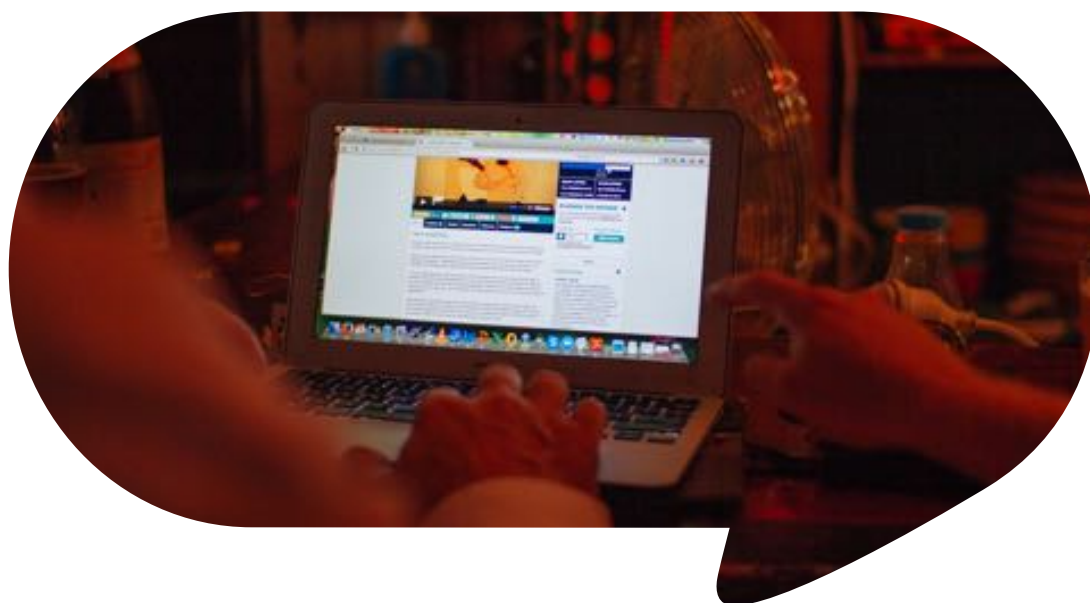
First time running a crowdlending campaign? Want to make it a success? Well pack your lunch cos it's back to the books.

## Background

In 2015 PledgeMe helped 11 businesses equity crowdfund.

While every company and organisation is different, there are a lot of common areas where they need guidance and support. With our experience, and feedback from our crowd of project and equity campaigners, we've pulled together this six week programme to help companies crowdlend.

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



# The programme

The programme focuses on the two key elements to a successful campaign. Preparing your:

1. Pitch to raise money
2. Crowd to invest

## Over six weeks you'll complete:

### Understanding Crowdlending

#### What is crowdfunding

- What does it mean to borrow
- What are the ingredients needed to run a successful campaign

#### Mapping your Crowd

- Who is your cornerstone crowd
- What channels you currently use to connect with them (and could use)

#### Readying your Company

- What documentation you need
- What your offer will look like

#### Activating your friends, family, followers, customers & fans (Your Crowd)

- Tips for effective communication to people you know (and don't)
- Tools you should use
- A Pitch Kitchen with some of your cornerstone crowd

#### Pulling together your pitch

- How to create a campaign video
- How to write a press release and pitch to media
- Preparing your final campaign page
- Finalising your information memorandum

#### Launching your campaign

- How to organise investor events
- Communications during your campaign: updates and responding to questions
- The relationship after your successful campaign

The 90 minute sessions are designed to be part teaching/part doing, with weekly homework to complete. By the end of the programme a company will feel ready to show New Zealand (or just their family and friends) what they're up to, and invite their crowd to invest.

# Cost

This six week programme costs \$1,500 plus GST and if this is your first time crowdfunding, you'll be required to run through this course before running your crowdlending campaign.

There may be additional costs to launching and running your campaign after Crowdfunding(U) which may include: legal, accounting, design and events.

## NZTE Capability Vouchers

Our CrowdfundingU service is registered under the Regional Business Partner network, meaning companies can apply to have the cost of the course half paid with a capability voucher issued by their local economic development agency.

[Here](#) is the service.

