



# Arts Sponsorship Toolkit

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**BUSINESS  
AND ARTS**  
SOUTH AFRICA

# Introduction Answering the partnership call

## AN ARTS PARTNERSHIP TOOLKIT

This toolkit has been developed to assist the management team of an arts organisation to review, refresh and enhance their sponsorship practice.

Whilst Business and Arts South Africa understands the long term goal of partnership, to be one of Shared Value between business and the arts, this Toolkit talks specifically to the basic step-by-step engagement in a sponsorship environment.

For arts organisations with existing sponsorship relationships, the toolkit provides an opportunity to assess the depth and breadth of your practices, and the ability to develop a more sustainable arts partnership approach. For organisations searching for new or additional partners, the toolkit provides a step-by-step guide and set of exercises to craft a well-considered, longer-term arts partnership strategy.

The arts partnership management process outlined on this page highlights the ten

steps involved in developing and executing an arts partnership. The process begins with a thorough analysis of the environment external to the arts organisation, including socio-economic issues facing the organisation and the prospective partners. In order to craft a clear and focused plan, an organisation then needs to agree on a set of measurable partnering objectives. Importantly, the process includes exercises and guidance on creating the value of the organisation, including the arts 'product' and audiences. Existing rights that can be offered to prospective partners then need to be structured and priced. The process continues by exploring the available partners, grouping them and deciding which ones to target. Once a prospective partner has been chosen, a compelling value proposition needs to be developed that meets the needs of the partner. The process includes guidance on selling the partnership and building enduring relationships between the two partners, as well as exercises

to assist in activating the partnership on a weekly or monthly basis. Importantly, the arts partnership management process ends with the important step of measuring the effectiveness and efficiency of the organisation's efforts, and the management of partnerships on an on-going basis.

To accompany you through the toolkit, we have created a fictional arts organisation, Local Vocal, a company of young opera singers. The management of Local Vocal will demonstrate the tools in each of the ten steps of the toolkit process. Compare your efforts with theirs and let us see how they compare.

## WORKING WITH THE TOOLKIT

Each of the ten steps of the toolkit process has been designed as both stand-alone and cumulative units. Some arts organisations will find value in using the toolkit step-by-step to develop or refine their sponsorship strategies. Others may find it more beneficial to focus their work on a selection of the steps.

We acknowledge and thank the numerous Arts organisations who have provided input to the toolkit, including Eben Keun at Breinstorm Brand Architects and Sophia Welz at the South African National Youth Orchestra Foundation. Our hope is that the toolkit is a "living" document for you and that it is useful to you as you build an even stronger and successful arts organisation.

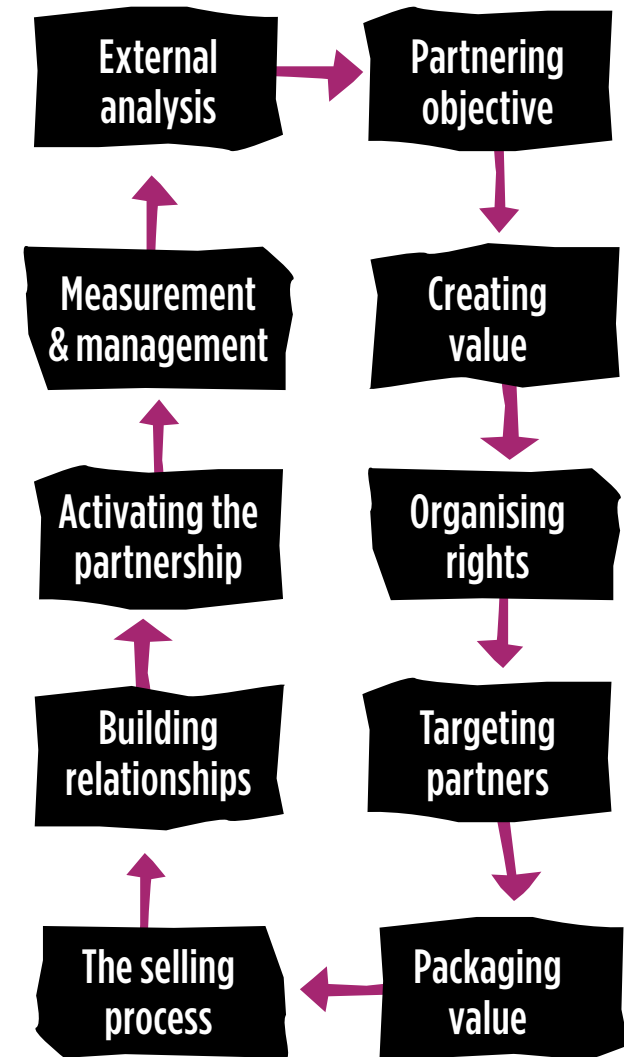
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# Arts partnership management process



# Exercise Assessing your approach to arts sponsorship

## Three broad approaches to arts sponsorship

Approach	Patronage	Marketing	Partnership
Focus	Giving	A deal	Strategic integration
Basis	Donation	Business transaction	Mission & values

### TOWARDS AN ARTS PARTNERSHIP

Support for the arts is a well-established practice. Its roots are often traced back to the Greek and Roman era, while the word 'sponsorship' is said to be derived from the Greek word "horigia", which is a combination of the words "horos" (the dance) and "igoumai" (I direct or I lead) - suggesting that the person who led or paid for the festival or dance was the "horigos" or sponsor<sup>1</sup>. The practice of arts sponsorship has not stood still during the centuries, with significant shifts in the way art organisations and sponsoring organisations have approached their relationship. Today, partnerships are often considered more equitable, providing both the arts organisation and the sponsor beneficial value.

One way to think about

these shifts, and the evolving connections between the worlds of arts and business, is in terms of the three broad approaches to arts sponsorship: patronage, marketing and partnership<sup>2</sup>.

The patronage approach to arts sponsorship typically involves individuals or organisations with significant discretionary funds donating a portion of these to artists or arts organisations who are in need of funds to survive. The dominant form of interaction in this approach is more one-way and dependent, with strongly subjective decision-making by the patron. This approach has contributed significantly to the highly valued collections of art created and to the support of artists across the ages. Historians remind us of Michelangelo's relationship with his benefactor Lorenzo de Medici and John Dryden's appointment

to the Court of Charles II. More recently, The Economist highlighted the increase in private funding of the arts in the UK from £600,000 in 1976 to £686m by 2009<sup>3</sup>. A BASA Research Report into the relationship between arts organisations and sponsors included the following example of a patronage approach<sup>4</sup>:

Both Catalina Theatre and Cape Town Opera have secured individual patrons to support their work. In the case of Catalina Theatre 25 seats have been paid for by organisations. This is not always used to attend shows or invite guests. As the Artistic Director, Themis Venturas explained: "Some come to each show and some never come." The Cape Town Opera Company on the other hand nurtures its 65 patrons with beautifully

crafted complimentary tickets, special events and opening night functions. As Lize Coetzer, Fundraiser for the Cape Town Opera acknowledged, working with patrons "...is labour intensive but rewarding."

The marketing approach involves the identification of a business opportunity, typically by a private sector company. The dominant form of interaction for this more rationalist approach is mostly one-way, with business profit concerns driving decision-making within the sponsor, and client relationship management practices shaping the arts organisation's approach.

The more fruitful partnership approach to arts sponsorship involves a more strategic integration between the partners. These relationships are typically

## Which approach best describes your current engagement with funders?

Current approach	Evidence of this approach

## How do you feel about your current approach?

# What is the difference between a customer and an audience?

Term	Definition	Characteristics
<b>Audience</b>	A body of listeners or spectators	Passive   Recipient   One-sided relationship   Short-term contact   No impact on product or delivery   Needs unknown   Power rests with presenter
<b>Customer</b>	A person who buys, especially on a regular basis AND/OR a person with whom one must deal	Active   Participant   Two-way, ongoing relationship   Transaction is overt   Involved in product and delivery   Needs fulfillment is key to success of sale   Power rests with buyer

longer-term and involve the fusion or synergy between the core values of the two organisations. The dominant form of interaction in this approach is more two-way and interdependent, with corporate citizenship and broader societal goals driving decision-making within the sponsor, while the arts organisation views their role as broader than just delivering an experience to their existing audiences.

The shift towards an arts partnership approach means recognising the difference between an audience and a partner. One way to think

about a partnering company is to view them as a longer-term “customer,” who is interested in an on-going exchange of value. As opposed to a more passive audience, a customer is a more active person or company that may be actively involved in the delivery of value<sup>5</sup>.

One way to analyse the breadth of connections between the sponsoring company and the arts organisation is to explore the company areas and functions in which the involvement in the arts can have an impact<sup>6</sup>.

## Company areas and functions impacted by art sponsorship

### External to the business

Public relations	Marketing	CSI <sup>7</sup>
Media coverage, reputation, networking & hospitality	Promotion, point of sales, advertising, branding, communication, customer relationships	Corporate citizenship, community programmes, social responsibility, BBBEE

### Internal to the business

Production	Innovation, R&D	Human Resources
Knowledge base, processes & culture	New product development, creativity & collaboration	Training and development, employee wellness, work environment & motivation

Arts sponsorship strategies can be considered along two dimensions: the external or internal focus, and the shorter or longer-term investment<sup>8</sup>.

