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Welcome to the Main Street Business Insight podcast. I'm your host, Matt Wagner, chief program officer at Main Street America, a nonprofit leading a collaborative movement dedicated to strengthening communities through place-based economic development and community preservation. Each week, join me as I travel the country and take a deep dive into the personal journeys of downtown and neighborhood entrepreneurs. The stories that far too often go unnoticed and unheard. Whether you're a small business owner who wants to learn from your peers or a community leader looking to better support your local business base. Main Street Business Insights is here to provide you with the tools, strategies, and personal stories to help you and all of your main street businesses thrive. So subscribe now and tune in every Wednesday to get inspired by the individuals driving our communities forward.

Matt:

Welcome everyone to the Main Street Business Insight podcast. I'm actually coming live, I like to say this, from a studio audience, but we're actually in the library in Biddeford, Maine. And so glad to be with you and to introduce the show where we've actually got a sort of a part two for those listeners that were listening over the summer about our subject matter and crowdfunding.

And a little bit of sort of backdrop to the story. I've made many visits to Maine over the various years and over the last couple of years we had an opportunity to work with Mount Maine Downtown Center and the Maine Community Foundation in support of what we call entrepreneurial ecosystems. And one of the big aha moments that came out of that particular time was that a lot of people were unaware of this concept called crowdfunding, a finance tool that small businesses could leverage, perhaps, for a whole host of reasons to sort of fill the chasm between what we call friends, family, and fools and perhaps traditional debt financing.

And so I felt like this was a topic that would be sort of fitting to bring back to Maine where we were rooted in that sort of discovery process to actually have some real businesses going through that process right now. And what a wonderful opportunity to share that as well with my friend Ross Chanowski from NuMarket, the co-founder there, that really can speak the language of crowdfunding. And so that's going to set the tone for today's show.

But before we begin, I wanted to share some actually hot-off-the-shelf data points. Okay. So each spring and fall we do a national survey of small businesses and one of the questions that we asked this year was around, What are your key challenges? What is the most important thing that you would like to see coming from your local main street program, Main Street America, or even your state coordinating program or regional program?

And then number one thing, and I suspect you all can imagine what it was, money, right? Access to financing. What are the opportunities? Share with me. No big surprise. It's like all of you. If I asked you what your challenge, you'd tell me parking. So financing, right? It held the top. It was a big drop-off after that. The other kind of interesting thing is when you ask where they're getting financing, you can probably also imagine it's self-financing. And crowdfunding actually ranks. Anyone want to guess percentage-wise? You can yell it out. Okay, give me a percent. What do you think?

Audience:

5%, 10%

Matt:

5%, 10%, 3%,

Ross:

Is that right?

Matt:

3% crowdfunding. Okay. Surprisingly write down with national bank financing, 3%. Okay, so the other interesting thing is local banks and credit unions, 16%. So our local bank's doing a much better job than the national banks, but crowdfunding still relatively low when you think about the opportunities that exist with crowdfunding. And so that's why we're really excited to have this conversation to strike the tone around what are the misconceptions about crowdfunding. I think there's a lot out there misunderstanding what it is, how do you leverage it? And so we're going to kind of go through that process. Hopefully we'll also have some questions from our crowd. We're going to call it a crowd. They can't see you, so we're calling a crowd. All right, so what I want to do is actually turn it over to Ross and Ross is going to share a little bit about just sort of the grounding, the foundation of crowdfunding, what it is, what it does, and also about Numarket and how really it's a different take and I think one that's much more relatable to our work within Main Street.

Ross, I'm going to turn it over to you.

Ross:

Cool. Thanks, Matt. I am excited about this conversation. I'm always excited about this conversation but I'm especially happy to have it with Mary and John up here to give both real examples of businesses that have crowdfunded and in John's case, kind of going through all of the different options that are available for financing right now where Numarket place is in what we call community crowdfunding. The idea being that if we can connect real people in the community, not institutional investors, not accredited investors, the people who walk into the doors of Mary and John's businesses who you pass every morning when you walk down the street with your cup of coffee. If we can connect them to real small businesses to be the ones funding them, we're going to find a lot better businesses on our main streets. We're going to find really resilient businesses on our main streets and we're going to keep capital in the community.