## How do you get vouchers?

If you already have a customer manager at your local Economic Development agency, give them a call or e-mail to chat about getting capability vouchers to help with capital raising. Feel free to mention [our service](#) to them during the discussion. You can receive up to \$5,000 per year in matched funding.

If you don't have a customer manager yet, the first step is to [register as a business](#). Your local Regional Business Partner will be in touch to set up a meeting. Here's the contact list of all the agencies if you need to follow up.

Once the Regional Business Partner has decided to support your company with capability vouchers, send us an e-mail. We will create an event for you in the system, send you the details, and get you to book the service.

Once booked, we'll generate an invoice for you to pay, and set the first date for Crowdfunding U. **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.

## Are you ready to join the class of 2016??

Drop us a line [lend@pledgeme.co.nz](mailto:lend@pledgeme.co.nz) to chat more about this programme or crowdlending crowdfunding with PledgeMe.





# Plan

It's all about the plan.

Once you've sussed whether PledgeMe.Lend is right for your organisation and you've got your team on board and your crowd prepped, it's time to knuckle down and get some plans in place.

Guess what. PledgeMe is here to help you do that too. During CrowdfundingU we'll help you get all the information together and assist in clarifying and refining the messages to your crowd about why you're borrowing and why they should invest. Having a plan really helps 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.

## Background info

### Your Organisation Description

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

- Your organisation: 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 the organisation?
- Your growth funding needs: describe what you'll be using the funding for, and how it will help your organisation grow.
- Your future plans: what's the big ambition?
- Your key risks, and how you'll mitigate them.



# Your Current Financials and Forecast

People often base investment decisions on their analysis of an organisation's financials. So they need access to key documents like your Cash Flow, Profit and Loss (P&L) and Balance Sheet.

To start a PledgeMe.Lend campaign we ask that you provide these documents about your organisation. It's 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 organisation. 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 lenders to clearly identify your EBITDA\* in the statement. These key metrics will be used by potential investors to compare and keep track of an organisation'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 new loan from the campaign in your forecasted liabilities. The amount of the loan that you'll be repaying over the next 12 months will be a short-term and the rest of it a long-term liability. Use the rule of thumb of assets minus liabilities equalling shareholders equity to check if everything balances out.

**Your cash flow projections** need to show how your organisation will grow over the next three years and how you'll generate the cash needed to repay your loan effectively. Make sure to include the proceeds raised 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 the profitability and leverage of a particular organisation compared to other companies and organisations across different industries and spaces.

# Your Business Plan

Having a clear business plan is a critical part of communicating your organisation's values and goals to your crowd.

Your business plan should include information about the problem you are solving and what you have achieved to date, any research you have done, the management structure, high level financial budgets, and your goals for the future.

Transparency about your organisation's inner workings is the first step in building trust and a great communication channel with your lenders. 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 this showcase document.

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](#).

## Planning the characteristics of your loan

### Your Minimum and Maximum Funding Goals

Picking your funding goal is the next step. Think about how much you want to raise and how much debt you feel confident about being able to pay back (as well as the interest that you'll be paying — see below).

Find the balance between what you need and what you are capable of repaying. The minimum goal should be the bare minimum you need to do what it is you need to do. The maximum goal should sit below the highest level that you believe you can repay comfortably. You can set the minimum and max to be the same if you only need a very specific amount but having a gap between the two allows you shoot for the next level of commitment from your crowd.

Over-leveraging (borrowing too much) can put you under pressure. Remember that your organisation is going to have to create significant value and generate enough money over the length of the loan to repay your lenders with interest.

# Your Interest Rate

Figuring out what interest rate you can offer potential lenders is a balancing act. It's a mixture of what you can afford to give away (based on what future interest cost you could cover with your future profit) and what rate will entice lenders, rewarding them for the risk they take by investing in you. The sweet spot is somewhere between your wants and your lenders' wants.

Having an idea of what your offer is competing against will give you some food for thought on what you should offer.

Here's a quick run through of typical interest rates for different types of investment to give you an idea of what you could offer to investors:

Type of investment	General interest rate
Bank deposit	~4%
NZ Government bond	~2-4%
NZ public company bond	~3-6%
Shares in public company	~7% annual return
Bank loan (secured)	~5-8%
Bank loan (unsecured)	~10-15%
International crowdlending average	~10%

An 8% to 15% range could be the sweet spot for your loan.

