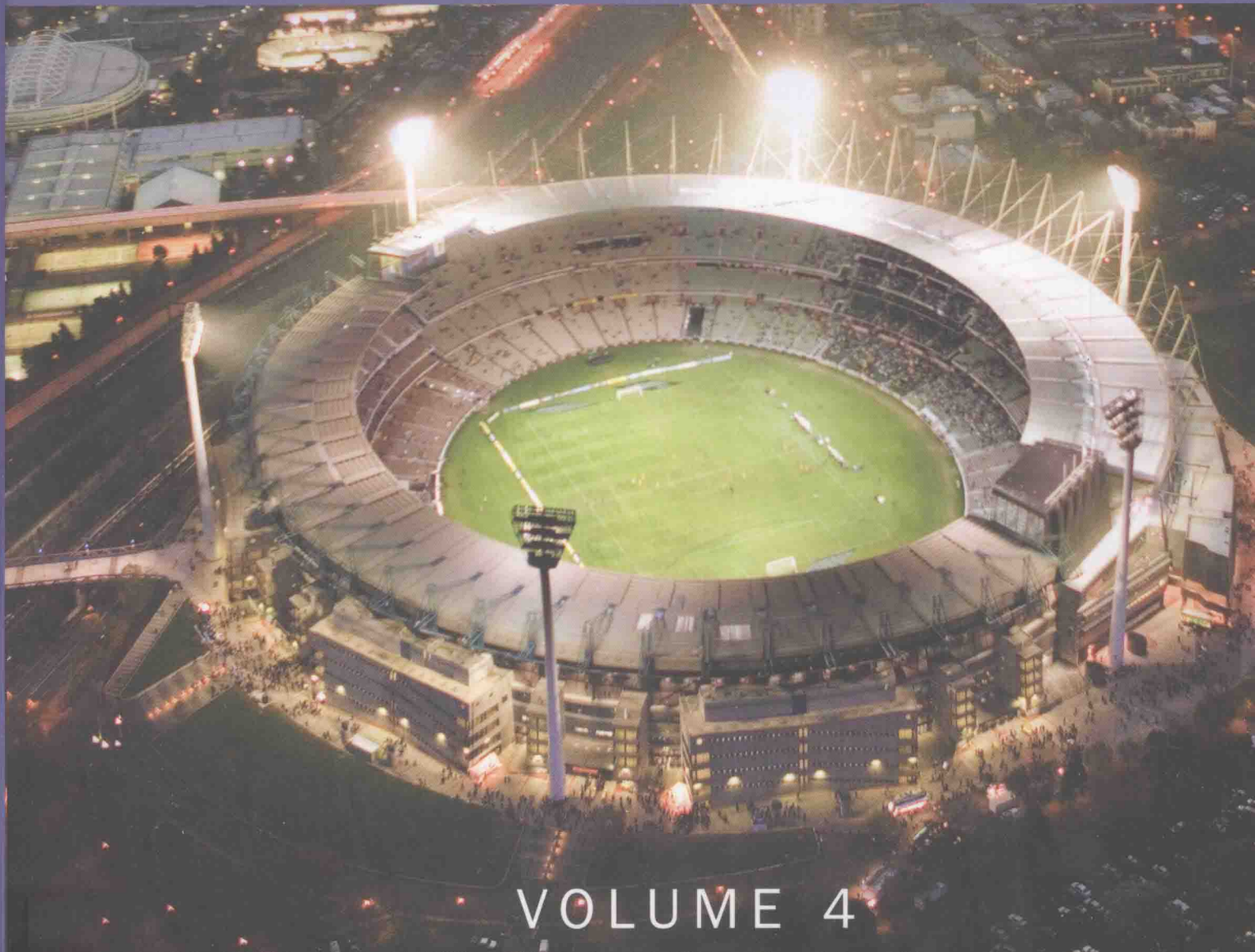


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SPORTS

Management and Marketing

Linda E. Swayne and Mark Dodds
GENERAL EDITORS



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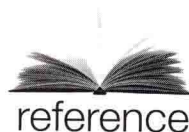
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Sponsorship Negotiation

Sponsorship negotiation is a pivotal part of the sponsor-property relationship. Done well, the sponsorship negotiation process can go a long way to building the relationship and bringing clarity to the goals and objectives of both parties. Knowing sponsorship objectives and negotiating parameters of a sponsorship agreement are fundamental to the success of a sponsorship venture.

Many times, sponsorship negotiations can become contentious, and as a result, the relationship between sponsor and property may become strained, perhaps even to the point where the sponsorship is never executed. There are steps that can be taken to ensure that sponsorship negotiation runs smoothly and culminates in a mutually prosperous relationship between client and property.

