

# **Straightforward Sponsorship**

**An Introduction to Practical Sponsorship**

**Author Richard Taylor**

**mediataylor**

**© 2011 MediaTaylor Ltd ISSN 1748-2402**

The right of Richard Taylor to be identified as the author of this work has been asserted by him in accordance with the Copyright Designs and Patents Act 1988. All rights reserved. No part of this publication may be reproduced or stored in any retrieval system or transmitted, in any form by any means without prior written permission of the author, nor be circulated in any other form. And without a similar condition including this condition being imposed on the subsequent purchaser.

<b>Section</b>	<b>Topic</b>
Introduction	About the author
1	Outline
2	Sponsorship: what it is not, and what it is
3	Why be a sponsor?
4	Should you get involved?
5	Knowing your audience
6	Choosing a property
7	Negotiation
8	Contracts and letters of agreement (L.O.A.)
9	Management
10	Activation, and the place of the media in it
11	Measurement and evaluation
12	Renewal and portfolio management
13	Miscellaneous, including: Properties and sponsorship seekers, VAT& Government sponsorship
14	Summary
15	Appendix 1 Sample Sponsorship Policy
16	Appendix 2 Sample Letter of Agreement (L.O.A.)
17	Appendix 3 Sample Contract
18	Appendix 4 Sample Confidentiality Agreement
19	Appendix 5 Sponsorship Dictionary
20	Appendix 6 Information Sources

## About the author

Richard Taylor grew up in Australia and worked as a farmer before studying marketing at university.

He began his formal business career working in banking and insurance before moving by accident into educational marketing and communications. He set-up his own business (Educational Communications) and ran this successfully for ten years before selling it to EDCOMS, the leading international consultancy in educational marketing.

Whilst working in Australia Richard became a director of the Australian Sponsorship Marketing Association and was a director of several companies, including Netschool Ltd, whose maths tutoring software DaisyMaths was sponsored for several years by Kraft.

Since leaving Australia Richard has lived in San Francisco where he worked as a freelance marketing and sponsorship consultant, before moving to London.

Whilst in London Richard, held a senior position within the Department for Education and Skills (DfES) Business Development Unit and represented the department on the UK Government Sponsorship Steering Group (GSSG). After leaving the civil service, founded the education business intelligence business the assignment report (sold to UK company Meissa) and then along with Paul Birch (ex Bebo) founded games company Tutpup, which was sold to MindCandy the owners of MoshiMonsters. Richard currently runs MediaTaylor an educational business, marketing and sponsorship consultancy.

Richard is an Associate of the Australian Institute of Marketing, has a post-graduate qualification in Public Relations and lives between London and Sydney.

This book is dedicated to Margaret Taylor, Louise and Winnie.

# 1 Outline

This book has two broad aims:

- To give you an understanding of sponsorship and of the ways in which it might be relevant to your organisation
- To provide you with some pragmatic skills

It is primarily for small organisations considering becoming sponsors and individuals wanting to improve their professional skills. It is not a tool kit for sponsorship seekers, however it will also be of value to those seeking sponsorship, who will find many of the things covered useful for understanding the needs of sponsors.

Each of the themes covered in this course concerns one major area of sponsorship. We will be going through them quickly, to get from theory to the real world and your particular needs. If there are things that you don't understand, or that you disagree with, write down your queries and review them at the end of the book.

The book has been written by someone who has been involved in sponsorship for many years and who has started, built and sold a successful marketing communications (MARCOMS) business.

## 2 Sponsorship: what it is not, and what it is

What exactly is sponsorship?

***Sponsorship is a commercial relationship between a property and sponsor that seeks to deliver definable business objectives for both parties.***

Nowadays, a huge number of organisations are asked to 'sponsor' something, but if the arrangement does not meet this one fundamental test – delivering definable business objectives for both parties – then it's not really sponsorship.

- **Sponsorship isn't new.** Records from 776BC show that sponsorship flourished in Ancient Greece, when wealthy Athenians contributed to expenses related to culture, defence, the state and sport. The best-known sponsorship of that period (and of today too) is of the Olympic Games, which originally took place in Olympia and were revived largely as a result of the efforts of Baron Pierre du Courbertain in 1896 in Athens
- **More than just large sporting events.** Although sport typically gets the largest share of what is spent on sponsorship in the US each year (more than US\$30 billion), sponsorship is not just about sport, nor is it by any means a recent marketing phenomenon. It helped, for example, to build free-to-air radio and television. The production costs of soap operas were underwritten by sponsorship from advertisers, including soap manufacturers like Procter & Gamble and Unilever (hence the name 'soap opera'). A better production led to better programmes, which led to larger audiences for both the programmes and the advertisers.
- **Not exclusive to television.** Penguin, the well-known British publishing brand, used sponsorship (and advertising) as part of the business model for cheap mass-market fiction novels in the late 1940s. The mix of sponsorship properties (a 'property' is what you pay to sponsor – see Section 6 below), sponsors and deals is constantly evolving. And because large does not always mean effective, there has been significant growth in sectors such as the arts, media, cause-related and educational sponsorship
- **Not limited to big companies and 'fast-moving consumer goods' (FMCG) brands.** Of course, Procter & Gamble, American Express, Coca Cola and Mars are major sponsors, but so are organisations of every type and at every level, particularly SMEs (small and medium-sized enterprises) and government. The difference is that big sponsors generally (although not always) have the knowledge and experience to do sponsorship well and they only ever do it when it can deliver definable, measurable business outcomes.
- **It is not philanthropy.** According to the Oxford Dictionary, philanthropy is '*the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes*'. The distinction between philanthropy and sponsorship is important and one that you may be called upon, by clients or others, to draw.

### 3 Why be a sponsor?

Many organisations find it increasingly difficult to reach and create real relationships with their target audiences. One major problem is the staggering amount of noise generated by MARCOMS activities. In the US, for example, a child sees, on average, over 40,000 television advertisements a year! Just imagine how swamped the average adult consumer is when you add print (newspapers and magazines), outdoor and radio and online advertising! Do people ask for or want most of these messages? Of course not, and that's why most (but not all) low-involvement advertisements have become 'white noise'. This applies online where companies like Google try to match advertisements people see, with their 'interests'.

What differentiates sponsorship from advertising and promotions is its capacity to reach a targeted audience with relevant, high-involvement experiences. So the advantage of sponsorship is that it is relevant and participatory, not just something that adds to the volume of advertising noise.

#### Example 1

*Way back in 1997 Steve Koonin who then worked for from Coca Cola gave an example of relevance versus noise at the IEG sponsorship conference in Chicago. He described Coke's old approach to sponsorship and marketing in general as, 'We used to try to paint everything red'. He then went on to say that eventually Coke realised that this approach simply did not connect with its audience and so now they 'try to paint things relevant'. Steve went on described how Coke changed its approach to baseball in a major US city. The city was very hot and humid city, but instead of supporting fans, Coke actually charged them a premium for drinking their product inside the stadium while subsidising the lavish salaries of multi-millionaire athletes through personal endorsement contracts and a team sponsorship. Coke's problem was that far from building a rapport with their customers they were alienating them and turning them off their products! Coke's response was to drop team sponsorship and player endorsements but to retain the naming rights to the ground. The company then invested the money that used to go to players and the team into redeveloping the section of the stadium used by hometown supporters. Air-conditioning and new comfortable seats were installed and the prices of Coke products were kept at the same level as those outside the ground. This gave fans a far more comfortable experience that linked their passion with Coke in a direct way. To top it off, Coke also arranged to have fireworks set off from the roof every time the local team scored a home run!*

Sponsorship is a multi-dimensional tool for achieving business objectives, just one of a large number of marketing communications (MARCOMS) business tools. If it is to achieve its full potential, it should always be seen as supporting other elements of the marketing mix –these can include opportunities for:

- sales
- sampling
- merchandising
- data collection
- hospitality
- promotions
- endorsement

If it's done badly, sponsorship can fail spectacularly, which is why big sponsors invest in hiring experienced people, training their staff and getting integrated support from all their functional divisions and agencies. If you're spending US\$60 million, you really can't afford for things not to pay off. Even when you have the capacity you still need to find the right opportunity and to be in a position to take advantage of it when it occurs. Having deep pockets often leads to success (as the VISA case study shows), but small properties with modest prices can deliver great results if you innovate and do things well.