So that's what Numarket's focused on. The way that we do that is through small business crowdfunding on credits so anyone can contribute to a campaign. If we take Sissle & Daughters, Mary's business as an example, hundreds of people contributed to their campaign and they got back more than what they put in but as credits to use towards Sissle & Daughters over time on wine, on cheese, on coffee, on anything that they're selling. So the idea is that you're bringing real people turning them into funders and then back into your best customers in a way that keeps capital in the community.

Matt:

Ross, could you talk a little bit about the foundation? Where did crowdfunding the concept come from? Maybe where did it go off the rails in terms of way people have this crowdfunding? Is that GoFundMe? What is this? Could you talk a little bit?

Ross:

Yeah, there's kind of three main categories of crowdfunding right now. The first one is donation-based crowdfunding, which has been around for a while. That's GoFundMe. I think most people have heard of that. It's an amazing platform that allows you to fund things that are not-for-profit. It might be someone needs some medical care. It's a really great way to bring the community together through donations. Its donation based crowdfunding. Then on the other side of things is equity crowdfunding. That's where investors can put in any amount of money they'd like to and get equity or ownership in a business. So that's a security. You're talking about financials, you're talking about capital tables, a lot of sort of high-finance type of terms. And then somewhere in the middle is rewards-based crowdfunding. That's like a Kickstarter or an Indiegogo or projects get funded. You might've seen someone's coming up with a new kind of skateboard or they've got some crazy idea for something really cool and you can fund it and maybe you get a bumper sticker or a T-shirt in return.

So really cool. But none of those are really focused on small business and that's where things get a little bit wonky. You're either used to donating for something that is non-profit, you're used to owning a really big piece of that business, or you're used to getting a bumper sticker in return for something that isn't a bumper sticker. And that's where crowdfunding kind of got stuck a little bit. There was a period, I want to say it was 15 years ago now close to that the jobs act was passed that allowed for all different types of regulated crowdfunding and that's where things went. The rails started to open up and people were doing everything from crowdfunding new real estate developments to crowdfunding farms and things like that. So it's a burgeoning and still growing industry but it's very segmented. There's a lot of different things out there, not a lot that's focused on real independent business.

Matt:

Where does trust play a role in this? So back in 2020, right, May 2020, we did a survey about 7,500 small businesses. I mean it was massive, right when Covid was bonkers. And one of the things that we discovered, we wanted to better understand where are you going when you need technical assistance or financial assistance or just how to maneuver through what we were all facing at the time and especially small businesses. And Main Street was at the top in terms of that trust and that connection to where those resources might be found more so than the local chamber or the city hall or small business development center. Main streets were top. And it wasn't that we were giving them the technical assistance, it was just the trust on is this a worthy thing to be connected to?

And it seems like that trust is an important underlying factor when it comes to a lot of small businesses because frankly the field is cluttered. There's lots of information flying at you all the time. You may not know what to believe. And I wonder, Ross is someone that has a company that has to go in and talk about something where there's not a lot of information or there's misconceptions. How do you build trust?

Ross:

It's such a good question. And after we introduce Mary and John's businesses, I would love to hear what you experience has been with me so far because our biggest, seriously, we're going to have to turn the camera off for that. Yeah, we'll pause that. It's a really big challenge. We are a very independent team and a real people who are purely focused on the success of the businesses we work with. But I think when you're a small business owner, you're used to being sold a lot of crap, let's call it what it is, a lot of crap and a lot of things that might put your business in a rough spot that might sink your business or just trying to extract something from you. So if I email a business owner and say, Hey, I'm a funding person and we're coming in with new financing options, it's click, I probably don't trust you.

And so it's really difficult. Our thing is just community building. When someone finds out through Mary about what Numarket does, they're much more likely to get on the phone with us and recognize that we're real people with a real opportunity and option for the business. And now the challenge for us is outside of Numarket, how do we build trust between small businesses and other options? Who else is out there? What other resources are out there to help the business, whether it's a Main Street director or a financial advisor or a bookkeeper who are the trustworthy people who are really in it for the same reasons that everyone in our audience is in it for.

