

Finding Your Sponsor

For better or worse, sponsorship support has become the lifeblood for events of every shape and size around the world, including local events such as the regional tennis tournament in our working model.

While some events have resisted taking on a title sponsor (Wimbledon, the Masters, and the Super Bowl come to mind), virtually every event counts on some form of sponsorship (either directly or indirectly through television advertising) to cover the ever-increasing costs of operation. Even events such as the Rose Bowl, which is steeped in tradition and has long resisted any form of sponsorship, have given in to the allure and perhaps the necessity of corporate sponsors or partners. While some purists might dream of an event with no corporate name in the title and no banners on the field of play, the economic reality dictates that sponsorship is a must.

In fact, without sponsors, it will be difficult to organize an event that makes any financial sense. This chapter defines sponsorship and discusses how to go about finding those all-important corporate partners.

WHAT IS SPONSORSHIP?

In its most simplistic definition, sponsorship is a situation in which a company pays a pro-

motor a fee for the right to associate itself and its products with his or her event. Some companies sponsor events to entertain their customers or employees. Others become sponsors in an effort to advertise, promote, or sample their products and services to potential customers. Still other sponsorships are developed because a company wants to better its image through an association with a particular sport or charity.

Sponsorships come in all shapes and sizes, as companies look to achieve vastly different objectives from their sponsorship activity. Your job is to find the companies that are potential sponsors of your event, determine what they are looking to gain from an association with it, convince them that through your event they can reach their goals, close the deal to make them a sponsor, and then deliver the various benefits that you have promised and that they have paid for. No problem!

SPONSORSHIP PROPOSAL

Basically, soliciting sponsorships is a sales process. Rarely does a sponsor just happen to knock on your door and ask to be involved in your event.

The sponsorship sales process can be intimidating and discouraging. On the other

hand, making a sponsorship deal can be exhilarating and electric. The people who really love the "high" of closing a deal are generally the best sponsorship salespeople. I have been there many times, and I still get excited about closing a deal, whether it is for \$5,000 or \$500,000.

Sponsorship solicitation usually begins with a written proposal that outlines the various benefits offered to a prospective corporate partner. I say "partner" because, as with your site, your goal should be to create a relationship with your sponsors that extends far beyond the four walls of your contract. If the relationship with your sponsor is defined solely by the language in your written agreement, I doubt that you will have a long-term arrangement with that company. But more on that later.

Our proposal for an official product sponsor for the 1998 King of the Beach Invitational (see figure 4.1) will serve as a good place to start the sponsorship discussion.

In some cases you might be well advised to create a sponsor fact sheet that accompanies or precedes the full-blown sponsorship proposal. Figure 4.2 is, in effect, a thumbnail version of the proposal itself and might even be referred to as an executive summary. The point of this shorter version of the proposal is simply length. Many people that you will contact are very busy. They will see a three- to five-page proposal and just not want to read something that long. A fact sheet can give them all of the relevant points in one or two pages, a length that people are comfortable with and willing to read. The fact sheet would look something like figure 4.2.

As you can see, this fact sheet basically mirrors the sponsorship proposal but reduces the length considerably by condensing all of the salient points. You may find that this for-

mat is far more productive for you in the long run.

A proposal of this nature is going to become your calling card during the solicitation process. It will be the first written material people see about your event. However, by itself it will not get you in the door, nor will it sell the deal. You have to do that. In order to have a chance to be successful you need to understand thoroughly your basic proposal and the offshoots available from it. To do so, let's go through the King of the Beach proposal point by point.

Presentation

Sometimes I think I am a bit of a dinosaur in the area of presentation. When I first got into the sports business, a sponsorship presentation was neatly typed out on your company or event stationary and sent with a cover letter to your contact at the prospective sponsor.

Today, the three-page, plainly typed proposal is ancient history. It has been replaced by everything from computer presentations to nicely bound four-color booklets to videos. The competition for sponsors has become so tough that this presumably more sophisticated approach is deemed necessary to get the attention of your sponsor target. For me to disagree with this line of thinking would probably not be fair because it has become a way of life.

Having said that, a couple of things come to mind. First, be careful that the presentation doesn't outstrip the event. For example, if you are planning a junior tennis tournament and looking for modest amounts of money, spending a lot of money on a fancy presentation sends the wrong message. The same is true of a charity event. You don't want to give the impression (real or perceived) that the money being spent by a sponsor is, in the latter case, going to places other than the charity or, in the former

King of the Beach Invitational Official Product Sponsor Package

EXCLUSIVITY

- XYZ receives product category exclusivity.

TELEVISION

- The event will be televised for a minimum of one (1) hour on ESPN in West Coast Prime Time with at least one (1) re-air on ESPN2 at a time to be determined by the network.
- XYZ will receive one (1) 00:00:30 commercial unit on each telecast.

SIGNAGE

- XYZ will receive on-court rotational signage on three (3) sides of the stadium court.
- XYZ's signage will be clearly visible for a minimum of 60 seconds on the television broadcast, provided XYZ purchases at least one (1) commercial unit.
- XYZ will be allowed four (4) 3' x 8' logo signs within the stadium (noncourtside).
- XYZ will be allowed four (4) 3' x 8' logo signs in high-traffic areas throughout the tournament grounds.
- XYZ will receive logo identification on the main corporate sponsor board.

ENTERTAINMENT

- XYZ will receive ten (10) sandbox seats for each session of the event (four sessions).
 - XYZ will have use of the in-stadium hospitality platform (50 guests) for exclusive, private use during one (1) session of the event.
 - XYZ will receive four (4) complimentary hotel room nights at the Hard Rock Hotel.
 - XYZ will receive two (2) invitations to the King of the Beach Golf Outing (Thursday prior to the event).
 - XYZ will receive eight (8) VIP invitations to "The Bash" player party.
 - XYZ will receive four (4) VIP invitations to all ancillary hospitality functions.
 - XYZ will receive twenty (20) general admission tickets to each session of the event for customer entertaining or ticket giveaway promotions.
- (Note to the reader: As discussed later, you will want to stress the sponsor's ability to promote your event independently in conjunction with their advertising and sales in the local market.)*

DISPLAY/MERCHANDISE

- XYZ will have exclusive use of one (1) 10' x 10' display tent/area.
 - XYZ will have the right to display and/or merchandise its product or services.
 - XYZ will have the right to use the King of the Beach Invitational logo on products (except clothing).
- (Note to the reader: We had a separate clothing sponsor for this event [Speedo], so all clothing items related to the event had to be provided by that sponsor.)*

PROMOTIONS/PUBLIC RELATIONS

- XYZ will have one (1) stadium court promotion each day of the event.
 - XYZ will be allowed public address announcements throughout the event.
 - XYZ will have the right to distribute publicity materials in the on-site public relations office.
 - A national press release will be created and disseminated announcing XYZ's participation in the event.
 - XYZ's logo will be included on press release and event letterhead.
 - The right to have one (1) King of the Beach Invitational participant appear at on- and off-site event promotional activities subject to scheduling and noncompetitive endorsement relationships.
- (Note to the reader: This benefit is subject to your agreement with your participants in the event and has to be carefully coordinated so that you do not interfere with the player's event schedule both on and off the court.)*
- XYZ will have the right to distribute a collateral piece in the King of the Beach Invitational welcome pack.
 - XYZ will have the right to include an insert into each ticket mailing (i.e., coupon, product brochure, etc.).

ADVERTISING

- XYZ will receive ten (10) 00:00:30 radio units in the Las Vegas market during the two (2) weeks preceding the event.
- XYZ's logo will appear on all print advertisements produced by StarGames.
- XYZ's logo will appear in all television commercials produced by StarGames relating to this event.
- XYZ will be given one (1) full-page four-color advertisement in the official program.
- XYZ's logo will appear on the corporate sponsor page in the official program.

COST

In consideration of the above benefits, XYZ will pay to StarGames a cash fee of \$25,000, which shall be payable in two (2) equal installments, with the first being due on signing an agreement and the second within five (5) days of the airing of the first ESPN telecast.

Figure 4.1 Sample sponsorship proposal.

KING OF THE BEACH INVITATIONAL FACT SHEET

EVENT: King of the Beach Invitational

DATE: March 10–13, 1999

LOCATION: Hard Rock Hotel and Casino, Las Vegas, Nevada

EVENT DESCRIPTION: The King of the Beach Invitational brings together the top 14 players from the AVP Tour to participate in a round-robin format over three days to determine the best individual player. Players rotate partners and earn points and prize money based on their results. The top four players advance to Sunday's final round, creating the most exciting event in the sport. Past champions include Karch Kiraly, Adam Johnson, Jose Loliola, and Eric Fonoimoana.

TELEVISION: The event will be televised on ESPN for one hour. The telecast date and time are still to be determined. There is one guaranteed re-air of the telecast on ESPN2.