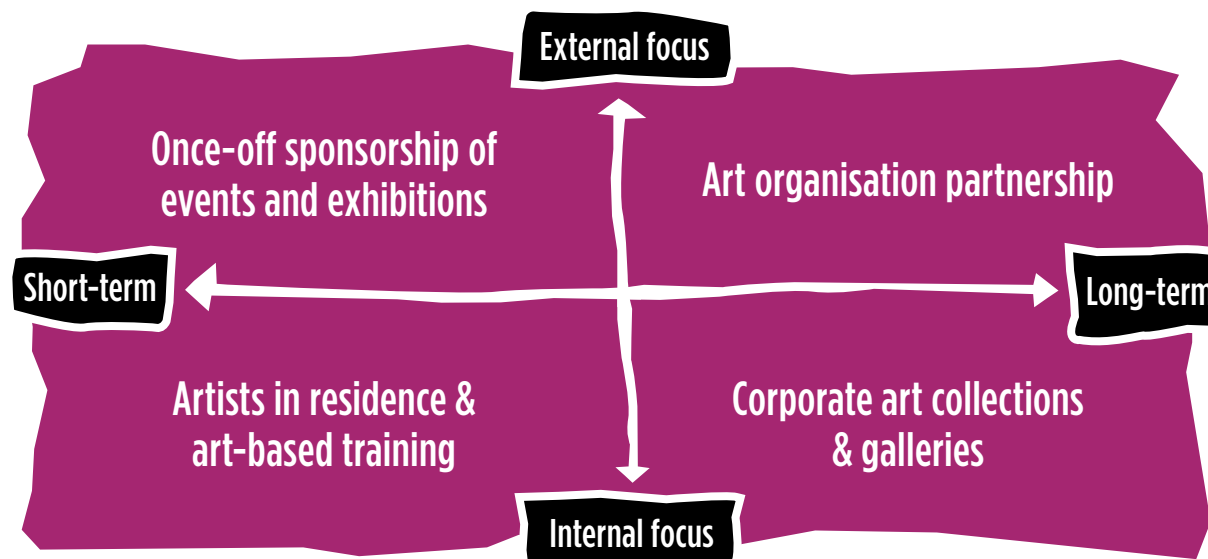
These dimensions then create four quadrants, as represented to the right. The longer-term strategies are typical of an arts partnership approach.

## Exercise Considering the focus and duration of the arts sponsorships you receive

Reflect on the figure below

Which quadrant best describes the type of arts sponsorships you are currently receiving?

Which quadrant would you like your arts organisation's sponsorships to fit into?

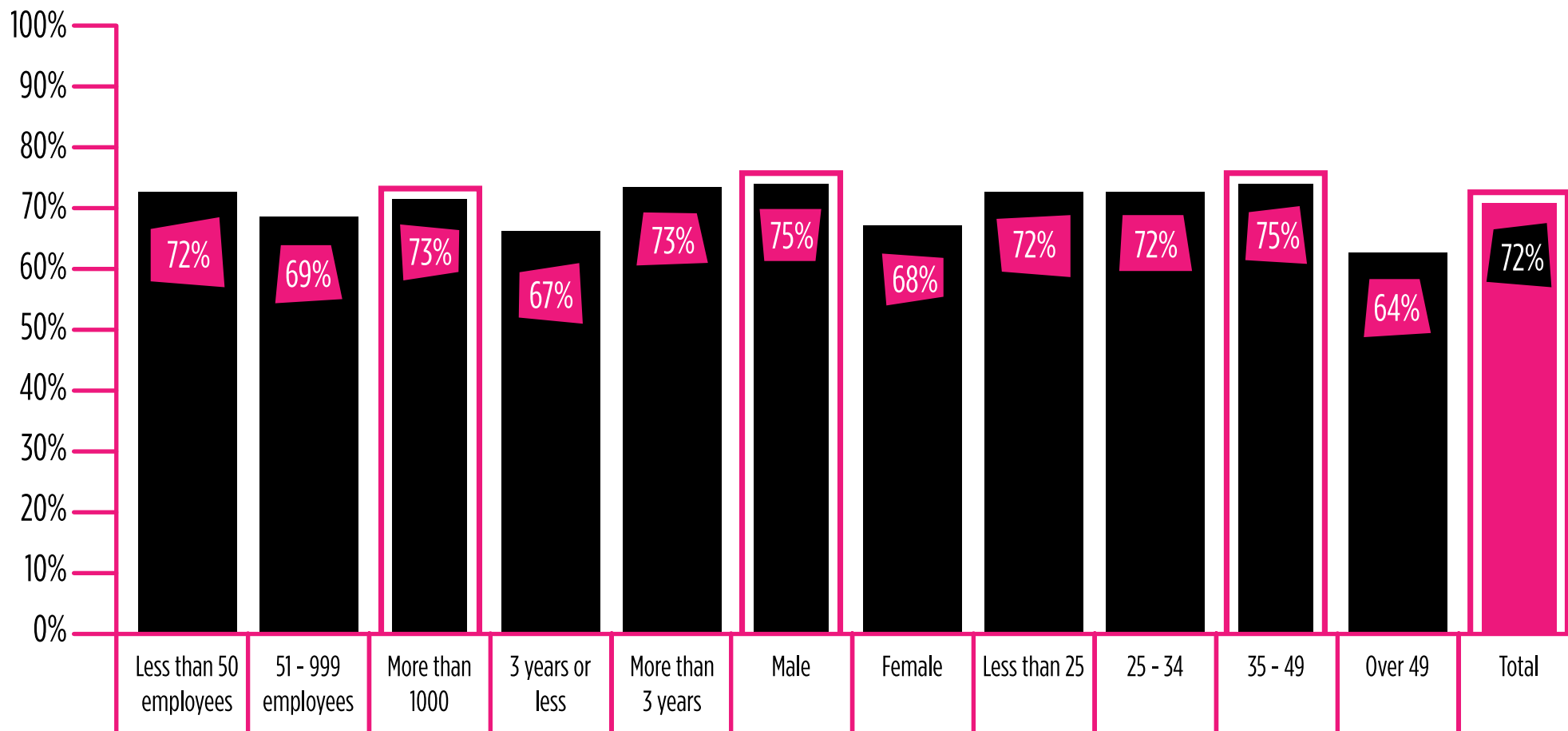


# Exercise Assessing your progression to partnership

Which areas of your sponsor's business currently touch their involvement with your organisation?	
Business area	How is it currently touched by the arts?
Public relations	
Marketing	
CSR	
Production	
Innovation	
Human Resources	

**Which areas of your sponsor's business could take greater advantage of their involvement in the arts?**

**What would you need to do to enable that area of your sponsor's business to be more involved with your organisation?**



An Arts Engagement index has been developed by BASA to track the extent of company involvement in the arts<sup>9</sup>. The index, a composite survey score scaled to 100, was developed from research conducted with BASA corporate members during 2011. This Engagement index measured involvement in the arts in terms of the following:

- The number of years involved in the arts
- The hierarchy level involved in the decision to invest
- The hierarchy level that makes the final decision
- The functions in the business involved in some way in the arts sponsorship.

The score for 2011 was 72%, pointing to high levels of involvement in the arts by BASA members, suggesting good progress towards arts partnerships between arts organisations and sponsors.

# Step one External analysis

“A mark of sound management in any organization is to review the new market conditions, the competition (both inside and outside the arts world), and the mind-set of consumers, and then revise old assumptions and launch new marketing initiatives for breathing new life into the performing arts business.”<sup>10</sup>

— Professor Philip Kotler, Kellogg School of Management, Northwestern University

## SCANNING THE EXTERNAL ENVIRONMENT

An arts organisation and its sponsorship strategy do not exist within a vacuum. Societies, countries and governments change, sometimes rapidly. Audience preferences evolve, often surprisingly. Corporate strategies are adjusted, regularly mid-stream. To navigate this uncertain landscape, arts

organisation managers need to scan the external environment in order to understand, anticipate, prepare for and address these changes.

The forces that may impact an arts organisation include **P**olitical, **E**conomic, **S**ociocultural, **T**echnological, **L**egal, and **E**nvironmental - or **PESTLE** for short.

External force	Description	Example of forces impacting Local Vocal
<b>Political</b>	National or local political policies, statements or shifts	An emerging policy from a major political party calling for artistic expression to be aligned to specific ideological beliefs
<b>Economic</b>	Macro- and micro-economic changes	Mineral prices decline due to reduced global demand, resulting in less profitable mining companies who are less able to support the arts
<b>Sociocultural</b>	Social, demographic, and cultural trends	A growing younger population emerging from a relatively weak educational system that have limited exposure to the arts
<b>Technological</b>	Changes in technology, including mobile	More affordable and available smartphones become part of the way audiences wish to experience art
<b>Legal</b>	Trademark and artistic expression laws	Paintings of political, sport and entertainment celebrities attract the interest of agents demanding royalties
<b>Environmental</b>	From changes in weather patterns to views on environmental sustainability and carbon footprints	Less reliable electricity grids force arts venues to further invest in power generators and renewable energy sources



## Exercise Scanning the external environment

Reflect on the major external issues that could impact your area of the arts, or could impact your prospective audiences and sponsors. It may be helpful to review some recent newspapers to keep up-to-date on the issues outside your organisation.

