



What Every CMO Needs to Know about Sponsorship

by Kim Skildum-Reid

I write a lot about sponsorship – books, blogs, white papers – and virtually all of it is aimed at frontline sponsorship staff. It’s all about how they can get better results, how they can leverage more cost-effectively, how to create measurement plans, and all the minutiae of planning and implimenting great sponsorship. The thing is, after 25 years in this business, I know they can’t do it on their own.

Even if they are the most skilled, best connected, shrewdest sponsorship professionals around, your investments will not deliver strong, consistent results unless the senior management team, particularly the Chief Marketing Officer, sets a strong agenda and the right expectations. Frankly, CMOs don't need to know a lot about sponsorship, but what you do need to know – and do – is absolutely crucial to your company's success in this media.

Sponsorship is one of the most needlessly wasted of all marketing media. Seriously, most sponsorship money creates virtually no real returns. Why? It's not the media, because when it's done right, sponsorship provides one of the most powerful, flexible, and accountable of all marketing media. No, in 99% of the cases, sponsorship fails because of a lack of strategic direction, a lack of skills, and a lack of accountability – all areas where small changes precipitated by you can invoke huge changes in your fortunes.

The advice I've included in this white paper isn't what I would tell frontline sponsorship staff. It's not as detailed, because you don't need to know the minutia of sponsorship. It's not as hands-on, because it's not your job to do sponsorship. Your job is to create the strategic vision, encourage best practice, manage costs, and demand accountability, and that is what I've addressed.

The difference between best practice sponsorship and how you do it now

Okay, so that heading really isn't fair to all those truly best practice sponsors out there. But for the legions of sponsors out there who are missing out on opportunity because you are a generation or three behind best practice, it is critical to know the difference.

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Best practice sponsorship is consumer- or customer-driven. Just like many other aspects of marketing, there has been an overwhelming realisation that if you want people to do what you want them to do – to change their perceptions of and behaviours around your brand – you need to meet their needs first.

I recall sitting with a colleague recently, and he told me about his efforts to try to involve consumers in the “brand story”. I had to stop him, because as fundamental as it is for a brand to have a personality or “story”, there are only a handful of brands that command the desire to be part of that story from their target markets. We’re talking Apple or Harley-Davidson, not your perfectly good brand of televisions or iced tea. No, your job as a sponsor is not to involve people in your brand story, it’s to involve your brand in *their* stories.

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Sponsorship gives you unprecedented access to your target markets’ stories, because you are actually connecting with them through something they care about – something they’ve already made part of their story. That may be a team or sport or community event or their favourite charity or any number of other things, and how you approach it will go a long way to defining your relationship.

A typical sponsor will say, “Hooray! Now let’s put our logo all over this event they love! Let’s make them fill out forms to enter a contest they know they’ll never win so we can get their details!” That’s the wrong approach. I’m not saying you shouldn’t be visible or be undertaking leverage activities, but if you make it primarily about achieving your goals, you will at best be ignored, and at worst, you will be disrespecting an experience your target market cares about, and that’s not good.

A best practice sponsor will take an entirely different approach to selection, negotiation, and leverage. They will take an approach that is anchored in the mindset of win-win-win – you win, your partner wins, and the target market wins. How? Not by entering a contest they know they’re not going to win. Not by being distracted by the visual noise of your electronic signage right next to the field of play. No, you create that third “win” by creating small meaningful benefits for a lot of people. You create that third win by accepting that you have to put the people first if you want them to help you achieve your business objectives.

- ▶ How can we add value to the event experience for attendees?
- ▶ How can we add value to the event experience for non-attendees? Fans? Our customers?
- ▶ How can we extend the experience, so it stays with them for longer?
- ▶ How can we give them more input, more say, more influence over their experience?
- ▶ How can we provide them with exclusive content, access, information, or other benefits?

And a big one...

- ▶ Are we doing or planning anything that diminishes that experience? Disrespects it? Distracts them from the experience they are trying to have?

If meeting your target markets' needs is foremost, you will position your brand as one that is welcome in their lives.

Best practice becomes far less about the event, and focuses on the event experience, which is the entirety of the experience from the moment someone starts to think about the event until it has faded into the background. It extends before and after an event, to people who attend and people who can't but still care, and through any mechanism through which they are getting information, getting content, or providing feedback. The event *experience* is much bigger than the event itself, and provides you with a huge array of opportunities to add value to your target markets.

