

**555 - Event Sponsorship &  
Fundraising**

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<i>Related Texts for Fundraising</i>	<p>Edwards, Richard L., and Elizabeth A. S. Benefield. <i>Building a Strong Foundation: Fundraising for Nonprofits</i>. With Jeffrey A. Edwards and John A. Yankey. National Association of Social Workers Press. ISBN 0-87101-249-9</p> <p>Freedman, Harry A., and Karen Feldman (2007). <i>Black Tie Optional: A Complete Special Event Resource for Nonprofit Organizations</i>. Hoboken, NJ, John Wiley &amp; Sons. ISBN 978-0471-70333-4</p> <p>Levy, Barbara R. and Barbara H. Marion (1997). <i>Aspens Fundraising Series for the 21<sup>st</sup> Century: Successful Special Events; Planning, Hosting, and Evaluating</i>. Gaithersburg, MD, Aspen Press. ISBN 0-8342-0935-7</p> <p>Lysakowski, Linda (2005). <i>Nonprofit Essentials: Recruiting and Training Fundraising Volunteers</i>. Hoboken, NJ, John Wiley &amp; Sons. ISBN – 13-0-471-70648-9</p> <p>Sargent, Adrian, and Elaine Jay (2004). <i>Fundraising Management: Analysis, Planning and Practice</i>. New York, NY. Routledge. ISBN – 0-415-31702- 9</p> <p>Wendroff, Alan L. (2004). <i>Special Events: Proven Strategies for Nonprofit Fund Raising</i>. Hoboken, NJ. John Wiley &amp; Sons (Wiley Nonprofit Series). ISBN- 0-471-46235-7</p> <p>Zimmerman, Robert M. and Ann W. Lehman (2004) <i>Boards That Love Fundraising: A How-To Guide for Your Board</i>. San Francisco, CA. Jossey-Bass. ISBN – 0-7879-6812-9</p>

*Related Internet Sources*

The Chronicle of Philanthropy:  
<http://www.philanthropy.com/>

The Center for Philanthropy at Indiana University:  
<http://www.philanthropy.iupui.edu/>

On Philanthropy  
<http://www.onphilanthropy.com/site/PageServer>

Center on Philanthropy and Civil Service:  
<http://www.philanthropy.org/>

Association of Fundraising Executives:  
<http://www.nsfre.org/>

Internal Revenue Service (Charities):  
<http://www.irs.gov/charities/charitable/index.html>

*Related Text Sponsorship*

Grey, Anne-Marie & Skildum-Reid, Kim The Sponsorship Seeker's Toolkit. Sydney, Australia. McGraw Hill, 1999

Ernst & Young. The Complete Guide to Special Event Management. New York, NY: Van Nostrand Reinhold, 1992

*Related Internet Sources*

International Events Group (IEG);  
<http://www.sponsorship.com/>

<http://www.sponsorshipsecrets.com/>

*Description*

Students will examine the complete fund raising process and its event applications. Students will also learn the principles of Sponsorship and their relationship to events.

*Purpose*

To understand how special events can be effectively researched, designed, and executed to achieve strategic organizational fund raising goals.

*Requirements*

To receive credit for this course, students must:

Participate in class discussions.

Complete a mastery quiz and return it to the instructor.

*Evaluation*

Students will receive credit (CR) of 1.2 continuing education units (CEUs) for completing the requirements listed above. Students who do not fulfill these requirements will receive no credit (N) unless they repeat the course successfully.

## CONTENTS

	<i>Page</i>
<b>Syllabus</b>	<b>i</b>
<b>Contents</b>	<b>iii</b>
<b>Introduction to fundraising</b>	<b>1</b>
<b>Fund Raising and Sponsorship Definitions and Techniques</b>	<b>2</b>
<b>Auditing Your Organization for fundraising and sponsorship</b>	<b>14</b>
<b>Matching the Event to Fund Raising Objectives and Developing Your Strategy</b>	<b>18</b>
<b>Fundraising Event and Sponsorship Marketing Strategies</b>	<b>33</b>
<b>Identifying Potential Sponsors and Sponsorship Proposals</b>	<b>42</b>
<b>Servicing the Sponsorship</b>	<b>58</b>
<b>Legal and Ethical Issues of Fundraising and Sponsorship</b>	<b>64</b>

## INTRODUCTION TO FUNDRAISING

There are many different areas of fund raising in which you can achieve the development goals for your organization. In this course we will identify basic fund raising practices and their event applications. This course will also explore the growing area of sponsorship in the fundraising arena and how unlike philanthropy, sponsorship is a business arrangement between two entities. This course will also explore the use of special events to enhance your organization's development practices in the following areas:

Corporate Philanthropy

Direct Response

Annual Giving

Major Donors

Grant Writing / Campaigns / Planned Giving

Sponsorship

Many organizations rely on event fund raising and sponsorship to reach their objectives each year. Following classroom discussion of examples and case studies you will be able to develop and manage special fund raising events and the importance of sponsorship for your organization.

In addition, through new skills in research, design, planning, coordination, and evaluation you will be prepared to thoughtfully and carefully develop future fund raising events.

This is an exciting time in the event industry. More people are experiencing more events, locally, nationally, and internationally, than ever. Yet sources for event funding have been strained in recent years because of corporate takeover, downsizing, budget cutting, and even elimination. A growing climate for events has fostered a highly competitive climate for event sponsorship dollars.

Governments, nonprofit groups, businesses, associations, educational institutions and other groups are looking for sponsorships a way to bring their events to life. This means it's a very, very crowded field out there.

### WHAT + WHO = SUCCESS!

**WHAT YOU KNOW** about your event, the role and scope of potential sponsorship; what you know about the sponsorship solicitation process; what you know about the strategic marketing needs and wants of candidates targeted for sponsorship – will be vital to your success.

**WHO YOU KNOW**, on the other hand, those individuals with **RESOURCES** and **EXPERTISE**; those who have strategic marketing skills; those who have the authority to say **YES** to your proposals; those who can provide budgetary dollars or in-kind services, those individuals will also be vital to your success.

Develop a strong foundation of **NETWORKING PROWESS** in order to complete the **WHAT + WHO** equation.

**Unit 1****FUND RAISING AND SPONSORSHIP DEFINITIONS AND TECHNIQUES****Objectives**

- At the end of this unit, you will be able to:
- Define basic fund raising terms
- Understand how fund raising began
- Identify what motivates donors to “give”
- Implement a wide variety of fund raising techniques
- Match fund raising techniques to donor profiles
- Understand the role and scope of sponsorship within the world of events
- Understand the difference between sponsorship and benevolence and the need for **ROE** (return on event)
- Understand the importance of assessing and packaging an event for sponsorship

Understand how non-profit and other organizations begin to harness the philanthropic desires of individuals and corporations to advance their causes

Understanding why, how, and to what donors give of their time and resources will enable the fund raising event professional to tap into this significant revenue stream for their organizational needs.

**Fund Raising Terminology*****Cause marketing***

Proactive positioning of a brand, product, and/or service with a program or cause.

***Cause sponsorship***

Financial support for a social program which highlights corporate association with a cause.

***Corporate philanthropy***

An alignment of a corporation’s desire to be responsive to community needs and supportive of employee volunteerism with a corporation’s need to market a brand, product, and/or service.

***Development***

The total process by which an organization increases public understanding of its mission and acquires financial support for its programs.

***Donor***

A person, organization, corporation, or foundation that makes a gift.

***Fund development***

The planning and implementing of programs that are meant to increase contributed financial support for an organization.

***Fund raising***

Starts with the recognition that the work you are doing is something of value.<sup>1</sup>

The raising of assets and resources from various sources for the support of an organization or a specific project.

***Gala***

A celebration often recognizing an individual for work which has benefited a charitable organization which raises funds, promotes public relations, and provides a networking opportunity for corporate executives and/or social groups.

***Gift***

A donation (the transference of assets).

***Giving formula***

A system, based on past performance or other criteria, for determining the level at which a person, a group of people, or business firm might be expected to contribute to a campaign.

***Linkage-Ability-Interest (L-A-I)***

Three factors when considered together are indicators of the likelihood of success when soliciting a major gift. Linkage is the association with an organization or constituency, ability is the capacity to give; interest is the concern about the cause, need, or project.

***Philanthropy***

Love of humankind, usually expressed by an effort to enhance the well-being of humanity through personal acts of practical kindness or by financial support of a cause such as a charity.

Any effort to relieve human misery or suffering, improve quality of life, encourage aid or assistance or foster presence of values through gifts, services, or other volunteer activity.



## Development Department Organizational Structure

The development department can consist of a limited part-time employee up to a staff of fifty or more in large non-profits:

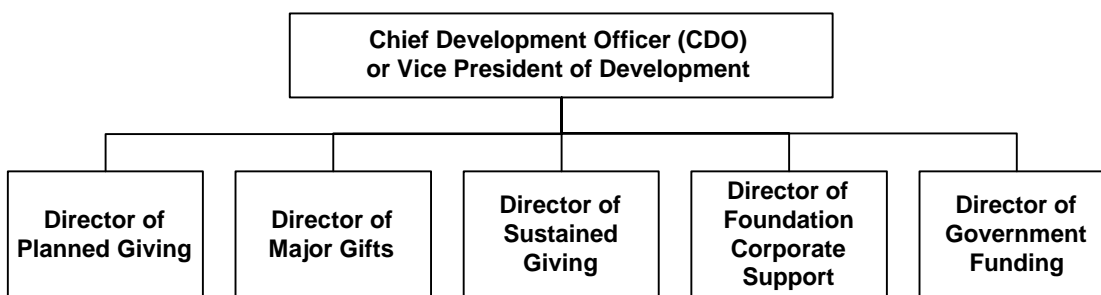
One single employee who has “fund raising” in their job description along with many varied other duties

One-person development department

Multi-staffed development department

In a multi-staffed development department, the organization chart may look like Figure 1.1.

**Development Department Organization Chart**



Each of these directors may have one or more staff members reporting to each of them

CDO- Leads the vision of the Development Office and sets fundraising goals.

DPG – Works with individuals in estate planning.

DMG – Works with individuals to secure endowments and large financial gifts.

DSG – Works with membership or annual giving fund.

DFCS – Works with Corporations and Foundations to secure gifts and grants

DGF – Works with government entities to secure funding through grants

## Types of Giving

### 1. Individual

This is where fund raising began—with individuals making donations to religious and civic causes (i.e., earliest Americans donating time and resources to build a church and hire a minister).

### 2. Foundation

Foundation giving has become more and more prominent with changes in the last 20 years in the tax laws. In addition to corporate foundations, families have created foundations for accumulated wealth to be charitably disbursed. Foundations do not typically support events.

### 3. Corporate

There are a number of different kinds of corporate giving, including:

Corporate sponsorship – which comes from a corporations marketing budget

Corporate philanthropy - funds may come from a company's:

Corporate Foundation

Philanthropic budget

Discretionary funds of CEO

### 4. Government

Federal, state, and local jurisdictions award government grants to nonprofit organizations meeting various criteria standards via appropriations subcommittee funding.

## Why Do People Give?

The most critical reason why people give is **because they are asked.**

### What Motivates Donors To Give To a Particular Non-profit

<i>Factor</i>	<i>%</i>
Strongly believe in the same things	92
Spends donations carefully, wisely	83
Non-profit is very effective	82
Feel good about yourself when give	62
Communicated an urgent need	60
Felt a moral obligation to help	57
Helped you/people important to you	54
Address issues of major news focus	33
Attended event, were impressed	31
Offered a matching gift opportunity	12

## What Promotes Giving?

In order to create events that foster a successful fund raising environment, it is important to know what promotes giving.

Donors often give based on *relationships*. While there are many exceptions to this (i.e., donations pouring into the Red Cross in the wake of a natural disaster), it is usually true. Think back on how you may have thrown out the mailing from the American Cancer Society without much of a glance. But when your next-door neighbor calls to say he or she is canvassing for the charity, you're more likely willing to give.

So then, what kinds of relationship building tactics can we put in place for current and potential donors?

### Steps Toward Developing a Donor Relationship

<i>Relationship Building Tactic</i>	<i>Greatly improve</i>	<i>Slightly improve</i>	<i>No difference</i>	<i>Make it worse</i>	<i>Not sure</i>
Donors can give ideas to non-profit executives, get a personal reply	33	30	36	0	1
24-hour/800 number for updates	24	27	48	*	1
Communications designed around donor's personal preferences	23	28	48	1	1
Donors invited to participate in key projects	21	32	46	0	2
Donor agreement on type and frequency of mail	21	26	52	1	1
Personalized thank you sent for each gift	18	29	52	1	1
Confidential info about non-profit	15	23	56	4	2
Personal letters from non-profit staff	14	25	59	1	1
Donors call "members" or "partners" instead of "friends" or "supporters"	11	22	64	2	1

*"Heart of the Donor" research profiles by George Barna.*

## Why Donors Stop Giving<sup>2</sup>

- They lost their funds in the stock market
- They lose confidence in the non-profit
- They are not appreciated

## Fund Raising Sources

Direct response

- Direct mail
- Telephony—the integration of telemarketing with computer databases; usually a telephony call center features computer monitors with typical telephone handsets; the name of the person being called and their giving history appears on the computer screen for the operator to access
- Telemarketing
- Internet/web
- Broadcast specials (radio or television)
  - Use of “800” numbers
  - Can be an hour-long documentary format or telethon type program
  - Use of celebrities to promote non-profit’s agenda
- Video appeals—a proven method of getting a targeted message (“give now”) from a specific person (a non-profit’s CEO) to a targeted group of donors; often used in cases of raising funds for matching grants or to fund new projects and initiatives

Annual giving—Donation program based on periodic givers; system of relating to donors who give monthly (as in a pledge program); or quarterly; or annually (to tie in with, for instance, a non-profit’s annual send-kids-to-camp appeals. An annual giving program may have elements of direct response; telemarketing; an event program; and so on.