External force	Issues that may impact us	Issues that may impact our audiences	Issues that may impact our sponsors
Political			
Economic			
Sociocultural			
Technological			
Legal			
Environmental			

# Exercise continued

What are the top 5 issues you have identified? What are the opportunities and threats that each issue raises for your organisation?

Top issues identified	Opportunities	Threats

## ANALYSING THE COMPETITION

Arts organisations face competition at a number of levels.<sup>11</sup> The first level is direct competition from those providing similar art forms, such as competing arts festivals, theatre productions being performed at the same time, or exhibitions occurring in different parts of a city. The second level of competition is from those providing other art forms, which are competing for broader arts audiences or sponsors. Although these organisations and performances may not be offering the specific kind of music genre or visual art style that you are, they may be equally appealing to an arts audience or sponsor. The third level of competition is indirect competition from those providing any other form of leisure or entertainment product, including blockbuster films or sporting events.

## HOW WELL DO YOU KNOW YOUR COMPETITORS?

One approach to getting to know them better is to a “mystery shopping” exercise, where you attend one of their events or activities and try to see it through their customers’ eyes. How would one of their audience members experience the event and how would one of their sponsors view the activity?

Another exercise has been called the “kitchen table”<sup>12</sup> test, where you gather as many of your competitors’ communication materials and lay them out next to your own organisation’s materials. How is each organisation branding themselves and what are the key messages being communicated? Which customers does it look like each organisation is trying to attract?

## ANALYSING THE CUSTOMER

An important first question to ask is “Who are your customers?” For most arts organisations, there are typically a few types of customers, including:

- Audiences
- Sponsors
- Volunteers
- Venues
- Media

This toolkit is focused primarily on the sponsor type of customer, although the techniques and exercises included in the ten steps process may be applicable to other customer types. Your audiences are an important customer type, which will be dealt with more fully in the “Creating value” step.

## Exercise Analysing the competition

My main first level competitors		Their main strengths & weaknesses	Our advantage over them
eg	Another opera company	Good political network and reliance on international musicians	Homegrown SA opera talent
1			
2			
3			
My main second level competitors			
eg	A Grand Masters art exhibition	Corporate sponsorship and exclusive collection	Youthful and interactive
1			
2			
3			
My main third level competitors			
eg	International 20-overs cricket series	Media exposure and weather dependent	Family connections of singers
1			
2			
3			

## **ANALYSING CURRENT AND PROSPECTIVE SPONSORS**

Think of an existing sponsor that you wish to deepen your partnership relationship with, or a prospective sponsor you would like to develop a relationship with. What drives them? What are their business goals or strategic objectives? You may want to review the most recent Annual Report of the sponsor, sections of their website relating to sponsorships, and recent statements by company managers about their business.

Before any customer makes a purchase, or a sponsor decides to get involved in the arts, they typically move through five stages: recognising that they have a problem, gathering information about ways to solve the problem, evaluating alternative solutions, choosing the solution, and deciding how to engage after the solution is purchased. It is important to fully understand how your sponsor will behave in each of these stages.

# **Exercise The sponsor's needs, goals & preferences**

**What is the sponsor's strategy in their chosen business & market?**

**What goals or objectives has the sponsor set for the coming year or two?**

**What will the sponsor be doing in the coming year or two to attract and retain customers and employees?**

# Exercise The sponsor's purchase-decision process <sup>13</sup>

“In the office we talk about them as clients, not as sponsors.”

— Misha Loots, Hilltop Live, September 2012

Stage	Explanation	Sponsor behaviour
Recognition	How does your prospective sponsor recognise that they have a need to sponsor an arts organisation? Are there any specific “triggers” that raise the sponsor’s awareness?	
Information	What sorts of information does your prospective sponsor look for? Where do they look for this information?	
Evaluation	How does your prospective sponsor evaluate alternative sponsorships? When do they do this evaluation and who is involved?	
Choice	What kind of choices does your prospective sponsor make when they sign a sponsorship?	
Post-purchase	What sorts of decisions does your prospective sponsor make during the period of the sponsorship?	

## Exercise People & roles played in the sponsor's decision-process

Name	Role played in sponsorship decision	Degree of influence	Perception of our organisation	"Hot buttons"
1				
2				
3				
4				
5				

After analysing the sponsor's purchase-decision process, arts organisations should look more closely at the specific sponsorship managers. By understanding the role these key individuals play, their influence and perceptions, as well as the key issues they care most about as people, arts organisations will be able to better target their approach.

Your analysis of the external environment, your competitors and your customers should provide you with a much deeper understanding of the context in which you are operating. Your answers to the exercises in this first step of the process will allow you to develop a more differentiated and relevant sponsorship strategy.

## Step two External analysis

“The arts industry (needs) to avoid viewing the private sector as a funder of last resort, but rather to start talking to the private sector as the initial ideas are being formed”

— Arts & Business UK

### SETTING ARTS SPONSORSHIP OBJECTIVES

Arts organisations looking to build stronger partnership relationships with their current and prospective sponsors, need to clarify their sponsorship objectives early.

What kind of sponsor are you looking for? What duration would you like the sponsorship to be? How much money versus in-kind goods or services do you hope to attract? Are there specific events or activities that you would like to associate the sponsor with?

A good objective is quantifiable. The **SMART** model is often used to develop good objectives. To be **SMART**, an objective should be specific, measurable, aggressive, realistic, and time-specific.<sup>16</sup> Each of your objectives should therefore be evaluated in terms of the extent to which they are:

#### **Specific:**

Is the objective clear? Will it be understood to mean the same thing across multiple functions and levels of your business? Will the words

used have consistent meaning throughout the duration of the sponsorship?

#### **Measurable:**

Does the objective include numeric measures? Are these measures easy to measure?

#### **Aggressive:**

Does the objective require some stretch beyond current performance or results? Is the objective aggressive enough to inspire action beyond the ordinary? Will the

objective achieve something worth achieving?

#### **Realistic:**

Can the objective be achieved through some serious hard work? Is the objective realistic enough not to scare people into inaction?

#### **Time-specific:**

Is it clear when the objective needs to be achieved by? Is this deadline a useful point in the future that takes existing reporting periods into account?

## Exercise Crafting your arts sponsorship objectives

What would you like to achieve with your sponsorship strategy?

How do these initial objectives take into account your previous analysis of the external environment, the competition, and the customer?

# Exercise Crafting your arts sponsorship objectives

Rewrite each of your initial objectives into the table below and evaluate each one in terms of the five SMART criteria

Objectives		S	M	A	R	T
eg	Within the next six months, Local Vocal will secure a multi-year supplier sponsor to cover the workshop travel needs of all participants	✓	✓	✓	✓	✓
1						
2						
3						
4						
<b>How can you make your objectives more quantifiable using the SMART model?</b>						
<b>What would your revised list of objectives be?</b>						



## Step three Creating value

**“An organisation can outperform its rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or both.”<sup>17</sup>**

— Professor Michael Porter, Harvard Business School

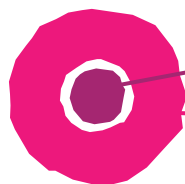
### THE ARTS ‘PRODUCT’

The term ‘product’ refers to anything that you offer to your chosen customers. This could include specific artwork, performances or experiences, such as a film in a cinema, the music performed at a concert, the paintings, crafts, sculptures and textiles that are produced for sale. If your chosen customer is a prospective sponsor, then your arts product also includes the value you provide to the sponsor, which

goes beyond the value provided to your audiences. One way to think about your arts product is to consider the core and augmented levels of the product.<sup>18</sup>

The core value for audiences relates to the artistic expression created for their benefit, including the examples mentioned before. The value for arts sponsors is often based on the support that the core product attracts from audiences. Larger audiences with the relevant

demographic and socio-economic profile enjoying a number of performances or exhibitions may be appealing to sponsors looking to connect more strongly with those audiences. Although arts sponsors may be committed to and value artistic expression, the arts product can be more appealing to corporate decision-makers when the augmented product includes unique access to relevant audiences.



**CORE VALUE TO AUDIENCES**

**AUGMENTED VALUE TO SPONSORS**

## Exercise Analysing my core arts ‘product’

**What makes up your core product?**

**Be as specific and detailed as possible.**

**Who ‘buys’ your core product? How many people attend, participate, or are touched by your core product? Who are these people typically?**

**What benefits do these audiences receive from ‘buying’ your core product?**

## **DIFFERENTIATING THE ARTS PRODUCT**

A product or service can be differentiated in a number of ways. Differentiating the value you provide to an audience helps them answer the question of why they should support your arts product, as opposed to any other.

