



CAMS CLUB RESOURCE GUIDE

CHAPTER 8: FUNDRAISING



Australian Government
Australian Sports Commission

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1. Fundraising

1.1 Introduction

Club Financial Environment

Most clubs in any sport operate in difficult financial circumstances. In general, sporting clubs tend to be under-resourced and are unable to operate at their desired level. Therefore, securing additional financial support is an important responsibility facing the Committee¹ of a club.

Fundraising is required across all levels of the sport. The approaches adopted and the potential for success will tend to reflect the particular circumstances of a club. These may include the size of the Club, the nature of the external environment, the amount of funds required to be raised and the purpose for which the funds will be used.

More Demands on Clubs

Clubs operate in an environment which is characterised by:

- increasing expectations of members and participants in events
- their reluctance to pay large increases in fees and charges
- more competition for the leisure spending of the public (i.e. disposable dollar)

If clubs wish to provide the type and quality of services increasingly expected by members and participants, then income generated by the usual day-to-day operations, such as membership fees, will generally be insufficient.

Alternative sources of funds to expand the range and enhance the quality of the Club's services need to be found.

¹ Committee refers to the Main or Management Committee.

1.2 Fundraising

What is Fundraising?	Fundraising is a systematic process designed to secure funds that will support the Club's operating budget.
Operating Budget Uses	<p>The operating budget covers the Club's overheads and is primarily funded by members' subscription fees. In addition, it also funds special activities such as:</p> <ul style="list-style-type: none"> ○ the development of property; e.g. the erection or maintenance of buildings, upgrading of a course, and installation of guard rails ○ innovative projects or events; e.g. young driver training ○ production of a high quality club magazine ○ subsidising an activity which is important to the Club but cannot be covered by normal funding or sponsorship; e.g. a milestone anniversary of the Club
Fundraising Principles	<p>In general, fundraising should be linked to the overall goals and strategies of the Club, developed by the Club's planning.</p> <p>A key consideration in fundraising is to recognise that it can be a cost to the Club and therefore the real cost of raising revenue should not outweigh the amount of funds raised.</p> <p>It is important not to over-rely on a small group of volunteers for fundraising. This may be the 'last straw' for their involvement. It needs to be appreciated that people, in the majority of cases, join the Club to participate in activities, not just to become part-time or full-time fundraisers.</p>

1.2 Fundraising – Continued

Sources of Funds Clubs generally generate funds from four main sources:

- internal fundraising
- grants from government and governing bodies
- sponsorship from business
- donations from trusts, foundations, businesses and even individuals

Fundraising Committee

To be successful in fundraising, clubs need to allocate responsibility for the fundraising process, otherwise the responsibility is often blurred and people are unsure who should be making decisions.

If responsibility and authority are not clear, fundraising is a difficult task. Not allocating responsibility results in nothing happening and gives people an excuse for not getting around to doing what they originally took on. In other words, fundraising is either not carried out, or done in an unsystematic and usually less effective manner.

The fundraising team needs a leader, as shaker and mover.

Before launching into a fundraising exercise, the Committee should establish a Fundraising Sub-Committee with a positive leader. The Sub-Committee will be responsible for planning and coordinating all fundraising efforts of the Club so that there are no conflicting approaches within the Club to raising funds.

1.2 Fundraising – Continued

Role of the Fundraising Sub-Committee

The role of the Fundraising Sub-Committee is to:

- Determine the purpose of the fundraising process.
- Establish the benefits to the Club of fundraising.
- Prepare an income and expenditure account for the fundraising.
- Identify potential sources of funds, for example; sponsors, grants, donors, and borrowing.
- Develop the fundraising plan.
- Determine whether one or more sources should be approached. If only one source is approached make them aware of their exclusivity; it may be of value.
- Write the application or proposal if required.
- Ensure acquired funds are used for the designated purpose.
- Maintain relationships with sources of funds and other associated stakeholders as appropriate.

Legal Requirements

It is common to seek funds through raffles and other forms of low-key gambling, marketing merchandise and publications, and souvenirs.

