

Corporate Engagement

What is it?

Companies want to engage with society – with customers, with consumers, with governments, with regulators, with suppliers and with employees. They want to achieve different things with these different stakeholders.

- With customers they are keen to establish loyalty to a brand or a product.
- With employees they may be keen to improve retention or even to improve recruitment
- With government they may be keen to show themselves as suitable partners for major contracts

This means that companies are looking across a range of initiatives to reach different audiences for different outcomes. We can think of this as the corporate engagement spectrum. At one end is 'hard' sponsorship where the issue is simply how much value the initiative or programme will add to corporate profitability- directly or indirectly. At the other end is corporate philanthropy where a company – or an individual in charge of a company – give resources away with no hope of return.

In between are Corporate Social Responsibility (CSR) and Cause Related Marketing (CRM).

HARD		SOFT	
Commercial Sponsorship	Cause Related Marketing	Corporate Social Responsibility	Corporate Philanthropy
\$\$\$ BIG budgets		\$ small budgets	

Twenty-five years ago, with profits rising, companies started to seriously engage with charities and not-for-profit organisations in a philanthropic way. The focus at that time was really on simple CSR – corporate social responsibility – which largely consisted of support for compatible good causes at a local or national level. Sponsorship as such was largely confined to sport.

How big is it?

It is difficult to establish the exact size of sponsorship. In the UK, latest statistics from the Chartered Institute of Marketing and the publication *Charity Trends* suggest that in 2013 sponsorship was approximately £500-£750 million.

Why do companies do it?

=mc has undertaken considerable research into why companies sponsor. (And why not.)

The 'why not' reasons are interesting. They mostly involve what can be called *hygiene* factors – that is, those things which must be right or in place before your organisation will be considered for sponsorship. In general, these are:

- established track record
- well thought through scheme
- well produced information
- established board or committee
- good management
- no suggestion of past financial problems
- general good financial health

In addition to these hygiene factors, there are motivators. For companies, these can include:

- improving corporate image
- entertainment (staff, customers, stakeholders)
- reaching target customers and/or consumers
- association with worthwhile causes
- 'feel good'
- improving employee relations
- changing market image
- staff recruitment
- staff retention
- to celebrate a success
- keeping up with rivals
- 'footfall'
- public relations
- civic/national pride
- research and development
- *in memoriam*

- reaching key decision-makers
- promoting a new brand
- personal pleasure of managing director/CEO
- to cover up bad activities
- rewarding suppliers

To pitch your proposal successfully you have to understand which of these motivators will appeal to your sponsor.

How to research sponsorship prospects

As in most forms of fundraising, the length of time you spend on research will dictate how well you do. The specific research techniques vary from country to country but will usually involve:

- *watching the media*: by watching television or reading the newspapers you can find out key information about a company's plans. This could be Diet Coke changing its market position or plans to open a new factory in your local town/region.
- *reading specialist journals*: in almost every country there are specialist journals for people in advertising and marketing. These journals often announce, for example, that Nestle is looking for a new campaign for some product. You can offer to help an agency bid for the business.
- *studying government records*: again, in almost every country there will be a central agency which holds records on companies – what they do, their recent accounts, who are the directors. In the UK, this is managed by Companies House. By researching this you can find out about a company's financial health and what their attitude is to sponsorship.
- *business clubs*: many business people like to join clubs. These may be social clubs for golf, eating, drinking etc. They may be *industry* clubs, e.g. managing directors of chemical companies, federations of local tailors. They may be *religious* clubs such as the freemasons, Buddhists, Catholics, Hindus. Or they may be *civic* clubs, such as a Chamber of Commerce or local association of small businesses. Finding out about these networks can be useful. You could try and join them, or even offer yourself as a guest speaker.
- *reference books*: again, there are almost certainly standard reference books available. Most will not be about sponsorship directly. But there are usually directories which list companies by region, industry or activity, and by turnover or profit. You can usually also find out the name and address of the key individual involved in this.
- *annual report*: most large companies produce their own annual report. This will list their activities, their plans, their interests and perhaps outline their attitude to or involvement in sponsorship. Study this carefully for clues to how to approach that company.
- *other NGOs annual report*: it's easier to persuade a company which already sponsors to do more of it. By securing and reading the annual report of other organisations – including your rivals – you can pick up hints or which companies are currently sponsoring and their likely level of contribution.

Sponsorship tactics

There are a number of key sponsorship tactics.

