

# Six Steps to Successful Sponsorship

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# Purpose

The purpose of this Guide is to provide a framework for sports organisations in developing and marketing valuable sponsorship programmes. The framework is not intended to be a 'one size fits all' approach and sports organisations should adapt the process to suit their needs and experience.

**This Guide should be used in conjunction with other sources of expertise on sponsorship such as consultants, board members or other sports.**

# Introduction

The collective marketing budget of New Zealand businesses is large and their use of sponsorship as a marketing tool is growing. Sports organisations have an abundance of properties with sponsorship potential and some generate substantial revenues from these sources. Many do not, however, and few take a strategic approach to sponsorship, relying instead on contacts and 'inside' information.

Major sponsors are becoming increasingly sophisticated and more demanding in terms of the return on investment they seek from their sponsorship. Some receive thousands of proposals each year and only those that capture their attention and offer real value are even looked at.

**Sponsorship is not just about money.** A good sponsor can add considerable value by, for example, becoming the sport's primary advertiser and creating great brand exposure. In the longer term, this benefit may be of more value than the direct sponsorship income initially received.

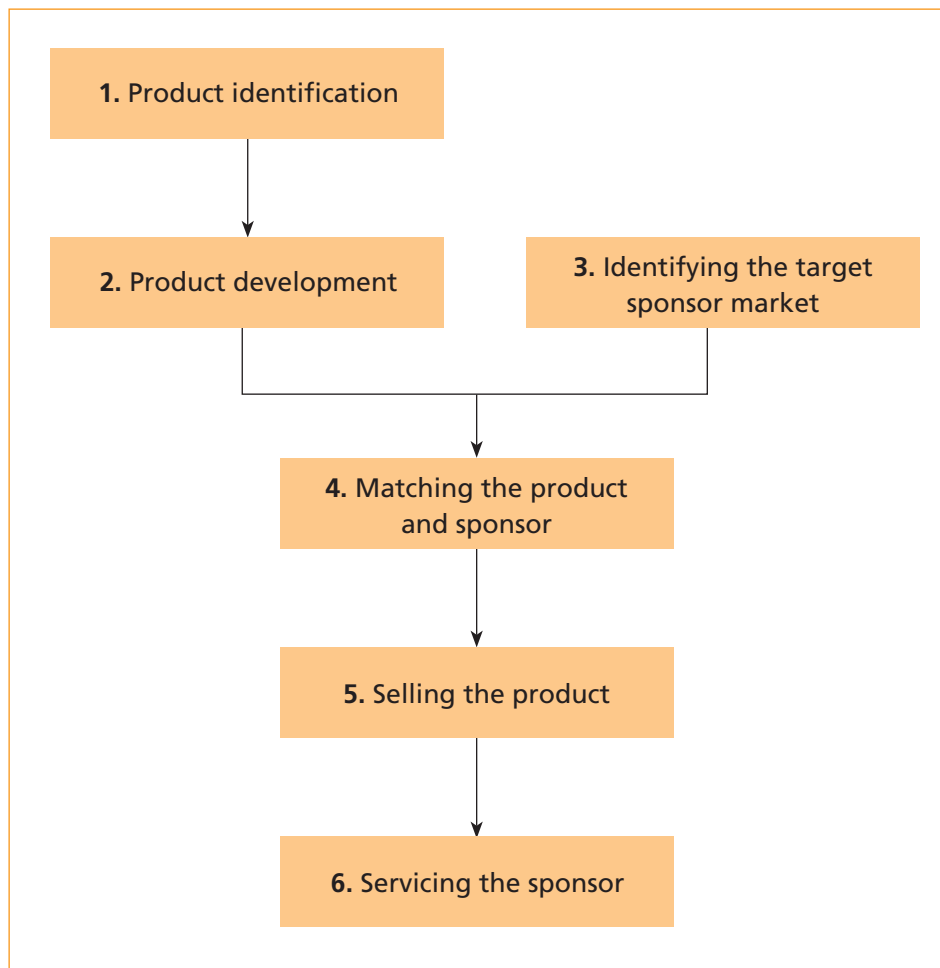
Good sponsorship requires significant investment from both parties. The sponsor is required to contribute monetary resources and support leverage activity. The sports organisation, in turn, is required to provide the structures, systems and product to ensure good value is received by the sponsor.