Matt:

Yeah, let's start to build that layering. We're going to pivot and hopefully you've gotten a little bit more grounding just in terms of the state of crowdfunding, what it is and some of the nuance or differences therein. As you have further questions, go ahead and write. We're going to have a little audience Q&A at the end for any questions you all might have, but I really love to get to the stories. This is the power behind the podcast really is hearing from John and Mary. And so if you've listened to the podcast in the past, we like to start with sort of the journey. And so this is Mary Chapman from Sissle & Daughters, and we're going to have her just tell us a little bit about the business or the burgeoning business and then how did crowdfunding come into the mix as part of this process? So Mary, welcome to the show.

Mary:

Thank you for having me. So, Mary Chapman, I own a business called Sissle & Daughters. We actually have two locations now thanks to NuMarket. My husband and I started as a business called The Cheese Shop of Portland, and we actually started in a shipping container. Oddly enough, there's a small set of repurposed shipping containers on Washington Ave in Portland called the Black Box and it's something like 280 square feet each. So when my husband and I got started we were just two cheese mongers looking to do our own thing in my hometown and we were fully self-funded from just our savings and we were able to start in the black box for something around $12,000 to get going. And that was just over six years ago. We spent one year in that location and then we're very lucky to find that the space immediately next door that was about three times the size, so still not that big came up for lease.

So we were able to literally take a dolly and just move our stuff down the sidewalk and expand after that first year. And we spent the next four years or so kind of growing into that space. We started as just my husband and myself and we just kind of slowly added an employee at a time. And in that space we're up to six employees which feels great in Portland to be creating jobs. But we just started being asked a lot, oh, could you come to this neighborhood? Could you come to this neighborhood? And we also had two kids in that five years. So I was like no way. But finally we were offered a space in Woodfords Corner in Portland, and it just felt like the right place in the right time. What we loved about it is the community of Woodfords Corner and how much has gone into revitalizing that neighborhood.

And we were offered a very unique space there to be able to do a little more in that we could continue to offer the foods that we love to people in a retail environment but we were able to add a coffee and wine bar there and also a full commercial kitchen so we could produce foods on site, but the self-funding route wasn't really going to be possible that time around. We needed a lot more money so we turned to Ross and the rest is history. We actually opened just last Friday, we're on day seven today of Sissle & Daughters coffee and wine bar. And as we opened the new business, we rebranded the cheese shop so that we would be under one brand hence me having the two daughters in that time, we decided to put our family name on the business to really kind of solidify putting our name on everything that we do and how much we stand behind our work.

And it's really important to us to put kind of the trades that we do into our name as well, cheese Mongers, Grocers. It's something that is not just slapping some products up on a shelf. So we wanted to convey that in our branding.

Matt:

I don't want to make any assumptions but given the growth projections that you had that you were in business, you had shown the ability to scale. I suspect there could have been maybe more traditional banking debt related. What was the decision making? What was attractive about crowdfunding versus maybe what people would think, oh, that's your typical pathway to growth. Could you talk about that?

Mary:

Absolutely. We definitely met with some bankers and we've been banking with the local bank since we started and they reached out to us and offered to put some funding together. But in the end, personally I hate debt. It scares me. So I'm just always looking for other creative solutions especially where interest rates have been over the last few years. I just didn't want to see myself handing over these huge checks to banks every month and just counting down the months until I paid it off. So we just started looking for more creative solutions, and I also didn't want to give any equity away, especially when we're in this place where we're just rebranding and putting our name on the business. We weren't looking to bring in any outside investors or hand over any decision-making to anybody else. It's a family business. So we reflected on the fact that being in the location where we are in Portland on Washington Ave, it's become a little bit of a hot spot for people who visit from away, but it is still very neighborhood-y.