SPONSOR BENEFITS: As an official product sponsor of the King of the Beach Invitational, XYZ will receive the following benefits:

- Product exclusivity
- One (1) 30-second commercial spot on the original and rebroadcast of the event on ESPN
- On-court signage in television camera range
- Tickets to each session of the event and access to the VIP hospitality area
- Four (4) complimentary room nights at the Hard Rock Hotel
- Invitations to all parties associated with the event
- The option to display and merchandise your product on site
- Daily on-court promotion
- A player appearance
- Name and logo on all materials produced for the event, including over \$100,000 of in-market advertising
- Radio spots in the Las Vegas market featuring your product message
- An ad in the tournament program
- Additional benefits as determined for official product sponsors

COST: \$25,000

Figure 4.2 Sample fact sheet.

case, not going to benefit the kids for whom you are trying to provide a place to play.

Also, keep in mind that you are soliciting busy people. The longer and fancier the presentation, in my experience, the less likely they are to read it with the immediacy that you had hoped for. I suspect that the high-gloss, state-of-the-art presentations get flipped through quickly and then get put into a reading file. They eventually get read because they look intriguing, but not with the same sense of urgency that you were looking for. While you should use the myriad of tools available to dress up your proposal so that it cuts through the clutter, simply be careful not to go overboard.

If you have a big event (e.g., a national championship), a more sophisticated look is probably in order. Four-color booklets, flip charts, video, graphs, and so on do make an impact. However, I believe that the event and the rights package are what sells, not the look of the presentation. So, while determining how best to "wrap" your proposal, make sure that the contents are substantial. Also, keep in mind that what you really hope is that someone calls you back and says, "We would like to discuss this with you." Your proposal should be the door opener. However, in all likelihood, your personal sales presentation will be what enables you to make the deal.

Sponsorship Levels

As you create your event, be thinking right from the start about how many sponsors you would like to have. Some part of this decision will be driven by how much money you need.

If you can reach your financial goal with one corporate partner, in my opinion, so much the better. One sponsor avoids clutter and simplifies your life. You only have one company to deal with, and you can present a very clean-looking event. However, the reality is that sponsorship deals of the magnitude that are probably necessary to fund your entire event may be difficult to come by. As a result, you will most likely need to bring in multiple sponsors who all pay differing amounts.

That being the case, you need to determine how many sponsors in total you are prepared to have (the King of the Beach has averaged about 10 sponsors each year) and at what levels of participation and cost. There are many names for these sponsorship levels, but the most common ones include title sponsor, presenting sponsor, official product sponsor, as-

sociate, and partner. In general, these categories break down as follows:

• **Title sponsor.** This is the lead sponsor of the event (XYZ's King of the Beach Invitational). The title sponsor's corporate name and logo are featured in all communication regarding the event in the most prominent manner available while keeping with good taste. The title sponsor receives the most benefits of all the companies involved in your event.

The event and the rights package are what sells, not the look of the presentation.

• **Presenting sponsor.** Typically, this is the second biggest sponsor of your event. The presenting sponsor will most often have its name or logo come after the title of the event (XYZ's King of the Beach Invitational presented by ABC). The presenting sponsor receives benefits similar to those provided to the title sponsor but proportionate to what they pay. For example, the presenting sponsor's name and logo might be half the size of those of the title sponsor in your ads. They will receive proportionately fewer tickets, less signage, less television exposure, and so on. With some things, such as booth space

Urgency and Need

To some extent, your ability to close deals is directly proportional to your ability to create a sense of urgency . . . the need for someone to make a decision.

As much as I would like to say that urgency and need can be built into your proposal, the fact is that they cannot. The sense of need is what the sales process is all about—creating the market for your property. This can be illustrative. The sense of urgency can be a bit more tangible in that you can use certain steps within the event process to try and force a decision from whomever you are working with. For example, if you are having a press conference to announce your event, you might use that to prod your potential sponsor into making a decision so they don't lose an opportunity. The start of your ad campaign or a major promotion can serve the same function. Sponsors will not want to miss these milestone moments in the countdown to your event. Use these occasions as sales techniques to close the deal.

and program ad pages, the differences will be minimal. If you are unable to find a title sponsor for the price you have in mind, you might negotiate to have your lead sponsor in the presenter role (the King of the Beach Invitational presented by XYZ).

• **Official product sponsor.** Normally, this will be the category with the most companies and is the area in which you have to be careful about corporate clutter. Too many sponsors might be a turnoff to certain companies and to the spectators. Official product sponsors typically receive in the neighborhood of one third of the benefits of your title sponsor. Their name is not in the title of the event. Their logo might be included in some ads, but not all. They receive fewer tickets, less promotion, and so on. All of this has to be calculated so that it is in proportion to what they pay. The dollars spent should directly affect the number of benefits you provide to the official product sponsors.

• **Associate, partner, and other levels.** I have found that any other classifications that you assign to your sponsors are simply offshoots of the three basic levels. These additional sponsor levels can be useful in expanding revenue streams. An associate sponsor might fall somewhere between the presenting sponsor and the official product sponsor. A corporate partner might receive half the benefits of an official product sponsor. In most cases, it takes a pretty big event to get to this depth of corporate participation. If your event is big enough (e.g., a major bowl game or national championship), you might have licensing partners too.

Finally, there might be other sponsorship options as well, depending on the type of



The number of sponsors you include in your event and their varying levels of sponsorship will largely depend on how much money you will need to fund your event.

event you have. A golf tournament might have hole and cart sponsors; a tennis tournament might have a clinic sponsor; a marathon might have a sponsor of the pre-race carbo-loading feast; and so forth. Here you have the opportunity to be very creative and add to your bottom line. (Remember, if you can do it without offending people, everything is sponsorable. We have had fashion show sponsors, hospitality area sponsors, changeover area sponsors, etc.) From an economic perspective, unless you have wrapped some of these options into the bigger packages, each of the sponsors of these ancillary elements will probably pay less for their participation in your event than those in the three basic categories. Therefore, you have to be careful about what benefits you provide and to whom. You don't want to find that you have given more or better benefits to your clinic sponsor than you gave to your official product sponsor, who paid four times as much money!

• **Licensing.** As I mentioned earlier, in some cases—and these will be the exceptions, not the rule—you might be able to license the

name and logo of your event to companies that produce products that lend themselves to incorporating your logo. These are primarily going to be clothing, shoe, or other sporting equipment manufacturers. If you have a monster property such as the Super Bowl, you might make a deal with an automobile company or other major product manufacturer to put your event name on their product.

These deals are usually royalty based, with your compensation dependent on sales. We have always insisted on some form of upfront guarantee against the royalty, and I think you should try to get that as well. To be perfectly clear, though, in most cases licensing will only be a factor for the really major events. We were able to license the King of the Beach logo on one or two occasions and tried to do so with a couple of other events, but this kind of thing is primarily left to the Wimbledon and Masters of the world.

With the above as background let's review in detail the various aspects of your sponsorship proposal using the King of the Beach proposal (figure 4.1) as our guide.

Exclusivity

XYZ receives product category exclusivity.

Except as it might relate to television advertising and preexisting venue signage, product exclusivity should be a given in your proposal. In virtually every case exclusivity is going to be expected by a prospective sponsor who will not want to share the stage at your event with another company in the same business. With that in mind, if your event is big enough, or if you are a good enough salesperson, certain categories that may seem to be ignored to a single company might be able to be divided. It is not unusual to see an official domestic car and official imported car, or an automobile and truck. The drink category is sometimes broken down into carbonated,

noncarbonated, energy, water, alcoholic (hard liquor), and beer. The telecommunications industry is another area in which you might have multiple sponsors. However, it is highly unlikely that you will see Coke and Pepsi, Ford and Chevrolet, or Merrill Lynch and Charles Schwab sponsoring the same event.

Again, creativity and salesmanship are the keys to exploiting this sometimes very fine line. Don't be surprised, however, if some sponsors become very definitive as to where they can live with the category divisions. I suggest that you not dig your heels in too deeply on this issue because in most cases the desire for product exclusivity is a pretty reasonable request.

Before leaving this discussion of exclusivity, you may recall that I referred earlier to potential venue sponsorship conflicts (this same issue will rear its head in your television negotiations). Suffice it to say, before sending out any proposals, be absolutely sure that you have covered this issue with your other event partners to be sure that you are not selling something you don't have the right to sell.

Television Package

The event will be televised for a minimum of one (1) hour on ESPN in West Coast Prime Time with at least one re-air on ESPN2 at a time to be determined by the network.

XYZ will receive one (1) 00:00:30 commercial unit on each telecast.