Ultimately the decision is up to you. So choose wisely young crowdfunder.

Once you set an interest rate and your campaign goes live, it is fixed. You cannot change it.



# Your loan length and repayment frequency

Many factors will influence the length of time it will take you to repay the loan.

Some things to consider when setting the term:

- how long will you be using the capital raised for?
- Will you be investing in assets that provide an immediate and steady flow of cash back to your organisation?
- How quickly will the loan enable you to grow?
- Do you plan to pay it back gradually or do you forecast some big lumpy inflows of cash as a result of it?
- Are you using the loan to bridge a gap between bigger capital raises?

All of these questions will help you put your finger on how long you should borrow for.

One to five years are the usual time frames for PledgeMe loans. Although you can repay your loan at any time without any penalty.

Repaying gradually over time reduces the actual amount of loan interest that you'll pay. We encourage borrowers to make a choice to repay as frequently as possible for them so that they can form good financial habits. Monthly repayments are the usual frequency for PledgeMe loans.

## Your Repayments

PledgeMe.Lend loans are repaid gradually over time — they are what's known as “fully amortising”. At every repayment date you'll pay lenders interest on the principal that is outstanding plus a chunk of principal.

It works just like the way a mortgage does. The repayment amount stays the same over time. Your repayments will be mainly made up of interest at the beginning but this will reduce as the interest will be calculated on a steadily decreasing amount of principal as it repays over the life of the loan. The interest portion of your repayments decreases over time as the principal payment increases by an equal amount.

Your loan amount, interest rate, loan length and repayment frequency are the factors that impact your constant repayment amount. Have a play around here to see what combination of factors works best for you.

# Communications Plan

No one is going to invest in your organisation if they don't know you're borrowing.

You've got to have a good plan in place to communicate to your crowd, and other potential lenders, that you're issuing a loan 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

Could you bring things into the real world and have an event — like a launch party — where you can get your First 50 and others into a room and get them energised about investing in your organisation. Be creative and, most of all, have fun.

The idea is to make sure people know you're raising capital, not to spam them with 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?

# Campaign Plan

Some people love spreadsheets. You may not be one of them, but by the end of CrowdfundingU you may well just be. We have a template campaign plan that encompasses all the key steps from business plan, to communications plan, that you'll need to take during your campaign.

During CrowdfundingU we'll help you fill this out, so you have a solid plan in place for the campaign.

If you're more of a to-do list fan, then 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

Begin as you mean to go on. Successful campaigns are built on powerful plans. Our CrowdfundingU programme will take you through particularly daunting aspects of your plan so you feel confident in 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 a great understanding of how crowdfunding can be communicated to your crowd. Let us help you walk through how best to do that.

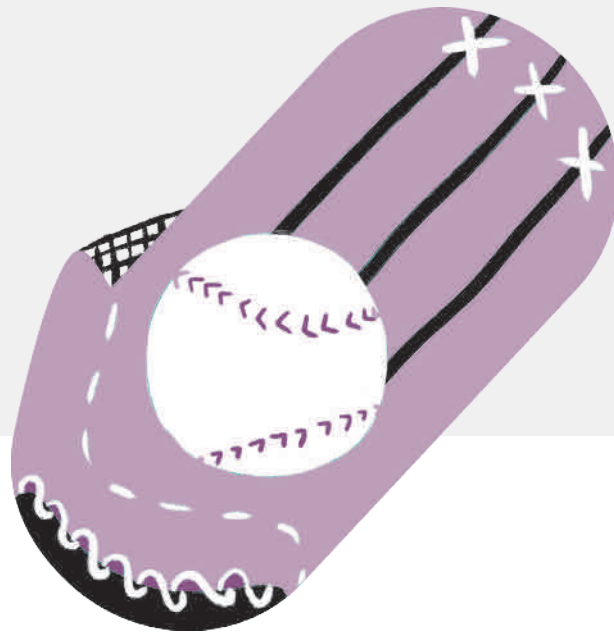
# Getting your campaign ready

Six week CrowdfundingU programme to get you ready

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







# Pitch

## Batter up!

Your pitch is the centre piece 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 organisation which explains why you're seeking a loan 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. Comin' up 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. Images can really help bring your pitch to life. Be sure to focus on your organisation'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 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 organisation. 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 on 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 organisation 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 and they raise an average of four times more than campaigns that have no video.

