



ADVISORY
BOARD
for the ARTS

Transforming Arts Organizations Worldwide

Strategies Around Naming Rights

MAY 2022

Our Research Process

The Question

How should arts organizations strategize the launch of a naming rights initiative, including: how to determine prices of items/spaces, when to launch the initiative, which donors to appeal to, the duration of naming rights policies, and what types of items/spaces to monetize?

I. Arts Leader Survey

Pull data from a past ABA Arts Executive benchmark, published on February 1, 2022, that asked arts leaders across the globe about:

- Costs of naming rights for physical spaces and items
- The duration of various naming rights
- Benefit packages for naming right donors

II. Secondary Research

Scan for existing research/best practices related to arts and culture organization strategy and announcements/press releases about naming right initiatives.

Explore the landscape of other industries like sports, education, and healthcare for lessons learned in naming rights.

III. Interviews

Hold interviews with arts organizations (primarily development directors and presidents/CEOs) to learn more about their past naming right strategies. Question topics included:

- Coordination and timing of launching naming rights initiatives, including around market events
- Types of planning and financial metrics to understand before launching
- Strategy around pricing and duration
- How to appeal to donors and prospects

Completed interviews, as of May 6, 2022:



Key Takeaways

- **Create a strong foundation with initial naming right policies.** All interviewees suggested that prior policies and approaches to naming rights heavily influenced what they were able to do in the future. Interviewees also suggested past values were typically too low, not too high. For arts organizations beginning naming rights policies anew, your organization has agency to ensure that these first policies are well thought out, agreed on by staff and stakeholders, and consider the future landscape of naming rights.
- **Approach naming rights holistically with regards to broader organizational strategy.** Naming rights do not stand alone. Instead, naming rights are affected by and can affect many other developmental strategies, including but not limited to future naming right policies, capital and endowment campaigns, relationships with key donors and constituents, and annual campaigns.
- **Before launching, build a price pyramid and consider the work to sustain named items/ideas.** It is important to have naming rights at all levels to appeal to different donors. This can be done through offering naming opportunities for a broad range of items, but it is important to consider the maintenance and upkeep of named objects or spaces and the amount of human capital required to help determine what items are offered. For example, the upkeep for a named tree will be much higher than that of a named seat in a theatre.
- **Include a mix of individual and corporate donors in prospect pool.** Individual donors typically provide lump-sum payments and give for reasons of legacy or relationship to the organization. On the other hand, corporate donors pay over time, can withdraw payment if there is a disagreement or change in financial position, and look for visibility and brand alignment; corporate donors also must align with the institutions' values. Performance spaces including entrances, or seats/trees/bricks may be better suited for individual naming, while entertaining or leisure spaces—or even sponsorships instead of naming rights—are more appropriate for corporate donors.
- **Include formal written agreements and right-of-refusals in naming rights policies.** Due to the movement towards time-limited naming durations (rather than perpetual rights), it is critical to write formal agreements that clarify the naming durations using sunset and/or morality clauses and right of refusal language.

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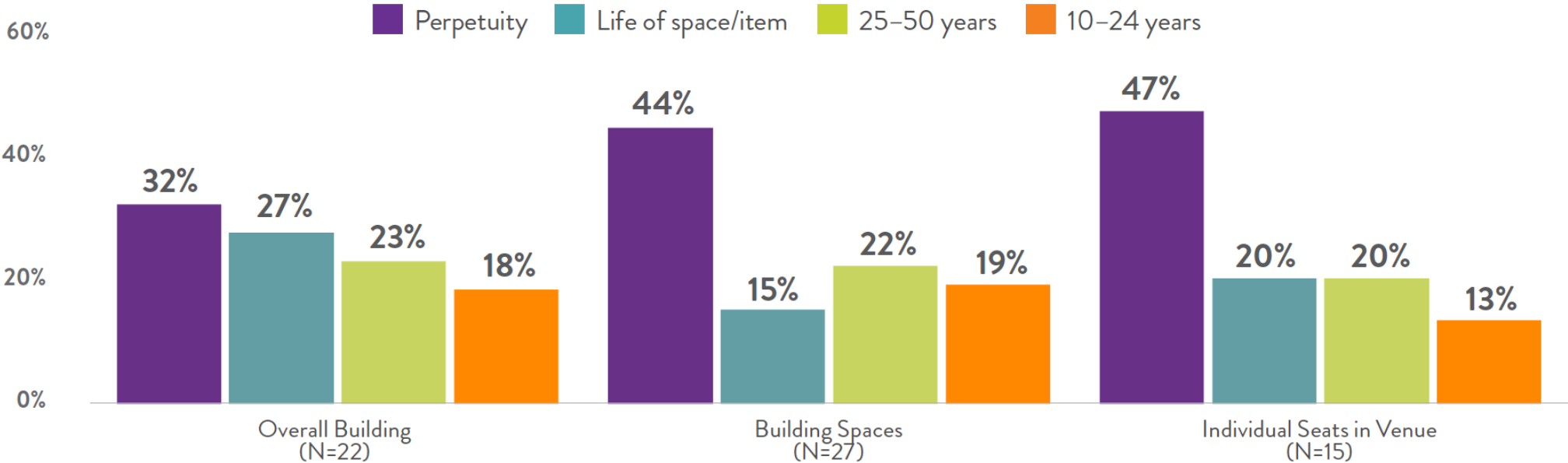
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Current State of Naming Durations: Plurality Have Perpetual Gifts