Major donor—Organizations will make their own definitions of what giving level constitutes a “major:” donor. For some organizations this will be anyone giving a “cum” (cumulative) gift of over \$10,000 in one year; for others it might be over \$100,000 in one year.

At whatever financial level, development activities relating to “the care, feeding, and nurture” of major donors generally involve “high touch”, VIP treatment. Usually major donors are given access to an organizations most senior leadership and/or relate primarily with a company’s “CDO” (chief development officer)

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<sup>2</sup> Keegan, P. Burke (1994). *Fund Raising for Non-Profits*. New York: HarperCollins, p. 72.

Planned giving—Planned giving programs focus on communicating with the portion of an organization’s donor base that is 50 years old or older. This science of development involves estate bequeaths, stock transfers, insurance beneficiary listings, and the like.

Of important note is that financial analysts indicate that the period from 1998–2010 will result in the greatest transfer of wealth from an older generation to baby boomers in history. Organizations that do not currently have a planned giving strategy are well advised to take immediate action to communicate with their donors so that they can participate in the resulting revenue from this transfer of wealth.

Foundations/grantsmanship—Involves developing relationships with family and corporate foundation executives and the process of writing and submitting grant requests. Grants are extended in all sizes and shapes. Some family foundations may extend grants of \$250 in, for instance, college scholarships to deserving high scholars. Other foundations extend millions of dollars. The Lilly Endowment regularly grants non-profits with awards up to and exceeding \$1 million. Securing foundation grants all begins with writing a “case” paper.

Sponsorships

❑ Virginia Slims Tennis Classic

Corporate philanthropy—A corporate gift given out of the largesse of the company with little to no strings attached.

For example, McDonald’s Corporation will make a donation, matching dollar for dollar the amount given by individual customers at thousands of donation boxes in their stores, to “Jerry’s Kids” (the Muscular Dystrophy Association). This is often referred to as a “matching gift.”

Cause Marketing

❑ American Express’ giving % of card purchases to Share Our Strength

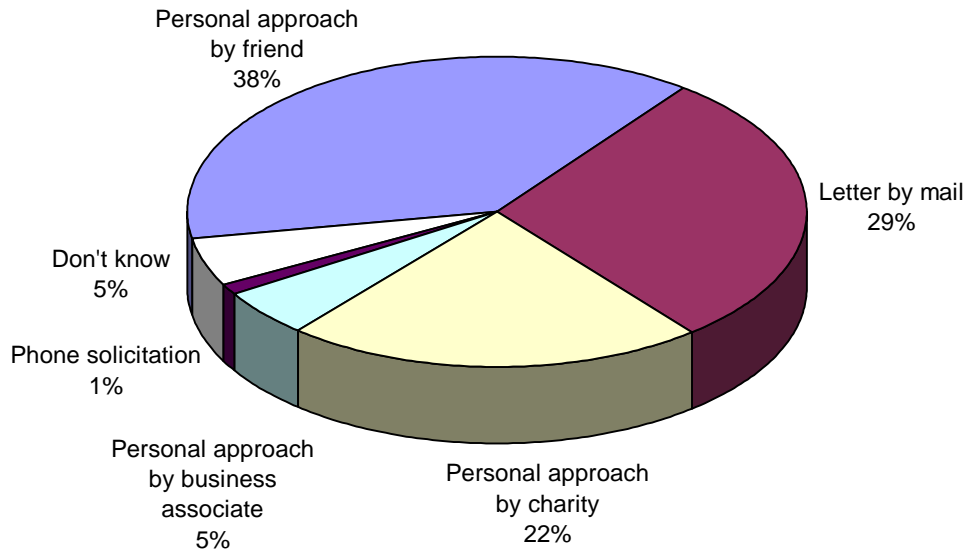
Campaigns (capital, etc.)—Non-profits often will raise funds through a “capital campaign” or “building fund campaign” (or other-name campaign). Usually campaigns are begun with a feasibility study to determine the probable outcome. Often they are multi-year projects, sometimes beginning with a “silent phase” to generate sufficient dollars to start the campaign, and announcing the “public phase” upon 50% completion of the funding goal. Universities often employ campaigns for building projects.

Government funding/Government relations (“G.R.”)—Securing government funding based on appropriations from House and Senate committees via the presentation of a case.

EVENTS!

**Peer Pressure Works for Charity<sup>3</sup>**

The wealthiest 1% of Americans<sup>4</sup> give an average 8% of after-tax income to charity (an average of \$30,000 a year). What givers say is the best way to seek contributions:



**Fund Raising Techniques**

<i>Audience</i>	<i>Methodology</i>	<i>Fulfillment</i>
Mature donors (50 years and older)	Face to face Direct mail	Checks or one-time gifts of assets made during life via planned giving as well as bequests
Mid-aged donors (30–50 years)	Face to face Telephone Video	Pledges over time and one-time gifts via credit cards; Major gifts via bequest only
Younger donors (18–30 years)	Computer Radio	Continuous gifts via electronic fund transfer and bank draft; use of debit cards rather than credit cards, little hope of major gifts

Source: Judith E. Nichols, Ph.D., CFRE

<sup>3</sup> Source: Anne R. Covey and Sam Ward, *USA Today*, from U.S. Trust Survey of Affluent Americans.

<sup>4</sup> Adjusted gross income \$215,000-plus or net worth \$3 million-plus.

## The Impact of Technology

No explanation of fund raising techniques would be complete without a salute to the many ways technology has increased the speed and efficiency of information available to the development professional.

As recently as ten years ago, many development directors had to rely on self-made file cards onto which various pieces of information was recorded about a donor: name, address, date of last gift, amount, etc.

With the availability and specialization of various fund raising software programs, information can now be directly and immediately accessed.

Database manipulation and the science of “overlay” interpretation

Understanding “RFM” and what it tells you—recency, frequency, monetary to evaluate donor performance information

Software programs—GW’s class: Event Management Info Systems

Web sites/on-line registration and marketing.

Sponsorship accounts for billions of dollars that fuel amateur and professionally managed events. Designed effectively, sponsorship programs must be win/win/win scenarios that can help fulfill the potential of an event property, provide measurable Return On Event (ROE) for sponsors, as well as fit the profile and needs of the participants.

Before you begin the process of sponsorship solicitation you must thoroughly understand the difference between sponsorship and benevolence. You must carefully examine the needs and desires of event property stakeholders and potential sponsors to determine the need, feasibility, and impact of a sponsorship program.

## Overview and Definition of Sponsorship

Sponsorship has been defined (*IEG’s Complete Guide to Sponsorship* © 1996 – glossary page 43) as the relationship between a sponsor and a property, in which the sponsor pays a cash or in-kind fee in return for access to the **exploitable commercial potential associated with the property.**

The authors of the text define sponsorship similarly as "an investment in an event entity which yields a commercial return for the sponsor."

Differentiated from other forms of marketing, an effective sponsorship program can offer sponsors an opportunity to literally reach out to new and existing customers through an event experience where the event’s demographic and psychographic considerations match those of the sponsor. Event sponsorship offers the additional advantage of a marketing and promotional timeline that can begin well before the event ever takes place, and continue even after the event has concluded, an important consideration in achieving perceived value and ROI for sponsors.

## ***A Brief History of Sponsorship***

Ancient Greece - Athletes & Art

Queen Isabelle

Patron of the Arts

Event marketing (1980)

## ***Sponsorship vs. Benevolence***

**Sponsorship is not benevolence.** Sponsors expect a measurable **Return on Event (ROE)**. ROE may often take the form of increased *brand awareness, sales promotion, product sampling*, or other *opportunities for customer research*. In effect, sponsorship can be considered a form of strategic marketing. Although highly differentiated from other forms of marketing, sponsorships may still serve as part of an overall marketing mix.

By comparison, donors through benevolence do not expect a commercially measurable return and, instead, contribute funds or other resources out of a spirit of altruism. Donors do care what happens with their money and want to know that their contributions are of value.

Many small community events do benefit from support from local sponsors interested primarily in goodwill, public relations, and a desire for community involvement enhancement. The requirements for a measurable return will probably be reduced, yet there will still be marketing expectations.

Unless your event can identify and deliver an exploitable commercial potential, you may wish to consider a fundraising or donor program that can build into a commercial sponsorship program.

## ***Types of Sponsored Events***

The events that may benefit from a sponsorship program are as numerous as the types of events there are. Practically any event, with the exception of personal life cycle events, may have the potential for attracting sponsorship support. Finding the right sponsor match requires a clear understanding of the sponsor's marketing needs, the event's commercial potential, as well as the goals and objectives for the event's sponsorship program. It is interesting to note that increasingly events are created solely as sponsorship vehicles or for a single sponsor's marketing objectives. The types of events that seek and benefit from sponsorships include:

- ❑ Hallmark, Civic and Annual Events
- ❑ Sport Events, Festivals and Cultural Events
- ❑ Meetings, Conferences and Educational Events
- ❑ Entertainment Events, Tours and Attractions
- ❑ Corporate Cross Promotions
- ❑ Trade Shows and Expositions
- ❑ Cause-Related Events

The types of events that would seek donors and benefactors include:



- ❑ Reunions
- ❑ Social Events
- ❑ Fund Raising Events

## **Roll and Scope of Sponsorship**

Sponsorship is a two way medium. It is a relationship between the sponsor and the target market(s) of the event.

According to IEG figures from 1998 over 4500 companies participated in sponsorship activities spending more than \$6.8 billion dollars in North America and over \$10 billion Worldwide.

In *Event Management & Event Tourism* (1997, p. 228) Donald Getz suggests an event “use sponsors to augment the marketing power and reach of the event.” Getz also illustrates (p.218) how sponsorship fuels growth and sustainability of an event through the following potential benefits:

Generates necessary revenue for administration and operations

Increases marketing scope and reach through use of collateral promotions by the sponsor

Can result in professional and human resource gains, through use of the sponsor’s staff and expertise

Enlarges the event’s constituencies (i.e., supporters and contacts)

Can enhance the image of the event through association with a positive corporate image

## ***The Impact of Sponsorship***

A sponsorship program will have an impact on an event and its resources, including time, money and manpower. An event property must carefully consider its ability to secure and endure a sponsorship program. The stakeholders must support the program for it to be successful.

It is important to understand that the sponsor will (or should) support the sponsorship with additional marketing activities that must be considered in the feasibility study by the event. The greater the investment by the sponsor, the greater the need to protect that investment. The event must work with sponsors to manage and control ambush marketing and competition.

Sponsorship has its risks as well, including the event goals being overshadowed by a major sponsor’s goals or the shift to a commercial orientation. Commercialism for its own sake can backfire. The event could suffer from a “poor fit”, either in image, policies or programs.

**Lessons Learned**

The Special Events Director in the marketing department of a large beverage company reviews the “sponsorship” proposal she received from an event organizer for a large family reunion to be held at a local city park. The proposal carefully outlines how the 175 people at the event will taste the product and become lifelong customers. The proposal traces the history and the family tree and explains how this product loyalty will spread through this vast market throughout the country. It discusses how the banners put up for the party will provide valuable exposure to all those passing by the park that day. The Special Events Director sighs deeply and asks, “Why don’t they just ask us to donate twelve cases of soda?” And as she is typing up the polite refusal letter, she mutters to herself, “This is such a waste of my time.” When that event organizer brings a qualified event to this potential sponsor, the reaction could be negatively influenced by this experience.

## Unit 2

## AUDITING YOUR ORGANIZATION FOR FUNDRAISING AND SPONSORSHIP

**Objectives**

At the end of this unit, you will be able to:

- Do an internal audit of your organization.
- Identify your organization's fund raising and Sponsorship practices
- List your organization's goals for both fundraising and sponsorship

Understanding your own organization's current fund raising practices and development strategies and how these relate to achieving your company's short and long-term goals will enhance your role as an event fund raiser.

**Information About My Organization*****Conduct an Audit for Fundraising******Determine your resources and practices***

The answers to the following questions will help you to create a picture of the fund raising practices in your organization and the resources available to you.

How large is your annual budget?

What staff resources do you have?

What are the current fund raising practices?

How is our budget currently achieved?

What is the size of our organization's "house list"?

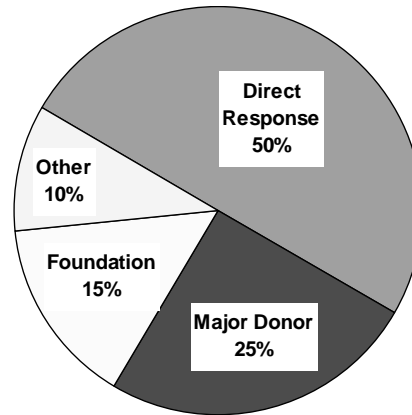
What is the ratio of active donors vs. "lapsed" donors?

What is the size of the average gift?

