



## ARTS & MUSEUMS INTRODUCTORY GUIDETO BUSINESS SPONSORSHIP

<u>CONTENTS</u>	<u>PAGE</u>
1. INTRODUCTION	1
2. SOME DEFINITIONS	1
3. WHY BUSINESSES SPONSOR	2
4. SEEKING SPONSORSHIP	2
5. ABOUT ARTS & BUSINESS	6
6. TRAINING	6
7. USEFUL PUBLICATIONS	7

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## 1. INTRODUCTION

Business sponsorship of the arts in the UK is a growing and sophisticated business. **In 2001/02, businesses invested more than £111m in the arts.**

Sponsorship is a sophisticated marketing tool and organisations approaching the concept of raising money from the business world need to understand that sponsorship is concerned with building relationships. It is often about funding in the long-term rather than the short-term. Obtaining sponsorship is a time-consuming activity that requires resources and realistically, nine out of ten applications for sponsorship are unsuccessful.

This guide is intended as a brief introduction to sponsorship of the arts. Arts & Business can offer advice and information on many aspects of sponsorship and other forms of business partnerships through seminars, individual surgeries and written correspondence.

## 2. SOME DEFINITIONS

Arts & Business defines sponsorship as:

*The payment of money by a business to an arts organisation for the purpose of promoting the business name, products or services. Sponsorship is part of a business's general promotional expenditure. It can include an element of corporate or social responsibility.*

Note the extent to which the definition stresses the business purpose in sponsorship. The tax regime also distinguishes sponsorship, as it is submitted to complex and important rules. Sponsorship is a commercial relationship and must be a business expense to be tax deductible. The tax rules extend to VAT as well, and as most arts organisations are charities and/or non-profit distributing companies and liable to VAT, VAT is

chargeable on all commercial benefits of the sponsorship package. Don't worry our publication '**Business partnership with the arts – the tax essentials**' can explain everything !

*Sponsorship in-kind* is the provision of discounted or free goods or services. If such items are made available at less than cost, the difference should be treated as a sponsorship payment (provided the business receives appropriate benefits) and the tax implications are as for sponsorship.

*Support* is a generic term which can be used to cover any positive relationship between a business and an arts organisation.

*Fundraising* is a generic term for money sought from individuals, businesses and charitable trusts as patronage or charitable donations.

*Development* is generally a euphemism for the act of attracting revenue through fundraising and sponsorship.

*A donation* is money from an individual or business for which no commercial return is sought. There is no VAT charged. In the UK, it is tax free and can be done by Gift Aid.

*Patronage*, like a donation, is money from an individual or business for which no commercial return is sought.

*Corporate membership* is a scheme whereby a business pays an annual sum to an organisation in return for various services over the course of a year, e.g., provision of seats at events, invitations to receptions, free programmes, use of facilities. It is not considered sponsorship and may be regarded by the Inland Revenue as entertainment and therefore disallowed for tax purposes.

Arts & Business's remit covers the sponsorship relationship. This publication will deal with that exclusively. This Guide, however, lists other publications which may be of use in fundraising and other areas.

### **3. WHY BUSINESSES SPONSOR**

Ideas about arts sponsorship sometimes suffer from being too closely linked with ideas about art. Arts sponsorship is about fulfilling particular business needs. Whilst there is an element of arts sponsorship which is concerned with business being interested in the arts, this is not where the main motivation lies. Businesses look to arts sponsorship to fulfil specific commercial objectives as part of an overall marketing or promotional strategy which might also take in media advertising and direct mail campaigns.

Businesses sponsor the arts for many different reasons, but it is safe to say that the most prominent reasons are:

- marketing/advertising opportunities;
- hospitality/client development;
- corporate responsibility;
- public relations;
- community/employee relations;
- product sampling;
- association with excellence;
- access to target audience/market.

Sponsorship is just one of the marketing tools that business uses to create and communicate their image to the public.

Business people recognise a useful tool when they see one and the tool works because it is about establishing the creative link between a business who sponsors and the audience an arts organisation can deliver. Arts sponsorship can magnify the name and image of a business through a compelling, dynamic association in the minds of a targeted audience.

Business professionals (sponsorship managers, marketing managers, PR managers, or whoever is responsible for a business's sponsorship) using sponsorship as a tool would not consider a sponsorship proposal which could not be carefully and skilfully tailored to their needs. And as business sponsorship people can look at up to a hundred proposals a week--the majority of which they will turn down--it is important for arts professionals to make their proposals stand out and approach sponsorship in a professional and committed way.

### **4. SEEKING SPONSORSHIP**

Obtaining sponsorship from business involves a concerted strategy and plan and a professional approach. To sell yourself to a business (which is what you are doing), you must consider how much time, effort and resources you are prepared to allocate to attain your goal. Without a commitment to these basic components, success is doubtful.

In considering the time scale, remember most businesses plan their sponsorship budgets a year or more in advance, so your planning needs to begin well ahead of that.

The basic steps for planning and executing a sponsorship programme are:

- Assessing your organisation and identifying your requirements and resources;
- Developing a sponsorship package (or packages) with appropriate benefits;
- Researching the market, and
- Making an approach.

## **ASSESSING YOUR ORGANISATION**

In assessing your organisation you need to define:

- your identity (How do you perceive yourselves?)
- your audience
- project or projects for which you are seeking sponsorship
- benefits you can offer
- resources you have available (facilities, personnel and funds) to support the benefits offered

Then you need to set a price for the sponsorship package. In doing so it is wise to consider your "alternative currencies". These are all the things you have that you think a business might need. For example, if you are a theatre, some alternative currencies might be: rehearsal space (to host a function); actors/actresses (for a meet the cast function); mailing list; audience; publicity material; foyer space (for product display).