- *cultivation events*: bringing together individuals who might be sponsors to present them in a group with the opportunities you have. This kind of event usually works best if you have it 'hosted' by another business person.
- *superclubbing*: is creating a 'club' for businesses with three or more levels of entry – for example, diamond, gold and silver. You have to differentiate the benefits at each level and ensure you ask companies to enter at the correct level, i.e. at the *maximum* they can pay.
- *transfer value*: it's very difficult to raise money for 'unattractive' causes such as AIDS. This may mean you have to seek sponsorship for one of your more attractive projects and then transfer the value of the sponsorship to pay for the unattractive projects. (This is OK, provided you still offer the sponsor the benefits they need.)

Pricing

There are a number of tactics which you can use to help you to decide upon the price for your particular project. The main point to remember is that the actual cost of your event or project is often different to the value to the sponsor of the benefits you are offering. Ways of costing are:

- *analogue*: an analogic approach involves working out what the equivalent advertising would cost to achieve the same outcome. For instance, how much would it cost to place an advertisement in a newspaper to reach the 6,000 young people that you can offer to a sponsor?
- *output value*: calculating how many more sales or new customers a company could expect as a result of sponsoring your project. The best way to do this is to use vouchering. For instance, a sponsoring company gives away discount vouchers during the event or project and then the number which are redeemed later can be counted.
- *pricing*: this is based on the idea of price versus demand. If there is a high demand for the types of customers that you will be attracted to your event or project, then you know that you can afford to increase the price of your sponsorship package.
- *comparison*: how much have other organisations charged to sponsors for a similar package of benefits? Ringing up and questioning others who have been successful in securing sponsorship is also one of the best ways to build up a network of personal contacts with whom you can share problems and ideas.

Who to write to

Let's say that despite your detailed research you're still not sure who to write to. The *worst* thing you can do is address your letter to 'Dear Madam' or 'Dear Sir'. Instead, ring the company involved and ask to speak to the marketing or PR department. They will most likely give you information on the appropriate person.

But note that many companies do not run their own sponsorship strategies. Some actually broker this

activity out to a consultant or to their advertising or PR agency. In this case you might well try to contact them directly. Again the marketing department can probably guide you on this.

If you do call, avoid trying to sell the proposal on the telephone – but it's legitimate to try and find out:

- who is the person to direct this proposal to?
- are there are specific meetings/deadlines you should aim for?
- how far in advance are sponsorship monies allocated?
- are there any specific topics they have a preference for/exclude?

Don'ts

When writing there are some definite *don'ts*:

- avoid long proposals – most business communications are brief and to the point
- avoid fancy and over the top packaging
- try not to talk too much about *you* and *your* needs

Dos

There are also some obvious *dos*:

- do keep it brief and to the point (2-3 pages maximum)
- signpost the text: have headings and numbering etc. to make the sections clear
- make it mostly about them and their interests

Structure of a written proposal

The proposal structure should consist of two parts.

1. Covering Letter

This should:

- introduce the proposal
- introduce the organisation – explain briefly why the XYZ company should be interested in this proposal

and finally, should

- indicate that you are flexible and open to discussion

2. Proposal

The second part should follow a more detailed structure outlined below.

Summary: a brief indication of: the project or the scale of cash you're interested in; the timescale.

Introduction: a very brief outline of

- who you are
- your track record in such events or projects before
- what other sponsorships you've been involved in
- who else is backing you in this project – if anyone

Benefits: a list of the key benefits to the company, e.g.:

- improved sales
- audience awareness
- employee relations
- etc.

You do not at this point have to go into detail – simple key points will do.

The project or scheme: having sold the company on the benefits you should now demonstrate that you have the ability to manage the scheme. For example:

- show resources needed
- outline the timeline involved
- indicate what resources you already have
- sketch what the broad aims and objectives are

All of this is important, but remember you are not writing a detailed proposal for local government members, but an outline to show you can run the scheme and run it well. Remember too you're selling the benefits rather than the project.

Detailed sponsorship elements: you may want to return to the range of sponsorship elements. Remember to include:

- *customer/consumer analysis:* show, and if appropriate, analyse, how they can reach their customers/consumers by sponsoring your activity (this can be directly or indirectly through good publicity arising from the sponsorships).
- *promotional material:* outline what promotional materials will exist. This might include posters, leaflets, brochures, displays etc.
- *hospitality:* sketch out what hospitality opportunities there are – a separate bar at an event; special events; a chance to open the day centre etc.
- *employee involvement:* if appropriate, detail how employees could be involved in the scheme, either fundraising or by practical help.
- *media coverage:* if you can offer any media coverage do so – but be careful not to promise what you can't deliver.

