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Sponsorship of international cultural cooperation projects

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Introduction

The principal assumption of this paper is that the international cultural cooperation is not only about bilateral or multilateral relations between cultural organisations. There are other kinds of entities, from different fields and with different functions involved in the structure. Cooperation is not only between art groups but every time more between culture organisations and business enterprises. This paper is dedicated to this kind of alliances.

Chapter I introduces to various concepts of private sector financing within cultural project. As private actors engage in arts funding for numerous reasons and using distinct patterns, it is not easy to find one appropriate classification. In the field of cooperation between arts and business it is important to distinguish and understand different definitions and models. In the first chapter diversifications are presented and explained. Eventually the author of this paper agrees with the Arts&Business classification which includes three forms of private involvement in the arts: business investments, individual giving (philanthropy), trust and foundations. After the introduction into private forms of financing, this Chapter is dedicated to present the international cultural cooperation model regarding support from the private sector. Traditional framework of sponsorship partnership has been described. Finally, private funding of the arts is presented with diversification on different countries profiles. In the international cultural cooperation, when the ability of finding proper partners from other countries is crucial, it is significant to know the private sector involvement in the arts in these countries.

Chapter II is dedicated to the practices and experiences regarding the sponsorship in international cultural projects. Three case studies have been described: London International Festival of Theatre, Museo Guggenheim Bilbao and OFFF festival. The purpose was to present the reality of sponsorship in international cultural projects and successful tactics that enable to take advantage of the international scope of the events. Business and individual donors' motivations have been recognized and the role of internationality acknowledged.

Chapter III is about business motivations and reasons for engagement into cultural projects. Selected theories are mentioned and different business motivation are recognized. Two main types of business stimulus are presented – communication and lobbying motivations; development motivations. A role of effectiveness and measures has been underlined.

The last part of this paper is a list of recommendations that summarizes all previous considerations. The recommendations give practical solutions to cultural projects organizers in a field of gaining sponsorship and other kinds of public funds. The executive summary is the aim of this paper and provides examples of good practices.

Chapter 1

1. Private sector funds cultural projects – frameworks and models

Private sector involves in culture projects supporting within different models. Despite of the fact that in many countries in Europe public-private cultural cooperation has still rather unrestricted forms, some distinctions seem to be clear. Regarding the private funding forms, some frameworks have been proposed in the literature. Among most interesting, Andrew McLroy (Policy advisor at Culture Action Europe) provides a following pattern¹:

- Sponsorship (the payment of money by business to an arts with the explicit objective of promoting its name, products or services)
- Trust and foundation giving (fund projects that match their objectives);
- Patronage/mecenat (money that is the result of pure generosity);
- Donations (money from an individual, business, trust or a foundation that is given with no expectation of any return).

McLroy writes about mixed funding and juxtaposes public and private sources. In this distinction there is no clear difference between Patronage and Donations.

Christopher Gordon provides other kind of recognition² and divides private funding on:

- Corporate sponsorship (including corporate donations from a charity's budget, which confers tax benefits on the company);
- Corporate Trust and Foundations (which refers to foundations established by commercial companies);
- Individual tax-efficient giving (tax efficiencies that are open to individuals as donors to cultural organisations or projects);
- Lotteries and loans (Some foundations and endowments have been established on the proceeds of Lotteries and occupy a middle ground between the strictly private and public spheres).

It seems that Gordon paints corporate sponsorship and donations with the same brush and does not verify different nature between both of them. Sponsorship that bases on profit

1 A. McLroy, *Funding the future. A user's manual for fundraising the arts*, [w:] *Managing an Open and Strategic Approach in Culture*, Council of Europe, 2000

2 Ch. Brown, *Sponsorship and Alternative Financing for Culture. Broadening the fiscal support base for cultural activity*, www.labforculture.org

calculations can not include 'altruistic' donations. Also the lotteries and loans type is not really a private-rooted initiative.

Private arts funding classification has been acknowledged by the author of this thesis as the most suitable and best described is the British Arts&Business recognition³. This simple distinction assumes following types of private funding:

1.1 Business investment

1.2 Individual giving (Philanthropy)

1.3 Trust and foundations

1.1 Business investment

Business investment in the cultural projects is understood both as sponsorship and corporate donations. The second type is usually tax-deductible although not all countries develop tax incentives schemes that can be noteworthy from the company's point of view. Sponsorship on the other hand is not connected to any tax profits and companies classify it as „promotional costs” to include the amount into deductible expenses.

