



DERBY CITY COUNCIL

## CULTURE AND PROSPERITY COMMISSION 20 February 2006

Report of the Corporate Director, Corporate and Adult Social Services  
and Deputy Chief Executive

### **Review of Sponsorship and Fundraising to support the Arts and Events programme in Derby**

#### **RECOMMENDATION**

- 1.1 To note the report summarising the Arts & Business Sponsorship Seminar.
- 1.2 To meet with Andrea Carver of Arts & Business.

#### **SUPPORTING INFORMATION**

- 2.1 At the Commission's scene setting meeting on 16 January 2006 the coordination officer brought it to the attention of the members present that Arts & Business were holding an Arts Sponsorship seminar on 2 February 2006. The Chair indicated that she would be available to attend. This report outlines the key messages from the seminar, which was given by Andrea Carver, Business Development Manager and supported by Nick Lawford, Arts and Office Manager.

#### **What is Arts & Business?**

- 2.2 Arts & Business is a national organisation with 18 regional offices funded by the Department for Culture, Media and Sport through the Arts Council England. Their purpose is to bring their Business Members and Arts organisations together for mutual benefit. Derby City Council, Derby Playhouse and Q Arts are among their members.

#### **Defining Sponsorship**

- 2.3 Andrea began by reinforcing what sponsorship is not.

It is not:

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|---------------|---|--|
| Earned Income | – | for example, ticket sales, the performance fee                                 |
| Subsidy       | – | which is usually core funding from the Arts Council England or Local Authority |

- |          |   |   |
|----------|---|---|
| Grant    | – | for example an application to a trust or foundation   |
| Donation | – | money received from an individual or Organisation with no expectation of receiving anything in return |

2.4 Arts & Business define sponsorship as the payment of money by a business to an arts organisation with the explicit objective of promoting the business' name, its products, services or image.

### **Corporate Social Responsibility (CSR)**

2.5 The concept of Corporate Social Responsibility (CSR) was introduced, using a Mori definition from their first European Study of CSR.

*“it is the responsibility of companies to their role in society and the community – activities beyond profit making...such as protecting the environment, looking after employees, being ethical in their trading and being involved in the local community in which they operate”*

2.6 The same study identified the following key facts and figures associated with CSR.

- 17% of people had boycotted a company's product on ethical grounds
- 19% of people had chosen a product/service because of a company's ethical reputation
- 28% had done both
- 73% of people would be more loyal to an employer that supports the local community
- 30% had bought a product or service because of a link to a charitable organisation

2.7 With reference to the fourth bullet point, Andrea gave delegates an example of a firm of solicitors who has used the arts as a way to improve its recruitment and retention of employees. Law is a very competitive market with regard to recruiting and retaining the best people. Many large organisations have budget to carry out their CSR, which arts organisations may be able to tap into.

2.8 The changes in the East Midland's regional business investment in the arts from 2003/04 to 2004/05 were given:

- 33% rise in Total Investment
- 27% rise in Cash Sponsorship
- 28% rise in Corporate Membership
- 26% rise in Sponsorship-in-kind

- 239% rise in Corporate Donations (largely due to one organisation)

### Why do businesses sponsor the arts?

2.9 The reasons why businesses choose to sponsor the arts were presented as being a way to fulfil one or more of the following objectives:

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|--|--|
| 1. Brand Promotion                             | To enhance recognition and ally with creative brand values                     |
| 2. Employee Development and Internal Marketing | To develop their staff or internal culture and enhance the working environment |
| 3. Corporate Social Responsibility             | To put something back and improve the quality of life for the whole community  |

2.10 Businesses may also sponsor the arts for the following reasons:

- Arts organisations can give businesses direct access to a target market
- Name awareness
- Entertaining
- Community links
- Staff relations
- PR opportunities
- Enjoyment
- Image enhancement

2.11 The *Leicester Mela* offered the mobile phone company O<sub>2</sub> an opportunity to target an Asian market by sponsoring the festival. This is a good example of an arts organisation that knew their audience and was able to use this Unique Selling Point (USP) to sell sponsorship to a business who wanted to break into that target market.

2.12 Businesses can host corporate entertainment functions using an arts event as its focus. This can be an effective way for people to network in a less formal environment. It also provides the artist with an opportunity to share their work with a wider audience.

2.13 Companies have used the arts as a way to improve staff relations and in some cases reduce the incidences of staff sick days.

2.14 With these considerations in mind Arts organisations need to be clear about what they are prepared and able to deliver to a sponsor. It can

be of benefit to draw up an ethical policy to address any potential conflicts of interest.

### **How should Arts Organisations Approach Sponsorship?**

- 2.15 Arts & Business have developed a five-step approach to selling and developing sponsorship. A copy of their sponsorship manual was provided to delegates, which includes detailed information on how to carry out the five steps, which are listed here:
1. **Assess your organisation** – know what you are about, what your objectives are and what resources you have available
  2. **Develop Sponsorship Packages** – this will include consideration of your possible projects, the benefits that could be offered and the price that this will attract. It is important to note that the price of your sponsorship package should reflect its value, not just cost. It is quite common for arts organisations to pursue sponsorship when a shortfall arises in their project's budget.
  3. **Research the Market Place** – companies' annual reports are a useful source of information which include their objectives, also use any existing business contacts you have, attend business networking events
  4. **Make the approach** – a well researched proposal should be prepared and followed up once it has been submitted.
  5. **Develop a Lasting Partnership** – sign a letter of agreement or contract, follow up with further proposals, if sponsorship is not successfully secured seek information as to why that might have been; this can be useful for a future proposal. Approach more than one prospect at a time.

### **Conclusions**

- 3.1 From the information given at the seminar it would appear that significant focussed effort is required on behalf of an arts organisation when pursuing sponsorship for a project.
- 3.2 It can also be seen that by aligning themselves with an arts organisation businesses stand to make significant gains for their brand promotion, employee development or in fulfilling their corporate social responsibilities. Therefore arts organisations should not underestimate or undersell what they can offer businesses.
- 3.3 The area of the arts can include far more than just its traditional association. Businesses who would not be interested in supporting the arts may be willing to sponsor an educational, community, or health event for instance. Arts organisations by their definition must be prepared to be creative in their approach to sponsorship.
- 3.4 Andrea and Nick concluded the seminar by offering the arts organisations present the use of Arts & Business' five point plan for

their own project and a follow-up meeting with them. It is suggested that the Commission should avail itself of this opportunity and use it to ask Andrea about her experiences of working with other Local Authorities.

<b>For more information contact:</b>	Katherine Taylor 01332 255599 e-mail katherine.taylor@derby.gov.uk
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications

## Appendix 1

### IMPLICATIONS

#### Financial

1. None arising from this report.

#### Legal

2. None arising from this report.

#### Personnel

- 3 None arising from this report.

#### Equalities impact

4. Scrutiny has the potential to be of benefit to all Derby people.

#### Corporate objectives and priorities for change

5. The review has the potential to link to the following of the Council's Corporate Objectives, Values and Priorities:

##### Objectives:

- A lively and energetic cultural life
- A Prosperous, successful and vibrant economy

##### Values

- Adopt new ways of working wherever these will help us to do things better and provide value for money, customer focussed services

KT 3 February 2005