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In short, best practice is about...

- ▶ Connecting with people, not getting in front of crowds
- ▶ Adding value to people's lives, not asking them to do something for your brand

- ▶ Your brand becoming part of your customers' stories, not cajoling them into wanting to become part of your brand's story

In that last point lies a mantra for your team:

- ▶ What can we do that will make our markets want our brand in their lives? Want us as part of their stories?

Yes, there is more to it than that. There a lot of details and processes that you don't need to get involved in. What you do need to do is set the tone and the agenda.

Suggested CMO strategies

- ▶ Set a best-practice agenda. You will probably need to define this for them. Providing your team with the free white paper, [“Last Generation Sponsorship”](#), would be a good start.
- ▶ Talk best practice (see points above).
- ▶ Ban the words “exposure”, “branding”, and “awareness” in any strategic documents or discussions. This small step will encourage a strategic- rather than visibility-based approach.
- ▶ Support the education of your team. Encourage training and reading in the areas of both best-practice sponsorship and experiential marketing.

Setting the strategic direction

With one client, I remember distinctly sitting down with a brand manager and asking what the overall marketing objectives were. I was presented with a very well thought-out marketing plan – the vision and the strategy for this 100+ year old, market-leading brand. Then the bloke said, “but all we really want from sponsorship is awareness”. I nearly fell off my chair, but that conversation illustrated one of the most common mistakes made by sponsors, which include:

- ▶ A separate set of objectives is developed for sponsorship, usually based on an outmoded impression of what sponsorship can do for a brand, and not what the brand actually needs

- ▶ A sponsorship decision is made and then a set of objectives is retrofitted to the decision
- ▶ A sponsorship decision is made and then a set of objectives is created to justify the decision
- ▶ A sponsorship decision is made in an ad hoc fashion, with no objectives set and, as the usual by-product, no leverage done

Sponsorship is a beautiful thing, when done correctly. It is incredibly flexible and integrateable – more so than any other marketing media, which are constricted by format. If you were to think of them in terms of an artwork, they would be paintings – they could be masterpieces, but are still constrained to two dimensions. Sponsorship, on the other hand, is like sculpture. You can make it into anything, from anything that you want, so long as it is structurally sound.

That said, it is just another tool to achieve overall marketing objectives. Given its flexibility and scope, it would be totally remiss not to use those aspects of the media to support your overall brand goals. It would be like trying to create a painting from a slab of marble.

Sponsorship is like sculpture. You can make it into anything, from anything, so long as it is structurally sound.

Suggested CMO strategy

Do not let your people create a separate set of objectives for sponsorship. Don't even allow separate objectives for individual sponsorship. Instead, insist that every sponsorship is related to some or all of your overall objectives.

The audit: A CMO's best friend

The fastest way to improve a sponsorship portfolio, your results, and your team, is to call for a sponsorship audit. Certainly, your sponsorship team could decide to do an audit on their own – and kudos to them if they do – but a request for an audit report coming from you and outlining specific expectations will not only sort the good sponsorships from the less-than-good, it will do the same for your organisational approach.

An audit will determine which of your sponsorships are performing at their peak, which can be improved and how, and which investments will not work for the brand due to bad fit, lack of internal support, or simply running their course.

You definitely want to encourage both lateral thinking and the inclusion of other stakeholders around the company. As an example, you could define a “keeper” as follows:

- ▶ It is relevant to at least one of our key target markets.
- ▶ It directly contributes to the achievement of at least five overall marketing or business objectives.
- ▶ It has strong, cross-departmental buy-in, with brand management and at least two other stakeholder groups (eg, sales, PR, customer retention, HR, electronic marketing/content development, retail, etc) committing to integrate the sponsorship across some of their existing marketing activities.
- ▶ The benefits provided include items – exclusive access, content, events, etc – that can be passed through to our customers to create the third win. Alternatively, a plan for renegotiating benefits should be included.

Suggested CMO strategy

- ▶ Request an audit with very specific expectations (see above). Ask for recommendations – keep, renegotiate, exit, etc – and explicit rationale. Ask for a timeline, as well as exit strategies.
- ▶ If required, use a consultant. If you are concerned that your sponsorship staff don't have the skills or approach (yet) to undertake an effective audit, a consultant who is well-versed in best-practice sponsorship will be very helpful. Be sure that the consultant works closely with sponsorship staff, which will provide an invaluable skill-building opportunity, as well as an objective assessment.

