



## BEER MAT MENTORING MEETING NOTES

### (11) Crowdsourcing

Stop everything and read this! Here's a shiny new thing that will change your life. Now that we all have high speed rural broadband (what do you mean it hasn't arrived in your village yet?) we can do something extraordinary. We can harness the crowd. This is big.

#### Illustrative stories

Way back at the dawn of the Internet age, two nineteen year old unemployed designers met through an online T-shirt design competition. They decided these competitions should happen more often, so they created a website that hosted them every week. This website community voted, the winner got a small cash prize and the T-shirt was put up for sale. It turned out that people *really* like to submit designs and vote for them. Today, threadless.com is one of the largest T-shirt businesses in the world with annual profits of over £15m.

In 2008, an industrial design student in the Netherlands was facing one of life's big conundrums: when you are cycling and your phone rings, should you ignore it or stop and take the call? So he cobbled together some funding and a team, and designed an affordable smartwatch prototype that told the time and who was calling your phone. The problem was they needed \$200k to get into production. So they turned to crowdfunding using Kickstarter, inviting the public to pledge \$115, which would only be taken if the target was reached, in return for the 'Pebble' watch when became available. In effect, backers were offered a pre-launch discount in order to make it happen. To the surprise of everyone, over 37 days in 2012, 68,929 backers raised over £10m and Pebble sold more than 400,000 watches in their first year. Kickstarter demonstrated there was a market and provided funding, initial customers and much publicity. Sadly, Pebble closed in December 2016.

#### Crowdsourcing, crowdfunding and why it's big

Until very recently, entrepreneurs relied on friends, neighbours and family for loans, ideas, market research, help with a variety of tasks and first customers. Now you can do all these things by talking directly to over three billion people who are online, developing communities of interest on everything from T-shirt design to classifying galaxies.

Crowdfunding can be used to ask for donations (e.g. Justgiving); business loans (e.g. Fundingcircle); equity funding (e.g. Crowdfunder) or to offer a reward in return for funding (e.g. Kickstarter, Indiegogo).

Crowdsourcing can be used to release people's creative talent and abilities. It can be done by paying for global expertise by the task or hour (search online for freelancers or microtasks). Or by encouraging innovation solutions to problems through competitions, an Internet age version of the Admiralty's Longitude Prize won by horologist John Harrison in 1765 (see Xprize.org for inspiration). It is also a way to tap into people passions – take a look at localmotors.com or galaxyzoo.org to see what I mean.

So what has this to do with rural enterprise? The answer is you no longer need to be in London to find financiers or Bangalore to be competitive. You can built a global business from your back bedroom or converted stable. Just keep pressing your MP: high speed broadband is now a must-have for a flourishing rural community.

#### NOTES