All of Mun joy Hill is right behind us, Bayside below us, and we've gotten to know our customers extremely well over time. When we started in the black box, it was me and my husband every single day, and we didn't have that many customers each day, so we would just sit and chat with people for sometimes 10, 15 minutes, an hour at times. And we've just built so many great relationships over this time that when we came across NuMarket, it just felt like, yes, this is how we leverage the relationships that we've been creating over this time and help our customers feel more invested in what we're doing.

Matt:

Could you give us just a quick sense, Mary, of the scale of your campaign, how many investors or contributors, that kind of thing?

Mary:

Yeah, I should have reminded myself those numbers before I came here.

Ross:

I should have took them down.

Mary:

I know, I was going to be like Ross do you know something?

Matt:

Ross [inaudible 00:19:21] calculations right now.

Mary:

Well, we were looking to raise around 150,000, which we knew from day our very first phone call with Ross was going to be one of the more ambitious campaigns that has gone through the Numarket process. So we knew we were really stretching it there, but we figured as close as we can get, great and we'll figure it out from there. We ended up raising, I believe around 94,000 and the largest contributor was a thousand dollars but we had a lot that were 10 20. I think 50, 50 and a 100 were the top amounts or the most common amounts that we got. Yeah, so it was several hundred contributions. I think something like 288 or something feels like a number that's familiar to me.

Matt:

That's phenomenal. You think about sort of the chasm between self-financing and the ability to grow, I meant 95,000, a lot of money coming as in essence sort of equity injection and supports the business even further. Ross, you had shared with me at one point a calculation about that return of maybe 1.5 times because as you all know if you're going in small business in support. You're probably then also buying some other things along the way. And so it actually gets magnified, I think is the brilliance in terms of where you are in essence bringing your consumer groups, leveraging your business's brand and providing in some ways even further brand equity through in essence ownership. It's not real ownership where you're signing stocks, but there's that sense of ownership. I think it's very, very powerful. Let's hear from John. So John you own I'm going to get this right Ottaqua, right. Northern Maine sticks. No, you're in the sticks.

John:

No, mid-coast.

Matt:

Mid-coast? Is that kind of sticks, almost feels suburban. That's right. We're not at Holton. Okay. All right. John, tell us a little bit about your business and John's at more at the forefront of the campaign, and so we'll have some interesting kind of stories to share there.

John:

So I have a it's basically a hospitality venture. It's an old 1930s boys camp, like a small camp on Pemaquid Pond up there, which is a 12-mile lake up, it's kind of Waldoboro Damariscotta area. And we bought this property with friends not exactly knowing what we were going to do with it and we realized that the group parted ways. We ended up buying the property from our friends at a much higher price and interest rate. So which sure at that point we were committed. But it's the story of any main hospitality situation. It's just how to deal with the seasonal aspect of this heavy price you're paying for a property that you can only utilize for really five months. And what we've done is it basically over the pandemic was the first, we had just purchased it in 19. It was this perfect place for friend and family buyouts because it's only five cabins.

It's really small kitchen cabin, so it's not a main sporting camp. It's more like a family camp, just a public situation, bath house, mess hall trails and amazing body of water that we're right on. And immediately we had several families that have come back every year which is kind of what we hope for. But the challenge of that business model is basically trying to find enough families, four or five family groups that can get together that jives with your schedule. So when you lose one or two, it's size seismic shift for the business. It's a lot invested in those buyouts. We always had offered small weddings, definitely not like a traditional wedding venue. We do have a farmhouse at the top of the hill, a little bit removed, and we have two houseboats, which are really beautiful that really can serve as sort of a wedding, sort of the honeymoon suite effect.

And those have full bathroom and kitchen on them so that they're kind of the suites of the situation. But the challenge, as I said was that. And then also different changes in tourism in Maine, once Europe opened up, we could start last summer was tough for everyone in Maine, tourism-wise hotels and everything. So volatile market as you would imagine. But what we started doing was like everyone else in Maine, we got a sauna and did some other other things and it basically started adding add-ons.

