

# CROWDSOURCING: PRACTICAL INSIGHTS FOR ENTREPRENEURS, INVESTORS, AND PHILANTHROPISTS

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Crowdsourcing involves soliciting input from the public, usually on a digital platform, to address market gaps and surface promising solutions in an open, efficient way. It often has a voting component wherein the top-voted ideas win support. Crowdsourcing uses collective intelligence to help creative ideas rise to the top – while generating a real-time feedback loop and a shared sense of ownership in the project.

Crowdsourcing facilitates problem-solving and innovation across all sectors. In the private sphere, GOOD helped launch the Pepsi Refresh Challenge, a \$20 million campaign that channeled Pepsi's marketing dollars to ignite citizen activism. Social impact endeavors like the [Knight Foundation News Challenge](#) and the Case Foundation's America's Giving Challenge harness broad-reaching input about information-sharing and philanthropic giving.

Even governments and the public sector are using crowdsourcing to drive economic growth or streamline interdepartmental functions: the White House's [Strategy for American Innovation](#), [Bloomberg Philanthropies](#), platforms like [Citizinvestor](#), the [City of Los Angeles' Innovation Fund](#), Santa Monica's use of [CitySwipe](#), and [Give Detroit Challenge](#) in partnership with Crowdrise. Additionally, citizens are taking up civic challenges via self-organized crowdsourcing – as witnessed by the thousands who [scoured DigitalGlobe's satellite imagery in 2014](#) in hopes of locating the missing Malaysia Airlines flight.

With [LA2050](#), an initiative to create, drive, and track a shared vision for the future of Los Angeles, the Goldhirsh Foundation relies heavily on crowdsourcing. Citizen input via crowdsourcing assists us in investing a total of \$1 million annually via the [My LA2050 Grants Challenge](#) to organizations (both for-profit and non-profit) with ideas that shape a better future for Los Angeles.

For four years, we have run this crowdsourced campaign to great acclaim – generating more than 1100 projects and engaging nearly 300,000 people in the voting process. Crowdsourcing encourages creative idea generation and promotion, enables us to connect the dots among ideas, supporters, and entrepreneurs, and allows us to co-create solutions for the future of Los Angeles.

## Crowdsourcing benefits and concerns

Crowdsourcing is an effective tool to help realize an organization's goals, whether you are an entrepreneur seeking funding, an investor exploring a new idea, or a civic organization trying to identify a breakthrough process.

### Benefits for funders:

- Exposure to new organizations, ideas, and funding. Crowdsourcing brings funders closer to real problems and solutions. Some applicants that didn't get funding from LA2050 went on to receive more than \$1 million in follow-on funding from the Annenberg Foundation and the Roy and Patricia Disney Foundation.
- Community engagement. Crowdsourcing enabled us to engage tens of thousands of people each year, putting private dollars to public use. As a result, we now have a group of Angelenos who have opted to receive information about the organizations they supported, and who care about a better future for LA.
- Emerging trends. By analyzing the data that emerged from the My LA2050 Grants Challenge, we identified promising trends that could create significant change – trends that we also see in the private and civic sector, like sharing economy solutions and the re-purposing of public space. By sharing this data in our [reports](#) with other funders and leaders, we identified approaches that could help other organizations progress.

### Benefits for entrepreneurs:

- Earned media. Projects that compete in a crowdsourced challenge can receive exposure to new audiences via earned media. The My LA2050 Grants Challenge garnered significant radio, print, and digital media coverage about the ideas we were showcasing – both challenge winners and those that did not win.
- Marketing inspiration. Participation in a crowdsourced challenge forces you to crystallize your idea or project, and pushes you to create videos, photos, tweets, and pithy messaging to promote your project.
- Landscape knowledge. By showcasing a range of projects, crowdsourcing can help organizations better differentiate themselves from their competitors. Simultaneously, this fosters collaboration between organizations that have similar visions and theories of change or that work along a similar continuum.
- Exposure to other funders, investors and partners. As mentioned, even organizations that didn't win a My LA2050 grant reported more than \$1 million in follow-on funding from other sources, based directly on exposure generated through the challenge.
- Engaged feedback. Crowdsourcing helps establish a dynamic relationship between organizations and their supporters, including immediate feedback on projects.

Crowdsourcing also raises legitimate concerns that need to be addressed:

*Isn't this just a popularity contest?*

The idea most likely to succeed or to have the most impact may not win if the organization behind it has a small online constituency. To address this concern in our 2014 challenge, we allowed the public vote to determine five winners, while the foundation team chose the other five winners.

*Competition pits social sector groups against each other.*

What crowdsourcing really does is allow groups to compete publicly and transparently. When entrepreneurs submit their proposals to an investor, the selection is made behind closed doors, by a few people. We addressed this issue by encouraging more collaboration among participants and favoring collaborations in our selection process. We also hosted networking events for entrepreneurs to meet each other and join one another's projects.

*There aren't enough benefits for participants who don't win.*

In our second year we spent a full month honoring and promoting the submissions – before voting even began. In this way, we were able to showcase all the great ideas that were submitted. We also actively pitch great ideas that did not win to other funders.

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## CROWDSOURCING RESOURCE GUIDE FOR ENTREPRENEURS AND INVESTORS

Whether you are looking for a way to expand your funding, generate awareness about innovative ideas, unleash potential within your constituent base or increase participation in your initiatives, tapping into the crowd may help. The guide below offers some resources on how to effectively crowdsource – for both entrepreneurs and investors.

### Getting started

- [Chronicle of Philanthropy](#): News and resources for nonprofit leaders, fundraisers, and grant makers.
- [Up! Global \(formerly Start-up America\)](#): Fosters entrepreneurship, grassroots leadership, and strong communities.
- [Foundation Center](#) (and its [Philanthropy News Digest Bulletin](#)): The most comprehensive database of U.S. grantmakers.
- [Entrepreneurship.org](#): Resources for entrepreneurs and investors.

### Running a crowdsourced challenge:

- [FluidReview](#): A platform that manages crowdsourced challenges
- [OpenIDEO](#): A platform to co-design solutions to challenges, designed by IDEO.
- [Crowdrise](#): Crowdsourcing and crowdfundraising platforms.
- [Loby](#): A platform to crowdsource and fund ideas right in your backyard
- [Hoodstarter](#): A crowdsourcing platform for open spaces that could transform communities
- [Citizinvestor](#): A crowdfunding and civic engagement platform for local government projects
- [Crowdfunder](#): Crowdfunding platform that democratizes early stage investment online
- [InnoCentive](#): Crowdsourcing platform for tackling large problems or encouraging innovation
- [StartSomeGood](#): connects social entrepreneurs with financial and intellectual capital
- Common Pool: Crowdsourcing platform for social change projects

### Launching the campaign for your crowdsourced idea

- [Thunderclap](#): Increase digital outreach by blasting timed messages and posts.
- [Zapier](#): Connect your web apps to automate tedious tasks and transfer information between apps.
- [ManageFlitter](#): Detailed analytics on your social media performance.

### Promoting your idea

- [Hootsuite](#) and [Buffer](#): Social media management platform that lets you manage all your accounts on one dashboard.
- [Snip.ly](#): Embed messages on pages and articles that you share to drive more traffic to your project.
- [Adobe Spark](#): Easily create graphics, web stories, and animated videos to help promote your idea.
- [Facebook ads](#): Strong targeting tools to help get your idea and organization seen by a larger audience.

### Sharing feedback and analytics with supporters and participants

- [Storify](#): Create stories and timelines using posts from Twitter, Facebook, and Instagram.
- [Mention](#): Track mentions of your submission or project.