

## Making **Sponsorship Work for You**

**Sponsorship plays a vital role in arts, culture, and heritage funding. This guide suggests practical steps you can take to identify and work with sponsors for your museum and heritage service.**

### What is **sponsorship**?

For cultural organisations, sponsorship means setting up a partnership with a commercial organisation to the benefit of both parties.

Benefits for the cultural organisation include:

- cash or in-kind support for an exhibition, programme, event, or other capital or operational expenditure
- a working relationship with a business which operates in the local community or an organisation that wants to support community activities.

Benefits for the sponsor include:

- associating their image and brand with the museum, or an exhibition, event, or programme, through signage and publicity in print and other media
- entry privileges (e.g., tickets to charged-for exhibitions) and hospitality opportunities (e.g., for entertaining staff or clients or for networking).

From these arrangements, the sponsor looks for increased awareness of their brand (identity) and to build relationships with the community and with clients and potential clients - translating ultimately into increased financial returns.

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# Searching for the *sponsor*



## What museums offer - the big picture

Museums can offer an attractive prospect for sponsors. They start from a strong negotiating base. They are seen as not only culturally significant but also economically important. The Guggenheim in Bilbao is an international example of that success.

Museum events and exhibitions can generate a lot of public interest and media attention. In buying the right to associate themselves with such activities, sponsors can enhance their image, their corporate standing, and the values their brand stands for. In this way, sponsorship can add another dimension to a business organisation's normal advertising and public relations plans.

## The attraction of the arts, culture, and heritage market

Museums can also reach a group which is hard to reach by the usual forms of marketing. Many people who attend arts and cultural events are not commercial radio listeners, they do not watch television much, and mute the television when the ads come on. They probably skim the front sections of daily newspapers. They are often high-income professionals, and they are a highly sought-after market to many businesses.

## No easy road

However, there is no easy road to winning a sponsor's backing. Museums seeking sponsorship need to make a strong and persuasive business case for it. And once having found a sponsor, they then need to nurture that relationship in a business-like way.

This resource guide looks at some important things museums need to consider in this process.



