

Guidance on seeking sponsorship for University and UBU activities

The aim of these guidelines is to offer advice on best practice for University of Bristol departments or divisions, and University of Bristol or UBU affiliated student groups, societies, or clubs, which are seeking sponsorship for their activities.

These guidelines will help ensure that all University and UBU members take a consistent approach and that conflicting or inappropriate approaches to potentially significant sponsors do not take place.

What is sponsorship?

Sponsorship can be defined as: "The payment of a fee or payment in kind by a company in return for the rights to a public association with an activity, item, person or property for mutual commercial benefit." At all times remember that sponsorship is a business agreement, not a gift. As such is it interpreted as promotional services by HM Revenue & Customs and is liable for VAT at the standard rate (currently 20%).

What is the difference between sponsorship and donations?

Corporate donations may in fact be sponsorship and great care is needed to differentiate between them. You need to check whether the company is receiving a service in return for its financial support. If the only recognition or benefit that will be given to the company in return for their support is a simple public acknowledgement for their gift, which does not include the company's logo, then the support is a donation and is eligible for Gift Aid – allowing them to offset their gift against corporation tax (see later). If the company's logo is being reproduced on publications, leaflets, websites, posters or even a vehicle, then this will be counted as sponsorship and liable for VAT.

When do I need to check with another part of the University before making an approach?

You should contact Campaigns and Alumni Relations (CAR) and Research, Enterprise & Development (RED) if £5,000 or more is being sought in sponsorship from a single company; or, In these cases Donna Gallagher (Research Manager) in CAR (email: donna.gallagher@bristol.ac.uk) must be consulted in advance to check for potential conflicts before any approach is made. Also see point 18 in the sponsorship principles. If in doubt, please check first.

You should contact the Careers Service if you are seeking support from a company's graduate recruitment offices or budgets intended for the purposes of graduate recruitment. In this case you should contact Julia Mitchell (Head of Employer Services) in the Careers Service (email: julia.mitchell@bris.ac.uk).

What is Gift Aid?

Companies making a donation to the University are allowed to reduce their corporation tax liability. Companies can only **donate** funds under Gift Aid if they are receiving no substantial benefit. Therefore **sponsorship** arrangements where benefits are exchanged are not donations, and therefore do not qualify for Gift Aid. Companies will not necessarily have a detailed understanding of the various issues and may attempt to arrange a sponsorship deal whilst trying to use Gift Aid – this is not possible. You need to help them understand this.

Are there any companies we should not approach for support?

Under no circumstances can tobacco companies sponsor or donate to any activity at the University of Bristol. Also see point 14 in the sponsorship principles.

UBU affiliated groups should check with the UBU Student Activity Team whether there are any companies which students have voted to ban from involvement with the Union.

What about in-kind support?

Donations in-kind and in-kind sponsorship are the provision of goods or services to support or enhance a University campaign or other activity. To measure the value of in-kind sponsorship, departments/societies should consider the opportunity cost, that is, how much it would have cost the department if it had paid for the support provided.

If companies would prefer to give free services or goods to the University instead of cash and they wish to receive free promotion in return, this amounts to a barter arrangement and VAT is payable on the value of the in-kind sponsorship. If the University does not want to incur VAT then *no benefits can be given to the contributing company* (remember, this means that no corporate logo may be displayed) and the transaction becomes a gift/donation rather than “sponsorship”.

What precautions do we need to take?

All sponsorship agreements should be in writing. An exchange of letters may be sufficient for a small transaction, but a proper legal contract should be considered for large sums. This written agreement is vital to avoid misunderstandings. Without a written agreement many problems can (and do) occur - it is in your interest to protect yourself as much as possible in case something goes wrong. Details of what should be included within an agreement and an example are provided later in this document.

Sponsorship – an introduction

Sponsorship is a major national industry with an annual turnover of over £2 billion in 2004. Sponsorship has added value to a wide range of University of Bristol activities for many years, providing prizes to students and academics; supporting the Careers Service; providing equipment and funding for sports teams and other student societies; and more.

Companies get involved in sponsorship for a variety of reasons, but essentially for sound business principles. As with any business relationship, sponsorship requires that the sponsoring company receives a benefit that is relevant to its own business and communication aims.

