

The voice of the Voluntary Arts

Attracting business sponsors

Business sponsorship can be very useful for voluntary arts organisations looking to raise money and gain exposure, to get new projects off the ground or to fund an aspect of their work over a period of time. However, attracting sponsorship requires you to focus not only on the benefits to you, but on the commercial benefits to the businesses you are approaching. This briefing will help you think about potential partnerships from a commercial point of view and make your sponsorship package as attractive as possible to potential business sponsors.

A. Why business sponsorship?

The benefits for the business

Business sponsorship is the payment (in cash, goods or services) by a business to an arts organisation in exchange for agreed benefits. It might not be immediately obvious how sponsoring your arts organisation could benefit a business. The following suggestions might help give you some ideas of how sponsoring the arts could help businesses fulfil their own objectives cost-effectively:

- **Marketing and publicity** – having a logo and contacts details on your leaflets, adverts, programmes, website or venue is the most obvious benefit to the business. If your audience is the same as the target market of the business, and your interests and values match their 'brand ethos', then this can be a very valuable benefit indeed. Other good marketing opportunities include title sponsorship of events (e.g. the Guardian Hay Festival or the Man Booker prize) and media coverage (e.g. stories about your project featured in local papers, radio or TV, or in national specialist magazines). Different businesses will look for different types
- **Employee development** – many businesses, large and small, have budgets put aside for 'developing' their staff. This may take the form of training or team-building activities, employee 'perks' or other initiatives such as art in the workplace or artists-in-residence. Businesses may not sponsor you solely for the benefit of their staff, but combined with a good marketing opportunity, this can help make the overall package more attractive. Consider offering subsidised or free places at your events for sponsors' staff, visiting their workplace to run creative workshops with specific teams, or providing artwork to display in their offices. You could also develop a volunteering scheme for sponsors' staff and make your venue available for corporate events. These opportunities can all help businesses fulfil their employee development requirements in a way that is fun for staff and may make a real difference to their lives.
- **Corporate and Social Responsibility (CSR)** – as well as employee development budgets, many businesses have CSR budgets to demonstrate that they take responsibility for their impact on their local community and environment. This is important as it can affect how well the company complies with various types of legislation and regulation, and it also helps improve the reputation of the business within its community. The voluntary arts are a brilliantly cost-effective way to make a big (and visible) difference to a community with a relatively small investment. Many businesses are keen to be able to put a story on their website or in their annual report about how they have



helped bring a community together by funding a local venue, festival or arts initiative. If you can combine such an opportunity with good media coverage that reflects well on the company, then so much the better. If the business is a local one, it may be that the owner wants to support something within the community – to put something back in exchange for the custom they receive.

Although it might not seem so, all these are actually commercial benefits to the potential sponsor. Marketing and publicity have obvious economic advantages, but employee development and CSR are also important to a business's balance sheet in the long run. They help foster a contented and efficient workforce while at the same time helping the business comply with the ethical and social responsibilities required of it by governments and regulators, allowing it to get on with the task of making a decent profit for its shareholders. Sponsoring the arts, moreover, is a very cost-effective course of action, and yields a much better return on investment thanks to all of the benefits that the voluntary arts bring (see *Briefing 32 – So, what's so great about the voluntary arts?*).

If you are a registered charity in the UK, there are also tax benefits for the company sponsoring you, as they may be able to reclaim their corporation tax as GiftAid (*for more details, visit www.hmrc.gov.uk/charities/gift-aid.htm*). There are also award schemes that can match business sponsorship or reward good work in this area (*contact Arts & Business for guidance – contact details in the Further Resources section*).

The benefits for you

The biggest benefit to you will be cash, which you can spend on a particular project, running costs or capital developments. Once you have received money from a sponsor it is usually up to you how you spend it, so you needn't always limit yourself to asking for just enough to cover a particular project when the overall value of the opportunity is worth a lot more to the business (see *section C for more information about pricing*).

As well as the money, there are other benefits in having a business sponsor, including a new audience to market your work to (the business's executives, staff, customers and shareholders), and the possibility of a new venue in which to exhibit your work. If you manage to build a close and long-standing relationship with the business then you may even be able to get some free advice to help make your organisation more financially successful.