Although perpetual naming opportunities still exist within current arts organizations' development structures, there is a growing interest in time-limited naming durations, particularly for the largest gifts.

Spaces Within Buildings and Individual Seats More Likely to Be Perpetually Named

Maximum Length of Time for Naming Rights of Physical Spaces/Items, in Years



Source: ABA Arts Executive Poll, February 1, 2022

Movement Towards Time-Limited Naming Rights

Historically, naming rights have been offered in perpetuity, with the legacy of a one-time gift often outlasting a supporter's relationship to an organization — or outlasting the useful purpose of a space or building altogether. How can organizations honor donor commitments in a meaningful way while also balancing the need for sustainable support for the future?

Pros of perpetual naming rights:

- ✓ Perpetual naming is a generous stewardship strategy that provides a way to celebrate a donor's legacy in the long-term.
- ✓ Naming rights have historically been considered in a perpetual nature.
- ✓ Donations received in perpetuity would increase the investment income to be generated from endowment funds.

Pros of time-limited naming rights:

- ✓ Donor recognition with limited shelf life can free up spaces or other opportunities that can otherwise be resold to attract additional support.
- ✓ Having more naming opportunities over time gives more flexibility in securing funds and gives a safety net to build up extra funds if needed.
- ✓ It is easier to secure donors with smaller target donation sums through time-limited donations.

Public Example of Challenges Surrounding Perpetual Naming

Avery Fisher Hall at Lincoln Center (now David Geffen Hall) New York, NY



Source: The New York Times, [Lincoln Center to Rename Avery Fisher Hall](#)

Context. In 1973, Mr. Avery Fisher, founder of the Fisher electronics company, donated \$10.5 million toward the renovation of the former Philharmonic Hall. The pledge agreement setting forth the conditions of his gift included the stipulation that Avery Fisher Hall “will appear on tickets, brochures, program announcements and advertisements and the like, and I consent in perpetuity to such use.”

A new funder in sight. After discreetly offering up the rights to the hall, the center landed a \$100 million gift from entertainment executive David Geffen to jump-start a renovation that’s estimated to cost \$500 million.

Resolving the Fisher name. After 12 years and many mediated discussions, the Fisher family finally allowed Lincoln Center to rename the space to David Geffen, but the price was hefty, including but not limited to:

- \$15 million paid back to the family
- Feature prominent tributes to Mr. Fisher in the new lobby of the concert hall
- A family member seat on the Lincoln Center Hall of Fame’s advisory board

Incidents like the Avery Fisher Hall reflect the impossibility of foreseeing certain events, which may be more unpredictable or nuanced than the words of a contract. To prevent more situations like this, arts and culture non-profits are changing the way they offer and execute naming rights with the help of two formal clauses:

1

Sunset clause: formally limit the length of a naming right to a pre-specified period of time. This gives organizations the flexibility to recognize major gifts without tying up valuable naming opportunities in perpetuity.

2

Morality clause: now the norm in gift agreements for the Smithsonian Institution, these clauses allow naming to cease if the donor’s reputation compromises the values or public trust of the institution.