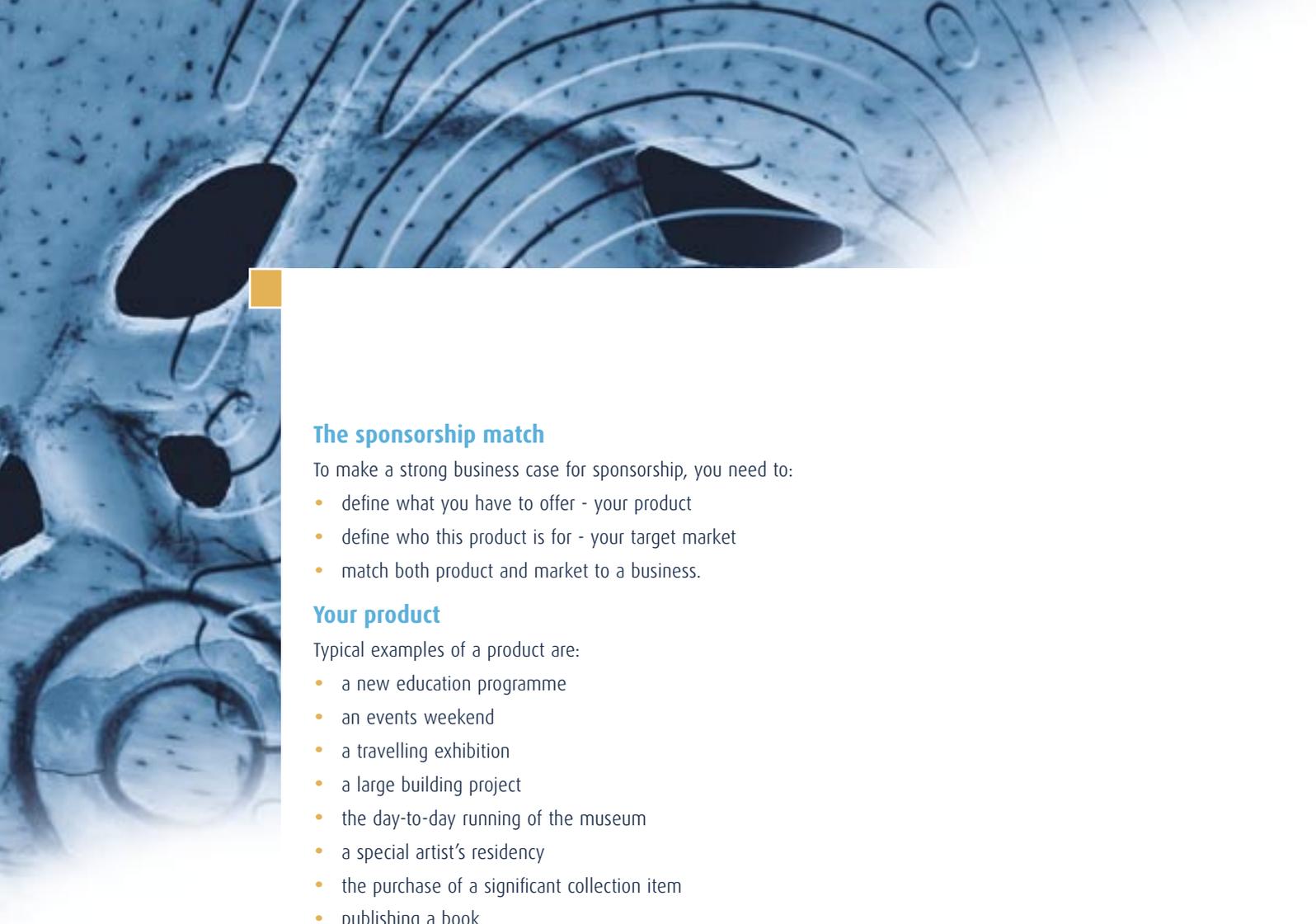
## Diversity – the key to funding

Diversity is the key for museums in funding their day-to-day operations, as well as developing exhibitions, events, education programmes, and new facilities. They get the funds through various sources, for example:

- grants from government bodies and charitable trusts
- income generation through admission charges, retailing, subscriptions, and hiring of services and space.

Sponsorship and business partnerships can be a significant source of additional funds. This, for example, was the range of funding for the 1999 Christchurch Arts Festival:

- 17% was core funding from the Christchurch City Council
- 4% came from Creative New Zealand grants
- 5% came from the Festival's consolidated funds (the surplus of previous festivals)
- 27% came from ticket sales
- 47% came from corporate investment - sponsorship.



### The sponsorship match

To make a strong business case for sponsorship, you need to:

- define what you have to offer - your product
- define who this product is for - your target market
- match both product and market to a business.

### Your product

Typical examples of a product are:

- a new education programme
- an events weekend
- a travelling exhibition
- a large building project
- the day-to-day running of the museum
- a special artist's residency
- the purchase of a significant collection item
- publishing a book
- setting up a website.

Whatever the product, you need to be able to describe it in depth and with precision - and passion. You must also know in detail the product's context - the museum, its operations, and its various exhibition, education, event, and building programmes.

### Your market

You will need to define the target market for your product. Researching this will build on your existing knowledge of your museum's visitors, your community, and visitors to your community (see 'Know your visitors': *Te Papa National Services He Rauemi Resource Guides No 6*).

When defining your market, look at all the various segments. For example, an exhibition may be targeted at:

- families during weekends and holidays
- visiting school groups during the week
- domestic tourists (because it provides an insight into the region).

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Ask yourself - would you sponsor your event?

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### Looking for a match

Once you are clear about your product and market, start looking for a match with a potential sponsor. You are looking for a marriage of a business's marketing objectives with what you know your exhibition, programme, or project can deliver. Your job is to seek out the match that helps a sponsor to get their brand or product message out through your product.

You will need to know your business community well - their markets, their products, and their plans. Join the local business organisations (the museum is after all another local business), go to business functions and talk with business people, invite business leaders to your openings and events.

You will need to research and keep yourself up to date on any potential investor's:

- public profile, values associated with their brand, challenges and triumphs
- history, board membership, senior management team, other sponsorship relationships.

## Targeting the right potential sponsor

The following questions might help you identify a potential sponsor:

- Is there a particular synergy between your project and a particular company?
- Is there a match between your target market and the sponsor's?
- Can you offer the sponsor an exclusive arrangement?
- Can you offer a sales facility on your premises?
- Can you directly contribute to any particular part of a company's business?
- Do your geographic location and reach match those of any potential sponsors?
- What can your sponsorship offer that other conventional marketing tools can not?
- Could you attract potential clients for a particular sponsor?
- What positive spin-off could you offer a potential sponsor? (For example, if the company has recently restructured, staff morale could be boosted by tickets, staff functions, or behind-the-scenes tours.)
- Do you want your organisation to be associated with this company?