The University deals with highly sensitive and emotive issues. The level of sponsor involvement needs, therefore, to be treated with caution. The key role sponsors can play in the public sector is to assist in 'extending' the message. They should not receive ownership rights and their support must always be seen as secondary to the aims of the University. Sponsors should operate within clearly defined parameters, and observe issues of propriety at all time.

Sponsorship Principles for the University of Bristol

1. Companies' support should add significant benefit to an existing University message or campaign.
2. There should be no overt commercial advantage to the sponsor in terms of a direct sale of products or brands to the University as a result of their sponsorship.
3. Sponsorship support should only be considered where it will produce significant net benefit for the department or society and not be detrimental to other parts of the University or the public interest.
4. Sponsorship should be sought in an open and even-handed manner from businesses competing in a particular field. This is a guideline and is not intended to complicate matters – use your judgement, if your sponsorship opportunity is popular, to ensure that a chosen sponsor's competitors don't have grounds to complain that they were not given a fair chance.
5. Sponsorship should be of activities or events, not of individual students or staff, lest those individuals appear to be placed under an obligation to the sponsor.
6. There must be no suggestion that sponsors are being given privileged access to University tendering processes in return for their sponsorship or will receive special treatment in any way.
7. In general, acceptance of sponsorship should be tested against the general principle that it does not, and does not appear to, place the University under an obligation to any sponsor that goes beyond any agreements relating to the

activity or event. Particular care needs to be taken when considering large amounts of individual sponsorship or repeat sponsorship.

8. The department or society must act with, and must demonstrate impartiality, honesty and integrity when entering into a sponsorship agreement.
9. Applicants must put procedures in place to ensure that sponsors do not receive returns that are greater than is proper and proportionate and that any sponsorship agreement is able to withstand public scrutiny. The department or society should set out what benefit is reasonable for the sponsors to expect.
10. Sponsorship should not dilute the department or society's campaign or message.
11. The department or society or University must not, and must not appear to, unduly endorse the sponsoring company or its products.
12. Sponsors must not use the University's communications as a direct sales channel for their products or services. In particular, you must not compromise the University's adherence to the Data Protection Act by offering sponsors access to data held about University students, employees or alumni.
13. Sponsors should not have any input into, or expect to influence the messages of University communication towards their business area.
14. Departments/societies should examine rigorously whether:
 - Particular activities should be excluded from sponsorship; and
 - Particular types of company should be considered unsuitable as sponsors on the grounds of potential conflicts of interest or inappropriateness.The department or society should examine sponsors for their financial viability, appropriate business practices, policies and customer and media profiles.
15. The department or society should determine whether the sponsor could bring adverse publicity to the sponsored activity or the University more generally.
16. Offers of free travel as part of a sponsorship package for a one-off event are acceptable, provided that suitable alternative carriers have also been offered the chance to sponsor the event. Offers of free travel not connected with the event should not normally be accepted.
17. If individual sponsorship amounts of more than £5,000 (either in cash or in kind) is obtained then it must be disclosed to the Campaigns and Alumni Relations Office (by emailing donna.gallagher@bristol.ac.uk). This should reduce the potential for an unco-ordinated, conflicting approach for sponsorship being made by another part of the University to your sponsor.
18. Before approaches to companies are made they may have to be co-ordinated through Campaigns and Alumni Relations, the Careers Service and/or Research Enterprise & Development. This is in order to avoid unco-ordinated

approaches by different parts of the University of Bristol to the same companies potentially causing confusion, reducing the chances of success or, at worst, damaging the company's relationship with the University.

You should contact Campaigns and Alumni Relations (CAR) and Research, Enterprise & Development (RED) if:

- a) £5,000 or more is being sought in sponsorship; or,
- b) if large firms (regional such as Bristol Water or SWEB or national such as Orange, LloydsTSB or Rolls Royce) are being approached; or,
- c) if an approach will be made to the Head Office or national marketing budgets of a company through their local office.

In these cases then Donna Gallagher in CAR (email: donna.gallagher@bristol.ac.uk) and Rhys Pearce in RED (email: rhys.pearce@bristol.ac.uk) must be consulted in advance to check for potential conflicts before any approach is made. If in doubt, check first.

There is no need to consult with anyone if less than £5,000 is being sought in sponsorship AND the approaches are to be made to small, local companies (e.g. restaurants, bars, firms of solicitors) or local branches of national companies (e.g. the local branch of Tesco, HSBC or Waterstones) - that is, where the approach will target local funds or marketing budgets. You MUST consult if your approach might be sent to head office or to the company's trust or foundation, where there could be a clash with an existing relationship or contact elsewhere at the University.

