

SPONSORSHIP

This is pages 11-20 of the Club/Association Management Program 'Sponsorship, Fundraising and Grants' booklet .

One of the main methods of generating funds for sport and recreation organisations is through sponsorships. Sponsorships involve a relationship between two parties in which both seek benefits through an equitable exchange. Sponsorships are business agreements and usually involve a contract with specific terms and conditions on both parties. Value must be given to and from both sides. Generally the sport and recreation organisation will seek funding, equipment or specific goods and services, while the sponsoring company will seek media exposure, advertising to a specific audience, public awareness, and representation at events and special occasions. The ultimate aim of the sponsor is usually to increase business.

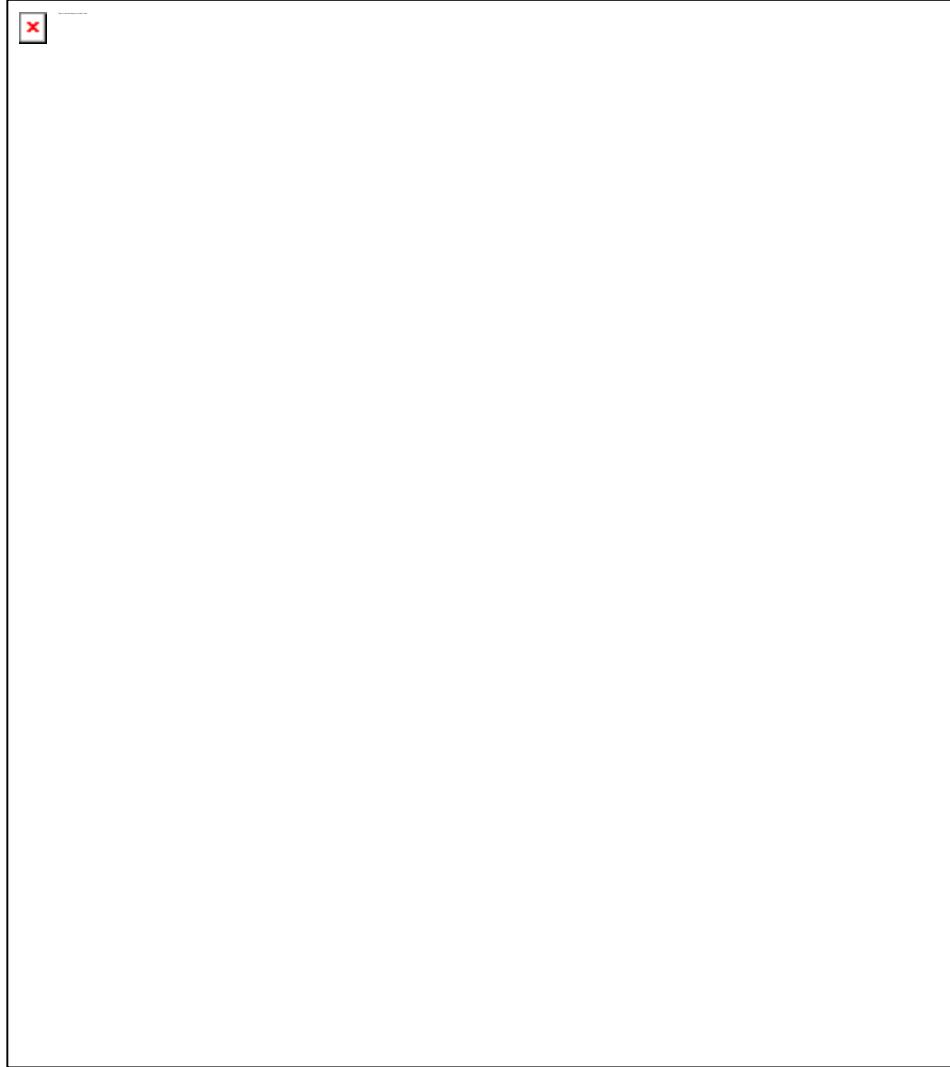
It should also be noted that not all sponsorships involve direct financial assistance. Contra-sponsorships (also referred to as 'in-kind') are arrangements where the sponsoring organisation provides services, personnel or products, rather than money, in exchange for the benefit provided by the organisation. For example, a local sports store may provide free basketballs and referee uniforms for a Regional Championship in exchange for stadium advertising.