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No One Model: Many Factors to Help Determine Prices

For better or worse, a standard formula to determine the “price” for a naming opportunity is not readily available. Arts organizations employ various strategies to credibly value naming opportunities, including (1) using past economic impact reports, (2) working with outside vendors who provide marketing valuation services, or more commonly, (3) relying on their own sense of the philanthropic market. Regardless, there are several considerations to help give you a starting point:

| Start with Actual Cost of Item | Leverage on Visibility, Usage, and Perceived Value | Benchmark Off Your Available Donor Pool | Rely on Board Expertise |
|--|---|--|--|
| <ul style="list-style-type: none">• For buildings and facilities, consider the actual cost of the space as a starting point.• The general rule of thumb is to offer the recognition at no less than 50% of its actual cost.• For spaces within a building or facility, naming opportunities should add up to more than the total cost of the building, as not all will be sold in any given campaign.• If local gifts have hit a ceiling, determine if there is an opportunity to break through and secure a higher gift. | <p>Outside of the cost to build, consider:</p> <ul style="list-style-type: none">• The number of people who will interact with the named space.• How many “impressions” will be made through the use of the name.• How the use of the space aligns with the mission of the organization.• The general appeal for each space (e.g., general office spaces v. a public-facing lobby).• The perceived importance of one space over another space. <p>Each of these factors on their own or in combination can and should significantly impact the price of a naming opportunity.</p> | <ul style="list-style-type: none">• Naming opportunities should be compared against the working gift table so that there are enough opportunities for named gifts that match the projected goals, including dollar targets and number of gifts needed. It reflects good planning to have the “supply” available should the “demand” be present.• Know anecdotal information about the threshold for giving within your donor market; price points should be set based on the capacity of an organization’s donor base.• Understand what a “stretch” commitment means for your organization and price top-end naming opportunities in relationship to that level. | <ul style="list-style-type: none">• It is never a bad idea to solicit the opinion of board members to more accurately value naming opportunities.• Board members who have experience in valuation, sales, marketing, real estate, or those who have gone through similar processes with arts organizations can be particularly helpful in this pursuit. |

Source: Campbell & Company, *Your Name Here (For Now)*

Costs for Naming Building Go Up to \$50 Million USD

Below are the average costs associated with various types of physical spaces/times named within arts organizations from across the globe, primarily from the United States and Europe. Interviewees suggested that their past values were typically too low, not too high. While it is hard to compare apples to apples, expect to price at the higher end of the market and negotiate down if needed.

Costs to Acquire Naming Rights of Physical Spaces/Items

| | Overall Building (N=21) | Building Spaces (N=30) | Individual Seats in Venue (N=17) |
|----------------------------|----------------------------|---------------------------|-------------------------------------|
| Average \$USD (Rounded) | \$11,500,000 | \$1,500,000 | \$12,000 |
| Range \$USD | \$250K-\$50M | \$25K-\$6M | \$200-\$75K |

Source: ABA Arts Executive Poll, February 1, 2022

Notable Naming Opportunity Examples

Stephen Sondheim Theatre *Naming After a Historical Figure*



In 2010, the Roundabout Theater Company in New York City announced that the Henry Miller Theater would be renamed the Stephen Sondheim Theater. This dedication came after a small group of Sondheim fans shelled out a “generous” contribution to the Theatre to support the company’s Musical Production Fund.

Source: Variety, [Broadway Theatre Named for Sondheim](#)

Centene Stadium *Finding a Donor Based on Shared Values*



Centene Corporation, a Fortune 25 healthcare company headquartered in St. Louis, and St. Louis CITY SC, a Major League Soccer club announced a 15-year naming rights partnership which names the club’s new downtown venue Centene Stadium. This corporate partner aligned with the property and barn’s core values, including:

- Shared commitment to community
- Shared characteristic of strong female leadership
- Shared commitment to wellness

Source: Forbes, [Sports Naming Rights Based on Shared Values](#)

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Individual Donor Goals in Pursuing Naming Rights Vary

Naming right donors can come from all backgrounds, from those with deep ties and roots to your organization to completely new prospects. No matter the relationship, it is crucial to understand the donor's life and what the naming gift will help them accomplish. Use these personal goals to drive your conversations.



Honor One's Legacy and Name

At the core of any naming right is the chance to leave a lasting footprint. For these donors, the purpose is to sustain a name and honor their work.

Example: A foyer of an arts institution is named after a retired CEO to pay homage to their accomplishments.



Support a Passion for the Arts

These donors wish to give back to an organization that they're deeply passionate about. They will typically be an already loyal supporters of your organization.

Example: A long time donor and audience member wishes to name a space to support your institution in a new and major way.



Align with Campaign Purpose

Some donors have hobbies or interest areas that specifically align with key areas of certain naming opportunities and will be inclined to support a related initiative.

Example: A donor with a deep interest in DEI&A will likely support a renovation of a building in which improving accessibility is a key improvement.



Give Back to the Community

For some donors, the benefits of naming opportunities is more civic-minded rather than directly benefiting the arts institution.

