Corporate Partnerships/Sponsorships – Research, Due Diligence, Contracts & Agreements

Research & Due Diligence In this competitive age the reasons for a company working with an organisation are seldom purely philanthropic. Whether an organisation is approaching a company or vice versa, it is important to learn as much as you can about the company and to undertake a full assessment to identify why it might be inclined to support you before making an approach and setting up a partnership.

The process of **due diligence** is as important in the not-for-profit sector as it is in the corporate sector.

As part of any assessment of the impact of a relationship, questions you might like to ask are:

• If it is a company, does it have a parent company and who is it? Which organisations should the relationship be built with?

• Is the company financially sound?

• Is there a history of philanthropic support or charitable giving within the company? If so what was it, when was it, and was it successful? (Check with the previous charity partner if possible).

• What are the company's motives for corporate giving?

• Do the values and ethics of the company and its subsidiaries complement those of the organisation?

• Are you dealing at the right level, with the right department

• Is there high-level commitment to partnership with an organisation? (Very important to establish early on)

• Is more than one level of company management committed to the partnership?

• Both the company's and the organisations brands should be regarded as valuable assets to protect. With this in mind, will the association enhance or damage the organisations brand?

• The company and the organisation should be equal partners, although this may not always be feasible. Both organisation and company should be clear about the benefits they expect to gain from the relationship.

• Is what the organisation is expected to bring to the partnership a fair exchange for what the company is offering in return?

• What is the public's perception of the company and its brand?

Contracts and Agreements

It is normally a legal requirement for an organisation to have a contract with a business they are in partnership with – and if not a legal requirement, it is certainly good practice to have one. The contract should set out all obligations and ensures all parties know where they stand.

Other Recommendations

• It is advisable for the organisation to have an Account Manager who is the company's main point of contact and is dedicated to delivering everything that the organisation has promised from their

side. Likewise, it is sensible to ask for one main point of contact on the corporate side – someone who can make decisions and get things moving.

• It is important to set realistic and achievable targets when working with a company.

• If possible, it is good to broaden a corporate partnership to include employees and customers, as long as it is done with the full knowledge and co-operation of management. There are many points of entry into a company, and utilising as many as possible will help create a bigger and better relationship for both parties. However, care should be taken when assessing a company at different points not to alienate the first point of contact.

• Where sponsorship includes donated time or expertise it is important to establish that skills offered meet the employment criteria and needs of the organisation.

• It is useful to build into the process regular reports to the company. This then allows the organisation to demonstrate progress, and achievements to date.

• Inevitably relationships take time to establish. Thus targets for the first year should be modest, as the first year is required to refine the best way to work, overcome teething issues, and set the basis for future activity. For this reason, you may want to consider very carefully any offers of one-year corporate partnerships – will the financial return on time invested be worth your while?

• A high level of resource may have been involved in setting up relationships. It is crucial to recognise the importance of continuing to develop relationships in successive years. Many organisations lose sponsors because they do not continue to invest as much time in maintaining relationships as they were prepared to investing in establishing them. In setting up an association with a company it is necessary to agree certain parameters at the outset – these can be included in the contract/memorandum of understanding – for clarity. For example:

• The use of the brand and the organisations name and logo;

• Who owns what; copyright, events, services, products, brands and logo's;

• Who is going to do what, and when it is to be done;

• How the relationship is going to be presented to the outside world and what is going to be said about the company and the organisation; and

• The duration and clear terms of the relationship (for instance whiter that should include exclusivity agreements or allow access to a supporter database).

Conflicts of Interest It is important that an organisation is driven by some kind of mission. This will help define what its aims are as an organisation. It will also help establish which are the right kinds of companies to be associated with.

When selecting a company an organisation should establish that there are no conflicts of interest. Good partnerships often result from common interests and agendas. It can be a fine line between common interest and conflict of interest.

The kinds of conflicts that can arise and that may affect a relationship are where:

• Ethical considerations carry different weight with the organisation and the company;

• A company is working with two organisations in the same sector;

• An organisation is working with two companies from the same sector;

• A company provides a product or service that helps achieve the mission of an organisation (e.g. a pharmaceutical company supplying, in a commercial arrangement, anti-cancer drugs to a hospice and supporting that hospice 'philanthropically' at the same time);

• A company wants a partnership to be exclusive;

• The company wants access to the organisations supporters or audience;

• A company is both a supporter and a supplier to an organisation (for example, bank providing banking services and also fundraising for an organisation);

• An employee or non-executive director is also a trustee of the organisation, and wants to exercise influence over artistic aims/product; and

• A company wishes to link direct material benefits for their product through the association with the organisation (for example, implying a health benefit from a product through the association with a medical charity).

Ethical Policy

Working with business can bring huge benefits to an organisation in terms of revenue, awareness, and profile. However it also is probably the most challenging area in terms of ethics, and one that needs a clear policy and procedure in order to address any issues, which can be complex, and potentially damaging. A policy on working with companies, agreed by the trustees, is essential for an organisation to be able to engage effectively with the corporate sector. The policy should define which sectors and types of company the charity will work with, and which ones it will not work with – again, cancer charities and tobacco companies being the most obvious example of an unethical partnership from the charity's point of view. Others examples can be more complex or opaque and therefore require greater consideration.

Communications and Marketing Plans

Assuming that part of the reason for going into a corporate/organisation relationship is publicity, thought should be given as to how it is to be communicated externally and internally within both of the partner organisations. It is advisable for a communications plan to be written at an early stage, for clarity. Both sets of employees should be informed about the relationship and nature of the partnership. In the plan the messages ought to be agreed by all concerned and adhered to. It is good practice for it to be clear what both the company and the organisation do independently and what they are trying to achieve together. Communications to the public and customers should always include the aims of the partnership and what the relationship is about. It is important that each party respects the other's branding guidelines – and sign off each other's marketing materials, press releases and any use of the others' logo – and that both parties agree the procedure for media liaison, being aware of each other's needs, timescales and media contacts. Some of these details should be included in the contract/memorandum of understanding.

Success Factors and Measurement

As with all fundraising activities, it is important at the start of the relationship that the criteria for success on both sides (corporate and organisation) should be defined. This can be any number of the following**:**

Company: • Sales enquiries/actual product sales • Website hits • PR coverage • Staff participation • Staff motivation • Feel good factor • Good networking opportunities • Corporate hospitality • Longevity of relationship • Consumer perception of the brand.

Organisation: • Income raised • New supporters.

In every case the objectives will be different. However, by defining at the beginning what is expected from both parties, everyone involved will have a proper focus on the activity. The other important reason to set criteria is that they help the organisation to renew partnerships. At the end of a contract if the organisation can demonstrate that the targets have been achieved and that the organisation has delivered the activities core to the company customers' needs, then it has a strong case to renew the association.