

# Running a Kickstarter with a Day Job

# About Me



- IT Guy by Day
  - 18 years at a Fortune 500 Company in various IT roles (current focus on CRM and mobile applications)
- Joined the Maker movement in 2008
- Creator of the DIY Magic Mirror *diymagicmirror.com*
- Creator of a Smartphone Breathalyzer *droidalyzer.com*
- Creator of PIXEL, an interactive LED art display *ledpixelart.com*

# Raising Funds/Various Investor Models

- Angel Investors
  - Rich person who gives you his/her own personal money in exchange for a piece of ownership in your company. Often found through referrals and networking.
- Venture Capital
  - A group of investors who manage a fund, funding is typically for a large amount. Requires a higher amount of ownership in your company.
- Crowd Funding
  - Many people give comparatively small amounts of money to fund an idea. In exchange, funders typically get some form of reward. You maintain 100% company ownership.
- Bootstrap
  - You self fund, possibly also with friends and family. Dell and Facebook both received their initial funding through bootstrapping.

# Kickstarter 101 for Hardware Projects

- Kickstarter is the most well known crowd funding platform
- Allows you to test the market with minimal investment
- You set a funding goal based on the amount of money you need to manufacture a first run of your product
- You choose a campaign funding window between 30 and 60 days
- Kickstarter users choose to back you based on rewards you offer (typically the actual hardware product)
- If funding goal met, Kickstarter takes 5% and Amazon takes between 3-5%. If funding goal not met, no money changes hands
- A working prototype & production plan is required for hardware products

# Why do People Back Kickstarter Projects?

- Want to see a creative idea exist in the world
- Supporting friends
- Want something new that no one else has
- For the experience, Kickstarter provides a direct relationship between the consumer and the product creator. Consumers provide feedback and craft the product direction.

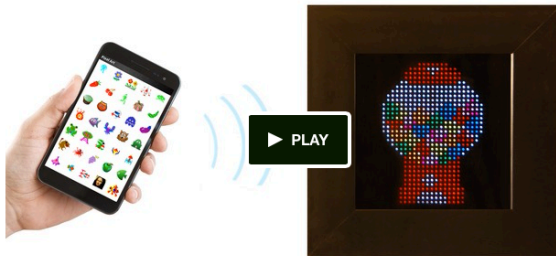
# My Kickstarter Experiences

## PIXEL: Interactive LED Art

by Al Linke

Home Updates **20** Backers **303** Comments **87** Santa Clara, CA Hardware

Funded! This project was successfully funded on Mar 9, 2013.



**303**  
backers  
**\$51,536**  
pledged of \$8,000 goal  
**0**  
seconds to go



Project by  
**Al Linke**  
Santa Clara, CA  
[Contact me](#)

## Droidalyzer - Android Alcohol Detector + Android Dev Kit

by Al Linke

Home Updates **3** Backers **15** Comments **0** Santa Clara, CA Hardware

Funding Unsuccessful This project's funding goal was not reached on July 28 2012.



**15**  
backers  
**\$667**  
pledged of \$6,500 goal  
**0**  
seconds to go

## PIXEL V2: LED ART

by Al Linke

Home Updates **9** Backers **140** Comments **30** Santa Clara, CA Hardware

### STRETCH GOALS



**140**  
backers  
**\$29,396**  
pledged of \$10,000 goal  
**4**  
days to go

**Back This Project**  
\$1 minimum pledge

This project will be funded on Wed, Mar 12 2014 3:59 AM PST.

# What's your Motivation Going In?

- A. \$\$\$
- B. The experience of turning an idea into a real product
- C. Starting a new company
- D. Meeting new people & communities

B and D were my motivations. But determine yours and plan accordingly.



!!! Proceed with Caution !!!

- A Kickstarter project that doesn't get funded is no big deal
- A successfully funded Kickstarter project can be a **very public failure**



# Kickstarter Case Study: Hanfree iPad Stand



 Like  1,405 people like this. Be the first of your friends.