## Three key ideas to take from this Guide:

1. Sponsorship is the selling of a product (the property) to a customer (the sponsor).
2. The customer has choice – sponsorship is only one of a range of marketing tools for the customer to invest in.
3. Responsibility for the success of a sponsorship lies with the sports body.

# The Sponsorship Process

There are six steps in the sponsorship process.



While these steps are presented in a linear order, it is likely that some steps will be repeated during the sponsorship development process. This is especially so as a specific proposal is refined to meet the individual customer need.

**It is important to be flexible in your approach and where possible seek expert advice.**

## Step 1: Product identification

*“The success or failure of a business is intrinsically linked to how well it understands its own products.”*

Sponsorship is about two parties creating additional value to each other through their association. Successful sports organisations are able to link sponsor (the customer) need with an appropriate product (or property).

Central to product identification is determining those properties that will best meet the needs of potential sponsors and are thus attractive. Examples of such products and sponsor benefits are given below.

**Products that can be sponsored must be ‘owned’ by the sports organisation and must fulfil a need.**

A sports organisation owns a product when:

- all financial obligations are met by the organisation
- all decisions are approved by the organisation
- a contractual arrangement which outlines ownership issues is in place
- no other party can lay claim to ownership.

Products that are ‘not owned’ represent new development opportunities.

Sponsor need generally lies within one or more of the following areas:

- **Support for brand position:** A fast-food chain sponsors key athletes to support the new brand offering of healthy alternatives in the menu.
- **Exposure of brand:** A phone company sponsors a high-profile sport to achieve higher television exposure of their brand.
- **Increased access to target audience:** A finance company sponsors a sport because the demographics of the sport match their target audience and the sport provides opportunities to interact with that demographic.

## The product identification process

STEP 1: BRAINSTORM ALL PRODUCTS

STEP 2: CATEGORISE THE LIST INTO 'OWNED' AND 'NOT OWNED'.

Example:

<b>Owned</b>	<ul style="list-style-type: none"> <li>• National office</li> <li>• Contracted athletes</li> <li>• Membership database</li> <li>• National champs (televised)</li> </ul>
<b>Not owned</b>	<ul style="list-style-type: none"> <li>• \National championship-Hosted</li> <li>• \Volunteer referees</li> <li>• Non-contracted athletes</li> </ul>

STEP 3: CATEGORISE THE 'OWNED' LIST INTO EACH OF THE THREE NEEDS.

Example:

<b>Brand support</b>	<ul style="list-style-type: none"> <li>• National office</li> <li>• Contracted athletes</li> </ul>
	<ul style="list-style-type: none"> <li>• Televised national champs</li> </ul>
<b>Customer access</b>	<ul style="list-style-type: none"> <li>• Membership database</li> </ul>

If a product does not clearly meet a need it should be removed from consideration and placed with the 'Not owned' products as future new development projects.

**Result: A list of all potential sponsor-able products, currently owned, which meet a sponsor need.**

## Step 2: Product development

*“The success or failure of a product is intrinsically linked to how effectively it meets the consumer need.”*

The focus now shifts to: “How do we develop what we have, to better meet the needs of a sponsor?” A process for enhancing the products identified is outlined below and needs to be repeated for each item on your list.

For the first product, choose the one you think has the most potential now (it may already have some sponsorship).

### The product development process

#### 1. List all the product’s features

Product features can be grouped into two categories: Generic and User.

- **Generic features** describe the basic characteristics of the product.
- **User features** describe particular characteristics that would be appealing to the sponsor.

