Crowdfunding Indie Theatre: Understanding the Costs

by Alex Dault

In less than twenty-four hours, LeVar Burton raised a million dollars on Kickstarter to fund the return of the television show Reading Rainbow. The staggering sum came mainly in the form of thousands of $5 donations, largely attributable to several generations’ worth of Reading Rainbow and Star Trek: The Next Generation viewers, many of whom revere Burton like a saint. The campaign was a dramatic reminder of the continued effectiveness of crowdfunding, a key fundraising tool for tech start-ups, films, charities, and, of course, indie theatre projects.

Crowdfunding platforms connect projects in need of financial support to willing donors by providing a temporary campaign site that enables organizers to present their concept to the public and allows potential backers to make a credit card donation online, usually in exchange for special perks. Campaign organizers must post a video “pitching” their initiative to backers and offer perks based on levels of contribution, almost always associated with cleverly nicknamed donation tiers. Contribute $5 for the “Thank You,” $50 for “The Backstage,” $250 for “We Will Cook You Dinner.” For $10,000, Burton even offered donors “The ULTIMATE STAR TREK VISOR Package,” an opportunity to wear the costume visor worn by Geordi La Forge on The Next Generation.

Crowdfunding platforms are particularly geared toward propagation via social media channels like Twitter or Facebook where the appeal is forwarded to friends, family, and supporters. As Burton demonstrated, there are even opportunities for a strong campaign to go viral, of course, but it certainly helps. Elenna Mosoff and her Toronto “transmedia” theatre company, The Mission Business, raised over $20,000 for three multi-event productions featured at the Toronto Fringe, Nuit Blanche, and the Evergreen Brickworks for their ZED.TØ project, an immersive-theatre adventure set during the apocalypse. ZED.TØ’s crowdfunding efforts also achieved viral status when author and activist Margaret Atwood backed their campaign and tweeted about it to her followers. Atwood’s tweeting was certainly a windfall for the campaign, but Mosoff and her team credit some very careful preparation and effective strategizing with gaining the author’s initial attention and their subsequent success.

To begin, Mosoff and her team compared the available crowdfunding platform options. Kickstarter is the largest and most well known of all platforms and requires users to adopt an “All-or-Nothing” fundraising model. What this means is that campaigns must meet their target fundraising goal in order to receive any funds. Kickstarter collects a 5 per cent fee from the project’s funding total if a project is successfully funded. There are no fees if a project is unsuccessful (Kickstarter). While some may balk at the potential of losing raised funds, the platform cites its “All-or-Nothing” approach as one of its strengths: “All-or-Nothing funding protects creators from being stuck with a fraction of the funds they need and an audience expecting fully funded results. By minimizing risk, it also makes backers more likely to pledge” (Kickstarter). “All-or-Nothing” is also a great motivator for fundraisers: Mosoff recounts how she and her team sat around her dining room table on their phones for nearly forty-eight hours, desperately calling everyone they knew in Toronto: “We had believed the campaign would be over at midnight. When we realized that the deadline was midnight Pacific coast time we got back on the phone and started calling everyone we knew in California!” (Mosoff). The necessity of meeting an internal fundraising deadline gives the at-times shapeless task of fundraising a concrete objective. Mosoff and her team ultimately chose Indiegogo as their platform. (At the time Kickstarter wasn’t available outside the United States, though it has since become available.) The Indiegogo platform has a few significant differences from Kickstarter; the company offers “flexible” or “fixed” options for campaign goals. The “fixed” option is the same as Kickstarter’s “All-or-Nothing” with Indiegogo tak-
There are a plethora of other platform options; many are geared specifically toward independent theatre artists. Recently, a crowdfunding platform was even launched by the venerable flagship of indie theatre in Canada, the Toronto Fringe. In February 2014, the Fringe launched Fund What You Can (fwyc.ca), a crowdfunding platform designed to be artist-centric. For the first six months of operation, Fund What You Can offered its services to users with no fees and a comparatively low 3.5 per cent fee thereafter. The Fund What You Can platform is a natural progression from the Fringe’s unique role as an enabler of indie art, offering artists a crowdfunding tool that allows them to keep most of the money they’ve raised. The development of the Fund What You Can platform was made possible through a Creative Strategies Incubator grant from the Metcalfe Foundation (Straughan). The service is available to anyone living in Canada and is primarily directed at Canadian artists: not just in theatre, but all disciplines.

The necessity of a subsidized not-for-profit platform, however, highlights the subtle and somewhat insidious dangers of ever-increasing fees for crowdfunding campaigns run through platforms like Kickstarter and Indiegogo. Platform fees are, after all, not the only drain on donations: no matter what the platform, backers will inevitably pay a 2–3 per cent wire transfer fee to send
money from their credit card. These are lost dollars that, in theory, could have been donated directly to the project through other channels. A 4–9 per cent fee, plus 2–3 per cent in wire transfer fees, are sobering considerations when the majority of funding is almost guaranteed to come from one's own social network. The development offices of larger, more established Canadian theatre companies like the Tarragon or Soulpepper would likely blanch at the thought of losing 12 per cent of the potential funds raised from private donors, opting instead to collect those funds directly using their established infrastructure. Still, as with any charitable office, a percentage of the donations raised by these offices is certainly being carved away to pay development staff. It costs money to raise money: it's just a question of balancing the ratio.