 Tweet  Embed <http://kck.st/e0EMtN>

Imagine reading an eBook or

 Launched: Mar 11, 2011  
 Funding ended: May 11, 2011

**440**

backers

**\$35,004**

pledged of \$15,000 goal

**0**


seconds to go



Project by

—  
Los Alamos, NM

[Contact me](#)

 2 created · 11 backed

 Has not connected Facebook

[See full bio](#)

# Kickstarter Case Study: Hanfree iPad Stand

## Backer comments at beginning of the project



**Michael Droth** on March 18, 2011

Great / useful idea!

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**Rainer Roth** on March 18, 2011

Hi Seth,  
great design! I've just pledged 90\$ (including 40\$ for international shipment), but I could not find a way to specify the iPad 2 option, which I prefer.  
Thanks and success!

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**JP vd Heuvel** on March 18, 2011

Hi Seth,  
The Hanfree looks really great and a perfect solution for watching movies in bed. The only big thing that is holding me from pre ordering this wonderful product is the shipping cost for europe. There is even a chance that the customs make it more expensive.. Do you have any idea on this?

Here in the Netherlands your product has been discussed on the biggest ipad website and the readers are enthusiastic!

[http://www.ipadclub.nl/17061/hanfree-nieuwe-houder-om-ipad-handsfree-te-gebruiken/#utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=hanfree-nieuwe-houder-om-ipad-handsfree-te-gebruiken](http://www.ipadclub.nl/17061/hanfree-nieuwe-houder-om-ipad-handsfree-te-gebruiken/#utm_source=rss&utm_medium=rss&utm_campaign=hanfree-nieuwe-houder-om-ipad-handsfree-te-gebruiken)

Maybe an idea to also create a way to attach the Hanfree to the back board of a bed (image: <http://bit.ly/g2QyW3>)

# Kickstarter Case Study: Hanfree iPad Stand

## Backer comments at end of the project



Yep, I got the bankruptcy letter too. Super confusing for awhile as I had not remembered any "Seth Quest" previously. Anyway, super disappointed in this scam. It was a cool idea. Too bad he gamed the system and stole our money. Well, be careful who and what you back I guess. This is the only Kickstarter project I haven't actually gotten though, on the plus side. Everything else was on the up and up it seems.



**Chris** on December 24

Seth Richard Quest  
Seth Quest Designs  
81 Pearl Street #3A  
Brooklyn, NY 11201  
USA  
SSN: xxx-xx-9622

Seth Quest is "discharged and discharged and relieved of said trust," for those who have not received the letter.

Merry Christmas you scammer.



**Neil Singh** on December 17

I did not. Was too busy. If anyone wants the documentation I secured through my lawsuit that shows how poorly managed this project was, feel free to contact me. Otherwise, I am done with Seth Quest.



**Patrick A.** on December 14

Any news? Anyone here attended the creditors meeting?

# Kickstarter Case Study: Hanfree iPad Stand

- “Later that year, Seth Quest re-located to Brooklyn, but because of the damage to his reputation, he could only find part-time work in what he calls a non-design-related field.” \*
- "When you fail on Kickstarter, it's a very public failure," says Quest. "It definitely derailed my career substantially. Your backers can give you massive support, but they can also tear you down if you fail." \*

Creating a physical product is a non-trivial endeavor. Work out as many technical challenges and have a relationship with a manufacturer **PRIOR** to launch.

\* Source: <http://www.inc.com/eric-markowitz/when-Kickstarter-investors-want-their-money-back.html>