There are two basic approaches to sponsorship. Prepackaged sponsorships centre on providing different levels (eg 'gold, silver and bronze') of pre-determined benefits to the sponsor and therefore are the same for different sponsors that purchase the same package. Alternatively, custom-designed packages contain specific customer-selected elements that facilitate the achievement of an individual sponsor's particular marketing goals. For both prepackaged or custom-designed sponsorship arrangements, the benefits must be effectively communicated to the potential sponsors.

The funds available for sponsorships is usually a finite resource, and because potential sponsors are often besieged with requests sponsorships have become very competitive. Consequently, sport and recreation organisations should take a systematic approach to the sponsorship process to ensure a better success rate. There are three main phases in the sponsorship process – planning, selling and servicing (see Figure 2).

Figure 2 Sponsorship process flow chart

Source: Cuskelly, G (1996) *Sport Sponsorship. Unpublished paper. Brisbane: Griffith University.*



Planning phase

Planning and preparation are the keys to successful sponsorship proposals. If sponsorship is poorly planned then it is likely that there will be a loss of sponsorship opportunities and revenues, an uncoordinated approach to potential sponsors, possible conflicts between sponsors (eg between competing brands) and an overall poor impression created.

The sport and recreation organisation must be explicit about its reasons for seeking sponsorship and then try to identify what opportunities it provides for potential sponsors. This requires the organisation to clarify the benefits it has to offer sponsors and how those benefits may be linked to specific sponsors. Furthermore, the organisation itself must be clear about what benefits (and costs) are likely to accrue to the organisation. For example, has the organisation established a realistic budget that includes the ongoing costs of servicing the sponsor?

The organisation must then choose which specific sponsors it will target. This step should involve the organisation developing some background information about potential sponsors (eg policies and sponsoring track record). A key consideration is

matching the image of the organisation with the image and product of suitable sponsors. For example is it appropriate to have a local tavern sponsor junior soccer? Timing is also a critical consideration as the current financial environment may dictate the willingness of sponsors to get involved.

How to attract sponsors

Attracting sponsors involves communicating to potential sponsors that the organisation has the capability to provide some useful service or opportunity for the sponsor and the relationship will be mutually beneficial. It is therefore important to be able to demonstrate a previous successful ‘track record’ where this is possible.

Potential sponsors want something in return for the money, equipment or services they provide as part of a sponsorship arrangement. For example, sponsorships can provide the sponsoring organisation with an opportunity to support a worthwhile project while communicating its message to its target customers or the public. However, the sport and recreation organisation must be very clear how it will facilitate this opportunity for the sponsor and why sponsorship of this organisation is the best means for the sponsor to receive the benefits it seeks. This generally means keeping accurate records of previous activities and events so they can be used to make a persuasive case for the sport and recreation organisation. Sponsors tend to be interested in the following issues:

- Attendance figures and nature of the audience. Attendance refers to the number of people who will see the sponsor’s marketing message, and the demographic characteristics of that audience. Naturally, the greater the numbers of people who are likely to see this message and the closer the match to the demographics important to the sponsor, the greater the benefits for the sponsor.
- The extent of positive media coverage about the sport and recreation organisation. This is also a significant element that can influence sponsorship commitment. When preparing sponsorship proposals, the organisation should establish past levels and values of media coverage and factor these items into the worth of the sponsorship. An invitation to the local newspaper or television station to do a community interest story could be timed to coincide with the sponsorship proposal.
- Community support and contacts. The generation of additional sales and the opportunity to network that derives from participation in the sponsorship is another important point for sponsors. An event that allows the sponsoring organisation direct contact with, and potential sales to its customers, is an opportunity for the sponsor to generate additional business.

Preparation of the sponsorship proposal

Although sponsorship proposals are usually written, they may also be produced on a video or CD (other technological advancements, eg the Internet, present further alternatives for presenting the sponsorship proposal). The organisation should determine which format is most suited to the targeted sponsor.