And when I met Ross it was like, oh this is because we were starting to get more local business at that point. People coming for the day to rent the waterfront to rent or one cabin and then tie in the sauna with that. So then all of a sudden when he came along it's like, okay, it's getting more community-based at this point and it's not people from Brooklyn, whatever coming up to as family groups. So that was immediately attractive for me in terms of this kind of community currency. And so that certainly sort of piqued my interest and it's growing. We have an incredible manager on premises who wouldn't work without her and so things are growing, but we still have just massive a lot of expenses that you can never understand where they really come from but they're huge. But that's it in a nutshell. That's a story.

Ross:

And John, I remember when we first talked. We were kind of chatting about when you go into a bank and you say, I've got a couple houseboats, some cabins, a sauna, and their eyes gloss over like they're in a sauna. When you say that

Matt:

Well, if you put it that way, Ross.

Ross:

So I'm curious what your experience has been when you tried to have the conversation with more, let's say institutional

John:

Local lenders? Well, I will say that I have only a lot of love for the first bank frankly they do an amazing job financing all of the great Damariscotta and I'm sure regionally as well but most of my favorite establishments are. But it is not always the most nimble mechanism, but the small town, the relationship aspect is wonderful. It really is. So no, I thank them so much, but they are at the mercy of national interest rates

Matt:

Everything different regulatory environment.

John:

They can do what they can, but so that's why we are looking for augmentation or different ideas.

Matt:

When you were thinking about the campaign, so just like Mary, what's your goal and sort of use of the funds? Where were you trying to position operations, inventory or scaling marketing?

John:

It would be additional structures I would imagine. And we have two or three different site plan sort of versions of what we're looking at and do we want to really get into being a wedding business and the pros and cons of that. So generally it would be infrastructure.

Matt:

I think one of the interesting points about John's business, and I suspect Maine although I have been to Maine a number of times. So obviously I'm not a resident, but the seasonality of business in terms of a tourism overall state tourism economy can be problematic as you all know, especially if you're trying to seek other outside finance. And I think that's another just key reason to think about other forms like crowdfunding is a potential option. I think what's also interesting about John's business is sort of the pivoting act of going from more of a tourism or outside to more of a local which then does lend to some sort of connectivity by building brand and ownership, which is probably a little bit more difficult to do in a more of a tourism-based business, I would suspect

John:

For sure. I'd say everyone's just waiting for that August. Just trying to get people off the road, basically driving down route one.

Matt:

It's hard to build connection in a few days if they're only there for that time period. Mary, I wonder if you could talk a little bit about once you formalize your campaign, you had your goals and that kind of thing as a business owner, then what did you have to do in terms of marketing and outreach and letting people know? And were there partners or other organizations that helped get the word out or was it just more of a solo connection to business, your customers.

Mary:

The one helpful organization to us was actually the friends of Woodfords Corner, which is a Main Street America organization.

Matt:

Here we go. That was the plug. I didn't do it.

Mary:

There you go. And I think something about they're the smallest or the only kind of sub-city, something like that. I'm not totally sure.

Audience:

Neighborhood.

Mary:

Neighborhood, yeah. So they immediately reached out and said, come in, let's talk about what you're doing. How can we help you get the word out? And they started putting it in their social media and newsletters and that kind of thing. Other than that, we just kind of did it the way that we do everything and just my husband and I just did what we could and mostly what that meant was getting onto our social media and making videos that took us 40 tries to get because we would start laughing so many times or we didn't like the way we looked or whatever. So it was just really organic.

We just tried to get in front of our customers and just talk to them about what we were doing and how much it would hopefully benefit them in the long run. For the people who shop with us regularly, they had the option of choosing to spend their credits either at the cheese shop slash now Cheese mongers and grocers or at the new business. So we were able to say, Hey, you live right by Washington ave, you can make that selection, you shop with us anyways, now you're going to be getting that 20% on top. So really just conversing with our customer and then being in the business day to day and talking to people, we put QR codes at the register and things like that, which I think got us a couple of contributions to be fully honest. It was really about that direct outreach and talking to people about what we were doing.