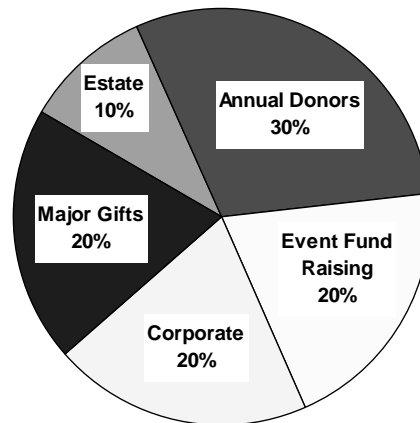
What is the RFM (recency-frequency-monetary amount) average profile?

What is the demographic/psychographic profile (age, sex, salary, number of children, values, attitudes, lifestyles, etc.) of our average giver

How many donors do you have in each category?



- Annual donors
- Major donors
- Corporate gifts
- Estate gifts
- Events



## Organizational Message

More often than not, large non-profit organizations have a myriad of endeavors. Which can create mixed messages among employees and constituents alike. If a stranger were to come in to your company and ask five employees, each in different departments, what your organization is all about, would the responses be the same? If your organization is like many, there are likely to be a wide range of answers. If your own employees are confused as to your organization's message, think about what this means to your donors. You can bet they are even more confused. What is your organization all about? Can you describe its purpose in a single sentence? This single, succinct, sentence should be communicated to your donors over and over and over again—through all forms of communication, including events. Perhaps it is the sentence that, in various versions of the same statement, is employed as your event theme.

**Sample mission statement:**

**Boys and Girls Clubs**

To inspire and enable all you people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens.

## **Internal Planning for Event Sponsorships**

### ***Know Your Event***

Not all events are suitable for sponsorship programs. Some are too small for certain sponsors, some too large for other sponsors, some simply not appropriate for corporate sponsors. An event seeking to develop revenue enhancement through sponsorship must realistically examine its potential market for sponsors.

An event property must determine what it has to offer a potential sponsor and how that offering will fit into the sponsor's integrated marketing objectives. The same audit that is utilized for the fundraising section can also be applied to seeking sponsorships, much of the same information is germane. The sponsor may be looking for media coverage, linkage with a lifestyle, connection to a specific celebrity or entertainment product, or hospitality opportunities for business-to-business relationships. At the same time the sponsor must address issues that are relative to the organization seeking sponsors.

These internal hurdles may include:

### **Internal Hurdles**

- Going Commercial
- Ownership of the Event
- Organization is Selling Out
- Compromising the Integrity of the Organization
- Financial Gain vs. Programming Objectives

A sponsorship manager must overcome these hurdles to begin development of the organization's sponsorship policy. First and foremost the sponsorship manager must know the organization's mission, goals and objectives. Secondly the manager must be able to communicate with the internal stakeholders how sponsorship will enhance these goals and objectives. Finally the manager must be able to build a team utilizing the internal stakeholders. For the sponsorship program to be successful it must become part of the organizations overall integrated marketing plan.

## **DEVELOPING A SPONSORSHIP POLICY**

Background (History) - Outlines the organizations history of sponsorship

Definitions - What is and isn't considered sponsorship

Exclusions - Identifies entities that are not an acceptable fit to the goals and objectives of the organization.

Process and Procedure - What, When, How

Delegation - Who

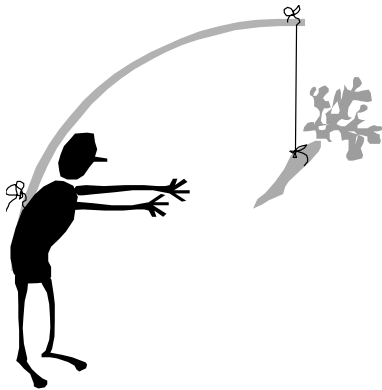
Approval - Process of approving a sponsor

Accountability - Banking, Servicing, Spending

Evaluation \_ Review and updating of policy

Utilizing these headings develop a sponsorship policy questionnaire. This document provides concrete data to develop the sponsorship policy. Once the sponsorship policy is approved it then becomes the guide in developing the sponsorship strategy. The sponsorship strategy is simply how you put the policy into action, or how to obtain and retain sponsors. The remaining chapters will help you develop that strategy.

## Unit 3

**MATCHING THE EVENT TO FUND RAISING OBJECTIVES AND DEVELOPING YOUR STRATEGY****Objectives**

- At the end of this unit, you will be able to:
- Determine which type of event will meet your fund raising objectives
- Calculate your return on event (ROE)
- Identify stakeholders and their needs
- Measurable event objectives—why is the fund raising activity happening?
- Measurement tools
- Design, develop, and deliver event program
- Demonstration of ROE
- Describe the role of honorees and celebrities
- Develop an effective fund raising event

Understanding the intended goals for an event will determine an event’s “shape” and implementation.

**Determining Return on Event (ROE)**

To determine the ROE you must first decide what goal(s) or outcome(s) your

organization are trying to achieve. All fundraising events will have one of the following outcomes known as CVI:

**CULTIVATION** – a “call to/for action” for a specific issue for existing constituents or the recruitment of new members/donors.

**VISIABILITY** – making a select community aware of your organization’s goals and objectives or to bring focus on a specific issue.

**INCOME** – to raise money for the on-going operation of the organization or for a specific project or issue.

## Creating Specific Fund Raising Objectives

*“Keep your eye focused on what the donor needs”<sup>5</sup>*

### Cultivation

- Acquainting a prospect with the work of the organization
- These are the types of questions a development officer would ask in the cultivation process
  - a. What interests do you have?
  - b. How are you “connected” to the organization?
  - c. How can the organization help you?
- Friend raising involves the potential donor in some activity with the organization to cement a closer bond
- Fund raising is an overt “ask” for funding. This might be done at a one-on-one meeting in the prospect’s office or it could be at a large banquet in which each attendee is given a pledge card and an on-the-spot opportunity to donate to the organization
- Name generation is when non-profit organizations are seeking to develop their house mailing lists. Methods used to develop hundreds or thousands of new names on a mailing list may include:
- Direct mail to purchased lists or in-house lists of “lapsed” donors
- Festival or fair with a sweepstakes tie-in—In sweepstakes promotions offering anything from a free dinner, trip, new car, etc. names and addresses will need to be secured on a sweepstakes entry blank. All of these names and addresses secured via entry forms are new names for your house list.



- Concert with a program insert/response device

## **VISABILITY**

- What is the message that you are trying to get across?
- What is the best medium for your message?
- What target markets are you trying to reach?

This is a chance for you to tell your organizations story to a new and/or diverse audience. When considering visibility you need to understand how to utilize the media to your advantage. What do you have to offer the media as a story? How does this relate to your mission and your event?

## **INCOME**

Unlike the other two components of selecting the appropriate event, income has little to do with development and is solely based on financial need. Set your financial goal as part of your over all event strategy. You can achieve this, (see Chart below), by setting a realistic income goal and include it as an expense when deciding the price point of entry to your event.

### Ticket Pricing Worksheet with Income Strategy

Pricing the  
Event                      One

#### Fixed Expenses Per Person

Item	Amount	PP 100	PP200	PP300	PP 400	PP 500
Office Rental	\$500.00	\$5.00	\$2.50	\$1.67	\$1.25	\$1.00
Event Salaries	\$3,000.00	\$30.00	\$15.00	\$10.00	\$7.50	\$6.00
Utilities	\$200.00	\$2.00	\$1.00	\$0.67	\$0.50	\$0.40
Entertainment	\$1,500.00	\$15.00	\$7.50	\$5.00	\$3.75	\$3.00
Venue	\$2,500.00	\$25.00	\$12.50	\$8.33	\$6.25	\$5.00
Signage	\$400.00	\$4.00	\$2.00	\$1.33	\$1.00	\$0.80
Awards	\$300.00	\$3.00	\$1.50	\$1.00	\$0.75	\$0.60
Marketing	\$2,000.00	\$20.00	\$10.00	\$6.67	\$5.00	\$4.00
<b>INCOME</b>	<b>\$25,000.00</b>	<b>\$250.00</b>	<b>\$125.00</b>	<b>\$83.33</b>	<b>\$62.50</b>	<b>\$50.00</b>
Total of Variable Expenses		\$98.12	\$98.12	\$98.12	\$98.12	\$98.12
Catering	\$75.00					
Valet	\$5.00					
Invitation	\$3.00					
Postage	\$0.62					
Décor	\$7.50					
Rental	\$7.00					
Total Per Person Variable Expense	\$98.12					
<b>TOTAL TICKET PRICE</b>		<b>\$452.12</b>	<b>\$275.12</b>	<b>\$216.12</b>	<b>\$186.62</b>	<b>\$168.92</b>

## Selecting the Proper Event

As you contemplate a special event for fund raising purposes, it is important for you and your colleagues to understand that different events will achieve different outcomes. You could work on an event for a year, masterfully organizing all the details, and still not *make* money. And that's O.K. if your goal was increased visibility and just getting to know potential donors. Your organization can develop a chart as below to begin to determine the type(s) of events that will work for your organization to reach its CVI goal(s). Begin by brainstorming and list all the events. Because a main objective of any development activity is to be *donor-focused* (vs. organization-focused), what kinds of

events or programs will appeal to your donors? You may prefer the four-hour seminar telling your donors *everything* (!) they should want to know about your organization. But, remember, that meets *your* needs—does it address your donors' needs?

Then using a Likert scale, see the chart below, rate the different events with the specific CVI goal for this event.

Here's a listing of a myriad of events with possible outcomes.

### Types of Events

<i>Rating Scale</i>			
5 = excellent; 4 = very good; 3 = good; 2 = fair; 1 = poor; 0 = none			
<i>Event Type</i>	<i>Visibility</i>	<i>Cultivation</i>	<i>Income</i>
Auction using Auctioneer who is a:			
Celebrity figure	5	5	5
Local figure	4	3	4
Committee member	3	3	3
Presumption: high-quality, expensive items			
Bake sale	1	1	1
Bowlathon	3	2	3
Car wash (kids/local)	1	1	1
Church bazaar	2	2	2
Competition	4	3	3
Conference or workshop	4	4	3
Cultural exchange	3	3	2
Dedication	4	5	0
Dinner			
With speaker (of national stature)	5	5	5
With dance	4	4	4
Drawing (expensive tickets for quality prizes)	3	2	4
Exhibition	4	3	2
Fashion show	4	2	5
Food fair (and/or competition)	5	2	5
Golf tournament			
With celebrity	5	4	5
Without celebrity	3	2	3
Groundbreaking	5	5	0
Kickoff	5	5	4
Non-event event	3	0	3

## Elements for Executing a Successful Fundraising Special Event

The key to creating successful fundraising event is to examine your organization through the following questions:

- Is your organization ready to take on the task(s) related to the event you have chosen?
- Does your Board of Directors and other Departments “buy-in” to the event?
- Do you have the Human Resources to execute the event properly?
- Have you identified specific Target Markets for this type of event?
- Is the selected date for the event conducive for success?
- Does the organization have the financial means to support this type of event? (Remember the old adage: “You have to have money to make money”).
- Do you have sufficient lead time to create a successful event?
- Does the event type follow the organizations guidelines for events?

You must also look at other key areas such as the location of the event, who will do the on-site fundraising, what resources do we have at our disposal, both internally and externally, should you use celebrities and most important creating the event budget.

## Role of the Event Venue

The location of your event is a critical decision in the event planning process. The list of possible venues for an event is as wide as your own creativity. Often “unique meeting sites” will create additional interest in your special event. Cruise ships, stages of school theatres, airplane hangars, bowling alleys, and zoo facilities are just a few venues that might be utilized to draw special attention to your fund raiser. Hotel ballrooms are a more typical venue for a gala—many of which are beautiful on their own merit, or with the aid of a decorating company, can be appropriately decorated to add the corresponding back-drop to your “Las Vegas Night” or “French Riviera Ride”.

Keep in mind that you only have a few minutes to make an immediate impression when your potential guests open an invitation to your walk, gala, “taste”, or other event. What is going to “hook” them right away to keep reading? In many cases, a unique venue will be the thing that peaks their special interest. One donor overheard: “Look, honey, I don’t know much about this charity, but the event is being held at the *new* Ronald Reagan Building and I’d like to see the facility...”

## Who Will Do the Banquet “Ask”

At a fund raising banquet or gala that includes a specified “ask” for funds during the event, there is often the tendency to compliment a leading individual (President of the non-profit; leading volunteer; chairman of the board, etc.) by encouraging this individual to handle the single most critical portion of the event—the ask.

Sometimes this person is ill-suited to the task. Although a great businessperson, is he or she an articulate, well-spoken, moving individual? The person who will do the ask should be pre-rehearsed and pre-trained. Generally this person should speak from a personal perspective, and if notes must be used, they should be used judiciously.

### **Approach**

The axiom of spending 80% of your time for 20% of the desired result certainly holds true in fund raising. Is the best approach encouraging 1000 people to each donate \$20 or having 20 people each donate \$1000?

Remember the I's of fund raising:

- **Inform**
- **Interest**
- **Involve**
- **Intentional**

The answer is they are **both correct strategies**. It depends what the goal is. If the goal is to develop a house list and generate new names, the broad approach is certainly a “win”. If it's overt fund raising, the better use of a development officer's time would be to have a fewer number of people donate larger gifts.

