

## Chapter 1

# Making the Transition to Sponsorship

**WHEN NONPROFIT ORGANIZATIONS** want to generate new revenue, they often turn to seeking sponsorship. The typical impulse is to use sponsorship to plug a budget hole or support a new project. The internal transformation this triggers is not immediately apparent. However, what many sponsees soon come to realize is that a sponsorship is a business deal, not a donation, and that working in the realm of sponsorship requires skills, attitudes, and insights very different from those important to everyday fundraising.

Sponsorship is a people business. This chapter introduces you to the motivations of the people who sponsor organizations like yours. It also uncovers the tangible and intangible qualities that make sponsorship a powerful tool for marketers. Knowing these qualities will help you understand why a sponsor will say “Yes!” to a partnership. Seeing your offering through the sponsor’s prism will also help you make the transition to sponsorship more gracefully because you will know what sponsors know. This chapter begins your transformation from seeing your organization as a charitable cause that needs funding to seeing it as a valuable marketing partner. It is a transformation that many nonprofits are making. The following story illustrates the kinds of pressures and experiences that often mark the beginning of the transformation process.

Mark Janus, the new vice president for development at a free health clinic, has been asked to increase the clinic’s corporate support by 50 percent. As a first step, he has set up meetings with the clinic’s current corporate supporters to introduce himself. During these discussions he learns some hard truths.

The first meeting is with the manager of a manufacturing company’s foundation, who glowers over her lunch plate. As Mark

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probes the foundation's current priorities, she confesses that the company is reorganizing. Her job is on the line. It seems the foundation is now considered dead weight by company leaders, and the new marketing director thinks he can put funds once assigned to the foundation to better use and is consulting the company's legal counsel to explore appropriate uses.

Mark's next meeting, with the local bank manager, is equally discouraging. He learns that the bank is being merged with a large conglomerate headquartered in a completely different region.

Mark's third and final meeting is the most promising because the decision maker he is approaching appreciates the clinic and thinks it stabilizes health care availability in the community. He does have a major guideline for sponsees, however, and he tells Mark: "We will no longer fund causes that have a negative image. No downers. It has to offer an upbeat message, with lots of great photo opportunities for our employees. Get the health clinic to fit that criterion, and we'll talk."

Mark drives back to his office wondering how negatively clinic clients would react to something like a wheelchair parade. With six months to erase the clinic's \$60,000 deficit, Mark realizes he is facing more than a challenge. He is facing a transformation. If he is going to succeed, the organization needs to transform its thinking about working with companies.

This situation is common. Lacking a step-by-step process for seeking and obtaining sponsors, development officers tend to think of sponsor decision makers as they do private foundation officers, and they try to work with these decision makers as they would work with foundation officers. This sets them up for exhausting cycles of researching and writing proposals and then tracking and trying to influence lengthy decision-making processes, cycles that culminate more often in dead-ends than in satisfactory relationships.

## Three Transformation Basics

At the heart of the transformation needed to break out of these futile cycles is a fundamental shift in thinking. As Bernie Griffin (2002), development director at the 5th Avenue Theatre, explained: "I had to change the way I looked at my organization—[from] being a worthy cause, to being a marketing asset. . . . When I got serious about sponsorship, I had to learn how to make a whole different case."

## **A Change in Attitude Comes First**

After years of training nonprofit leaders and staff in the skills needed to work with sponsors, I have concluded that having all the right tactics and tools can take you only so far. Just as important is your attitude as you stand in front of the sponsor. People who succeed in making good sponsorship deals for their organizations have two hallmarks. First, they are genuinely interested in working with a sponsor because they know the alliance will yield something of value for both of them, something neither could achieve alone. Second, they have the conviction that what they are offering is a good marketing investment. The people who attend my sponsorship boot camps are all bright and genuinely want to master the process. Nevertheless they struggle with it. Why? Because they fail to understand that from the sponsor's point of view sponsorship is a business proposition. This must become your point of view as well.

## **It's Not About Your Need—It's About Your Value**

Sponsees are often budget driven. So are their requests. This is revealed by the most common failing among newcomers to sponsorship. They price what they are offering based on what it costs, not on its promotional value to the sponsor.

One community organizer learned this lesson the hard way when she headed up a new playground building project. Her first few meetings with sponsors involved walking them through the budget for the playground. One of her best prospects chose the playground slide to sponsor. It was the most visible piece of equipment, which made it more valuable than the other items even though it was not the most expensive in actual cost. However, she sold it to the sponsor based on its cost rather than its value. This left her with less valuable but more expensive offerings for other sponsors, who were clearly going to be harder sells.