# **Exercise Differentiating my arts product**

<b>Differentiator<sup>19</sup></b>	<b>How can my arts product be different from others?</b>
<b>Physical size, shape or structure</b>	
<b>Features</b>	
<b>Customisation</b>	
<b>Quality</b>	
<b>Style &amp; aesthetics</b>	
<b>Convenience</b>	
<b>Experience</b>	

## Exercise Enhancing my arts product

Some arts organisations may struggle to identify strong differentiators of their product, especially ones that would appeal to an audience. The arts product may then need to be enhanced or adapted. An idea generator framework<sup>20</sup> can be used to generate new product ideas or refine existing ones.

Innovation template	Description	New product ideas
Subtraction	Remove components of the existing product	
Multiplication	Make one or more copies of an existing component	
Division	Divide an existing product into its component parts	
Task unification	Assign a new task to an existing element	
Attribute dependency change	Change the relationship between product attributes and their immediate environment	

## **COMPETITIVELY POSITIONING THE ARTS PRODUCT**

Customers often evaluate a brand offering based on the category in which that brand competes. A category is the frame of reference for the customer, which tells the customer what kind of offering you are providing and importantly who you would like the customer to compare you with. A category could relate to the arts genre your organisation participates in, your arts form, or the geographical area in which you operate.

## **Exercise Defining my frame of reference**

**How would you define the arts category in which you operate?**

**Reflect on the main first level competitors you defined in Step One before. If you could chose who your audiences evaluate you against, which competitors would you want be seen as similar to?**

# Exercise Enhancing my arts product

Which category do you want audiences to see your arts product in?

Category competitors		How can I differentiate my arts product from theirs in a substantial way?	Do audiences care about these differences? Are these differences desirable?
1	1		
	2		
	3		
2	1		
	2		
	3		
3	1		
	2		
	3		

Once your offering has established its membership of a chosen category, you then need to focus on how to differentiate your offering from others in the category. This second phase of positioning involves emphasising the attributes or benefits that audiences strongly associate with your arts product and that they believe cannot be found to the same extent with competing arts organisations. Competitive brand positioning involves creating strong, favourable, and unique brand associations.

# Step four Organising rights

**“You do not build brand value by saying how cheap you are.  
You do build brand value by reinforcing how special you are.”**

— Larry Light, US brand consultant

## CREATING AN INVENTORY OF YOUR RIGHTS

In order to understand and structure the rights your organisation has to offer, you need to prepare an inventory of all the promotional and marketing opportunities that could be of value to a prospective sponsor. This may require looking at your organisation as a sponsor would and listing things you may never want to sell. A generic inventory could include the following<sup>21</sup>:

- Naming rights to the whole or pieces of the arts product
- Category exclusivity of some kind
- Use of arts organisation name, logo(s) & image(s)
- Merchandising & licensing rights
- Product endorsement rights
- First right of refusal for renewal
- Venue, timing and logistics input
- Use of sponsor venue
- Sponsor product or service showcase
- Sampling opportunities
- Different levels of outside venue signage
- Press conference signage
- Vehicle signage
- Internet signage
- Event participant branding
- Event staff branding
- Access to existing hospitality
- Opportunity to create own hospitality
- VIP tickets and passes to exclusive areas
- Celebrity/participant meet and greets
- Access to exclusive multimedia content for sponsor websites
- Links between sponsor and event sites
- Special access to event for sponsor customer or employee group
- Early access to event tickets for sponsor customer or employee group
- Different levels of access to event generated audience database
- Participation in arts organisation or event by sponsor employee group
- Access to celebrity/spokesperson for sponsor customer or employee events
- Opportunity to set up an employee recruitment station
- Different levels of inclusion in press releases and other media activities
- Custom design of new event or activity specifically around the sponsor
- Access to event-related research
- Opportunity to include sponsorship or industry related items on event research
- Different levels of in-kind supplier rights

## STRUCTURING YOUR RIGHTS

Before targeting prospective partners for sponsorship, an arts organisation needs to organise and price the marketing rights they wish to make available. These rights are the opportunities the arts organisation is creating for sponsors to legally and responsibly associate their brand name to the arts project or organisation. The available rights can be structured in a number of ways, depending on your sponsorship objectives.

One approach is to calculate the value of each of the inventory items above and then mix and match depending on the needs of the prospective sponsor. Another approach is to group the available inventory into a commercial structure.

# Exercise Structuring your rights

A typical commercial structure includes three levels of sponsors, as represented by the rights pyramid. How would you describe the relationship between your organisation and a sponsor at each level?

Naming rights	eg	The ABC Concert Performances		
Supporter rights	eg	Local Vocal Workshops in association with ABC		
Supplier rights	eg	Local Vocal travel exclusively with ABC		

**For each level, which elements of your available inventory would you be comfortable including?**

Naming rights	eg	Exclusive naming rights & equivalent brand & PR exposure. VIP hospitality access, as well as access to selected singers for 3 corporate events per year		
Supporter rights	eg	Product or service showcase & exclusive multimedia content. VIP tickets and hospitality access		
Supplier rights	eg	Vehicle signage & product endorsement rights. Internet links and direct marketing access		

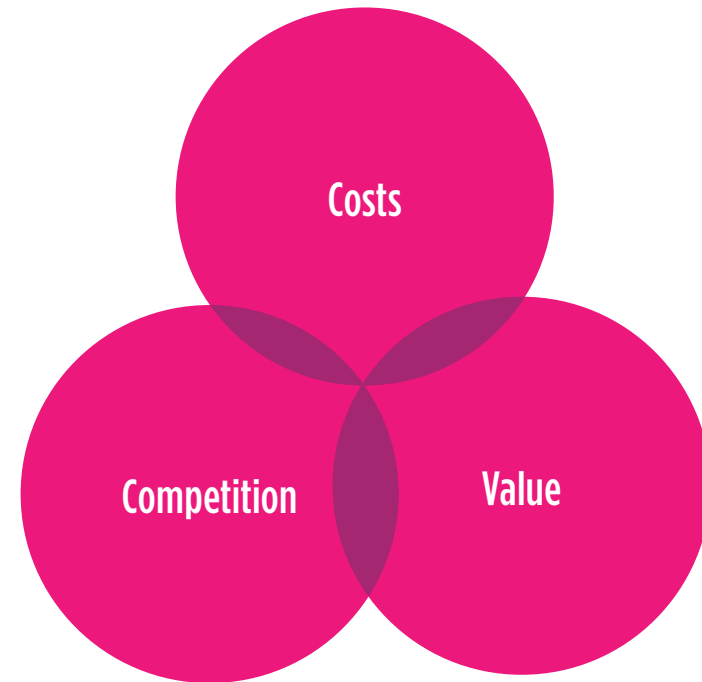
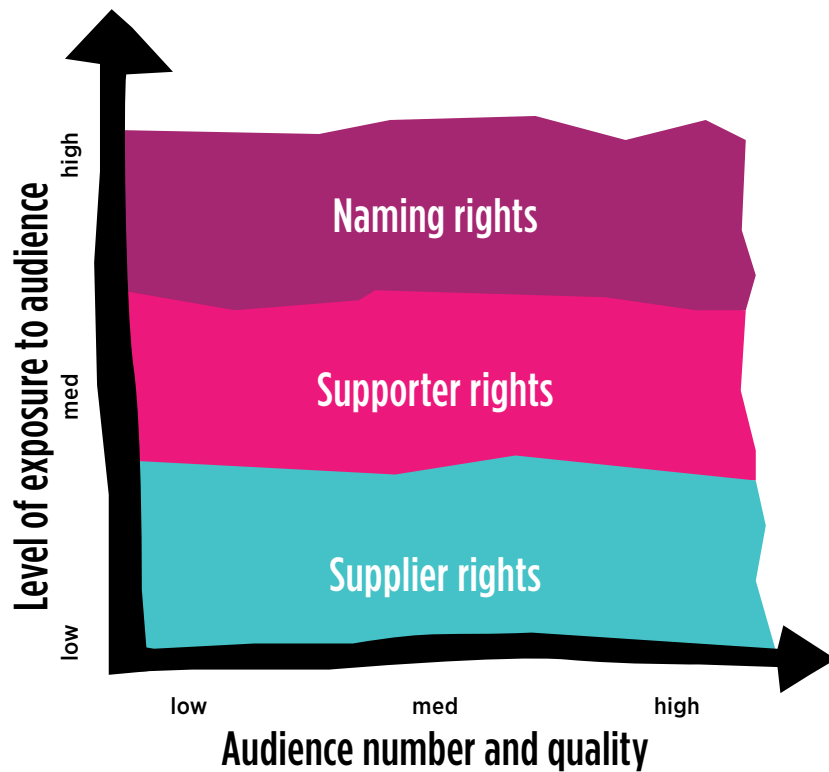
Typically, the value associated with each set of marketing rights is different, with naming rights being significantly more valuable than supplier rights. For each set of rights, an arts organisation needs to estimate the value

associated with the rights. Value is generated by a combination of the number and quality of the audience, as well as the level of exposure to that audience.