Communication Is Key

Establishing clear lines of communication and trust is of paramount importance during the sponsorship proposal and negotiation period. In order for effective communication to take place, be sure to speak with the decision maker and gain a clear understanding of the corporate goals and philosophies, as well as the timing and decision making process. Once these facts are uncovered, it will become easier to craft a custom partnership that serves the marketing goals and objectives of the sponsor by best utilizing the assets of the property. The best way to craft an effective sponsor partnership is by conducting research, asking strong probing questions, and being an astute listener.

General Motors Corporation established a strong negotiating position by purchasing its media prior to the negotiation process and therefore preempting a bidding war with competitors and also allowing its divisions to proactively integrate marketing efforts in spite of pressure that might arise from the negotiation process. Asking the right questions and listening to the answers will go a long way toward building a successful partnership that will meet the needs of each party. Learning as much as possible about the potential partner and the ways in which the companies can work together for mutual benefit will establish a strong foundation for a long term partnership.

Establish Objectives

Uncovering and establishing the needs and objectives for each party is the next pivotal step to creating a mutually beneficial partnership. M. D. Shank states that the lack of measurable objectives is one of the essential reasons for sponsorships failure. The potential sponsor should be clear about its overall strategy and the way that the sponsorship will fit into its marketing communications mix to establish congruency between all of the marketing activities. Being clear about an overall strategy will help the sponsor to negotiate effectively for the elements that will provide the most value and eliminate others that are unwanted or unnecessary. The establishment of measurable objectives will be enhanced by effective communication, which starts as early as the first call between client and property.

On the property side, it is important to understand how the elements of the property can best meet the marketing goals and objectives of the prospective sponsor. Each sponsor has a different way of measuring success when it comes to a sponsorship. It is the property owner's job to identify the exact matrix so that all objectives can be met and hopefully be exceeded. Underpromising and overdelivering are important elements in a successful long-term sponsorship relationship; in order to do so, there must be a strong understanding of the property's capabilities as well as the expectations of the client.

On the client side, clearly establish and communicate the marketing goals and objectives as they relate to the property at hand. Establishing and sharing the needs, objectives, and expectations for a successful sponsorship will allow the client and the property to build a partnership that best utilizes the elements of the property to meet objectives in a creative and effective manner. Often, sponsorship negotiations involve public officials when sports facilities are seeking naming rights or in attracting sponsors for events that are cosponsored by cities, teams, or other private enterprises. Although rare, it would be in the best interest of the sports property in negotiation with a public official to seek shared objectives so that optimization of benefits can occur.

At the other end of the spectrum, high schools and small colleges may also seek the benefits of

sponsorship relations to relieve the burden of parents who help fund interscholastic activities, but may be unprepared to seek and effectively negotiate these deals. A. Itczak and K. J. Bodey outlined strategies for negotiations that suggest that schools provide data to prospective sponsors that demonstrate how mutual goals of the school and the business are supported.

Contract Stage

Once the proposal details have been narrowed down, and the sponsorship term and pricing have been established, the partnership can be crafted and agreed to in principle verbally as well as in writing. Some properties or sponsors may move directly to the contract stage; however, it is prudent to take the extra step to create a letter of agreement, also referred to as a letter of intent, just prior to creating a contract. A letter of intent allows the original parties to formally agree on all deal points and can even serve as a binding document while a contract is being created. Once in the contract stage, attorneys from both entities become involved, and issues around legalese may arise. Having clarity regarding the major deal points will help move the contact through the process with fewer issues.

It is important that the legal team understand not only the deal points, but also the nuances of the relationship, the personalities involved, and the issues that are of paramount importance to both the property and the client. If possible, stay very involved in the contract creation stage of the negotiation as it may be necessary to jump-start a stalemate, mediate issues that arise, and keep the process moving forward toward completion. It is possible that issues may arise that cannot be solved between the attorneys for both companies.

Should this occur, it is prudent to get the two decision makers in a room or on a call together in order to hash out the agreement because they can make final decisions and act with authority. Be respectful of each other during all aspects of the negotiation process, as the relationship is only at its inception and needs to grow and thrive; if the decision makers cannot figure out how to get along during the courting process of negotiations, it will surely be a long and arduous marriage between the two companies. Once the negotiation process is

completed, the true relationship between the parties will begin.

Conclusion

Negotiation between client and property is a natural evolution of the deal-making process, and demonstrating respect for the other party during each stage of the sale and negotiation is critical. After negotiation takes place, the relationship is built on a foundation of mutual respect, trust, and honesty in order for the partnership to thrive and prosper for each party.

Lisa Fusco
Andrea Pent

Neumann University

See Also: Activation, Sponsorship; Corporate Sponsorship Philosophy; Negotiations; Sponsorship Advantages and Disadvantages; Sponsorship Execution; Sponsorship Spending.

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