Sponsorship opportunity list: in this final section you should outline the cost of various options. Usually this is done by:

- an overall price for the whole package
- separate prices for various elements ranging from inexpensive to expensive.

What is a contract?

A contract need not be a written down statement – a letter, a conversation, or a fax can also be called a contract. So you should be very careful about how you outline possible options or what commitments you enter into.

But at some point you will almost certainly want to draw up a formal document outlining the responsibilities of both – or any other parties – to the deal.

If you're working internationally make sure you take advice on the law of which country will apply.

Contract contents

To safeguard both parties the contract should cover a number of key elements.

- *Who* exactly is entering into the contract – including main parties, advisers, suppliers, consultants etc.
- The *names* of the individuals entitled to sign on behalf of the parties.
- *Who owns* the event or activity.
- *Who owns* any logos, trade marks etc to be used.
- What *rights* there are to any subsequent payments, royalties, broadcast rights etc.
- What *exactly the sponsor is to receive* for the sponsorship (and what not!).
- What *additional options* there are for the sponsorship and what these cost.
- Whether the sponsor has *exclusive rights* or whether there is the option for others to be involved.
- What *cancellation terms* there are for the activity.
- What are the *payment terms* e.g. all in advance, 50% before and 50% afterwards etc.
- A *schedule* of key dates for decisions, printing, publicity, etc.

Insurance

In some circumstances – especially with an event which depends on good weather – it is advisable to include an insurance element in the event. Such insurance can be expensive, but may prove invaluable in the long run.

Tax implications

You should ensure that all parties understand the tax implications of the arrangement. This will avoid potential problems later on.

XYZCo Sponsorship Criteria

This is an example of an actual internal company assessment form for a sponsorship. It offers an insight into what companies may be looking for.

Criteria for XYZCo supporting events or causes

1. Projects should seek to provide benefits beyond those of mere self promotion for its own sake and should always demonstrate a clearly perceived *added amenity or service to the community*.
 - Projects which tangibly improve the quality of life of significant numbers of people in the region through the arts, sport and recreation, training and personal development, community regeneration schemes, job creation and opportunities for young people.
 - Community and charity projects which particularly help those people who are disadvantaged or disabled. In these cases publicity/branding may need to be low- key in keeping with the nature and spirit of the project.
 - Projects which create; sustain or enhance physical facilities or other initiatives in the area which have (or will have) a regional appeal and profile.
 - Projects which provide the opportunity for XYZCo to demonstrate its commitment to and active involvement in energy efficiency, conservation and other related environmental issues to a wide audience.
 - Projects with a clear connection with electricity or energy from a promotional or educational angle (e.g. electrical safety, assisting relevant LEA projects, competitions and awards).
 - Projects which provide an opportunity for long term involvement and benefit together with sustainable or permanent recognition of X, Y, Z's support to a significant audience will be favoured over more short term 'snapshot' activities.
2. Preference will be given to projects which are exclusive to or which can be clearly '*branded*' as XYZCo ventures and where there is ample opportunity for publicity for our support (including through the use of our shops) and associated hospitality. Projects where XYZCo is but one of many sponsors or supporters will not normally receive the same priority, unless circumstances dictate the need to be seen supporting prominent ventures which other large regional organisations are backing.
3. Preference will be given to projects which provide a high level of *gearing* to attract support from others, e.g. sponsoring charity fun runs. Also where match funding against employee fund-raising can be achieved, and projects which are capable of bringing in offsetting income, e.g. where XYZCo plays a leading role but with others involved or where the public can contribute directly.

XYZCo Sponsorship Monitoring

1. Core Details

Project title :

Project type :

Sponsorship amount :

Date/duration :

Venue :

Coverage :

Organising department :

2. Criteria Fit

Added amenity/service (a-f) :

Branding :

Gearing :

Balance programme :

3. Sponsorship Status

Major/medium/minor :

Other sponsors/presence :

Gearing attracted :

Commitment period :

