

A Guide to Sponsorship

Are you ready?

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arts MID
NORTH
COAST

Disclaimer:

Arts Mid North Coast has made every reasonable effort to provide information that is as comprehensive, accurate and clear as possible at the time of publication. However the information provided is necessarily of a general nature and may not address the specific circumstances of a particular individual or organization.

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INTRODUCTION

With decreasing funding from government and the ever-increasing competition in the marketplace, it's no wonder that sponsorship continues to be a hot topic amongst artists and arts organisations.

But before you decide whether sponsorship is for your organisation or event, you should consider:

1. Can your organisation/company sustain a sponsorship?
2. Do you have tangible benefits to offer a sponsor?
3. Do you have the people/staff and expertise to carry it off?

This sponsorship 'How-To' will take you through the steps to first decide if you are in a position to embark on a sponsorship arrangement and will then provide guidelines and templates to assist you down that road.

ARE YOU READY?

Sponsorships are hard work. They should not be seen as an easy way to raise funds for projects or to keep your event or activity afloat. Sponsorship is a business arrangement, which yields a commercial return for the sponsor. Your organisation will have to prove to a prospective sponsor that you are a worthy partner that is going to deliver tangible benefits and results. And remember, once the sponsorship is secured, the hard work really starts.

So before deciding to go down the sponsorship route, you should consider the following questions:

- Will your organisation/membership support your entry into sponsorship arrangements, or will you be seen as 'selling out' or 'going commercial'? You must ensure that all of your stakeholders are willing to support the sponsorship. You may consider building a sponsorship team or advisory committee that encompasses a cross section of your organisation, e.g. if you are a gallery, then have someone from curatorial/exhibitions; marketing; development/membership; education and public programs.
- Does your organisation have a Sponsorship Policy? If not, creating one should be one of your first steps. A policy outlines:
 - *Your objectives;*
 - *Administrative processes involved with a sponsorship, e.g. approvals, contracts, review and evaluation;*
 - *Accountability and responsibility; and*
 - *Specific issues relevant to your organisation such as exclusions and*

limitation e.g. would you accept money from the tobacco industry, alcohol companies, gambling/gaming, etc.

- Does your organisation have the human resources and time to conduct a successful sponsorship?

Who will?

- *Sell the sponsorship;*
- *Be the main point of contact;*
- *Ensure all funds are accounted for;*
- *Maintain and service sponsors;*
- *Report on programs;*
- *Handle enquiries from the media and general public?*
- Does your organisation have a marketing plan? Do you know who your audience is (demographics/psychographics – existing/potential) and what your audience thinks of you (exit surveys, focus groups, membership questionnaires)? Have you conducted a SWOT (strengths, weaknesses, opportunities, threats) analysis of your organisation? What are your competitors doing and what sponsors do they have?

(See Template 1: A Marketing Plan from a Sponsor's Perspective).

- Are your core brand values clear to every member of your organisation and to your constituents? What are your brand values? What is your unique selling proposition?

WHAT HAVE YOU GOT TO OFFER?

DEVELOPING THE BENEFITS PACKAGE

In general terms, a sponsor wants three things from a sponsee:

1. **Image Association:** to be associated with your core values and attributes with the goal being to introduce or reinforce those attributes within its own company or product.
2. **Target Audience:** to access one or more of your target markets and to reach these people with the sponsor's marketing message in a meaningful way.
3. **Tangible Benefits:** to gain a range of benefits from you, ensuring the impact of the previous two points is maximised and providing mechanisms and tools to achieve specific marketing objectives.

If you want to maximise your chances of creating a strong match with a sponsor, it is imperative that you understand fully what you offer in each of these areas and so, the more precisely you can define these benefits, the better.

BENEFITS INVENTORY

Run a benefits inventory (See Template 2) on your organisation and see what you have to offer. Above all else, be creative, find the unique 'money-can't-buy' opportunities, and exploit the link between your event/activity and theirs.

