
Factsheet:

Approaching companies

SCOTTISH
MUSEUMS
COUNCIL



Many organisations confuse philanthropic giving and sponsorship. Philanthropic giving involves a body giving money to an organisation with no expectation of any return. For this, see the factsheet *Approaching Trusts and Foundations*. Sponsorship is different. Sponsorship is a commercial deal between two or more parties.

Commercial sponsorship

Attracting sponsorship from companies is hard work and will require a substantial time commitment. Sponsors must be made to feel appreciated and should be given as high a profile as possible in return for their financial assistance.

No company operates in a social or economic vacuum. The success of most companies depends on their ability to communicate with target audiences within the community that affect their business environment:

- their customers
- their shareholders
- their employees
- opinion formers at both national and local levels.

Most companies sponsor the arts as a way of improving that communication.

Main reasons for companies sponsoring the arts

- to advertise a brand name
- to improve their general image
- to attract and keep high-quality staff and encourage good employee relations
- to reach targeted audiences
- to nurture ties with valuable clients and influential people
- to create goodwill within the community
- civic pride
- to associate with a worthwhile cause
- good public relations.

To pitch your proposal successfully, you have to understand which of these motivations will appeal to your sponsor.

Getting started

First of all, find out what, if any, links your museum has had with companies previously and what happened.

Find out if any of your board, staff or volunteers have good links with any likely companies either because they are employees, directors or simply through family connections, socialising etc.

Do your research to identify and match possible funders with different aspects of your work. In particular, identify whether there are any local companies that are known for their generosity or have an interest in supporting your work - maybe to be seen in a better light locally. Good research at an early stage is rarely wasted. A list of useful publications for research is given at the end of this factsheet.

Approach possible funders to discuss what their requirements are and how best you should present applications.

Prepare a full application or proposal (to be submitted in due course). For further information, see the factsheet *Writing a Proposal*.

Getting in touch

The personal approach is best, but often the most difficult to achieve. In smaller companies, there is unlikely to be a staff member responsible for giving, therefore approaches have to be at Board level. Meetings with the relevant director are useful when discussing bigger donations with the bigger companies, but difficult to get for small projects. It is quite unusual to be able to coax company staff to visit projects needing funds.

Circular letters suffer the fate of most of the thousands of appeals a company receives each month. They are put in the bin. Letters should therefore be directed to an individual and personalised. Companies receive so many appeals, their first instinct is to say "no". Many fundraisers have even suffered the experience of writing a non-appeal letter and receiving a pro-forma rejection!

Where possible, getting in touch should be done in several stages.

1. A phone call to establish contact. This can determine whether there is a best time to apply, whether a company gives to your cause, how you should apply, and whom you should approach (remembering to check the correct spelling of names and titles).
2. A letter can then follow, setting out your proposal in brief detail. Paper is the medium through which most companies will judge your request.
3. Finally, you might try to arrange to meet a representative of the company. This could be either at your premises, if there are people or things to see, or at their offices. It is this encounter that seals the fate of many applications. You should therefore try very hard to meet your potential funders face to face. Being well prepared and appropriately dressed is important.

4. Every time you go into a company, for any reason, (say for example if you want to buy a new computer), use that opportunity to talk to the company about your work and invite their support. It can be a useful way of getting them to release an extra discount long after the lowest price has been agreed.

Six ideas for good company fundraising

1. Put yourself in the position of the company. Why should they give their shareholders' funds to you? Why should they choose you rather than any of the other appeals? Think of the benefits that they might get out of it. Mention these when you make your appeal. For sponsorship, these benefits will be at the centre of your proposal.
2. Use all the contacts you can muster in the company to help get your appeal supported. If you know the spouse of a board member, get them to put in a good word. If you only get acquainted with the executive's secretary, invite their co-operation by making sure that your application gets to the top of the pile with a good word accompanying it.
3. Think laterally of the ways that the company could help. Might it be more useful for them to offer staff time; a vehicle; access to company staff for a payroll canvass or promotion? It is likely that everyone else will be asking for cash, but the company may find it easier to give in-kind.
4. Consider whether there is a senior executive who might become a trustee or serve on a fundraising or development committee and bring new ideas, discipline and contacts to your cause. This could be worth many times what a donation might be worth. The invitation, even if not accepted, may be seen as flattering. If this level of involvement is turned down, a request for advice may not be.
5. Don't assume that every company will give. Be prepared with parallel approaches to a number of different companies.
6. Consider who might be the best person to make the approach or sign the letter. It may not be the fundraising person, but the Chair of your organisation.