#### Example 1: A sports team

<b>Generic features</b>	<ul style="list-style-type: none"><li>• Number of players on a team</li><li>• Number of games per season</li><li>• Type of sport</li><li>• Regions played in</li></ul>
<b>User features</b>	<ul style="list-style-type: none"><li>• Number of supporters and spectators</li><li>• Demographic profile of supporters and spectators</li><li>• Brand recognition</li><li>• Media exposure</li></ul>

#### Example 2: A regional programme

<b>Generic features</b>	<ul style="list-style-type: none"><li>• Target audience</li><li>• Number of activities</li><li>• Type of activity</li><li>• Regions played in</li></ul>
<b>User features</b>	<ul style="list-style-type: none"><li>• Number and demographic profile of participants</li><li>• Social benefit</li><li>• Public recognition</li><li>• Media exposure</li></ul>



**2. Identify how each feature meets one of the three sponsor needs.**

Label each feature with: Brand support, Brand exposure, and/or Customer access. See below for examples.

**3. Identify how each feature can be strengthened to better meet the identified need.**

Brainstorm ideas on how each feature can be improved. See below for examples.

**4. Categorise improvements into short-term, medium-term or long-term change.**

Identify what can be done immediately to improve the features and thus the product. Also, identify what changes will take time and what processes will need to be put in place to ensure those improvements are made.

### Example

Features	Need Met	Improvement	TimeLine
<b>Number of players</b>	Customer access	Increase participation	Medium-to long-term
<b>Games per season</b>	Customer access	Increase spectator #s	Medium
	Brand exposure	Increase TV games	Medium
<b>Type of sport</b>	Brand support	Strengthen brand	Immediate and continued
<b>Demographics</b>	Customer access	Collect better data	Short-term
<b>Hospitality</b>	Customer access	Improve & increase	Short-term

As you progress through the sponsorship planning process, you will return to Product development and will work extensively with the sponsor on this process again.

**Result: Detailed profile of the current products.**

## Step 3: Identifying the sponsor target market

*“The success or failure of a business is intrinsically linked to how well it understands its customers.”*

Selling a sponsorship requires a clear understanding of who the potential customers are and how to target them. It is also important to understand the role of the corporate marketing manager (the person you usually have to convince). This person generally has two responsibilities: to build the brand and to enhance the marketing programme in order to increase sales.

Targets are set for the marketing manager to achieve and performance will impact the manager's continued employment and, usually, income level. The manager must decide on a marketing strategy that may utilise a wide range of tools such as television, radio and print advertising, direct mail, promotions, sponsorship, discounting and many others.

The manager will choose the tools that have the greatest potential to work.

**Sponsorship 'competes' with other tools for a slice of the budget. The more successful sponsorship is, the more likely the manager is to use it.** Efficacy and cost will dominate this decision process.

### Sponsor target market identification process

Carefully identifying your target market for potential sponsors will minimise time wastage and ensure potential sponsors are not overlooked. There can be a temptation to look at only current contacts or high-profile organisations. This can limit the potential of sponsorship and should be avoided by following the identification process outlined below:

**1. Develop a list of businesses of suitable size and profile operating within your region.**

Develop a list of businesses marketing products/services within your region of activity i.e. the area in which the programme, event, team or athlete predominately operates. This should not be limited to businesses with offices located in your region. If the business markets in your region, then it should be on your list.

A brainstorming session is an easy way to create this list. Identify as many businesses as possible and avoid narrowing the list too much at this point.

**2. Revise the list to include businesses which use sponsorship as part of their marketing plan (or have recently done so).**

Information on whether a company uses sponsorship is relatively easy to obtain through the company's website or a call to the receptionist of most companies. It is not necessary at this stage to know anything other than whether they use sponsorship or not.

**Businesses that have not used sponsorship in the past will require substantially more work in creating any successful sponsorship partnership.** If your organisation is also new to the sponsorship world, it is highly recommended that you use sponsors with previous experience in sponsorship.

**3. Estimate the value of your product.**

Estimating the value of your product can be difficult. Unlike rate-cards in television advertising, sponsorship does not have a standardised valuing mechanism. To establish an appropriate sponsorship value for your product, consult with sponsorship experts or other sports organisations.

**If the value of your product is high, you should be using a sponsorship specialist.** In reality, it is rare to create large sources of income from sponsorship from scratch in the short to medium term – there are usually no hidden gems.