Example: An immigrant donor wishes to name a public-facing lobby in order to encourage more people of their community to attend the arts.

Secure Naming Rights from Top Donors First

Donors giving at the highest levels of naming rights not only contribute to social and environmental change, but they also help transform an institution and catalyze a new stage of growth for an organization. Their giving is much more than generous, it is generative. Thus, it is critical to find the correct donors so that gifts of this significance best matches this impact.

✓ Jumpstart Campaign with an Anchor Donor

Securing the largest gift first helps to build momentum for the rest of the campaign. For many organizations, the timing of the campaign launch begins with when is the most appropriate time to talk to the prospect. Additionally, planting the seed with an anchor donor helps to spread the word to other donors.

✓ Set a High Top Price, and Expect Negotiations

Selling naming rights is a discussion-driven process between the donor, the organization, and related constituents. Make sure to price the top gifts high enough to avoid selling yourself short. Start the conversation based on this set price and expect some brokering and negotiating with the donor about the gift scope.

✓ Know Your Best Prospects Before Launching

It is critical to understand the donor landscape before launching the campaign. Key prospects help you set pricing levels and give the fundraisers an opportunity to think through both the donor goals and organization's goals before conversing with them. Almost all top prospects are those you already have a relationship with or can get a connection to through trustees.

✓ Start with a Silent Phase for Major Donors

Donors at the highest level like to feel special and that they're "in the know." Approaching top donors during a silent phase helps to curate this sense of exclusivity and shows them that you thought of them before broadly advertising to the public.

Roll Out Campaign in Phases Based on Pricing Tiers

Pricing Tiers

For many arts organizations, it is a priority to have pricing levels for all possible naming opportunities — including top major gifts, mid-range amounts, and a slew of smaller priced items.

Importantly, arts organizations should treat naming right campaigns just like any other major donation campaign and roll the launch out in two phases: a silent phase and a public phase.

Tier 1: Top Major Gifts

Tier 2: Mid-Range Gifts

Tier 3: Smaller Priced Gifts

Typically, USD\$1,000 is the lowest priced gift

Two Phases of the Campaign

Phase 1: The Silent Phase

- It is a must to begin with a silent phase with a goal of locking up 50%-75% of the before going public. This is only possible by approaching top donors in Tier 1 via individual solicitations.
- The silent phase offers a sense of exclusivity to your top donors which will only boost their support for the organization.
- Use the silent phase to build momentum into the public phase, encouraging more donors to give.

Phase 2: The Public Phase

- Launch the public phase of the campaign after major gifts are secured. Target a broader base of prospect donors, including your major donors who have already given.
- Examples of tactics to make Tier 2 and Tier 3 gifts known to the rest of your donors include:
 - A communications newsletter to the whole donor base
 - Direct mailings to the highest predictive analytic targets
 - Inserts in programs
 - Social media campaigns
 - QR codes in lobby displays

Benefits of Implementing Smaller Priced Naming Gifts

Creating smaller priced naming opportunities rounds out campaigns by making them equitable for all donors. Although the manpower to manage a broader base of smaller donations requires a full-team effort, the benefits of pursuing these gifts is typically worth the effort for arts organizations. Benefits include:

✓ Grow Donor Base and Number

While the majority of the campaign's dollar amount will be raised by top gifts, smaller naming opportunities allows your broader donor base to have some agency in the overall cause.

✓ Create a Top-Off Opportunity for Major Donors

Make sure to also make smaller gifts visible to your top donors who have already given. Many times, these larger donors have a "stretch" to their giving and will purchase additional naming rights for family members on top of their previous give.

✓ Build an Equitable Giving Platform

Ensure that the campaign is inviting to the entire broad base. To make the giving process even more inclusive, offer the possibility of monthly payments and have multiple price points for smaller naming opportunities.

✓ Rely on Momentum for Additional Support

Due to the momentum of the campaign, your organization may also receive even smaller donations below the price of the lowest naming opportunity. These donations will not get naming rights, but these donors are equally willing to contribute to the cause.

However, our interviewees do caution organizations looking to implement smaller priced naming gifts in two regards:

1

Do not price too low: make sure to take stock of donors' past giving levels and price accordingly. While you do not want to price yourselves out, you also do not want to undercut what you get. One interviewee suggested no less than USD10,000.