Techniques and skills

To be successful in raising money from companies, you will need a wide range of skills and appropriate attitudes including persistence, persuasion and personal contacts. In addition, you will certainly need a depth of knowledge about your organisation and be able to speak and answer questions with authority. You will have to make a personal presentation of your case and be able to provide a clear and persuasive written proposal.

The ability to be imaginative and to come up with ideas for joint activities likely to be beneficial to the company concerned is especially useful. Do not scorn sponsorship-in-kind. Many companies are not able to give money, but if asked will provide practical assistance or goods in kind, for example office space, paper, staff time.

Benefits to sponsors

The objective of a sponsorship project will be to improve communication between the sponsor and their target audience. The benefits package you offer to your sponsor should consist of a list of the ways in which your project can help the sponsor achieve that objective.

Your audience

Your audience will be those people most aware of your activities and consequently those of the company associated with them. Your audience analysis will tell you: the number of people to whom you exhibit; their potential purchasing power; their areas of interest and the scope of their influence.

Publicity material

You must be prepared to offer your sponsor acknowledgement on any publicity materials you produce relating to the area of sponsorship.

Hospitality

Many sponsors like to use sponsorship occasions to entertain members of their target audience.

Media coverage

Many sponsors are aware that the media are reluctant to give them the appropriate accreditation. You should be prepared to work with your sponsor to maximise their chances of media accreditation.

Warnings

A few words of warning. Cost all benefits very carefully and include these within the price of sponsoring a project. If hospitality is not included in the price, state this clearly. Never promise anything that you cannot deliver.

Sponsorship is a business activity and as such is considered by Customs & Excise as being liable to Value Added Tax. Before entering any sponsorship deal, check if your organisation can reclaim VAT as, if it cannot, then you must add the value of the VAT to the cost of sponsorship. Customs & Excise will demand the money from you and they do not care if that leaves you short of nearly 20% of the project costs.

Since sponsorship is a business activity, get a contract. You must be very specific as to what you are offering the company in return for their money. This will prevent any future unpleasantness resulting from huge demands being put on you that cost you more to fulfil than you received in terms of sponsorship.

Charitable giving / patronage

Many larger companies have a charitable giving policy. This can take the form of a Company Trust or Foundation or a committee that disburses charitable donations and is not a business activity. Normally, such charitable giving will seek only a very low-key credit.

Patronage is not a commercial or marketing activity, although it may have some less clearly definable public relations benefits for the company. A company which gives a lot of money to local charities may well be endeavouring to improve its image, in a similar way to a sponsor, but if it does not make a series of demands in return then it is technically acting as a patron.

Companies may choose to give support in a number of other ways.

- **Advertising**
Companies may be prepared to take an advertisement in a brochure. This may be a particularly appropriate way to encourage local businesses to give their support.
- **Gifts in kind**
Common examples include: donations of paper; paint; furniture; airline tickets.
- **Secondments and professional help**
A company may be happy to "lend" you a member of staff or a company may encourage its staff to become involved with local charities in their spare time.

For extensive information on this subject and assistance in finding local sponsors, contact Arts & Business Scotland (see below).

Useful publications

Newspapers

Company annual reports

SMYTH, J.

Guide to UK Company Giving 2004/05. London, Directory of Social Change, 2004.

WELLS, C.

Finding Company Sponsors. London, Directory of Social Change, 2001.

The Scottish Business Insider. Edinburgh, Insider Publications, monthly.

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This is one of a number of related factsheets written for the Council's member museums covering aspects of fundraising.

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