

# #1 - Limited knowledge on alternative finance

## Definition

Alternative finance is an economic dynamic characterized by specific procedures, particular actors, different timing and budget structure.

Crowdfunding, in particular, is not a homogeneous practice and the success of a campaign depends on the choice of the most appropriate platform and co-funding type (donation, reward, equity or lending). Making the wrong choice, in these terms, might lead to not reach the funding goal or can prevent from using this precious resource to its full potential.

## Mitigation strategy

Awareness creation, training and education about CF and alternative finance is indispensable, as it prevents to be unprepared vis à vis the specific funding dynamics.

Such training can also empower with further and parallel skills that might be useful in the broader job-market, such as communication and managerial attitude, business planning etc.

Many specialized services and ad hoc coaching sessions are also offered by professional agencies or by the platforms themselves. Always trust service providers with proven reliability, experience and professionalism. The choice of a platform suitable for the business model and product in question is essential. In case of fledging crowdfunding activity, it is always a good practice to opt for a platform that provides support and help all along the process.

In case of multi-national platforms, make sure to have a person or office of reference in the country of activity, with the possibility of scheduling periodic meetings, chats and calls, in order to follow the development of the CF campaign. Administrative and procedural support - and the easiness to find the bureaucratic documents and processes on the platform is key to smooth the launch and the management of any CF campaign.

In case of limited business experience, hiring a risk management consultant is a good investment for most companies. A consultant can analyze a business and determine which risks might be faced and which strategies to apply in order to avoid them or reduce their likelihood.