You should contact the Careers Service if you are seeking support from a company's graduate recruitment offices or budgets intended for the purposes of graduate recruitment. In this case, you should contact Julia Mitchell in the Careers Service (email: julia.mitchell@bris.ac.uk).

19. All sponsorship agreements should be in writing. An exchange of letters may be sufficient for a small transaction, but a proper legal contract should be considered for large sums. This written agreement is vital to avoid misunderstandings. Without a written agreement many problems can (and do) occur - it is in your interest to protect yourself as much as possible in case something goes wrong.

An agreement should contain the following:

- Name of the club/association
- Name of the sponsor
- Amount/form of sponsorship
- Name of activity/event being sponsored
- Duration of contract
- Benefits to sponsor - advertising, banners, tickets etc.
- Payment details, dates and VAT liabilities
- Insurance - who insures against cancellation, public liability
- Option to renew
- Termination clause

How to get sponsorship

There are basic steps you should follow when trying to obtain sponsorship. This is just a brief introduction and is in no way a comprehensive guide to seeking sponsorship. Obtaining sponsorship is a strategic exercise which should be embarked upon professionally although, even if you do everything properly, you may still receive many rejections before you hopefully hit gold.

You should remember that you are dealing with businesses who want a return for their investment.

UBU, the University of Bristol Students' Union, offers advice to student sports clubs and societies on fundraising for their activities. Please email: ubu-activities@bristol.ac.uk

What is a sponsoring company looking for?

Companies seek to achieve many different things through sponsorship and the more information you can gain on what they are looking for the easier it will make your job of seeking sponsorship. The following lists of some of the more common reasons companies seek sponsorship:

- **Publicity** - Most companies want their name to be better known. If local publicity is wanted, this might be achieved through a club tournament, so if your event is mainly local interest, seek support from companies who operate locally.
- **Reinforcing their brand or image** - Many companies try to project a good image of themselves to the public and employees. Again, they will seek to match sponsorship against their own image, whether young and dynamic or mature and relaxed.
- **Supporting the community** - Successful businesses feel their responsibility stretches further than just profits and realise it is in their best interest to be seen as caring for the local community.
- **Direct marketing** - Companies can use sponsored events as a sales outlet - this might be particularly attractive to manufacturers of sports equipment, sports drinks and sports clothing. Companies sponsor events or programs to reach and influence students, parents and academics.
- **Endorsements** - A shop or manufacturer may provide free goods to a successful sports club or high-profile individual knowing that customers will associate their performance/profile with its products.
- **Client hospitality** - Sponsored events are popular for entertaining clients, business associates, the media and others with which the company wishes to build relations.

Establish why you need the money and how much the sponsorship is worth

The value of sponsorship is not primarily dependant on the cost in organising the event; it is dependent on the value that the publicity and other benefits are worth to the company.

Having said that it is necessary to have a clear and concise reason as to why you want money and what you are going to do with it.

A sponsor is more likely to respond to a well structured and professional approach than a letter simply saying we need £500 to run our event!

Be clear about what you are willing to offer, how many other sponsors you are looking for but be prepared to discuss the type of benefits that may be on offer and negotiate over the price. Agree beforehand what is the minimum amount you will accept in return for the benefits you are offering.

Be creative in thinking of the different types of benefits that could be on offer and what will appeal to the company you are approaching.

Identifying suitable sponsors

Identify the type of companies that might be interested in the benefits you are offering and draw up a target list. Think laterally! Find out who the appropriate person is to approach in each organisation. If you have a personal contact into the company, so much the better - make use of it!

Match your offer to help them reach their target market and maximise what they want to achieve through their marketing budget.

Be aware of their likely sponsorship budget and whether you are asking for too much (or too little).

Approaching a sponsor

The way you approach a prospective sponsor is absolutely crucial. Your sponsorship proposal needs to be well thought out and professionally produced. The approach should always be individually tailored toward the company and not give the impression of being one of hundreds you have just sent out in a mail out. However always consider the option of joint sponsorship, especially where complementary companies could be involved to mutual advantage.

