Trading Equity for Results

The start-up entrepreneur's alternative to raising capital by using the power of the crowd.

Introduction

Raising capital. Two words that start-up entrepreneurs are all too familiar with. There is no shortage of stories about the brutal process of raising money. Founders spend hours of their time pitching their ideas to investors, and when (or if) they finally do get the funding they are under massive pressure to produce results. In the process, they have likely already given away a large portion of their equity.

To make matters worse, 50% of newly opened businesses do not make it to their 5th year of operation. So even if the entrepreneur secured funding, there is a high likelihood that they will fail and need to start the entire process from the beginning. It is a nightmare.

But what if there were a different way of getting the resources needed to launch an idea? One that did not rely on investors giving you money in exchange for your valuable equity. One that instead transfers equity directly to the people who produce results for you. This is the core of **Equity-Based Crowdsourcing**: the process in which you bypass the traditional fundraising model and go directly to people who produce the results that will help build your business.

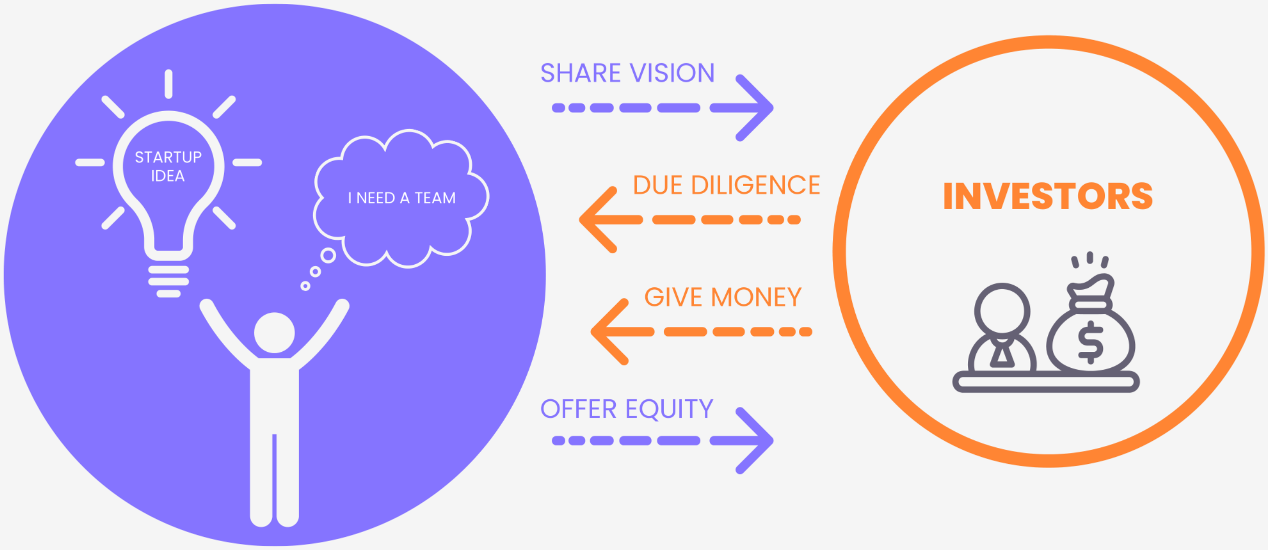
In this blueprint, you will learn how to use the power of the crowd to supercharge your startup and minimize risk. Before we go further, let's recap the traditional model for raising capital that most startup entrepreneurs are familiar with.

Traditional Model

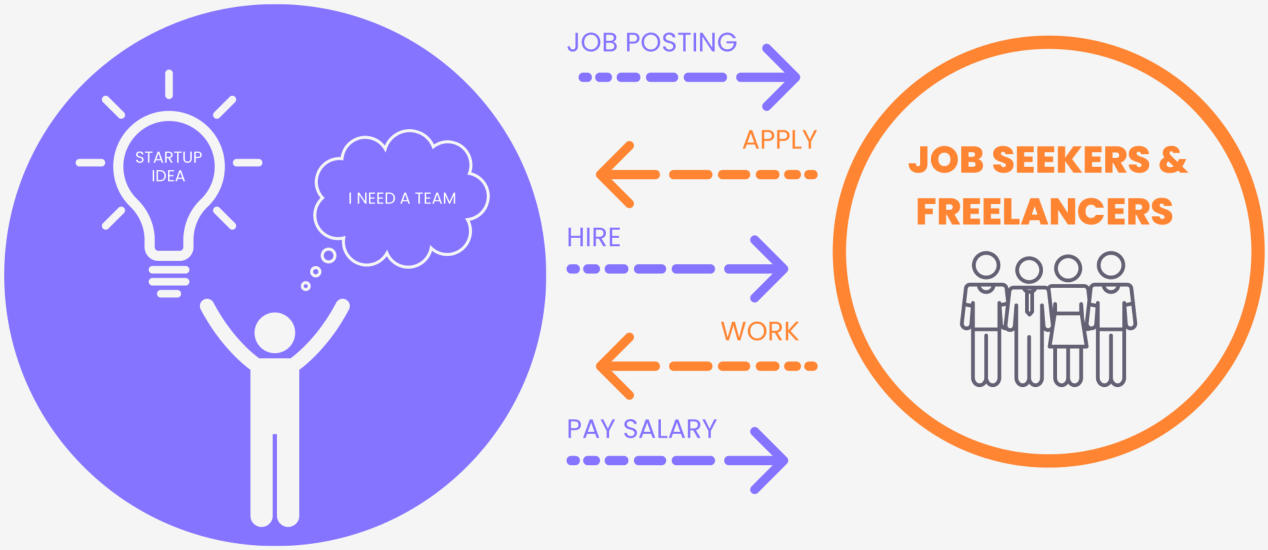
Let's imagine you're a new entrepreneur just starting out. You have a great idea that you're excited to bring to life. In order to do that, you need a team of people.