Regarding the definitions, Polish foundation COMMITEMENT TO EUROPE Arts&Business uses the following one⁴: *Sponsorship is a partner relationship in which business sponsor provides financial resources, goods and/or services for the purpose of a concrete project realization. In exchange for these funds a beneficiary allows use of the promotional potential of the cultural project.* The company always has a clear objective: promotion of the corporate image. Some researchers indicate also promotion of products and services as an effect although as sponsorship is a Public Relations tool (according to Philip Kotler)⁵ only building of positive organisation image should be considered as a sponsorship aim . Sponsorship is an element of the promotional strategy and is associated with Corporate Social Responsibility (CSR). 'In every case the business is searching for a return on its investment, and will require a degree of public recognition and specific benefits.'⁶ We cannot forget though that, as Arts&Business poses: 'business is not hard-wired to give to the arts. Business is only hard-wired to make profit'⁷.

Corporate donations have much more benevolent nature. When such funds arrive they should be

3 T. Mermiri, J. Tuchnen, *Private investment in culture 2009/10 What next for the arts*, Arts&Business, London 2011

4 COMMITEMENT TO EUROPE Arts&Business, www.cte.org.pl

5 P. Kotler, *Marketing*, Rebis, Warsaw 1999

6 A.McIlroy, *op. cit.*, p.13

7 T. Mermiri, *Arts philanthropy: the facts, trends and potential*, Arts&Business, London 2010

considered a great gift but this is rather occasional and cultural organisations shouldn't count on significant income from this source.

According to the London based organisation Arts&Business, private investment in culture 2009/2010 in England faced a 11% decrease for a third consecutive year and now accounts for 7% of total income for the arts. Business funding characterizes a significant level of centralisation: 68% of investment is concentrated in London and 72% in major organisations. Despite of the fact that this data consider only English situation, problem of the 'clustering' of sponsorship affects most of European countries. This is why, among other reasons, business involvement in the arts cannot be seen as a sufficient source of funding the arts.

1.2 Individual giving

The Arts&Business foundation equates individual giving and philanthropy. This is an adequate classification considering the fact that philanthropy is historically the type of funding where great, well-educated individuals invest in the arts with no return expectations. Today the individual giving scheme concerns individuals, arts passionates that are favourable to cultural organisation or event to the extent that makes them participants of its funding. According the Arts&Business, individuals' connection to the arts is more deeply rooted than businesses'. Individual giving 'is grounded in a personal sense of pride and belonging'⁸ On the other hand philanthropy is rather unpredictable and difficult to maintain, especially in the times of recession. Individual philanthropy decreased by 4% in England (still accounts for the majority-55% of investment).

Nowadays this philanthropic form is much more 'mass' funding and appears in several forms:

- Individual donations - this form is associated with the voluntary and altruistic support from individuals. Unlike Fiends/Membership scheme it is not well-structured and is more like a spontaneous act of a donor. According to the Private Investment in Culture 2008/9 report (Mermiri, 2010)⁹, individual donations are estimated at 33% of individual giving and at 18% of private investment.
- Legacies – this is the only individual giving scheme that has increased in the last year. Legacies account for around 18% of individual giving and approximately 1% of total income in the arts. It's not a lot, however it 'is noteworthy that there is usually an unpredictable time lag from when the legacy is pledged to when the income is received due to the nature of the donation, which means that often legacy income does not

8 T. Mermiri, *op.cit.*, p.10

9 T. Mermiri, *Private investment in culture 2008/09:the arts in the 'new normal'*, Arts&Business, London 2010

follow a linear growth¹⁰. Only about 8% of arts organisations have a Legacy scheme. Legacies are one of the most cost-effective fundraising schemes.

- Friends/Membership schemes – the schemes that cultural organisations develop to engage its audiences into giving money. An example can be that a theatre organises backstage tours and sells half price tickets for its Members (the ones that give 25€ monthly), invitations to Special nights and some free tickets to its Friends (from 125€) etc. Membership schemes currently account for the majority (48%) of individual giving. They bind relationship between arts organisation and its audiences. 'As with the nature of the cause itself, most of the drivers for engaging with the arts tend to be self-fulfilling rather than altruistic.'¹¹ Membership schemes are expected to increase during next years. This assumption bases on the recognition that audiences are more willing to participate in art organisation financing not only through buying tickets but also spending their money in gift-shops, cafes/ restaurants etc. It suggests that audiences are prepared to spend more during the cultural event.

Still only 32% of arts organisations have developed Membership schemes.

- Board giving - board giving is a viable source of income, which the same time gets the board more involved with the organisation. It is also a very good way of leveraging additional investment, mostly from individuals. 'Boards are not only invaluable because of the time, support, expertise and insight they offer, but they are very often well connected.'

1.3 Trust and Foundations

Quoting Andrew McIlroy, 'Trusts and foundations exist to fund projects that match their objectives. As long as you match the requirements of the trust and fill out the application form correctly, you stand a good chance of being funded.'¹² The difference between a company foundation and traditional business sponsorship is that business sponsor have motivation to fund the project only if the explicit benefit can be determined. Trust and foundations on the other hand meet its mission through funding artistic and international projects.