There are basic steps to follow:

- Start with an introductory letter and brief proposal (no more than two sides of A4 at most). This is the first item the recipient will see and it will need to create interest and hold their attention.
- Be brief but informative. The decision maker is likely to be a busy person. More information can be given once interest is aroused. At this, the initial stage, the letter need only contain:

- Who you are
- A brief description of the event, programme or activity and who it will reach or involve.
- What sponsorship benefits you can offer the company - be realistic and honest
- What you are attempting to achieve
- Say how much or what you want in the way of sponsorship - be specific as to how much you want from the agreement
- Say you will call them in 3-4 days' time to discuss the proposal and find out if they need any further information
- Make sure you have the right contact name to send the letter to. You can get hold of this by simply calling the company and asking who is responsible for local sponsorship. Make sure you spell their name correctly and that of their company.
- Submit the proposal in plenty of time. Most companies plan their budgets well in advance, sometimes more than a year, so it is essential to apply early.
- Include examples of press coverage from previous events or activities if available to show you can deliver.

Always follow up with a call

Be sure to phone when you say you will but do not expect an immediate response. Thank the company for their interest so far. Remember you are not alone in seeking a slice of their sponsorship budget.

What next?

The worst thing that can happen is that you receive no reply and the individual is unavailable when you telephone. Do not persist beyond two or three calls; you will only make a nuisance of yourself.

You may be invited to meet with the company to discuss your proposal. Plan well for the meeting by asking them beforehand what information they require. Invite them to an event, if appropriate, so they can become more familiar with your organisation.

You may progress well down the path of negotiating a sponsorship agreement but fail at the last hurdle. In this case, thank the company for their interest, suggest you keep in touch with one another and ask for some feedback on your proposals and the reasons for their withdrawal.

Success!

This results from careful planning and targeting, realistic proposals and good negotiation. You must ensure that you have a written agreement that clearly lays out what each side will deliver as part of the deal. Ensure you assess any risks that may be involved in taking on a sponsorship agreement.

Keeping your sponsor

Remember that sponsorship is a business agreement not a gift. It is imperative that you deliver what you have promised to do in the sponsorship agreement, and it is always worthwhile adding the extra little touches which may make the difference between a good business relationship and a growing interest in your organisation. It is much easier to keep a sponsor once on board than find a new one each time. You should:

- Keep the sponsor informed of your progress
- Send press cuttings on a regular basis mounted in a folder or cuttings book
- Be sure to invite your sponsor to appropriate events
- Record or obtain copies of any media coverage of the event and ensure your sponsor receives a copy promptly (keeping a copy for your files and future sponsorship bids)
- Be sure to offer any further opportunities to your existing sponsor first
- Discuss the renewal of your agreement well in advance
- If you have other sponsorship agreements, make sure the sponsors complement, rather than compete with one another

Please note: This example of a simple sponsorship agreement is designed for guidance only. High-value or complicated sponsorship agreements may require a more thorough agreement including clauses on areas such as termination, liability and confidentiality. Further advice can be found at

www.bris.ac.uk/Depts/Secretary/guidanceoncontracts.htm

If in doubt, contact the University's Property & Commercial Lawyer in the Secretary's Office for further advice.

Example of a simple sponsorship agreement

This agreement is made this [enter date]

Between:

- (1) [name of club/society/department] of [club/society/department's contact address] (hereafter referred to as the "Organising Body"); and
- (2) [name of sponsoring company] of [company's address] (hereafter referred to as the "Sponsor").

This Sponsorship Agreement will take effect from [start date for the agreement] and will terminate on [end date].

The Sponsor agrees to sponsor the Organising Body in respect of the [name of event or activity being sponsored] to the value of £[amount of sponsorship] + VAT where applicable for a period of [period] years.

Payment(s) of [payment amount(s)] + VAT will be made on [date(s) for payment]

This sponsorship is entered into independent of and without any condition to any existing or future commercial deal(s) between the Sponsor and the Organising Body. Unless specifically stated below this agreement does not give the Sponsor any rights to use the Organising Body's, University of Bristol, or University of Bristol Union's logo or name.

In return for the sponsorship the Sponsor will receive the following benefits to be provided by the Organising Body:

- [list of benefits to be provided to the sponsor]

Signed on behalf of the Organising Body

Print Name: _____ Signature: _____

Position: _____ Date: _____

Signed on behalf of the Sponsor

Print Name: _____ Signature: _____

Position: _____ Date: _____