### **Budget**

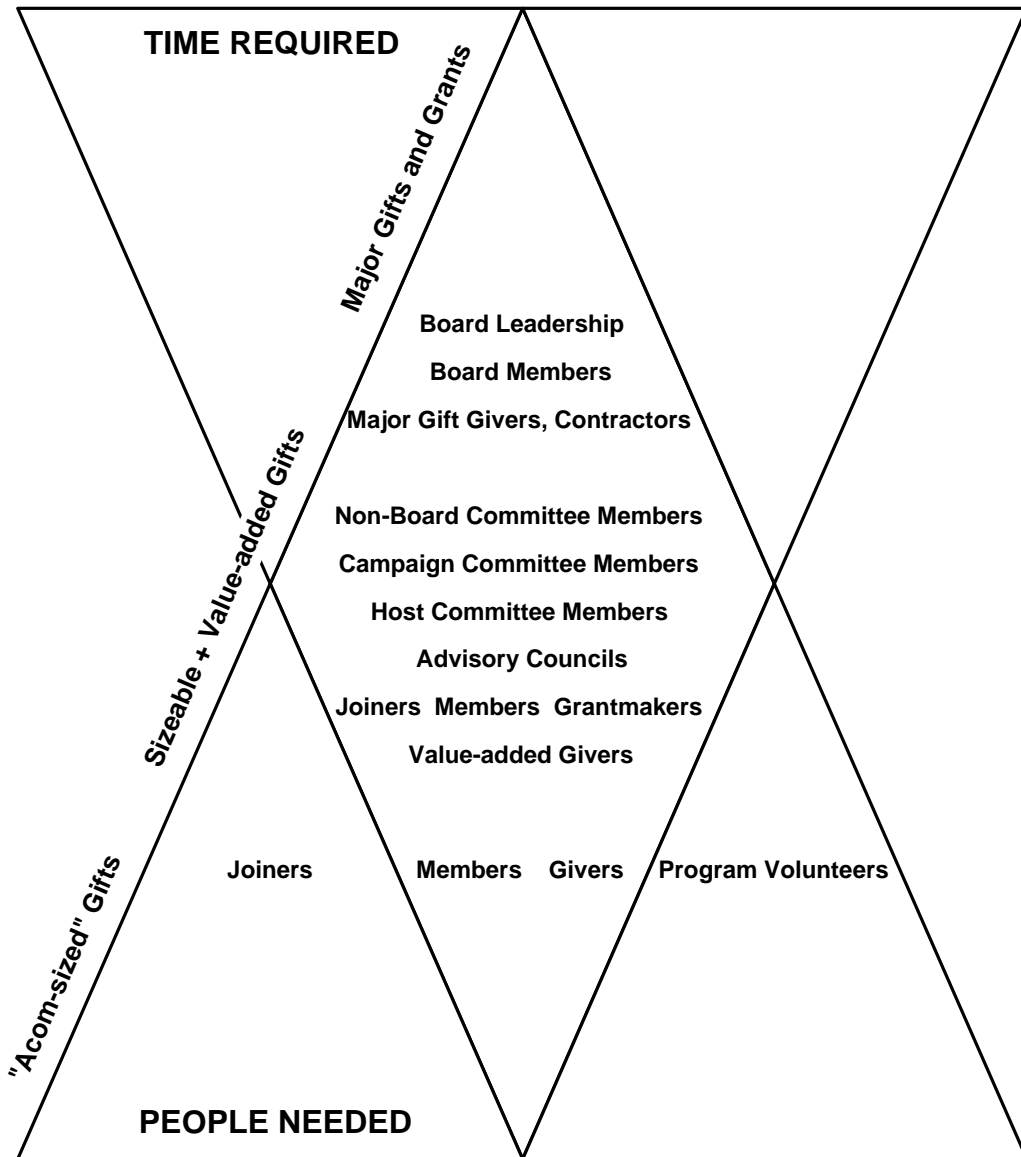
*Line-item budget:* An expense budget itemizing all the specific line items is a necessary early step in determining overall success measures. All fund raising goals should be set in light of overall expenses. Expense ratios will differ based on the type of event. Expenses may range from 20–30% to 60–70% depending on the complexity of the event.

### Budget Strategy

#### Revenue and Expense Budget Items

<i>Revenue Sources</i>	<i>Amount (\$)</i>	<i>Percent of Total Revenue</i>
Individual reservations (450 × \$150)	67,500	67.16
Premium Tables:		
Gold (20 × \$250)	5,000	4.98
Silver (50 × \$200)	10,000	9.95
Donations (3% of \$100,000)	3,000	2.99
Ad journal (10% of \$100,000)	<u>10,000</u>	9.95
Sum Cash items	95,500	
In-kind (5% of \$100,000)	<u>5,000</u>	<u>4.98</u>
<b>TOTAL REVENUE</b>	<b>100,500</b>	<b>100.00</b>
<b><i>Expenses: Percentage of expense divided by total revenue</i></b>		
Food (520 people × \$45)	23,400	23.38
Beverage (100 bottles of wine @ \$14)	1,400	1.39
Corkage (only if wine is donated)		
Postage (2,000 pieces × \$0.32)	640	0.64
Printing (invitations, forms, stationery, etc.)	3,500	3.48
Ad journal (print 80% of estimated total attendance)	3,000	2.99
Awards	400	0.40
Decorations	1,000	1.00
Miscellaneous	<u>750</u>	<u>0.75</u>
Sub-total	34,090	33.92
In-kind offset	<u>5,000</u>	
<b>TOTAL EXPENSE</b>	<b>39,090</b>	<b>38.90</b>
<b>NET REVENUE</b>	<b>\$61,410</b>	<b>61.10%</b>

Once you have answered these key questions you can begin to build on how you can best utilize your resources to create a successful event. Everyone in the organization has a role to play in the event. Examine the chart below and begin to develop a strategy that will incorporate your whole organization and allows you to begin developing the task/timeline for the event..



## Creating a Task /Timeline for Your Event

The success of any fund raising event depends in large part on the right people doing the right thing at the right time. Utilizing the chart above identify individuals or groups that can best accomplish the tasks on your timeline. Creating a task list with appropriate deadlines is critical below is an example of a Master Event Timetable (METT).

### The Master Event Timetable (METT)

#### A Weekly Schedule of Tasks to Achieve a *Successful* Special Event

<i>Week Number</i>	<i>To Do This Week</i>	<i>Responsible</i>	<input checked="" type="checkbox"/>
One	a) Governing board sets up special event committee b) Select type of special event for your agency c) Event chairperson is recruited d) Draft version of revenue and expense budget e) Recruit honoree and/or special guest(s) f) Prepare event time table g) Update agency's mission statement (if needed)		
	<i>Set date and choose site for your event</i>		
Two	a) Chairperson recruits co-chairs b) Prepare preliminary list of prospective names for event committee and invitation list c) Set up computer program		
Three	a) Recruit honorary co-chairs b) Complete co-chair recruitment c) Set date for event chair and co-chair meeting d) Obtain additional names from chair and co-chairs		
Four	a) Establish marketing and public relations guidelines b) Prepare press releases c) Prepare save the date notices d) Prepare draft of event invitation package		
Five	a) Agenda for event chair and co-chairs meeting b) Chair and co-chairs to provide additional names for event committee c) Set date for "one and only" event committee meeting d) Discuss other sources of revenue with event chair and co-chairs		



<i>Week Number</i>	<i>To Do This Week</i>	<i>Responsible</i>	<input checked="" type="checkbox"/>
Six	a) Start negotiations with site and catering managers b) Continue recruiting committee members c) Obtain insurance and governmental permits d) Mail “save the date” notice to all names		
Seven	a) Select printer and mailing house b) Determine size and layout of invitation package c) Determine how many volunteers are required and outline their duties d) Continue recruiting committee members through week 9 e) Work with ad journal co-chair and set up solicitation campaign		
Eight	a) Prepare event committee information kits		
Nine	a) Mail event committee invitation letters		
Ten	a) Continue to add names to event invitation list through week 16		
Eleven ↓	a) Start monitoring reservations from dinner committee mailing re: Budget ↓		
Twelve ↓		↓	
Thirteen ↓		↓	
Fourteen ↓	a) Event committee meeting (one and only meeting)		
Fifteen	a) Telephone and/or fax committee members and ask them to send their mailing lists to you ASAP!!		
Sixteen	a) Arrange site layout, sound, and decorating		
Seventeen	a) Complete in-kind solicitations		
Eighteen	a) Event invitations mailed b) Follow up with event committee members and other prospects		
Nineteen	a) Event committee members mail personal letters to prospects		
Twenty	a) Prepare check list for items and people you need at event		
Twenty-one	a) First deadline for ad journal copy; telephone all advertisers that have not submitted camera ready ad		
Twenty-two	a) Start FINAL PUSH telephone campaign for reservations and event journal ads		

<i>Week Number</i>	<i>To Do This Week</i>	<i>Responsible</i>	<input checked="" type="checkbox"/>
Twenty-three	a) Final deadline for ad copy and camera ready material		
Twenty-four	a) Reconfirm all speaker and special guests arrangements		
Twenty-five	a) Bring everything together—you are almost there!		
Twenty-six	a) EVENT DAY		
Twenty-seven	a) Acknowledgments—thank everyone involved!!		

## The Role of Honorees and Celebrities

There are many pro's and con's associated with the use of celebrities to headline your next fund raiser.

On the “plus” side, celebrities will:

- Add a “dazzle” and provide the “ooh aaah” factor
- Offer a sense of credibility to your organization
- Promote the “I’ll do it, too” mentality as in “if this cause is good enough for George Bush then it’s o.k. with me”
- Promote event attendance
- May mention your cause in other appearances
- If they have a connection to your cause—be it a person or personal history, they may come pro-bono (free)
- On the “minus” side, celebrities:
  - May be very expensive—be sure to check their “rider” (document listing terms of hire) which may stipulate any of the following:
    - First-class airfare for themselves and an entourage
    - Limo service
    - First class hotel suites
    - Special meal services
    - Audio-visual and lighting requirements above and beyond the “norm”
    - May not care about your organization and only look at your event as “just another gig”

## Volunteers

- **Recruitment:** Volunteer recruitment is usually an essential element of any large fund raising event, be it a bike race or a fashion show or a gala. The extra touch

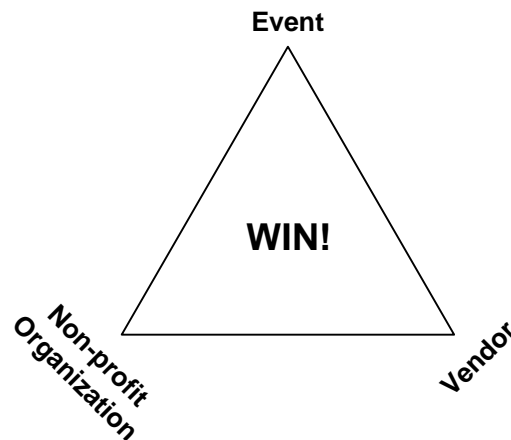
of carefully trained and positioned volunteers will make a significant impact upon your attendees' enjoyment (or lack thereof) of any fund raising event. Have you ever walked into a hotel to attend a lavish fund raiser only to become slightly "rattled" at the entrance at not knowing where to go? Think what a positive impression it would make upon your guests to have a volunteer greeter stationed at the hotel entrance indicating the location and directions to your function.

- Where do you find volunteers?
  - Civic groups
  - Schools and colleges
  - Churches and synagogues
  - Professional associations
  - County and state volunteer referral services
  - Referrals from current volunteers
  - Advertising/publicity
- Training—Training and "nurture". Your current star volunteer may be next year's chairman! Look at the case of former U.S. President Jimmy Carter initially helping out with a Habitat project. Now he is one of their chief spokesmen and, by his example, fund raisers.
- Reward—Certificates, T-shirts, service learning points, letters
- Recognition—Hold donor event to celebrate volunteers
- Retention—Newsletters, point systems

### External vs. Internal Resources

What resources do you have internally? What needs to be supplied from an outside agent such as an event producer, direct marketing agency, etc.

#### The Pyramid of Event Fund Raising Resources



## Securing In-Kind Donations

In-kind donations for special events are an integral part of an overall fund raising plan related to special events. Any donation (cash or in-kind) resulting in a minimized event expense to an organization should be welcomed and warmly responded to.

What types of in-kind donations should you seek? The list will be as long and varied as the length of your expense budget. Perhaps your organization has no connection with “Mr. Ritz Carlton” resulting in a donated banquet room and meal for 500 guests, but are you overlooking the lady who loves your charity and just happens to own a flower store? Her possible donation of floral centerpieces will reduce your expense at a minimum of \$50 per centerpiece. Use great caution in approaching “Ms. Flower Store”, however, in that you can be certain she is prevailed upon daily for in-kind contributions. Do not assume that she will be able to make this donation free of charge. Even a 20% discount is valuable, and if she comes to your event, perhaps her interest (and future discounts) will grow over time. If you offer the opportunity of placing her business cards in each centerpiece, you may negotiate for deeper discounts.