With raffles and gambling fundraising schemes it is important that the Club is fully aware of the relevant state legal requirements and the implications these have for conducting such forms of fundraising. Many a raffle organiser has sworn 'never again' after discovering through experience all the pitfalls resulting from the legislation.

Funding Ideas

There are many references to fundraising ideas on the internet. These can easily be found by searching for the key words 'fundraising ideas'.

1.3 Fundraising: Goods & Services Tax Aspects

Goods & Services Tax Requirements Money, goods and services that are provided on a 'conditional' basis are subject to Goods and Services Tax (GST) if the Club is registered for GST.

Most grants and sponsorships usually have conditions and are, therefore subject to GST. This must be taken into account when preparing a sponsorship plan because GST will be equal to 1/11th of the sponsorship value. Of course, the provider of the sponsorship can claim back the GST amount as an input tax credit.

The Club Treasurer should investigate the application of GST further with the auditor, or an appropriate person who can advise on GST matters.

2. Grants

2.1 Introduction

What is a Grant? Grants are funds received from various agencies that have been established with grant-giving as one of their primary purposes.

Grants are given in order to pursue the agency's own objectives and strategies, for example; government policy, community development, and meeting the needs of youth.

Chances of Receiving a Grant The chances of obtaining a grant often depend on how a club's project fits into the overall philosophy and specific criteria and conditions established by the grant agency.

In most cases, the demand for grants far exceeds the availability. It is advisable to hold discussions with a representative of the grant agency so that the priorities and conditions are known and understood prior to applying. This will enable the Fundraising Sub-Committee to write its application in terms which fit with the criteria of the agency. This could save a lot of effort.

2.2 Sources of Grants

Sources of Grants Grant agencies are:

- government
- charitable trusts and foundations
- corporate foundations

Government

Funding can be available through local, state, and federal government levels.

Local governments may help clubs with purely local activities, whilst state government grants are available for local and state activities.

Activities on a national level may apply to the relevant federal departments for assistance.

One factor to consider is that often government grants require a 'matching' contribution from the Club receiving the grant. There are a variety of areas in which a club may receive assistance, including:

- administration support
- travel subsidies
- club development, particularly in relation with young people
- training
- staging of events
- capital works
- new initiatives

Applying for Grants

Grants will almost always require an application to be made, which will have to demonstrate that the project is feasible and meets the policy goals or priorities of the grant agency. Usually, there is a lengthy period in the process of applying for a grant and the application being considered.

2.2 Sources of Grants – Continued

Charitable Trusts and Foundations

Most trusts and foundations provide financial assistance to organisations that can offer the trust or foundation a tax deduction and, usually, which help disadvantaged groups. They can be found through the internet.

Corporate Foundations

Some corporations have established foundations that provide grants for particular causes. These corporations include:

- AMP
- BHP Billiton
- Sony
- Westfield

The foundation cannot be used to promote the business interests of the corporation, nor can they seek sponsorship benefits like naming rights, and signage. Benefits are in public recognition that in turn helps their reputation in the community. Information about these organisations is easily found on their websites and in business magazines, newspapers and journals.

3. Sponsorship

3.1 Background to Sponsorship

Introduction

One of the main methods of generating funds for clubs is through sponsorships. However, there is no easy way to gain sponsors. Much effort must be put into not only securing a sponsor, but servicing one in order to keep the sponsorship.

Sponsorships are not just receiving money from an organisation; sponsorships are not a gift.

What is a Sponsorship?

Sponsorships are business agreements and often involve a contract with specific terms and conditions on both parties. Value must be given to and by both sides. Generally clubs will be seeking funding, equipment or specific goods and / or services, whilst the sponsoring company will seek media exposure, advertising to a specific audience, public awareness, representation at events and special occasions. The ultimate aim of the sponsor is usually to increase business.

Of course, not all sponsorships involve direct funding. Contra-sponsorships (or 'in-kind') are where the sponsor provides services, personnel or products, rather than money, in exchange for a benefit by the Club.

Approaches to Sponsorship

There are two basic approaches to sponsorship:

- Pre-packaged sponsorships centre on providing different levels, for example; 'gold', 'silver' and 'bronze' of pre-determined benefits to sponsors and therefore are basically the same for different sponsors that purchase that same package.
- Alternatively, custom-designed packages contain specific sponsor-selected elements that facilitate the achievement of an individual sponsor's particular marketing goals.

