

MUNICIPALITIES AND CORPORATE SPONSORSHIP FINANCE AND AUDIT COMMITTEE PRESENTATION



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AGENDA

- Look at sponsorship industry trending and most recent national research
- Discuss some case studies
- Talk about why sponsorship should be important to the City of Nanaimo
- How this all affects your bottom line
- What are your next steps if interested

THE GROWING INVESTMENT



WHAT IS SPONSORSHIP?

“Sponsorship reaches people in an environment that matches their lifestyle rather than intrudes upon it. Sponsorships speaks to the public, not at them.”

- ✓ Philanthropy
- ✓ Funding – Underwriting
- ✓ Corporate Sponsorship

IEG Sponsorship Consultants

Definition of Sponsorship



A cash and/or in-kind fee paid to the City of Nanaimo in return for the associated commercial potential to the municipality.

It is a business to business relationship.



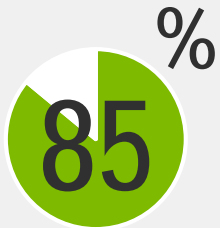


Canadian Sponsorship Landscape Study 2019

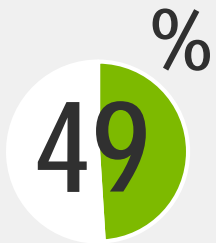
- ✓ \$2.5B industry
- ✓ 14% of spends are on local sponsorships
- ✓ 23% of brands marketing budgets last year were spent in sponsorship and experiential marketing
- ✓ 78% of decision makers from M&C and only 12% from Community relations / investment

CONSUMER SPONSORSHIP RANKING - MUNICIPALITIES

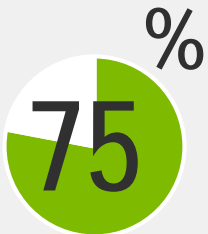
OPINIONS ON MUNICIPALITIES & SPONSORSHIP



Companies should be able to **sponsor public spaces** such as hockey rinks, ball parks and recreational facilities



Companies should be able to **retitle existing buildings** named after prominent citizens or community benefactors



No preferential treatment for corporate sponsors of muni's – sponsorship and awarding of contracts should be separate

What are Canadian Municipalities Doing?

- 66% of municipalities are involved in some form of corporate engagement
- Almost 50% more municipalities are in the naming rights game and have been for more than 5 years
- Arenas, recreation complexes, pools and sports fields are the most common naming properties
- Most common assets are naming rights; events and programs

Source:

*Canadian Municipal Benchmarking Survey on
Sponsorship and Naming Rights
Centre of Excellence For Public Sector Marketing*



BEYOND BUILDING NAMING RIGHTS

- ✓ *Seniors Recreation Programs*
- ✓ *Concerts in the Park Program*
- ✓ *Youth Programming*
- ✓ *Children Programming*
- ✓ *NIC / NIC 1 and NIC 2*
- ✓ *NAC*
- ✓ *Frank Crane Arena*
- ✓ *Cliff McNabb Arena*
- ✓ *Ball Parks*
- ✓ *Soccer Areas*

SHOULD YOU BE *IN THE GAME* OR NOT?

- ✓ Do you need additional revenues beyond user fees and taxes?
- ✓ Are users / citizens concerned about increasing tax rates and increasing user fees at facilities?
- ✓ Do you own rinks, parks, leisure centers, performing arts centers, programming, etc.?

SHOULD YOU BE *IN THE GAME* OR NOT?

- ✓ Do you presently have sponsorship policy in place?
- ✓ Do you know what you have to sell and its value?
- ✓ What affect will an additional \$300,000 or \$500,000 a year have on your municipal mill rate?
- ✓ Are you committed to doing sponsorship or is it ad hoc?



REALITY CHECK

- ✓ You are already doing sponsorship and advertising to an extent
- ✓ It is simply being done in an ad hoc way right now
- ✓ The question really is not about “do you want to be in the sponsorship game?”
- ✓ The question really is “**How do you want to be involved in sponsorship?**”

SPONSORSHIP FEASIBILITY STUDY

- ✓ It is critical to understand what you have to sell, what it is worth and to be able to show value to your partners
- ✓ You need to take such tools and build internal capacity or sell externally to be successful in sponsorship revenue generation





GETTING STARTED – STEPS TO SUCCESS



1. Feasibility Study / Inventory Asset Valuation to determine what you have to sell, what it is worth and potential revenue projections
2. Develop / update sponsorship / advertising / naming policy (who you will accept money from, not accept, general guidelines)
3. Developing a Sponsorship Strategic Plan to move forward (process, procedures, sales format, procurement considerations)
4. Go and get the money

GETTING STARTED – 4 STEPS TO SUCCESS



- 1. Feasibility Study / Inventory Asset Valuation** to determine what you have to sell, what it is worth and potential revenue projections
 - 16 to 20 weeks
 - ranges in investment from \$45,000 to \$350,000
 - Single building - \$45,000 to \$60,000 (naming right, programs etc.)

GETTING STARTED – STEPS TO SUCCESS



1. Feasibility Study / Inventory Asset Valuation - Continued

- For just the naming rights on say a property like NIC or NAC or Cliff McNabb about \$15,000 to \$20,000
- For entire City of Nanaimo (parks, programs, culture, arts etc.) – probably \$95,000

GETTING STARTED – STEPS TO SUCCESS



- This is your starting point – like a feasibility study
- I estimate you should be generating \$350,000 to \$500,000 a year conservatively
- Then you may need policy, strategy and training

4 STEPS TO SUCCESS

2. Policy

- Delegation of authority
- Where does the money go?
- What role does Council have if any?
- Does it jive with your other policies
- What about advertising policy / donations policy / signage by-laws?

GETTING STARTED – STEPS TO SUCCESS



2. Develop / update sponsorship / advertising / naming policy (who you will accept money from, not accept, general guidelines)
 - This is typically \$10,000 to \$20,000 depending on amount of work needed (update of policies or built from ground up)
 - Essential to do after IAV not before
 - 2-4 weeks depending on scope

4 STEPS TO SUCCESS

3. Strategy

- How will you sell... who will sell
- Discovery sessions
- Relationship development
- Delegation of Authority
- Customization

GETTING STARTED – STEPS TO SUCCESS



3. Developing a Sponsorship Strategic Plan to move forward (process, procedures, sales format, procurement considerations)

- 4 to 8 weeks
- \$20,000 to \$35,000
- Perhaps becomes a 5 year pilot of full blown program
- Bringing everyone on board

GETTING STARTED – STEPS TO SUCCESS



4. Implementation - Go and get the money

- Internal team built and selling
- Salaries (\$50-65,000/ year)
- Training and development (\$15,000 to \$30,000)
- Three to 5 years before reach expectant level
- External sales approach

BUNDLED PROGRAM



• IAV + Report:	\$95,000
• Policy:	\$15,000
• Strategy:	\$25,000
• 40 hours of mentoring implementation:	\$15,000
<i>Total Value:</i>	<i>\$150,000</i>

City of Nanaimo Investment:
\$95,000 + Taxes
(over 33% discount)



“What if we don’t change at all ...
and something magical just happens?”

CONCLUSION

- ✓ There is a revenue channel here and municipalities are getting in the game so they have the additional capital to invest/ manage / spend
- ✓ Determine what you have to sell, what it is worth and then take it to market professionally

Thank You