**4. Revise the list to include only businesses who can afford the sponsorship you require (the shortlist).**

Before marketing a product to a potential sponsor, it is helpful to assess their ability both to afford your product and to undertake associated leverage activity. Leverage can take various forms: television commercials which advertise the fact that they are the sponsor; promotional campaigns which utilise players, or the team as part of the promotion; or print advertising that associates their brand with yours. If a sponsor does not leverage the product effectively, this may result in an unsuccessful sponsorship relationship.

As a rule of thumb, a company will normally spend at least one dollar on leverage for every dollar of sponsorship. Most companies will spend about 10% of their annual turnover on marketing and no more than 20% of their marketing budget on sponsorship. **In short, take the price you expect and multiply by 100. Businesses with turnover of less than that amount should be removed from your list.**

**5. Research the businesses.**

Without calling the marketing manager, find out all you can about each business including:

- their products
- their services
- their customers
- upcoming events
- marketing plans
- product releases.

This information can be gathered from websites, publicity material, annual reports, newspapers, business magazines, contacts and a range of other sources.

**Result: A list of businesses involved in your region who use sponsorship and can afford the product.**

## Step 4: Matching product and sponsor

*“The sponsorship product ultimately becomes a made-to-order, customised product for the sponsor.”*

The next step is to match your products to the identified potential sponsors. This section outlines how you achieve this match.

You must complete this process for each product. Begin with the most sponsor-able product and repeat for each product on your list. (Hint: create a file for each potential sponsor.)

### Matching process

#### 1. Condense the target market.

With the organisational information gathered earlier, you must decide the best fit between your product and the businesses identified. Those with a poor fit need to be removed from consideration.

Example vetting questions:

- Do your demographics match their customers' demographics?
- Is your product's image complementary to their brand image?
- Will the change required from your product ultimately compromise the product?
- Is there a strong case for your product meeting their needs?

#### 2. Set up a meeting with the sponsorship managers or marketing managers.

The purpose of these meetings is for further information-gathering and is not primarily about selling sponsorships. While it may be useful to discuss a few of the features of your sport or organisation, trying to sell a specific sponsorship now may lead to more questions than you have answers for at this point and may lead to a lost prospect.

These meetings provide the opportunity to gain information not available in the public domain.

- What specifically are the company's marketing goals over the next 18 to 24 months?
- How has sponsorship been used in the past and what were the results?
- At what time of year does the company do its forward planning and budgeting?
- Are there any new product developments happening in the next 18 to 24 months?
- What is the size of marketing and/or sponsorship budgets?

**Hints:**

- Contacts are better than cold-calls. Use your network to find specific contacts within the companies. (Other national sport organisations, board members, SPARC, corporate marketing manager, friends, etc.)
- State that you only need 30 minutes, maybe over a coffee.
- Invitations to a sporting event with corporate hospitality can work well.
- Slow but steady relationship-building creates an environment where information can flow freely.
- A complete unwillingness to meet or share information may help determine where they sit on your priority list as a target.

**3. Condense the target list again.**

With the new information, you must decide whether your product and each business are a good fit.

Hard decisions must be made at each stage of the sponsorship process.

**If a sponsor cannot afford to sponsor your property, including the costs of leverage, it is in the sport's long-term interest not to enter into a relationship with them.** If a business is interested but is clearly a bad fit for the sport, it is very risky continuing down a path with that company. In each case, it is essential that you explore every possible solution, but there must also be the willingness and resolve to say no, and cull the list down, out of respect for both the company and the sport's long-term stability.

**4. Develop customer-specific marketing.**

At this stage, the process shifts to detailed customisation. For each of the customers who remain on your list, modify the product to best suit each customer.

On a case-by-case basis build an offering to the customer that specifically addresses the compatibility of their needs with your product. This may involve grouping products together to provide more value to the sponsor. **Some sports properties within a sports organisation may have little value on their own, but bundled together they can make a formidable property.**

A good example of this is a junior sports team going to the world champs. On its own it may provide some value, but bundled together with the entire junior programme for the sport provides far more value for the sponsor.

**Result: A shortlist of potential sponsors with product specifically packaged for each.**

## Step 5: Selling the product

*“He who can sell is king!”*

Selling a sponsorship has three key elements:

1. The Pitch
2. The Negotiation
3. The Close

The size of the sponsorship being sold will determine the amount of time and resources put into each element.