Funds available for sponsorship are usually a finite resource. Because potential sponsors are overwhelmed with requests, securing sponsorships has become very, very competitive.

Clubs must take a systematic approach to the sponsorship process to ensure a better success rate.

3.1 Background to Sponsorship – Continued

Phases in Sponsorship

There are three main phases in the sponsorship process:

- planning
- selling
- servicing

3.2 Sponsorship Planning Phase

Planning is Important

Planning and preparation are the keys to successful sponsorship proposals.

If sponsorship is poorly planned then it is likely:

- an uncoordinated approach will be followed to potential sponsors
- possible conflicts between sponsors can develop, e.g. between competing brands;
- there will be a loss of sponsorship opportunities and revenues
- an overall poor impression will be created

Clarify Benefits to Sponsors

The Club must be explicit about its reasons for seeking sponsorship and then try to identify what opportunities it provides for potential sponsors.

This requires the Club to clarify the benefits it has to offer sponsors and how those benefits may be linked to specific sponsors.

Furthermore, the Club itself must be clear about what benefits and costs are likely to accrue for itself. For example, has the Club established a budget that includes the ongoing costs of servicing a sponsor?

Forms of Sponsorship

Sponsorship can come in a variety of forms, including cash, promotion, products, discounts and services.

If the Club may benefit from services, rather than a pure cash exchange, then it should be explored.

GST and Sponsorship

Both cash and in-kind are deemed GST applicable, and companies are looking for every chance of a GST credit.

3.2 Sponsorship Planning Phase – Continued

Longer-Term Sponsorships

Sponsors are often looking for a longer-term sponsorship deal where they can gain support for two or three years. Any plan needs to keep in mind an increase in sponsorship into the coming years, if the first year is as successful as portrayed.

The Club must then choose which specific sponsor it will target. This step should involve the Club developing some background information about each potential sponsor, for example; policies and sponsoring track record.

A key consideration is matching the image of the Club and its activities with the image and product of suitable sponsor(s).

Timing is also a critical consideration as the current financial environment may dictate the willingness of sponsors to get involved.

Determining the Profile of the Sponsorship

Before a sponsorship proposal is prepared, the Club needs to know the answers to the following questions:

- What is the Club's image among members and the public? If it is a poor one, it may be difficult to secure a sponsor.
- What companies match the Club's image? For example, is the sponsor being considered one that:
 - Usually only sponsors youth activities?
 - Wants a large participation of competitors?
 - Wants a large audience?
 - Wants extensive television exposure?

In other words, is there a 'fit'?

- What is the Club's 'best' event or activity with which to seek sponsorship?
- What opportunities are offered the sponsor?
- Will the event or activity clash with other events at the same time and / or in the same locality?

3.3 Attracting Sponsorship

Club Capacity Attracting sponsors involves communicating to potential sponsors that the Club has the capability to provide some useful service or opportunity for the sponsor.

It is therefore important to be able to demonstrate a previous successful track record where this is possible.

Sponsors Require Information Sponsors tend to be interested in the following information:

- Attendance figures and nature of audience

Attendance refers to the number of people who will see the sponsor's marketing message, and the demographic characteristics of that audience. Naturally, the greater the number of people who are likely to see the message and the closer the match to the demographics that are important to the sponsor, the greater the benefits to the sponsor.

- Extent of positive media coverage

This significant element can influence sponsorship commitment. When preparing proposals the club should establish past levels and values of media coverage and factor these items into the worth of the sponsorship.

- Community support and contacts

The generation of additional sales and the opportunity to network that derives from participation in the sponsorship is another important point for sponsors. An event that allows positive exposure to business and government representatives can be important to some potential sponsors.

3.4 Preparation of Sponsorship Proposal

- Printed** Although sponsorship proposals are usually submitted in a printed document, they may also be submitted electronically.
- Content for a Sponsorship Proposal** When putting the proposal in writing be brief and to the point. Make the document easy to read and professional. The proposal should contain the following information.
- Opening
 - List from who the proposal is. Include contact names and details in case there are any enquiries.
 - List to whom the proposal is addressed. Use the addressee's full name and title and check on the spelling.
 - Background
 - Provide brief statistical details of the Club, such as size, membership, income, and location.
 - Give brief examples of successful club activities.
 - Benefits; for example, what the Club has to offer, consider publicity, discounts, media coverage and opportunities for product or services sale.