4. Branding Benefits (Position Critical)

	Agreed	Received	Quantity
Name within event title	: <input type="radio"/>	<input type="radio"/>
Other credit wording	: <input type="radio"/>	<input type="radio"/>
Leaflet/poster branding	: <input type="radio"/>	<input type="radio"/>
Brochure/programme branding	: <input type="radio"/>	<input type="radio"/>
Sponsors message	: <input type="radio"/>	<input type="radio"/>
Sponsors advert (foc)	: <input type="radio"/>	<input type="radio"/>
Audience reach	: <input type="radio"/>	<input type="radio"/>
Launch/press call	: <input type="radio"/>	<input type="radio"/>
Banners/flags at event	: <input type="radio"/>	<input type="radio"/>
Banners/flags elsewhere	: <input type="radio"/>	<input type="radio"/>
Speeches/presentations	: <input type="radio"/>	<input type="radio"/>
Use of freebies	: <input type="radio"/>	<input type="radio"/>
Exhibition trailer/stand	: <input type="radio"/>	<input type="radio"/>
Blimp	: <input type="radio"/>	<input type="radio"/>
Use of retail	: <input type="radio"/>	<input type="radio"/>

5. Press/Publicity Benefits (State Originator)

		Agreed	Received	Quantity
Press releases	:	<input type="radio"/>	<input type="radio"/>
Articles	:	<input type="radio"/>	<input type="radio"/>
Feature stories	:	<input type="radio"/>	<input type="radio"/>
Supplements	:	<input type="radio"/>	<input type="radio"/>
Interviews press/radio/TV	:	<input type="radio"/>	<input type="radio"/>
Adverts in press	:	<input type="radio"/>	<input type="radio"/>
Adverts on radio/TV	:	<input type="radio"/>	<input type="radio"/>
Advertorial	:	<input type="radio"/>	<input type="radio"/>
Online profile	:	<input type="radio"/>	<input type="radio"/>

6. Hospitality

		Agreed	Received	Quantity
VIP hospitality (foc)	:	<input type="radio"/>	<input type="radio"/>
Discount hospitality	:	<input type="radio"/>	<input type="radio"/>
Other hospitality	:	<input type="radio"/>	<input type="radio"/>
Tickets (foc)	:	<input type="radio"/>	<input type="radio"/>
Discount tickets	:	<input type="radio"/>	<input type="radio"/>
Other	:	<input type="radio"/>	<input type="radio"/>

7. Internal Communications

		Agreed	Received	Quantity
Local News articles	:	<input type="radio"/>	<input type="radio"/>
Staff competitions	:	<input type="radio"/>	<input type="radio"/>
Staff discounts	:	<input type="radio"/>	<input type="radio"/>
Use of offices/shops	:	<input type="radio"/>	<input type="radio"/>
Use of volunteers	:	<input type="radio"/>	<input type="radio"/>

8. Staffing of Event

		Agreed	Received	Quantity
Departments involved	:	o	o
Staff involved	:	o	o
Duration	:	o	o
Hours paid	:	o	o
Hours unpaid	:	o	o

9. Total Project Cost

	Allocation	Estimate	Actual	+ or - Spent
Sponsorship				
Hospitality				
Advertising				
General PR				
Legal and prof. charges				
Other costs – specify				
Total				

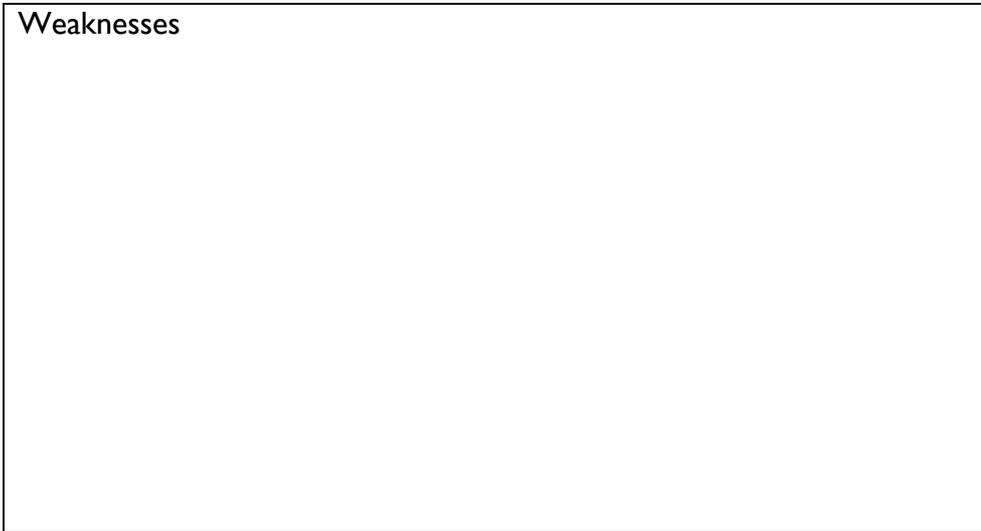
Comments

10. Evaluation/Review

Strengths

A large, empty rectangular box with a black border, intended for writing the strengths of the evaluation.