## PRICING YOUR RIGHTS

There are three factors that influence the price band within which to price available rights: the costs to be covered by the arts organisation;

the value of rights to prospective sponsor; and the price set by available competitor rights.<sup>22</sup>





# Exercise Pricing your rights

Valuing marketing rights <sup>23</sup>					
Number of people directly reached by the arts project			#		
Duration of dedicated exposure to sponsoring brand			min		
		<i>Multiplied product</i>			
Quality of exposure to sponsoring brand (double value if category exclusivity, triple if only sponsor)			#		
Level of sponsorship rights (naming = 1, supporter = 0.5, supplier = 0.3)			#		
		<i>Multiplied product</i>			
Triangulating the three factors					
Costs		Value		Competition	
Fixed costs		Naming rights		Competitor 1	
Production		Supporter		Competitor 2	
Labour		Supplier		Competitor 3	
Total		Total		Average	

## Step five

# Targeting partners

“It is said that if you know your enemies and know yourself, you will not be imperiled in a hundred battles; if you do not know your enemies but do know yourself, you will win one and lose one; if you do not know your enemies nor yourself, you will be imperiled in every single battle.”

— Sun Tzu, The Art of War

### GROUPING YOUR PROSPECTIVE SPONSORS

In step one of the toolkit you reflected on your existing or prospective sponsor's needs, goals and preferences. In order to decide which prospective sponsors to target and how to target them, arts organisations need to deeply understand the needs and processes of each prospective sponsor. A prospective sponsor's needs are

those business objectives they would like to achieve, which could in some way be achieved by a partnership with an arts organisation. The processes within a prospective sponsor are the sponsorship-related practices that would shape the way the sponsor would like to engage with an arts organisation.

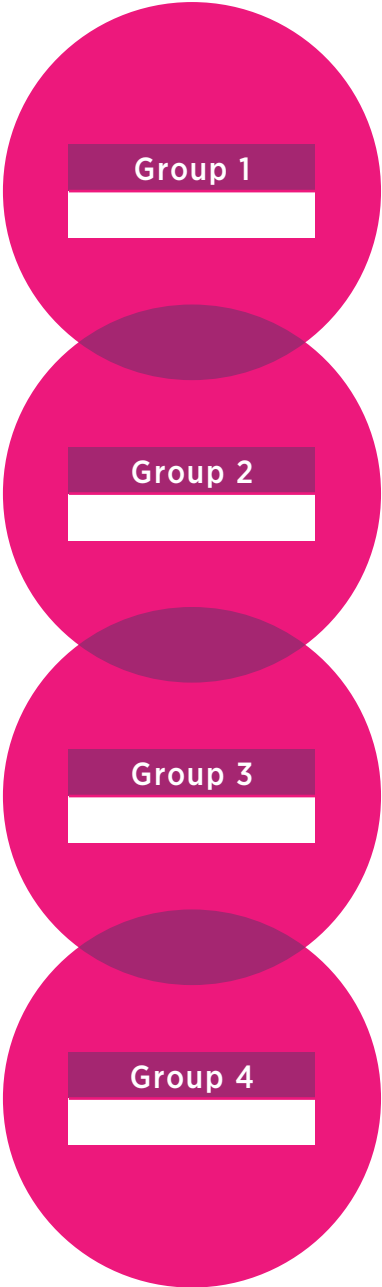
## Exercise Prospective sponsor needs and processes

Prospective sponsors	Relevant needs they have	Applicable processes
ABC Travel Company	To reach a young customer base & increase passenger sales across SA	Ad-hoc sponsorship meetings & limited cash sponsorships

# Exercise Continued

Prospective sponsors	Relevant needs they have	Applicable processes

**Which prospective sponsors have similar needs and processes? Group your list of prospective sponsors into smaller sets based on common needs and processes?<sup>24</sup> Is there a descriptive name you can come up with for each group?**





## Exercise Continued

Once you have developed your list, attach a weighting of importance to each one. Copy the factors that you weighted with high importance into the following table.

Factors	Group 1	Group 2	Group 3	Group 4

Using your refined list of attractiveness factors, evaluate each of your groups of prospective segments on a scale of high, medium and low. Are there groups of prospective sponsors that meet your standards?





## Step six Packaging value

**“I write the script, the directors and actors and designers write the production, and the audience writes the play. If there are 200 audience members, there are 200 plays.”**

— Paul Vogel, Pulitzer prize-winning playwright <sup>26</sup>

### **CRAFTING A VALUE PROPOSITION**

In step three of the toolkit, you worked on how to differentiate your arts product from competitor offerings. The purpose of that exercise was to clarify why a prospective sponsor should support your arts product over any others. The output of your efforts in step three was the development of a set of points of difference within a chosen category.

In step five, you focused on who your prospective sponsor should be. The output of this process was the definition of

a group of sponsors that your arts organisation would stand the best chance of being successful with. We will now bring these two steps together to craft a value proposition, specific to your targeted sponsors.

A value proposition represents the main sponsor benefits and value that your arts organisation will deliver to your chosen prospective sponsor, that will persuade the prospective sponsor to support you rather than a competitor. <sup>27</sup>

## Exercise Crafting a value proposition

<b>Target</b>	<b>Prospective sponsor</b>
<b>Needs</b>	<b>Most important need they have that we are meeting</b>
<b>Benefits</b>	<b>Main benefits they will receive from partnering with you</b>
<b>Evidence</b>	<b>The skills, capabilities, resources or features that you have that allows you to deliver these benefits</b>



## EVALUATING THE STRENGTH OF YOUR VALUE PROPOSITION

How compelling is your value proposition? How do you know how good it is? Research suggests that strong value propositions meet five criteria:

- Consistent with your analysis of the external environment
- Aligned to your partnering objectives
- Based on real differentiation
- Based on real evidence that you can deliver against
- Relevance to the prospective sponsor

# Exercise Evaluating your value proposition

To what extent does your current value proposition meet these criteria?

Criteria	Needs revision	Could improve	Perfect
External environment			
Objectives alignment			
Real differentiation			
Evidence of delivery			
Relevance to sponsor			

Which criterion raises questions about the strength of your value proposition? Go back to the target, needs, benefits and evidence sections of your value proposition early in this step and rework where required. When ready, rewrite your revised value proposition into the following form:

For [ ] description of target who have the important need to [ ]  
 [ ] description of their most important needs  
 we will demonstrate that by partnering with us they will receive the main benefits of [ ]  
 listing of main benefits provided to them by you because, relative to other competing arts organisations, we have a proven track record of [ ]  
 [ ]  
 [ ] description of why the sponsor should believe that you can deliver on the promised benefits and value [ ] .

## Step seven The selling process

“And old Dave, he’d go up to his room, y’understand, put on his green velvet slippers – I’ll never forget – and pick up his phone and call the buyers, and without leaving his room, at the age of eighty-four, he made his living. And when I saw that, I realized that selling was the greatest career a man could want”

— Arthur Miller, *Death of a Salesman*, 1949

### GETTING THEM INTERESTED

In step five of the toolkit, you decided on your target group of prospective sponsors and in step six you crafted a value proposition for that specific group. The next step is to generate interest from the prospective sponsors for the benefits and value that you are making available to them. It is time to get them interested to buy.

#### **A cup of coffee**

It is always ideal to meet with a potential sponsor in person

before submitting a proposal. This meeting, which could be less than half-an-hour, will allow you to develop an initial personal relationship with the sponsor, as well as allow them to experience your enthusiasm and belief in the impact that your organisation is making. A critical part of the meeting is to confirm and more deeply understand the sponsor’s needs, relevant processes and guidelines (gathered in step five), so that you can develop a more

targeted proposal to them. Remember, the purpose of the meeting is not to ask them for sponsorship, it is to share some of the impact of your organisation with them and for you to gain a deeper understanding of their business and marketing strategy, and sponsorship activities. A great way to end the meeting is to invite the sponsor to visit one of your upcoming arts projects or performances.

## Exercise

### Setting up the cup of coffee<sup>28</sup>

Who should you meet at the potential sponsor? It is preferable to meet a more senior manager, who may be involved in deciding about future sponsorships.

Prospective sponsor	
Contact name	
Contact position	
Any previous relationship with the contact	
Contact PA name	
Telephone number	
E-mail address	
Physical office location	

### **Putting the cup of coffee to work for the proposal**

The next step is to work on the sponsorship proposal for the prospective sponsor. A typical 7-10 page sponsorship proposal includes the following sections:<sup>29</sup>

**Overview** Provide a high level, but emotionally appealing, overview of the arts project or organisation, including how being involved will benefit the sponsor.

**Project/ organisational details** Data about your organisation or project, including dates, times, locations, projected attendance, ticket costs, membership numbers, etc.

**Target markets** Who will the arts project or organisation reach and what do we know about them? This section should outline, in as much demographic and psychographic detail as possible, the target segments for your arts activity. This section could be supported by comprehensive market research information (if available) or by profile information on the typical audience member. Previous experience suggests that using phrases such as “lovers of art”, “museum goers” or “general audience” are too general and indicate to sponsors that you do not really know your audience.<sup>30</sup> It is critical in this section to align the target audience you are attracting with the target market(s) that your prospective sponsor is looking for.