Regardless of the approach used, the sponsorship proposal should always contain the following types of information:

- Background of the sport and recreation organisation — its history, image, membership.
- A contact person and details for the sport and recreation organisation.
- Details about its programs, eg venue, dates, participant numbers, spectators.
- Future goals for the sport and recreation organisation (eg where will the organisation be in 3-5 years time?).
- The program budget — how much the sport and recreation organisation will contribute and is asking for in sponsorship.
- The proposal – for what purpose the sponsorship is needed (eg \$5000 over three years for team travel to competitions).
- What the sport and recreation organisation will be offering (eg advertising, promotional opportunities, television coverage, direct access to membership).
- The actual benefits for the potential sponsor (eg amount of press coverage, time on TV).
- Include other information such as annual reports, financial statements, booklets, demographic figures on the sport and recreation organisation's prospective audience, press coverage, and any other salient facts.

In summary, the key issue for the proposal is to identify how the sponsorship relationship will help each organisation to meet its goals.

Planning for sponsorship

Before a sponsorship proposal is prepared, sport and recreation organisations need to know:

- What is the sport and recreation organisation's image among members and the public? (If image is poor, it may be difficult to secure a sponsor.)
- What companies match the sport and recreation organisation's image? eg Coca-Cola targets its product to young people 18-25 and wants to be involved in large audience participation events. Is there a 'fit'?
- What is the sport and recreation organisation's 'best' program with which to seek sponsorship?
- What opportunities are offered to the sponsor? eg sell the sponsor's product exclusively at the event, media coverage highlighting their support, advertising and signage.
- Will the event clash with any other events? eg local bowls tournament at the same time and location as the local music recital.

Determining the value of a sponsorship package

Determining the value of sponsorship packages does not follow a set formula and thus sponsorship agreements may vary considerably from one another. For example, determining the value of items such as goodwill and exclusivity can be difficult, but should be included as sponsorship benefits. It is important to establish an approximate cost for what the sport and recreation organisation is offering to the sponsor and subsequently, establish the price to the sponsor. One method to determine the value of

a sponsorship package is to cost all the items listed in the benefits as if they were to be purchased separately, then add the costs of developing the package and servicing the sponsor. The price of the sponsorship to the sponsor can then be estimated at the actual cost of the individual sponsorship components (including development and maintenance) plus a reasonable margin [*Downes, MG (1987) Downes on Fundraising. Australia: Tecprint Pty Ltd*].

Selling phase

This is a critical phase in the sponsorship process. In this phase, the organisation makes its initial contact with potential sponsors and the nature of this contact establishes the climate for subsequent negotiations and relationships. Because first impressions count, it is therefore important to ensure that this step is carried out professionally.

Presenting a sponsorship proposal

Most sponsorship proposals require a verbal presentation (although not all, so the written proposal must also be able to 'stand alone'). This is a key component of the selling phase and is where organisations can encounter difficulties. Many organisations assume that because they have now finished the hard work, the proposal will sell itself, or because their program is so 'worthwhile' the sponsor will naturally support it. This is far from the case and the importance of the actual presentation should not be underestimated. Professionalism is vital so the organisation should carefully consider who should make the presentation. If there are members who have the necessary experience and skills, then perhaps it would be best if they presented the proposal rather than the president. Dress and appearance are also key considerations.

Other issues to consider in this phase include:

- Find out who to send the proposal to (ie the decision maker) and ensure that the name and address is correct. Make an appointment to present the proposal in person. Face-to-face communication greatly enhances the likelihood of success.
- Find out the company's sponsorship criteria and history — what does the company want out of a sponsorship relationship?
- The proposal should be prepared to a professional standard (eg typed and well laid out).
- Information must be relevant, accurate and precise.
- Being well prepared when presenting the proposal is critical. The presenters should ensure that they have appropriate supplementary information to support the proposal and try to anticipate (and plan answers for) questions that may arise.
- Follow up after the meeting — thank them for the opportunity to present the proposal and then maintain contact.