While we will cover most of the issues related to television in chapter 7, the type of television coverage and amount of on-air exposure that a company will receive from your event will be of great importance to most sponsors. Perhaps the most delicate issue that you will face with regard to television exposure will be the amount of time a company's

Product exclusivity should be a given in your proposals.

signage will appear on the air during the telecast. As you can see in the King of the Beach proposal, courtside signage exposure is, to some extent, a function of whether a company purchases commercial time on the telecast. In most of our events we stipulate that in order to have their signage clearly visible on television (there is always the chance that a camera will briefly pan the sponsor's logo), a sponsor must purchase commercial time. This is for a couple of reasons. First, if a company could gain logo exposure during the telecast without purchasing commercial time, they might always choose this option. As a result, much of the television time could go unsold, hurting both you and the broadcasting network. So, second, the network will probably insist on it anyway.

Consider the confusion if the network has paid you a rights fee and then you sell sponsorships that provide signage exposure without the purchase of commercial time. You and the network would be in a constant state of conflict. The only time this policy might become a problem (other than with any charity group whose signs should be visible to the cameras at no cost) is when one of your sponsors does not do any television advertising. We have had this situation with Speedo in conjunction with our volleyball events. Because they don't have a television commercial, we have allowed them, as the official clothing provider, to have courtside signage in television camera range. But this definitely should be the exception, not the rule.

Following are a couple of other issues in your sponsorship proposals that relate to television:

• **Billboards.** Typically, your telecast will have opening and closing billboards (e.g., "Today's telecast is brought to you by XYZ" along with the corporate logo) and perhaps some in the middle of the show. Note that there is no mention of these billboards in the King of the Beach official product sponsorship proposal. This is because they have been saved for the title and presenting sponsors, who should purchase more commercial time and pay more money in order to get this im-

portant additional benefit. (Note: In order to have their name in the title of the event on television, most networks will require that the title sponsor purchase at least three commercial spots per hour. This too is a policy that we have carried through to our proposals.)

• **Vignettes.** A vignette is basically a 60- or 90-second segment of your show that brings the viewer "up close" to a sponsor, charity, or other significant element of the event. These vignettes are essentially "in-program" ads that have a great deal of value because they are basically commercials with additional credibility since they are within the television show and thus appear as arms-length editorials. If your network partner has agreed to include one or more vignettes in your show, these should become a valuable part of your proposal. We tend to save these for the major sponsors or the site.

Signage

XYZ will receive on-court rotational signage on three (3) sides of the stadium court.

XYZ's signage will be clearly visible for a minimum of 60 seconds on the television broadcast, provided XYZ purchases at least one (1) commercial unit.

XYZ will be allowed four (4) 3' x 8' logo signs within the stadium (noncourtside).

XYZ will be allowed four (4) 3' x 8' logo signs in high-traffic areas throughout the tournament grounds.

XYZ will receive logo identification on the main corporate sponsor board.

While this may seem pretty self-explanatory, signage is perhaps the most visible benefit that you provide to a sponsor, so you have to be clear on the details. While you might think "a sign is a sign," the makeup of banners and

other signage has changed quite a bit over the last 20 years.

When I first got into the sports business, most sponsors created their own signage, which basically replicated their corporate logo. As a result, you might have found your-

self at a tennis tournament in which each banner was a different color: red, white, yellow, green, multicolored, two colors, and so on. In retrospect, some stadiums or courts just looked awful. Eventually, the Association of Tennis Professionals (ATP) and other professional tours and leagues started to require a coordinated color scheme both for look and playability. Imagine a tennis player trying to see a white or yellow ball against a multicolored background, particularly one that had white or yellow in it! So to begin with, you should make sure your signage doesn't impede play.

The whole signage area became a bit more complicated when DORNA, a Spanish company, introduced rotational signage in the mid-1980s. With this system a computer is programmed to rotate signs that take turns dominating the court, field, or rink. This allows you, the event organizer, to control the amount of time a sponsor's signage is visible both to the live audience and on television. Television was slow to allow this system because they felt it gave too much exposure over the air without the sponsor paying the net-work. Eventually, the economics of rotational signage was worked out so that now this system has become the norm in virtually every sport.

We have used rotational signage regularly at our volleyball events and even employed it at Halloween on Ice. The artwork options that it allows are tremendous and really enhance your event. However, rotational signage can be expensive for an event with a limited budget since there is shipping and

artwork involved, so make sure you can afford it.

Recently, the signage issue has been moved to yet a new level by the introduction of "virtual signage," which enables a corporate logo to be inserted electronically during a television feed so that signage that is not visible to the live audience can appear on television. Many issues have surfaced as a result of this new technology (financial, exclusivity, and rights ownership, to name a few), but the options are tremendous. You can even insert different virtual signage in different countries. Since television has not yet fully accepted this new technology, it has not become much of a factor yet. However, it will (the U.S. Open tennis championships just signed a major international television deal in which virtual signage will play an important role), and you need to be prepared for it.

Entertainment

XYZ will receive ten (10) sandbox seats for each session of the event (four sessions).

XYZ will have use of the in-stadium hospitality platform (50 guests) for exclusive, private use during one (1) session of the event.

XYZ will receive four (4) complimentary hotel room nights at the Hard Rock Hotel.

XYZ will receive two (2) invitations to the King of the Beach Golf Outing (Thursday prior to the event).

XYZ will receive eight (8) VIP invitations to "The Bash" player party.

Signage is perhaps the most visible benefit that you provide to a sponsor, so you have to be clear on the details.

XYZ will receive four (4) VIP invitations to all ancillary hospitality functions.

XYZ will receive twenty (20) general admission tickets to each session of the event for customer entertaining or ticket giveaway promotions.

(All food, beverage, and decorating costs will be incurred by XYZ.)

This is one of the more tangible benefits that you can provide to a company, and depending on the sponsor or the event, hospitality can be one of the most used or the most underused elements of your event. In beach volleyball, for example, where the setting is perfect for entertaining customers and their families, sponsors rarely use the available hospitality options to their fullest extent. The King of the Beach Invitational, despite its seemingly ideal location at the Hard Rock Hotel, has never been a big draw for sponsor entertainment. At golf tournaments, regardless of the setting, corporate entertaining is almost more important than the exposure provided through television and other forms of media. Even at the McCall's LPGA Classic, which suffered from its isolated location in Vermont, McCall's entertained about 500 people over a three-day period. Over 50 corporations were involved at the 1999 Ryder Cup at the Country Club in Brookline, Massachusetts. The vast majority of them had no involvement in the television broadcast but brought in dozens of their top customers at a cost of hundreds of thousands of dollars.

My point is that you are best served by making your event a corporate hospitality paradise. Start out by making sure that your venue can handle your needs. Then, provide great seats, top-level catering, comfortable entertainment facilities that are either perma-

nent or portable (most people will not object to tents), and access to some of the talent.

Access to the talent will depend of course on your contract with the athletes. Make sure that you can compel participants to appear at cocktail parties and the like because corporate sponsors and their guests love to rub shoulders with the talent. In this regard, if your sponsors will allow you to commingle their guests with the public, so much the better because then you can also sell tickets to an after-show party at premium prices. At Skating Goes Country, the top-tier tickets were sold for \$125, which included a party with the title sponsor, attended as well.

To enhance the entertainment value of your event, I suggest that you develop secondary activities for your sponsors' guests. The golf tournament at the King of the Beach event was a big attraction, as are autograph sessions at figure skating shows and clinics at golf or tennis events. Again, *creativity is the key*. Most of these activities don't add much to your budget and are easily incorporated into the cost of the sponsorship.

You can enhance your hospitality package by adding little things, such as hotel rooms at no cost, free programs for the sponsors' guests, goody bags with T-shirts, autographed pictures, and the like. The latter items make great souvenirs and are much appreciated by everyone—especially people who can bring them home to their kids and be a hero for a day! There may be no better sales tool than having the family of one of your sponsors love your event. While not many decision makers may admit it, the influence of spouses and kids is enormous in a subtle sort of way.

Encourage your sponsors to entertain at your event (you will want them to maximize every aspect of their sponsorship, but again, entertainment may be the most tangible). Sponsors who are emotionally involved are more likely to stay committed to the event

for the long term. Also, there is no stronger statement about your event than having one of your sponsors close a big deal with a customer while at your event. You will have a partner and a fan for a long time!

Display/Merchandise

XYZ will have exclusive use of one (1) 10' x 10' display tent/area.

XYZ will have the right to display and/or merchandise its product or services.

XYZ will have the right to use the King of the Beach Invitational logo on products (except clothing).

For some companies, the ability to come in direct contact with the public (their customers and potential customers) is reason enough to become a sponsor of your event. It is not that often that a company has an opportunity to reach its desired demographic audience in a captive setting and either directly sample their product or demonstrate it in an atmosphere in which the customer has paid to attend. Sports events and thus can be very important to some of your prospective corporate partners. As a result, the display booth area that you might casually offer as part of the package can in some instances be the most important part of the deal. So don't treat it lightly.