But, of course, you need to incentivize those people to work for you, so what you really need before anything else is money.

To raise money, you go to investors. You pitch your idea and share your vision. If you're lucky, the investors give you money and you give them an ownership stake in your company.



Now that you have the money, you can hire the employees you need to bring your idea to life. You will probably follow a traditional hiring process, your employees will work on the tasks you give them and you will pay them accordingly -- regardless of whether their work produces results.



Once the money runs out, you will need to go back to investors and trade more equity for the funds to grow your team. Your company is partially owned by (if you're lucky) investors, but your vision is becoming a reality.

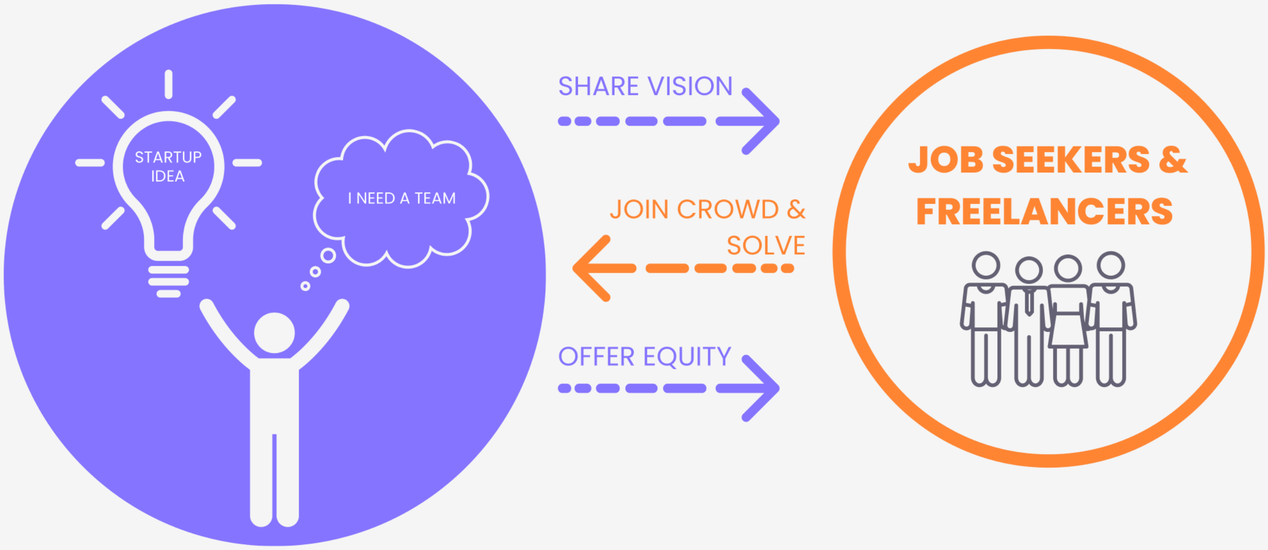
It's worth it, right?

Perhaps, but there's another way too.

Equity-Based Crowdsourcing

The biggest difference in equity-based crowdsourcing compared to the traditional method of raising money is that the entire process does not solely rely on investors saying “yes” to **you**.

The starting point is much the same: there is you - an entrepreneur - with a big idea that you’re ready to put out into the world. However, unlike with the traditional model, you don’t need to raise money to pay employees to help you develop your idea.



Instead, you take your vision to the crowd, you attract a group of people who believe in what you are doing so much, that they join your crowd and work with you to bring your vision to life. And as they work, they earn equity from their results. The better their results, the more valuable their equity.