This type of funding has many advantages from the art organisation point of view. First of all, in the case of corporate foundations decision-making process is made by (among others) experts in the field of arts and culture. Funded projects are selected by art professionals and not by the marketing department. That provides better and more qualitative distribution of money. On the

10 T. Mermiri, *op.cit.*, p. 36

11 T. Mermiri, *op.cit.*, p.31

12 A. McIlroy, *op.cit.* p. 13

other hand trust and foundations help to assure that sponsorship process is 'depersonalised' and does not stand on the individual taste of an executive person. The argument that poses Peter Inkei¹³ from the Budapest Observatory is that one of the major problems that faces sponsorship in Europe (primarily Eastern and Central European Countries) is that the decision-making processes are usually made by companies' directors and do not reflect nor board wishes neither the company's mission.

According to the Arts&Business, Trust and Foundations in England increased by 11% and overtook business investment for the first time since 2004. 'Funding from trusts and foundations was the single source of private investment that increased in 2009/10, and by quite a significant amount (11%), which therefore kept the overall private investment decrease moderate.'¹⁴

13 P. Inkei, *Cultural Sponsorship in East-Central Europe*, The Budapest Observatory, Brussels 2003

14 T. Mermiri, *op.cit.*, p. 33

2. Model of financing in the international cultural projects

All the previously mentioned forms of private involvement in the arts can be adapted to international cultural projects. This kind of projects involve more than one organisation and brings more sponsorship potential. Although usually the project cooperation assumes sponsors gaining only by one of the actors in the cooperation. Pep Salazar during his lecture¹⁵ at the University of Barcelona described following general partnership framework of international art festivals:



This framework assumes that in the traditional cultural cooperation project the financial issues stay on the Organizer (host) side (where the event is going on). If so, the project is ruled by the rules of the place (country, region, city etc.) where it is located. If so, all kinds of finance sources (private and public) have to be taken into consideration from the perspective of their regional nature. If the public funds can have more general and international form (e.g. EU funds), the private sector has to be treated with all the respect for its local characteristics. Sponsors of the event are usually companies from the particular region when it takes place. The project can be international but the Organizer seeks sponsors in the local environment. And the reason is that, as it will be explained in the Chapter III (business motivations), a company through arts financing wants to influence directly and indirectly the civic and business environment. Direct influence is creating a positive image of the company towards all kinds of stakeholders. Indirect influence should be understood as building a prospective,

¹⁵ Pep Salazar, lecture: *International cultural productions and intercultural negotiations*, Universitat de Barcelona 2011

dynamic and innovative ambiance that will affect 'repay' the company's effort in a feedback loop.

It doesn't mean that internationality of the project doesn't play any role in the sponsorship process. On the contrary, the internationality is a very significant argument both in the phase of sponsors searching and dialogue with sponsors. As the London International Festival of Theatre and OFFF case studies show (Chapter II), different countries' participation increase co-financing interests of the companies that invest in these countries. Also supporting international event helps to create an image of modern, vital and powerful organisation.

Additionally, international cooperation projects organizers can seek sponsors abroad. Attracting foreign companies is one way of developing the culture industries and it is constantly growing. One of the examples is the Azerbaijan International Cinema Company, a joint venture launched by the Union of Cinematographers and a private British company, ITIL. Together, they have restored a cinema in Baku and installed equipment according to the modern standards. They also have taken joint charge of film distribution.

Looking for foreign investors opens new doors for cultural projects and makes an innovative approach of international cooperation. Azerbaijan-British partnership gained support of the Ministry of Culture of Azerbaijan. In this kind of projects there is always a questions about partners backgrounds and expectations . Great Britain reaches the highest level of individual donors involvement in Europe. British private funding of culture constitutes more individual than corporate donations. Still the companies' sense of responsibility is much higher than in many other European countries. The apprehension about private sector funding in different countries is a key to seek partners abroad. That is why they have been presented in the next chapter.