There is also in-kind sponsorship, where you might get a service (such as the printing of your publicity material, transportation costs or a major raffle prize) for free. This type of sponsorship can be valuable as you won't have the cash outlay for these items.

B. Researching potential business sponsors

Assess your organisation

Before you can decide what kinds of businesses to approach you should have a clear idea of what your organisation has to offer and what you are capable of delivering.

- What skills and knowledge do you have? Are you going to have to hire-in expertise from consultants or agencies to help bring about the benefits you are promising to the business?
- Do you have enough people to deliver what you have proposed? If you need to take on more staff, make sure you will have enough money to do so.
- Who is your current audience? How is it constituted in terms of location, age, gender and cultural background? What kinds of business brands would these people respond particularly well to? Is the audience you are hoping to attract with the sponsorship money different to your current one?
- What are your 'values' as an organisation? Do you have a specific remit to help your community or engage with young people? What impression do people get when encountering you? Do you come across as exciting and engaging, environmentally friendly, trustworthy and reliable, traditional, exotic, youth-orientated? How can you match these aspects with the brand values of potential sponsors?

Research potential business sponsors

The most likely businesses to want to sponsor you are the ones whose target markets are a good match with your audience, and whose brand is complemented by your values, ethos and reputation. These are the businesses that will derive the most commercial benefit from associating themselves with you.

The first stage of research is to narrow the field to a potential shortlist of sponsors. At this stage you need only find out the basics – what the company does and who are its target customers. Businesses to consider might include those already known to you (or your staff, volunteers or board members), businesses that already supply goods or services to your organisation, corporate members or members' businesses. Do check the contacts of the people in your organisation – they may run or work for a business that they would like to promote – as the initial contact has already been made.

The advantage of approaching businesses that already know you is that they will be aware of the good work you do, and there will be an element of human contact there from which to build, rather than having to approach a faceless and potentially daunting company. Other businesses to consider might be ones local to you that you haven't previously had contact with, or



businesses from further afield whose values seem to resonate particularly well with your own. It pays to keep an eye on the business pages of newspapers to see if there is a local company setting up or doing well.

Once you have come up with a shortlist of potential businesses you will need to research those companies in much more depth. If you arrive at the proposal stage without being able to demonstrate a good understanding of the business and its objectives, it is much less likely that you will gain the trust of the person you are dealing with. Use online sources, such as company websites and search engines, find out about them from their customers, and get hold of their annual reports (many businesses have these available to download from their websites). Annual reports are a great tool as they are created to show the business off in exactly the way they wish to be perceived. If you can think of ways in which sponsoring your organisation can help consolidate or further this image, this will provide you with a valuable proposition.

C. Developing your package

Match the package with the business

Whether you are asking businesses to sponsor a particular project, a performance or run of performances, a gallery, catalogue, programme, website or new building, it is important to fine-tune the sponsorship 'package' to best suit the business or businesses you decide to approach first. Which aspects of your offer will be of the most benefit to the business?

The marketing and publicity? The employee development opportunities? The chance to fulfil its CSR requirements? Which aspect of your audience best matches the target market of the business? What is it about your organisation that particularly resonates with their brand image? By emphasising these details and addressing businesses in terms of their own priorities, you will make your package all the more relevant and desirable.

Pricing

This is the part of developing a sponsorship package that people tend to find most difficult. The most important thing to remember is not to base the price on how much the project or initiative is going to cost you, but how valuable the opportunity is going to be to the business. If you can raise more than the cost of the project, then this can be used to subsidise other aspects of your work. If, on the other hand, the benefits you are offering the business are not worth the amount you are asking for, then it is time to re-evaluate – think about either reducing the scope of your project or introducing new ways of delivering the project so that the benefits to the potential sponsor are greater.

If your organisation is VAT registered, then VAT must be charged on the sponsorship. If you are not VAT registered, check that any income you might receive through sponsorship does not take you over the relevant VAT threshold.

D. The proposal

The proposal should *spell out the benefits* and their value to the business, based on your research of the business and its priorities. Remember to emphasise what the business will be getting from the deal, rather than going into the details of what you will be doing with the money. These are business people and this is a business deal that you are offering them, with just as much benefit to them as to you – you are selling an opportunity, not asking for a donation.