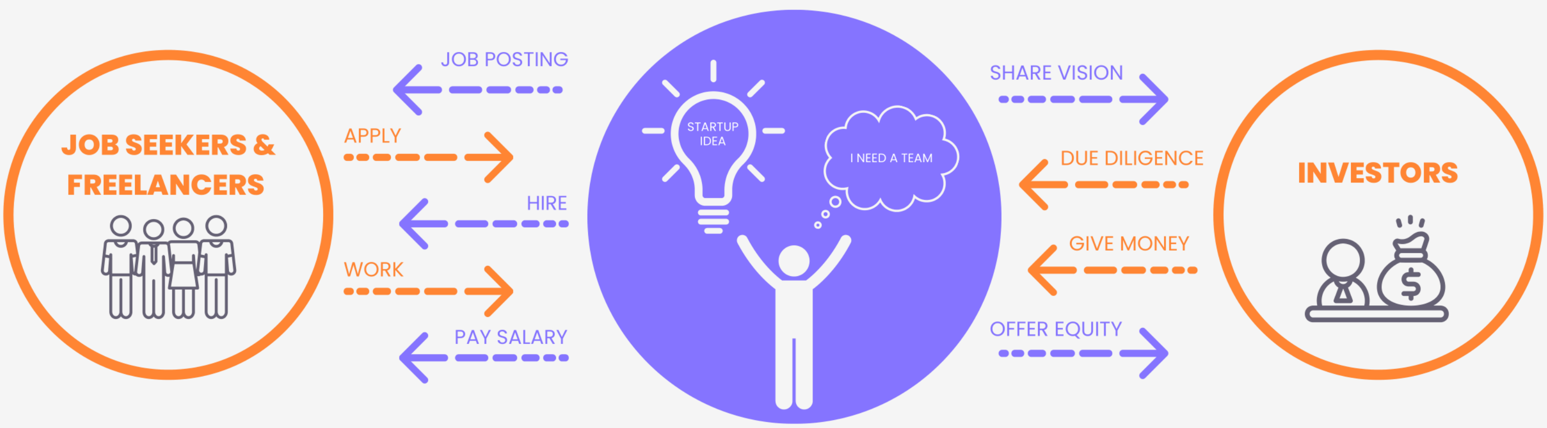
What is the crowd's incentive? The same thing the investors gave you money for: equity in your company. Except in this case, it is equity in exchange for results, versus equity in exchange for money which then still needs to be converted into results.

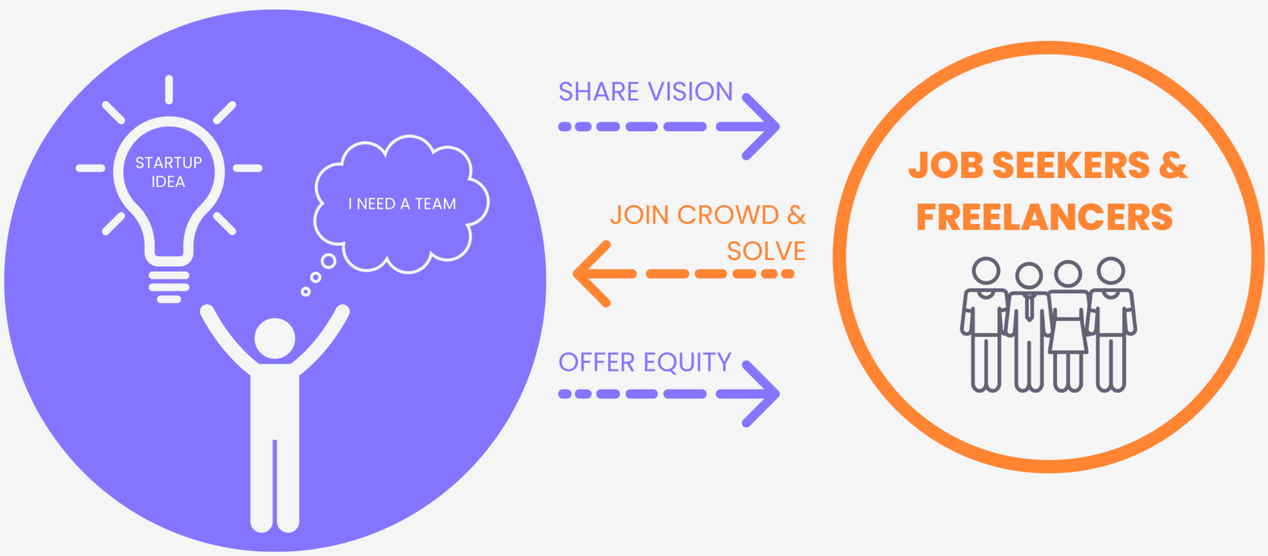
Differently put, instead of that equity going to a handful of investors, it's now going directly to the people working on your big idea. And because they can only earn the reward after they solve the problem, you're guaranteed results.

Equity-based crowdsourcing has afforded you the opportunity to exchange equity directly for results.

Traditional Model vs. Equity-Based Crowdsourcing

When you look at both approaches side-by-side, it is immediately evident that equity-based crowdsourcing simplifies your path to results.





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The key difference between the traditional model and equity-based crowdsourcing is what happens to the equity. With the traditional model, you start with equity, convert equity to money, convert money into work, convert work into results (maybe), convert results into more equity (more shareholder value), which then allows you to raise more money, and so on.

With equity-based crowdsourcing, you start with equity and convert it directly into results. It is that simple. In other words, instead of that equity going to a handful of investors, it's now going directly to the people working on your big idea. And because they can only earn the reward after they solve the problem, you're guaranteed results.

And remember, this is not an "either-or" decision. Equity-based crowdsourcing can augment what you are already doing with investors. In other words, you can certainly still raise money with investors, even while the crowd is working on your idea. **It's the best of both worlds.**

Interested in putting Equity-Based Crowdsourcing in action? Launch your challenge today!

LET'S GO