Weaknesses

A large, empty rectangular box with a black border, intended for writing the weaknesses of the evaluation.

Conclusions

A large, empty rectangular box with a black border, intended for writing the conclusions of the evaluation.

How Else Can =mc Help?

We'd love to keep in touch

We want to make sure we can keep in touch and help you as you develop your career and your ambitions for your organisation. Over the next few pages you'll find all the ways in which to do this.

About =mc

=mc was established in 1988. Since then we've grown to become the leading management and fundraising consultancy and training organisation in the UK working exclusively for ethically-driven organisations – charities, fairtrade agencies, NGOs and socially aware businesses. We have a strong commitment to the arts and cultural sector.

In the UK we have offices in London. We have partners in USA, Japan, Singapore, Kenya and Australia. Our own team of consultants and trainers work to achieve our mission to 'transform the performance of ethically-driven organisations worldwide.' We work exclusively with such agencies to bring them the specialist expertise and focus that they need.

National Arts Fundraising School

=mc runs the internationally-renowned National Arts Fundraising School – an intensive week-long training course for anyone responsible for raising money for the arts and culture sector. The School will help you gain an increased understanding of:

- Writing a Case for Support and Fundraising Strategy
- Each of the main sources of philanthropic income, including Trusts and Foundations, Individual Giving, Corporate Giving, Major Gifts, Legacies and Digital Fundraising
- Making the Ask and Pitching for Support

As well as receiving training from some of the country's top fundraisers, you will also learn from your colleagues, benefiting from the wide-range of experiences in the room.

This is the only course to offer a money-back – if within the 12 months following the School you have not raised a sum equal to the fee, we will refund your fee in its entirety.

For more information and to book your place, visit <http://www.nationalartsfundraisingschool.com/>

Fundraising consultancy with =mc

As well as the training provided at the School, we can also help you with more detailed and intensive help through fundraising consultancy.

We can help in a number of ways:

- developing an integrated strategy
- creating a powerful case for support
- building an individual supporter base
- setting up a major gifts programme
- preparing for a corporate sponsorship pitch
- establishing a legacy programme
- putting together a capital campaign
- researching prospects – in the UK or internationally

Whatever your fundraising needs, =mc's team of consultants and trainers can help. We've helped some of the largest (and smallest) organisations to raise sums from £250k to \$500m. They include: Royal Shakespeare Company, Tate Gallery, Science Museum, V & A, National Museum of Scotland, Paisley City of Culture 21 bid, Edinburgh Festival, Edinburgh Festival Fringe, Manchester Festival, Eureka ... as well as many hundreds of other smaller organisations from Poetry London to Great North Run Culture.

To find out more, visit the fundraising pages on our website at <http://www.managementcentre.co.uk/fundraising-consultancy> or email Bernard Ross, Director on b.ross@managementcentre.co.uk

What else can =mc help with?

As well as fundraising consultancy, we can help you in a number of other ways:

- **management consultancy:** Our three core specialisms are innovation, change and strategy. And we have specific experience in a number of areas from earned income/social enterprise to business planning and organisational reviews.

Visit the management consultancy webpages at
www.managementcentre.co.uk/management-consultancy

- **learning & development:** Our experienced L&D consultants can help assess your current training needs and deliver programmes in-house at your organisation. We currently offer 27 tailorable training programmes across leadership & management, project management & strategy, change, working with others, developing teams, personal effectiveness, and fundraising.

Visit the learning and development webpages at
www.managementcentre.co.uk/learning-development

How to find out more

For further information contact:

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Twitter: follow @MgmtCentre

Facebook: search @managementcentreak and like the page to stay up to date with the latest insights from our consultants. You can also find out about trends, events, and even jobs available here.

=mc|Thinking: sign up to receive your free monthly newsletter with blogs, downloads and case studies relevant to the sector. Sign up at www.managementcentre.co.uk/newsletter

The Emcees Arts & Culture Awards for Excellence in Fundraising

We set up these annual awards to celebrate the outstanding effort and achievements of fundraisers across the sector. Look out for the call for nominations due out before Christmas.

And finally, we genuinely love to stay in touch and hear how you're doing – but this is only possible if you keep us up to date with any change in email address. To update your contact details with us, email Anna Esslemont on a.esslemont@managementcentre.co.uk or call us on 020 7978 1516.