Matt:

We're going to go to audience Q&A in just another minute or so, so if you have questions or whatever, please write them down and we'll certainly ask away. But we always like to make sure that we're sharing almost like peer-to-peer advice rather than from Ross or like from another business to another business. And I wonder if both of you could share any either learnings along the way that you think are important for other business owners, your peers to know, or advice that you would give if someone's thinking about crowdfunding. And John, we can start with you and then we'll end with Mary

John:

Gosh, I haven't dived in quite yet, so I don't know if I'm the best person to really ask about that or have any sage advice once I work with you. I don't know if I'm coming here to learn.

Matt:

John is really very modest. All right, we'll hold John's until the end. Okay. All right. Mary, what about you?

Mary:

I learned that you have to be incredibly consistent with it. That is definitely, we could always tell when we were taking our feet off the gas a little bit and we weren't talking with people about it enough or we hadn't posted in a few days, we would see those drop-offs. So it really takes pretty constant engagement and not being afraid to choke people a little bit. You have a lot of people in your orbit who love you and want to support you but we all have so many things going on. I've had other small business friends do GoFundMe's or Numarket campaigns, and I know it's on my to-do list every day. Oh, when I go home and I sit down, I'm going to do this, but do I get to it most of the time not unless I do it in the moment that I'm thinking of it.

So there were so many people that would come up to me in my shop and say, oh I haven't done it yet. I'm going to, I'm meaning to. And just you have to advocate for yourself in those moments and say open up your phone right now and do it. You can't be shy. You have to really be the salesperson for yourself. But also making it really clear to people that this is, I remember when I had our first call with Isabelle who managed our campaign for Numarket, my husband used the word donation. She was like, you need to remove that from your vocabulary right now, making sure it's extremely clear that this is not a donation-based situation. The people are getting something back for this. So it's just communication. Communication.

John:

Was the campaign really, was it just open-ended really? I mean does it go on?

Mary:

It had, what is it?

Ross:

They're month-long campaigns With an option to extend them for a couple of weeks. So in your case, I think it ended up being six weeks.

Mary:

Yeah, we were doing well and getting close. And so Ross and Isabelle were like, okay, you guys, we could add on because we see the progress that you guys are making.

Ross:

There was still some momentum.

Mary:

Yeah, exactly. And I think you guys, we were going to keep going and we kind of reached a point where we're like, okay, we can't.

Matt:

So exhausting

Mary:

It's a job, but it's so much better than the alternative for sure.

Matt:

All right, Delilah, we've You've got a question? A question? Yeah, go ahead. I can go ahead and repeat it if you want. Yep.

Delilah:

Is there a process for businesses to apply or be vetted by the Numarket company? So I, as a potential participant, can tell the difference between two potential businesses I might want to invest in or back. I can think of a lot of businesses in the downtown who could use an infusion of money right now, but some of them probably shouldn't get one. It's time, for example, not in my downtown somebodies downtown.

Matt:

All right, so the question from Delilah was primarily around is there a vetting process from Numarket so that the patron in essence has some expectation that someone's reviewed this is a good viable kind of thing?

Ross:

It's a great question. The answer is yes, but the vetting process is very human. So I personally speak with every business who reaches out to us and we go through a list of questions and try to understand the situation to see if we're the right fit or if we're not. And oftentimes whether we are or not the right fit, we then share other resources. It might be connecting to folks like you and saying, here's the best person who can share a ton of resources for your business. And then I'm really honest, I mean John and I have had the conversation and we talked about a more tourist focused business might not be the best fit for Numarket. Reaching out to your community to open up new services and new hospitality is a good fit for Numarket. And John and I have kind of traded resources since of what are other ways that you can help to grow and finance your business. So it's not an automatic thing, but we're also not asking for financials or anything that is going to be proprietary to your business. It's much more human.

Mary:

If I could jump in as well, I think the success of your campaign is kind of its own form of vetting. If you are a company, a business that isn't rooted in your community, isn't providing a good service or a good product has a reputation for not treating its employees well, that kind of thing, that campaign is not going to be successful on its own. So it's kind of a

Matt:

Really good point.

Mary:

It does it on its own.