3. Private sector involvement in culture – countries' profiles

Although international cultural cooperation partners come from different cultural policy backgrounds and different realities of business involvement in the arts, European countries face comparatively similar business sponsorship situations. And not only European countries – in the USA with totally different cultural policy that bases on private sources, business support to the art still accounts on approx. 5%¹⁶ (in the USA, despite appearances, art is financed mostly by rich philanthropists and not by corporations). Considering these facts it seems to be clear that business engagement in the arts is more or less homogeneous. On the other hand the differences have to be noticed in the aspect of domination of one private funding model over another. For example – Great Britain private support to culture is marked by active, pioneering (in Europe) participation of audiences (individual giving). In Sweden business sponsorship reaches unusual level of corporate involvement that overtakes other types of private sector funding. Knowledge about these differences is useful in a sense of partners searching. Despite of the earlier mentioned fact that the organizer gains sponsors from the region of the project, it's still possible for partners to acquire some extra money from their location-based businesses to cover eg. travel expenses. Furthermore some international cooperation projects take place in different locations (regions, countries) and in this case the importance of picking up right partner institutions is pretty obvious. Cultural managers should be conscious about business willingness to sponsor and tax incentives in different countries. That is why briefly described situation of European countries has been presented in this paper. European models of culture funding are similar. Public sources of income firmly overcome the private sector support. Nowadays both on the European and country governments level some efforts has been made to increase private initiative. D. Ilczuk and W. Misiąg sense a wind of change: „Universal principle of co-financing from public and private sources is reinforced by the so-called <<balanced financing development>> where the state promotes the renaissance of private financing of culture through a system of (mostly fiscal) incentives.”¹⁷

Overwhelming dominance of public funding over private support is accompanied by constant questions about the adequacy of European cultural policy. There is a growing belief that governments should mobilize the private sector to invest in culture. This is not about replacing the public funding by the private but to increase civic and business contribution to the arts.

16 F. Martel, *Polityka kulturalna Stanów Zjednoczonych*, Wydawnictwo Akademickie DIALOG, Warsaw 2008

17 D. Ilczuk, W. Misiąg, *Finansowanie i organizacja kultury w gospodarce rynkowej*, Instytut Badań nad Gospodarką Rynkową, Warsaw 2003, p.9

According to 'Private Sector Sponsorship: laws, schemes and targets'¹⁸, average private spending on the arts in Europe accounts on 5%.

Despite of the similarity between private engagement in the arts in European countries, several models that are a consequence of national cultural policies can be distinguished. In France centralise and administrative public funding dominates decidedly. Sweden is much more influenced by the corporate culture. German model seems to be more balanced, basing on the one hand on decentralization and on the other – on high governmental subsidies. In Great Britain the funding responsibilities are delivered into arms-length bodies. All four models have been presented below.

FRENCH MODEL

Hierarchical structure and high position of the central authorities (Ministry of Culture) shapes the cultural policy. Since the time of the Ancien Régime cultural policy is strictly subordinated to the central government and the term 'culture' is understood in the terms of national identity and statehood. Such an attitude has its consequences in a high level of state subsidies and, on the other hand, a small responsibility for the culture of the regional administration. Till 1980 public authorities weren't at all interested in the private support for culture. France has very restrictive laws on sponsorship and foundations.

Administrative model	Dominant form of private funding	Central government participation in culture funding	Private sector participation in culture funding
Highly centralized. Most of the public funds are administered by the central government.	Patronage and philanthropy (donations) by corporations.	High public subsidies.	Rather poor involvement, private funds are not a significant source of funding.

Source: Author's table based on the *Compendium of cultural policies and trends in Europe*

Countries that represents this kind of model: Greece, Eastern and Central European countries.

SWEDISH MODEL

The core of Swedish cultural policy are such elements like: tradition of equal involvement of all social groups, delegation of tasks to different bodies and strong administrative decentralization. Swedish cultural policy is affected by the 'complex web interactions between the state, the market, civil society, private patronage and cultural professional associations'¹⁹

¹⁸ *Compendium – cultural policies and trends in Europe*, <http://www.culturalpolicies.net>

¹⁹ *Compendium...*, *op.cit.*

which means that various entities are mobilised to participate in funding the culture. In contrary to Paris, the role of central authorities in Stockholm is very limited for the local governments. Delegating responsibilities to regions is deeply rooted in the Swedish tradition. Social-democratic doctrine, not the tradition and heritage (like in France) is the dominant philosophy for shaping the political and social model.

Administrative model	Dominant form of private funding	Central government participation in culture funding	Private sector participation in culture funding
Strong decentralization. Responsibility for funding culture has been passed to various (public and private) entities.	Corporate sponsorship. Corporates distribute funds through their foundations.	Relatively low government subsidies.	Strong commitment. Public and private sector are equally engaged.

Source: Author's table based on the *Compendium of cultural policies and trends in Europe*

Country that represents a similar model is Switzerland.

UK MODEL

The Anglo-Saxon culture funding scheme is based on the activities of the so called arm's length organisations which take over responsibilities for financing culture. In contrary to Sweden the responsibility is not transferred to local authorities but to the third sector. The role of arm's length organisations is to allocate resources from Department for Culture, Media and Sport which is a governmental body for culture. In the UK private donations to culture are classified as charity. The study *Charity Trends 2007* recognized that 500 major charity organisations sent to culture 630 million pounds. Business contribution represents 29% of private support in the UK. The most active founders are however individual donors (50%) which is the European phenomenon and makes the UK model similar to the USA private funding of culture.