# Kickstarter Case Study: L8 SmartLight

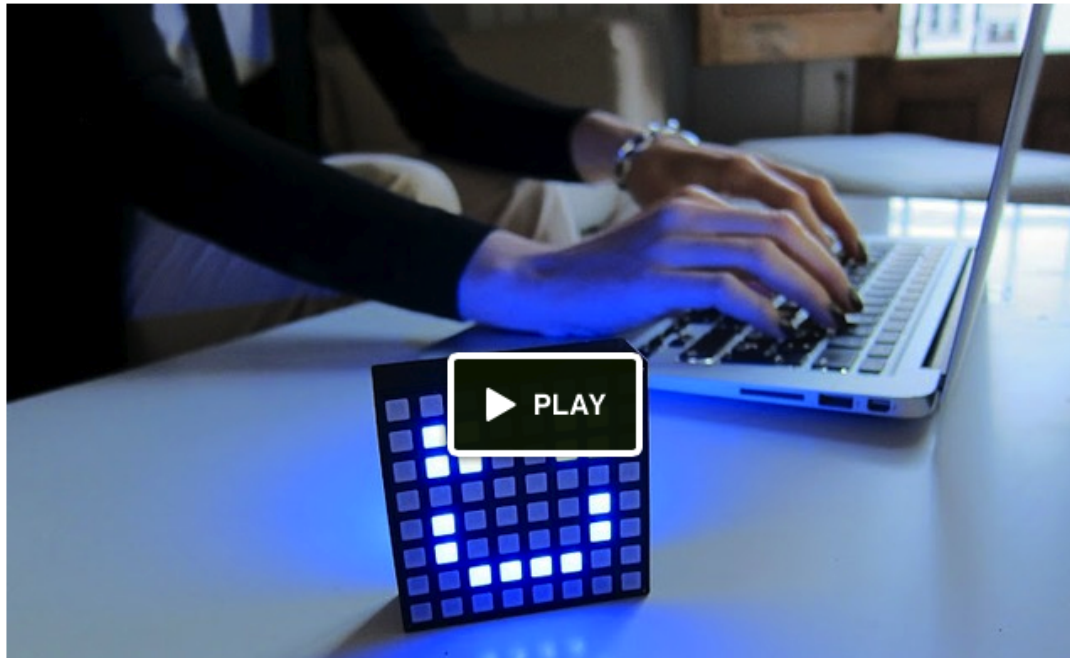
## L8 SmartLight :: The SoundLess Speaker :: for Phone/PC

by L8 SmartLight

Home Updates **24** Backers **2,021** Comments **323**

San Diego, CA Technology

**Funded!** This project successfully raised its funding goal on August 3, 2012.



**2,021**

backers

**\$203,677**

pledged of \$90,000 goal

**0**

seconds to go



Project by

**L8 SmartLight**

San Diego, CA

[Contact me](#)

# Kickstarter Case Study: L8 SmartLight

- Estimated delivery date: Oct 2012, product not shipped as of March 2014
- Backers' primary dis-satisfaction is not missed shipments but rather lack of communication

Setbacks are inevitable, your backers will appreciate transparent communications and forgive you. They will **CRUCIFY** you if you don't communicate.



**Nicky Lewis** on September 29

Another here wanting updates please...



**MJP** on September 28

Aymerick - not sure what ideas you'd like to pull from the Kick? You can do most of what the Kick does, though, as far as brightness goes, unsure.



**Aymerick Dupouey** on September 28

Somes awesome ideas for the smartlight :

<http://www.kickstarter.com/projects/1918868829/the-kick-a-pocket-sized-lighting-studio-for-photo>



**Wouter Snijders** on September 28

Update please??? ....



**See Wen Loong** on September 28

Where Have you guys been ? No Updates ?

# Choose your Manufacturer **Before** Launch

**Option 1:** Find a Maker friendly company who will do small manufacturing runs (I used Seedstudio). They will manufacture and ship while providing project management and engineering value added services.

**Option 2:** Buy a plane ticket to Asia and tour factories. Plan on multiple trips to Asia to manage your project.

**Option 3:** Manufacture and ship everything yourself.

Option 1 is the most viable if you've got a day job and limited time

# PIXEL V1 Kickstarter Backer Statistics

- Total Backers: 213
- Backed on average 27 other Kickstarters
- 10 of them backed over 100 Kickstarters
- One of them backed 576 Kickstarters

Kickstarter backers have an appetite for bleeding edge innovation and are not indicative of general consumers



# Marketing your Kickstarter

- Getting featured on Kickstarter is **Gold** but don't count on this as only a few projects are featured. Plan to do all your own marketing.
- Keep your marketing pitch short and sweet. *“If I had more time, I would have written a shorter letter”* --Blaise Pascal
- Find online communities & blogs relevant to your project and send in **personalized** submissions
  - Take the time to research and contact bloggers directly as opposed to submitting to generic tips mail boxes

# Marketing your Kickstarter

- Look for co-marketing opportunities with complimentary companies and other Kickstarter projects
  - Ex. I partnered with a diffraction glasses company as an accessory for the PIXEL art display
- Do your homework regarding offers from crowd sourcing marketing firms.
  - Some simply email blast a list of known bloggers
  - Counter their fees and propose a percentage model so they have skin in the game
- Leverage & build your social media presence (Facebook, Twitter...)