## **Understanding Why Sponsors Invest**

Sponsors make investments in nonprofits because they wish to exploit the commercial opportunities associated with a specific event, cause, or organization. Sizing up the best deal requires the sponsor to consider both the *tangible* and the *intangible* assets that are being offered and that will help the sponsor sell more of its own products or services. When your organization makes an offer, you need to ensure that the offer features an appropriate mix of tangible and intangible assets, and then make the business case for the value of those assets to sponsors who can appreciate them.

## Intangible Values Important to Sponsors

What sponsors find most valuable is the ability to link their brand to something their target market appreciates, to create an association between the brand and a positive experience in consumers' lives, especially their everyday lives. It is possible to create such associations using traditional advertising. But the impact of such advertising is as one dimensional as its delivery mechanism. Marketers turn to sponsorship because it offers them special assets that are important in people's lives and that sponsors can link with products and services to give them added importance in people's lives as well. Here are seven particularly important assets that nonprofits can share with sponsor.:

### Commitment: The Magnetic Pull

Life is hectic and full of options. When people attend your nonprofit's event or pay a membership fee to affiliate with your organization, they are signaling their commitment. The gathering power of organizations and events provides sponsors with a shortcut to target audiences, audiences defined by the values their members have in common, not by what the sponsor's research dictates they should value. No one goes to the opera or participates in a 10K run for a charity on a whim. People who commit to these experiences are expressing a part of themselves that sponsors can link to in ways that run deeper than other forms of advertising do.

### Lifestyle Validation

Our society grows increasingly complex. As it does so, the search for approval and reinforcement of the self will grow in power. "We never outgrow the need for approval and reinforcement of who we are," concludes clinical psychologist Sam Hamburg (2002). The values people hold and how they spend their time and money are expressions of the self. When sponsors make a lifestyle experience "possible," they validate the things their customers value and trigger a cycle of reciprocity in which the consumer rewards the company by purchasing its products. "We shopped for a mortgage, and we found the rates were all about the same, so we went with the bank that sponsored the marathon we run in every year," explained running enthusiast Charley Knapp (2002), "We figured, 'Hey, they support us, why not do the same?'"

### Authenticity

According to Watts Wacker, futurist and author of *The 500 Year Delta*, "one of the most powerful of all emerging values is the demand for authenticity" ("Interview with Watts Wacker," 1997). When sponsors affiliate with a cause

or event that has grown authentically from a communal desire to share an experience, they inspire trust and goodwill.

### **Interaction**

Beyond banners and signage, smart sponsors dig in to become a meaningful part of whatever they are sponsoring. They offer samples of their products, display their wares, and provide participants with more to do and enjoy. For example, Noodle-Kidoodle sponsored a children's creative castle at a regional Celtic Festival, creating a fun way station for kids of exhausted parents who were there for the rugby, hammer tossing, ale, and music. Parents relaxed on the sidelines while their kids wielded foam swords or colored in family crests on paper that doubled as store coupons for 10 percent off. Playing host to the harried consumer, being tactile and practical, are not things we attribute to traditional advertising.

### **Emotional Experience**

Often people buy products for emotional reasons. In their report "The Power of Product Integrity," K. Clark and T. Fujimoto (1990) noted that emotions motivate buyers: "What they are buying are values, feelings and end benefits, not technologies and product attributes." Nonprofits typically elicit emotional responses from their members or clients, the sponsor's targets, and these responses can spread to organizational sponsors also. With sponsorship the message is the medium, and the message is embedded in the preferences and lifestyles of the targets themselves. The emotional component gives a sponsor's brand a more durable identification in the consumer's mind. A case study I developed from interviews I conducted before and after an event illustrates this identification process.

At a recent triathlon held at Stony Creek, Michigan, the Nissan X-Terra sport utility vehicle was the event's title sponsor. Many participants belonged to local bicycle, running, or swimming clubs, some for many years. Others were transplants from other cities where they had belonged to other biking or running clubs. Clearly, they were loyal to their clubs and their fellow members. "If a club member is up [to win] a medal, we have to stay around and cheer him on. It's all part of it. And when it's you, it feels great to have everybody cheering," explained Bruce Hayward (2002), a recent transplant from Rochester, New York. When a club relied for its existence on sponsor dollars, that kind of loyalty, that emotional commitment, was transferred across to the sponsor's products.

Not surprisingly, then, X-Terra SUVs dotted the parking lot of this sponsored event. As the manager of the event for X-Terra

explained: "This is Nissan's second year with the event series. They have infiltrated the bike and running clubs and use them to get out [triathlon] registration information, scores, and to promote winners. They are really part of the scene. These athletes are proud to own an X-Terra."