Possible items for which in-kind donations could be sought:

- Design and production work by an artist (for invitations and event programs)
- Mailhouse services (for stuffing invitations, postage, collating program materials)
- Catering
- Decorating companies (for back-drops, theme props, carpeting, tenting, and the like)
- Audio-visual companies (sound, lighting, production needs)
- Valet services (parking and transportation services)
- Limousine services (for VIP transportation from hotel to event venue)
- Airlines (for travel in/out of the event location)
- Breweries, wine dealers (for reception refreshments)
- Printing companies (for programs, name badges, tickets, invitations, etc.)
- Specialty advertising (imprinted “goodie” bags; banquet favors; other logo items)

## **How to Turn an Event into an Annual Tradition**

Before you decide that “it’s a keeper”, be sure you evaluate all phases of the event with not only your staff, but one or two of your event guests as well. What did they like about your Bike Race? What didn’t they like? What would have caused them to raise an even greater amount? Get more people involved?

Once you have the answers to this fact-finding mission and decide to repeat the event—

Examine the leadership structure of the event. Was it a suitable structure? Did it work as expected? Did the individuals in the various roles “step up to the task”? As a result of their leadership, they may feel more involved with your organization and may be candidates for board positions. If they performed well, first, profusely thank them and then, ask them to be involved again!

Ask your current leadership what new names they might suggest to expand the leadership structure even further

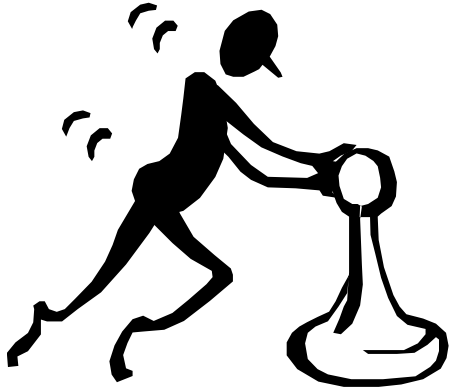
As the success of the event from year one reaches the community, use the resulting public relations to begin immediately forming committees—and new committees—for the next year’s function. Perhaps the “advertising committee” will be able to be broken into two committees, “advertising to media outlets” and “advertising to retail operations”.

Use evaluation forms (either on-site or via a mail follow-up) to ask your event attendees how the event could be further improved...and oh, by the way, how would they like to be involved next year—and do they know others who would like to be involved?



## Unit 4

## FUNDRAISING EVENT AND SPONSORSHIP MARKETING STRATEGIES

**Objectives**

At the end of this unit, you will be able to:

Identify tried and true marketing strategies

It's one thing to understand and manage a development process. But when it comes to a special event of any kind, how will you generate attendance? This unit will cover "tried and true" marketing principles for your next event.

Research is the cornerstone of any marketing plan. The better and more in depth the research the greater success rate of the marketing plan.

The first research to consider is who is your audience - specifically whom are you targeting for your event. This too often becomes a generic "everyone". Unfortunately it is virtually impossible to reach the entire market place - mostly due to limited resources of time and money. You must then select a target market through the use of two criteria.

**DEMOGRAPHICS** - hard data of age, marital statuses, income, employment, purchase habits (own a car, computer, etc).

**PSYCHOGRAPHICS** - This is the softer data of why people do what they do. It is based around lifestyle questions.

Keep in mind that at any event it is more unlikely to have only one target market. In fact most events have several target markets making up an audience. These target markets are known as:

**END USERS** - Normally considered customers - buy tickets or services at the event.

INTERMEDIARY MARKETS - These are organizations that the end users go through in order to participate in your event. These include ticket sellers, CVB's, schools, venues, etc.

The next step in developing the Marketing Plan is to do a Target Market Assessment for your end users and your intermediary markets. The assessment should be able to answer the following questions.

1. Clearly define each target market? - EXAMPLE Asian Females 25-32
2. What is the size of each market?
3. What is the growth potential for this market?
4. Are there geographic or logistical barriers between your event and your target markets?
5. Prioritize your target markets from most important to least important with an explanation of Why.
6. Identify potential customers for your event
7. Categorize your existing and potential markets based on needs, motivations, demographics and psychographics
8. List the reasons why each target market attends your event.
9. What values are important to your target markets - EXAMPLE: Time. Value, price, quality)
10. List the wants/needs/desires of your target markets

As you can see you must know a lot about your target market(s) to reach them successfully. However, this research benefits you twofold. It helps you first to produce an event that is what the target market wants/needs/desires and secondly it is the first step in targeting sponsors. Remember sponsorship is not benevolence - sponsors want to sell their product or service to a target market that you may provide.

There are two methods of gathering this information:

## PRIMARY SECONDARY

**ASK THEM** - That is the principal behind primary information. Utilizing a variety of information gathering techniques the researcher gets the information directly from the source. Some of these techniques include:

**Sponsorship Awareness Surveys** - Allows the organization to get opinions on sponsorship in general as well as specific sponsors and/or suggestions for sponsors. The survey can be done before, during and/or after the event.

**Entrance/Exit Surveys** - This method is probably the most common information gathering tool. The survey gathers both demographic and psychographic information, as well as promotional and advertising impact. This method can also be utilized to create a database of attendees.



**Focus Groups** -Highly effective method to gather qualitative data. Small group representing the target markets and asking a wide range of questions dealing with preferences, lifestyle and opinions.

**One-on-One Interviews** - Questioning peers, competitors, and customers to garner primary information.

Secondary information then comes from sources other than your target market(s). It is, for the most part, information gathered by another source. Some of the information is primary to the gathering organization. The best example of this is the US Census that gathers primary data and then distributes secondary data. Other sources for secondary data include:

**Sponsorship, marketing, and advertising sources:**

- Professional associations (NSFE)
- Publications
- Reports
- Sports and Entertainment Organizations
- Local or State Office of Events

**Government Sources**

- Convention and Visitor's Bureaus
- US Census

**Business Sources**

- Standard and Poor's
- Dun and Bradstreet
- Business Journals

**Industry Sources**

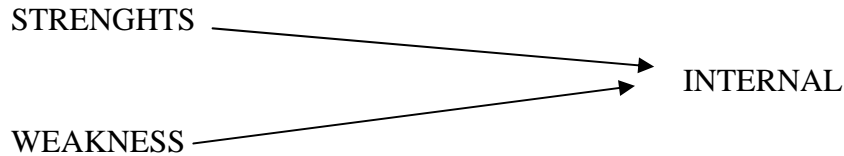
- Trade or Professional Associations (NACE, ISES)
- Better Business Bureau
- Chamber of Commerce

**Unique Selling Proposition (USP)**

What makes the cause for your fund raising event unique? How is your organization different from any similar groups? What features and benefits does your organization offer to its various constituencies?

**DEVELOPING THE MARKETING PLAN**

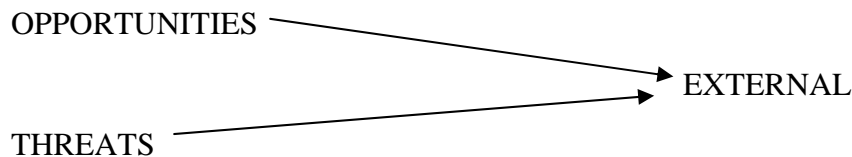
Once the research is complete and tabulated and you have a better understanding of your target market(s) it is time to develop how you are going to attract them to your event. To accomplish this task the first step is to conduct a SWOT analysis for each target market.



To have a successful sponsorship-marketing plan you must first address your organization's strengths and weaknesses. When dealing with events and sponsorship it is imperative that the organization looks at the perceived value of the event.

Increase funding (S) vs. Drain on limited resources (W)

Higher Public profile for the organization (S) vs. "Selling out ideals for profit" (W)



Every threat provides an opportunity. How you utilize that opportunity depends on how you categorize the threats. All threats fall into one of four categories.

1. **Monitor** - Low-risk, little you can do other than be aware.
2. **Monitor and Analysis** - Little you can do to change the threat but need to know how it will impact your event
3. **Contingency** - Reduce impact with a contingency plan
4. **In-depth Analysis and Strategy Development** - Take charge

An example of the In-Depth and Strategy Development that you must address is a Competitor Analysis. You are no longer just competing against like events, but against anything that your target market(s) may do with both the leisure time and expendable income. Before you can continue with your Marketing Plan you must consider all the competition that your event may encounter. The Competitor Analysis is one tool that lets you examine these threats and decide what, if any, strategy needs to be taken.

Once the research is complete you can begin to develop your plans for both event and sponsorship marketing. The major component for fundraising is selling tickets as opposed to sponsorship which is creating a plan that will not only market the event but also enhance the sponsors' presents at your event.

### How Will You Sell Tickets To Fill the House?

Use leadership networks

Use volunteer networks

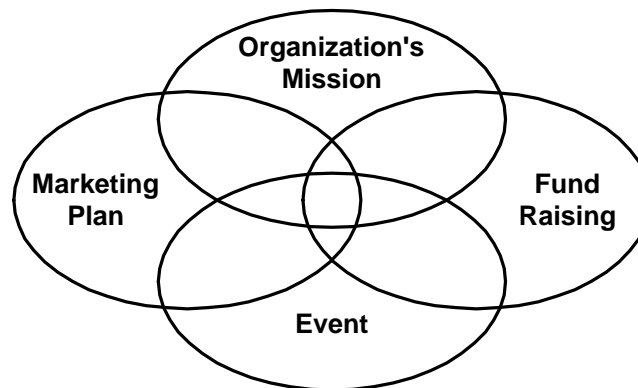
Pyramid approach

- One person to sell ten tickets
- One person to recruit five table chairs; each table chair to sell ten seats

Advertising support

- Where and when is it appropriate to purchase external advertising?
- What types of advertising
- How much direct mail?
- How can our web site be used to market the event

IDM seeks to maintain contact with the customer at multiple points throughout a long-term relationship.<sup>6</sup>



<sup>6</sup> Ernan Ronan (1995). *Integrated Direct Marketing*. NTC Business Books.

## Developing the Sponsorship Marketing Plan

Once you have completed your SWOT Analysis and your Competition Analysis you are ready to begin developing your Sponsorship Marketing Strategies. The Sponsorship Marketing Plan (SMP) utilizes these strategies in a strategic marketing plan designed to help the overall sponsorship solicitation process succeed. It is marketing directed toward those who you feel might be potential sponsors of your event property. The objective of the SMP is to motivate pre-qualified candidates to fairly and carefully assess your sponsorship proposal; to help incline candidates to say “YES.”

Sponsorship marketing should be differentiated from event promotion, which is designed to ensure successful attendance at an event. Sponsorship marketing should also be differentiated from the sponsorship proposal, which lists specific program deliverables and an accompanying price.

To ensure that your marketing strategies remain on track to your overall sponsorship policy the strategies need to be based on the following:

Objectives

Rational

Strategy to Achieve

Evaluation

Objectives must be specific, measurable, achievable, goal-oriented, and time bound.

Each strategy must include a rational of why it is important to the overall marketing strategy and how it adheres to the overall sponsorship policy

Each objective must have a specific action plan of how the objective will be achieved.

Each objective must have a quantification mechanism to evaluate its success (*See page 39 in your text.*)

Each objective must have a specific due deadline.

In developing the SMP several other assessments of your event and capabilities need to be done. Then the event must package itself in a manner that will attract the types of sponsorship it truly needs.

Conduct a comprehensive needs assessment

- Outline the needs of the event—including financial, marketing and manpower
- Identify which of these needs can be met with in-kind goods or services and which require cash sponsorship
- Identify the desires—what will be possible for the event, new or improved elements or attractions, if sponsorship is secured

Analyze the time-frame available for sponsorship decision and confirm appropriateness

- Fiscal year and sponsorship committee deadlines
- Proposal development and sponsorship marketing timeliness
- Promotional benefit deadlines

Internal Deadlines

Analyze the event resources and capabilities

Customers

Image

Benefits

Strategic Thinking Process: This is my event. There are the existing capabilities, resources and individual contacts that I have to produce my event. The capabilities, resources and contacts that I lack...are the things I need.

If one now assumes the need for sponsorship(s) in order to fulfill the potential of an event property, then the next step in the process is development and execution of a sponsorship-marketing plan.

Sponsorships do not sell themselves. A carefully crafted marketing plan is essential if you are going to sell your sponsorship program. Using models of previous successful SMP's may help, but the nuts and bolts of your efforts will require market research, source material highlighting your event and your production capability, customization and testing to help ensure a positive response from your target audience of potential sponsors.

How do we plan to market/match our sponsorship opportunities to targeted candidates?

Who will do what, to whom, with what, when?

What direction should I take if this is a first-time event?

Incorporate a reasonable time frame for implementing and evaluating the SMP

Time frame for hallmark events and major events (for example: Olympic Games) is 3 to 5 years

Average time frame is 12 to 18 months

Short-term possibilities/opportunities also exist (for example: political, commercial, current events, current climate)

Identify the key individuals responsible for implementing the plan and clearly define each person's role and scope; assign and confirm checkpoints

Who will do what, to whom, when?

■ Strategic Marketing Skills/Writing Skills

■ Creative/Technical/Production Skills

■ Financial/Legal and other Specialties

■ Networking/Selling/Presentation Skills

Invite two or more experts in event sponsorship to review the plan and provide critical feedback before implementation

Marketing/Sales strategist

Individual with prior experience of a similar event

❑ Potential sponsorship candidate

The next step in our process, once the sponsorship marketing strategies are developed, through research, into the SMP, is to put the plan into action.

Plan the WORK and WORK the PLAN.

