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Upfront

Cashing In
Why nonprofits should raise the bar in corporate partnerships

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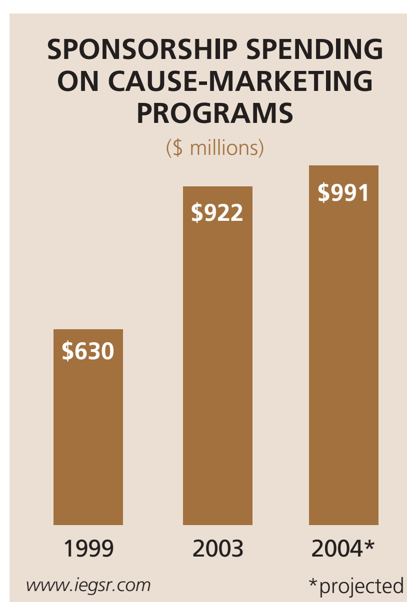
MARKETING

Cashing In

Why nonprofits should raise the bar in corporate partnerships

Like most nonprofit managers, Save the Children's Donovan Cook would hate to leave money on the table that could go toward his programs. Yet, in his 10 years with international NGOs, Cook has seen his organizations do just that.

"As a nonprofit manager, it's hard to make an accurate assessment upfront of a corporate investment," says Cook, who has also worked with CARE. "The nonprofit is often just not as efficient at exploiting grants or administering sponsorship programs as the corporate investor expects. In the end, it usually costs more to



administer the grant or corporate sponsorship than the investor or the nonprofit manager anticipated."

Cook believes nonprofits are becoming more savvy in their business partnerships, but a new study shows that there's still a long way to go. A recent report by the Chicago-based firm IEG, which promotes cause marketing and other business-nonprofit partnerships, found that most groups undercharge for sponsorship opportunities, and there are two reasons why.

First, IEG says, nonprofits don't know how to value their activities or assess the financial benefit they bring to a corporate partner. Companies gain not only from exposure among people participating in the events or programs, but also value from their association with the charitable work of the nonprofit.

Second, they ignore administrative costs that they will incur in implementing the corporate partnership. Many of these cause-marketing activities use a nonprofit's staff time and resources, and it is these costs which the IEG study suggests they factor into grant proposals and sponsorship requests. A nonprofit that agrees to promote a company's sponsorship on its Web site, for example, should factor in the cost of updating the Web site with the agreed-upon information, something that may incur a high cost for a nonprofit with no in-house Webmaster.

The report examined survey responses from 145 nonprofit managers.

IEG president Lesa Ukman suggests that charities increase their marketing promotion fees to for-profit partners by 15 percent to 25 percent, to both get to a more accurate market valuation of their marketing value and to help cover implementation costs.

Circuit City touts its sponsorship of a children's photography program.

The study also found that the benefits corporations seek most from nonprofit sponsorships include the right to promote the philanthropic association in their own marketing efforts, and credit in the NGO's brochures. Companies also want to secure category exclusivity – the assurance that it will be the only one of a particular type sponsoring the activity or program.

But according to David Hessekiel, president of the Cause Marketing Forum, it's difficult to ascertain the precise value of a given project. "There are so many factors that go into negotiations of these deals," he says. "There are probably instances in which the companies are paying more than what the sponsorship is worth, because they want to do good. And then there are cases in which causes are grossly undervaluing what they bring to the table." *–Rosanne Siino*

PHOTOGRAPH COURTESY OF CIRCUIT CITY