3.4 Preparation of Sponsorship Proposal – Continued

Content for a Sponsorship Proposal (continued)

- Benefits to the sponsor. Show how the sponsor's image can be enhanced through being associated with the Club and the particular activity. Consider the following points where applicable:
 - Offer ground / venue advertising.
 - Display the sponsor's name on uniforms, clothing, and club equipment.
 - Include the sponsor's logo on club stationery items.
 - Offer the sponsor opportunities to market their products / services at club level.
 - Encourage club members to support the sponsor's business.
 - Acknowledge the sponsor's support via announcements at club events, and prominently display the sponsor's name.
 - Ensure all photographs or footage issued to the media have the sponsor's name featured.
- As a conclusion, include any documents that enhance the Club; for example, references.

Brief Outline of Proposal

Organisations are often flooded with proposals. This increases the time required by the person responsible for processing them.

It may well be the case that a potential sponsor does not want a full proposal at first. An outline of what can be offered and what is being asked may be required as a brief one or two page letter. Then, if interested, the potential sponsor will ask for a full proposal.

3.5 Determining the Value of a Sponsorship Package

Method to Determine Value of Sponsorship

Determining the value of a sponsorship package does not follow any set formula and may vary considerably. However, it is necessary to establish an approximate cost for what the Club is offering a sponsor and subsequently establish the price to the sponsor.

A rule-of-thumb method to determine the value of a package is to:

- Cost all items listed in the benefits as if they were to be purchased separately. For example, express coverage in print as column inches of advertising, and time on television as minutes purchased as advertising.
- Then add the cost of preparing the package and servicing the sponsor.

Valuing goodwill and exclusivity can be difficult, but should be included as sponsorship benefits.

The total cost will give an indicative figure for the sponsorship, plus a reasonable margin.

3.6 Sponsorship Selling Phase

Sponsorship Selling Phase

The sponsorship selling phase is the key component for attracting sponsorships and it is where clubs encounter difficulties. It is not easy to obtain sponsorships, so every step must be carefully considered.

Many clubs assume that because they have done the hard work of putting together a sponsorship proposal it will sell itself, or because their program is so 'worthwhile' the sponsor will naturally support it.

Wrong! This is far from the case and the importance of presenting the proposal to the sponsor must not be underestimated.

Presenting the Proposal

Most sponsorship proposals require a verbal presentation. Where this is not the case the written proposal needs to be able to 'stand alone'.

Professionalism is vital so the Club needs to consider who is going to make the presentation. It will require someone with experience and skill.

Following are some points to be considered in this selling phase:

- Find out the potential sponsor's sponsorship criteria and history. What do they want from a sponsorship relationship?
- Face-to-face communication greatly enhances the likelihood of success. It is important that the person who makes the final decision about the allocation of the sponsorship attends the presentation. It is worthwhile delaying the presentation if that person is not available, for example if they are absent from their office for a period of time.
- The presenters should ensure their dress and appearance are appropriate.
- Make sure that the proposal is of a professional standard and that the information it contains is relevant, accurate and precise.

3.6 Sponsorship Selling Phase – Continued

Presenting the Proposal
(continued)

- Being well prepared when presenting the proposal is critical. The presenter(s) should ensure that they have appropriate supplementary information, which may be sometimes too bulky to include in the sponsorship package, to support the proposal. Try to anticipate and plan answers for questions that may arise.
- Follow up immediately after the meeting with a courteous 'thank you' for the opportunity to present the proposal.
- Maintain contact but do not be pushy.

3.7 Handling Rejection of Sponsorship

Working with Rejection

Be ready for a rejection of the proposal for sponsorship.

However, even rejection can be used as an opportunity. First, the Club has to acknowledge the rejection. Thank the sponsor for considering it and, if possible, arrange for a meeting with the contact to discuss the rejection depending on the reasons given.