Handling rejection

Even rejection of the sponsorship proposal can be used as an opportunity. First, the sport and recreation organisation should acknowledge the rejection and thank the potential sponsor for their consideration. Then a meeting should be arranged with that organisation's contact to discuss:

- What caused the proposal to fail? (eg was the proposal written clearly enough?)
- In what ways could the proposal have been improved?
- Would the company consider a modified request?
- What actions could the organisation take to enhance its chances next time?
- Given the nature of the sponsorship request, does the contact know of any other corporations that would be more receptive? If so, would they agree to help in the initial contact?
- This information may facilitate a second chance initially, and will at the very least keep the potential sponsor informed and involved, potentially increasing the likelihood of future sponsorship success.

Servicing phase

It is usual for some negotiation to occur before final agreement is reached on the sponsorship. The nature of this negotiation is also critical for the future of the relationship and both parties should be willing to give and take (the relationship should be based on an equitable exchange and mutual benefits). Once the sponsorship contract has been signed, in some respects the hard work has just begun. The sport and recreation organisation should try to develop and maintain a long-term relationship with the sponsor. Developing a committed and consistent supporter should be the aim as it is far more efficient to maintain a relationship with existing sponsors rather than continually seeking new sponsorship arrangements.

Maintaining the sponsorship relationship

The relationship that is established between a sport and recreation organisation and a sponsor should not be neglected after receiving the assistance. The organisation should redouble its efforts to maintain a positive relationship with the sponsor, with ongoing communication being a key component. There are a range of ways to keep an organisation's sponsors informed and involved:

- Thank-you letters. All funding should be acknowledged with a personal thank-you letter that appreciates the support and reiterates the need, intended use and sponsorship terms, signed by the management committee chairperson or executive director.
- Press clippings. Copies of articles appearing in the press publicising any aspect of the project and that make reference to the sponsoring organisation should be forwarded to that organisation. A letter that indicates the general content of the article should be included.
- Regular written progress reports. Reports documenting the progress of the organisation, project, or team should be sent regularly to the sponsor (include photographs where appropriate).

- Personal visits and invitations. Representatives of the sponsor should be invited to participate in the organisation's ceremonies and events (eg facility openings). The sponsor should be kept informed of all milestones, and could be invited to lunch occasionally by the chairperson or executive director.
- Telephone calls. Committee members should be available to respond to calls from sponsors, and to initiate calls. It is important that organisations are responsive to questions that show continued interest.
- Take an interest in the sponsoring organisation. Acknowledge its successes even if they are unrelated to the sponsorship agreement.
- Newsletters. Sponsors should be placed on the organisation's mailing list, and be acknowledged in the newsletter where appropriate.
- Recognition. Sponsors like to be recognised for the contributions they make to the sport and recreation organisation. Linking a corporate sponsor to well-publicised successes is highly prized by corporate marketing departments.
- Request for continuing funds. This is an important part of the sponsorship process. Organisations should explicitly identify relevant progress and accomplishments and outline opportunities for continuance and expansion. The sponsor may decide to continue sponsoring the organisation in other areas. Always remember that sponsorship is a business deal and the company wants to get value for its investment. Sport and recreation organisations should continually look for further avenues to promote sponsors.

Sponsorship evaluation

The evaluation of the sponsorship needs to be a two-way review carried out on completion of the agreement or, in the case of long running events, on a regular basis (eg every three months). The sponsored party evaluates the sponsor and its contribution and the sponsor evaluates the sport and recreation organisation. The review should be open and frank and held when neither organisation is pressed for time.

The important factor is whether both parties achieved their goals. If not, then why not? A number of questions should be addressed in this process, including:

- Did both parties meet their obligations?
- Was the sponsor invited to participate in the decision making? Did the partnership work?
- Did the sponsor achieve its objective? If not, why not?
- What improvements can be made for the future?

The sport and recreation organisation should help the sponsor assess the value of the sponsorship by presenting them with a folder containing:

- copies of media releases issued
- details of media coverage, including copies of press items
- relevant details of the event, season or project, such as numbers of competitors, spectators
- any relevant photographic material
- copies of entry forms, posters and advertising

a financial statement, budget and proposal for the following year.