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How suitable is your potential sponsor? Are they popular locally? How would they fit with a schools programme?

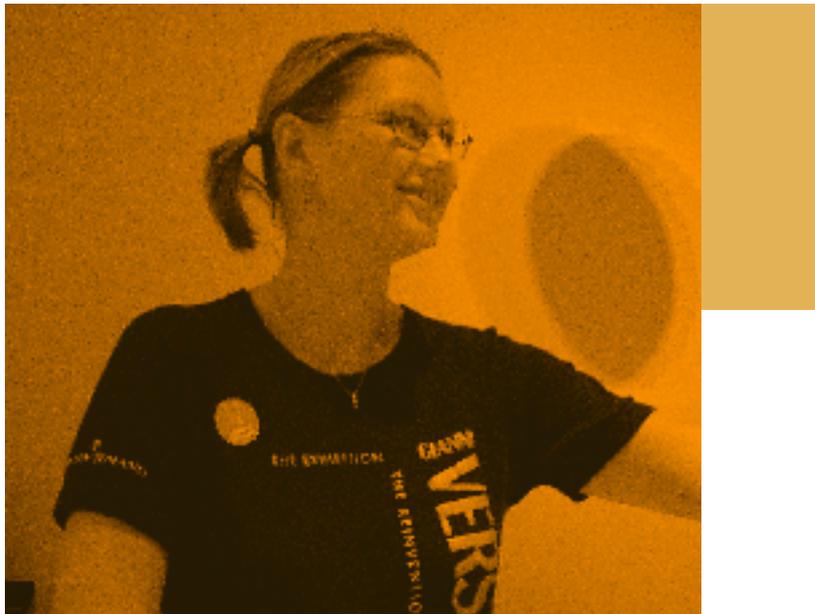
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## *Taiāwhio* and the law

Te Papa developed an exhibition that focussed on contemporary Māori art - entitled *Taiāwhio*. It had interesting, even contentious themes, the work looked stunning and the exhibition was assigned a great location within Te Papa's new gallery space.

Te Papa saw that such an exhibition could appeal to corporates such as law firms working in the field of iwi development and Treaty of Waitangi issues. A proposal was developed and then successfully pitched to the law firm with the largest Māori unit - Russell McVeagh.

The museum received cash support for the exhibition. The law firm shared in the prestige of both the exhibition and the museum and gained added exposure through the sponsorship. Both the museum and the law firm shared in further relationship-building with iwi.





## Sponsors and the **Hokonui Moonshine Museum**

The Hokonui Moonshine Museum in Gore is an example of how a museum can work closely with local businesses to win and maintain their ongoing support.

Their four-year sponsorship package with the Southland Building Society (SBS) gives SBS a profile within a very successful cultural enterprise. The museum:

- acknowledges SBS in their audiovisual ('a Southland institution supporting a Southland legend')
- has given SBS naming rights to a space housing a changing array of artworks - the Southland Building Society Hokonui Moonshine Gallery (a low interpretation zone where the gallery name does not clash with the museum's story)
- provides a venue for corporate functions and gives free admission to SBS staff
- sends copies of the museum newsletter and bulletin to the SBS board and managers, keeping them up to date with visitor numbers and the success of exhibitions and events.

The SBS sponsorship comes from the SBS marketing and advertising budget. It is the purchase of services from the museum, enabling SBS to win local profile and to put their name before prospective clients.

This long-term cash sponsorship is matched by long-term 'contra' sponsorships with local businesses. Director Jim Geddes emphasises the importance of sticking with a printer or stationery supplier or electrician and not continually shopping around for the best deal. Loyalty to a company can bring additional rewards - the museum negotiated good deals with their printer, and later on the printer made a cash sponsorship deal when a new gallery was opened.



# Approaching the **sponsor**

## The sponsorship proposal

The sponsorship proposal - often called the pitch document - needs to address the things the potential sponsor will be looking for. It should be clear, easy to read, and relatively brief. You can put such things as exhibition details or visitor graphs and tables in appendices at the back of the document.

Remember - you are creating an opportunity for your sponsor. Offer them solutions to *their* problems.