Try to obtain answers to the following questions:

- What caused the proposal to fail? For example, was the proposal clear enough?
- How could the proposal be improved?
- Would the potential sponsor consider a modified proposal?
- What actions could the Club take to enhance its chances if there were another time?

Those responsible for putting the proposal together should gather to consider the above points in preparation for submitting the proposal to another sponsor.

3.8 Sponsor Servicing Phase

Introduction

When a sponsor agrees to a proposal an agreement needs to be drawn. This is a critical time for the future of the relationship as both parties need to be willing to give and take as details are worked through. Sometimes, the sponsorship package is changed as negotiations take place.

It is essential to 'tie down' the obligations of both parties, so that there will not be any future feeling of being short-changed.

Developing a committed and consistent sponsorship should be the aim of the Club, as it is far more efficient to maintain a relationship with existing sponsors than to continually seek new arrangements.

Maintaining the Relationship

Relationship with the sponsor should not be neglected once assistance is received. The Club should redouble its efforts to maintain a positive relationship with the sponsor, with ongoing communications being a key component. There is a range of ways to do this:

- A thank you letter from the Committee Chairman or Club President expressing appreciation of the support and reiterating the need, intended use and sponsorship terms. If the payments are made over more than one payment a letter should be sent each time payment is received.
- Ask the sponsor for advice on relevant issues. The sponsor may have valuable contacts and business expertise which will benefit the Club and the activity during the planning process.
- Press clippings publicising any aspect of the activity should be sent to the sponsor, and particularly those that refer in some way to the sponsor. Also, forward newsletters, magazines, posters and other promotional material.
- Regular written reports documenting the progress of the activity should be sent. If possible, regular meetings with the sponsors' representatives should be arranged.

3.8 Sponsor Servicing Phase – Continued

Maintaining the Relationship
(continued)

- Representatives of the sponsor should be invited to any relevant ceremony or event; and could be invited to luncheon by the Club President.
- Acknowledge any success that the sponsor organisation may have, even if this is unrelated to the sponsorship agreement.
- Sponsors should be placed on the Club’s mailing list and be acknowledged in all newsletter and / or magazines.

Recognise Sponsors

Sponsors like to be recognised for their contribution.

Linking a sponsor to well-publicised successes is well received by them. Recognition at the end of the activity can also be in the form of an award for placement in the sponsor’s reception foyer.

Some important ‘Do Not’s’

- Do not:
- ignore the sponsor and the commitment the Club has made
 - forget to include the sponsor’s name / logo, or whatever the sponsor requires, on promotional material
 - forget to acknowledge the sponsor at club events
 - take the money and run
 - expect the sponsor to be happy to provide again the following year, or for the next activity, if the Club does not look after the sponsor and the relationship

Investment

An important part of the sponsorship process is for the Club to identify opportunities for continuance and even expansion of the sponsorship package.

Sponsorship is a business deal and the sponsor wants to get value for its investment. The Club should be continually looking for further avenues to promote sponsors and, hopefully, expand the sponsorship package.

3.9 Sponsorship Evaluation

Evaluation

The evaluation of the sponsorship needs to be a two-way review carried out on the completion of the agreement, or, if a long-term agreement, on a regular basis. This could be quarterly perhaps and certainly six monthly.

The review should be frank and open in discussing whether both parties have, or are, achieving their goals, and if not, why not.

A number of questions that can be raised and discussed include the following:

- Did the parties meet their obligations to each other?
- Did the partnership work?
- Did the sponsor achieve its objective? If not, why not?
- What improvements can be made for the future?

Assist Assessment

The Club can assist the sponsor assess the value of the return on its investment by providing:

- copies of media releases issued
- details of media coverage achieved
- relevant details of the activity, such as the number of participants and spectators, and the overall success of the venture
- any photographic or video material, particularly that expose the sponsor
- copies of any posters, flyers, magazines, newsletters and advertising
- a financial statement, a budget and proposal for the next time

Above all, make the sponsor feel good – issue an invitation to speak (briefly!) when presenting trophies; feature the sponsor's logo in the club magazine and newsletter; get club officials to wear the sponsor's badges on their uniforms, etc.