Matt:

The other question in the back

Audience:

Is there anything else you can share about what makes for a good fit in terms of community and downtown size or how far along someone is in their business? If it sounds like with Sissle and Daughters, as you said, you really had to work the relationships which means that those relationships were in place as they were because you had a track record already. So as Main Street directors and employees, as we think about the businesses that are in our downtowns, is there anything else you can share about what makes for success?

Matt:

Okay, so you want to repeat the question, Ross?

Ross:

Yeah. Is there anything, any factors or any, we'll call them heuristics that might help to understand who is a good fit for a crowdfunding campaign or a Numarket campaign? And it's kind of a yes and no answer. The no is we're learning something new every single campaign about what works well and what doesn't. I think Mary brought up really good points about what makes for running a successful campaign in terms of who is the right fit and what you can look out for. Are they a community focused business? Do the owners themselves have a relationship with the customers? Are they willing to talk to real people and be a real person in that conversation? You'll hear me use the word real a lot. It's kind of one of those things, it's hard to explain but when you see it you know exactly what it is.

So I'll give two really quick examples. We've had a business that was extremely impersonal but had 50,000 followers on Instagram, didn't run a very good Numarket campaign because they weren't personal. Everything was very promotional. And then we have, let's say a farm stand in a fairly rural area that had 20 super loyal customers who came by every week to pick up some of their food. They opened up a new brick and mortar and they raised $20,000 when they were looking for 15. So I think those are the examples of just realness and being community focused.

Matt:

That's a really good point. It's about people invest in people, right? We've heard it before. All right. Are there any other questions? Yes.

Audience:

So my questions more for our local government, right. So what incentives or support systems can local government provide to encourage small businesses and community organizations to use crowdfunding for their projects?

Matt:

Any thoughts there, Ross?

Ross:

Yeah, great question.

Matt:

We've had a little conversation about some like that

Ross:

We did. Yeah, our biggest challenge is just awareness. I can't tell you how many people like John and Mary have reached out to me and said I wish I had known about you two years ago. So just sharing what we do and we've got plenty of resources that we can give to mainstream associations, local governments, just to share it and talk about what the opportunity is. That is the number one biggest thing. I think we might have a follow-up question.

Matt:

Can I just add on real quickly. I think the other thing that cities or other organizations can do outside of just the promotion and being focused on crowdfunding is kind of a recognition that crowdfunding is a tool within a larger system at play, right. There's real estate components, there's networking and mentoring and education and training and all these kinds of other elements. And so one tool unto itself may not be the thing that ends at all, but having a supportive system within the community or the neighborhood or the Main Street is really more of a holistic or comprehensive. And I think that's where a lot of cities and other organizations can play a role in not only promoting, these are the different tools, but thinking more holistically about how do you support small businesses overall.

You said we had a follow-up question there go sir.

Audience:

What settings would you feel comfortable speaking about your business? Because again, I'm sure Chamber of Commerce might be interested in having you speak to a select group of people or the library hosting an event like this in their own community. Do you do things like that where you do outreach of your organization?

Ross:

Yes. As long as John and Mary can come also Matt too, but Matt lives a little bit further away. Yeah, we'd love to do that. And we love to get out in the community and I rack up a lot of car and airline miles going around to different chambers and business improvement districts, Main Street associations, all of that.

Matt:

Anything else? Yes, sir.

Audience:

Yeah, actually statement about municipalities and governmental organizations, sharing that as part of the menu of the various ingredients that go into what makes it all come together is helpful and we can follow up, but I think we could get some of that shared that would be helpful and we can in turn share it. One of the things that when you were making your ask or your pitch, this is really from Mary and John, what was sort of the theme of the message that sort of got the higher conversion rate from because would you invest in this business and this is how it's going to work and explaining what that is. And then there's a spectrum of how you ask, but is there one sort of theme of how you presented the ask that seemed to really grab the interest and solidify and turn that ask into an investment in your business more so than some of the others?

Matt:

So the question is, of the messaging that you did essentially the promotion around the campaign, was there something that you feel really struck a chord or connected well or delivered a higher peak in contributions?