THE SPONSORSHIP 'HIERARCHY'

The next step is deciding what you truly need (both from a financial and an in-kind perspective) and how you will structure your sponsorship 'hierarchy'. For example, you may choose to find sponsors for particular projects or spaces e.g. naming rights to the venue (Norco Gallery, ETC Theatrette, Telstra Room) or association with a production or exhibition or season (Port Macquarie season proudly brought to you by BCU). You may take a tiered approach (Lead Sponsor, Major Sponsor, Supporting Sponsor) for your company overall; or you may decide on one sole sponsor. Or perhaps you will have all sponsors on a level playing field – no matter what they have provided.

Whatever your structure, you must ensure all benefits are clearly defined for each level so there is no confusion as to who gets what!

WHAT IS YOUR SPONSORSHIP WORTH?

The third step in the 'packaging' stage, and probably the most difficult, is confirming what your sponsorship is worth. This can be looked at in three ways:

- What is the real cost to your organisation? (Benefits provided, peoples' time and administration, sale costs). You should then add what profit your organisation hopes to achieve. As a guideline, this could be 100% added to total cost of sponsorship to your organisation.
- What is the market price? Make sure that your sponsorship is correctly valued in the marketplace. What are

similar organisations charging? How does your sponsorship opportunity measure up (benefits, audience, reach, profile, marketing support)?

- How do you compare to mainstream media costs? How much would it cost a sponsor to reach your audience, through say a TV or radio campaign, press advertisements, etc.

TIP

Never tell your sponsor how you are going to spend the money e.g. your \$5,000 will pay for the entertainment.

This undermines your value and indicates your need, not your worth. It is not unusual, however, for a sponsor to request a breakdown of marketing and promotional expenditure.

THE DILEMMA OF CONTRA

Contra or in-kind sponsorship (where a company's products or services are provided in lieu of, or as well as, cash) can be a most useful alternative for some arts organisations. The question to ask is whether the contra will really assist your organisation's bottom line, e.g. contra freight for moving an exhibition compared to \$2,500 worth of hair product! You will then need to decide how you value that contra support - whether it is costed at retail price or at the company's cost or wholesale price.



CARRYING IT OFF

STEP 1 – CREATING A HIT LIST

The first step in finding potential sponsors is creating a hit list. This can be approached in three ways:

1. **Audience: know your audience first and then think of companies that want to reach that audience in a meaningful way.**
2. **Objectives: what companies are trying to achieve the same goals as you, e.g. being at the leading edge could attract an IT company.**
3. **Attributes: what companies would like to think they share attributes with you, e.g. new young sexy make-up company may like the image of a contemporary dance event.**

When you find an organisation that fits the bill in all three areas, then that is the hallmark of a good sponsorship fit.

To develop your list further: ask for companies' sponsorship guidelines to see if you match; check out relevant magazines and TV shows and see who is advertising, where and how; and don't forget to utilise your Board or voluntary Committees for suggested organisations, as they can sometimes provide the all important foot in the door.

You should also consider your in-kind needs when developing a prospect list and target companies accordingly e.g. airlines for travel, beverages for events, equipment for exhibitions/performances/workshops, etc.

STEP 2 – DEVELOPING THE PROPOSAL

Once you have your hit list, you will need to develop the proposal. There is nothing a corporate dislikes more than receiving a blanket proposal that has been sent to dozens of organisations (sometimes with their names still intact!), with no thought given to their organisation, and with their name/the company name incorrectly spelt.

It can be very difficult getting the information you require from a company, such as its communication objectives, target audiences, sponsorship criteria, etc. What you can do, however, is check out their website; read their annual report; ask the receptionist for a mission statement; ask who else they sponsor; and check out their advertising campaigns. All of this information should assist you in tailoring a sponsorship proposal that will at least be on track from a marketing perspective. (See Template 3 for a Sponsorship Proposal template).

