Sponsorship Matrix Guide

WHY IS DEMAND FOR SPONSORSHIP INCREASING?

Not-for-Profit (including For-Purpose and charitable) entities who are funded under fixed-value contracts, or who rely on public donations and grants for funding, often bear the full impact of rising costs when inflation and wage increases are seen in the market. This is because it's difficult to obtain increased funding from historical sources or to find new funders who themselves may be facing cost barriers. The Not-for-Profit entities are also generally unable to increase prices for goods and services to offset the increase in costs, but still need to pay the costs to ensure the operation continues to function.

To remove some of the pressure of rising costs, many Not-for-Profit organisations are turning to sponsorship from the corporate (for-profit) sector to fund projects or general costs that need to be covered to ensure the organisation continues to provide the best output for those in their communities.

On the corporate side, many are looking at the best way to give back to their communities, enhance staff wellbeing, and demonstrate the "S" in the environmental, social, and governance (ESG) space.

In theory (and in practice), sponsorship has been shown to be a good way for both Not-for-Profit organisations and corporate organisations to come together as partners with a mutual purpose that assists both parties to meet their goals.

SPONSORSHIP CONSIDERATIONS

Care must be taken to ensure that between the parties there is an alignment of purpose, goals, and strategy for both entities so that all parties obtain a benefit from undertaking the sponsorship.

Issues or tensions can appear particularly where the transaction has the perception of being one-sided with very little mutual alignment between the partners. Undertaking a review of existing partnerships or considering some key questions when looking at new sponsorship opportunities can assist in finding the partnership that aligns most closely with organisational values and purpose.

In recent times there has also been more of a demand from investors, funders, and employees, among others, that any decision to partner is carefully considered by both corporate and Not-for-Profit entities to ensure any partnership enhances current practice rather than detracting from organisational goals or using excess resources.

SPONSORSHIP DECISION MATRIX

Based on the increasing need and want for sponsorship opportunities, we have created the Sponsorship Decision Matrix with a set of initial criteria to use to ensure sponsorship is carefully considered so that it works best for all parties involved. This can be used by both corporate and Not-for-Profit entities as both need to ask similar questions when determining if a sponsorship opportunity is right for them.

The matrix can be used to assess one opportunity or to compare multiple opportunities to determine whether the sponsorship is going to be considered further.

The following terms are used in the Sponsorship Decision Matrix:

Partner / Partnership(s)	The two entities being assessed by the matrix. These could be Not-for-Profit (incl For-Purpose and charitable) entities or corporate entities.
Sponsorship	The resources or services being agreed and shared between the partners - this could be sponsorship / fundraising / grants / donations / pro bono work / volunteer hours etc.

The Partner(ship) that receives the highest ranking at the end of the matrix is anticipated to be the best fit across all the criteria / considerations when assessing sponsorship op portunities. This can also be used as a guide for businesses/for-profit entities when making ethical sponsorship decisions.

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Sponsorship Decision Matrix

Note: Highest score determines best partnership

The below are generic questions that can be considered when reviewing sponsorship opportunities.

Not all of the criteria/considerations may be applicable or relevant for your organisation. When considering the highest score, consideration should be made as to whether the overall internal threshold set by the entity has been met.

If you are using the matrix to compare only one sponsorship opportunity then you may wish to set a limit on the lowest average score that would be accepted before the partnership is considered i.e. an average of less than 3 may not be considered a good partnership opportunity for the entity.

⚠ CRITERIA CONSIDERATIONS

SCORE OUT OF 5 (WITH 5 STRONGLY ALIGNED AND 1 NOT ALIGNED)

	PARTNERSHIP A TOTAL	PARTNERSHIP B TOTAL	PARTNERSHIP C TOTAL	PARTNERSHIP D TOTAL

PURPOSE AND VALUE
Does the purpose and output of the sponsorship align strongly with our values? Consider whether the values of the partners complement each other and whether it is something that will connect the entities.

SCORE: STRONG CONNECTION 5; NO CONNECTION 1.

REPUTATIONAL RISK
Does this sponsorship positively promote our brand? To consider: Are there any negative headlines or easily searchable situations that reflect badly on the partner e.g. employment disputes or environmental breaches?