2

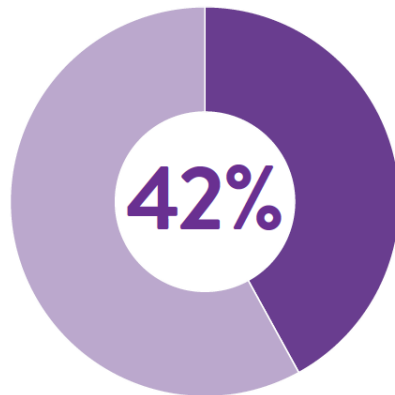
Consider the maintenance of lower priced items: for some items, there is considerable upkeep needed. A named tree must stay healthy; nameplates must be visible and clean. Be mindful about the future upkeep when deciding what items to offer.

Donors Must Continue Giving to Annual Fund for Benefits

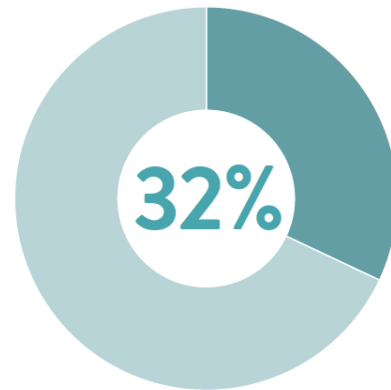
Most arts organizations do not have firm policies on how to approach donor benefits for naming gift donors. However, because naming rights are typically at higher value than annual support, these donors will typically continue giving to the annual fund to receive benefits. For the top donors of naming rights, organizations should expect to customize extra benefits, such as recognition.

Variety of Approaches to Benefit Packages for Endowment Donors

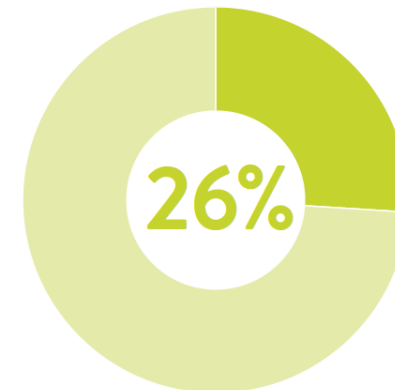
Approach to Benefits for One-Time Donations to the Endowment



Must continue to give on an annual basis to keep benefits



Grandfathered into existing annual benefits — do not need to continue giving to receive benefits



Other (please specify)*

N=31

*Other responses included: “no cookie cutter approach,” “we look at it case by case,” “annual benefits for only X number of years,” or “separate recognition”

Source: ABA Arts Executive Poll, February 1, 2022

Be Prepared for Questions from Naming Rights Donors

For many donors, naming rights donations may be one of the largest amount and significant gift they will offer over their lifetimes. With this level of impact, donors will want to maximize the potential of their gift and minimize risk. They will likely have many questions for your organization when considering naming rights gifts. Make sure your organization is well poised to answer the following potential questions:

- Does the **project seem achievable**? Does it fit with my understanding of the institution?
- What is the **organization's capacity to deliver** on the project? Does the organization have the leadership, staff, and community support required?
- How do I see **my role in this gift** and what sort of **public profile** will I receive?
- What **involvement with the fundraising campaign** do I seek, if any?
- Do I have **clear agreement on the terms and conditions**, including the payment schedule, certain milestones, acknowledgement, and other opportunities for input?

Source: Rockefeller Philanthropy Advisors, *Major Gifts and Naming Opportunities*

Prioritize Internal Alignment Over Timing of Market to Launch

While it is good to be aware of the market and certain global events, our interviewees confirmed that there is no need to wait until the market is in an extended upswing to launch naming rights campaigns. Instead, the launch of the campaign is better determined by when the organization has sufficient internal support, as well as alignment to launch the campaign. Below are some considerations to help reach internal alignment:

✓ Establish a Special Committee and Draft Policies

Convene a small, ad hoc Gift Stewardship Committee consisting of Board members and major donors (if appropriate) to flesh out new policies for naming rights. This group will also head the approval of any proposed changes to policies that affect donors as needed and to vet extraordinary circumstances as they arise.

✓ Create Talking Points for Donors to Ensure Consistency

One of the most important things when seeking donor support is ensuring there is consistency across internal staff on communications and promises to prospects. Create talking points for use by solicitors to articulate new naming rights policies and the rationale for offering such opportunities.

✓ Draft Sample Gift Agreements

Naming rights come with contractual and binding agreements, especially as the arts industry shifts towards time-limited naming gifts. Writing up sample gift agreements and receiving major consensus from staff, constituents, and other related others on promises made is key before launching.

Source: Campbell & Company, *Your Name Here (For Now)*