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

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. Sound quality is also important. While you can make good videos on an iPhone and free software you may struggle to have decent sound. PledgeMe can also set you up with professional video people if you need help.

# Rewards

With PledgeMe.Lend you can offer rewards on top of your loan interest. Rewards are usually tiered, so the more people 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 lend more 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 campaign or offer exclusive experiences or discounts. This will make it limited and therefore more desirable. Rewards can be things or experiences.

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

Chilango, a Mexican food chain in the UK, offered their top lenders a free weekly burrito as part of their Burrito Bond offer.

BrewDog, a brewery in the UK, offered their lenders discounts with an extra discount to push traffic to their online store

Oooby, offered discounts on their fresh produce to their investors ranging from 5% for those investing \$500 to 20% for those investing +\$10,000.

Chariot, the ridesharing app, offered plenty of rewards, from go-karting vouchers for those investing +\$1,000, to helicopter flight vouchers to those investing +\$2,500, to dinner with the Wellington Mayor for those stumping up +5,000, to 5,000 km of free rides through their app for those investing +\$20,000.

## What PledgeMe can do

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

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 got your pitch. You've primed your cornerstone crowd. Your campaign is live. Now it's time to share it with your crowd and the rest of the world.

You'll have already started promoting your campaign during CrowdfudningU, but now it's time to step it up a level and create a bit of buzz. Remember that communications plan?.

Here are some tips on how to connect to your crowd and find lenders.

## Cornerstone crowd

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 blog 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 organisation. Get them working for you. Because they want to be involved with 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 retweet 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, new and original 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 a loan.

Your first event can be as small as your team, some drinks, and your laptops. Once you're live you can hit go and 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. In the past for projects and equity, campaigns have done 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 campaign. The business sections of major dailies are always looking to profile companies who are doing something different.

Other more specialist media, like [interest.co.nz](http://interest.co.nz), [Idealog](http://Idealog), or [the NBR](http://theNBR) are often interested in what is happening with Lend and Equity crowdfunding campaigns too. Local and community papers are also a good bet. They're always looking for content and stories about 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 organisation 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 the Friday night regulars, you've got an easy job. But, even when it's not that clearcut there are lots of ways to figure out where your crowd spends its time, whether that is a physical place or an online space.

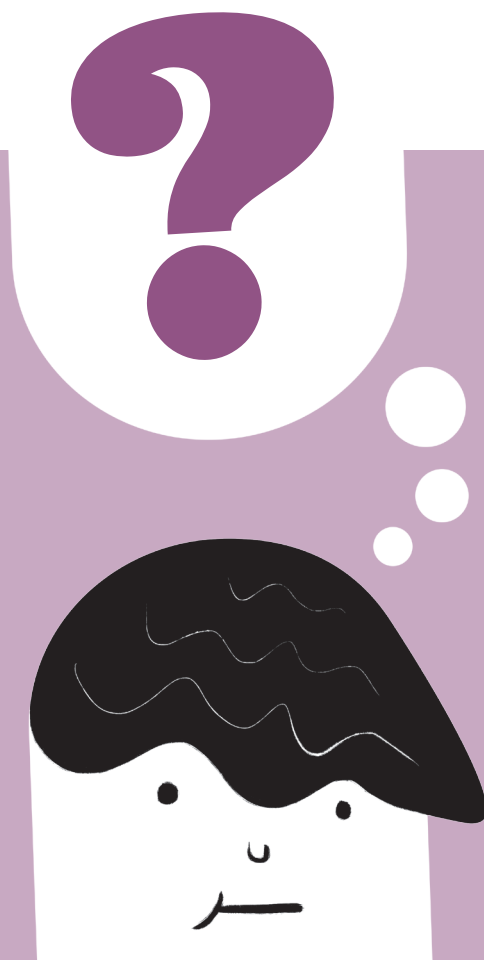
Have a think about what your fans' tastes are. You may consider going along to events other people have organised and use them as a networking opportunity, or you may know that heaps of your fans are members of a particular Facebook group where you could post a message about the campaign.