Minimising budgets while maximising returns

Most sponsors spend too much on leverage – often 100-200% or more of the rights fees paid – and yet, much of the leverage that is done is only marginally effective. The good news is that this does not have to be the case within your company.

One of the keys to the power of sponsorship is that it is a catalyst that can make all of your other media work harder. You shouldn't be "supporting" sponsorship with incremental spends, and it's no longer a "piece of the marketing pie". Instead, a best practice sponsor will use the unparalleled relevance of the events you sponsor to your target markets to add power and emotional weight to your whole marketing plan.

This requires those stakeholders who control all of the various media and communications to understand at least the basics of best practice sponsorship, buy-in to its value, and participate in the process. It requires them to provide input on sponsorship selection, assist with creating a negotiation plan, so they get the benefits they want, and work as a team to brainstorm and refine a leverage plan that provides a win for the brand, wins in each of their areas, and a win for your target markets.

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If they do all of that, the following will happen:

- ▶ The results each of those stakeholders achieves will increase.
- ▶ The benefits to the brand will be holistic, far-reaching, and long-lasting.
- ▶ You will develop multiple, creative touch-points and added-value activities for your target markets.
- ▶ Your incremental spend will drop to 10-20%, but...
- ▶ The aggregate value of the media and communications impacted by the sponsorship will rise.

There are clearly exceptions to this funding rule, particularly when it comes to mega, quadrennial events. In those cases, it does make sense to war chest some money and make the most of the expanded opportunity provided. But even in that case, you should start with integration across existing media.

Suggested CMO strategies

- ▶ Develop a stakeholder team. Ask your sponsorship staff to create a list of specific people they would like involved from around the company. Work with them to refine the list (ideally, people who are both forward-thinking and influential). An invitation to participate in the sponsorship working group should come from you.
- ▶ Ask your sponsorship team to develop a management and communication strategy for that team. It does not need to be an epic, but should cover how often they will meet, the expectations, and how they will be kept in the loop.
- ▶ If required, invest in some education to build the skills of your frontline sponsorship staff. You may also want to hold a crash course-style workshop for a broader stakeholder group (in my experience, a very valuable exercise).
- ▶ If your head of sponsorship is at all reticent about managing the leverage development process, you may want to hire an experienced consultant to run the first one. Once s/he has seen it done, it will be much more straightforward.

Measurement truths (and all those measurement lies)

I have lost track of the number of times I've heard the phrase, "the problem with sponsorship is that you can't accurately measure the returns". The fact of the matter is that sponsorship measurement is easy. Getting over the legacy of bad sponsorship measurement is what has been difficult.

The first part is to accept that getting an accurate dollar-value ROI for sponsorship is no more possible than getting an accurate, dollar-value ROI for an ad campaign. You may be able to measure how visible it is and then put some arbitrary dollar amount on that, but your job isn't to be visible, it's to achieve brand and business objectives.

Which brings me to ROO, or return-on-objectives. This small tweak in your organisational approach can make a huge difference in your understanding of the impacts, strengths, and weaknesses of your sponsorship program.

If your strategic direction has been set so that sponsorship is achieving multiple overall objectives for your brand, and you are involving multiple stakeholders in the leverage program, measurement becomes simple, credible, and defensible.

Involving stakeholders

As I mentioned above, involving your stakeholders in the selection, negotiation, and leverage of your sponsorships is essential to get the best result for the lowest possible cost. Not coincidentally, this strategy will also reap rewards in the accuracy and relevance of your team's measurement reports.

Your job isn't to be visible, it's to achieve brand and business objectives.

Every department, regional office, and team within your company measures their results. They do it all the time and use methods and benchmarks that your company have decided are relevant and reflective of actual results. If they are going to be involved – and if you are doing sponsorship best practice, they will be – there is no question that they are best placed to measure results in their own areas. As a start:

- ▶ If your sales team is going to run one or more promotions, they are best placed to determine incremental sales, orders, reorders, retail uptake and support, profitability, market share, and a lot more.
- ▶ If your online media people use the sponsorship to develop exclusive content, drive social media, or anchor promotions, they are best placed to measure interaction level, fans, social media activity, database development, database activity, cookies issued, sales initiated through sponsorship-driven mini-sites, WAP channels, and a lot more.
- ▶ If your loyalty marketing people use the sponsorship to reward current customers and as an incentive to up-sell or achieve incremental sales, they are best place to measure the loyalty activity, customer

promotion uptake, promotion-driven sales, cost-of-sale, profitability, referral numbers, referral sales, and a lot more.