Mary:

Yeah, absolutely. I think there are probably two main motivators that our contributors had. One is just the return on investment. And I think that was the thing that we just tried to hammer home over and over again is you give us $10, you get $12, you give us a $100, you get $120 to spend with us, and those credits never expire. So just making sure that people understand the structure of the campaign and how it works and that they're not just putting in something and not getting anything back for it. So just always we were constantly reiterating this is how it works, put in this much, you get this much, this is the structure. And then some people are just going to be purely motivated by the fact that they like what you do and they like you as people and they just want to put something in.

I think probably 10% of our contributors are never going to redeem their credits with us. They just wanted to put some money in and help us out. So that personal connection that we have with certain people definitely brought in a certain amount of the money. But definitely the best thing you can do when you're pitching to potential contributors is just tell them what they're going to get back from it. And in the case of us opening the second location, we really wanted to get across that we wanted to be a resource to that particular neighborhood. So you can come, we're open from eight a.m to eight P.M. grocers open all day. You can get coffee and baked goods all morning, and then we go to kind of a wine bar in the evening. So kind of a respite great place to escape that you can walk to if you live in that neighborhood. And so just really pitching not just what you get back monetarily, but that this place will now exist in your neighborhood and you'll get to go there and hopefully you like it.

Ross:

I'm excited, John, and I'm curious about your thoughts on this. I'm excited for your future campaign. I'm going to contribute myself because not only does it make it more affordable to go and bring the family but I'm excited to bring my family and point at the sign and say, I did that.

John:

Yeah, that sort of ownership or what's the right word for it. But that's definitely a draw. And I am curious to see if we might have, since we do have a hardcore out of town audience as well. They almost come up in the way Maine vacation is. You have a second community you go and be a part of. So I'm interested to see how that is going to, what effect that has because it's a lot of people, it's like 25 people at a time sort of populating the neighborhood and that certainly there's so many interesting positive things that can happen that way. I think. So definitely.

Matt:

We'll make sure we circle back to John and his experience. I just want to thank you all for coming out, giving us the opportunity to chat with Ross and Mary and John about this really important subject around crowdfunding is a wonderful tool to be thinking about in support of your small businesses. So thanks for joining us for the podcast and let's give our group here a round of applause if we can. Thank you. Thanks everyone.

Audio:

A special thanks to my friend Ross Chanowski of Numarket for joining me once again, coming up to Maine and bringing some real-world examples with him of what it's really like as a business owner to leverage crowdfunding as a critical financing tool and as a way to fuel future growth strategies. John and Mary were absolutely fantastic and contributed so much to the show. Want to wish them both well in their small business journeys.

So this is going to do it as we wrap up the 2024 podcast season and we're going to be taking a little bit of a brief hiatus and coming back in 2025. That is with a few shifts to continue to grow out the podcast. Some new twist including some shows focused on audience questions and expert responses, some compilation shows of theme best practices along with more shows focused on data and trends and pivots. We'll kick things off in January with my 2025 prediction show, showcasing how macro trends are likely to impact Main Street businesses and communities as we look ahead during this holiday season. I want to thank so many people for making this show possible. We had so many incredible small business owners sharing both their insights, but also bringing their authentic selves, chock-full of personality, points of wisdom, and even sometimes pitfalls but always with tremendous passion for their businesses, employees, and communities.

Secondly, my colleagues at Main Street America for all their support, especially our marketing and comms team, Lifshank, who totally drives this work and provides me with so much incredible support. And our senior director, Rachel Bowden, who is always an innovation champion. Now beyond the scenes notice pictures, sorry, who do a great job in taking my amateur film and audio and somehow make it all work. And finally, but certainly not last is you the listener and viewers. I hope this show serves as a point of source of entertainment but also important insights to grow your business or support your local businesses and entrepreneurs. We can't thank you enough for your support. Please continue to subscribe and leave a comment, ask a question, rate and review us. Those crazy algorithms are hard at work. Trust me and help us to further spread this work and showcase these amazing stories of small businesses that truly drive our local and national economies and create character for our communities. So until 2025, hope you all have a wonderful holiday season, a new year, and we'll see you soon.