## **Example 2**

*Reading Is Fundamental (RIF) is an American literacy programme that aims to improve children's reading skills. As a property, it is unusual because most of the ones you read about are sports, events, parades, fairs, competitions, etc. Educational causes, although important, are not seen as exciting sponsorship opportunities that rival the Olympics, but this is just what happened when VISA sponsored RIF.*

*Within the sponsorship industry VISA's support of RIF over only eight weeks was a tiny blip on the radar. VISA has always been very sport oriented. After all they were the Exclusive Payment System and Card of the 2004 Athens Olympics as they had been at the Salt Lake, Sydney, Atlanta, Calgary, Seoul, Albertville, Barcelona, Lillehammer and Nagano games – not to mention several Paralympics games, sponsorship of the US Ski and Snowboarding team, US Track and Field team, etc., etc.*

So why did RIF and VISA's partnership succeed? First, they worked together to come up with something that would help support the goals of each organisation. For the 8-week fundraising promotion called Read Me A Story, VISA guaranteed to make a small donation for every purchase made using their credit card at participating retailers, with a guaranteed minimum donation to RIF of US\$1m. This approach used sales promotion to underpin VISA's guaranteed US\$1m sponsorship; at the same any fund raised in excess would go to RIF. From VISA's point of view it was leveraging the relationship in several ways:

- PR, media and communications platform associated with supporting a worthy cause
- Building support and involvement of their merchant partners (banks and retailers)
- Sales promotion opportunity to increase card usage at a critical retail period
- An opportunity to promote loyalty among existing card holders and merchants
- As a new card holder and merchant partner recruitment tool
- Leverage of existing relationships VISA held with sports teams and celebrities

So did it work? VISA and its bank and merchant partners spent US\$50m on activation around Read Me A Story. This generated 113 million media impressions and overall achieved one of the most positive evaluations (against specific business objectives) that VISA had ever attained from a major sponsorship. Carl Pascarella, Visa president and CEO at the time, said the results were 'probably the best ROI on any sponsorship we have ever done'.

What is the lesson here? VISA found a unique opportunity in a sector that had mostly been overlooked by other major sponsors. It was able to use its skills and experience to develop a mutually successful partnership that achieved definable business goals for each organisation.

It also found a way to create an enduring high-value connection with customers, partners and staff through an issue that was of significant importance to them as individuals, parents and as concerned citizens. Up to then it had been unheard-of to invest these sorts of sums in an educational cause. This initiative has helped persuade potential sponsors that there is more to successful sponsorship than big-ticket sports.

## 4 Should you become a sponsor?

Sponsorship is not for everyone. Any organisation thinking of getting involved should take a close look at itself before starting down the sponsorship road. How does your organisation rate on the following measures?

- Who are your target audiences and what motivates them?
- Is there a clear link between the sponsorship opportunity, the needs and motivations of your target audiences and your corporate goals?
- What's the opportunity cost of doing sponsorship, i.e. according to what objective criteria is sponsorship a better option than other MARCOM activities?
- How will sponsorship link to your existing MARCOM activities? Will it be integrated, will it support only a few specific activities or will it be a stand-alone activity?
- Have you calculated the total cost of sponsorship accurately, including expenses such as activation activities, agency costs, staffing and evaluation?
- How are you going to measure the results against your objectives?
- Does your organisation have the internal capacity and experience to make this work?
- Will you need to bring in external support?
- What level of support is there from senior management and from different functional areas across the organisation?

Why ask such seemingly obvious questions? Because lots of organisations get enthused about the potential of sponsorship, particularly when an interesting opportunity comes along, but they seriously underestimate what it takes to make a sponsorship succeed, as the following example shows.

### Example 3

*I lived in San Francisco during the first dot-com boom and was asked by several dot-com companies for sponsorship assistance. This was a time when reality seemed to be suspended; most of these companies didn't have any real products or services – instead they just had an idea that investors had thrown lots of money at. Every month there was a new trend and sponsorship became one such, because it was seen as a tertiary revenue stream. Secondary and tertiary revenue streams became all the rage, but most companies wanted sponsorship, not next year/quarter/month but next week (before they had to report to investors and venture capitalists)! Such an ill-considered approach was never going to work. Although some companies did do deals, we all know how most of these companies ended up – broke!*

Asking yourselves the eight questions above should show whether or not you are ready to be a sponsor. Some of you could answer these pretty much straightaway;

if it takes you more than a few days, you are getting too tied up in the minutiae and missing the big picture.

If the balance of answers unfavourable, then your organisation probably shouldn't be doing anything right now beyond thinking about sponsorship. Acknowledging and addressing that you are not ready to be a sponsor will put you in a position to at least consider sponsorship at a later stage.

Conversely, a majority of positive answers to these questions merely shows that you have capacity. Having the capacity to do something and actually doing it are two different things, so don't rush out and sponsor something just because you can – you first need to find an opportunity that fits.

As with most things in life and business, always be realistic about how much something like sponsorship can deliver. It's always better to under-promise and over-deliver than to promise to deliver more than you can.

## 5 Knowing your audience

No business activity works if you don't know your audience.

If there isn't a good match across most objectives the benefits will be short-term and you will have missed the key distinguishing features of successful sponsorships: involvement and sustainability.

The convention used to be that to segment most target audiences, all you needed to do was have some sort of demographic profile (sex, age, income, marital status, etc.) based on quantitative research. However, the weakness of demographics, and of quantitative research in general, is that, even though several different things are measured, each answer only shows one dimension. For example, in the UK you either fit into the 29–30 age category or you don't; or, on the National Readership Category Survey Classifications (NSR) Social Grade Scale, you're going to be in one of the six categories between an A and an E.

Demographic profiling is not the best predictor of what your audience want, of how they see themselves or of where they would like to be and it has largely been replaced by psychographic profiles (psyc profiles). Psyc profiles are snapshots of your audiences based on a mixture of quantitative and qualitative measures. What they try to summarise are the identities, beliefs and context that drive attitudes and decisions about products and services.

What makes this approach so different is that it's a reflection of people's aspirations and how they see themselves.

Psyc profiling and qualitative research are more accurate, but always more expensive than just using demographics. Most large sponsors use both methods to try to find a good match between what they want to achieve and what a property can offer. A close fit means the sponsorship is far more likely to be a success for both sides.

Small sponsors usually can't afford psyc research, but they can create a pretty good facsimile by combining demographic information with data about the interests of their target audiences. The process is not statistically valid but, if you involve sales and customer relations staff, then the results should be acceptable and much cheaper.

The one weakness with all research is that its value is predicated upon receiving honest answers. When it comes to answering anonymous questions in quantitative surveys, or when being paid to take part in a qualitative focus group, most people either lie or exaggerate. Who hasn't overstated their income, fitness or accomplishments in these situations?

When thinking about your audience and research keep in mind that successful sponsorships aim to deliver several different business objectives, so make sure you have a good all-round fit. Don't go ahead just because there is a good match in

one distinct area. Imagine, for example, that you're launching a new brand of luxury ice cream and have the opportunity to sponsor the West London Health Food Fair in Chiswick during late June. The property tells you that 95 per cent of last year's attendees are As and Bs whom their research describes as 'prosperous high achievers' whose key drivers are 'luxury' and 'service'.

This sounds a wonderful opportunity to launch your new brand with lots of sampling to your key target market (aspirational status-seeking careerists aged 25–35). Unfortunately, the launch, sampling and sponsorship turn out to be a complete flop, even though all the samples are eaten! Why? First, on a hot summer weekend who wouldn't accept free small ice creams? Second, the product was only available in the Selfridge and Harrod's food halls, not Tesco or Asda where these people shop with the kids after the school run. Finally, the primary motivator for the attendees of the fair was an interest in healthy family eating (organic food with low levels of additives and saturated fats): most of the women were on a diet, the kids ate only fish fingers and the men, having tried the Atkins diet, were worried about their cholesterol levels. A disaster all round.

## 6 Choosing what to sponsor (finding a property)

A property is the thing you pay to sponsor. It can be a rock concert, charitable cause, a seat in a park or a horse race, anything.

Choosing the right property for your business needs can be very difficult. There are two basic ways to go about it: you can seek properties out, or you can wait for them to come to you.

Until recently, most properties were sports, and they targeted big companies, chiefly those whose products were FMCG and who did lots of advertising. They did this on the basis that these organisations had deep pockets and that, by flattering the chairman (or board), some of this money could be directed to sponsorship. These deals, known as Chairman's Choice, still exist but they are very hard to justify to shareholders, auditors, and corporate governance committees.

Today there could hardly be a company in the UK that has not been offered some type of sponsorship in the last year. Most offers are unsolicited and almost all end up in the recycling! Why? Because unsolicited proposals show that the organisation who sent it hasn't taken the time to find out what you as a company may be interested in and to them tailor their offer around potential overlaps between what their property can deliver and your goals. They also show that there are lots of properties and that too many are indiscriminate in their activities, which is a waste of their effort and your time.

There is a positive side to this profusion, however: having so many properties keeps prices competitive, improves professionalism and gives sponsors a wider choice.

### The 3P model

The 3P model illustrates the two basic approaches to sponsorship. The left-hand side shows the traditional property-centric model, and the right a sponsor-centric approach. Most successful sponsors use the sponsor-centric approach simply because it puts them in control and reduces time wasted on inappropriate proposals.



Both models, if they are to be done correctly, require background work in the form of research or market intelligence (however you choose to call it). By this stage potential sponsors should have defined three things:

- Why they want to be involved
- What their key business goals are
- How these relate to the needs of their target audience.