- ▶ If your HR department uses the sponsorship to provide content for employee communications, create team-building activities, offer pre-tax donations or volunteerism, or create staff events, they are best placed to measure job satisfaction, employee retention, employee buy-in and participation, morale, incentive or team-building program results, donation and volunteerism levels, and more.

The key to this strategy is that the measurement plan needs to be developed and commitments made at the same time as the leverage plan.

Research: Ask the right questions

“Are you aware of the sponsors of this event?”

“Would you be more likely to buy from XYZ Company because they sponsor this event?”

“Do you have a better opinion of XYZ Company because they sponsor this event?”

Not to put too fine a point on it, but wrong, wrong, and wrong.

It has been proven over and over in major research studies since a 1991 study in the European Journal of Marketing that sponsor awareness and exposure do not change people’s perceptions or behaviours around a brand. But what about the other two questions, you ask? They are leading, plain and simple. People say “yes” because it’s what you want them to say.

What I am sure you really want to know about a sponsorship is whether it has changed perceptions of your brand in the way that you are trying to change them. Whether you have increased preference, purchase intention, loyalty, and advocacy. Asking about awareness or warm fuzzies doesn’t tell you about results against your real goals.

Best practice sponsorship research can be summed up in one sentence: Ask a selection of the exact same questions you ask in your ongoing brand research and compare the numbers.

The world's best sponsors don't ask questions about sponsorship – ever. They ask a selection of questions from their ongoing or periodic research – worded in exactly the same way – and they ask them of people with varying degrees of interaction with the event and the sponsorship. That way, you can compare changes against a baseline of that ongoing research – your *ambient* numbers.

If your team can show that 54% of people who attended an event think your brand is “most trustworthy” and your ambient number is 43%, that means something to your brand. If your team can show that 47% of fans of a particular sport you sponsor consider your brand to be “cool”, that can be contrasted with 32% of your ambient target market that considers your brand “cool”. If 73% of people who received the third “win” say they would strongly consider your brand next time they purchase in the category, you can compare it to 42% of your ambient target market who would strongly consider your brand. These tell you what worked, how well, and what the real benefit to your brand was.

Whatever perceptions and intentions you are measuring now, you can measure around an event and a sponsorship. Yes, that means you may have to budget some money for research, but it doesn't have to be a huge survey or a huge cost to give you meaningful numbers.

Suggested CMO strategies

- ▶ Ask your team for a refined measurement plan, incorporating both research and internal reporting. You may find it useful to outline specifics or give examples.
- ▶ Request that all (or virtually all) research be benchmarked against objectives that are currently being measured.
- ▶ Commit to a moderate research budget

Getting the staff and structure right

Best practice sponsorship is a big ask, and I don't think you should be the one to do it. You certainly have an important role, as canvassed throughout this document, but the heart and soul of a best practice sponsor is your head of sponsorship. Hiring the right person to head it up, and using that team – whether one person or twenty – in the most effective manner, is essential to your organisational success in this medium.

Your head of sponsorship

I've been noticing an interesting trend: Heads of sponsorship are increasingly being promoted to heads of marketing. This comes as no surprise to me, as sophisticated sponsorship manager have to possess many of the critical skills for a CMO.

- ▶ They need a balance of analytical and creative skills, in order to analyse brand needs, target market needs, and opportunities, as well as to fully utilise the creative opportunities presented by sponsorship.
- ▶ They need at least a working knowledge of how all other marketing media are done, in order to effect strong integration of key sponsorship across those media.
- ▶ They have to think and work cross-departmentally, if they are going to mount effective leverage and measurement plans.
- ▶ They have to be astute enough to manage teams of stakeholders who don't work for them, which will serve them very well when managing teams who do work for them.
- ▶ They need to be strong, flexible, and fair negotiators (otherwise they won't get the best from partners).
- ▶ They need to know how to measure and report outcomes that are meaningful to your company.