Administrative model	Dominant form of private funding	Central government participation in culture funding	Private sector participation in culture funding
Significant role of the third sector. Culture funds distribution is delegated to the arm's length organisations.	Philanthropy. Most of private funds come from individual donors.	Relatively high state subsidies allocated by the Arts Council.	Participation is generally at 5% level (European average) or slightly above.

Source: Author's table based on the *Compendium of cultural policies and trends in Europe*

This model is dominating in Great Britain and North Ireland.

GERMAN MODEL

The principle of the culture financing system is to transfer funding obligations to the regions (lands and municipalities). The Federal Government is not a main actor in allocating funds. Third sector plays significant role; the NGOs make decision and distribute funds received from local authorities. Unlike Sweden though the private sector's role is not that significant.

Administrative model	Dominant form of private funding	Central government participation in culture funding	Private sector participation in culture funding
Strong decentralisation of public administration. Responsibilities for funding culture is transferred to the local bodies.	Corporate sponsorship is relatively well developed.	High state subsidies.	Participation is generally at 5% level (European average) or slightly below.

Source: Author's table based on the *Compendium of cultural policies and trends in Europe*

Countries that represent this model is Holland, Belgium and partly Spain.

The four briefly characterized models present differences between European countries. The awareness of this diversification helps to select project partners properly and decide in which countries and regions it will be easier to get private support.

Regarding situation of the countries outside Europe, the private funding situation can be completely different. A vivid example is a difference between European countries and the USA.

Peter Inkei, the Budapest Observatory director on the conference 'Creative Europe – Culture and Business in the 21st Century'²⁰ (Innsbruck 2001) talked about tax incentives for culture sponsors. He responded to the audience comments that European fiscal law should be more similar to the American in a sense of tax benefits for sponsors. Inkei remarked that there was a fundamental difference between sponsorship in Europe and the USA. In the United States individual giving (philanthropy) highly overtakes business engagement in the arts. Culture is mostly financed by the rich citizens who support the arts under their own names and not the name of the company. In Europe only Great Britain is close to this model. Peter Inkei did not identify high private participation in arts funding in the USA with propitious tax incentives.

²⁰ P. Inkei, *Tax paper: incentive or reward?*, The Budapest Observatory, Innsbruck 2001, p.1-2

He said that the most significant are historical reasons and a question of mentality. In the XIX-century America, when first big fortunes were born, a sense of civic pride and responsibility for common goods led to the individuals' engagement in the arts. Tax incentives were established later, in 1913 both for individuals and businesses. Inkei defended his statement that implementation of tax incentives is more an effect than a reason for arts&business liveliness.

Regarding the issue of tax incentives for sponsors in Europe, this is a widely discussed topic. On the one hand according to experts, this is not fiscal matters what brings business closer to culture. On the other hand the legal incentives role has been noticed in a sense of creating a conducive climate for business supporting the arts. According to the CEREC (The European Committee for Business, Arts and Culture) fiscal benefits can be divided into ones connected to sponsorship and others connected to corporate giving (philanthropy). Sponsorship is understood as a transaction where business receives a commercial benefit. CEREC took 13 countries and elaborated a material that can be a guide for the European tax incentives for culture supporters. When it comes to sponsorship 'where there is a direct link between the business related benefits enjoyed by the sponsor and the amount paid for the services offered, then most European countries allow the deduction of this expense from the taxable income'²¹. Also the law usually determines what kind of exchange should happen between two partners and in this case there are two tendencies. The first one is that, like in Austria, Denmark or Sweden, company's promotional benefits are indispensable. The entrepreneur involved in sponsorship commits himself to the allocation of money or goods and the beneficiary appears as advertising medium. Expenses are classified as operating expenditure, if they have an effective or economical relation to the company. Promotion and improvement of the company's image and reputation may be seen as such services. Furthermore it offers the possibility of public relations, augmentation of name recognition and creation of goodwill.

The other tendency is that, like in Germany or France, there is less accent on company's benefits and some forms of benefits are not accepted. For example in France only some indirect benefits are allowed (such as tickets, rooms for PR etc.) as long as their value does not exceed 25% of the value of the support given. In Germany sponsorship expenses of artistic or charitable organisations are fully deductible if there is a direct link between the benefits received and the money, goods and/or services provided by the sponsor. It doesn't have to be a link between the company's business and the sponsored event. In the UK 'capital expenses are not allowed (in other words, expenses incurred for the purpose of acquiring, improving or

21 *Corporate Philanthropy, Patronage & Sponsorship. Taxation issues*, CEREC , Brussels 2007

extending an asset held for use in the business.)²².