# Marketing = Exposure = \$\$\$

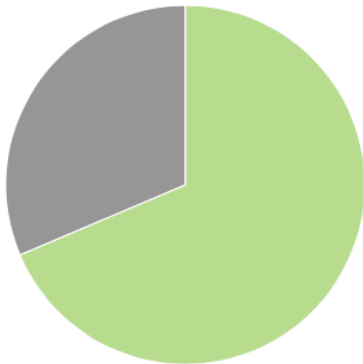
	PIXEL V1	PIXEL V2 - <i>Better Product</i>
Kickstarter Video Plays	35,359	16,371
Backers	303	140
Funding Raised	\$51, 536	\$30,000

A better product with less exposure = less funding

# Exposure Matters

PIXEL V1 - Was Featured on  
Kickstarter's Home Page

Referrers



■ via Kickstarter: 69%  
■ via External: 31%

Pledged via Kickstarter

**\$35,359**

Pledged via external referrers

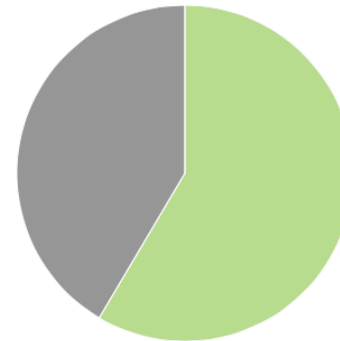
**\$16,177**

Average pledge amount

**\$170**

PIXEL V2 - Staff Pick but was not  
featured on Kickstarter's Home Page

Referrers



■ via Kickstarter: 59%  
■ via External: 41%

Pledged via Kickstarter

**\$17,345**

Pledged via external referrers

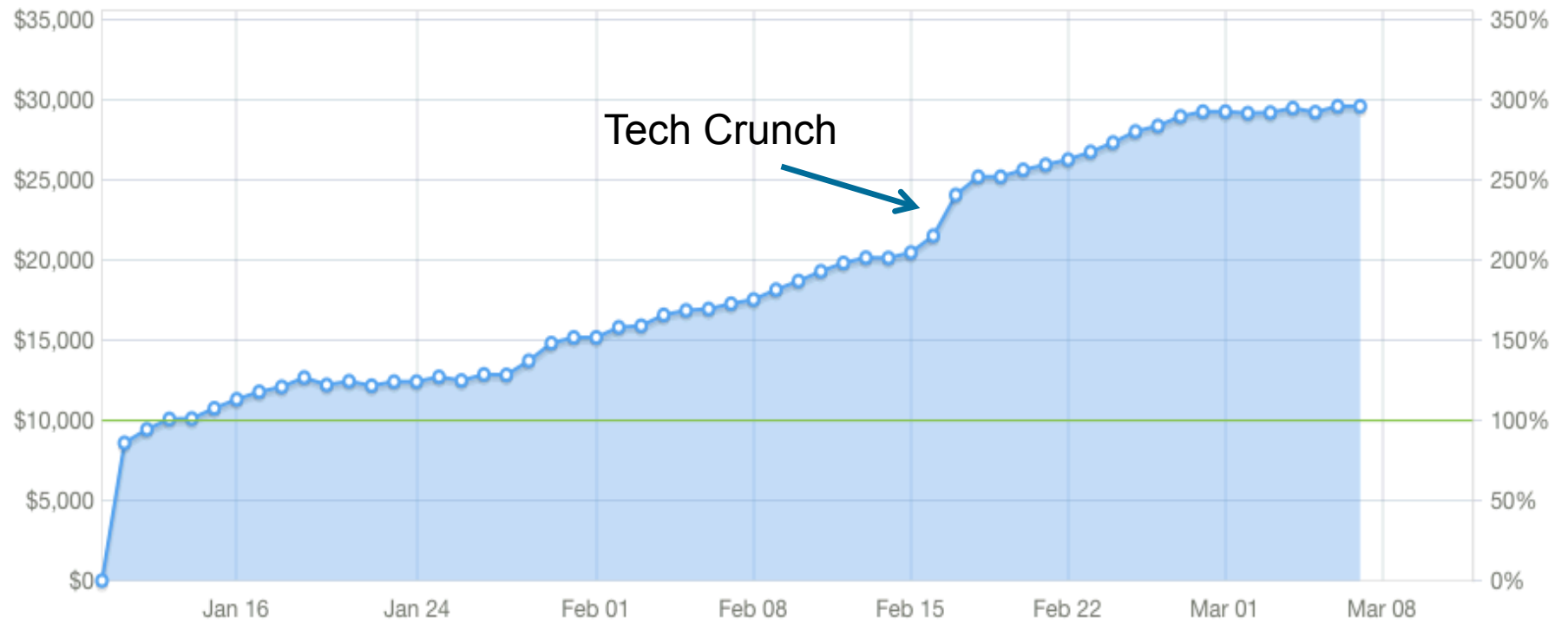
**\$12,299**

Average pledge amount