As we discussed in the chapter on venue selection, because sampling can be so important, you have to be sure that it is allowed. During the 1998 Halloween on Ice tour sampling was of critical importance to both Nestle and Ocean Spray. Had they not been able to hand out products to everyone as they left the buildings, I doubt they would have agreed

to our deal no matter how much television coverage we were able to provide. This was particularly important to Nestle, which was introducing a new product; the opportunity to actually get it into the hands of the female consumer (the primary market for skating events and their new product, Nestle's Treatures) was key. Fortunately, none of the build-ings tried to block this activity.

From an operations standpoint, a company's desire to sample or otherwise directly communicate with the consumer suggests that, when designing your site, you should provide for an area that attracts your spectators because it is visually or otherwise enticing. If nothing else goes according to plan, at least make sure that your sponsors are able to reach their objective of directly and personally interacting with the customer. Nothing will be more meaningful to a sponsor than a report to headquarters from the field that someone either bought their display item or went right out and purchased their product as a result of the display.

Amazingly, this has happened to us most frequently with one of the more expensive display products—automobiles. During Volvo's sponsorship of the men's tennis tour, there were several occasions when we would hear stories of people buying the car in which a ball-guessing contest was held. When Honda sponsored the AVP Tour, I remember two events at which people saw a CRV at the event, asked where the closest dealer was, and went right from the tournament to buy the car. As a tournament organizer, you can't beat that for proving the validity of sponsoring your event!

You will want your sponsors to maximize every aspect of their sponsorship, but again, entertainment may be the most tangible.

Promotions/Public Relations

XYZ will have one (1) stadium court promotion each day of the event.

XYZ will be allowed public address announcements throughout the event.

XYZ will have the right to distribute publicity materials in the on-site public relations office.

A national press release will be created and disseminated announcing XYZ's participation in the event.

XYZ's logo will be included on press release and event letterhead.

The right to have one (1) King of the Beach Invitational participant appear at on- and off-site event promotional activities subject to scheduling and

noncompetitive endorsement relationships.

(Note to the reader: This benefit is subject to your agreement with your participants in the event and has to be carefully coordinated so that you do not interfere with the player's event schedule both on and off the court.)

XYZ will have the right to distribute a collateral piece in the King of the Beach Invitational welcome pack.

XYZ will have the right to include an insert into each ticket mailing (i.e., coupon, product brochure, etc.).

This category really has to be considered in two very distinct manners. First, there is the promotion that you employ to make people aware of the event as a means of coaxing them

to attend. The second is promotion that your sponsor does to reinforce their product or service and its affiliation with the event. The first you control. The second you don't.

Your promotion is critical in that it helps you sell tickets and attract an audience. It also provides your sponsors with tremendous exposure that they would otherwise have to buy through different channels. Your sponsor's promotional efforts can be equally as effective. They provide additional advertising for you at no cost and, just as important, serve to further involve your sponsor in the event. The more your sponsors participate in the event, the better off you will be (unless they have a miserable experience) because they will then be in a position to evaluate their benefits of the event from more angles than simply whether the television commercials ran and the show delivered an acceptable rating (their active participation becomes even more important if you don't have television coverage).

So, encourage your corporate partners to exploit your event past the four walls of the contract.

It has been said that to properly take advantage of a sponsorship buy, a company

should spend at least as much on or around the event as they do for the sponsorship itself. A \$10,000 official product sponsor should spend no less than \$10,000 on sampling, entertaining, and promotions. A \$100,000 title sponsor should spend, at a minimum, another \$100,000, and so on. Part of your job is to give sponsors a platform from which to make these expenditures and thus receive additional benefits. In order to do so, you have to provide them with as many options as possible. This is where introductions to local radio or television stations, access to athletes, ancillary events, and the like can be very valuable.

Your promotions are another story. As opposed to straight advertising, promotion is a

way to make noise about your event in areas outside of radio, television, and print. We will discuss some of these ideas later, but suffice it to say, things, such as ticket giveaways, sweepstakes, coupons, and so on, are important to getting your message out. They also can provide a way for your sponsors to engage in promotion through two-for-one ticket offers, discounts with the purchase of sponsor products, and the like. This is truly an area in which there are few boundaries, many traditional promotions, and tremendous room to be creative both for the event and for your sponsors.

Advertising

XYZ will receive ten (10) 00-00:30 radio units in the Las Vegas market during the two (2) weeks preceding the event.

XYZ's logo will appear on all print advertisements produced by StarGames.

XYZ's logo will appear in all television commercials produced by StarGames relating to this event.

XYZ will be given one (1) full-page four-color advertisement in the official program.

XYZ's logo will appear on the corporate sponsor page in the official program.

Note: Approximately \$100,000 will be spent in the local market advertising the event.

As with promotion, advertising has two benefits. The first is obviously the sales message: "Our event is coming on such and such a date and you should not miss it, so buy tickets now." We will discuss this in more detail later. From a sponsor's point of view (and especially that of the title and presenting sponsor), your advertising budget is important because their name and logo will be seen every time

you run an ad. This gives a prospective sponsor something tangible to measure when evaluating your proposal and its price.

Companies try to value your event according to many different formulas, but most come back to the same measurements by which they analyze their traditional advertising. The most accepted valuation is based on what is called "cost per thousand," in which companies try to determine the cost of reaching a thousand people. Over time, most companies and their advertising agencies will have worked out a cost-per-thousand range that is acceptable to them, with a lower ratio (say, \$8 per thousand) being better than a higher ratio (say, \$40 per thousand). The more advertising that you are planning to do, all of which will include your sponsor's identification, the more quantifiable your sponsorship package will be and the lower the company's cost per thousand for sponsoring your event. Whether your advertising is paid for in cash or trade, you should count it all and make sure that you emphasize this in your sales presentation. When we calculate our advertising expenditure, we include straight advertising buys (i.e., television, radio, newspaper), ticket brochure mailings, posters, and so forth. Every dollar that you spend (or trade) to get your message out should be made known to your prospective sponsor.

Your advertising package is also an area for creativity. In our King of the Beach proposal we provide the sponsor radio spots for their own product message in the local market. You won't see this in every deal, but it was a very popular idea. Add the unexpected. It is sure to create some sizzle to your proposal.

Cost

In consideration of the above benefits, XYZ will pay to StarGames a cash fee of \$25,000, which shall be payable in two (2) equal installments, with the first being due on signing an agreement and the second within five (5) days of the airing of the first ESPN telecast.

Obviously, for most everyone concerned, this is the bottom line. You need to come up with a cost for your various sponsorship levels that you can justify when pressed by those to whom you are soliciting. Every potential sponsor will understand that the price you set is intended to help cover the cost of your event, including the cost of implementing their sponsorship deal. What might raise some eyebrows is the premium you build in. With that in mind, there are a number of elements to factor in when determining your pricing, including the following:

- **The cost of your event and the percentage of those costs you anticipate covering from sponsorship.** We have tried to use a formula that pegs the title sponsorship to 125 percent of the cost of the talent. Thus, if you have an event with prize money of \$100,000, the title sponsorship would be priced at a minimum of \$125,000 and the benefits provided geared to that level of spending. If you are paying appearance fees only, then you would set the price at 125 percent of the total being paid to the athletes. This formula has evolved over time (at one point we started with the title sponsorship being equal to the player compensation), and frankly, we don't always achieve this ratio, but it gives us a place to start. The presenting sponsorship is usually priced at about 50 to 60 percent of the title sponsorship. (We have always found this to be the toughest level to sell because it is a lot more expensive than the official product sponsorship but clearly secondary to the title sponsorship. It is a tricky deal to make.) Official product sponsors can range anywhere from 10 to 25 percent of the title sponsorship price.

- **The cost of servicing the sponsorship that you sell.** For example, if you are giving a sponsor 75 tickets that have an average price of \$15, then the cost to you for that part of the deal is \$1,075. I call this the "soft cost" because there is no cash out of your pocket. It is more an opportunity cost, as you will no longer have those seats to sell. On the other hand, if it costs you \$1,000 to rent and install a tent for a display area specifically for that sponsor, that has to be calculated into your price. That is a

"hard cost" because you actually go out of pocket. The more you can point to actual costs (hard or soft), the better off you will be when having to justify your price structure.

- **The "value for value" that you will provide and the premium on that for the "value added."** In plain English this means going back to the cost-per-thousand formula. Determine how many people you will expose the company to and how much publicity they will receive in all forms of media. You should put a value on everything from 30-second commercials (their cost) to articles about the event that mention the sponsor name (base this on the cost of buying an ad the size of the article. If you have some historical examples of this, it can help a lot), and contrast this to the amount that they would otherwise have to pay to generate that type of exposure to determine the sponsorship cost. This is a more sophisticated approach and may require some help from an ad agency.