## Essentials of the pitch document

- Provides clear and persuasive information on the product (e.g., event, project, exhibition).
- Gives a detailed profile of your target audience.
- Briefly backgrounds your organisation, its track record, and credentials - successful exhibitions and events, visitor information, board and management, mission.
- Summarises how you are regarded by the public - your media profile, public perception (e.g., visitor survey results).
- Details the benefits of association with your product - include naming rights, signage, advertising, functions for clients and for staff, tickets, exclusivity, sales, merchandising.
- Specifies how much the sponsorship will cost (state whether GST inclusive or exclusive).

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Focus on what you or the product can do for sponsors, not on how they can help you.

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## Sponsorship **costs**

How much will the sponsorship cost? The amount you nominate is not a matter of, for example, making up the deficit in the exhibitions budget.

Be realistic - talk to your peers, find out about other comparable sponsorships, and, if possible, what your potential sponsor can afford.

Be clear about what you can actually offer - can you sell naming rights?

At the same time, identify what the sponsorship will cost the museum. There will be additional signage, design and print costs for advertisements, catalogues and fliers, staff time spent in selling and servicing the sponsorship, tickets, client entertainment, media monitoring, and audience evaluations.

**YOU SHOULD AIM TO SPEND NO MORE THAN ONE-THIRD  
OF THE SPONSORSHIP'S VALUE ON SERVICING IT.**

## Meeting the sponsor

There is no blueprint to making a sponsorship approach, but there are some guiding principles that can improve your chances of success.

### Before the meeting

- Set up a meeting with the right person - the decision-maker or at least the person who handles sponsorship. Initially, you may broach the idea with someone you already know in the company and then seek a formal meeting to present the proposal. In a small business, you may be talking to the owner; in a larger business you may be talking to a sponsorship or corporate affairs manager or a regional manager.
- Do not send your proposal in advance - front it. You want the opportunity to highlight and explain key features in person and to talk through any queries or confusions.
- Take care over deciding who should front the pitch - use your assets. Sometimes, for example, it is useful to bring in the creative team or the artist involved. They can speak with passion and knowledge and move from the measurable benefits to the intangible.
- Find out the names and roles of the meeting participants in advance.
- Have a fall-back position - for example, you may be prepared to discount the sponsorship for the first year if they come on for three years.

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Are you approaching the right person in your prospective sponsor company?

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### At the meeting

- Dress professionally.
- Have proposal copies for each participant.
- Be clear, friendly, and professional.
- Stick to the time allocated.
- Highlight key aspects of the proposal - do not just read it through out loud.
- Be open-minded and prepared to respond to what you find out about the business's objectives.
- Take notes about what you learn and of any promises you make.
- Arrange what will happen next - keep the ball in your court.

### After the meeting

- Follow up with a letter thanking the participants for their time and recapping on any points that came out of your discussions during the meeting.
- If you are turned down, try to establish the reason. It may be that the timing was wrong or the project did not fit the company. Make sure you leave the door open for future approaches for other projects.
- If you're successful but have got your figures wrong, do not go back and ask for more. If the project works well, you can always ask for more next time.

### The sponsorship agreement

All sponsorship arrangements should be in writing to ensure a common understanding of the agreement and to keep the relationship on a sure footing. The contract may outlive those who agreed to the original arrangements and can also be used to communicate to others in the organisation. The list on page 12 is not complete, but gives major points to be included.

Arrange for the sponsor and the museum each to have signed copies of the agreement.

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Have you undervalued or overvalued your exhibition or programme?

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## Major points in a sponsorship agreement

- State the parties that are involved.
- Describe the exact nature of whatever is being sponsored.
- State the dates and venue of the event, exhibition, or project.
- Specify the term of the agreement, for example, for the duration of the exhibition, with specified start and finish dates.
- Clarify any rights of renewal.
- Detail the sum of money and/or services involved.
- Detail the use and approval for use of the sponsor's name and logo.
- Detail the use and approval for use by the sponsor of your organisation's name and logo.
- Describe and list the marketing devices to which the logo(s) will be applied and whether the logo will be in colour or black and white.
- Clarify whether non-sponsors can advertise in any associated publications, and whether the sponsor is entitled to exclusive representation in their business category.
- Detail signage rights, location, dimension, who pays, how long it stays in place, who else is mentioned.
- Detail hospitality rights - numbers of tickets, invited guests, venue usage, who pays for food and beverages, carpark passes, what extra tickets cost, special tours for guests.
- Clarify any merchandising potential, and the sponsor's right to logo inclusion and to discounted or free goods.
- Clarify who should be paid, how much, when, whether the figures are GST inclusive or exclusive, and who will invoice whom.
- Detail any grounds for termination (breach of contract, cancellation of event/exhibition, insolvency of either party).
- Detail the process for resolution of any breaches.
- Put in a 'force majeure' clause - to cover events beyond the control of the contracted parties, such as floods or earthquakes, as a result of which the contract can be terminated without fault or liability.
- State whether any 'right of veto' is agreed - can a major sponsor expect the right to approve any other associate sponsors?
- State whether the rights can be assigned to a third party.
- State that all the agreed details are contained in the contract document ('entire agreement').
- State the governing laws under which the agreement is made.