Regardless of which side of the 3P model you choose, you still need to do more work. Even if properties approach you with well-crafted ideas (and this doesn't often happen), you have to put proposals through an evaluation process that is consistent and based on objective criteria. An ad-hoc approach is pointless, because you will end up evaluating each opportunity by a different set of measures.

### **Having a sponsorship policy**

An excellent starting point for this whole process is to develop a sponsorship policy. You should already have all the information: putting it into one document helps in several ways. First, it formalises all your work and makes clear to all internal stakeholders what you are trying to achieve. Second, it should help reduce inappropriate and unsolicited proposals, because properties can see exactly what you want. Finally, it helps show what you will be looking at in your evaluation process (or it should).

A sponsorship policy need not be a complex document or give away sensitive information, but it must provide enough for anyone to get a clear sense of what you are trying to achieve, and within what constraints. A sample policy is attached to this document (Appendix 1), but you should read this as no more than a starting point for your own policy.

Once you have a policy and an evaluation document you should let people know about it. Keeping it private because you are using the sponsor-centric approach won't stop the flow of substandard proposals. Put it on your website or into a document and refer all potential properties/sponsorship-seekers to it, stating quite clearly that those proposals that do not take its contents into consideration will be automatically rejected. If you are being sponsor-centric, send your policy to potential properties before even meeting with them, so they have time to consider your requirements and to decide how to move forward.

### **Evaluating and choosing properties**

There can be several stages to deciding upon which property you want to sponsor, and at each you should formally notify the successful and unsuccessful applicants of your decision.

Don't go into too much detail; always say thanks for the opportunity and encourage reapplication if they have a property that meets your requirements. Be courteous, but clear that no means no, and that your rejection letter is not the starting point for ongoing dialogue about your decision or the relative merits of their property.

You need also to inform those applicants who have proposals that you would like to look at further. Give a time frame for your review, but be clear that this does not represent partial acceptance or any form of preliminary agreement.

Reviewing short-listed candidates normally falls into two parts: evaluation of the match between property and your business goals and evaluation of the organisation who own or manage the property.

If you have a concise sponsorship policy and set of evaluation criteria, one property normally stands out as clearly superior, but occasionally there are several close alternatives. In either case the final decision may rest on a closer examination of the property owners and managers.

The worst outcome is to commit to a property and then to find that problems with the owners or managers undermine your investment. Conducting some sort of due-diligence review of these organisations is an absolute must. How you do this depends on your resources and potential commitment. If it's a small deal, you may be satisfied speaking to a few past sponsors or by doing an online search of the company, its history and statutory documents that are in the public domain. For larger deals you will want far more, including the following:

- Audited accounts of the company and related entities (at least two years)
- Credit rating
- Disclosure of any current or pending litigation, particularly disputes with sponsors, suppliers and any past or pending cases that may draw adverse publicity (e.g. unfair dismissal, sex discrimination, bribery and corruption, etc.)
- Detailed information about who will be working on the project and the level of senior internal and external (agency) support
- Reassurance that all people involved have appropriate training and insurance and are covered by enforceable confidentiality agreements

Fundamentally this is a form of insurance that the property is backed by organisational capacity and stability. Data can come directly from the property and should be checked against data procured from commercial sources. Most can be sourced from online information brokers and via commercial subscription services like Lexis Nexis.

When you make your final decision you can then start the negotiations.

## 7 Negotiation

If you find a good property, you need to come to some form of agreement. Negotiation is far more than agreeing the legal minutiae of the contract (although this is important); it's also about establishing a relationship based on good faith.

Good faith is the sense you get during these early deliberations that everyone involved will really try as hard as possible to make the relationship a success. Measuring good faith comes down to experience and personalities. Experience is probably the single most important asset in gauging how the relationship might work out. Sending a junior or inexperienced person to meetings shows that an organisation isn't serious; and, if it's not, then you shouldn't be considering sponsorship in the first place. Next come personalities: having confidence in those who will be working with you is fundamental. Always ask to meet everyone who will be working on the sponsorship and be quite explicit that you don't want to end up with different people, as often happens. All organisations have staff turnover, but turnover can be high in MARCOMS and sponsorship agencies, and this can have a negative impact. Always specify that designated senior managers sign off the work of subordinates and that you will be notified of any potential key staffing changes as soon as the property or employer becomes aware that these are likely to occur.

When it comes to negotiation, remember:

- There is always room for manoeuvre on each side
- Be clear about what you want and are prepared to pay
- Do not accept or apply undue pressure or use unethical tactics – be honest!
- Ensure that the person you are dealing with has adequate authority to negotiate

## 8 Contracts and Letters of Agreement (LOA)

From the outset you need to know what level of contractual arrangement is necessary and acceptable to both parties. If the deal involved is small, then a simple letter of agreement (LOA) will probably suffice. Most arrangements, particularly larger ones, now require a formal contract. There is nothing particularly unusual in this but both parties should be aware of the correlation between contractual complexities and cost. Either party can draw up an LOA or contract, but there is often a significant degree of inequality in their ability to do so.

For organisations with in-house lawyers or on retainer, the cost of contracts is an everyday expense and a sponsorship contract should present few difficulties. Unfortunately, most sponsorship contracts also include Intellectual Property and related covenants, the domain of specialist (i.e. very expensive) lawyers.

Therefore, legal costs and the time taken to achieve an executed agreement can easily spiral out of control. You need to be aware of this and to consider whether you have allowed adequate provision for such costs, which are notoriously hard to estimate. I have been involved in several projects where legal costs for small sponsors (and properties) have been almost as much as the value of the transaction to each party!

Finally, in most instances you will be dealing directly with the property, but it is not uncommon for agencies to be involved. With any agency make sure it is clear who will be executing the deal – is it the agency or the property – and what the relationship between the two parties is. Sponsors don't need uncertainty. Make sure it's clear who signs off on any issue, and who is legally responsible (the two are not necessarily the same).

## 9 Management

All business arrangements require management, but it's astounding how many sponsors don't really appreciate this. To drive value from your investment sponsors must make sure that there is:

- Support from senior management
- Adequate trained staffing (in-house or contracted in)
- Clear designations of authority (who can sign off, and who can't) and reporting lines (who reports to whom and when)
- Regular reports outlining what has been done, what's outstanding and any variations or alterations to timelines or other agreed items
- An agreed schedule of meetings with who is to attend and what is to be discussed

Without senior management support few things in business work: sponsorship is no exception. In small companies a flat management structure normally ensures support; in larger organisations things can be more problematic. What you don't want are turf wars between marketing/advertising/PR, etc. There is no guaranteed way to avoid this but a senior manager championing a sponsorship tends to reduce the chance of such problems occurring, or at least cause them to occur less frequently. The downside to senior management support is that it can lead to Chairman's Choice (see 6 Choosing a property), where a company ends up supporting the chairman's favourite ideas.

Getting staff who understand sponsorship can be a real challenge. Unfortunately there is no formal qualification for sponsorship in the same way that there is for marketing and advertising. Most of the sponsorship people I know have no formal business training, although almost all are very well organised and normally have some sort of account management experience. There are plenty of consultants who claim to specialise in sponsorship but, before hiring one, ask for sponsorship specific references and then check them carefully.

In terms of meetings, make sure that whoever's appointed to attend has enough experience and seniority to make decisions; otherwise you end up doing more work. You must also have a system for identifying action points, setting out who is responsible for them and determining whether or not the action has/is being taken. Having inadequate information can hurt both sides; just because you have the information doesn't mean everything will work, of course, but a key benefit of information is continuity: people come and go, but projects continue. Your system need not be expensive, but it should be suited to your requirements and preferences: I have always used ACT3 (a simple database product), but take your pick from Outlook, Access, Goldmine, Sales Force or any of the more expensive CRM systems from vendors like Autonomy, SAP or Siebel.

No matter who manages your deal there must be some sort of minimum meeting and reporting schedule stipulated in your contract/LOA. If the event is 12 months

away try to meet at least once a month; meet more frequently as any crucial dates near. If possible, ask for meetings where all sponsors can meet and discuss how they might be able to work together. By no means all properties understand the value of doing this.

A smart sponsor will have already factored in internal and external costs of working with the property. These will include the amount of time various staff will have to allocate to the project, internal team meetings and working with suppliers like advertising, event management and PR agencies.

As a sponsor, you may want your MARCOMS agencies to attend meetings if they will be working on the project. This used to only be relevant for larger sponsors who used advertising and PR agencies, but increasingly even SME's use specialist advisors. This is fine if the deal has already been done, but not if you are still in negotiations. Agencies and advisors tend to be territorial and often passionately try to defend their 'share' of your MARCOMS spending. In theory your agency works for you and should be looking out for ideas that help you.