- **What you think the market will bear.** This requires some feel, probably some experience, and some knowledge about your competition and the marketplace in which you are promoting. If a similar event (not necessarily in the same sport but the same level of event) is priced much higher or lower than yours, this will give you some sense of the marketplace.

With all of this cost analysis and price justification, you won't always be able to make a deal even if a company is genuinely interested in your event. In Nashville we had a company with a major local presence that wanted to be part of the event. However, for a fee that was less than our lowest official product sponsorship was priced, they wanted to have three separate banners at rinkside, all in television camera range. As much as we would have liked to have them involved in the event, we had to say no because we could not justify giving them so much exposure.

SALES PROCESS

Now that you have your sponsorship proposal written, you can begin the task of

Working Model: Tournament Sponsorship Proposal

In an effort to support our working model event, we are going to need a few good local sponsors. What follows is the title sponsorship proposal that could be sent to local banks, supermarkets, and other local/regional businesses that might see value in becoming the sponsor of this event and helping out kids in the area.

REGIONAL TENNIS CHAMPIONSHIPS TITLE SPONSORSHIP PROPOSAL

EXCLUSIVITY

- The event will be referred to as the XYZ Cup (or other name to be mutually agreed on) in all forms of advertising, promotion, public relations, etc.
- XYZ will receive product category exclusivity

TELEVISION

- The event will be televised on a regional cable television outlet a minimum of two (2) times, the original broadcast and one (1) re-air.
- XYZ will receive an opening and closing billboard in the show.
- XYZ will receive two (2) 30-second commercials during each telecast.
- XYZ will have its banners within television camera range.
- XYZ will have the opportunity to make an on-air presentation to the winner.
- The telecast will have a minimum 60-second vignette talking about XYZ's support of junior tennis.

SIGNAGE

- XYZ will receive eight (8) 3' x 8' product banners on the center court.
- XYZ's name and logo will be incorporated into four (4) tournament banners on the center court (XYZ Cup).
- Four (4) other 3' x 8' product banners will be visible in high-traffic areas throughout the tournament grounds.
- One (1) additional 3' x 8' sponsor banner will be on each other court used for tournament play.
- One (1) additional event banner using XYZ's name will be on each court used for tournament play.

Note: The cost of banner production for product-specific banners will be borne by XYZ.

ENTERTAINMENT

- The center court will have a seating area specifically reserved for up to 20 of XYZ's guests at all times.

DISPLAY/MERCHANDISE

- XYZ will have the right to display merchandise in a high-traffic area on site.
- XYZ will have the right to sample its product to spectators and players during the event.

PROMOTIONS/PUBLIC RELATIONS

- XYZ will receive a minimum of three (3) public address announcements each day of the event.
- A press release will be created and disseminated on a regional basis announcing XYZ's participation in the event.
- XYZ will be named in all other press releases and materials produced for the event.
- XYZ will have the right to invite the players to its offices and/or store for a photo opportunity.

ADVERTISING

- XYZ's name and logo will appear on all flyers produced to invite players to participate in the event.
- XYZ will be the sponsor of the tournament drawsheet, which will be produced for the event.

COST

The cost to XYZ for the above benefits, including the right to use the event's name and logo in XYZ's advertising and promotion, is \$25,000, which will be payable in two (2) equal installments, with the first being due upon signing the agreement and the second within five (5) days of the conclusion of the event.

trying to make a deal. This process usually starts by making cold calls and sending out pitch letters in an effort to get yourself in front of prospective buyers. However, since there are literally hundreds, if not thousands, of prospects, where do you start? Do you take the "shotgun" approach, in which you send out dozens of proposals, or the "rifle" approach, in which you target companies that you think best match up to what you have to offer. And whom do you call to start the discussion?

I prefer the more targeted rifle approach. The broader shotgun approach, for me, seems to waste too much time and energy. I want to pick companies to go after with whom I think the success rate will be pretty high. Regardless of the direction you choose to take, I suggest that you narrow down the choices of where to send your information. But how do you even start that process?

Fortunately, a number of resources allow you to follow the advertising and promotional plans of major companies. Magazines, such as *Adweek*, *The Sports Business Journal*, *Advertising Age*, *The Sports Marketing Newsletter*, *IEG Reports*, *Sports Sponsor Fact Book*, *Brandweek*, and *Crain's New York Business Review*, are all great places to begin your sponsorship journey (as is the Internet, where you can learn a lot about most companies from their Web sites, including the names of various contacts). In these periodicals you will learn about corporate plans, ad agency hirings and firings, personnel movement, and just about everything else you might need to get started. The relevant articles will usually give you contact names. If they don't, call the company. The receptionist will usually know who is in charge of sports sponsorships. If the company doesn't have someone specifically assigned

to that job, ask for the vice president of marketing, who, if you get through to him or her, can at least point you in the right direction.

It is up to you to cull from all of the available information the items that are applicable to your event. While this may be difficult, you can never say that there is a lack of information. If the above list doesn't supply enough material for you, just keep reading. Whether it is *Sports Illustrated*, *Time*, *Newsweek*, *Fast Company*, *Wired*, or the many magazines that are geared to each and every sport, information on companies, contacts, and corporate strategies is plentiful.

I have a goal of finding a minimum of three work-related items in every magazine I read.

Whether this means tearing out the ad of a potential sponsor or an article on a company or executive, there is always something in these magazines that relates somehow to the selling of your event.

With all of this information around and hundreds of promoters seeking sponsors, what separates the "haves" from the "have nots" in the sponsorship game is aggressiveness, a stick-to-it attitude, passion, salesmanship, and the ability to "close." You have to want to sell. You have to believe in your property. You have to have the imagination to create the marketplace for your event. You have to ask for the order and convince someone to say yes.

Arguably, no company that markets its products or services (other than sporting goods companies perhaps) needs sports sponsorship. The product manager for virtually every product or service can easily rationalize that traditional advertising and promotion—from print to television to couponing to sweepstakes—work just fine and never expose him or her to the questions from upper management that are certain to come from something as difficult to measure as a

sports sponsorship. The president of a major packaged goods company once told me that product managers are, both by training and by the nature of the corporate structure, risk averse and not very creative. They can never be taken to task for implementing a couponing program that delivers a 2 percent return. This is a standard practice in the industry, and upper management will rarely call them on the carpet for such a strategy. However, a sponsorship that delivers a lot of measurable benefits but little in the way of measurable results, regardless of its creativity or exposure and positioning benefits, can always be second guessed.

Your job is to convince the product manager and perhaps their senior management that your event will deliver both tangible results that fare well against standard promotions (end aisle space in supermarkets and additional case purchases, for example) and advertising (reaching the target market at an acceptable cost per thousand), while at the same time delivering the intangibles that enable the product message to rise above the clutter. This is not an easy task but certainly doable if you are enthusiastic, aggressive, and well prepared.

So for me, preparation is really geared to this one issue. You will have to find out where your internal pressure point is. That will determine how you prepare. Listen to yourself carefully in this area because it could be the make-or-break element for you as a salesperson.

Preparing Yourself

Everyone will prepare for the sales effort in his or her own way. In most cases that preparation should center on your ability to create the market. As we discussed earlier, it is only by creating the market in the mind of your potential buyer that you have a real chance at success.

For me, preparing to explain the marketplace and create the need for a company to be in that space has not been a big problem. Rather, my preparation is more geared to getting myself in the right state of mind to ask for the order. I have always known my product well, and I am pretty creative in developing packages that deliver benefits beyond the expected. However, I am not always up to the task of delivering a hard sales pitch. I have to be in the right frame of mind. I have to prepare myself mentally to make the call know-

Cold Calling

For someone new to the business, your preparation will probably be most necessary before making that ever-intimidating "cold call."

Sponsorship sales is an art in and of itself that frankly some people never master. Sponsorship sales often begin with a call to a person at a company that you have identified as a potential partner for your event... but never met. All I can say is that many an entry-level sports marketing executive has crashed and burned when it came to sponsorship sales and cold calls. I have personally never been a big fan of making these calls; they are awkward and just plain not that much fun. But I have made hundreds of them and credit Ray Benton with at least giving me the tools and the gumption to pick up the phone and try to

company works on different schedules. Since there is no magic way of knowing when a company sets its budget, you might as well ask. In any case, long lead times for sponsorship sales are very helpful. As a result, don't think that you are going to find a sponsor quickly. Unless you get lucky, that probably won't happen.

Corporate Relationships

I am skipping ahead here because, although I could go on about the sales process, this is not a book on how to sell. Nevertheless, selling just may be the most important element in bringing your event to life, so don't you skip over it!

If you have either made a sponsorship deal yourself or had one brought to you by an outside third party, you will of course enter into a formal agreement with the sponsoring company. As with the other agreements that we have discussed, the language for these contracts is unique and deserves some special attention. However, before we get into details on the construction of the written agreement, it is worthwhile to discuss the underlying relationship that you develop with your sponsors.