Kelly Straughan, Executive Director of the Toronto Fringe, believes that for independent theatre creators to make the most of crowdfunding as a tool, indie producers must understand how several important variables can make or break a campaign. For her part, Straughan has been fastidious in ensuring that the Fringe offers training seminars that educate would-be crowdfunders using Fund What You Can on how to make a few informed choices during the planning stages of the campaign. These variables include, but are not limited to, the fundraising goal, the campaign duration, and the campaign rewards.

Selecting an appropriate fundraising target is, after the selection of the right funding platform, one of the most important decisions to be made in preparation for a campaign. It should be based, first and foremost, on the budget of the project. Straughan advocates that organizers have a basic understanding of what a typical campaign raises. Locally, the average amount of money raised is between $3,000 and $5,000, with the average number of donors fewer than 100 per campaign and the average donation somewhere between $30 and $70. Single Thread Theatre Company sets the goal of any crowdfunding campaign at 25 per cent of the total amount needing to be raised. For ZED.TO, the $20,000 raised was only 10 per cent of the project's total budget. The goal should be appropriate to the scope of the project: rarely would an independent theatre company need to raise more than $5,000. The downside to setting a lower target, of course, is that once the goal is reached, it could result in a loss of campaign momentum as backers regard the campaign objective as "completed" and cease to donate. Crowdfunding platform goals can, however, always be surpassed, and it is certainly better to be happily surprised with having achieved 110 per cent of one's objective than to lose all the potential funds raised or pay a penalizing fee because the target was not met in time. The amount the organizer believes can be raised through crowdfunding should also be tempered with an estimation of the number of campaign members involved and the size of each campaigner's social network. Organizers should know that their direct social network will, in all probability, fund the majority of the campaign.

Straughan advises that fundraisers set their sights low: "I always encourage people to be very optimistic about their fundraising capabilities and pessimistic about the number that will actually come in." Just as one plans for a 40 per cent house attendance at a theatre production, it is advisable for most campaigns to lower the threshold of success and be pleasantly surprised when it is surpassed.

The campaign duration should capitalize on the time-sensitive nature of crowdfunding. Similar to the intangible motivation created by an "All-or-Nothing" goal, a short deadline can be a powerful incentive for fundraisers and potential backers alike. At the same time, organizers need to give themselves enough time to allow the campaign to achieve momentum and potential notoriety as it gets passed along through the nodes of a social network. Given the choice, Straughan advises that it is statistically safer to plan a campaign with a short duration. The majority of successful campaigns are between thirty and fifty days in length.

The opportunity to choose campaign rewards allows organizers to invent tiered incentives that usually offer increasingly lucrative or exclusive rewards in exchange for a higher level of donation. Rewards range from recognition (tweets, program credit, website credit) to merchandise (buttons, shirts, signed posters, postcards, show props), services (lessons, workshops), access (tickets, attendance at rehearsals, VIP passes), and, finally, experiences (attendance at rehearsals, home-cooked meals, etc.). The best in-
centives are usually creatively linked to the project itself. ZED.
TO’s campaign, for example, offered a desirable perk called “The
Key,” which gave backers who donated $300 to the campaign ex-
clusive access to a secret room in its theatrical environment at an
upcoming event, thereby enriching their experience of the event.
“The Key” and perks like it have a downside for the fundraising
campaign in that they represent extra effort for the indie theatre
producer already in the midst of the work of creating the produc-
tion itself.

One should also consider other hidden costs when planning
donation perks; a prime example is complementary tickets to a
performance of the production created through the fundraising
project. During a crowdfunding campaign for its February 2014
production of Firebrand, the Single Thread Theatre Company of-
fered tickets to backers as an incentive for support. When calcu-
lating the actual box office sales for its final budget statement, the
campaign organizer erroneously accounted for the incentive tick-
ets twice: once as door sales and once as fundraised revenue. The
error was particularly costly for the production since the 4 per cent
platform fee meant that the box office did not even collect the full
value of the ticket. Mosoff believes that the extra effort which goes
into planning good perks is well worthwhile: “You have to incen-
tivize people to give. They need to want the perk. It’s the difference
between someone donating ten dollars and twenty dollars because
they want the swag that twenty dollars buys.” Mosoff is insistence
that so long as the task of fulfilling campaign perks is properly
delegated, it is only a slight increase in workload in exchange for a
substantial boost to the initiative.

However, before planning an elaborate series of high-tier
perks, campaign organizers should ask themselves two questions:
“How many backers will contribute simply because they want to
see is the project they are supporting compromised because the
organizers exhausted themselves delivering perks.

Crowdfunding platforms are effective tools well suited to a
society that increasingly communicates through social media and
conducts its business transactions online. To use these tools suc-
cessfully, however, indie theatre creators must understand that the
true power of crowdfunding resides in intangibles like “momentum,”
motivation,” and “virality.” While the idea of going viral is
a very seductive idea in the imagination, it is in fact a rare occu-
rence: indie creators must come to terms with the knowledge that
their campaign will most likely be funded by the goodwill of their
friends and family. Mosoff believes that this spirit of goodwill,
which has fuelled thousands of crowdfunding platform campaigns
date, is extremely finite: “The truth is, you can only go after
your own network of people once.”

Note
1 All dollar amounts are in Canadian dollars, except for those men-
tioned in relation to the Reading Rainbow campaign, which are in
US dollars.

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About the Author
Alex Dault is a director, playwright, and producer based in Toronto. He
writes, produces, and directs theatre as the Associate Artistic Director of
the Single Thread Theatre Company (singlethread.ca) and as Artistic Pro-
ducer for Theatre by the Bay (theatrebythebay.com).