If you can't imagine your head of sponsorship sitting in your chair someday, he or she is not the right person for the job.

Now, I'm sure you are fantastic at your job and have no reason to be concerned about this. That said, if you can't imagine your head of sponsorship sitting in your chair someday, she or he is not the right person for the job.

Head of sponsorship is not someplace to put your less talented or experienced staff. This is not the job for a glorified banner hanger. You want someone in that position who has a lot of scope, great skills, and enough charisma and authority to develop great partnership, internally and externally. Getting someone with the right "package" of talent and experience in the role will very likely be the difference between outstanding results and simply mediocre.

Sponsorship structure

Once you are convinced you have the right person or people for the job, you need to ensure they are used well.

Best practice sponsors tend to use their sponsorship team as internal consultants. As custodians of overall brand health, brand management makes the ultimate decisions, all of the various stakeholders run their own leverage programs, and it becomes the job of the sponsorship team to provide guidance, conduct negotiations, provide assistance whenever appropriate, and generally manage the sponsorship process.

Under no circumstances should a sponsorship team be working or making decisions in isolation.

Suggested CMO strategy

- ▶ Whether you've got the right person as your head of sponsorship or not may be clear. If not, I suggest you task them with the audit, the quality of which should give you a good indication of their skills.
- ▶ If you're not satisfied that you've got the right person in the job, I suggest you undertake a review the structure of your organisation's sponsorship responsibilities and decisions, build a new job description, and conduct a search.
- ▶ If you are satisfied that you've got the right person with the right skills in the job, then shifting the structure to a more consultative one should come naturally as the sponsorship process changes and broader stakeholders become involved.

Managing the Managing Director

While the day-to-day job of managing sponsorship isn't and shouldn't be your job, managing senior executive involvement is your job.

Not to put too fine a point on it, but senior executives tend to get too involved in sponsorship. People care about the events you sponsor, and that includes your staff, but many very senior executives treat budgets like a slush fund for supporting their favourite team, charity, or whatever. This can account for hundreds of thousands, or even millions, of dollars of marketing money that provides little, if any, return.

Suggested CMO strategies

- ▶ Put in place a sponsorship policy. It should be signed off by your senior team, and include wording along the lines of, "While introductions to potential partners are welcome from any part of the company, this is the process by which they will be assessed for suitability, negotiated, formalised, leveraged, managed, and measured...." You can charge your sponsorship team with drafting this document. As a head start, they can find comprehensive instructions for formulating an effective policy in [The Sponsor's Toolkit](#).
- ▶ Table a paper with your executive team concisely outlining best practice sponsorship will work within your company.
- ▶ If required, commit to presenting a quarterly executive summary outlining the aims, leverage activities, and results of key sponsorships. Note: My experience is that once they understand the strategic weight of sponsorship, and that it is being used well, this reporting will no longer be necessary.

The end

There you have it. Fifteen pages of sponsorship as it pertains to the bigger picture of your company. You can take it with a grain of salt. You can decide to leave sponsorship in the box it lives in. You can decide that it's too hard to be a groundbreaker. Or you can decide to let it really work for your company – to free it – and with the knowledge that it can deliver so much more, you can expect more, and set that agenda for your team.

More resources for CMOs

- ▶ If you would like more resources – such as blogs, webinars, and white papers – that are particularly relevant to Chief Marketing Officers, be sure to visit our Sponsorship for CMOs page at Power Sponsorship – www.powersponsorship.com/sponsorship-for-cmos.html.
- ▶ If you would like to discuss strategy development, an audit, or training with Kim Skildum-Reid, feel free to drop her a line on admin@powersponsorship.com or +61 2 9559 6444.

Resources for your team

- ▶ Free white papers from Kim Skildum-Reid:
 - [“Last Generation Sponsorship”](#) – downloaded almost 400,000 times!
 - [“Sponsorship in a Scary Economy”](#)
 - [“Survival Guide for the New Sponsorship”](#)
- ▶ Kim Skildum-Reid’s bestselling books:
 - [The Sponsor’s Toolkit](#)
 - [The Ambush Marketing Toolkit](#)
- ▶ Kim’s blog, with lots of advice and how-to – <http://blog.powersponsorship.com>.
- ▶ Power Sponsorship Update – A monthly e-newsletter with more advice and how-to. Sign up at www.powersponsorship.com.