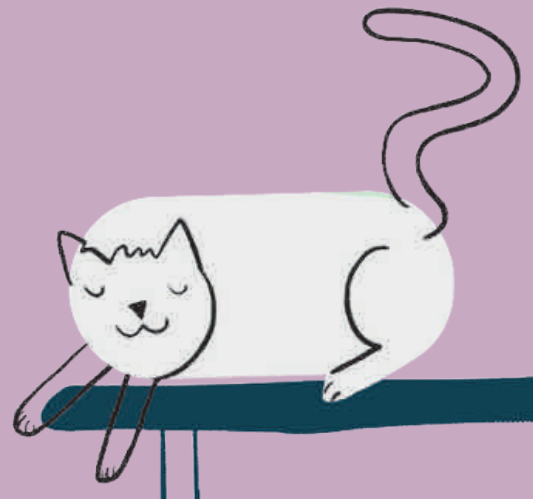
The point is to ensure maximum opportunity for the people you think will be most likely to invest to hear about your campaign.

## 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, we'll collect the pledges and deliver the Loan Contract to you. You need to give it your signature and electronically sign a direct debit initiation form (which allows us to debit the scheduled loan payments from your account on the set dates) and then you can begin putting the money raised from your campaign to use. Your attention then turns to paying it back to your lenders.

## Repaying your loan

You use the money raised from your loan to invest in delivering your organisation's objectives — putting the cash towards your purpose. The organisation begins achieving bigger and better things and cash begins to flow back to you. You then use these proceeds to begin paying back your monthly principal and interest repayments on your loan.

It works a little something like this:

- we remind you a week in advance of the scheduled payment that we'll be debiting from your account
- you arrange to have the required amount in your account on the payment date
- we receive your payment, take off taxes and our fee, divvy it up between each of your lenders and transfer the amount due to each lender to repay their contribution... all on the same day.
- it's as simple as that.

If you encounter trouble repaying, we encourage you to be open and come talk to us. We'll discuss the situation and find a solution to the problem together.

A handy thing to do is to keep a spare month's repayment on hand throughout the length of the loan so that you have a buffer for temporary unexpected shocks that you can call on.

# Communication

You've gratefully accepted their money, the loan is established. But that's not where the relationship should end.

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

What we suggest is that you provide this bit of colour at each payment date and we can then pass the latest news on to your lenders.

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

## Further capital raising

You can raise up to \$2 million through crowdlending or a combination of Lend and Equity campaigns over any given twelve month period. 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 Lend or run an Equity campaign.

Remember to keep your level of debt at a comfortable level so that your organisation avoids the trap of overleverage.





# Postscript

Now you are ready to run your very own PledgeMe.Lend 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.

Your next step is to make sure you're ready to borrow and chat to us about using CrowdfundingU to prepare yourself to run a successful campaign.

The PledgeMe team is easy to contact.

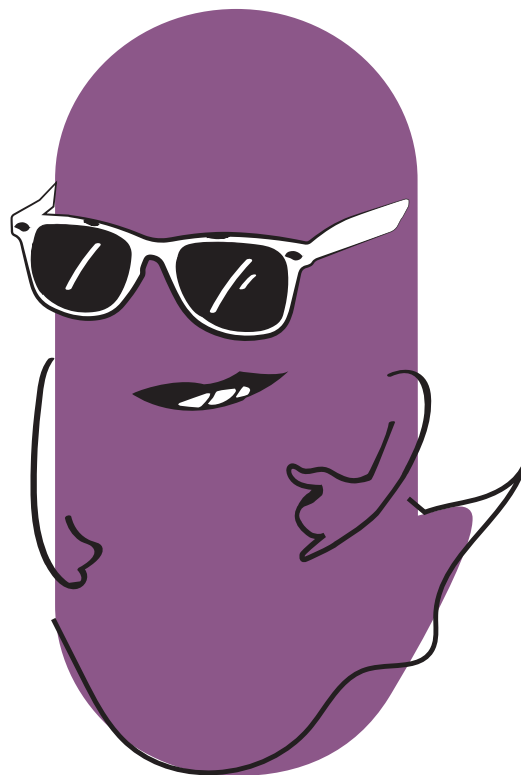
You can fire through questions and emails to the team at [lend@pledgeme.co.nz](mailto:lend@pledgeme.co.nz)

Or call us on **027 Pledge 1**

We're super excited about helping you go out to your crowd. We think PledgeMe's Lend and Equity crowdfunding options are the future for people raising investment from people to make things happen.