In the case of corporate giving, in tax regulations the term „donations” is usually used. In many countries, donations are encouraged through tax deductions. The framework varies depending on the country. Nevertheless, in almost all countries there are two criteria of deduction:

- Donations can only give rise to a tax deduction if they are made to “recognized organisations”, e.g. in Austria donations can be given to universities, arts and science academies, Austrian National Library and museums.
- Donations are generally deductible “up to a certain amount”, e.g. in Belgium a minimum of 30 EUR is required and the total amount donated in a financial year cannot exceed 5% of the net financial result up to EUR 500,000.

²² *Corporate Philantropy...*, *op.cit.*, p.16

Chapter 2

CASE STUDIES

London International Festival of Theatre (LIFT)²³

London International Festival of Theatre (LIFT) takes place across London's theatres, streets corners, power stations churches and canal basins. Established in 1981 by Rose Fenton and Lucy Neal, LIFT has risen to become one of the most important events in the British arts scene. The Festival's actions actively engage different audiences and communities. LIFT looks over the landscape of contemporary theatre and zoom in the city to its citizens.

Since the beginning of LIFT there was private (business) money involved. A person who was in charge of getting extra sources was Julia Rowntree – today an expert on generating civic and business support. Over a twenty-year period she generated support from businesses and civic institutions for the LIFT. In 2010 in Poznań (Poland) she gave a lecture and talked about her experience in the field which covers period till 2006.

Regarding the sponsorship topic, LIFT is an unique example of combination and diversification of practices. There's no „buzzword” from the LIFT perspective but rather trail-and-error method implemented. What is exceptional in the Festival's case is the evolution of sponsorship process. The evolution that was always coming together with the artistic program (never the other way). This contingency let adapt the type of sponsors-gaining to the actual artistic direction of the Festival. Furthermore, the artistic direction and international aspect can actually be used as an asset in engaging business in the cooperation. Through the example of LIFT it can be noticed expansion of sectors, actors, sources etc. involved in the support of the arts. The organizers started with the traditional commercial sponsorship which is, according to Julia Rowntree, the „fastest route” to unlock funds from business sources and then they felt compelled to develop wider dialogue with other sectors and understand better LIFT social purpose.

²³ LIFT case study has been developed on the basis of an interview with Julia Rowntree and her lecture gave in Poznan during the Malta Festival 2010

To explain the evolution of the engagement in supporting the arts it should be presented a scheme of the artistic transformation of LIFT.

Artistic programme evolved within 3 stages:

1. Beginning of LIFT to the early 90s – LIFT was a window to the world. In that times there was no international work coming to London. LIFT was the first consistent and interesting international theatre event in the city.
2. When LIFT established its position as an action that brings international theatre to London, it concentrated more on the city itself. LIFT was not only a window of the world any more, but became also a window of London – with its multiculturalism brought into a dialogue. One of the Festival's goals, which than became a *status quo*, was to attract young people. Through fulfilling this objective LIFT decided to take care of culture's future markets. Organizers used the phrase: „Theatre going public”. In that times the average age of theatre public in London was around 55-70 years old. LIFT with its program full of rock concerts and alternative evens had a great potential to turn around the situation.
3. The third stage was taking advantage commonly with the whole „world” that was coming to London of all the changes that were happening– much greater mobility of people (cheap air travel), immense technological development, climate change etc. In a more practical sense it was a much more different (form commercial sponsorship) way of carrying a dialogue with business. Such matters as personal development, innovation and creation processes made a ground for the cooperation.

Sponsorship field and the dialogue with business evolved on each of the 3 described stages as well. As it was mentioned above, getting sponsorship funds process has always followed the artistic direction of LIFT. Conversations with private sectors can be divided into three parts. Broadly, first part was commercial sponsorship, second was connected with elaborating the civic role of the Festival, third part was exploring co-learning relationship with businesses which was very radical in that time.

All three stages have been analysed below with special attention paid to the transformation from one into another.

COMMERCIAL SPONSORSHIP

Commercial sponsorship was the starting point in the 80s and early 90s. LIFT was interested in contacting businesses to generate additional funds for the Festival. The question was: what would motivate businesses to get involved with the Festival? For Julia Rowntree the not-knowing appeared to be a very useful situation. Organizers contacted some businesses and talked about private sector motivations. The act to go out and ask for an advice helped to build first set of relationships.

The reason why LIFT was very interested into engaging sponsors was not only additional money. The wider economic and political context was standing behind the exploration of the private sector. The early 90s was a very hard time for culture in London. Public subsidies to the arts were in standstill. The only source of income was to look for sponsorship.