# *Servicing*

## the **sponsorship**

Have one person assigned as the sponsor contact - to build the relationship and ensure clear and consistent messages are getting through both to the sponsor and to the museum staff. That person will look after the sponsor, ensure the benefits are delivered, and advocate for the sponsor in the organisation.

The principle of 'no surprises' is essential in working with sponsors. If something unexpected does occur, warn them before any story appears in the media and say how you plan to handle the situation. If anything changes, advise, communicate, and negotiate with the sponsor.

Involve sponsors in activities so they feel they belong. Invite them to all the major museum functions, not just to their exhibition or programme launch. Ensure they are always acknowledged in speeches, in writing, on the museum website, in interviews with the local media.

### **Make sure the left hand knows what the right hand is doing!**

- Make sure the list of marketing material in the proposal and the contract is checked with your marketing people.
- Ensure that your marketing, events, Friends organisation, and exhibitions team all have the details of what has been agreed, as well as electronic copies of the logos and any taglines or placement requirements you have agreed.
- Ensure that the marketing team makes any designers or outside agents aware early on of the sponsor's requirements for recognition and that these requirements are included in all briefing documents.
- Make sure that the marketing material will allow for the colours, placement and sizing specifications of the sponsor's logo to be reproduced faithfully.
- Make sure that your marketing team sticks to the marketing plan as agreed or that changes are negotiated with the sponsor.



### **Deliver the sponsor's expectations at the opening function**

- Make sure the opening function happens on a day of the week that is likely to get a good turn-out.
- Make it an interesting, lively event - with a chance for the sponsor to speak.
- Brief the sponsor well on the exhibition, event, or project, including who will be at the function so that that any speech is well informed.
- Make sure sponsors are introduced to key people and looked after.
- Make sure photos are taken of sponsors with key people.

### **Do what you said you'd do**

- Deliver on all benefits without being reminded by the sponsor.
- Protect your sponsor's rights.
- Look for ways to make the relationship even better than promised.
- Acknowledge and promote your sponsor(s) at every opportunity.
- Be genuinely and whole-heartedly committed to the sponsorship.

### **Sponsorship records and evaluation**

- Keep clippings and samples of marketing material with the sponsor's logo on it.
- Track visitation or attendance figures and any other information about the market.
- Compile any photographs of functions associated with the sponsorship, and of the event, exhibition, or project itself.
- Make a meeting to debrief each other - document the strengths and weaknesses and talk about options for future relationships.

Sponsorship should be a win-win for the two parties. It should be a long-term partnership where each organisation gets to know the other and work closely with them. There should be the opportunity for sponsorship renewal at the end of the particular project and both parties should still be keen!

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Can you deliver on the promises?