**Marketing plan** This is an overview of your marketing plan for the specific arts project or event you making available to be sponsored. It should include details about exactly how you will market yourself (and therefore the sponsor by association) to your target audiences, as well as the value, reach and audience of all communication components, such as different media and publicity plans.

**Leverage ideas** This section details how you propose they can use their sponsorship of you to achieve their business and marketing objectives. A creative set of new, different and effective ideas here will make it much easier for the sponsor to accept the proposal - as it shows them exactly how aligned your arts product is to the business results they need to achieve. Start with your understanding of their business objectives and then brainstorm the creative ways in which they could use your arts product to achieve each of their goals.

**Sponsorship benefits** You should list the specific benefits you will provide for the level of sponsorship being sought, which are then tailored to the needs of the prospective sponsor (drawn from step four of the toolkit).

**Investment** This section should detail the total financial and non-financial investment required for the proposed partnership. This could include cash amounts, in-kind supplies, as well as promotional support to contribute to maximising the sponsorship. This section should also detail payment terms and any performance incentives.

### **The arts product sampling experience**

While you are working on the proposal for the prospective sponsor, it is suggested that you host the prospective sponsor at one of your upcoming arts project or event.<sup>31</sup> Through this experience, the sponsorship decision maker can gain first-hand knowledge about the audience profile, art product experience, leverage opportunities, and ways to gain sponsorship benefits. Your time hosting the sponsor should also enable you to get informal feedback about some of your proposal ideas, as well as further insights about the sponsor’s needs that can allow further proposal customisation.

Initial notes on each section	
Overview	
Project/ organisational details	
Target markets	
Marketing plan	
Leverage ideas	
Sponsorship benefits	
Investment	

**“You have to sell it. Make it a product that the sponsor will think ‘Wow’. What they can possibly get out of it, but that we are negotiable, so lets talk about it.”**

— Georgina Thomson, Dance Umbrella, September 2012

### **MAKING THE OFFER**

The best time to approach a sponsor with your tailored proposal is before they have to set their budgets for the year in which your event or organisation is seeking sponsorship. Taking this into account, it is advisable to follow-up with your 7-10 page sponsorship proposal to the sponsorship decision-maker within a few weeks of the arts product sampling experience, but no more than two months after your last cup of coffee with the sponsor! Experience suggests that you should then contact the sponsor three or four days after sending your proposal, in order to set up a meeting to discuss the ideas outlined in the proposal.

#### **Remember your language**

In a business setting, it is important to “speak business”. You want to communicate that you understand that their sponsorship is a serious business decision and that you will work with them in a professional

manner to deliver value to everyone. With this in mind, it is suggested that you consider using some of the following terms.

### **CLOSING THE DEAL**

Your sponsorship proposal is a business offer of value, not a request for donation. As such, the follow-up meeting discussion should focus on how to best structure the deal to provide mutually beneficial value. Should the prospective sponsor agree to the value of the benefits offered and the current importance of these benefits to the company, the discussion may then involve budgetary limitations. The following techniques can be used to deal with budgetary limitations in closing the deal:<sup>32</sup>

- Multiple-year agreement with escalating rights fees: A portion of the first year’s investment could be shifted out to year 2 and 3, while still adding up to the same total

investment over 3 years.

- Reduced rights fees in return for promotional spend: A portion of the cash investment could be reallocated to media spend by the sponsor to promote their association with the arts organisation.
- Co-op arrangement between two related brands: A sponsor can share the investment with one of their suppliers or business partners.
- Accessing multiple internal budgets: A sponsorship that positively impacts marketing goals, human resources and talent goals, and corporate social investment goals could be funded from multiple budgets.
- Cash and in-kind combination: If the sponsor is able to contribute in-kind products or services that can save the arts organisation money, then the value of the savings can be reduced from the cash investment.

Instead of...	Use...
‘Awareness’, ‘exposure’ or ‘profile’	‘Opportunity to connect with your target market’ or ‘opportunity to build relevance and relationships’
‘Small audience’ or ‘small audience of enthusiasts’	‘Highly targeted’, ‘pure demographic’ or ‘niche market’
‘Support’	‘Invest’
‘Cost’ or ‘fee’ or ‘donation’ or ‘gift’	‘Investment’
‘Donor’, ‘funder’ or ‘supporter’	‘Investor’, ‘sponsor’ or ‘partner’
‘Marketing funds’	‘Sponsorship’ or ‘investment’

# Step eight

## Building relationships

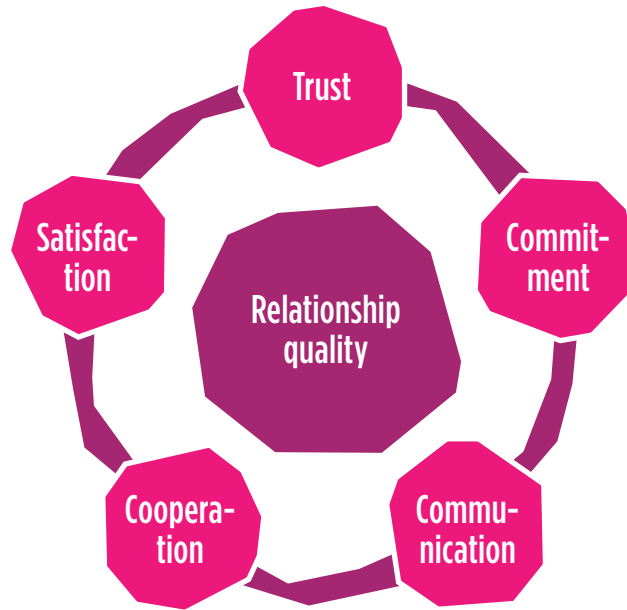
“At Business and Arts South Africa, we believe the conversation is initially about ‘community’ and not ‘cash’.”

— BASA

### RELATIONSHIP QUALITY MATTERS

Research suggests that there are five key drivers of relationship quality between two partner organisations: trust; commitment; communication; cooperation; and satisfaction.<sup>33</sup>

Developing a strong relationship built on these drivers obviously takes time and effort. The more time a number of representatives of both partners spend together working on delivering the sponsorship objectives, the better. A useful self-assessment tool to reflect on the quality of your relationship with your arts sponsor would include the following items:



Commitment	% score
We defend this arts sponsor whenever other criticize it	
We have a strong sense of loyalty to this arts sponsor	
We are never on the lookout for another arts sponsor deal to replace this arts sponsor	
We expect to be using this arts sponsor for some time	

If another arts sponsor offered us a better arts sponsorship deal, we would most certainly not take them on	
We are very committed to this arts sponsor	
We are quite willing to make long-term investments in our relationship with this arts sponsor	
Our relationship with this arts sponsor is a long-term alliance	
We are patient with this arts sponsor when they make mistakes that cause us trouble	
We are willing to dedicate whatever people and resources it takes to grow this arts sponsorship	
Trust	
11	We can rely on this arts sponsor in the arts sponsorship relationship

**“Build relationships - its all about relationships with your suppliers, your sponsors, your fans - whoever walks through your door is a relationship.”**

Misha Loots, Hilltop Live, September 2012.

12	This arts sponsor is knowledgeable about the arts sponsorship relationship	
13	This arts sponsor understands our position in the arts sponsorship relationship	
14	This arts sponsor cares for our welfare in the arts sponsorship relationship	
15	This arts sponsor is open in dealing with us in the arts sponsorship relationship	
16	We trust this arts sponsor to serve our best interests	
17	This arts sponsor is well known for their fair dealings with sponsors	
<b>Satisfaction</b>		

18	Our association with this arts sponsor has been a highly successful one	
19	Overall, the results of our relationship with this arts sponsor meets all expectations	
20	This arts sponsor lacks nothing in terms of performance to agreed standards	
<b>Cooperation</b>		
21	Whenever possible we work jointly on projects	
22	This arts sponsor cooperates closely with us within the context of the arts sponsorship	
23	This arts sponsor cooperates closely with us outside the context of the arts sponsorship	

24	We and this arts sponsor are doing many things together	
<b>Communication</b>		
25	We and this arts sponsor make a point of keeping each other well informed	
26	We are comfortable sharing information with this arts sponsor	
27	We are quite heavily involved in the marketing & planning efforts of the arts sponsor	
28	This arts sponsor seeks our advice and opinion concerning its marketing efforts	
29	Our relationship with this arts sponsor is like an open book	

# Exercise Assessing the quality of your art sponsorship relationships

Which of the relationship quality drivers or items are concerns in your current art partnership?

Research suggests that there are a number of ways in which to strengthen the quality of relationships between two organisations.<sup>34</sup>

Approaches to strengthen relationships	
Commitment	Specific people with responsibility for the arts sponsor
	Multi-year sponsorship agreements & leverage spend
Trust	Expect accountability, but do not micro-manage
	Double the amount of time spent together
Satisfaction	Track and measure outputs based on objectives
	Clarify and agree any performance standards
Cooperation	Agree on shared sponsorship objectives
	Facilitate shared opportunity workshops within organisations
Communication	Establish multiple points of connection between organisations
	Agree practical status and progress update sessions

# Exercise Strengthening the quality of your art sponsorship relationships

What steps can you take to address the concerns in your current art partnership or to develop stronger relationships with new sponsors?