Unfortunately, agencies and advisors can undermine sponsorship deals because they fear losing revenue and control over the client (you). Sponsorship normally means more work for agencies (new ads to create, promotions to organise, etc.), but the crazy thing is that many agencies don't see it this way. I have been in final contract negotiation meetings where a major international advertising agency pitched a competing idea they had dreamt up during the proceedings (without informing their client, who was decidedly unimpressed). In the end the agency got an extra \$1m in billable work and came on board, but I never really trusted them afterwards.

Make sure that the property has allocated adequate staffing to manage the relationship and that these people are sufficiently senior. You want to avoid having most decisions referred upwards (and sideways) for approval.

Good communication is a key aspect of successful sponsorships; few of us do it as well as we imagine in our personal lives, so don't fool yourself that you'll be any better at it at work although, oddly, this does often turn out to be the case!

## 10 Activation and media

Activation is what you do and spend to make a sponsorship work. For many years it was seen as a ratio to the overall fee (e.g. 1:1, 2:1 or even 3:1): for every unit you spent on the rights fee, you would have to spend x times that amount on various items in order to meet your goals. Today various people argue that the concept of activation is dead and that, because sponsorship is an integrated MARCOMS activity, extra spending is unnecessary as it will already be included in the budgets of, say, advertising, PR or event management.

Sponsorship should be an integrated marketing activity and involving your colleagues is sensible, but there are old-fashioned problems to integration – internal competition over budgets and between departments, management by committee, and parochialism – that always seem to undo any potential benefits.

If you have done your budgeting correctly, you should have access to and control over the funds. Of course, you can allocate some money to internal cost centres (like advertising), but you need to keep control. The aim is not to build empires, although this may sound like it: to succeed you need a reasonable measure of control, and no senior manager is going to give much credence to a cry of 'It failed because I wasn't given enough control'! Inexperienced sponsors often get caught out when it comes to activation, either because they under-budget or because they assume they will get funds allocated out of budgets they don't control.

When it comes to managing costs or creating more impact with your activation spending you may want to work with the property or with other sponsors, setting up a joint database, sharing hospitality costs or bulk buying; what you do doesn't matter, so long as you focus on how it helps you reach your business goals.

### Using the media

Don't assume that media is the primary activation tool, despite the fact that so many people seem to think so. Expensive above-the-line media like TV, newspapers, radio and online are helpful but not always necessary. Media can be important in reaching your target audience, but you might use trade magazines, telemarketing, promotions, direct mail, mini website or even an app, rather than taking out a half-page ad in a national newspaper. If you know your audiences, you should have a good idea of the best ways to let them know about your sponsorship and what's in it for them. Don't forget: your success is dependent on connecting with your target's needs and desires through your link with the property; it's not about making lots of noise about how great you are because you're a sponsor!

A further confusion in this area involves media sponsorship. Sometimes the fact that media outlets are sponsors may benefit you when you are mentioned in their activities. But this is very different from evaluating your spending on media in a way

that artificially exaggerates your sponsorship. An old media example, Mr X thinks he's negotiated a rate of \$8.99 per column centimetre, saving him \$1.00 of the normal (rack) rate. He's buying 1,000 column centimetres (\$8990), making a saving of \$1000, so he claims that the 'real' value of the media is \$9990 – or, to put it another way, he has a media sponsorship worth \$1000 (this applies equally to deals with websites, app downloads and virtually any sort of media). In reality this is simply false accounting – you pay what you negotiate and any grossed-up calculations are not a sponsorship.

People who make this kind of false accounting are normally the people who place undue emphasis on the volume of media coverage. PR companies frequently produce media books, with every article and mention carefully logged and then valued, as though the sponsor had paid for each reference. You can pay for PR activity and measure it (see evaluation), but over-valuing media and calling it a sponsorship is wrong and shows almost nothing about whether the sponsorship is a success or failure.

Many properties will have one or more media sponsors, and occasionally you might be able to do a contra-deal for publicity. Whether you include this in your valuation depends on how valuable the exposure is and what the cost of your contribution was.

If you can afford it, using sentiment measurement tools may be a better way to evaluate any media coverage, especially online (inc. blogs, Tweets and other forms of social media). Systems like those provided by companies like Onalytica measure online sentiment and influence and show you more clearly who key media influences really are.

## 11 Measurement and evaluation

If you don't evaluate, don't sponsor. Anyone who expects to be taken seriously by their peers and bosses (or to achieve success or job promotion) has to be able to justify their sponsorship spending. If you don't, all you're doing is making sponsorship look frivolous and contributing to the widespread impression that its practitioners are dilettantes and amateurs. Measurement is expensive, it's true, but sponsorship must be as accountable as any other area of spending and you have to do proper evaluation (quantitative and qualitative). If you don't, decision makers will allocate the budget elsewhere. There are three common explanations given for why measurement and evaluation don't take place:

1. It was the choice of the chairman/managing director/CEO
2. There was no budget left
3. It will be picked up in ongoing tracking research

Let's refute these in turn.

Any person of seniority who decided to sponsor something just because they liked it is probably in breach of their fiduciary duty to either their employer or shareholders. If you run your own business – fine; just don't call it sponsorship. Call it entertainment, philanthropy, even a non-repayable loan, just not sponsorship.

Poor budgeting is shorthand for poor financial management, something few people willingly admit to. Certainly expenses vary and decisions have to be taken about what gets cut, but it's pretty hard to front up to your boss and to claim success if you don't have the facts. Research and evaluation budgets should never be used for any other purpose.

Ongoing research is fine (if you can afford it), but any conclusions from such research will be open to dispute unless the research makes specific reference to the sponsorship and the business outcomes sought.

Some sponsors use very sophisticated tools (such as the Balanced Score Card approach), which doubtless provide incisive information. But it can cost six figures just to set up these systems, so they are unlikely to be cost-effective for many sponsors other than huge multinationals and government.

## 12 Renewal and portfolio management

Every deal should be time limited. Avoid open-ended agreements: they have serious pitfalls for both sponsors and property. But what happens when you come to the end of a sponsorship deal?

If the relationship has not been good (for example, there has been bad faith) then it's unlikely that either party will want to continue, and often ending things early will suit both sides. But, if the relationship has been successful, you might want the option to renew the deal. At the least, a sponsor's renewal options should include the right to negotiate a continuation of involvement, subject to certain conditions. There are lots of ways this can be phrased (exclusive or non-exclusive, offering either a first or last right of refusal), but complexity leads to misunderstanding – all you really want is the option to continue your association if you can come to mutually agreeable terms.

The property will need to find a new sponsor if they intend to stay in business. Depending on the exclusivity of your contract, properties often start business development activities to find new partners while the contract with the existing sponsor is still in place. From their perspective this makes absolute sense, but a particular fear of sponsors is that this may create a situation where a competitor takes over and gains competitive advantage based on the original sponsor's investment. A variation on this tactic is for properties to say, in the course of negotiations, 'We have been approached by your competitor, who offered \$x more'. If the deal's working and you want to continue, then it's likely you will end up paying more – but ask to see the offer in writing first. Counter-offers by competitors can be a variation of ambush marketing, where competitors have no intention of taking over and are just trying to force up the price so that you'll have fewer resources to allocate to other MARCOMS activities.

In some circumstances (although less usually with new sponsors) a sponsor will be involved with several properties and will need to make sure that activation and management costs are proportional to the size of each property. If you are ever in this situation you will need to do an audit to make sure that each property is performing: keep those that are, get rid of any that aren't, and keep an eye out for new opportunities.

Renewal really comes down to three things:

1. Good faith – it has to be there
2. Achieving defined business objectives – pre-set and quantifiable
3. Objective analysis – serious research and reporting.

## 13 Miscellaneous

### Properties and sponsorship seekers

There are so many groups asking for sponsorship that it can seem overwhelming. Not every property is fantastic, nor is a small deal less likely to succeed than a large one; what a good sponsor needs is a decent property and an equally good owner/manager. Whether you call them a property, sponsees or sponsorship seekers is unimportant – the difference is in how well you work together.

Try not to be fooled by slick presentations, terrific salespeople and seemingly important properties. Remember that you are spending someone else's money and, if you do it badly, your career will suffer. If it's your own money you're spending, the same rules apply – it's just that losing your own money helps you to learn more quickly than you ever would as an employee!

### Tax

In the UK VAT is payable on all sponsorships except in very special circumstances. If you have a concern, check with your accountant or the Inland Revenue, but never find yourself in the awful position of paying a six-figure sum as a rights fee without realising that VAT would add another 20% to the bill!

### Government

Sponsorship by government at a national, regional and local level is growing; the same can be said of quangos and semi-government organisations. In theory, the same principles should apply to all government bodies; in practice, this does not always happen. UK government bodies are bound by Cabinet Office Guidance, as well as a voluntary set of guidelines for educational sponsorship. The best way to cut through the ambiguity of these regulations is to discuss if the body you want to work with uses them and if not why not. There have been several well-documented examples where a sponsorship accepted by one department has seemed in direct contradiction with the aims of another department. An example would be several years ago there was a sponsorship of the Department for Culture, Media and Sport's (DCMS) programme 'Get Active', by Cadbury's, which included a redemption scheme for children collecting tokens from chocolate bars. Schools are the most controversial sponsorship arena: many of the sponsored resources, competitions and similar activities here are sales promotions masquerading as sponsorship. In the USA, sponsorship deals have been done with whole school districts for exclusive vending rights, with Coca Cola signing a Denver school district in 19975 and New York schools now only able to sell Cadbury Schweppes Snapple fruit juice and water.

