

# Crowdfunding aims to help students follow their dreams

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A new crowdfunding platform that lets investors back individual people rather than specific ideas or projects will be piloted at the University of Michigan and four other universities this fall, company officials announced today.

Upstart, founded by a U-M alum and former president of Google Enterprise, lets college grads and would-be entrepreneurs raise capital in exchange for a small share of their income for a 10-year period. Its goal is to give people the means to follow their dreams.

Founder and CEO Dave Girouard, who received a Master of Business Administration degree at the U-M Ross School of Business in 1993, hit on the idea after many conversations with young people nearing the end of their college careers.

"I'd ask them what they wanted to do and I saw this trend where students were excited about an idea or notion or startup---that was their Plan A. But they were opting for Plan B, which was to take a job with a well-known large company," Girouard said.

That bothered him. He looked into why it might be happening and determined that student loan debt and lack of access to capital other than credit cards were major contributing factors.

Here's how Upstart works: A student creates a profile that highlights his or her goals and achievements. Upstart verifies the student's academic

record with the school. Once validated, the student chooses a funding amount to request. Upstart calculates the percentage of income to be shared with backers.

Backers can fund the students of their choosing in \$1,000 increments. Students don't have to pay Upstart if they make less than \$30,000 in a year. Repayments are capped at 14.99 percent annual return to backers. Because the investors and new grads share an interest in succeeding, it's believed that the platform will encourage mentorship. In its initial pilot, students from five universities were backed by a dozen successful entrepreneurs, company officials say.

U-M was the first school Girouard talked to about piloting his solution. "Not only did I have a relationship there as an alum but there's institutional support for entrepreneurship up and down and across that is unparalleled anywhere else. Michigan seemed like a natural place to start," Girouard said.

U-M Provost Phil Hanlon said: "The concept is interesting and we think it's an important and creative new opportunity that allows students to pursue their ideas once they graduate."

By giving more students a nudge toward their dreams, the platform could have ripple effects, said Thomas Zurbuchen, associate dean for entrepreneurial programs at the College of Engineering and a professor of atmospheric, oceanic and space sciences and aerospace engineering.

"You have to follow your passion because you're more successful when you do," Zurbuchen said. "Very often, things you're passionate about are, in the long run, things that have more impact in this world."

Upstart will be on campus in the fall to teach students about the platform. University units plan to include information about it in career

planning materials.

"Here's how to find a job," Zurbuchen mused, "and here's how to make one."

Provided by University of Michigan

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