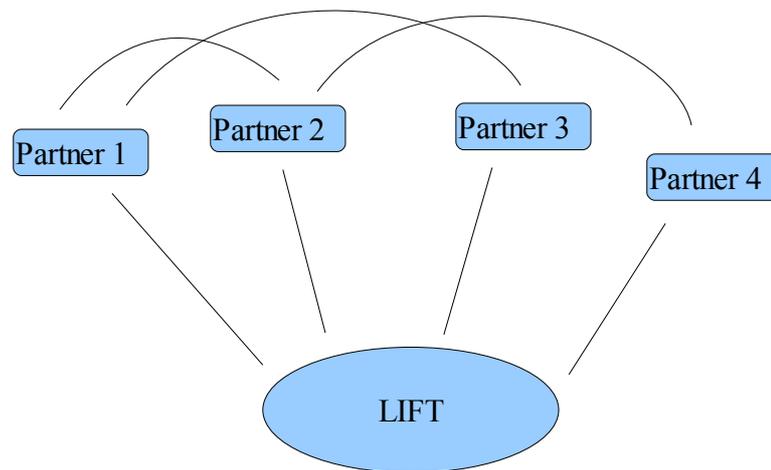
Although to get sponsors new language needed to be worked out. Business motivation for sponsorship was reaching new markets. That had been done mostly through logo, publicity, banners, samples etc.

LIFT unquestionable advantage was that they knew who was their audience. They also knew how to influence young people – a very good target group from the sponsor's perspective. Festival audience was „rock-people”, young, active, full of energy and passion. LIFT partners was tempted by the opportunity of getting visibility within these groups. One of the tools was product sampling (selling beverages etc.) which helped companies to enhanced their images. Brands were exposed on banners and this was more efficient form of advertising than media publicity. In England the publicity in media was never easy to get because editors cut information about the sponsors. The reason is obvious - they want these companies to buy advertising and not using sponsorship for a free promotion.

How the international aspect of the LIFT was exploited in the arts and business cooperation? It was quickly noticed that international aspect of the Festival can be used as an advantage in involving sponsors. Let's look at the one of the examples:

The Vietnamese production coming to the Festival enabled to generate funds from British Gas that was exploring gas extraction in Vietnam. British Gas was interesting in meeting Vietnamese Ambassador and „looking good with Vietnam”. The Festival organizers were trying to connect diplomacy and business behind the scenes.

The above mentioned diplomacy was a part of LIFT tactic. If the art is about bringing people together, the organizers wanted to match partners with common interests. The scheme shows how LIFT was „provoking” international partnerships:



Source: Author's graph based on the interview with Julia Rowntree

The other example of taking advantage of international scope of LIFT was to invent specific international schemes to bring partners who were interested in funding projects coming from particular countries. The core idea was to look for sponsors who would be willing to invest because they had specific interests in building positive image internationally or in definite regions. One of the initiatives was called *International Dinner Series* and it was positioning the Festival in a quite influential place. How the idea was invented? The organizers wondered: *What are we good at?* The answer was: they were good at bringing talents and creating feelings of enjoyment.

The first project was about Russian cuisine:

The managers intention was to bring artistic group from Russia. They knew that the London Chairman at that time had just opened an auction office in Moskov so they persuaded him to throw a dinner for the Russian group coming to London. Russian chefs were found by the British Embassy and employed for this occasion. The part of the action was that they were taken to the restaurants in London to learn form English chefs - that was international cooperation. With the help of the Department of Trade and Industry festival managers found companies that were doing trade with Russia. They invited the London Chairman, the Russian Ambassador and they convinced some of the business people from the found companies to become cooperate members of the Festival.

The dinner was an absolute success. Both the private and the public sector was so impressed with this dinner that the LIFT organizers were able to call them in an emergency to get some more funds. Riding both horses process; playing both the private and the public was implemented effectively.

After the Russian dinner there was a series of dinners organised, the next one was with Hungarian group. They also conducted an educational scheme when the dinner was cooked by students who then received scholarships from French Embassies to go and study in France. Still the values of what they were doing in the artistic programme were always followed by what they did in the fundraising.

Julia Rowntree develops a very useful recommendation for corporate sponsorship. She says that whatever funds people give **they want to be thanked and they want to meet important people. To engage people, power need to enlisted.** Thus there are TWO main motivations for the sponsors and there is a lot of work to do to make them feel good.

„Process of gaining sponsors is the same process as gaining friends and keeping them” - says Julia Rowntree. LIFT program was very uncertain, there were always productions that could suddenly drop out. The organizers abandoned the „sponsor of production” kind of partnership (when partner is engaged in funding only one production) and change it for strategic sponsors of the festival.