The Department for Education largest 'sponsorships' are for Academy Schools. Sponsors are sourced through Whitehall and the department's Academies Division who work in concert with the Specialist Schools and Academies Trust (SSAT).

However these 'sponsorships', are really philanthropic donations and not commercial arrangements as described in this book.

A real issue in doing deals with government bodies is whether the people you're dealing with be those running the programme. If they are not, then you may end up dealing with civil servants whose understanding of the private sector is limited and who may not fully recognise that you are acting to achieve a business goal.

A final point to remember is that most government bodies do not solicit sponsorship for their own programmes; they are themselves sponsors.

## 14 Summary

- Sponsorship is a business tool that involves a mutually beneficial commercial relationship
- Done properly, sponsorship can deliver significant and sustained returns; done poorly, it can cause your organisation and career to suffer
- Anyone can enter the field of sponsorship, and good common sense is far more valuable than having lots of letters after your name. Your attitude must be to be professional and accountable and use every opportunity you can to gain relevant experience and training
- Never rush in
- Be honest and upfront with properties and other sponsors about your needs and problems
- Try not to over-promise
- Delegate and manage
- Set high standards for your performance that relate directly to your business goals
- Be quick to see problems and to deal with them
- Don't try to be too sharp: screwing your partners will cause you grief that will follow you for years!

## Appendix 1 - Sample Sponsorship Policy

XWZ Limited will only consider sponsorship solicitations if they are based on the requirements set out in this document. Unsolicited applications and those failing to take guidelines into consideration will be automatically rejected. Our key criteria is that the property must support our key brand proposition which is; making a difference to the lives of families and children in the UK.

Our target audience is defined by a profile based on demographic and psychographic research and is available only upon completion of a Confidentiality Agreement.

Exclusions – all events must not involve:

- The promotion of gambling, drugs (inc. alcohol & tobacco) and prohibited substances
- Activities or events that may be seen as not being socially inclusive
- Direct competitors of XYZ Plc.

In addition to the above we seek properties that also offer opportunities for:

- Data collection –inc. ticket sales and on site research
- Endorsement – use of personalities supplied by us or involved in the event
- Hospitality – on site during the event
- HR& training – for staff and suppliers
- Merchandising – trade and retail
- Performance based incentives
- Promotions – trade and retail
- Publicity - inc. images and information that can be used in various formats)
- Sales – trade and retail
- Sampling – for existing and new products
- Shareholder/member discounts

The following list contains information that will assist us in our decision making process

### Property

- Exactly what is the property and who owns it?
- History of the owners, managers, partners and agencies of the event?
- Research – any qualitative and quantitative information about attendees and target audiences, segmentation tools used, results for previous sponsors, etc.

### Categories

- Categories on offer inc. e.g. presenting official supplier
- Is there an opportunity to develop a new category?
- Who has already signed in other categories?

- Are sponsors in and across different categories non-competitive?
- Can sponsors pass-through rights to suppliers and partners?

### **Time frames**

- Is this the property time limited i.e. is it event driven or does it run continuously?
- What period of time is the proposed deal for (in years)?
- XYZ Plc plan ahead 12-24 months for all major MARCOMS activities
- Preliminary evaluation takes a minimum of 8 weeks
- Short listed proposal are subject to further reviews that will take at least 8 weeks

### **Reporting**

- Systems and procedures for working with sponsors and their agencies

### **Fees**

- What is the fee (cash and in-kind)?
- Is there room to negotiate for example discounts for multiple year deals?
- Payment schedule – how are payments to be structured

### **Legal**

- Contract will be drawn up by our legal advisors
- Each party will pay for their own legal advice and expenses

### **Misc.**

- Rostered agencies inc. PR, Event Management & advertising (inc. online, SEO, SMO etc)

### **Contact Details**

- Staff members
- Post, telephone & email

## **Appendix 2 - Sample Letter of Agreement (L.O.A.)**

This is an example for educational purposes only. You must not use or rely on it in developing any legal agreement and you must obtain independent legal advice before entering into any such agreement!

*Letter of Agreement Dated / / Between: X Plc, Registered Company Number, of*

*And y Ltd, Registered Company Number, of*

*In Relation To (property name).*

*YTZ agreed to sponsors (property name) for the fee of £ (inc./exc. VAT) for a period of X, starting on / / , and finishing on / / .*

*In return for their sponsorship of (property name), y Ltd agrees to provide the following*

*benefits to YTZ:*

- 1. Recognitions as the (category) sponsor of (property name)*
- 2. Number of tickets and or access to hospitality functions and events*
- 3. To display YTZ 's logo in all advertising and promotional material (format & size agreed)*
- 4. x Amount of signage at the event for the period of this Agreement*
- 5. y Number of facilities for sales, merchandising and sampling*
- 6. Reasonable information and research about attendees, ticket sales and the like*
- 7. First/last right of refusal to renew this agreement at the end of the current Agreement*
- 8. Opportunities for involvement by staff and contractors*
- 9. Opportunities to work with other sponsors of (property name) and their agencies*
- 10. z Number of meetings per month, inc. written operational and contact and reports*
- 11. Not to involve any sponsors who YTZ may consider competitors (by agreement)*
- 12.If a dispute arises both parties shall endeavour to resolve their differences in a spirit of conciliation and cooperation and shall only pursue legal remedies as a last resort*

*SIGNED by a duly authorised officer for and on behalf of X Plc*

*SIGNED by a duly authorised officer for and on behalf of y Ltd*

## Appendix 3 - Sample Contract

This is an example for educational purposes only. You must not use or rely on it in developing any legal agreement and you must obtain independent legal advice!

*(1) x Plc and (2) y Ltd*

*Sponsorship Agreement relating to (property name)*

*Contents*

- 1. Background*
- 2. Your Sponsorship of the (property name)*
- 3. Grant Of Rights In Relation To Trade Marks*
- 4. Value of Sponsorship*
- 5. Reputation of Parties*
- 6. Publicity*
- 7. Termination*
- 8. Effect of Termination*
- 9. Liability*
- 10. Insurance*
- 11. Force Majeure*
- 12. Compliance with Legislation*
- 13. Fraud and Corruption*
- 14. Confidentiality and Data Protection*
- 15. Changes to this Agreement*
- 16. Meetings, Reporting, Research and Evaluation*
- 17. Renewal Options*
- 18. Miscellaneous*

### **Schedules**

- 1. Sponsorship Details*
- 2. Sponsorship Principles*
- 3. Branding*
- 4. Value of Sponsorship*

*This Sponsorship Agreement is dated*

*Between:*

*(1) x Plc, Company Number & registered office; and*

*(2) y Ltd (sponsor) inc. Company Number & registered office*

*It is Agreed as follows:*

## 1. Background

1.1 X Plc the Property owner (hereafter "Owner") have developed B6YC, know as (hereafter "Property")

1.2 y Ltd (sponsor), (hereafter "You") have agreed to be a sponsor for the Property

1.3 You will be a sponsor of (category e.g. naming, title, media, technology, etc.) of the Property the value of which is acknowledged as being £X.

1.4 This Agreement records the arrangements that we have agreed with you in relation to your sponsorship the Property

1.5 Your sponsorship of the Property will commence on / / , and will continue, unless ended earlier under this Agreement, until // .

## 2. Your Sponsorship of the Property

2.1 We have jointly prepared with you a statement that sets out in detail your commitments in relation to the sponsorship and the objectives that you are seeking to achieve through sponsorship of the Property. The statement is set out in Schedule 1.

2.2 The statement also sets out in detail our commitments (both in relation to your sponsorship and, generally, how we will be promoting the Property and the objectives, which we are seeking to achieve through your sponsorship.

## 3. Grant Of Rights In Relation To Trade Marks

3.1 An important element of the sponsorship will be the rights and commitments, which we each have to use trade marks/branding belonging to the other.

3.2 It is important for both of us that there is a clear understanding of how we are each going to use the other's trade marks/branding. For this reason, detailed provisions (including trade mark licenses) are set out in Schedule 3.

## 4. Value of the Sponsorship

The acknowledged value of your sponsorship has been calculated as set out in Schedule X

## 5. Reputation of the Parties

We both agree that we will not do anything in relation to this Agreement, which may bring the standing or reputation of the other or of the Property into disrepute or attract unwarranted adverse publicity.

## 6. Publicity

6.1 We will agree in advance with you all of our press releases to the media, which directly refer to you or your sponsorship under this Agreement.

6.2 You will agree in advance with us all of your press releases to the media which relate to the Property or to your sponsorship under this Agreement.

