

## Case Study Series: What's Working in Marketing & Selling Professional Services

### **A Startup that Funds Startups Uses Media and Sponsored Blog Posts to Prove Concept, Gain Investors**

By M. Sharon Baker

#### **Overview**

Bill Clark created MicroVentures Marketplace Inc. in 2009 as a way to help startups find capital.

Based in Austin, Texas, the company acts as a middleman facilitating deals between investors and startups in a number of industries.

Its online crowdfunding model allows investors to purchase equity stakes and access to deals around the U.S. It also gives investors the opportunity to invest smaller sums, much less than the \$50,000 or so required in traditional angel and venture capital deals.

With a large pool of investors, MicroVentures would be able to accept business plans of companies looking to raise capital. Clark needed to attract that pool of investors -- those willing to invest \$1,000 or more in a deal, to validate his crowdfunding model. Investors would be people like him – accredited investors with a desire to invest but with no access to deal flow and unable to make \$50,000 investments or more in each deal.

Because MicroVentures facilitates investments from start to finish, Clark needed to get financial securities licenses. Those licenses are regulated by FINRA, the Financial Industry Regulatory Authority, and come with restrictions during a company's first year.

#### **Situation**

It took a year for Clark to obtain the securities licenses needed to get started. Only then could he start generating publicity and attracting investors.

One of MicroVentures' biggest challenges was that FINRA had to approve all marketing and publicity efforts prior to distribution. Each review carried a fee, an amount based upon how quick someone wanted materials approved. MicroVentures had to pay \$500 for a one-day approval, and \$100 for a two-week approval.

In an age where social media and immediacy are all the rage, Clark had to figure out how to get his message out in a timely manner. He had to get investors signed up for his site so he could attract companies seeking money.

Because he started the firm by himself with limited funds, whatever promotional activity he undertook had to get the word out as far, as quickly, and as affordably as possible.

He decided social media wouldn't work. "If I wanted a Twitter account, every tweet would cost \$100," Clark says, adding that to be effective he would have to Tweet multiple times each day. "That just wasn't feasible and while it would have been beneficial in getting the word out, it would have been very expensive."

## **Approach**

### **Launch a Blog**

Clark decided to start a blog and then send out press releases to attract website visitors, who he hoped would register as investors. He first tackled the blog, adding it to his site at [www.microventures.com](http://www.microventures.com). He hired a freelance writer well versed in financial issues to help him create ten blog posts.

Clark knew commenting about breaking news or trends would generate traffic to his blog, but under FINRA's restrictions and fees, it wasn't an option. So he came up with ideas to help educate the people he was trying to reach.

"We decided to write five posts targeting investors with information like what to look for in deals and tips on due diligence, and others were geared towards startups with tips on how to get funding, how to present and other types of educational pieces," Clark says.

He sent the package of posts to FINRA for approval. Once approved, he posted them on his blog over a six-month period. The posts attracted some website traffic; and each post resulted in about five people registering as investors, Clark says. But the posts weren't the big hit MicroVentures needed.

After the ten posts were published, Clark stopped updating the blog. "I didn't continue because it was too much work to get them written, approved and on the website fast enough for the topic to be fresh," he says. "I wanted to comment more on what was happening right now and not two-and-a-half weeks ago."

### **Use Press Releases to Gain Media Attention**

At the same time he launched the blog, Clark sent out a press release to help drive traffic to the website and increase awareness of the new funding venture.

The press release, distributed in April 2010, announced the new funding model and was well received by major publications because no one else was doing peer-to-peer equity funding online, Clark says. The release was picked up in major publications such as *The Wall Street Journal*, *Entrepreneur* magazine, the *Dallas Morning News* and *Austin Business Journal*, among others.

"Any day that we had someone write a story about us, we had a huge amount of traffic," to the website, Clark says. "And we would have a huge increase in signups to the site."

Follow-on stories and subsequent publicity was harder to earn because journalists wanted to see MicroVentures' track record before writing more, Clark says. Nevertheless, the site did

garner some 300 investor registrations or signups in the four to six months after the first press release, he says.