Although there are many different aspects of putting your plan into action a few of the most common are:

Media Promotion

Publicity

Database Marketing

Signage

Internet Marketing

### **Media Promotion**

Paid or In-Kind

Selecting Appropriate Medium for your Message

Keep with your Objectives

### **Publicity**

Hire a professional

Make your event newsworthy

Mass vs. Direct Marketing

### **Database Marketing**

Previous Attendees

Demographic/geographic lists

Membership

Ticket Holders

Organizational Lists

### **Best medium for your message**

Telemarketing

Newsletter

Direct Mail

Special Invitation

Internet (e-mail/Web site)

### **Signage**

Street Banners

Venue Signage

Billboards

### **Internet**

Host own Web site

Link

Needed Information

An exhibition football game between the police department and the sheriff's department was seeking sponsorship to fund a significant portion of the costs of this first time event. Calls were made to numerous corporations known to support law enforcement activities in the area. Request after request was turned down because another law enforcement agency was also raising funds, they had reached the corporation first, and the financial support had already been allocated. The football event should have surveyed its competition for support and either targeted another segment or timed their solicitations earlier.





## Unit 5

### IDENTIFYING POTENTIAL SPONSORS AND SPONSORSHIP PROPOSALS

#### Objectives

By the end of this unit you will be able to:

- Understand what motivates sponsors generally
- Identify sponsorship purchase motives to match the event property's capabilities
- Identify benefits and features to meet sponsor needs
- Create customized profiles of potential candidates through research and a clear understanding of the general offering
- Locate matches and areas of connectivity and understand typical objections
- Accept success or course correct and move forward
- Identify or develop through modification of your event design, motivations for the sponsor candidate to say "YES"!
- Understand where "matches" are and how they fit the sponsor's strategic marketing and/or the event's promotional timeline to design a sponsorship proposal and agreement that is a WIN/WIN scenario
- Understand why candidates may want to negotiate the characteristics of sponsorship proposals and which characteristics are frequently negotiated
- Understand the concept of perceived value and develop a financial plan model for event sponsorship revenue
- Understand the role sponsorship agencies can play in the solicitation process
- Better identify areas of sponsorship requiring legal compliance

Corporations and companies sponsor events for a variety of reasons, but the reasons all boil down to profitability—sales. They utilize sponsorship to achieve their promotional and marketing goals and objectives. They are looking for ways to reach their customers, just as the event is looking for ways to reach its sponsorship customer.

The event property that has the qualities—visibility, image, or consumer life-style match—that will provide access to the target market may become the venue for what is now considered the fourth arm of an integrated marketing plan (advertising, promotions, public relations, and sponsorship). The event property must understand the needs and the perspective of a sponsor.

To begin you must identify the types of sponsorship opportunities available.

Define the level(s) of sponsorship specifically needed for the event

- Presenting or title—the sponsor’s name will be included in the title of the event, such as the *Kodak Albuquerque International Balloon Fiesta*
- Host—the sponsor will be identified with only one component of the event, such as the *Coca-Cola Entertainment Stage*, the *Creamland Ice Cream Children’s Art Park*, or the *Citibank Visitor Hospitality Tent*
- Supporting—the sponsor will be recognized, but not in conjunction with a specific connection to any one event element
- Equal Share—two or more sponsors will co-sponsor an event or event element
- Tiered (gold, silver, bronze)—levels will be determined by a certain value or dollar amount, the event may title the tiered sponsorship categories in a manner or theme to reflect the type or style of the event
- Media/Category (product or service segmentation)—sponsor will be given exclusivity in the given category or designated as the “Official” provider in that product category
- In-kind—the sponsor provides goods or services needed by the event

Customized terminology—the event or the sponsor may develop terminology and specific wording to reflect the event component or the sponsor’s marketing message.

### Understanding Purchase Motives

Return on Investment is key

Exposure and visibility crucial

Access to consumers important

Capturing a niche market

Hospitality may be prominent

As with any marketing plan, you must understand your customer. It is important to identify and comprehend sponsorship incentives in order to match and motivate the sponsors appropriate for your event property.

### Branding

Consumer products require visibility and numerous impressions to create brand awareness, recognition, and finally, loyalty. The company looking for this visibility will be evaluating their sponsorship plans on the basis of the number of impressions the company or the product will receive. This will include signage at the event, logos on the promotional materials, and media coverage. Events they consider should offer a significant attendance as well as media coverage.

It is important to note that the *number of impressions* will be evaluated by the sponsor's marketing entity. Banners visible during television coverage will be considered differently than banners visible to attendees at the event. Logo placement on the event program will be considered differently than logo placement on media advertisements.

### ***Life-Style & Niche Marketing***

Companies are able to narrowest their efforts, bringing their marketing message to specific audience segments rather than expending their budgets on a broader diffused market through other traditional media. The demographics and psychographics of the event audience will be important. Product sampling activities or couponing may be requested or required.

Event sponsorship also offers a cost-effective way for smaller companies and products to reach target markets, combating the larger advertising budgets of their competitors. In some cases it offers a way for them to differentiate from the competition.

For example, a grocery store chain in one community focused their advertising on linking sales promotions to all the holidays while their competition linked their efforts to local events. The grocery chain choosing events was able to not only illustrate their commitment to the local community in their advertising, they were also able to conduct sampling and couponing at the events and offer discount admissions to the event with purchases at their outlets.

### ***Hospitality***

Business-to-business marketing and client entertainment allows a company to build and solidify relationships that lead to increased sales. Events that provide an opportunity to host exclusive experiences will be important.

Private receptions, access to celebrity participants, and exclusive areas, such as hospitality tents and corporate villages, furnish the sponsor with a venue for a broad variety of ancillary activities to augment their investment in an event. These benefits become an incentive currency to motivate sales through contests and expressions of appreciation.

### ***Consumer Sales and Research***

Promotions, cross-promotions, couponing, on-site sales, and product sampling are ways to directly increase sales. Events provide the opportunity to showcase product attributes in a positive and enjoyable setting. Events offer a platform for direct contact with consumers to conduct valuable customer research. Product testing may be conducted in a controlled and cost effective environment.

### **Matching Event to Sponsor**

#### ***There must be a market match.***

- Meeting sponsor needs
- Assess image compatibility

- Research the market
- Know the competition
- Extension opportunities
- The bottom line is sales

Event sponsorship allows a company to mount multi-tiered sales and marketing campaign incorporating a broad spectrum of activities directed at a specific target audience. Each component of the campaign builds upon the other components, providing significantly more depth and impact than simple advertising.

The potential sponsor will have a menu of goals and objectives that must be achievable through sponsorship. It is important to reiterate that what the sponsor is buying is the *access* to the exploitable commercial potential of an event property. It is incumbent upon the sponsor to augment the sponsorship with ancillary activities and promotions. It is the event property's responsibility to accommodate (and to some extent control) these activities.

The sponsor will look at the following areas of connectivity:

#### Audience Segmentation

- Attendance figures
- Demographics
- Psychographics

#### Positioning

- Image
- Media Coverage
- Competition and Exclusivity

#### Leveragability

- Promotions and Cross-promotions
- Hospitality
- Visibility

#### Event Capabilities

- Event Administration
- Continuity
- Rights and Benefits Delivery

### ***Sponsorship Augmentation Activities to Maximize Sponsorships***

The savvy sponsor will use its relationship to the event to conduct ancillary activities to augment and increase the impact of its investment. The event property must understand these in order to

accommodate them and control the sponsor's use of the rights and benefits included in the sponsorship package.

It is also important to note that events may enhance their position as a property through careful packaging that identifies and promotes these activities in their sponsorship sales materials.

Media buys surrounding the event

Proof-of-purchase promotions

Point-of-sale promotions

Hospitality tents and events

Custom souvenirs and merchandise

Bounce-back coupons and product sampling

The sponsor's ancillary activities will, or should, be conducted both before and after the event itself. An integrated campaign will commence months before the event, developing and implementing the promotional activities and materials to support the campaign. Extension after the event builds on the event experience and creates a legacy that should be integrated into the next event.

The sponsor and the event must carefully control usage of logos and trademarks. Both must view the sponsorship relationship as a long-term progressive one. And both must be aware of ambush marketing by the competition—a non-sponsor unofficially affiliating itself with an event through media buys, slogans, and/or proximity. For example, a large billboard right outside the event grounds touting a sponsor's competitor may appear to the attendee as connected to the event, thereby diluting the status of the official sponsor, especially if the advertisement on the billboard uses language that promotes the event inside.

Sponsors are everywhere, from the merchant on the corner to executives on Wall Street to a multi-national company across the globe. You will discover innumerable opportunities to seek sponsors for your event. However, one of the first goals is to reduce this plethora of choices to a manageable number that is appropriate for your event. Targeting your market is essential to use your time efficiently and to market your sponsorships effectively.

## Identify Your Sponsorship Market

Your Sponsorship Marketing Plan (SMP) will have identified the financial and resource support your event needs. Now you must identify the sponsorship candidates that match. You must target your efforts and resources where they are most likely to achieve success—a YES to your request.

### *Identify Your Opportunities*

Prepare a menu of sponsorship opportunities designed specifically for your type of event. Small or first time events will have a much smaller menu than large established events. Events with numerous components will have more sponsorship opportunities than singular event properties. Civic festivals will be seeking different sponsors than a meeting or conference, and sports events will target different sponsors than cultural events. Each event will package itself differently because it has a different audience and different event elements.

Each level of sponsorship should suggest potential targets. An entertainment stage at a festival featuring big band music will seek a different host sponsor (perhaps a pain reliever product) than one featuring Latin music (perhaps a manufacturer of salsa). A sports event may seek in-kind sponsors to provide landscaping for the corporate village from local nurseries and uniforms from a local sporting goods store. The wellness fair will seek a title sponsor from the health-related world, perhaps an HMO or a fitness center, and the new civic festival may approach the newly merged bank for this opportunity. The meeting or convention will likely approach its trade show exhibitors as sponsors of its receptions and hospitality functions.

### *Utilize Your Contacts*

Audit your internal and external stakeholders to identify prospective sponsorship contacts for each level of sponsorship. Pay attention to the local economy. Study the local, regional and national marketplace to identify companies that currently sponsor events, as well as those who would benefit from incorporating sponsorship into their marketing plan.

Perform internal and external audits to identify prospective sponsors

- Referrals from production team, committee members, board members, employees, vendors and others stakeholders.
- Referrals from networking activities

Continue to identify prospective sponsors for your event

- Daily newspapers, city journals and periodicals (generic, business or product/service segmentation specific)
- Top 100 lists
- Advertising departments or advertising agency account executives
- Public relations departments or firm
- Consumer affairs departments
- Internet
- Market research, IEG or similar

## ***Qualify Your Candidates***

You cannot afford to waste your valuable resources on trying to sell a sponsorship to someone who is not interested. Research and confirm sponsor qualifications through phone calls, annual reports, the Internet, advertising and PR departments or agencies, consumer affairs departments.

Previous history or inclination

- What have candidates done in the past?
- What are they doing currently?

Hidden agendas

- New to the community
- Cash rich (need to spend before end of fiscal year)
- Needs positive public relations

Economic Viability

- Better Business Bureau
- Department of Commerce or Labor
- Dun & Bradstreet

## **Develop the Targeting Strategy**

### ***Determine which candidates you will pursue.***

Prepare a list

Understand the candidate

Review your resources

Schedule appropriately

Utilize competitors

Engineer the approach

You must develop a strategy for approaching your sponsorship candidates in an appropriate and timely manner. You must approach the right person at the right time. Identify stakeholders who will be willing to instigate the sales process.

## ***Outline Your Approach***

Develop your list of potential candidates for each sponsorship opportunity. Consider that candidate's direct or perceived competition as a second choice. Identify the sponsorship decision-maker and direct your efforts accordingly. Identify the decision-making timeline – both for when the prospective sponsor makes decisions and the event's administrative timeline.

Remember Sponsor Incentives

- Brand awareness
- Sales promotion
- Opportunities for consumer research
- Opportunities for sponsor's personnel/guests to have VIP access to the event
- Connectivity
- Extension/enhancement to current marketing programs
- Accommodation of corporate philosophy and image
- Your property reaches the sponsor's customers or target audience
- Your property offers a sponsorship value-added timeline

Test details of your sponsorship program against the value perceived by the prospective sponsor

- Identify all matches
- Anticipate typical objections
  - Event not appropriate for sponsor's customer, product or service (demographics or psychographics do not match sponsors needs)
  - Too expensive
  - Sponsor has no event marketing budget
- Ask what the sponsor candidate is looking for
  - Modify your event design, where possible, to create new match opportunities
  - Modify your sponsorship program offering, where possible, to create new match opportunities
  - Focus forward

### Lessons Learned

A civic festival designed to increase tourism by highlighting the science and science fiction features of a community approached the local television network affiliate that featured numerous science fiction programs in its schedule. The station quickly came on board as the media sponsor. They were able to highlight their new season of sci-fi programming in the spots they produced for the event, host the special appearance of the star of one of their new programs just prior to its premier, and conduct a children's "alien" costume parade in conjunction with their children's programs.

A sponsorship proposal may be a candidate's first impression of your event. Your goal - a positive inclination on the part of the candidate to say "YES"! At the very least positive enough to discuss the prospect further.



At this point in the sponsorship solicitation process, when the candidate has displayed serious interest in your sponsorship proposal, you move discussion into the negotiating stage. Once the negotiation process is complete, any changes agreed upon can be incorporated directly into the sponsorship agreement. Remember that the sponsorship agreement, once signed by the parties involved, becomes a legal and binding contract, which, for various reasons, you may have to reference from time-to-time.