Once you have determined these factors, you can begin to research the market.

## **RESEARCHING THE MARKET**

It is important that everyone in your organisation is aware of sponsorship and what it entails.

The more a sponsorship proposal is tailored to an individual business' needs, the more effective your approach will appear, so it is a good idea to build up individual company profiles.

Many companies have a sponsorship policy, and it will become apparent quite quickly whether or not your organisation fits their prerequisites.

There is a variety of ways to obtain information about companies. Think about companies that you may already have contact with--your printers, bank, insurance company, stationers, etc. Particularly useful are board contacts, reference libraries, local

Chambers of Commerce or other business bodies, newspapers and business periodicals, annual reports, previous sponsors of the arts, etc. Local Enterprise Companies and Governments often publish directories of businesses in their areas which can provide useful names and addresses. And don't forget that literature from other arts organisations is a valuable source of sponsoring companies.

After researching various companies you should aim to target an approach to about five to ten of them.

## **MAKING AN APPROACH**

At this stage, all you are trying to do is get a potential sponsor to meet you to discuss your project further. A written approach should be the first official point of contact and it is important to get the name of the person responsible for sponsorship and write to them personally. This name can be obtained by ringing up the business.

A professional sponsorship proposal should be roughly four pages long although you can write a longer proposal as long as the information is clearly laid-out with sub headings and concisely put. The proposal must be accompanied by a personalised covering letter. (Photocopied letters do not get very far.)

In presenting information to a sponsor don't overwhelm them with irrelevant information. Be realistic and careful not to promise things you cannot deliver, such as guaranteed media coverage. Aim to give them enough data so they can evaluate the cost effectiveness of a project alongside their other promotional opportunities. Including an item of print is a good idea as it can show a business the type of print quality to which you aspire and with which they would be associated. And if you have a visitor survey or business plan, don't include it, but say that it is available for further information.

### **The Proposal**

Your proposal should briefly list details of your organisation, as well as details of sponsorship opportunities:

- a) What is the organisation? What do you do?;
- b) Reputation: Famous names/organisations/previous sponsors associated with you and your work;
- c) Endorsements: press quotes (not whole cuttings!);
- d) Your audience profile (potential capacities, ABC1/CD2);
- e) Other funding sources (e.g. city councils, etc.);
- f) Why you should sponsor us? (e.g., exposure, target audience, national profile, community links, education elements, etc.).

Next, your proposal should outline the benefits to the sponsor. These will depend on the cost of sponsorship, but some examples might be:

- a) Wording: How sponsorship will be acknowledged (e.g., name and logo);
- b) Ways of acknowledging the sponsorship: on posters, programmes, catalogues, leaflets/flyers, tickets, press releases, etc., including details of print runs, distribution and quality (i.e., paper stock, use of colour, etc.);
- c) Numbers of free tickets (and/or discounts for staff);
- d) Special press events, including press releases, photo opportunities, press packs;
- e) Media coverage (Remember, don't promise what you can't deliver!);
- f) Facilities for hospitality.

Also include the cost of sponsorship, plus VAT.

At this point, we do not recommend you include a budget, but you must be very clear about how you perceive the role of sponsorship in the overall financing mix. Businesses do not wish to be the sole or core source of funding for an arts organisation. Please see Section 6 for more information.

### **The Covering Letter**

The covering letter should make the creative link between your organisation and the business you are approaching. It is your way of showing that you have done your homework on the business and are making a focused approach. The letter should be personalised, brief and to the point, including a paragraph or two outlining the proposed project/event and costs. Make sure the letter is proactive, e.g., "I will be in touch in a few days' time to arrange a meeting."

## **Following Up**

Follow up your proposal with a telephone call to assess its progress. If you are turned down, accept a no gracefully, but do try and find out why your proposal was not successful, so the next time you approach that company you can tailor your proposal even further. It is also a good idea to invite a business along to view your project even if they do not wish to sponsor. Sponsorship is all about cultivation and looking to the long term rather than the short term.

## **5. ABOUT ARTS & BUSINESS**

Arts & Business is the independent association which promotes and encourages partnerships between the private sector and the arts to their mutual benefit and to that of the community at large. There are 18 offices throughout the UK.

Arts & Business can offer advice and information to the arts community on all aspects of sponsorship although it cannot undertake to find a sponsor for an arts organisation. We have a variety of programmes and services relevant to the arts and museum community:

Arts & Business provides **'Introduction to Sponsorship' Seminars** each year throughout the UK. The course is for those who are new to fundraising or would like to refresh themselves. Each delegate receives a complimentary copy of the Arts & Business **Introduction to Sponsorship Manual**.

## **6. TRAINING**

Arts organisations, local authorities and umbrella bodies can also commission us to provide training.

**Visit [www.AandB.org.uk](http://www.AandB.org.uk)**

For all up to date information on our programmes, publications, training services and offices.

## 7. OTHER RESOURCES

Other useful publications can be found in your local reference library. The Arts & Business Resource centre in London is a reference resource and access is given by appointment only by calling 020 7940 6429.

### **Useful resources include:**

#### **Hollis Sponsorship Newsletter & Hollis Sponsorship & Donations Yearbook**

Hollis Directories Ltd  
Harlequin House, 7 High Street,  
Teddington, Middx TW11 8EL  
[www.hollis-pr.co.uk](http://www.hollis-pr.co.uk)

#### **The Directory of Social Change**

24 Stephenson Way, London NW1  
2DP:

<http://www.dsc.org.uk/>

#### **The Institute of Fundraising**

Market Towers, 1 Nine Elms Lane  
London SW8 5NQ

[www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)

#### **UK Evaluation Society**

PO Box 5356, Brentwood CM14 4ZJ

[www.evaluation.org.uk](http://www.evaluation.org.uk)