## Consumer Values

The research in marketing that laid the groundwork for the sponsorship revolution was done in the 1970s. It showed that marketers could benefit from aligning their brands with people's values because consumers' values influence their buying behavior. A value is a belief that a specific mode of conduct or a state of existence is personally or socially preferable. A person's lifestyle is an expression of his or her values. "Although opinions may vary and even conflict from time to time and situation to situation, values tend to be relatively enduring and have stronger effects on behavior" explained Durgee, O'Connor, and Veryzer (1996) in an article on consumer values and buying behavior.

In discussions of the role of personal values in buying behavior, the following five values are frequently ranked at the top of those that influence buying decisions:

- Good health
- Security
- Happiness
- Freedom
- Moral goodness

Suppose you are trying to get a sponsor interested in a *cause-related* marketing partnership (in which the sponsor creates and promotes its relationship with a charity, cause, or influential nonprofit to stimulate the purchase of products and for each purchase it gives a percentage donation to the cause). Think about how easy you can make it for a marketer to create messages that evoke moral goodness by tapping into your message. Consider the case of Harley Davidson and its support of the Muscular Dystrophy Association.

In our culture, the motorcycle symbolizes freedom of the open road. When Harley Davidson surveyed its customers, it found a link between freedom and mobility. Muscular dysfunction is a barrier to mobility and to the kind of freedom symbolized by the motorcycle. When Harley Davidson made muscular dystrophy its corporate cause,

it aligned its brand with a profoundly held value and at the same time helped Harley Davidson riders achieve a sense of moral goodness.

### **Aspiration**

Mercedes-Benz sponsors Tech Talks at COMDEX events for the technology industry because it wants to appeal to new economy aspirants who are hoping to acquire the trappings of traditional business success. Brands that require the buyer to pay more or to adopt an uncommon feature or new technology often sponsor organizations that offer them a connection to aspirational events and experiences. If you have a property that is prestigious and attracts a select audience, you may be able sell sponsors on supporting it in return for the aspirational appeal they will achieve when they promote their ties to your organization.

### **Turning These Intangibles into Gold**

How can you turn these intangibles into sponsor fees? Sponsors respond to arguments that show how they can use these and other intangibles to achieve their goals. If you can discuss your organization's sponsorship value in terms of people's emotional connection to your organization's cause or offering and if you can present tactics sponsors can use to share in the loyalty, passion, or aspiration your organization inspires, you will make profound headway toward getting a deal. (In Part Two, I offer specific examples of ways to phrase your arguments.)

## **Tangible Values Important to Sponsors**

In addition to the intangible qualities your organization can offer a sponsor, it has a number of tangible, bottom-line benefits that are attractive to sponsors. These benefits may be either inherent in a property or may arise from something attracted by the property, such as media interest that results in positive public relations.

### **Visibility**

A newsworthy event or affiliation can yield media coverage worth many thousands of dollars, at a fraction of the cost of advertising. For corporations looking to enhance their reputation or attract influential customers, unpaid media coverage is an exceptional value. Public relations exposure typically costs 10 percent of what straight advertising costs and has the additional intangible benefit of linking the sponsor with the values associated with the nonprofit.



## Efficiency

The era of the mass audience is passing. Few brands can afford to advertise their goods and services to all markets indiscriminately. Instead, companies are zeroing in and tailoring specific messages to smaller audience segments. Sponsorship is an effective vehicle for reaching audiences grouped by age, income, gender, or geography, or by psychographic characteristics.

## Motivation of Retailers

Many nonprofits fail to understand the best kind of sponsorship deals to offer retailers. They go to the retailer looking for a cash deal. But the fact is that retailers have limited budgets for marketing and are in the habit of having manufacturers bring them fully developed promotions for free. The retailer wants to bring people into the store. The profits of the manufacturers and distributors of packaged goods rise and fall depending on store shelf space and position, which is controlled by store managers. Therefore they entice retailers to expand their product positioning and shelf space with product promotions and sponsorships that help drive traffic into the store. The arrangement of the wall of cereal in the average grocery store, for example, is the result of heavy manufacturer and distributor promotion and perks to retailers. Some breakfast cereal brands sponsor stock cars, but they don't do so to reach consumers directly. They make themselves visible in that sport primarily because the people who control shelf space are big stock car racing fans. In addition to sponsoring NASCAR, they provide benefits to retailers such as driver appearances at stores or complimentary tickets in exchange for additional case orders and in-store displays.

Children's Miracle Network is one of the national organizations that understands how to use the power of the retailer environment. It signed up retailer chains to carry cause marketing promotions before it approached manufacturers. Once the retailers were onboard, getting manufacturers to pay cash fees to Children's Miracle Network in return for the right to participate was much easier. Regional programs can achieve the same end by approaching retailers as promotional partners.

