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Bailouts & Politics: The Effect on Sponsorship and What It Means for You

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Bailouts & Politics: The Effects on Sponsorship and What it Means for You

By Gail S. Bower

In the midst of the major economic upheaval of 2008-2009 and what the travel industry now calls “The AIG Effect” – referring to AIG’s “lavish” corporate retreat held shortly after receiving the first of four multi-billion dollar bailouts – came another event that has had a big impact on the events and sponsorship industries. In late February 2009, Chicago-based Northern Trust Bank, a recipient of TARP funds, went forward with its sponsorship of a PGA Golf Tournament. As part of its sponsorship, Northern Trust entertained clients and offered financial seminars for about 2,000 customers from around the world.

First reported on a gossip web site, news of the sponsorship set off a chain reaction in Congress and in the media, criticizing Northern Trust for its “idiotic abuse of taxpayer money” and introducing legislation restricting TARP-participating companies from sponsoring or hosting entertainment events. However, as the facts unfolded, we learned that taxpayer dollars were *not* spent on the golf sponsorship. Fiscally-sound Northern Trust Bank had decided to move forward with the second year of its five-year sponsorship commitment to the PGA, made in 2007 before TARP dollars were even conceived, using “normal operating funds,” unrelated to TARP funds. Northern Trust had not requested TARP dollars but agreed to participate in the program, as did many other profitable banks, at the government’s request, to broaden participation in the program, designed to stabilize the financial sector.

Despite the facts, the damage was done. Companies, particularly those in the financial industry, reconsidered, cancelled, or concealed their sponsorship commitments. More broadly, corporations also cancelled conventions and meetings, causing economic loss and significant uncertainty for popular conference locales.

Worse, played out in media sound bites, the impact of this news and subsequent Congressional reaction has seriously damaged consumer perceptions of corporate sponsorship and of corporations in general. Now, these factors continue to lay like a heavy fog over the sponsorship development environment.

If you’ve wondered why things were so challenging lately or why these conditions have dampened your motivation and confidence levels, these are among the reason. If you assume there’s nothing you can do to change these conditions, think again. **There’s much work ahead.**

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Gail Bower specializes in raising the visibility, revenue, and impact of non-profit organizations, associations, and festivals/events. Author of *How to Jump-start Your Sponsorship Strategy in Tough Times*, Gail has more than 20 years of experience managing some of the country’s most important events, festivals, and sponsorships. Launched in 1987, improves the effectiveness and results of clients’ marketing strategies, events, and corporation sponsorship programs. Visit GailBower.com for more information.

Now is the time to:

- enhance your relationships with current sponsors,
- solidify your strategy with new sponsors,
- improve the value of your program,
- improve your sponsorship operation,
- create a strong internal and external culture to support your program, and
- boast your own confidence and attitude, enabling you to take a leadership role in support of your sponsorship efforts.

Sitting on the sidelines hoping things will improve or fretting that sponsorship's happier days are over is not the appropriate response. It's incumbent up on you to take decisive action now.

Current Sponsors

- **Research.** Do you truly understand what your sponsors are up against? What challenges they face personally and within their industries? Do your research. Understand what they now face.
- **Contact them.** Next meet with your sponsors and listen. Just listen.
- **Program modifications.** Based on what you've learned, what changes or modifications need to be made to each of your sponsor's programs for next year? How will you address their priorities?

New Sponsors.

Don't be fooled by the never-ending bad news. Not every business or industry has gone belly-up. Stay alert for new life.

- **Look for opportunities.** As you read the news and live your life, what do you notice? Who needs your assistance, and how might you support their business goals?
- **Who's advertising?** They obviously have committed resources to rebuild or grow.
- **Small and medium-sized businesses** have just as much to gain from sponsorship as the Fortune 500. Use this time to cultivate new businesses. Educate them on sponsorship and help them set realistic expectations.

Your Program

At a time when marketing expenditures are often cut or scrutinized, your sponsors may demand a clear return on their investments. You must demonstrate the value of your program.

- **Assets and Packaging.** If you conclude that your current sponsorship program lacks value, expand your inventory of assets and reconsider how you package them.
- **Marketing.** If bolstering that asset list was challenging, turn to your marketing program. If it's a little lackluster or last minute, consider improving your marketing strategy to consider today's new realities.
- **Know your audiences.** Investing in research will help build your business case and highlight new opportunities.

Your Operation

- **Competent staff.** Your staff should be competent in sales or business development.
- **Process.** Does your staff understand your sales process and what triggers movement from one step to the next?
- **Timing.** You need 6 to 9 months for existing event sponsors and 12 to 18 months' lead time for new events and new sponsors. Is that the timeframe you're working in?
- **Your event or initiative.** Take a look at your event or initiative. Is it still as fresh and exciting as it used to be, or has it grown a little stale and dull? Should it still exist?

Now is the time to make tough decisions and administer heavy doses of creativity. It's a buyer's market. But it doesn't have to be. Apply the full power of your leadership skills. Loyal sponsors await you.

This white paper outlines Gail Bower's Great Ideas 2010 Conference session and is a briefing for her 60-page guidebook, entitled How to Jump-start Your Sponsorship Strategy in Tough Times (Philadelphia, 2009), available for sale at the Conference bookstore. © 2009 Gail S. Bower All rights reserved.