6.3 Neither will unreasonably withhold or delay agreement to any press release prepared by the other.

## 7. Termination

7.1 Unless terminated in accordance with the following provisions, this Agreement will continue until the date specified in Clause 1. Termination or expiry of the Agreement will not affect rights or obligations arising prior to such expiry or termination.

7.2 We will each be entitled to terminate this Agreement by giving thirty days written notice to the other. It is acknowledged by each of us that it is only intended that the Agreement will be terminated in this way when we or you (the party seeking to terminate), reasonably considers that the working relationship between ourselves is unsatisfactory or that our particular objectives for the sponsorship are not being achieved or that the other party is not meeting its obligations in relation to the sponsorship, as set out in this Agreement.

7.3 We will each be entitled to terminate this Agreement immediately by giving written notice to the other where the other is in material breach of this Agreement. Any breach relating to financial probity, or which adversely affects the reputation of the owner or property shall be regarded as a material breach and will entitle us to terminate

immediately.

7.4 We will be entitled to terminate this Agreement where the sponsorship conflicts with the Sponsorship Principles set out in Schedule 2.

7.5 We will be entitled to terminate this Agreement immediately by giving written notice to you where you go into liquidation or a receiver or administrator is appointed over all or any of your assets.

## 8. Effects of Termination

### 8.1 On termination or expiry of this Agreement:

8.1.1 You must immediately cease to use or exploit your previous connection with us or with the Property.

8.1.2 Our respective licences to use each others trade marks (as the case may be) will terminate and we will each take steps to ensure that such trade marks are no longer used (except we will each be entitled to use up reasonable stocks of materials bearing the trade mark, unless required in writing not to do so).

## 9. Liability

Neither of us will be responsible for any indirect or consequential loss (including loss of profit or goodwill) that may be incurred by the other due to any breach of this Agreement.

## 10. Insurance

You must have adequate insurance to cover any liability that may arise under this Agreement, including insurance against liability to third parties.

## 11. Force Majeure

11.1 Neither of us will be responsible to the other for any failure to comply with the terms of this Agreement to the extent that such failure arises from circumstances that are beyond the reasonable control of the party affected. The party affected by such event of force majeure must notify the other party immediately it becomes aware of the circumstances that will prevent it from complying with the terms of this Agreement. If the event of force majeure continues for a period in excess of 28 days either party shall be entitled to terminate this Agreement by notice in writing.

11.2 On termination due to an event of force majeure, the provisions of clause 9 shall apply.

## 12. Compliance with Legislation

In carrying out our respective obligations under this Agreement each of us must ensure that we comply with all applicable legislation.

## 13. Fraud and Corruption

13.1 You must not give any employee or representative of X Plc any gift or consideration of any kind as an inducement or reward for doing, or refraining from doing, any act in relation to this or any other agreement with the X Plc or for showing favour to any person in relation to this or any other agreement.

13.2 Your attention is drawn to the Prevention of Corruption Acts 1889-1916. Any offence by you or your employees or representatives under such legislation will entitle us without delay to terminate this Agreement.

## 14. Confidentiality and Data Protection

14.1 Any document or information which is marked as confidential provided by either of us to the other in connection with this Agreement must only be used for the purposes for which it is made available and must not be disclosed to any third parties or to any person who does not have a reasonable requirement to see it. This restriction will not apply to information that is already in the public domain or, which is trivial or cannot reasonably be considered to be confidential.

14.2 We shall each maintain throughout this Agreement a notification with the Information Commissioner appropriate to the performance of this Agreement pursuant to the Data Protection Act 1998 and each of us shall comply with all relevant requirements of the Act (unless exempt under provisions of the Act). In particular you will process personal

data we provide you with in accordance with our instructions and take appropriate measures to secure such personal data in accordance with the seventh data protection principle.

## 15. Changes to this Agreement

15.1 Neither of us will unreasonably withhold our agreement to any change to this Agreement that may be required due to the coming into force of any legislation or due to any material changes in the circumstances of the other.

15.2 Any amendment or variation to this Agreement must be in writing and signed by our respective representatives if it is to be binding.

## 16. Meetings, Reporting, Research and Evaluation

16.1 Both parties agree to comply with the Schedule of Meetings and Reports as set out in Schedule Four.

16.2 Any and all research data (qualitative and quantitative including demographic and Psychographic models) in relation to the Property shall be made available by y Ltd to X Plc upon request as set out in Schedule Four.

16.3 Performance Indicators. y Ltd agrees to provide X Plc, with specific Performance Indicators as agreed in Schedule Five so that X Plc can evaluate the performance of the property. Failure to do so shall be grounds for termination of the Agreement.

## 17. Renewal Options

17.1 X Plc has an option to renew this contract for (insert period) upon reaching agreement with y Ltd in regard to the Sponsorship Details and related matters.

17.2 X Plc has the first right of refusal to extend this agreement

## 18. Miscellaneous

18.1 Nothing contained in this Agreement creates any legal partnership, joint venture or agency between us.

18.2 This Agreement does not create rights for any person who is not a party to it.

18.3 Neither of us will be entitled to assign all or part of our rights or obligations under this Agreement without the written consent of the other.

18.4 A delay or failure to exercise a right or remedy under this Agreement will not be deemed a waiver of such right or remedy.

18.5 Each of us will be responsible for our own costs in preparing and signing this Agreement.

18.6 This Agreement sets out all of the arrangements that we have agreed in relation to the sponsorship and supersedes all previous agreements or understandings.

18.7 Any notice which either of us requires to serve on the other in relation to this Agreement must be in writing and sent to the business address of the other, clearly marked to the attention of an appropriate person involved in managing this Agreement. Notices may be delivered by hand, by post, facsimile transmission and email.

18.8 If any dispute arises between us in relation to this Agreement we shall each be under an obligation in good faith to seek to settle the dispute. If we are unable to settle the dispute ourselves it shall be referred for mediation in accordance with the standard mediation procedures of the Centre for Dispute Resolution.

18.9 This Agreement will be construed in accordance with English law.

Signed by each of us and effective from the date shown above.

Signed by a duly authorised officer for and on behalf of X Plc

Signed by a duly authorised officer for and on behalf of y Ltd

## Schedule One

### Sponsorship details

1. Our objectives for (property name) are

2. Your objectives for (property name) are

3. Territory

(Property name) will operate in England, the Isles of Scilly and the Isle of Wight. Your rights under this Agreement only apply in this area. Nothing set out in this Agreement confers any rights on you outside England, the Isles of Scilly and the Isle of Wight.

4. Your Rights as Sponsor

4.1.1 The right to be acknowledged as sponsor of (property name) and to have your branding displayed on the (property name) website (<http://www.propertyname>), on the documents known as the (insert as appropriate) and on any promotional and marketing materials relating to the (property name) only;

4.1.2 The right to be acknowledged as sponsor of the (property name) and to have your branding displayed on a (property name) (insert as appropriate) at the (property name); and

The right to use our branding on:

(a) (Insert as appropriate)

(b) Your promotional material relating specifically to the (property name) SUBJECT ALWAYS to the branding being used in conjunction with the wording set out in paragraph 4.2 only. Any amendment to, or variation of, the wording set out in paragraph 4.1.3 is subject to your obtaining our prior written consent.

4.2 The wording referred to in paragraph 4.1.3 is as follows:

"(insert as appropriate)"

## 5. Sponsorship Contributions

5.1 As sponsor of the (property name) you will:

Provide a minimum of: (insert as appropriate)

## 6. Our Rights

6.1 You give us the right to use your branding on: (insert as appropriate)

## 7. Nominated Representatives

7.1 Your nominated representative for the (property name) will be (insert as appropriate) or any replacement for him/her nominated by you.

7.2 Our project representative for the will be (insert as appropriate) or any replacement for

him/her nominated by us.

7.3 All issues or queries from either of us arising from this Agreement, from your sponsorship of the (insert as appropriate) will be referred to nominated appropriate representative.

## Schedule Two

### Sponsorship Principles

1 Particular types of company should be considered unsuitable as sponsors on the grounds of potential conflicts of interest or inappropriateness.

2 X Plc will examine sponsors for their financial viability, appropriate business practices, policies and customer and media profiles.

3 X Plc will not accept sponsorship from firms that are involved in significant commercial negotiations with the X Plc (whether or not these negotiations are linked to the event or activity needing sponsorship)

4 'In-kind' sponsorship (also known as Value In Kind or V.I.K.) is the provision of goods or services to support or enhance a campaign or other activity. To measure the value of "in-kind" sponsorship, X Plc should consider the how much it would have cost X Plc if it had paid for the support provided.

5 All sponsorship agreements should be in writing.

## Schedule Three

### Branding and Trade Marks

#### 1. Your rights to use our branding and trademarks

1.1 We hereby grant you a non-exclusive royalty free licence, during the term of this Agreement, to use the brands, trade marks, trade names and logos set out at part A of this Schedule 3 (the "X Plc Brands") for the purposes set out in this Agreement.