## Step nine Activating the partnership

“Don’t buy the toy if you can’t afford the batteries!”

— Sponsorship director

### HELPING THE SPONSOR ACHIEVE THEIR OBJECTIVES

Leverage, to a sponsor, means getting the greatest possible benefit from an investment. But this is not just the sponsor’s job. In an arts partnership, where you are looking for a longer-term relationship, it is in your interest that the sponsor achieves their objectives. This is why you included a proposed set of initial leverage ideas in your sponsorship proposal in step seven of the toolkit. Typically, businesses continue to invest in those partnerships that provide the greatest returns. The rights the sponsor acquired in the sponsorship deal provided them with an opportunity, while leverage provides returns.

One way for a sponsor to achieve leverage an arts sponsorship is for it to be integrated more completely into the rest of the business. Arts organisations

can assist sponsors to integrate their sponsorships, thereby reducing overall costs and increasing returns, by encouraging sponsors to integrate their teams and integrating their marketing media.<sup>35</sup>

#### **Integrating their team**

As companies grow they may develop silos that often communicate and collaborate poorly. While understanding the organisational politics within your sponsor, an arts organisation can encourage the sponsor to create a multi-departmental team to direct the sponsorship. This team could include representatives of brand marketing, sales, advertising, talent management, market research, public relations, distribution and corporate communications. As their partner, this regular meeting should obviously include you, and could even be hosted by you at your offices.

## Exercise Making the sponsorship relevant across the business

In which ways could the arts sponsorship deliver value to different parts of the sponsoring company?

<b>Brand marketing</b>	eg	Activities that raise levels of brand awareness & influence brand associations
<b>Sales</b>	eg	Specific efforts to sell available & slow moving seats
<b>Advertising</b>	eg	Using exclusive opera company images, music and content for a relevant advertising campaign
<b>Talent management</b>	eg	Activities that involve employees in the sponsorship to enhance levels of engagement
<b>Market research</b>	eg	Activities that survey singers & families about travel needs & preferences
<b>Public relations</b>	eg	Sponsorship-related stories that give company executives a media platform
<b>Distribution</b>	eg	Activities that leverage singers’ home network to reach additional sales
<b>Corporate communications</b>	eg	Using the performances to host special investor or supplier events



## Exercise Making the sponsorship relevant across the business

In which ways could the arts sponsorship deliver value to different parts of the sponsoring company?

<b>Brand marketing</b>	
<b>Sales</b>	
<b>Advertising</b>	
<b>Talent management</b>	
<b>Market research</b>	
<b>Public relations</b>	
<b>Distribution</b>	
<b>Corporate communications</b>	

**Integrating their marketing media**

Sponsorships are often seen by companies as “platforms” to use to communicate a more interesting, emotional, and relevant message about their products and services to target audiences. As such, an arts sponsorship could serve as

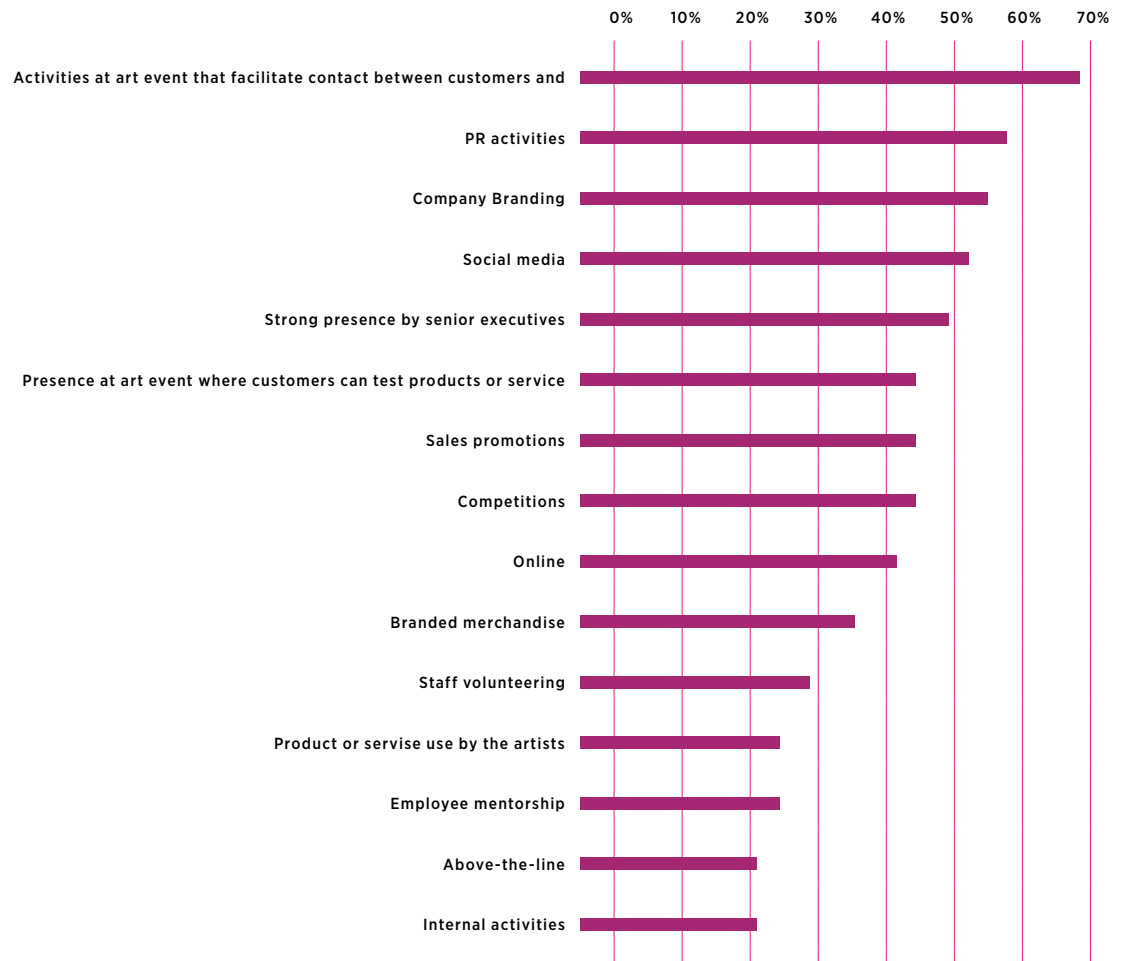
the core of a brand’s marketing communications activities.

In order to facilitate this, an arts organisation should reflect on the ways in which the arts sponsorship platform could be used to appeal to the different target market segments of the sponsoring company.

Segment one	Segment two	Segment three
How could the arts sponsorship appeal to this segment of the sponsor’s customers?	How could the arts sponsorship appeal to this segment of the sponsor’s customers?	How could the arts sponsorship appeal to this segment of the sponsor’s customers?

A recent BASA members’ survey demonstrated the range of different leverage activities being employed by companies to support their art sponsorships:

**Leverage activities employed by BASA members**



The BASA research went further to identify three sets of leverage activities being employed by members to support their art sponsorships:

**Internal leverage:** This type of leverage activity includes staff volunteering, employee mentorship, internal activities, branded merchandise and company branding. The function involved in this leverage type is executive management. Scaled to 100, the score for this type of leverage is 37%.

**High contact, below-the-line leverage:** This type of leverage activity includes making products or services available for use by artists, presence at an art event where customers can test products or services, social media activities, and PR activities that inform about the sponsorship. The function involved in this leverage type is CSI/Foundation. Scaled to 100, the score for this type of leverage is 39%.

**Promotional leverage above-the-line:** This type of leverage activity includes online Internet or Mobile sites about the art sponsorship, above-the-line advertising about art sponsorship, sales promotions linked to arts sponsorship, art events activities that facilitate contact between customers and employees, and competitions linked to art sponsorship. The function involved in this leverage type is Marketing/Sales/Communications. Scaled to 100, the score for this type of leverage is 49%.

Art sponsorship leverage activities are therefore typically external marketing communication campaigns, although they can be balanced with internal employee-focused initiatives, especially when the target audience for a sponsorship are employees. The choice and combination of leverage activities is thus strongly influenced by the objectives set and the target audience selected.

## Exercise Proposing leveraging activities

Reflect on a current arts partnership you are working on.

**Which internal leveraging activities could you propose to help your partner achieve their objectives?**


**Which external leveraging activities could you propose to help your partner achieve their objectives?**


**What role could your organisation play in executing these internal and external leveraging activities?**


# Step ten Measurement & management

**“You can only manage what you can measure.”**

— Peter Drucker

## YOUR MEASUREMENTS

In step two of the toolkit, you developed a set of SMART arts sponsorship objectives. An important initial phase in a measurement and management system is to regularly check on your progress towards achieving these objectives. The second level of your system is to evaluate the effectiveness of your arts sponsorship strategy. This review should occur at least annually, if not quarterly.