SCORE: NO NEGATIVE HEADLINES 5; RECENT NEGATIVE HEADLINES 1.

FINANCIAL VIABILITY
Is the sponsorship with a well established partner who would be financially sound with good policies, management, and services in place? To consider: If this is a new startup partner, is the risk higher for the sponsorship if it is found that there is inadequate management or poor service or practices in place? What comfort can be found to remove this risk?

SCORE: STRONG FINANCIAL VIABILITY AND PRACTICES IN PLACE BASED ON AVAILABLE PUBLIC OR PRIVATE INFORMATION 5; FINANCIAL VIABILITY AND PROCESS APPEAR WEAK OR CANNOT SEE ANY PRIVATE OR PUBLIC INFORMATION ON THE ENTITY 1.

STRATEGIC ALIGNMENT
Does this sponsorship create new opportunities that work towards our strategic goals?

SCORE: STRONG ALIGNMENT 5; NO CLEAR ALIGNMENT 1.

COMPETING INTERESTS
Does the partner already have sponsorship elsewhere and do any of these other sponsors cause a conflict or competition within the sector for us? E.g, competition between corporate entities already active in the sector (are they partnering for the right reason)? Or Not-for-Profits receiving funding from corporates and asking for more funding from a different entity who is in competition with the current partner.

SCORE: NO COMPETING INTERESTS OR CONFLICT IDENTIFIED 5; SPONSORSHIP WOULD CAUSE COMPETITION / CONFLICT WITHIN SECTOR OR EXISTING SPONSORSHIP 1.

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CRITERIA CONSIDERATIONS

SCORE OUT OF 5 (WITH 5 STRONGLY ALIGNED AND 1 NOT ALIGNED)

PARTNERSHIP A TOTAL	PARTNERSHIP B TOTAL	PARTNERSHIP C TOTAL	PARTNERSHIP D TOTAL

RESOURCES AND SKILLS

Is the partner providing a resource or service that benefits our existing structure or creates new opportunities to use idle resources? If additional resources need to be purchased or created the cost should be factored into the arrangement.

SCORE: USES EXISTING / IDLE RESOURCES 5; USES NEW / PURCHASED RESOURCES 1.

RETURN ON INVESTMENT

Are we receiving a fair exchange for the resources or service provided? If the agreement is one sided then it may not be a sustainable long term partnership option which could in turn mean a higher amount of resources used to attract new partnerships. Strong or high returns on investment provide the desired result and publicity or resource required without a large amount of additional effort.

SCORE: HIGH RETURNS (LOW EXTRA RESOURCE USE) ON INVESTMENTS 5; LOW RETURNS (HIGH RESOURCE USE) ON INVESTMENT 1.

PROMOTIONAL OPPORTUNITIES

Does the sponsorship enhance our presence in the community or benefit the community? To consider: How visible might the sponsorship be? Less visibility provides a lower score.

SCORE: STRONG COMMUNITY FOCUS / PRESENCE 5; NO COMMUNITY FOCUS OR PRESENCE 1.

ENVIRONMENTAL

Does this sponsorship contribute towards good environmental or sustainable practices? If there is high wastage or a high carbon footprint to undertake the sponsorship then this needs to be considered and may lead to a lower score.

SCORE: LOW ENVIRONMENTAL COST 5; HIGH ENVIRONMENTAL COST 1.

PREVIOUS SPONSORSHIP

Has there been a history of successful partnerships through sponsorship with this entity? If not, then we need to evaluate likelihood of success if this is a new process for the partner and must consider whether they understand what needs to be done to make it a successful process.

SCORE: MULTIPLE SUCCESSFUL HISTORIC PARTNERSHIPS 5; NO PREVIOUS PARTNERSHIP EXPERIENCE 1.

OTHER - TO ADD ANY OTHER CONSIDERATIONS

To add in any other important factors that should be considered when evaluating these sponsorship opportunities e.g. innovation levels, uniqueness of sponsorship, is this a long standing existing relationship etc. along with scoring requirements.

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TOTAL A	TOTAL B	TOTAL C	TOTAL D

For more assistance, contact your local BDO adviser or visit www.bdo.nz

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