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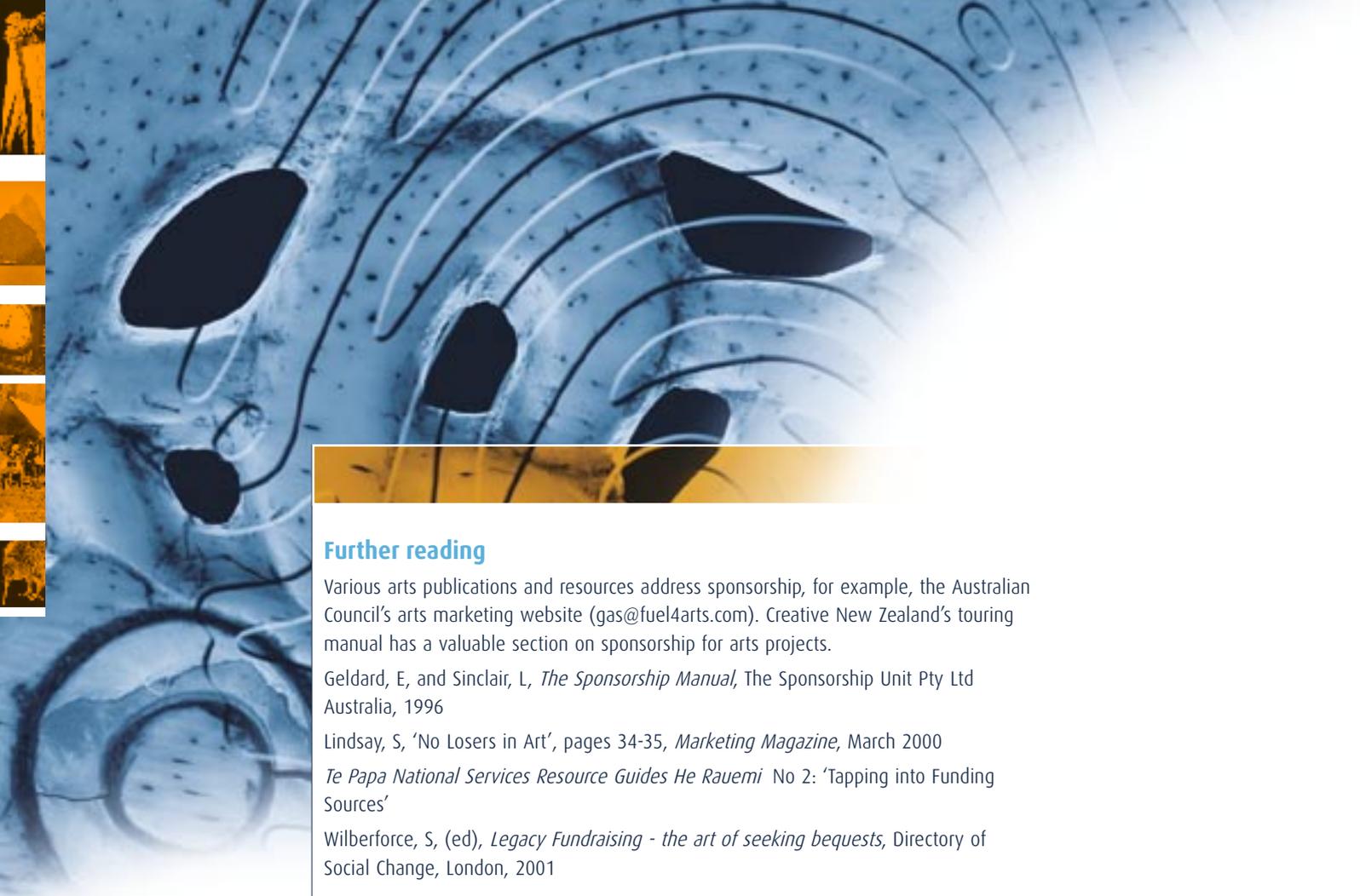




## Changing the **emphasis**

In the past, the Dowse Art Museum depended for its funding on the Hutt City Council, but in the late 1990s the Council asked the gallery to try to generate a greater proportion of its revenue. This coincided with the appointment of a new Director and a major planning and restructuring exercise for the Dowse, and led to the creation of a new full-time position of Communication and Commercial Manager. The Dowse has now moved from being an organisation with very little experience in sponsorship to one with a great deal of success. From Director Tim Walker's perspective, the key is treating sponsors as full partners in a relationship, rather than simply suppliers of cash or goods.

The shift has created some challenges for staff, who have needed to become more aware of commercial imperatives and business practices. But Tim is enthusiastic about the way the strategy has helped the Dowse cement its place as a local institution, through strong connections to businesses based in the Hutt. Working in creative partnerships with producers, supporters, and communities (the gallery's mission) has taken on a whole new meaning.



### Further reading

Various arts publications and resources address sponsorship, for example, the Australian Council's arts marketing website ([gas@fuel4arts.com](mailto:gas@fuel4arts.com)). Creative New Zealand's touring manual has a valuable section on sponsorship for arts projects.

Geldard, E, and Sinclair, L, *The Sponsorship Manual*, The Sponsorship Unit Pty Ltd Australia, 1996

Lindsay, S, 'No Losers in Art', pages 34-35, *Marketing Magazine*, March 2000

*Te Papa National Services Resource Guides He Rauemi No 2: 'Tapping into Funding Sources'*

Wilberforce, S, (ed), *Legacy Fundraising - the art of seeking bequests*, Directory of Social Change, London, 2001

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