Try not to make your proposal too long (no more than 10 pages including benefits) and tailor it to the prospect organisation as much as possible. Try to speak and deal with the person specifically looking after sponsorship at an organisation. Initially they may not want to talk, but just say, "send something through". You may want to develop a 4-5 page 'teaser' document that outlines the project, a little on your organisation/success of past projects, and what audience the event/project will attract, and send that through first to see if there is some initial interest. Always outline in any contact why you have selected their

organisation and what you believe this opportunity presents FOR THEM. If they are interested, then send them a tailored proposal. You may wish to again run through an inventory on what information about your organisation will assist in fleshing out a sponsorship proposal. (See Template 4 for an Organisation Inventory).

STEP 3 – SELLING THE SPONSORSHIP

The sponsorship sales process can be quite lengthy and requires much patience and perseverance. As a minimum allow three months to secure a sponsorship, and for larger sponsorships, the process can take up to a year. It is advisable to approach more than one company at a time, and if they are in the same industry, be upfront and let them know you are speaking with their competitors. September/October and February/March appear to be good times to contact companies, as it fits in with the majority of budgeting cycles, but again, you should check with your contact as to the best time. In the pursuit of the elusive face-to-face meeting (to really sell your stuff) you may be caught in an endless stream of emails and unreturned calls. Persevere but do not pester and always be succinct as to what is in it for them! If you do get a meeting, ensure that the appropriate level of personnel is in attendance e.g. if presenting to their CEO, ensure your equivalent position holder is present.

STEP 4 – SERVICING THE SPONSORSHIP

Once a sponsor has 'signed up' the really hard part begins. You may want to call in people close to your organisation

with a financial and legal background to assist in drawing up the sponsorship agreement, ensuring that the agreed sponsorship cost, duration, benefits and termination clauses are detailed. You may then wish to create a Sponsorship Servicing Plan (see Template 5) that will assist you throughout the sponsorship term and ensure a successful relationship is established.

The Sponsorship Servicing Template outlines most of the steps involved in working with a sponsor. The most successful sponsorships are those that are integrated into the sponsor's overall communication plans and vehicles. It will be up to the person at your organisation responsible for servicing sponsorships to always be on the watch for opportunities where the sponsor can maximise its investment as the relationship progresses, whether it be through your own marketing/PR activities or through cross-promoting with other sponsors.

Sponsorships work best when nurtured and developed over a period of time. By working closely with your sponsor, setting clear objectives and performance benchmarks, and delivering the agreed benefits and desired outcomes, you are on your way to a successful partnership for the future.

TEMPLATES



A MARKETING PLAN FROM A SPONSOR'S PERSPECTIVE

TARGET AUDIENCES

What shared or new audiences will a sponsor reach through your 'property'?

MARKET RESEARCH

What is your relationship with your audience and how will this benefit a sponsor?

INTERNAL ANALYSIS

Is your organisation ready to work with a sponsor? Are all relevant people onsite and briefed as to what is required?

ENVIRONMENTAL ANALYSIS

Why should a sponsor choose an arts organisation over, say, a sporting body? What is happening in the Arts and why is it a powerful medium?

COMPETITOR ANALYSIS

Why would a business sponsor you and not your competitor? E.g. can sponsoring your organisation/event/activity block a sponsor's competitor from reaching your market?

MARKETING SWOT ANALYSIS

What strengths and opportunities can you bring to a sponsor's own marketing strategies and communications?

MARKETING OBJECTIVES

Are they the same as your sponsor's? Do you share a vision – or at least a strategy?

MARKETING STRATEGIES

What are the existing channels for a sponsor to communicate with your audience?

EVALUATION

How will a sponsor know if the sponsorship is successful? E.g. improved brand awareness; financial return on investment; key business contacts formed; etc.

BENEFITS INVENTORY

EXCLUSIVITY:

Can you offer a sponsor category exclusivity within its industry group e.g. one financial institution; one legal firm; one car dealership?

NAMING RIGHTS:

E.g. The BCU Contemporary Art Awards; Bendigo Bank Theatre; Newcastle Permanent Gallery; United Permanent Festival

IMAGE ASSOCIATION:

What are your core brand values? If your organisation were a person, how would your audience describe it (e.g. clever, sexy, sophisticated, fun, family-oriented, family)?

TARGET AUDIENCE:

Clearly define your target audience/s, by both demographics and psychographics. Who will hear the sponsor's message?