No matter how airtight the language and how well written the contract, nothing will replace a solid relationship with your sponsors. This is certainly as important as any of the relationships that you will build throughout the process of operating your event. In my opinion, the key to your relationship with your

sponsors is communication. In most cases, your television and venue partners will be in the sports business on a daily basis. They understand the ups and downs and rhythms of the industry. Your sponsors, however, are usually not in the sports or entertainment business at all. They are in the business of selling a certain product or service that is enhanced by having an involvement with

you get when you have accomplished a major goal.

Again, as discussed earlier, one thing that helps to close the deal is to create a sense of urgency. Make the prospective sponsor feel that this is something they need and that they need *now*. Find reasons within the planning cycle of your event to move them closer to finalizing the deal so they don't miss a press conference, ad placement, major promotion, or the like.

Closing the sponsorship deal is the payoff for your whole event. It is what will fund your activity, so it has to be the ultimate goal.

Timing Your Sponsorship Search

In a perfect world, you will give yourself about 18 months to find your sponsor partners. While that might seem like a lot of lead time, the reality is that companies work in budget cycles. If you miss their window, it can be difficult to sell them anything because all their money will already be committed. Thus, if you can get to your prospects at least six months in front of their annual planning cycle—and if you are looking for a lot of money, even longer lead times are helpful—you will at least have a chance to be incorporated into the following year's budget.

If you miss a company's annual budgeting plan, then you are fighting an uphill battle which may require them to dip into their "discretionary funds." These are marketing dollars that are approved for spending but not allocated to a specific project. Generally, the amount of discretionary money is limited, so it will be tough to generate a lot of money in this scenario. These discretionary funds are also the first to get cut when budgets are tightened... a practice that is commonplace and inevitable.

Obviously, getting to a company before its budget is set is pretty important, and every

The most important part of the sales process is closing the deal.

than over the phone. It is tough to get in front of people, and many a young salesperson too readily accepts "no" over the phone. There is nothing like a face-to-face meeting. You may not make the sale the first time, but the meeting will be the basis for forming a relationship that may come in handy down the road. When selling, you have to think of the property at hand as well as the ones in the future. Think of the first meeting as the start of a long-term relationship.

Closing the Deal

Alter you get in the door and create some interest in your event, you have to close the deal. That is where real salesmanship comes in.

Sponsorship sales is selling at its most basic. It requires a sales mentality from the outset. A good seller believes in the product, is *dying* to make the sale, and is well organized and creative. Keep in mind that selling is the same for a grassroots event as it is for a major championship. The principles are identical, even though it may seem easier to sell the Super Bowl than your local 10K.

The similarities inherent in selling events of all levels are unlike virtually anything that we have discussed or will discuss. Clearly there is a major difference between operating the U.S. Open Golf Championships and a one-day golf outing to raise money for your favorite charity. The disparity in selling these two events, though (once you get in the door), is not nearly as great. At every level, sponsorship sales are hard; they require strong nerves, a "don't take no for an answer" attitude, and the ability to close the deal.

The most important part of the sales process is closing the deal. We have talked about this earlier, but it is worth repeating. It is what the sales process is all about, and it is what will give you the warm and fuzzy feeling

sell. Those who can't sell, for the most part, don't make it in our business. Those who can't make cold calls rarely get a chance to sell. A cold call requires the following types of preparation:

- **Know your product and your parameters.** Memorize your proposals. You have to be able to deliver your pitch with passion. If you are not familiar with your property or the variations on the sponsorship package, the listener will sense that. You must ooze confidence and knowledge.

- **Know their product.** Research the company before you call. Put yourself in a position to talk from strength by knowing as much as possible about a particular product or company. If the prospective sponsor senses that you are really winging it, they might lose interest. Make them feel that they are the most important person and product in the world to you by knowing as much about them as you can.

- **Practice your speech.** Give your opening speech several times before trying it for real. You want to be comfortable when you are making your pitch. The more times you practice, the less nervous you will be. Find a colleague who will practice with you.

- **Exercise perseverance.** You will have many more turn-downs and unanswered calls than you ever imagined. This is just a fact of life when it comes to selling. Don't take it personally.

- **Exhibit personality.** This has to do with you. What you say and how you say it have to be intriguing. The best sellers are great "schmoozers" and enjoy that part of the process as much as anything. This is where being a people person is a real strength.

- **Ask for a meeting.** Your goal is to get in front of people so you can try to sell. You will get your message across far better in person

A good seller believes in the product, is dying to make the sale, and is well organized and creative.

sports. They will not be able to anticipate the flows of the sports business and will need to have it explained to them on a regular basis.

For example, while you hope never to have to change your date or venue once you have determined those basic elements, the reality is that issues come up periodically that may require a change of plans. The last thing you want is to have to spring a major surprise on your sponsors. Remembering the GlenEagles Country Club fiasco in

which the grass on the courts didn't grow in time, had we not kept Avis, Tiffany, Ray Ban, and the other sponsors in the loop, they would not have been in a position to make alternate plans when the event was canceled. Likewise, our Halloween on Ice show at the Providence Civic Center did not sell well. Because of close communication with Ocean Spray's ad agency, we knew that they had targeted the Providence show as one at which they were going to do their heaviest entertaining. We did not want the decision makers to be embarrassed when

they arrived at a building that holds 12,000 people and had only 4,000 in the stands. We kept them abreast of this issue, and they moved some of their entertaining to the show in Lowell, Massachusetts, where we had a sellout.

Examples of this type of communication are endless. And they are not all related to bad news, either. Steady communication builds relationships that can outlast the company's participation in a particular event and may help you out somewhere down the road.

Keep in mind that your sponsors are not always in the sports or entertainment industry, so you need to communicate effectively with them at all stages.

Remember a few basic things related to sponsorships:

- corporate relationships are with people;
- marketing strategies change; and
- people move on to new companies.

You too will have changes in your career and other events that you will create or work on. By building a relationship through communication and trust, you will start to develop a bank of contacts that you may be able to bring into other projects at a later date. In 1994 North-

west Airlines sponsored our Christmas on Ice tour. They also were the title sponsor of the inaugural Halloween on Ice show in 1995. They were part of the event again in 1996. In 1997 their advertising strategy shifted, and figure skating did not fit their consumer profile. Nevertheless, we had developed a close enough relationship with the decision makers at Northwest that we are still in contact today, and no doubt they will be part of another one of our projects at some

point in the future (in fact, at the time of this writing they are about to be a sponsor of a new golf tournament that we are producing).

The point of all this is that corporate relationships are basically people-to-people relationships. Build these and you will have the underpinnings for great sponsorships that will only enhance your properties. If your relationships are based on communication, trust, and performance, then the contract will just be a formality.

SPONSORSHIP CONTRACT

No matter how strong your corporate relationships become, you should still have a contract and know what that contract means. Some of the most important elements of your sponsorship agreement include term, event definition, sponsor benefits, sponsor obligations, indemnity, insurance, confidentiality, and governing law. You may want to refer regularly to the working model contract at the end of this chapter while reading this contract analysis.

Term

This is the length of your agreement. In my opinion, longer is not always better. One of the issues that is certain to affect the length of your sponsorship deal is the financial commitment that the company is willing to make. However, that is not the only, and sometimes not even the most important, factor that will drive this decision. To begin to make a judgment on the value of a long-term deal, you must first understand the sponsor's objectives and decide how they mesh with yours.

Every sponsor of a sports event has a different set of goals. Some of these goals can be achieved in one year. Others might take ten. For example, if a sponsor is focused on short-term sales in the specific market in which an event takes place, they probably are not going to be concerned with the long-term brand building and recognition that can be gained through the continual association with an event. Conversely, if a company is looking to tie its name to an event and reap the benefits from the goodwill attached to that event,

then a short-term deal will make no sense for them because they will not earn that type of recognition in one or two years.

For you, there are upsides and downsides to each of the disparate positions. In the short-term example, if it is year one of your event and the potential sponsor is willing to spend heavily to promote their tie-in to the event as a means of gaining market share, this might be the best way to put your event on the map and penetrate the market. In the longer-term example, the company may not be willing to spend funds over and above their sponsorship fee, expecting you to do all the advertising and promotion. So you have to know what you want as well. Your mission statement might help you determine your position on the term.

There are obviously many permutations to the two extremes. If you have some options when considering how long a deal you want to make with a sponsor, make sure you factor in product category, objectives, compatibility, promotional plans, and fees.

We have had sponsors that fall into every category. Swatch, in a one-year deal for title sponsorship of King of the Beach, paid us reasonably well but did little or no additional advertising or promotion. Lane Furniture, again in a one-year deal, paid us less than we were looking for at Skating Goes Country but aggressively advertised the telecast, which helped us and TNN. Miller Lite, as a long-term sponsor of the King of the Beach Invitational, gave us a lot of local support in the Las Vegas market.