Wegmans food chain, in upstate New York, has been an official sponsor of the New York Library Association's Summer Reading Program for several years. The grocery chain promotes signing up for the Summer Reading Program in its stores, prints program messages on bags, and provides in-store celebrations for groups of children who complete the program. Wegmans has helped the library system bring product manufacturer sponsors to the table, opening the door



to cash and prizes that would have been hard for the library staff to obtain otherwise.

## Valuable Insights

Sometimes your organization's most valuable asset is insight into the demographic it serves. This was the case for a senior citizens organization and for a foundation focused on women's issues.

SeniorNet is a virtual community of senior citizens that interacts online, running discussion groups on such issues as second marriages, transitioning households, and financial planning. Under its sponsorship tie with SeniorNet, Quaker Oats ran a study on the heart-healthy effects of eating oatmeal. Seniors signed up to participate, ordered oatmeal kits, and kept dietary journals, all on-line. This study provided Quaker Oats with valuable insight into a target market, and it provided a story to tell to the media before, during, and after the test was complete.

The Ms. Foundation for Women tracks girls' self-esteem and body image through a variety of studies and programs. It partnered with *Seventeen* magazine to make some of these insights public, which drew the attention of companies like Johnson & Johnson and Wyeth. The Ms. Foundation built the sharing of these insights into a formal program through which sponsors pool resources in order to fund programs aimed at girls' health, and this puts these sponsors in a position to learn leading-edge information about a consumer group that is costly and often elusive to track through more commercial research methods.

Both these organizations realized that their constituent insight has market value.

## Opportunity to Showcase Products

Sponsorship can give companies excellent opportunities to showcase product benefits. IBM has remained a sponsor of the Olympics for several reasons but primarily because that event is the best international tool for showcasing IBM's technological prowess as a solutions provider. Apple has invested in product placement in major motion pictures to showcase product superiority. If your property can incorporate the use of the sponsor's product—think Polartec garments worn by the climbers in the IMAX film *Everest*—then you can make the case to sponsors that their product and message are a natural fit with your organization.

### **Opportunity for On-Site Sales**

Properties such as festivals, fairs, athletic events, and concerts lend themselves to on-site sales. If the property involves a venue where food, beverages, and souvenirs are sold, then sponsors who manufacture those items will be highly motivated to have a presence there and obtain the right to sell. These sponsors also prefer exclusivity and are willing to pay a premium for this benefit, because they know they will recoup their costs through incremental sales. Coca-Cola, for example, achieved a heightened presence in post-elementary schools through sponsorship of school athletic programs and after-school activities in exchange for the right to place vending machines in multiple locations.

## **Conclusion**

Once you grasp the value proposition of sponsorship, and why businesses are attracted to sponsorship as a marketing platform, your transformation is under way. Understanding how to act on your new perspective is the next step in building a revenue stream from sponsorship. But, first, it's important to know just where you are starting from so you have a honest picture of what it will take to get your program going. The following reality check can help you gauge your organization's readiness to seek sponsors and the potential of the businesspeople in your region to buy in.

Some readers will tick through this list handily. Others will realize that they have considerable work to do before they can give positive answers to these questions. But every question raised here is one you will face out in the field as you begin reaching out to sponsors. The chapters that lie ahead contain the steps to get you started with that process.

### **Reality Check**

1. Think about your organization's reach. Do you have an established marketing effort in place so that your organization keeps in touch with its constituents through e-mail, a Web site, events, newsletters, conferences, town hall meetings, television, radio or print advertising, or parties or celebrations?
2. What do you know about your organization's demographics? Have you collected recent information on who participates and why? Where they live? How far they drive to participate? Whether they are repeat users? Whether they are young families, empty-nesters, or teens? Your demographics dictate the sponsor categories on which you should focus your efforts and the ones you shouldn't waste time and energy on.

3. Have you worked with sponsors before? Do you have any testimonials from a corporate executive about the value of your organization to its community of users? Do you feature those in press kits and other marketing materials for the organization?
4. What is the competitive environment like? Look around. Are other organizations of your organization's type and in its region getting sponsorships?
5. To gauge the effort involved in reaching sponsors and meeting face-to-face, create a list of companies headquartered in your area. What do they produce, and to whom do they sell? Are there cross-promotions you can work up that will help them sell to one of your existing sponsors or team up with an existing sponsor?
6. Are you a member of civic organizations made up of businesspeople, so that you can gain insight and entrée into the business community?
7. Is there an entrepreneurial spirit in your organization? Are new ideas welcomed, and do they receive thoughtful consideration? Have other commercial or revenue-generating initiatives been realized over the last five years?