1.2 You acknowledge that we own the X Plc Brands and you agree that you have no right, title or interest to them other than as expressly licensed in this Agreement. You must use your reasonable endeavours to assist us in protecting X Plc Brands and you must not knowingly do or allow anything to be done which may endanger X Plc

Brands.

1.3 You must let us have a proof in black and white or colour as relevant of all printed matter in electronic media or other documentation or merchandise produced by or on your behalf incorporating any of X Plc Brands. We will then give approval, or request amendment, as soon as we are reasonably able to do so and so as to meet any print deadlines that you have notified to us.

1.4 You undertake that all use of the X Plc Brands, including but not limited to advertisements signage, posters, programmes and other printed or electronic materials produced by or on your behalf will comply with all applicable laws and regulations and with the rulings of the Advertising Standards Authority and the British Codes of Advertising and Sales Promotion and other codes of advertising standards laid down to ensure that such materials are legal, decent, honest and truthful and such material shall not contain anything prejudicial or defamatory or which may bring us into disrepute.

2. Our rights to use your branding and trademarks

2.1 You hereby grant to us a non-exclusive royalty free licence during the term of this Agreement, to use the brands, trade marks, trade names and logos set out at part B of this Schedule 3 ("Sponsor Brands") for the purposes set out in this Agreement.

2.2 We acknowledge that you own the Sponsor Brands and we agree that we have no right, title or interest to them other than as expressly licensed in this Agreement. We shall use our reasonable endeavours to assist you in protecting the Sponsor Brands and we shall not knowingly do or allow anything to be done which may endanger the Sponsor

Brands.

2.3 We will let you have a proof in black and white or colour as relevant of all printed matter in electronic media or other documentation or merchandise produced by or on our behalf incorporating any of the Sponsor Brands. You must give approval, or request amendment, as soon as you are reasonably able to do so and so as to meet any print deadlines that we have notified to you.

2.4 We undertake that all use of the Sponsor Brands, including but not limited to advertisements signage, posters, programmes and other printed or electronic materials produced by or on our behalf will comply with all applicable laws and regulations and with the rulings of the Advertising Standards Authority and the British Codes of Advertising and Sales Promotion and other codes of advertising standards laid down to ensure that such materials are legal, decent, honest and truthful and such material shall not contain anything prejudicial or defamatory or which may bring you into disrepute.

3. Indemnities

3.1 We will indemnify you against any claims and actions by and all losses, liabilities and damages awarded to any person (and any related costs and expenses) which arise directly or indirectly from the use by you of the X Plc Brands; except where such losses are a result of your negligence or breach of this Agreement.

3.2 You will indemnify us against any claims and actions by and all losses, liabilities and damages awarded to any person (and any related costs and expenses) that arise directly or indirectly from the use by us of the Sponsor Brands except where such losses are a result of our negligence or breach of this Agreement

#### **Schedule Four**

Schedule of Meetings and Reports

1 Meetings and reports in relation to this Agreement must take place between Authorised Representatives at least once per calendar month for the duration of this Agreement and more frequently by agreement. Attendees must include Authorised Representatives and may include other staff from X Plc and y Ltd and their agencies, by agreement.

2 Reports must include information in relation, but not limited to; Marketing, Advertising, Promotions, Public & Media Relations, Sales, Merchandising, Hospitality, Data Collection, Ticket Sales, Sampling and Celebrity Endorsement.

#### **Schedule Five**

Performance Indicators

1 Data sources in relation the property and associated activities as requested.

2 All qualitative and quantitative research reports and data developed by y Ltd in relation to the Property including demographic and Psychographic models shall be made available to X Plc.

3 Data in relation to, but not limited to; Marketing, Advertising, Promotions, Public & \Media Relations, Sales, Merchandising, Hospitality, Data Collection, Ticket Sales, Sampling and Celebrity Endorsement.

**Schedule Six**

*Value of Sponsorship*

*Total £XX,XXX (inc./exc. VAT)*

*Addendums dated as at //*

*SIGNED by each of us and operative from the date shown above.*

*SIGNED by a duly authorised officer for and on behalf of X Plc*

*SIGNED by a duly authorised officer for and on behalf of y Ltd.*

## Appendix 4 - Sample Confidentiality Agreement

This is an example for educational purposes only. You must not use or rely on it in developing any legal agreement and you must obtain independent legal advice before entering into any such agreement!

*Confidentiality Agreement between X Plc ("Disclosing Party") and*

*y Ltd ("Recipient Party")*

*Details of the Agreement*

*Date of the Agreement*

*This Agreement is made on / /20XX*

*Parties to the Agreement*

*1: Mr/Mrs/Ms MMM, Managing Director, of X Plc, Registered Company/Charity Number*

*("Disclosing Party")*

*2: y Ltd ("Recipient Party").*

*Background to the Agreement*

*A. The Disclosing Party possesses the Confidential Information. The Recipient Party shall be provided with this Confidential Information, pursuant to the task of work to be discussed with the Disclosing Party.*

*B. The Disclosing Party has agreed to disclose the Confidential Information to the Recipient Party subject to the terms and conditions of this agreement.*

*The parties agree as follows:*

### *1. Access*

*The Recipient Party acknowledges that the Recipient Party may be given access to certain Confidential Information of the Disclosing Party for the Specified Purpose.*

### *2. Obligations of Confidentiality*

*In consideration of the Disclosing Party allowing the Recipient Party to have access to the Confidential Information, the Recipient Party agrees that it will keep and will ensure that it and its employees will keep confidential the Confidential Information unless the parties agree that the Confidential Information is in the public domain other than by a breach of this agreement.*

### *3. Duties of the Recipient Party*

#### *3.1 Non-Disclosure and Use*

*The Recipient Party will not and will ensure its employees do not:*

*(a) disclose any of the Confidential Information to any other person without the prior written consent of the Disclosing Party;*  
*or*

*(b) use all or any of the Confidential Information otherwise than for the Specified Purpose.*

#### *3.2 Uncertainty*

*If the Recipient Party is uncertain as to whether any information is Confidential Information, the Recipient Party will treat the information as if it were Confidential Information and as not being in the public domain unless and until the Disclosing Party agrees in writing that the information is in the public domain.*

#### *3.3 Precautions*

*The Recipient Party will undertake all reasonable precautions to maintain the confidentiality of and prevent the disclosure or use of the Confidential Information.*

### 3.4 Unauthorised Disclosure or Use

The Recipient Party will immediately notify the Disclosing Party of any unauthorised disclosure

or use of the Confidential Information of which the Recipient Party becomes aware and will take all steps the Disclosing Party may reasonably require in relation to such unauthorised disclosure or use.

### 3.5 Return of Confidential Information

At the conclusion of the Specified purpose or upon the written request of the Disclosing party, at its own expense, the Recipient Party will immediately deliver to the Disclosing Party all records and material (and copies of those records and materials) containing or embodying the Confidential Information that are in possession of the Recipient Party, its employees and any person to whom the Recipient Party has disclosed the Confidential Information (whether or not with the consent of the Disclosing Party).

### 4. Exemptions

The Recipient Party will not be bound to keep confidential any information if and to the extent that:

(a) the information is, or becomes part of the public domain otherwise than by breach of this Agreement by the Recipient Party;

(b) the information is lawfully obtained by the Recipient party from another person without restriction as to use and disclosure;

(c) the information was in the Recipient Party's possession prior to its disclosure to it by the Disclosing Party;

(d) the information is required to be disclosed by the operation of any law, stock exchange, judicial or parliamentary body or governmental agency;

(e) the Disclosing party has authorised in writing the disclosure of the information; or

(f) the information is disclosed by the Recipient party to its professional advisors who have agreed to keep confidential the Confidential Information.

### 5. Remedy

The recipient Party acknowledges and accepts that the Disclosing Party would suffer financial and other loss and damage if the Confidential Information were disclosed to any other person or used for any purpose other than the Specified Purpose and that monetary damages would be an insufficient remedy. The Recipient Party acknowledged and accepts that, in addition to any other remedy, which may be available at law and equity, the Disclosing Party is entitled to injunctive relief to prevent a breach of this Agreement and to compel the specific performance of this Agreement. The Recipient Party will immediately reimburse the Disclosing Party for all costs and expenses (including legal costs and disbursements on a full indemnity basis) incurred in enforcing the obligations of the Recipient Party under this agreement.

### 6. Indemnity

6.1 The Recipient party indemnifies the Disclosing Party against all costs, expenses, actions or claims directly or indirectly incurred or suffered by the Disclosing party as a result of any breach of this Agreement by the Recipient party.

#### 6.2 Scope of Indemnity

The indemnity in Clause 6.1 extends to and includes all costs, damages and expenses incurred by the Disclosing Party in defending and/or settling any such costs, expenses, actions or suits, proceedings, claims or demands (including legal costs and disbursements on a full indemnity basis).