The special events industry truly is an exciting one to be a part of. However, as with every successful business enterprise, including the process of sponsorship solicitation, the bottom line is...that it is a business. There are numerous legal and financial implications to consider.

Effective financial planning and financial management are key to your success. Determining the amount of sponsorship revenue required for your event is a critical business decision as it determines your total strategy for securing sponsors. The financial plan must also incorporate all the costs associated with sponsorship, including research, proposal preparation, contract administration, production and delivery of benefits, and evaluation.

## **Designing and Implementing Sponsorship Proposals**

The proposal is what the candidate will see. The proposal is what the candidate will analyze and base his or her decision on. In some cases your proposal may be judged by a committee, meeting at specific times throughout a fiscal year, specifically to consider sponsorship proposals.

The sponsorship proposal reflects the quality of the event and the potential return on the sponsor's investment (ROI). Proposals for first-time events can be more difficult to create effectively, particularly when the event management/production company is new, or if there is not relevant material (photos, promotional materials, testimonials etc.) available for use in the packaging of the proposal. Under those circumstances, using models from similar successful events is one way to help develop your proposal. It is essential that your proposal is tested before actual prospective sponsors, to finalize the presentation and to make certain it addresses all necessary issues.

Your sponsor is your success partner, a stakeholder who merits a proposal that is inherently a WIN/WIN scenario. In a day when exploitable commercialism can mean lots of visual clutter at event, the idea is to create sponsorship program components serving to enhance the event.

### ***Designing an Effective Proposal***

“What’s in it for me?” That’s the bottom line question that candidates for sponsorship programs will most often ask. It’s important to remember that sponsorship is a form of strategic marketing that has become part of the “marketing mix” companies now use to promote their products, their services or their image.

What are the motivations for the sponsor candidate to say “YES?”

Where’s the match?

Where’s the value to the sponsor?

Can the producer do what he or she says?

The responsibility of designing an effective sponsorship proposal means that one must understand and respond to candidate motivations, providing perceived value through the benefits and features inherent in the proposal. Often, this will mean a process of research, application, customization and effective packaging of the proposal. Sometimes it means modification of the event design itself, adding components, where possible, to provide a candidate with the incentive to say “YES!”

Demonstrate excellent communication skills

Provide an overview paragraph describing the key aspects of the proposed event, the management organization, and those who will benefit from it

- Fact sheet indicating who, what, when, where, and why
- Description of the purpose, direction, and capabilities of the event
- Describe the event production company or team expertise
- Quantify the benefits the sponsor may receive
- Describe any additional features, such as photography, video, and/or invitation to receptions with celebrities

Detail the facts and history of the (actual or comparable) event

- Indicate what is new or improved
- Differentiate or discriminate

Describe the demographics (who, what, where, how much, how many) and psychographics (likes, dislikes, how they think) of the event participants and spectators

- Media buyers
- Media delivery systems
- Market research firms

Describe the specific benefits and features available to the sponsor

- Benefits have tangible worth (booth space valued at \$500)
- Features are in addition to benefits, (an invitation to VIP cocktail reception, photographic remembrance) not as important as benefits.
- Press the “hot” buttons; satisfy their wants/needs such as Sales, PR, Product Sampling.
- Extension of or enhancement to their marketing, such as television or radio purchases.
- Accommodates corporate philosophy and image to further support and reinforce objectives.
- Four sponsorship incentives
  - Brand awareness: *The Discover Card*
  - Sales promotion: “*Get discount coupons at Giant’s with proof of purchase*”.
  - Opportunities for consumer research
  - Opportunities for sponsor’s personnel or guests to have VIP access to the event
- Differentiation
- Connectivity
- Win/win scenario

List the sponsorship fee and any other costs

- Do not individually line item factors constituting the sponsorship fee
- Put most comprehensive (most expensive) offering first
- Other opportunity and/or costs

Future years

- Example

**Gold sponsorship (\$50,000) includes:**

Pre-event publicity

Taglines in advertising (estimated \$25,000 total buy)

VIP reception (25 tickets)

Employee discount tickets (100)

Full page ad in event program w/5,000 impressions

Exclusive use hospitality tent

Photo opportunity with star

Sampling and sales privileges

Use of event logo

Summarize your proposal (one or two pages only) by reviewing the target market, the benefactors, and the benefits or opportunities that will accrue to the sponsor

- Strong business letter
- Creative visualization
- Collateral support
  - Photos
  - Video
  - Illustration
  - Something personalized, imaging them as sponsor
  - Full blown proposal can accompany short version
- Include a call-for-action or “next-step” to help facilitate continuation of the sponsorship procurement process
  - Create a bridge to what's next...

## The Sponsorship Financial Plan

***You must determine what to charge the sponsor.***

- Calculate the costs
- Have goals established
- Analyze the price
- Revise plan as needed
- Gauge the value
- Examine the impact

Many sponsorship programs fail due to the inability of the event manager to develop a comprehensive financial plan. Identifying all costs as well as the percentage of profit expected from each sale is a precise way to measure and monitor your financial performance. Make certain you develop a sound financial plan to support your sponsorship efforts.

### ***Financial Plan Process Items***

Determine the amount of sponsorship revenue required for the event just as you did in Unit 3 when calculating the cost of a fundraising event ticket. Analyze event production costs and determine what portion can be covered with and without sponsorship. Remember that in-kind goods and services do not add revenues but they reduce expenses. Break-even or producing new (additional) sources of revenue are two methods for budgeting for sponsor dollars by sponsorship.

Identify all fixed and variable costs with respect to sponsorship solicitation, operations, banners, receptions, negotiation, implementation, and evaluation. These costs must be factored into the price of the sponsorship.

Fixed (F) = identifiable, may be estimated in advance (hybrid cost is a combination of fixed and variable)

Variable (V) = cost may vary according to need

Overhead

Salaries, overtime

Consultants, lawyers, accountants

Cost of goods purchased

Postage, mailing, delivery, freight

Phone

Travel (plus expenses)

❑ Example: The sponsorship amount is \$5,000 for the band that costs you only a few hundred dollars. You must increase the perceived value to the sponsor (such as increased publicity, hospitality, or something else representing *value* to the sponsor).

### Sample Sponsorship Value Justification

<i>XYZ Corp. cost</i>	<i>Sponsorship actual cost</i>	<i>Benefits: Sponsorship added (actual) value</i>		<i>Sponsorship perceived value — 3x</i>
\$5,000	\$500 (Cost to deliver sponsor benefits)	PR	\$ 2,000	\$15,000 x 3 = \$45,000
		ADV	\$ 5,000	
		Database	\$ 1,000	
		Exhibit space	\$ 3,000	
		<u>Product sales</u>	<u>\$ 4,000</u>	
			\$15,000	

According to sources such as the Public Relations Society of America (PRSA) the “to market” value of sponsorship, once it reaches the market, can go as high as 7 x the sponsor’s cost.

Remember to check for any additional costs you may incur as a result of the perceived value listing. For example, it may cost you above the original \$500 band cost for you to provide the sponsor with exhibit space, if you have to rent tables, pipe-and-drape, power etc.

Enlist a certified public accountant and the organization’s chief financial officer to review the chart of accounts and provide counsel

- ❑ Adherence to budget
- ❑ Tracking accounts receivable
- ❑ Tracking accounts payable
- ❑ Positive cash flow

Adjust and correct the financial plan as the sponsorship plan is implemented; this on-going process may lead to adjustments in your event plan as well

- ❑ Real vs. expected sponsorship dollars

## Legal Considerations

As professionals, we must understand and abide by all laws and regulations pertaining to event sponsorship. Local, state, provincial, and federal codes govern commercial sponsorships. Understanding the fine points of these codes and regulations, as well as consulting with experienced professionals such as accountants and lawyers, will help ensure that your sponsorship program is in compliance and properly serves your sponsors and the event organization. The value of consulting expertise, legal and/or otherwise, should also be considered for the process of negotiation.

Confirm your event operates within the local, state, provincial, and federal legal code (regarding health, safety, alcohol, permits—all activities related to the design and execution of the event)

❑ What is the consequence of non-compliance?

Determine whether the event sponsor is a nonprofit or for-profit organization

Be careful not to use sponsorship money from nonprofit organizations for product advertising or promotion, as it will be taxed at the corporate rate

Consult certified public accountants (**CPA**) familiar with nonprofit organizations when preparing event sponsorship agreements

Consult legal experts to review all sponsorship agreements prior to distribution and execution

Review publications such as “*Event World*” and “*Sponsorship Report*” for legislative changes affecting sponsorship

## Negotiating and Executing the Sponsorship Agreement

Ideas are just that...IDEAS! Some may be terrific ideas to incorporate into a proposal, but are they legal? Can they be realistically achieved? Will the sponsor candidate overlay his/her own thinking over your own affecting items like cost, rights and permission?

### *Negotiating the Sponsorship Agreement*

Once positively inclined toward acceptance of your proposal, a sponsor candidate may expect to negotiate aspects of your offering before it is finally transformed into an official contract. You must enter the negotiation process with a clear understanding of your goals and objectives as well as the needs and desires of the sponsor.

Plan to negotiate each event sponsorship

What do you have to negotiate?

Determine which event sponsorship items are negotiable and which are non-negotiable

On what items can you compromise if necessary?

What is the bottom line? Play “*What If*”?

❑ You may have the ability to offer additional services (for example: “...we can not drop the price but we can offer you a booth for sampling your product...”)

Be prepared to walk away and restore negotiations at a later moment

Leave the door open for ongoing dialogue and referrals

Remember to identify the sponsor’s measurable objective in sponsoring the event and the technique that will be used to report results.

### ***Execute the Sponsorship Agreement***

The sponsorship agreement ultimately becomes the blueprint for all decisions, operations, and evaluations that result from the sponsorship transaction. It is extremely important that you use accepted models as well as have your customized agreement reviewed by legal counsel to ensure authenticity and compliance.

As with any contract or agreement, you must make certain that the items discussed and negotiated are included in the final agreement. The agreement must identify all aspects of the sponsor/event property relationship. It should specifically identify what the deliverables are and what will happen if they are not delivered.

List the legal parties responsible for executing the agreements

Define category descriptions and exclusivity status

Establish all dates and times of the event

Describe all precise locations of the event

Define the financial obligations of each party

Define the terms of payment, including provisions for late and early payments

Outline the procedures and responsibilities for risk management—insurance, bonds, permits, and other licenses

Define trademark and logo use and determine a time frame for such use

Define sponsor's measurable objective(s) and reporting techniques

List the expiration date of the event sponsorship offer if the party does not accept

Identify the officials who will execute and sign the agreements

Record the date when the document was jointly executed

Establish provisions for cancellation by either party and subsequent penalties

Describe arbitration procedures and how they will be implemented

Include a *force majeure* (act of God) provision

Include provision for non compliance and execution by the responsible party

- ❑ People come and go—Make sure the agreement can't be transferred to another entity
- ❑ Make sure that the person signing has the authority to sign the agreement

By now the sponsorship agreement has been signed. The go-ahead has been given. The event will surely be produced and completed. One might think that's enough to achieve. But there's more to an effective sponsorship program than just bringing the event itself to life...a lot more!

**Lessons Learned**

A conference organizer secured a sponsorship from a major soft drink brand for the gala banquet at the conference. Included in the sponsorship agreement was the display of the brand logo signs at the banquet. The banquet was held at a hotel that had an exclusivity agreement with the brand's competition. The organizer had not discussed this signage or whether the hotel had any restrictions on house brands. When the decorators were installing the sponsor's signs, the hotel manager was aghast. Intense discussions ensued between the hotel and the organizer. Finally, through careful negotiation, the signs remained, but the conference organizer certainly did not emerge looking like a professional—to his conference client, his sponsor, nor the hotel.



## Unit 6

### SERVICING THE SPONSORSHIP

#### Objectives

By the end of this unit you will be able to:

- ❑ Design and implement an effective sponsor benefits delivery system
- ❑ Understand the importance of exceeding sponsor expectations
- ❑ Assist sponsors with their augmentation plans to achieve their marketing goals and objectives
- ❑ Understand that sponsorship is a measurable form of marketing with specifically identified performance objectives and measurement techniques
- ❑ Understand that sponsors expect proof of the deliverables and sponsorship objective results
- ❑ Understand the need for and the nature of excellent service to sponsors and for on-going continuity with sponsors after the event itself has concluded

Once the sponsorship agreement has been signed, the real work begins—making the sponsorship a success. Many sponsorships fail due to improper follow-through by the event organization. Misplaced banners, serving competitor's products, and other easy-to-prevent errors and omissions must be covered in checklists that ensure smooth sponsorship operations.

The delivery of benefits is only the beginning of what you hope will be a long-term and profitable relationship. The event property must clearly understand the scope of the sponsor's plans surrounding its purchase of access rights to the event. The sponsor is now an important stakeholder in the event, and through the synergy created by the sponsorship, the event is now a stakeholder in the sponsor's success.

## Delivery of Sponsorship Benefits

### *You must live up to your pledge to the sponsor.*

- Plan the delivery program
- Liaison with the sponsor
- Establish checkpoints
- Deliver the benefits you promised
- Gather proof of delivery
- Exceed expectations

It will be likely that you have secured a variety of sponsors at differing levels of sponsorship. They must all be incorporated into your event administration, coordination, marketing, legal, ethical, and risk management procedures and operations. The benefits you promised must now be integrated into your timeline and production schedule. Overlooking one tiny detail can mean the loss of an important sponsor, especially if that tiny detail was what was most important to the sponsor.