There are sponsorship examples of every shape, kind, and result. The length of the contract term often will be a clue as to the company's commitment to the event, so take all of these factors into consideration during this aspect of your negotiations.

Event Definition

While this may not be the most important clause in your agreement, in some respects it sets the tone for what your corporate partner will expect. In our agreements this paragraph usually comes right at the outset and



insurance to cover just about any situation (you can even get rain insurance if you so desire). Again, insurance protection will not offend a sponsor once they have made the decision to become involved with your tournament, so don't be bashful about asking for this relatively standard coverage.

Confidentiality

For the sake of both you and your sponsor, confidentiality is an important part of your sponsorship agreement. Regardless of whether it is spelled out in writing, both parties have to be able to keep their mouths shut about sensitive issues!

No major company, be it public or private, will want you to have the right to let the public know how much they paid for the rights to your event. If they want to make that public, they should ask for your permission, but I doubt they will want you to have the unilateral right to make this information known. Think of the embarrassment a major corporation might face if they are spending a lot of money with you and at the same time laying off some of their staff or announcing quarterly losses. This can and does happen, so you should be prepared to respect their need for nondisclosure.

Conversely, you will be out trying to sell sponsorships to quite a few companies. As much as you might like to think that every company at every sponsorship level will pay the same amount, the reality is that they won't. Some official product sponsors will receive slightly more benefits and pay a bit more. Others might pay less in cash and more in goods and services. Still others might be getting a better deal on one event because they do a lot of business with you at other events. Irrespective of the rationale behind a certain deal or deals, you don't want to have this information bandied about in public because it can create headaches for your event, not to mention potential fallout with athletes, the public, and other partners in your event. You don't want to have to explain to company A why they paid more

everyone or if we needed more than anticipated.

Specificity in every paragraph of each of your contracts will be helpful. Since the sponsor obligations clause outlines *your* benefits, I suggest that you be a little extra thorough here so that you get everything you bargained for.

Indemnity

This is one of my old favorites and should make its way into every one of your agreements for the event. While the indemnity language in your sponsorship contract will be similar to that of the indemnity language in other contracts (athlete, venue, television), I draw specific attention to it here because you often will be involved with big companies that get sued for minor product failures and other issues on a fairly regular basis. Making sure that you are indemnified by your sponsors for things that might go wrong with their product during your event or at times otherwise related to your event is critical. When major companies get sued for nonperformance or product failings, the fees can get big in a hurry. You should not have to be a part of a dispute that has nothing to do with your event. Make sure that you are protected . . . and get your attorneys to review this paragraph!

Insurance

The insurance clause falls into the same category as the indemnity paragraph in that it stands for one thing: protection. It will not be a big deal for a sponsor to add you in a very limited way to their umbrella insurance coverage so that if anything goes wrong with their product or service during your event or in any way related to your event, you will be covered by *their* insurance. This will mean that, in the case of any recoupment by a spectator, participant, worker, or volunteer as a result of an issue related to the sponsor, you won't have to pay. Your sponsor will likely ask you to add them to your policy as well. This should not be a problem for you either since you should be sure to arrange for ample in-

ets and only came up with 40. In this regard, at the end of the day the key to your event and your personal credibility will be determined by your ability to deliver on the promises spelled out in this portion of the contract.

Sponsor Obligations

While the benefits clause will be the scorecard for your sponsors, the obligations paragraph will be where your benefits are listed. This part of the agreement should detail sponsorship fees due, promotional obligations to which your sponsor has committed, and any other products or services that they agree to provide. You should try to be very precise here, particularly as it relates to the less measurable elements of the deal. For example, in our agreement with Coca-Cola for the Best of the Beach Invitational (the one that never took place), we could have written that they would "provide beverages for the event." This would have been pretty open ended and subject to wild swings in interpretation. We could have tightened the language to say that they would "provide drinks for the player's lounge, courtside, the media tent, and the VIP hospitality area." While this would have been

more specific, it still would have been vague enough so that different people could read it different ways. Under this definition, would they have had to provide one can to each area? Ten cans a day? A hundred cans in total? So, we wrote an agreement that was detailed down to the number of cans, the time of day that they would be delivered, how much we would be charged if we used more than the allotted amount, and what products they had to provide. In this manner, there could be little debate if we didn't have enough product for ev-

spells out what will happen in the event itself. For example, in the King of the Beach contract the event is defined as a "three-day round-robin event featuring the top players in the world." It further explains the format of the event in broad terms so that everyone knows that this is not the regular double-elimination format that most pro beach volleyball tournaments follow. Similarly, for something like Halloween on Ice we would use this paragraph to explain that this is "an exhibition-style event with skating performed in costume to Halloween themed music." In this manner, no one will have false expectations about what is going to be presented. You should make it a point to include a paragraph of this nature. You might find that your initial mission statement will be helpful in crafting this language.

Sponsor Benefits

This will be one of the key paragraphs of the contract in that it will (or should) very specifically outline everything that you are granting to the sponsor. This paragraph should include all the details of what your sponsor has bought from you, including number of tickets, size of banners, VIP hospitality passes, television commercials, and the like.

This should not be a hard paragraph to write because in most cases it will be a pretty straight regurgitation of what was in your initial proposal, with modifications based on your negotiations (so take careful notes during those discussions!). Most important, this is the paragraph on which you will eventually be judged by your corporate partners. They will point to this part of the contract if you promise athlete appearances and fail to live up to that obligation, or if you were supposed to give the sponsor 50 tick-

The key to your event and your personal credibility will be determined by your ability to deliver on the promises spelled out in this portion of the contract.

than company B, nor are you going to want to explain to a vendor (a caterer, for example) who knows you have major sponsorship support why you are negotiating so hard on a particular expense item. So, make sure that your sponsors are as sensitive to your confidentiality needs as they want you to be to theirs.

Governing Law

This is another of those paragraphs that is important primarily for your protection. Let's continue with the assumption that you will be working with companies that are bigger than yours and have much deeper pockets. The venue (court) for settling any disputes with those companies can be important. Of course, your goal should be to avoid any litigation with your sponsors. However, the reality is that from time to time sponsors and promoters do have differences of opinion that require court settlements. These can get very expensive, and one of the things that can make them expensive is the state in which the contract is governed.

Take StarGames, for example. We are based in Massachusetts, which is also where our outside counsel is based. We would prefer that any lawsuit be fought in the Commonwealth of Massachusetts. For illustration purposes, if we were to have to defend a suit in Illinois, we would probably have to hire an additional law firm located in that state, travel there often, and spend a lot of money on phone calls, Federal Express, and the like. Also, it is just a lot more comfortable to defend yourself in your home state—not quite a "home court advantage," but similar!

Anyway, you will not always win this one in your negotiations, and it may seem like a small thing that will never come into play. However, if you can have the contract governed under the rules of your home state, you will have a small advantage down the road if you ever find yourself in a lawsuit.

IMPORTANCE OF RELATIONSHIPS

You will notice that many of the contractual issues that I have discussed are defensive in nature and designed to give you a leg up if you ever have problems. Naturally you will never go into an agreement expecting legal issues; however, you do have to plan for them in the contract. As I mentioned before, while the contract is indeed important, the key to the success of your sponsorships and any potential litigation is going to be the relationships you are able to build with your corporate partners. Let me emphasize the word *partners* because if you can get your sponsors to feel that they have a real stake in your event, most of the contractual issues will take care of themselves.

Perhaps our greatest corporate partner has been Bob Pincus of what was then D.C. National Bank. As the president of the title sponsoring company, Bob took a personal interest in the D.C. National Bank tennis tournament to the point where his ego and reputation were on the line with his customers. As a result, he got involved in aspects of the event that many corporate executives probably wouldn't deal with. In turn, I don't remember the contract ever being invoked except as it related to renewals of the agreement. While this isn't always the case, it should be the goal.

Other close corporate friends have been the people at Northwest Airlines with whom we have developed a relationship in which, while we have no obligation to do so, we essentially give them a right of first negotiation for all of our properties. This is based solely on the relationship we have developed with Craig Braasch. Northwest has sponsored several of our events, and we feel a closeness with Craig that transcends any contract, which simply reinforces the fact that you make deals with people, not companies.

You make deals with people, not companies.

The contract, no matter how well written, pales in comparison to the relationships that you build with the people behind the companies, words, and numbers. I have seen numerous people succeed in our business because they were personable and, instinctively or otherwise, knew how to make relationships work. On the other hand, I have seen some very smart and capable people not reach their potential because they lacked people skills.

If you are new to the business, you probably will not have many, if any, key corporate contacts. You will develop these relationships over time by *delivering what you promise*. These relationships don't just grow because you are a nice person. Deliver the goods, and you will be on your way!