You may wish to use the following procedure in approaching the business or businesses you feel are most likely to respond favourably:

- **First contact** – find out who the key decision-makers are and telephone them for an initial chat. This might be the marketing director or business development manager or similar – you should be able to find these on their website or by asking the switchboard operator. Once you have found out who they are, ask for them by name. Introduce yourself and your organisation and mention that you are an admirer of their business and would be keen to work together to help both of you fulfil your objectives. Try to briefly demonstrate more than a passing knowledge of the company if you can. If appropriate, invite them to an event, performance or gallery opening.
- **Send the proposal** – phone or email your contact and tell them you have an opportunity coming up and would they be interested in looking at a proposal. If they say yes, then send the proposal through. Keep the proposal brief so that it prompts further questions and discussion in person or over the phone, and make sure it is specific to the business, based on your in-depth research. The proposal should contain:
 - a brief covering letter (no more than A4) reminding your contact about the conversation(s) you have already had, and explaining why they should sponsor you;
 - a brief reminder of who you are, what you do and who your audience is;
 - a brief outline of the project or initiative for which you are looking for sponsorship;
 - the benefits you are offering to the sponsor; and
 - the sponsorship fee (plus VAT if required).
- **Follow up** – phone the contact after a few days and ask what they thought of the proposal and whether they would like to arrange a meeting. Take on board any comments they give you, on the phone or at the meeting. If they say that

they are not interested in this opportunity, ask why. If they require a few changes, then consider making them, but do not concede too much or guarantee things you cannot deliver – sometimes it is better to go away and apply what you have learnt elsewhere. Keep in contact with them for potential opportunities in the future.

- **Closing the deal** – this will usually be done face-to-face. Once an agreement has been reached, try to get it in writing in the form of a signed letter laying out what each party has agreed to.

E. The next stage

Make sure you deliver all of the benefits you have promised. Although sponsorship relationships are not always forever (particularly as the advertising benefits of sponsoring the same event or organisation decrease over time), continue to treat your sponsors well, as they may wish to sponsor you again in the future. Invitations to special events or performances and regular updates on news and achievements are important to keep their interest alive.

Keep records of all the media coverage from the sponsorship. You might want to hold an event to celebrate the successful completion of the project. You could use this opportunity to launch a celebratory evaluation document.

Focus on what you have learned from the experience – both what went well and what went badly, and consider ways you could improve future proposals. The more experience you have, both positive and negative, the better your knowledge of how to appeal to potential business sponsors will be.

Top tips for success

- Do your research
- Build relationships with key individuals
- Be concise and to the point
- Emphasise the business benefits
- Sell the opportunity – don't ask for a hand-out
- Know when to step away from a negotiation
- Don't promise what you can't deliver
- Keep the relationship going

Further Resources

- **Arts & Business** – the 12 regions across the UK deliver programmes, host events, seminars and training, and advocate the benefits of arts and business working together – contact your region via the website – www.aandb.org.uk
- **Business to Arts (Republic of Ireland)** – brokering, enabling and supporting creative partnership between business and the arts – www.businesstoarts.ie
- **Confederation of Business Industry (CBI)** – www.cbi.org.uk
- **Chamber of Commerce** – <http://britishchambers.org.uk>
- **Northern Ireland Chamber of Commerce and Industry (NICCI)** – network of businesses and Chambers of Commerce in Northern Ireland – www.nicci.co.uk
- **Chambers Ireland** – network organisation of the Chambers of Commerce organisations in the Republic of Ireland – www.chambers.ie
- **Arts and Business Sponsorship Manual**, fifth edition, London: Arts & Business (2005), ISBN 0-9544 685-3-8
- **Hollis Sponsorship Newsletter** published ten times a year with reduced rate for charities – www.hollis-publishing.com/sponsnews.htm

Information contained here may go out of date and you are therefore advised to check its currency.
Updated information may be available on the VAN website: www.voluntaryarts.org

Disclaimer: Reasonable precautions have been taken to ensure the information in this document is accurate. However, it is not intended to be legally comprehensive; it is designed to provide guidance in good faith at the stated date but without accepting liability. We therefore recommend you take appropriate professional advice before taking action on any of the matters covered herein.

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