**\$211**

# Impact of the Media Big Boys

Funding progress



# Launch Plan

Spend as much time if not more on pre-launch activities and promotion

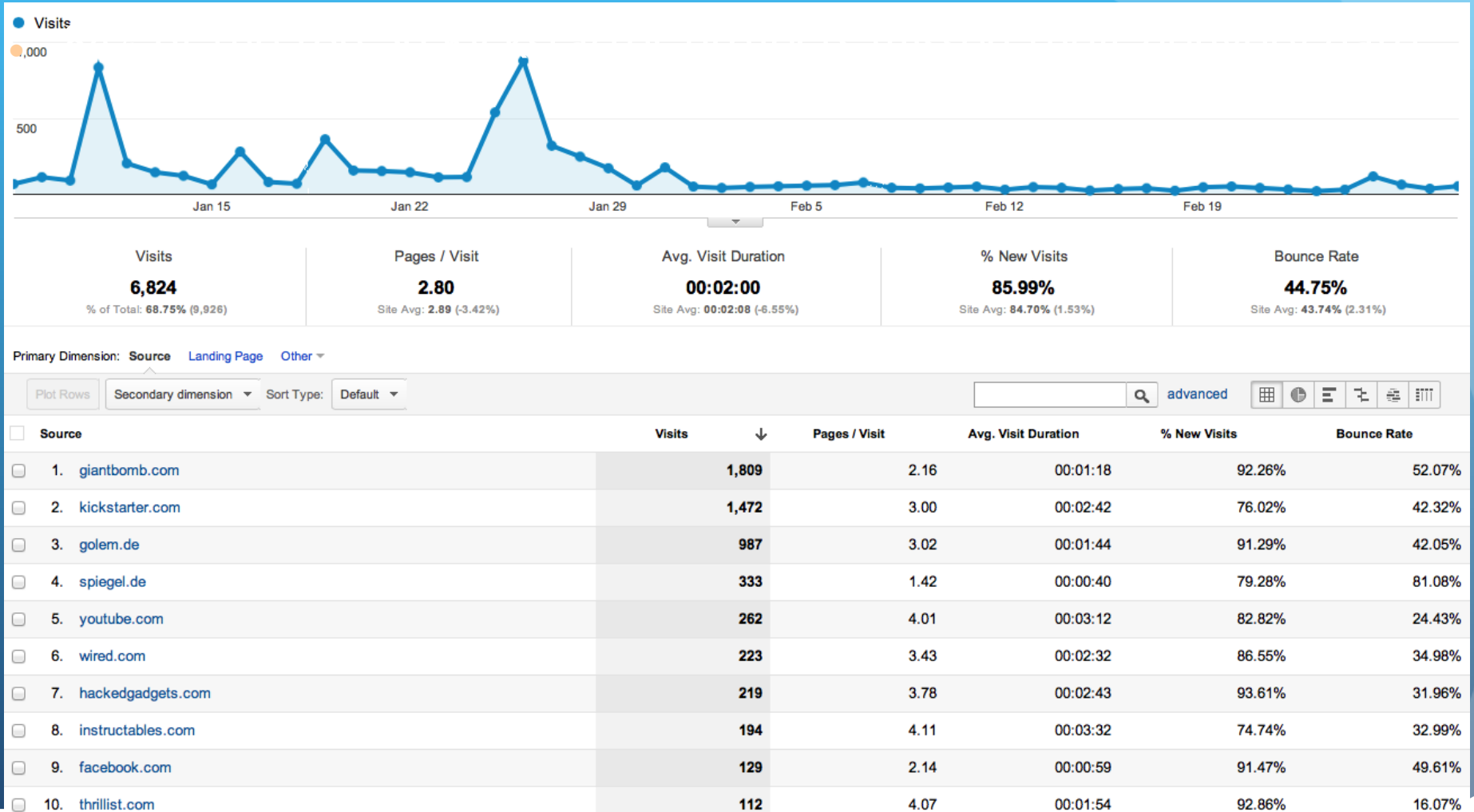
Target	Pre-Launch	Execute At Launch	Execute Shortly After Launch	Status
Boing Boing	Yes	Tried		Sent email on 1/6
PIXEL V1 Backers	Yes	Done		Sent Kickstarter Update on 1/2
Julius from Codame Event	Yes	Done		Sent email on 1/6
Facebook		Done		Teaser Post on 1/3
Google Plus Community	Yes	Done		Teaser posts on 1/3
Susan Kare	Yes	Tried		Sent proposal email on 1/6
Thunk Magazine Article	Yes	In Process		
Entrepreneur Magazine	Yes	Rejected		Sent email on 1/6
Christian and Spiegel			Sent email	
TedX Talk	Yes			Sent email, no response
GloFX Blog			Sent email	
Minecraft Guy			Yes	
Phillip from Adafruit			Yes	
Hackaday - just the Raspberry Pi Video			Yes	