SIGNAGE:

What is permitted e.g. banners on outside of building; within venue; freestanding signs; plaques; an artwork incorporating sponsor logo/company name. Be creative and specific – size, placement, etc.

MEDIA/MARKETING EXPOSURE:

What are you doing to promote your product?
How will you acknowledge your sponsor within your communication vehicle?
E.g. advertising, website, marketing & promotion material, direct mail etc.

PR OPPORTUNITIES:

What is your PR strategy? How will you acknowledge your sponsors to the media and to the general public?

MARKETING AND PROMOTION TIE-INS:

What programs of yours can the sponsor tie into? What cross-promotions could they undertake with co-sponsors and other suppliers of yours?

CORPORATE HOSPITALITY:

What opportunities can you offer for client entertaining?

NETWORKING:

Can you offer invitations to prestigious or interesting events or develop a one off event for them?

EMPLOYEE INVOLVEMENT:

How can you involve the sponsor's employees? (E.g. free tickets, employee family days, workshops for employees' children)

FUNCTION FACILITIES:

Can you offer free venue hire?

TICKETING:

How many complimentary tickets/ passes or invitations can you offer a sponsor?

MERCHANDISING RIGHTS:

Can a sponsor co-brand any merchandise you may produce for your project?

SAMPLING:

Is there the opportunity for your sponsor to sample their product at your venue, or direct mail to your database?

ENDORSEMENT:

Are there any personalities/ community leaders connected to you that could endorse a sponsor's product, or participate in their advertising/ marketing programs?

SPONSORSHIP PROPOSAL TEMPLATE

EXECUTIVE SUMMARY

Tell them in a paragraph or two the unique reason why they should support your proposal. In a nutshell, what's in it for them!

BACKGROUND ON COMPANY

Keep it to one page; make it short, sharp and interesting. Include your mission statement.

BACKGROUND ON PROJECT

Again, keep it to one page. What is this project all about – thinking from their point of view? What will a partnership achieve for them?

MARKET RESEARCH

Include as much relevant market research you have on your organisation or project, or at the very least, a detailed audience profile – who they are, their income and education levels, where they live, etc. Who will the sponsor reach and how is this a unique opportunity to reach them?

THE PITCH

Invite the participation of the prospect company. Spell out exactly what you want from them and exactly what you will provide. This should include price of sponsorship (cash and/or in kind), what level of sponsorship they will receive, where they will sit within any sponsorship hierarchy, what period it covers, and payment due dates.

THE BENEFITS

Outline in as much detail as possible what is on offer for the sponsorship fee. These benefits may need to be further tailored and included in a follow up document/sponsorship contract.

MARKETING PLAN

Outline what you are doing to promote the project – advertising, publicity, editorial, contra media sponsorship.

SUMMARY

Short and sharp – the final sell. Why is this unique and why is it perfect for the company?

APPENDICES

Include any RELEVANT information about your organisation: list of current sponsors, list of Board/Committee members, media clippings, relevant research findings, and past or future projects of note.

ORGANISATION INVENTORY

AUDIENCE:

- How many visitors per year/per exhibition/show/event, etc?
- Audience demographics – from where, age group, profile
- What research is/has been undertaken on visitors?

SOCIAL MEDIA:

- Facebook, Twitter, Instagram, Pinterest
- How many followers?
- Opportunities for cross-promotion

MEMBERSHIP:

- Does your organisation have a membership program?
- How many, what levels, what involvement?
- How often do you communicate with them?
- What communication channels do you have e.g. newsletters, e-mailouts, functions, social media

MAILING LIST:

- Size, who on it, how used?
- What are your database capabilities – what program, etc.?

CURRENT/PAST SPONSORS:

- Who, what level, ongoing commitment?
- Cash/in kind
- Links from Board Members

GOVERNMENT SUPPORT:

- To what extent?
- Key supporters within Government.

BOARD/PATRONS:

- Any prominent people?
- What access sponsor may have to them?