### 7. Cumulative Rights

The rights arising out of this Agreement do not exclude any other rights of either party.

### 8. Enforceability

#### 8.1 Effect or Ineffectiveness of Parts of this Agreement

Any Clause or part of a Clause of this Agreement, which is ineffective in any jurisdiction, is ineffective only to that extent in that jurisdiction.

#### 8.2 Severance or Ineffective Parts of the Agreement

Where a Clause or any part of a Clause is Ineffective it may be severed without affecting any other part of this Agreement.

## 9. Waiver

### 9.1 No Waiver Except by Notice in Writing

No right under this Agreement is waived or deemed to be waived except by notice signed by the party waiving the right.

### 9.2 No waiver for Subsequent Breaches

A waiver by one party under Clause 1.9 does not prejudice its rights in respect of any subsequent breach of this Agreement by the other party

### 9.3 No Waiver by Extension or Forbearance

A party does not waive its rights under this Agreement because it grants an extension or forbearance to the other party.

## 10. Variation

A variation of this Agreement will be in writing and signed by the parties.

## 11. Governing Law and Jurisdiction

### 11.1 Governing Law

(a) This Agreement will be construed in accordance with English law.

#### (b) Jurisdiction

The parties irrevocably submit to the non-exclusive jurisdiction of the courts of the place set out in item 3 of the Schedule.

## 12 Definitions

In this Agreement:

"Confidential Information" means all client and proposal related information, trade secrets, ideas, know-how, concepts, intellectual property, client contacts and information whether in writing or otherwise relating in any way to the matters described in item 1 of the Schedule, and all other information relating to the Disclosing party and its affairs or businesses, sales, marketing or promotional information, which is not in the public domain and includes any such

information in the Disclosing Party's power, possession or control concerning or belonging to any other person.

"Ineffective" means void, or unenforceable; and

"Specified Purpose", means the purpose set out in item 2 of the Schedule.

## 13. Execution Clauses

Executed As an Agreement by the parties

Signed for and on behalf of the Disclosing Party

By Of X Plc

Who warrants by his signature or signing that he has authority to sign this Agreement.

In the presence of

Witness

Name of Witness. (Please print)

Signed for and on behalf of the Recipient party

By Of y Ltd

Who warrants by his signature or signing that he has authority to sign this Agreement.

In the presence of

Witness

Name of Witness. (Please print)

**Schedule**

Item 1 Description of the subject matter of Confidentiality Obligation (Clauses 1-12)

Information about proposed work, consultancy, research, evaluation and other tasks performed by X Plc and other related companies in the including (hereinafter referred to as "X Plc").

Item 2

Purpose of this disclosure (Clauses 1-12)

This information being disclosed is for the purpose of discussing the option for X Plc to engage the Recipient Party to undertake various tasks.

Item 3

Place of Proper Law of Agreement (Clause 11): This Agreement will be construed in accordance with English law.

## Appendix 5 - Sponsorship Dictionary

**Activation** - Spending and activities to support the sponsorship. These can be existing marketing activities that link, promote and support the property or additional dedicated funding to drive the initial investment towards the business goals. Also known as leverage and maximisation.

**Above the line** - Traditional media such as radio, newspapers, magazines, television and outdoor media (i.e. billboards, signs).

**Ambush (marketing)** - Where a non-sponsor tries to link to a property to obtain business benefits – also known as ambush marketing. Sometimes (but not always) legal, ethically questionable, and normally affecting sponsors whose competitors' business and target markets are also a close fit to the property.

**Below the line** - Non-traditional communication approaches including sponsorship, sales promotion, etc.

**Cause-related marketing** - Sponsorship where the sponsor either donates a sum (cash or in-kind) directly to a specified cause/NGO/non-profit, or sets up a promotion where a percentage of the turnover goes to the organisation.

**Corporate social responsibility (CSR)** - The activities of organisations that support audiences, communities and groups that fall outside the strict commercial focus of the business. Not new, CSR tends to link philanthropy, sponsorship and a range of activities that should show that the organisation is a responsible social entity. Opponents see it as window dressing, and many institutional shareholders view it as cheap reputation insurance.

**In-kind** - Also called Value In Kind or V.I.K. Non-cash support – it can be almost anything.

**FMCG** - Fast Moving Consumer Goods, e.g. Coca Cola, Dorritos, Levi 501s, etc

**Letter of agreement (LOA)** - A simple form of legal agreement between property and sponsor. Normally used for small deals, it can also be a precursor to entering into a formal contract (in which case it may also be called a parole contract).

**Marketing mix** - Traditionally known as the 4Ps: price, product, place, promotion. The term is now often used to include: people, process management, physical facilities and positioning.

**MARCOMS** - Marketing communications – any activity that communicates a message through a defined channel to a target audience.

**Media sponsor** - A media organisation that is a sponsor of a property. Sometimes this 'arrangement' is where the property buys media from one or several outlets but receives a substantial discount or additional coverage (the sponsorship).

Occasionally a media outlet will also be a cash sponsor, but the major benefit it brings is promoting the property and its success to the various target audiences.

**Merchandising** - Goods for sale that have been made specifically by a sponsor for a property. Tends to be T-shirts, caps, ties, water bottles, bags, pens, umbrellas and watches. Merchandising can include very expensive items such as the goody bags given away at fashion shows and movie premieres. At the 2010 Oscar's the goody bags for stars had over £20,000 worth of items!

**On-selling** - Selling some or all sponsorship benefits to another organisation. This differs from pass through in that it occurs when sponsors have inventory benefits that they can't use and they therefore sell or trade these to raise money or to gain some other type of benefit. Always done with the approval of the property.

**Qualitative** - Measured by, or measuring, the quality of something, rather than its quantity. In research terms, refers to the collection of non-statistical data, i.e. the nature of people's opinions, impressions, judgements, etc.

**Quantitative** - Measured by, or measuring, the quantity of something, rather than its quality. In research terms, refers to the collection of statistical data, in the form of the number of people who think this, the proportion of those who hold this opinion, etc.

**Pass-through rights** - A subsidiary legal right, allowing sponsors to involve (pass through) some type of sponsorship benefit relating to another organisation, e.g. a computer manufacturer involving their major retail partner, even though the retailer isn't a sponsor of the event. Normally only done if legally allowed, otherwise invariably damages the relationship between sponsor and property. Most contracts give property owners a veto over any pass-through activities and help protect sponsors from ambush.

**Philanthropy** - The desire to promote the welfare of others, expressed chiefly by the donation of money or goods to worthy causes without the expectation of any overt commercial benefit.

**Property** - The sponsored entity (the Super Bowl or London Eye) as distinct from the owner (in these two cases the NFL and British Airways). Often the sponsored entity and the owner are identical. Sometimes called the sponsee (see below).

**Psychographic profiles** - A research tool that creates snapshots of your audiences based on qualitative research measures.

**Sponsorship** - A commercial relationship between a property and a sponsor that seeks to deliver definable business objectives for both parties.

**Sponsee** - Sometimes called the property but more specifically the organisation that own or control the property. In the most basic terms it's where the money goes.

**Target audience** - A specific group with some definable parameters. Marketers use various tools to describe and classify/segment such groups. Demographic markers (age, income, education, etc) can be used as simple segmentation tools, but many organisations use more sophisticated psychographic profiles as the basis for segmentation.

## Appendix 6 - Information Sources

- IEG [www.sponsorship.com](http://www.sponsorship.com) who also run the annual IEG Sponsorship Summit in Chicago
- European Sponsorship Association ESA [www.sponsorship.org](http://www.sponsorship.org) – the leading European sponsorship trade body
- *The Sponsorship Handbook: Essential Tools, Tips and Techniques for Sponsors and Sponsorship Seekers* – Collet & Fenton ISBN 0470979844 – the new best seller
- *The 22 Immutable Laws of Marketing*, Ries & Trout; ISBN 0887306667 – an old classic
- International Festivals & Events Assoc. (Europe) [www.ifeaeurope.com](http://www.ifeaeurope.com)
- International Sponsorship Council [www.sponsorcouncil.org](http://www.sponsorcouncil.org)
- UK Cabinet Office Sponsorship Guidelines  
<http://coi.gov.uk/guidance.php?page=115> Written back in 2007 by the C.O.I. (a quango being closed by the UK govt.)

**Search smart** – most information is now found online, however if you want real depth you need access to paid for data sources Companies House [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) (cheap and the financial data is only for the UK) and or Business Intelligence Service of Lexis Nexis [www.lexisnexis.co.uk](http://www.lexisnexis.co.uk) (very expensive). Don't overlook specialist sources for example in education the assignment report [www.theassignmentreport.com](http://www.theassignmentreport.com)

# mediataylor

21 Aylmer Rd, London W12 9LG Tel. +44 (0)790 327 1643

1/47 Carabella Street Sydney NSW 2061 Tel. +61 (0)416 305 545

email [richard@mediataylor.com](mailto:richard@mediataylor.com)

© 2011