We look forward to working with you,

Anna and the PledgeMe Team



# Glossary

**Amortisation** — repay the principal part of a loan gradually over time at a predetermined rate. Set out in the repayment schedule.

**Bond** — a loan. Typically, with a government, large institution or corporation being the borrower (issuer).

**Campaign** — the combination of information that you publish and actions that you take to show the world what you are doing.

**CRED** — our Campaign Readiness Evaluation for Debt. A tool that takes a look at a borrower's profile to determine if they are ready to borrow.

**Default** — a borrower not making a repayment after 60 days of it being due or another Event of default taking place.

**Direct debit initiation** — a borrower giving PledgeMe permission to set up payments from the borrower's account. Used to simplify the process of repaying lenders at each repayment date.

**Event of default** — predetermined things, specified in a Loan contract, that if they happen will cause a default. It can be things like a borrower not making payments on time or declaring bankruptcy, using the loan for a different purpose than originally set out, presenting false or misleading information to lenders among other stuff.

**Income tax level** — the highest rate of tax that you pay on the income that you earn.

**Internal rate of return (IRR)** — the return that an investment pays to an investor over time. Can be used to compare many different types of investment that repay in different ways. For PledgeMe.Lend loans the IRR is equal to the Stated interest rate.

**Interest** — a charge for the privilege of borrowing money.

**Investment** — an asset or item that is purchased today with the hope of providing future income or an increase in value over time.

**Issuing a loan** — the act of establishing a loan between a borrower and lenders. The borrower is known as the loan issuer.

**Jargon** — a valuable tool used historically by “financiers” to create confusion and opportunities for manipulation. The cause of debt's sometimes negative connotation. Hence why we have a glossary!

**Lender contribution** — the proportion of the total loan amount that is provided by one particular lender.

**Leverage** — the amount of debt used to fund an organisation's assets. Can be a measure using assets or profits as the comparison. Similar to solvency. Over-leverage is the state of having too much debt relative to assets or profit.

**Liquidity** — the ability to pay short-term bills (due in less than one year) as they fall due

**Loan contract** — the written agreement between borrowers, PledgeMe and lenders following a successful campaign, which sets out all of the important details of the loan.

**Loan length** — the amount of years from the establishment of the loan that it will take for it to be fully repaid. Also known as the life of loan.

**Offer** — the investment opportunity that is being offered to investors. In PledgeMe.Lend it's the loan.

**Pitch** — how you get your message to the people that matter. Generally consists of a video, some written content about the basics of your campaign highlighting the main reasons your crowd should invest.

**Prepayment** — early repayment of a loan by a borrower.

**Principal** — the amount borrowed, or the amount still owed on a loan. Separate from interest.

**Private campaign** — a campaign that has investment restricted to a group decided by the borrower. Not publicly published on our site.

**Public campaign** — a campaign that is fully open to the public to invest. Publicly published on our site.

**Repayment date** — a date on which a repayment is due to be paid.

**Repayment frequency** — how often a year that a borrower makes loan repayments. Can be monthly, quarterly, semiannually or annually.

**Repayment schedule** — a future picture of the payments that will be made at particular dates. Also known as an amortisation schedule.

**Resident withholding tax** — the tax that is paid on interest income that you earn. A way to apply your income tax rate to this other form of income.

**Secured loan** — a loan that is supported by the value of particular asset(s) owned by the borrower with intention of creating a safety net for lenders that lowers the risk of the investment.

**Security** — assets that are put up to reduce the risk of a borrower not repaying their loan.

**Solvency** — the ability to pay long-term bills (due in more than one year) as they fall due.

**Stated interest rate** — the annual interest rate offered to lenders by a borrower on their loan.