PARTNER/LINKED ORGANISATIONS:

- What is the link/relationship?
- How can we work with what they are doing?
- What is their membership/audience profile?

IMAGE:

- What do you see your image as being (personified)?
- What are your brand values?
- What is your USP (Unique Selling Proposition)?
- How does your audience see you?
- How does your membership base see you?
- How does your board/executive see you?

OTHER PROGRAMS:

- E.g. film showings, lectures, public programs, education, workshops, publications, forums, conferences
- Café/restaurant, venue hire, private viewings

SPONSORSHIP TARGETS:

- What are your sponsorship \$\$ targets?
- What are your in kind needs – the ones that add real value and that save \$\$?
- What levels are available – e.g. naming rights, tiers, membership?

BENEFITS:

- By exposure (what advertising/marketing/PR/social media planned)
- Hospitality opportunities (openings, private viewings, cocktails, mix with other sponsors, govt. representation)
- Sponsor staff involvement (discounts, free passes, employee days, voluntary positions, functions & events, lectures, artists as speakers, conferences, workshops)

PARTNERSHIPS/CROSS PROMOTION:

- What other arts/cultural/tourism activities are happening at the same time and location as your sponsorship e.g. arts festivals, exhibitions, shows, conferences, etc. that you could cross-promote with?
- Who is your competition?
- What are they doing in this area?

MARKETING AND ADVERTISING:

- What is your schedule; what planned, to what dollar value, what reach?
- TV, radio, print, press, online, social media, newsletter, outdoor – posters, banners, on-site/off-site, educational material
- Flyers, invitations, catalogues, room displays, room brochures
- PR strategy
- Where could sponsor be acknowledged?

ON-SITE:

- Where would sponsor be acknowledged e.g. inside/outside venue space?
- What can sponsors provide to gain exposure, e.g. banner, displays, product, prizes, inserts in mailings?

USEFUL PRINTED INFORMATION TO PREPARE YOUR PROPOSAL

- Background about your organisation
- Past annual reports
- Past marketing materials e.g. invitations, newsletters, posters, catalogues, ads
- Past media clippings – on organisation plus any awards
- Past sponsorship reports (if undertaken)
- Past market research/survey results



SPONSORSHIP SERVICING PLAN

Clearly outline the objectives of the sponsorship organisation. This will assist both you and the sponsor to evaluate the sponsorship results and give you a reference point throughout the sponsorship.

Set lines of communication. Who from your organisation will be involved in servicing the sponsorship and who is their correlating staff contact point at the sponsoring organisation.

Set reporting mechanisms: how are you going to report on the sponsorship, when, and who from your organisation will be involved? E.g. three-monthly written reports prepared by who? media clippings prepared by who?

Set benchmarks, agreed by both your organisation and the sponsor, that indicate what will make the partnership successful e.g. 1,000 people through the door each month; or 40% audience sponsor recall at end of project; or 10% increase in sales leads through your venue, etc.

Set evaluation mechanisms: how are you going to evaluate whether the benchmarks have been met and whether the sponsorship is successful? E.g. visitor exit surveys/seat drops; e-survey follow-up; focus groups; tagged direct mail/coupons, etc.

Clearly outline benefits package for each sponsor within the plan, and then ensure that all are delivered – and then some!

Ensure ALL artwork, marketing materials, etc. are approved by the sponsor within adequate (pre-agreed) lead times.

Ensure sponsors are on both your media distribution list and your VIP invitation list. Ensure they are invited to ALL key functions during the sponsorship term, even if they don't relate directly to the project. It's all about building relationships.

Hold regular meetings with your sponsor, and involve all key people from within your organisation where relevant, e.g. curatorial/creative to give update on exhibition/show. This makes the sponsor feel more involved with the project and makes for more interesting meetings. Everyone loves a 'behind-the-scenes' insight into what it's all about.

Put everything in writing. Take contact reports at meetings.

Conduct research: as per evaluation methods agreed.

Keep ALL media clippings and electronic media references, especially if the sponsor is mentioned; copies of advertisements/marketing materials; testimonials; visitors' comments; survey results, etc.

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