### **Pitch Ideas to Media, Follow HARO**

Clark researched media outlets both offline and online to find other journalists covering crowdfunding or peer-to-peer lending, especially those that had written about the topic or several of the companies in that field. He then crafted what is known as a media pitch.

“I would write a custom email each time; it wasn’t a form letter,” Clark says. “I would reference a story they wrote and tell them I had created a new concept.”

One in 20 journalists he contacted wrote about MicroVentures, he says, adding that he first researched publications and spent about 20 minutes to craft each email pitch. While that doesn’t seem like great success, the payoff was large. “When someone did write about us, we would get lots of traffic and signups,” he says.

As part of his media pitching efforts, Clark started answering requests on Help A Reporter or HARO, a website started by Peter Shankman that helps journalists connect with potential sources for stories. By quickly and directly responding to a journalist’s posted request with something meaningful, Clark gained additional press. Over the course of several months, MicroVentures was included in six stories, Clark says.

When MicroVentures hit milestones or formed partnerships, Clark sent out press releases about the news and kept his growing media list informed of the news, which in turn kept the company in the news consistently.

The *Dallas Morning News* wrote a story after Clark sent out a press release on the first three deals MicroVenture funded. They published the story, but did not include a link to his website. But because he tracked visitors using website analytics Clark learned that 50 people signed up the date the story ran. Some 25 investors signed up later that week due to the *Morning News* story, he says.

### **Write Sponsored Guest Posts**

After trying hard to get several top blogs to write about MicroVentures without success, Clark decided to see what traffic and signups he could generate with sponsored posts. While \$1,500 a post was a steep price to pay, Clark knew he could reach his targeted audience – potential investors – if he wrote a few posts for Venture Beat, a popular financial website covering startup investing.

“It was the most successful thing I ever did to grow signups,” he says. “When I wrote a little 300 word post, it brought us the most traffic and the most signups.”

Because it was a sponsored post, Clark was able to promote MicroVentures and write about anything he wanted, as long as it was appropriate for the site. He wrote five posts about MicroVentures and what the company had to offer.

A single Venture Beat sponsored post drove 700 to 1,000 unique visitors to the MicroVentures website the day it posted, Clark says. He typically gained between 50 to 100 investors from the sponsored post traffic. “It was very valuable for us,” he says.

## Results

The combination of press releases, sponsored guest posts, and pitching the media helped Clark land nearly 600 investors in just four months, bringing MicroVentures' total investors to 1,000 in less than one year.

That critical mass of investors validated MicroVentures' two-fold concept, which is to help companies raise money quickly by pooling the resources of many investors, and to give new investors access to opportunities they may not otherwise see and allow them to invest smaller sums.

MicroVenture investors have funded five companies to date, raising \$500,000 quickly – sometimes in just two weeks.

## Additional Insights from MicroVenture's Bill Clark

- **When writing a press release, make sure you have something newsworthy**, such as hitting a revenue milestone that readers and reporters will find interesting. Don't be too self-serving.
- **Before pitching the media your story, research individual publications and the work of specific reporters to become familiar with the publication.** Read more than one story and understand the focus of the publication. When you understand the type of stories they like, it is easier to tailor your pitch to be something that matches their audience's needs.
- **Determine if a publication or online site accepts sponsored or guest posts before you write one.** Pitch your idea first, and tell the publication why you think your post will interest their readers. Include information about why you are most qualified to write about the topic, and demonstrate you are an expert.
- **If you don't have writing or public relations expertise in house, hire someone to help you.** Clark hired one freelance writer to help him with MicroVentures' initial blog posts, and another freelance writer to help him write press releases and several of the sponsored guest posts.

## Resources:

Company Website: [www.microventures.com](http://www.microventures.com)

Sample Press Release: [MicroVenture Marketplace Raises \\$150,000 for Three Companies](#)

Sample Sponsored Posts:

[A New Option if You Want to Invest in Startups](#)

[New Funding Source Available for startups - MicroVentures](#)