**“Successful arts organisations research their impact and do proper reports.”**

— Andre Le Roux, SAMRO  
Foundation, September 2012

# Exercise Measuring the effectiveness of your arts sponsorship strategy

Which sponsorship raising activities were most effective?	Which sponsorship raising activities were least effective?
Which sponsorship relationship activities were most effective?	Which sponsorship relationship activities were least effective?
Which sponsorship activation activities were most effective?	Which sponsorship activation activities were least effective?
How could you adjust your sponsorship strategy to be more effective?	

The third level of your measurement and management system is to track relevant information about your arts product and audiences. This information can be used in your own strategy debates, including how to enhance your arts product. The information will also be useful to your sponsor in understanding the impact of their sponsorship on your organisation.

## Exercise Tracking arts product and audiences information

Information about the arts product	
Number of events	
Attendance at events	
Information about your audiences	
Age profile	
Racial profile	
Gender profile	
Professional profile	
Income profile	
Geographic profile	
Family profile	

### THEIR MEASUREMENTS

Sponsorship measurement typically involves the activities of the sponsor and the arts organisation in tracking, measuring and demonstrating the value achieved by the sponsorship. Increasingly the responsibility for this critical step lies with both partners. An arts organisation can assist their sponsor in this measurement task by emphasising the following principles:

**Multiple measurements** Only measuring something at the end of a sponsorship only tells you what people think then. It provides no indication of any change and has limited potential to indicate the reasons why people may think this. Best practice sponsorship monitoring involves pre-sponsorship, during, and post-sponsorship research with comparable methods.

**The respondents matter** Each arts sponsorship is directed towards a specific group of people, which could include current customers, prospective customers, current employees, prospective employees, suppliers, investors, etc. Selecting a target audience of current customers and then conducting sponsorship research among the wider population (that may include a few customers) may be a significant waste of resources and provide little value.

**Comparing to those untouched by the sponsorship** In some cases sponsors focus their research only on those who attended or participated in an arts project or event. Should the research want to investigate whether

a change has occurred (in awareness or meaning or behaviour) and whether this change is related to the sponsorship, it would be necessary to compare the data from the sponsorship group with a control group that was in no way touched by the sponsorship.

The many different research activities that can be used broadly fit into three types: quantitative research, qualitative research, and media valuation.

**Quantitative research** provides a numerical value for the measures being

investigated. This research is often collected from a relatively small sample of people to give an indication of the views of the broader population. The quality of the questions being asked and the suitability and representivity of the sample are important issues to consider. The most common methods for collecting quantitative data for sponsorship research include:

- Face to face interviews
- Telephonic interviews
- Postal surveys
- Internet or e-mail questionnaires
- Self-completion terminals at art events

- Internal sales cycle and revenue data

Depending on the company's arts sponsorship objectives and leverage activities, the following metrics could be tracked and monitored via quantitative research:

- Brand awareness
- Brand image
- Brand consideration
- Customer and employee satisfaction
- Customer loyalty
- Propensity to switch
- Customer acquisition, retention and defection rates
- Awareness of

- art sponsorship
- Image of art sponsorship
- Fit of art sponsorship

**Qualitative research** focuses on the "why" questions and is used to understand why a target audience act or behave in a certain way. It provides insights into behaviours, motivations, attitudes, values and beliefs. Data collection would happen with a small group of people specifically selected for their characteristics or connection to the art project. The most common methods for collecting qualitative data for sponsorship research include:

- Focus groups
- In-depth interviews
- Observations

Depending on the arts sponsorship objectives and leverage activities, the following metrics could be tracked and monitored via qualitative research:

- Brand image associations and meaning
- Customer attitudes and motives
- Employee engagement
- Image of art sponsorship
- Fit of art sponsorship

Media valuation research is used to track the extent of

media coverage received by the sponsoring brand due to their involvement in the arts. It is best suited to arts sponsorship objectives related to awareness, where media exposure to larger numbers of people is valued. Media valuation places a monetary value on the "free" exposure generated by the sponsorship on TV, radio, newspapers and magazines, by comparing the duration and type of media exposure to the standard rate card price to place an equivalent paid-for advertisement. The advantages and disadvantages of the three main methodologies are:

	Quantitative	Qualitative	Media valuation
Advantages	Numerical data that can easily be analysed; Easily replicated and tracked over time; Larger samples can be researched	Insights into customer and employee attitudes and behaviours; May explain quantitative results	Method accuracy and acceptance; Objective and comparable results to other companies and sponsorships
Disadvantages	Survey quality dependent; Limited insights; Limited flexibility	Small numbers reached; Greater time & costs	Only focused on awareness objectives

## Exercise Making the sponsor's investment measurable

Which research methods (focus groups, face-to-face surveys, etc.) and metrics (such as employee engagement) may be best suited to your partner's sponsorship objectives, leverage activities and target audiences?

Objectives	Research approach	Method to use?	Metrics to track?
Awareness	Quantitative		
	Qualitative		
	Media valuation		
Brand	Quantitative		
	Qualitative		
	Media valuation		
Revenues	Quantitative		
	Qualitative		
	Media valuation		
Society	Quantitative		
	Qualitative		
	Media valuation		
<b>How can you assist your sponsor to track and measure the impact of their sponsorship investment?</b>			

## RENEWALS AND EXITS

Research suggests that a sponsor's intention to renew is driven by the combination of the extent to which they are focused on the needs of the art organisation they have partnered with, the extent to which the arts organisation is focused on the needs of the sponsor, and the levels of trust and commitment the sponsor has in the art organisation.<sup>35</sup>

### **Start early & start fresh<sup>36</sup>**

The work to renew a sponsorship begins the moment the sponsorship deal is signed.

Part of servicing the sponsor and building a quality relationship with the sponsor is to more deeply understand and meet their needs. As the sponsorship enters its final year or last few months, your vocabulary should shift from focusing on the short-term deliverables to focusing on the bigger picture opportunity to achieve future benefits.

A well-planned renewal also provides the opportunity to refresh the value proposition being offered and more closely meet the needs of the sponsor. Should the arts

organisation have delivered superior value during the current sponsorship, an opportunity also exists to up-sell the sponsor into a higher rights category.

### **Dealing with exits**

Sponsorship relationships can fade for a variety of reasons, including the lack of the drivers of relationship quality discussed in step eight of the toolkit. A weaker relationship may be the forerunner of an unintentional existing of a sponsorship contract. Research has identified the

following triggers of relationship fading:<sup>37</sup>

- Changes in the quality of relationship between the partners
- Changes in the characteristics of the sponsoring company and/or art organisation in the relationship
- Changes in potential competitors
- Changes in the broader contextual business environment

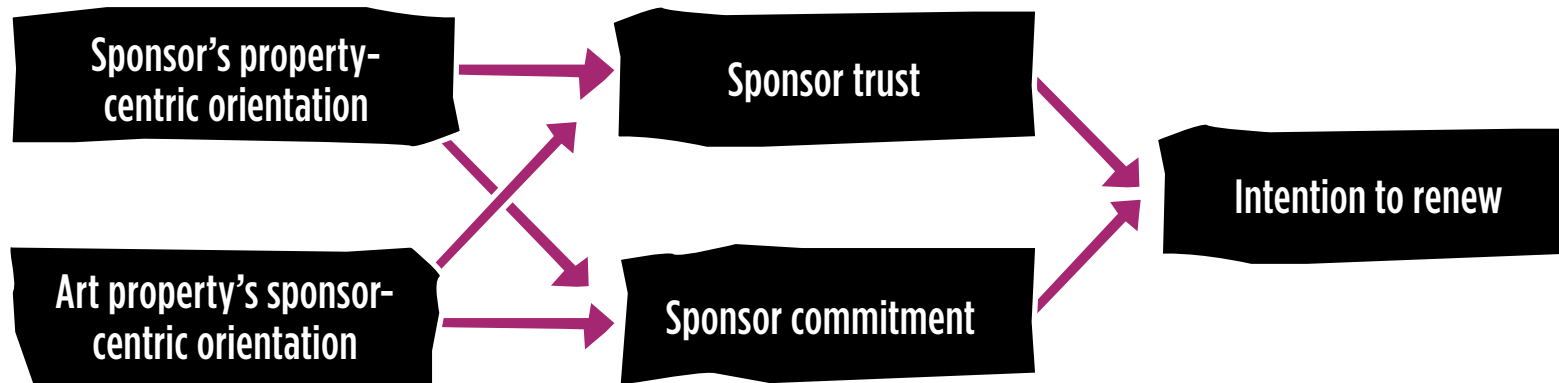
If you have been servicing your sponsor well, there will be no surprises!

The following actions are advised when you become aware that your sponsor may not renew:<sup>38</sup>

1. Debrief the sponsor to fully understand why they do not want to renew
2. If you are at fault in any way, apologise, and fix the problem
3. If you are not at fault, ask the sponsor for referrals to other companies who may be a better

fit - and get a reference

4. Ask your other sponsors for referrals
5. Review the benefits you were providing to the sponsor. Could you offer these benefits to other sponsors for an increased investment?
6. Update your rights and benefits inventory and proposal template
7. Target another set of prospective sponsors immediately





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