# Kickstarter Tactics for Hardware Products

- Offer Early Birds
  - Offer a limited number items at a discount to backers who get in early
  - Others will jump in after seeing others back your project
  - Some early bird backers will cancel during the course of your Kickstarter
- Offer at least one low dollar reward, remember Kickstarter is an impulse buy
  - Projects without a reward of \$20 or less succeed 28% of the time while projects with a reward of \$20 or less succeed 45% of the time \*

# Establish a Web Site

A web site is a good thing to have in addition to your Kickstarter page





# Setting your Delivery Date

- Manufacturing a physical product (especially offshore) is a complex thing, plan for the unexpected
- 84% of the top 50 Kickstarter projects missed their delivery date \*

Add at least 2 months buffer to whatever you think you can do



PIXEL prototype #3 arriving  
In pieces

\* Source: CNNMoney 2012 Survey

# Setting your Price

- General rule of thumb: End user price = 3X BOM cost
- Know and factor in shipping costs from the beginning
- Don't forget about reseller margins post Kickstarter (25%-40%)
- Users will complain about the price irrespective, **don't sell yourself short**

	PIXEL V1	PIXEL V2
End User Selling Price	\$229	\$300
Manufacturing Cost	\$130	\$120
Shipping Costs	\$50	\$40
Kickstarter + Amazon Fees	\$23	\$30
Artists Fees	\$10	\$20
FCC and CE Certification Fees	-	\$20
Profit	\$16	\$70

# Kickstarter Video - Keep it Short

- Most funded Kickstarters have a well done video
- Keep it short, less than 2 minutes
  - PIXEL V1 video length 3:44 min, 16% watched to completion
  - PIVEL V2 video length 2:25 min, 29% watched to completion