### *Communicate*

Your sponsors are now part of the event family and you must communicate regularly with them, before, during, and after the event. Assign one or more qualified persons the task of managing each sponsorship (or multiple sponsorships). This sponsor liaison should track the delivery of benefits as well as serve as a contact person for the sponsor.

You must understand which sponsorship benefits are most important to each sponsor. For one it may be the VIP tickets, for another the program ad, for another the product sampling booth. Each sponsor should be treated like the most important sponsor in the world.

You must also understand what the sponsor is planning so you can meet their needs in a timely manner. You will need to consider printing deadlines, production timelines, ticketing, equipment and décor, and numerous other logistical and administrative items. The sponsor should be apprised of all your plans, and you need to be apprised of all the sponsor's plans.

### *Deliver and Administer*

Budget to provide added value for each sponsorship; promise less—deliver more. Hold a few benefits back from the negotiation process that you can deliver as a bonus. Sponsor's expectations rise above the actual agreement and you need to be prepared to exceed these expectations.

VIP treatment goes a long way. Find ways to deliver the tangible benefits with style, perhaps packaging the event tickets, t-shirts, and advance copy of the event program book in a customized festival tote bag.

Make certain you provide the sponsor with the materials needed, such as the logo slicks for their printing and media activities or the discounted tickets they are purchasing for their employees.

- Make certain sponsors are listed in the correct order with the correct designations in all printed material

Confirm design, manufacture, and positioning of all sponsor signage or banners

Develop and implement quality control procedures to ensure all sponsorship materials and activities are compatible with the event

Above all, make the sponsors look good at all times

### **Monitor**

Document and verify the benefits received. Copies of the program book with their sponsor ID and complimentary ad, photographs of on-site signage, copies of tickets with their name on them, and any other materials with sponsor recognition should be collected and packaged for delivery after the event.

You must also monitor the terms of the sponsorship contract. You must control the use of the event logo and name, and you should also monitor the use of the sponsor's logo and name ID surrounding the event. You must also consider the participants in the event. If individual athletes in your sports event are out there seeking sponsors, you must make certain your exclusivity sponsorship agreements are not ambushed by a competitor inserting itself into the event through sponsoring the athlete.

### **Measuring the Impact on the Event**

Every sponsor expects a full accounting of its investment in your event. Developing strategies to chronicle this return on investment is an important (and often overlooked) step in the total sponsorship process. Make certain you begin with the end in mind and document consistently the benefits actually received by the sponsor as a result of involvement in your event.

What did we promise the sponsor?

Did the sponsor get what we promised?

What results did the sponsor want measured?

How can we prove results in a way that the sponsor will accept?

You must also evaluate the impact on your event—was sponsorship beneficial to the event and the event organization? You may find that one of the sponsors, perhaps your title sponsor, overshadowed the event itself, diluting the image of the event identity. Perhaps you find that the augmented promotion increased your attendance significantly. You may find that the sponsorship program increased your staffing requirements in order to service the sponsors.

Evaluate each sponsorship as well as the interrelationship of sponsors

- Was the sponsor a good “fit” from the event’s point of view?
- Were sponsors able to create effective cross-promotions?
- Did one or more sponsors “overshadow” others of the same level or the event?

Evaluate the impact on your resources—time, money, and manpower

- Did the sponsorship actually cost more than projected? Why?
- Do you need to staff up in future, or seek additional manpower as part of the sponsorship agreement?

Evaluate the audience perceptions

- Was sponsorship well-received by the audience? Did it enhance the attendee's experience?
- Were individual sponsors acceptable to the audience? Did their activities interfere with the attendee's event experience?

Evaluate the public relations and promotional coverage

- Did the sponsorship program create positive or negative publicity?
- Did the sponsorship program increase attendance through additional promotions and advertising?
- Were individual sponsors instrumental in securing or accommodating media sponsors? Were they detrimental to the media sponsorship?

Remember that sponsorship must be a Win/Win/Win proposition. The sponsor needs to benefit. The event needs to benefit. The audience or attendee needs to benefit.

### Measuring the Results for the Sponsor

It's vital to remember that sponsorship is another form of marketing. As with any other form of marketing, the focus at the end of the process is "ROI"—return on investment.

There are particular reasons why sponsors choose to sponsor an entire event or a portion of an event. Most often, those reasons are directly related to increased bottom-line success for a company, business, or organizational group. By the end of the event/sponsorship process, sponsors must know, and be accountable for the fact that their investments were sound, that all deliverables were delivered and that specific marketing objectives were achieved.

Expected ROI should not come as any surprise to you, if you solicited the sponsorship. You will already have met with the sponsor or a designated representative and discussed what the sponsor wants to achieve through their sponsorship. Brand Awareness, Image Enhancement, Increased Sales, Product or Service Sampling, these are major motivations. Yet, it's important that you not promise more expectation from sponsorship than event sponsorship can deliver.

Agree on one primary goal of the sponsorship. Agree on one secondary goal. Agree on the list of specific "deliverables," and deliver them all. Agree on how results will be measured and reported, and follow through with that report.

Deliver the deliverables (What results does the sponsor want measured?)

Set clear measurable objectives and a reasonable time frame for each sponsorship

- Determine checkpoint intervals
- Determine checkpoint items
- Maintain an "accountant's" attitude

Obtain confirmation and approval of measurement techniques from each sponsorship

- Establish baseline comparison figures

Establish policies and procedures for implementing and evaluating event sponsorship programs

- Conduct focus groups with the sponsor's key stakeholders to develop measurement methodologies

- Select methodologies that will present the sponsors with the most comprehensive data
- Implement the evaluation using a pilot test to check validity
- Analyze the data and present comparables
- Present the data to sponsors using specified language and format

You must recognize that the sponsor will (or should) also be conducting evaluation and analysis of their investment. They will be measuring their ancillary activities and evaluating the return on that investment. In *Advertising & Marketing Checklists* (1990, p. 72) Ron Kaatz outlined the methods used for evaluating event sponsorship.

#### Media Coverage

- Amount of Coverage
- Type of Coverage
  - Prospect targeted vs. general audience
  - Visibility of company identity in coverage

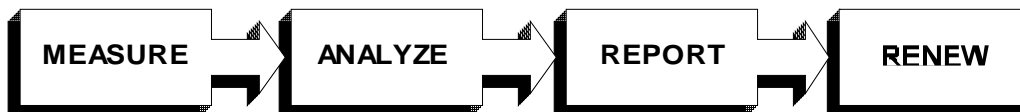
#### Pre- and Post-Sponsorship Surveys

- Sponsor and/or Product Recall
- Attitude Change
- Image

#### Actual Response Delivered

- Leads
- Sales
- Trade Support

You should request that you be notified of these results, as these will support your future sponsorship plans and packaging. Accommodate and incorporate the sponsor's evaluation into the event's evaluation.



**Lessons Learned**

An art fair secured a sponsorship from an association of music stores. The sponsorship included an exhibit space for the music stores to display their products. This seemed like an excellent “arts-related fit” for such an event. However, there were several musical instrument makers exhibiting at the fair and one had very strong objections to what he perceived was commercial competition to his handcrafted work. While not apparent to the audience attending the fair, this situation was very unpleasant and controversial for the organizers and juried participants. The event organizers decided not to pursue such sponsors for future events.

## Unit 7

## LEGAL AND ETHICAL ISSUES OF FUNDRAISING AND SPONSORSHIP

**Objectives**

At the end of this unit, you will be able to:

Understand the legal and ethical issues associated with fund raising and sponsorship

Increasingly event professionals are called upon to (in the context of this course) be development executives, public relations professionals, marketing experts, talent scouts, catering professionals, and they may need to perform many other roles as well. Add to that list the necessity of a role as “Legal/Ethics Expert.”

***Know all your LEGAL requirements***

**L**earn all tax requirements

**E**thics are essential

**G**et advice

**A**rbitration and mediation

**L**egal exposure—know your risks

**Contracts**

The purpose is to anticipate possible areas of disagreement and set forth a prior arrangement

Sections of a contract

- Parties
- Offer
- Consideration (fee)
- Acceptance
- Special terms (cancellation, arbitration)

Negotiation techniques—What are your “must have’s” vs. the “I would like to have’s”

### **Arbitration and Mediation**

Alternative Dispute Resolution (ADR)—A system by which opposing parties in a dispute agree to come to terms in an alternative, yet legal and binding manner, as opposed to taking their case to court.

Conciliation Services—Usually involves the presence of an outside mediator to bring two opposing parties to a point of agreement.

### **UBIT**

Unrelated Business Income Tax, or UBIT, is a tax levied by the IRS in an attempt to prevent exempt organizations from gaining an unfair advantage when competing with for-profit enterprises. The IRS may tax any income an exempt organization earns from activities unrelated to that organization’s exempt purpose. The rationale is that an organization’s charitable purpose is what entitles the organization to its tax exemption in the first place; any income producing activities beyond that purpose tend to resemble commercial enterprises that compete directly or indirectly with for-profit businesses.

In 1996, charities paid \$502 million in UBIT. The staggering increases every year in UBIT taxes paid by charities has grabbed the attention of the IRS and resulted in additional enforcement and review efforts.



## Sarbanes-Oxley Act

### Four Actions Nonprofits Should Consider in the Era of Sarbanes-Oxley

- Create an audit committee (if you do not already have one), and ensure it is active and aware. In a smaller organization, the finance committee can also function as the audit committee.
- Have your CEO and CFO publicly attest to the accuracy, completeness, and fairness of your financial statements (Form 990, if you use that as a public financial statement), and to the adequacy of your internal accounting controls.
- Publicly disclose that you have adopted, and follow, a code of ethics for senior management and the governing board. If you do not have such a code, adopt one at once!
- Consider very carefully all transactions between your organization and any “insider,” including executive compensation and fringe benefits and perks. “Insiders” (sometimes called Related Parties) include: organization officers, directors, trustees, and management in decision-making positions, major donors, and members of the immediate families of any of the preceding; controlled and affiliated organizations and trusts; and businesses in which any of the preceding are in significant positions of authority (owner or manager). Would you be even slightly embarrassed to read details of these transactions in your local newspaper?

## State Tax Registration

Charities soliciting for financial gifts are required to “register” with the tax office in each individual state in which they expect to do business. This requirement is true whether the fund raising activity is a solicitation/direct mail letter or a fund raising event in which donations are being sought. To make matters very complicated (!), each state has its own peculiar registration requirements. Some require that you simply complete a form on an annual basis and mail it to the state tax office. Most require a fee—anywhere from \$25 up to several hundred dollars. This is a time-consuming process for an organization’s accounting office.

It is important to note that if you are doing an overt “ask” at a fund raising gala, for instance, it is required that you have registered in advance with the state.

If your fund raising activity is confined to one geographic area or state, it should be little work to keep up with the annual renewals. If, however, your activity requires registration in all 50 states, this may be an activity that you want to outsource.

The Chronicle of Philanthropy newspaper often lists law firms or other agencies specializing in handling the tax registration issues for non-profit’s.

## Tax Deductibility (Assessing Fair Market Value)

This is another issue important to event fund raisers increasingly being enforced by the IRS. Although the ruling has been in effect for many years, only within the last ten has there been a “crackdown” on charities to report to donors the “fair market value” of “premiums” (i.e., “send us \$10 and we’ll send you this book”—usually the fair market value is around \$2 and \$8 will be a donation). Only the \$8 amount may be recorded by the donor as a donation.

In the case of a gala, the FMV is what it would cost a guest to purchase the same services at a comparable place. The FMV should take into account all of the costs associated with the event. Most black-tie dinners will price the FMV beginning at \$50 on up

## Ethics

Ethics are standards of conduct to which members of a profession are expected to adhere. Most professional associations have adopted their own “code of ethics”. While what is ethically proper can be debated back and forth with varying degrees of exactly what is ethical, it is important for event fund raisers to recognize that at some point they will be faced with a professional ethical dilemma. Perhaps you’ve read coverage of the Salt Lake City Olympic fiasco and thought to yourself, “that would never happen to me; I would never offer—or accept—that kind of bribery”. But where exactly do “nice gifts” become “bribes”? Where does one draw the line?

Consider the following situations:

1. You’ve just finished a productive fund raising event at which one donor presented you, on behalf of your organization, a check for \$500,000. The next day you hear of a specific funding dire emergency need (not related to your organization) for a keen interest of this same donor. Do you contact the donor to present the need? Do you give the name of the donor to the organization with the need?
2. You have just booked a series of three galas at the best hotel in New York City to take place within the next year. Now the sales manager is inviting your entire family to come for a complimentary weekend, airfare and lodging included. Do you accept?
3. Your a/v vendor is offering all-expense trips to the year 2000 Super Bowl for you and a guest. The package includes airfare, hotel, meals, the works. Due to unsatisfactory performance, you’re not planning on using this a/v vendor again, yet you accept the trip. Is this acceptable?
4. You have just changed positions. Do you contact donors of your former organization to introduce your new cause?
5. For your fund raising road rally event, you have rented 50 white limousines. The car rental agency is offering frequent flyer miles for the rental to your personal account. Do you accept?

In light of these and similar situations, many organizations have developed their own codes of ethics to address common business practices.





















