

# Matching Corporate Sponsorships for Arts Organizations: Leveraging Greatness or Creating a Monster?

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## **Abstract**

### Introduction

The practice of offering matching incentives as a motivation for corporate fund-raising in the non-profit sector has a wide application across disciplines such as education, health-care, and social services. In the past decade, as funding policies and formulas have fluctuated in Canada, matching programs have made their way into the arts sector. While corporate relationships present interesting problems to all non-profit organizations, such programs in the arts create unique challenges which must be addressed for such a system to be effective.

This paper seeks to stimulate research questions and propose an agenda for understanding the policy problems of corporate matching in the arts by presenting the results of a Canadian pilot study which took place over an 18 month period during 2002-2003. With Oakville, Ontario as the site of the pilot, ArtsVe\$t Matching Business Investments in the Arts was administered by the Council for Business and the Arts in Canada (CBAC), and funded by the government and a foundation. The program was designed to provide pre-approved matching grants to local arts organizations that could generate new, increased, or returning sponsorship commitments from local businesses. CBAC ultimately distributed grants to local arts organizations totaling \$50,575, which were accompanied by contingent matching contributions from local businesses totaling \$89,150—including both cash and in-kind sponsorships.

### Quantitative Results

A total of seven arts groups out of 43 qualifying (some of which attracted multiple matches), and eighteen businesses, participated in the pilot program. The average total amount of sponsorship money for each of the seven groups was \$12,736 and the average matching amount per organization was \$7,225. With 13 new corporate sponsors being added to the community, the

proportional rise in what can be considered and 'core funders' (33 dedicated and substantial sponsors) increased by almost 40%.

A baseline of corporate sponsorship support for the community was estimated to be (approximately) \$566,000. The cost or 'investment', therefore, as a percent of the baseline, was 8.9% (\$50,575) resulting in an overall increase in the baseline of 24.7% (\$139,725). For individual arts organizations, the rise in corporate sponsorship from the prior year ranged from 15% to 220%, factoring in the matching grants. On average, the proportion of total revenues derived from corporate sponsorships for all the arts groups rose from 7.8% the prior year, to 14.8%. Looking at the overall system, a number of scenarios were evaluated, with a final 'multiplier' being suggested at 4.0 (the estimated overall arts community sponsorship factor increase over three years resulting from a one-year incentive match).

### Qualitative Results

Intensive interviews were conducted with a sample of participants in the ArtsVe\$t program (selection dictated by availability and scheduling). A total of six arts groups (out of seven), and eight businesses (out of eighteen) participated in face-to-face interviews ranging from 30-90 minutes, with an approximate average of one hour per interview. The intent was to evaluate the individual experience of both arts groups and businesses, considering both the processes and outcomes of the pilot test.

Considering the outcomes of the pilot, some observations from the interview data can be made.

1. **Leverage.** Perhaps the most important and obvious benefit of the ArtsVe\$t program was the reality of both sides perceiving an enlarged institutional benefit, at a reduced cost. Arts advocates saw a greatly enhanced investment impact for dedicated resources, while businesses perceived a multiplied reward at a fraction of their expense.
2. **Catalyst for Action.** In a variety of ways, ArtsVe\$t matching functioned as a tool to motivate and/or accelerate sponsorship activities. An important element of this resulted from the perception of a finite opportunity that needed to be seized.
3. **Profile.** The ability of ArtsVe\$t to generate profile took on a number of dimensions. The most basic profile component was the inclination for the arts groups to generate wide promotional opportunities for their sponsors, based on the matched contribution—though in many cases the promotional aspect was reciprocated. The notion of a collective profile for the program itself took on important meaning for the arts community.
4. **Ongoing Commitment.** One intent for ArtsVe\$t was to help initiate relationships which had the potential to last much longer than the initial matching period. All of the arts groups and businesses interviewed indicated their expectation for an extended relationship; whether it would be sustained at the higher level (without the match) requiring a substantial increase for the business, or reduced to the existing level, would have to be negotiated.
5. **Discipline and Reaching Out.** The last major important aspect of ArtsVe\$t is the discipline it caused arts groups to go through in having to reach out to outside groups and ask for support. With the matching factor, it proved to be a positive incentive to overcome the resistance to do so.

Areas of concern which were raised by participants and require some attention are as follows: Are matching programs equally suitable for all types of arts organizations (including less accessible or commercially viable—e.g., contemporary dance, new music, etc)?; Will a matching program result in only helping those kinds of groups that are already very good at developing and generating sponsorships (e.g., have a paid professional staff); What are the reasons why a large number of arts groups in the pilot did not apply to the matching program?; What is the appropriate level of corporate influence in the arts granting process?; and finally, Would the sponsorships have happened anyway, without the matching program? These questions present motivation for further study.

All of the interview candidates were queried on whether ArtsVe\$t should be expanded. With only a couple of reservations from arts groups, there was almost unanimous (and often enthusiastic) support for expanding the pilot. The concern on the part of the arts groups centered on the stability of corporate funding as well as the potential compromise to existing funding sources.

### Recommendations

The following are suggestions derived from the analysis of the pilot program.

1. Broad Geographic Expansion. The success of the pilot study merits a major roll out of a corporate sponsorship matching program for the arts in Canada. Considering the success of the pilot program, there is substantial justification for a broad application in other Canadian communities.
2. Preserve Existing Merit-Based System. While not without problems (most chronically related to under-funding), the arts in Canada are diverse, rigorous, varied and robust. Much of this is due to an arms-length granting system that awards funding based on merit through artist-led juries. A corporate matching scheme should be introduced with the spirit of contributing in addition to what already exists. The emphasis must be to: build on the current milieu, bolster where there is weakness and bridge into the community; as opposed to an attitude of offloading, outsourcing and ultimately ostracizing through the privatization of culture.
3. Systematic Encouragement of Likely Non-Participants. From the pilot it is clear that certain arts groups are much less likely than others to take advantage of such a program. In order to encourage this, structural remedies are suggested. For example, for those groups having less inclination or experience in sponsorship, targeted programs could be introduced such as: enhanced match incentives (e.g., greater than 1:1), multi-year match opportunities, as well as programs for mentoring, could all be considered to remedy this situation. In absence of these kinds of efforts, a matching program could serve to create a relatively stark imbalance between the 'haves' and the 'have-nots' within the Canadian arts community.