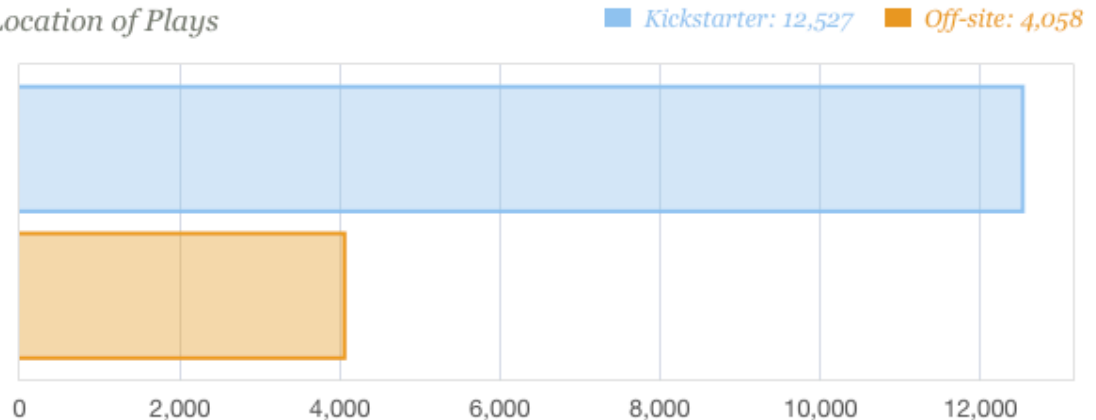
## Project Video Stats

### Project Video Plays

**16,585**

29.38% of plays completed

### Location of Plays



# Shooting your Video on a Budget

- Proper video lighting makes a big difference
- Cheap constructions lights provide good results, diffuse with parchment paper (warning very hot!)
- Get a cheap wired microphone for decent audio - \$25 \*



\* [http://www.bhphotovideo.com/c/product/659062-REG/Pearstone\\_9111930\\_OLM\\_10\\_Omnidirectional\\_Lavalier\\_Microphone.html](http://www.bhphotovideo.com/c/product/659062-REG/Pearstone_9111930_OLM_10_Omnidirectional_Lavalier_Microphone.html)

# Post Kickstarter

- Kickstarter backers are a different breed and hence post Kickstarter is a different ball game
- More Marketing, More Marketing, More Marketing...
- Post Kickstarter Selling Places
  - Grand Street <http://grandst.com>
  - Amazon
  - Your direct web site (useless without marketing)

# Resources

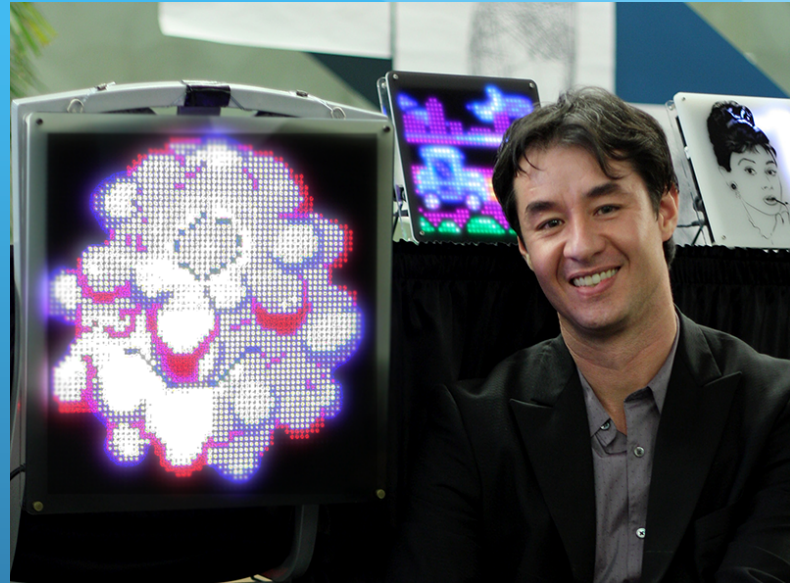
- Kickstarter Online School
  - [https://www.kickstarter.com/help/school#defining\\_your\\_project](https://www.kickstarter.com/help/school#defining_your_project)
- Get Fresh <http://getfresh.com> - Product reviews and social network promotion in exchange for a chance to win one of your products
- LinkedIn Kickstarter Support Group - Post and get feedback on your project prior to launch
  - <http://www.linkedin.com/groups/KickStarter-Support-Group-4586281/about>

# Conclusion

- Fantastic learning experience, met so many creative and interesting people
- Tremendous amount of work, sacrificed too many weekends and nights to count
- Taxing on family life
- Achieved personal goal of getting PIXEL: LED Art into an art gallery
- Financially broke even on PIXEL V1. PIXEL V2 will make a small amount.
  - I would have made more money mowing lawns for which I have no regrets, it was never about the money
- I'd do it again but will be taking a break after PIXEL V2!

# Thank You

## Q&A



PIXEL: LED ART <http://ledpixelart.com>  
[al@ledpixelart.com](mailto:al@ledpixelart.com)

Manufacturer Used: <http://seedstudio.com>