✓ Sponsorship Checklist

When all is said and done, sponsorship is a sales and servicing exercise that, in many cases, will determine whether your event will succeed or fail financially. We have had several artistic successes—great events that everyone loved—that did not meet our financial projections because we were unable to generate enough sponsorship dollars. Don't underestimate the power of good sponsors. Make them equally as much your focus as everything else related to your event. In order to do this:

- ✓ Recognize that sponsors are a critical part of your event.
- ✓ Develop an easy-to-read and creative sponsorship proposal.

- ✓ Make sure there are no conflicts between your sponsorship proposals and your other agreements.
- ✓ Remember that this is a sales exercise and requires a sales mentality.
- ✓ Create a sense of urgency during the sales process.
- ✓ Know the competition so you can price your sponsor levels appropriately.
- ✓ Determine how many sponsors you think your event can handle.
- ✓ Make sure your site can handle your corporate hospitality needs.
- ✓ Plan promotions that add value to your sponsor's participation in your event.
- ✓ Determine quantifiable values for your advertising and promotional campaigns.
- ✓ Research potential sponsors with an eye toward understanding their needs before making your pitch.
- ✓ Concentrate on relationship building.
- ✓ Ask for the order.
- ✓ Make sure your contract protects you in every way possible.
- ✓ Remember that sponsorship deals are made with *people*.

Now that you have solicited sponsors and generated enough revenue to secure your event, it will be time to focus on the other revenue streams, such as tickets, merchandise, and any ancillary areas. Because these are the areas in which you come into direct contact with the spectators, they require a whole different approach. This will be discussed in the next chapter.

Working Model: Tennis Tournament Letter Agreement

The following is a sample letter agreement for the Regional Junior Tennis Tournament.

Dear Product Manager,

The purpose of this letter agreement ("Agreement") is to reduce to writing the understanding between Tennis Tournament, Inc. ("TTI") and XYZ Corporation ("XYZ" or "Sponsor") with respect to XYZ's sponsorship of the Regional Tennis Tournament ("Event").

The specific terms and conditions to which the parties have agreed are as follows:

- c) Provide food and beverage for the Event participants each day of the event as follows:
 On August 10-12: 100 sandwiches and drinks to be delivered at 5 P.M.
 On August 13 and 14: 75 sandwiches and drinks to be delivered at noon and 5 P.M., each day
- d) Pay TTI ten percent (10%) of the revenue received from the sale of product on site during the Event.
- e) Add TTI and the Club as additional insureds on any and all insurance policies in connection with any promotion of the event.
6. Warranties. XYZ and TTI warrant that they are free to enter into this Agreement and that the rights granted hereunder will not infringe upon the rights of any third party.
7. Indemnity. The parties herein agree to protect, defend (at the indemnified parties' option), indemnify, and save harmless each other and their officers, agents, and employees from and against any and all expenses, damages, claims, lawsuits, actions, judgments, and costs whatsoever, including reasonable attorney's fees, arising out of, or in any way connected with, any claim or action arising out of or caused by any facilities, products, or services supplied by the indemnifying party in conjunction with this Agreement, or any other claims related to the indemnifying party, or any other facilities, products, or services of parties, unless such claims arise from the gross negligence or willful misconduct of the indemnified party, its agents, or employees. Without limiting the preceding, XYZ agrees to indemnify TTI for any claims or actions brought against TTI by vendors or customers of XYZ or other third parties for damages that are a result of any false representations made by XYZ or its vendors about the Event or the participants unless the claims are a result of TTI gross negligence. TTI agrees to indemnify XYZ for any claims or actions brought against XYZ for damages by participants, venues, or others involved in the Event unless the claims are a result of XYZ's negligence.
8. Insurance. TTI agrees to obtain, at its expense, comprehensive general liability insurance for a minimum of One Million U.S. Dollars (\$1,000,000) combined bodily injury and property damage in a single occurrence, and excess (umbrella) liability coverage for a minimum of Three Million U.S. Dollars (\$3,000,000). Such insurance shall be issued by a major insurance carrier authorized to do business in the state of _____, shall be maintained until the performance of the Event is completed, and shall specifically name XYZ as an additional insured, if requested by XYZ. XYZ agrees to maintain, at its expense, comprehensive general liability insurance with similar limits of coverage as set forth above for and during the Event in connection with its participation in the Event, including for the conduct of any promotion. The parties shall furnish each other, at the other's request, with a certificate (or certificates) prior to commencement of the Event evidencing such insurance coverage, which shall state in substantial part:
- "Thirty (30) days advance notice shall be given in writing of cancellation, termination, or any modification of the policy or policies evidenced by this Certificate."
9. Assignment. Unless otherwise stated herein, neither TTI nor XYZ shall have the right to grant sublicenses hereunder or to otherwise assign, transfer, encumber, or hypothecate any of its rights or obligations hereunder, except that TTI shall have the right to assign the financial benefits hereof and XYZ hereby consents to such assignment. Notwithstanding the above, the parties agree that if the majority of the assets of either party are sold and/or transferred to a third party, then the assignment of this Agreement (rights and obligations) to said third party shall be deemed approved.
10. Waiver. The failure of either party at any time to demand strict performance by the other of any of the terms, covenants, or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof, and either party may, at any time, demand strict and complete performance by the other of said terms, covenants, and conditions.
11. Employer/Employee Relationship. TTI's relationship with XYZ shall be that of an independent contractor, and nothing contained in this Agreement shall be construed as establishing an employer/employee relationship, partnership, or joint venture between XYZ and TTI. Accordingly, there shall be no withholding for tax purposes from any payment by XYZ to TTI hereunder.

1. Term. The Term of this Agreement shall commence upon execution of the Agreement and conclude the day following the Event or at such time as all obligations of the parties are performed, unless terminated or extended by the parties as set forth herein.
2. Event. The Event is a USTA-sanctioned tennis tournament for boys and girls aged 16 to 18. Participants shall come from the four-state area and must be ranked in their state.
3. Site/Date. The Event shall:
 a) be held August 10-14, 2001; and
 b) be held at the Tennis Club ("Club") in Any Town, USA.
4. Sponsor/Benefits. TTI agrees that it shall be responsible for the management, marketing, and operational needs in order to conduct the Event and provide the following sponsorship benefits to XYZ throughout the Term and in connection with the Event:
 a) XYZ will be recognized as the title sponsor of the Event. In this connection, the Event will be referred to as "XYZ Cup" (or another name to be mutually agreed upon) in all forms of sales, marketing, and promotional materials produced in connection with the Event, including press releases, posters, flyers, etc. TTI reserves the right to include a presenting sponsor in the name of the Event. XYZ shall have the right to use the Event name and logo in advertising and promotional materials with TTI's prior written approval of the manner and location, such approval not to be unreasonably withheld. If said use is not disapproved within forty-eight (48) hours of receipt by TTI, said logo and its use shall be deemed approved.
 b) XYZ shall be the exclusive sponsor in its product category, which shall be defined as fast food restaurants. TTI agrees that it will not solicit or confirm any other fast food restaurant as a sponsor of the Event.
- c) Banner signage on site will be as follows:
 • Eight (8) 3' x 8' signs on center court of which no fewer than four shall be in TV camera range
 • Four (4) 3' x 8' signs on court #1
 • Two (2) 3' x 8' signs on all other courts
 • Four (4) signs on the grounds of the site
- The cost of all banners and signage shall be borne by XYZ.
- d) XYZ shall have the right to host the participants at one of XYZ's restaurants for publicity and photo purposes provided that XYZ receives USTA approval for such activity such that the amateur status of each of the participants is protected.
- e) XYZ will receive twenty (20) courtside seats at center court at each session of the event.
- f) Periodic public address announcements will be made during the Event on site to promote XYZ's restaurants. XYZ shall provide the copy for such announcements.
- g) XYZ has the right to have a representative of XYZ participate in any and all press conferences and awards presentations in conjunction with the Event.
- h) XYZ has the right to conduct in-store promotions and contests in connection with the Event subject to reasonable approval by TTI.
- i) XYZ has the right to distribute, sample, display, and/or sell product on site during the Event. The cost of such activity will be borne by XYZ.
5. Obligations of XYZ. In consideration for the rights and benefits granted above, XYZ agrees that it shall:
 a) Use its best efforts to market and promote the Event through its restaurants in the Any Town area by way of in-store posters, collateral materials, promotions, etc. All such materials shall be consistent with the standards set by the Event and subject to reasonable approval by TTI.
 b) Pay to TTI a fee of Twenty-Five Thousand Dollars (\$25,000) according to the following schedule:
 • \$12,500 upon execution of this Agreement
 • \$12,500 within ten (10) days of the conclusion of the Event
- In the event the Event is not conducted for any reason other than those set forth herein below, TTI agrees to refund any money paid pursuant to this paragraph. Said payments shall be made by check payable to TTI and sent to Regional Junior Tennis Tournament, 100 Tennis Way, Any Town, USA.