### The Pitch

The pitch should consist of a meeting with the interested party centred on presentation of the sponsorship proposal. The aim is to introduce the product, clearly communicate how it can meet their needs, and motivate the potential sponsor to move to the negotiation phase.

The size and professionalism of the proposal should be indicative of the sponsorship itself (e.g. the proposal for a sponsorship which is worth \$5,000 may take the form of a letter, while the proposal for a sponsorship which is worth \$100,000 may take the form of a glossy brochure). No matter what size your sponsorship is, a sponsorship proposal should always be written.

Every proposal should have the following components:

1. **Introduction**  
Introduce the organisation.
2. **Introduction to the product**  
Introduce the product i.e. the event, the programme, the team, etc.
3. **Key attributes of the product**  
provide particulars of when, how often, where, how many, etc.
4. **How the product will meet their needs**  
Detail the specific sponsor needs that will be met and how they will be met e.g. media coverage, contact with consumers, structures in place for their use, platforms for their communication, etc.
5. **Specifics of the sponsorship**  
Specify the sponsorship offer and detail the sponsorship package offered.
6. **The cost**  
All costs associated with sponsorship.
  - The sponsorship fee. The amount of money the sponsor will pay directly to the sport.
  - Signage costs, logo costs, etc. All the items associated with branding the sport, the team, the field, the venue with the sponsor's logo.
  - Leverage costs. As discussed earlier, leverage can take many forms and it is not necessary at this stage to list those. However, you should list a budget allocation for leverage as part of the proposal.

## 7. How to move forward

A clear plan for moving forward if the potential sponsor is interested in doing that.

### The Negotiation

The negotiation phase is the opportunity for the two parties to further develop the product and the relationship to better suit both their needs.

The aim is to achieve a completely customised product. The customisation may take many forms, such as change of uniforms, reformatting of sports communications, venue changes, date changes or anything that can help make the product more aligned with the sponsor.

**It is important that the negotiator, the CEO and the Board are all clear on what things are up for change. Limits should be established from the outset on what can and cannot be changed.**

### The Close

The close is simply the writing and the signing of the contract. Legal counsel for both parties should be involved in this process and will provide specific legal elements which need to be included in the contract, such as who owns the logo, intellectual property, and so forth.

## Step 6: Servicing the sponsor

*“A sponsorship’s failure is never the fault of the sponsor.”  
Or, in words we are more familiar with –  
“The customer is always right.”*

Servicing the sponsor is the process of ensuring the product provides everything it promised to provide. This is a critical step in ensuring sponsor satisfaction and an enduring relationship.

### Keys to successful sponsor servicing:

- 1. Ensure you get ‘the sell’ right.**  
Sponsor servicing starts before the contract is signed. It involves ensuring that all the assumptions, promises and objectives are clearly articulated and thoroughly understood.
- 2. Plan with your sponsor.**  
In conjunction with the sponsor, create a timeline, roles and responsibilities for how and when each element of the sponsorship will be fulfilled and achieved.
- 3. Constantly communicate with your sponsor.**  
At every stage of the timeline, ensure the sponsor clearly understands who is doing what and when.
- 4. Facilitate the planning of all the sponsor’s leveraging activities.**  
The sponsor’s leverage activity is as important to the success of the sponsorship as the sponsored product itself.
- 5. Constantly report to the sponsor.**  
As each element is fulfilled, provide a complete accounting for that fulfilment to the sponsor.
- 6. Over-deliver on every element of the contract.**
- 7. Discuss the product’s performance.**  
Whether a programme or a team, discuss with the sponsor how they are performing, their future prospects and what is in place to achieve continued improvement in performance.
- 8. Protect your sponsor from ambush marketing.**  
If it is at all within your power to prevent a competitor from marketing their products around your property, do so. Communicate vigorously with your sponsor on your efforts and always keep them up to date with any competitor activity.
- 9. Provide thorough post-analysis, while planning for the future.**  
In report form, document how each element of the contract was fulfilled and to what extent. Constantly keep in mind that it is far easier to keep a current sponsor than it is to find a new one.







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