It is true that the commercial sponsorship worked very well for LIFT. Although before getting really enthusiastic it has to be said that the vast majority of the productions that have been presented on LIFT Festival were not commercially sponsorable. The controversial, difficult, ambitious art was hard to be sponsored from the very beginning. Only for very particular, popular and specialised productions it was possible to find a private founder. The organizers had to be realistic about what they could and what they couldn't get from the private sector. And this was one of the reasons to rethink the implemented sponsorship gaining process. The lesson learned was that engaging only business was not enough. On that stage LIFT needed to pay attention to the broader context and involve other actors.

INDIVIDUAL GIVING

The first implemented individual giving scheme was an act of emergency. The grant from public sources didn't come through in the last moment to finance the production about the French Revolution. It was a performance about the power of an individual to change history. The organizers decided to change the Festival history as well. The business sponsorship was yet not enough to maintain the program. The other reason was the organizers felt that engaging other sectors was essential to challenge Festival's values.

The scheme was called *Be a brick, build a block*. Before the performance different kind of blocks with revolutionary images were sold. Every kind of a block had its own value (10 £ for *peagants*, 100 £ for *bourgeoisie*, 1000£ for *aristocrats* etc.). This activity was to generate

funds but also build an active community around the event.

The organizers knew that every fundraising action demands embodying the power. In order to sell the blocks they needed a constituency. Julie Rowntree approached one of the biggest London developers – Stuart Lipton and asked him to share his address book. He agreed and Rowntree contacted architects, builders and other important actors in the field. On the invitation list there was many people who wanted to get a contract from Stuart Lipton. They bought the blocks and the income reached 8 000 £. To give a brief view on the LIFT financials: the budget in 2001 was 2,3 ml £ and the sponsorship was 13%. The rest of the money came from a huge number of sources, many times through lobbying, personal relations etc. Thus the funds got from the scheme it was not a lot of money but the effect of creating Festival's community was a great benefit.

CIVIC DIALOGUE

To explain the third and final stage of the sponsorship transformation process it has to be briefly presented the political situation that influenced the cultural sector. In the 80s Margaret Thatcher abolished London local government. By the early 90s the civic networks were disintegrated. The cultural sector faced a variety of obstacles from inability of strategic planning to a very low motivation. People from LIFT decided that they had capacity and determination to change the reality. Then discovered that they had an ability of bringing people together across the different levels of power and cultural dimensions. They also had personal connections through the process of fundraising.

Julia Rowntree was seeking out a special project which in that situation could help to raise the morale and bring culture back to the city. She evolved a scheme called *Lifting London* which was a conference and a dimension of the artistic program. The participants were people from business and culture sectors and policy makers. In order to realize the whole program the power had to be enlisted and the project champions involved. They connected with business, not asking them for money but the endorsement for the *Financial Times* which actually helped with getting finances from public sector. The goal of the program was to create a common space for dialogue. The concept was called: space for cultural commons. For the first time after a long period of silence people were talking about the role of civic society.

It was a moment when the LIFT managers felt that commercial sponsorship wasn't really working. Two of the strategic sponsors pulled out. On the other hand there was a common feeling that it was not right to put aggressive branding in the place where young people were

looking for truth and honesty. The question was: what could be a replacement for a commercial sponsorship?

Finding the answer was not easy because in that times the only form of the culture and business relationship was commercial sponsorship. It had to be figured out what were the reasons for business to invest in theatre besides marketing benefits.

The broad research led to some findings. Firstly, there are always personal reasons on the sponsors' side and cultural manager has to look for them. Commercial purposes are also always there - but there are much more reasons for somebody to agree on supporting the arts. In the case of culture there is always a personal development involved.

Secondly, this is not only a sponsorship decision-making person that benefits from culture but the whole company which takes part in a development process. The effect for participants is to come out of the company's hierarchy and change form a „Yes, man!“ employee to a more self-conscious individuality.

Thirdly, the traditional role of culture for business: being a catalyst for reflection and critique should be always used as advantage in the dialogue with sponsors. Especially for the companies specialised in „scenario planning“ (plan and imagine the future) this role of culture are found to be effective. With the „culturally-shaped“ way of thinking the organisations could think better how to respond for future threats and challenges. This aspect was extremely important since it was obvious that business world has been changing from the stabilised structures to increasingly unstable ones.

Last but not least, business was also interesting in innovation and creation management in which of course, arts organisations are engaged all the time. Another quality was the concept of engaging on equal terms with people who would never meet otherwise and the international scope of the Festival was an undeniable strength.

There all were very different motivations from commercial sponsorship benefits. LIFT managers decided to answer to all of them within the *Business Arts Forum* project. The main goal for business that participated was to sense strategic changes via contemporary performance. Such international festival as LIFT was a perfect place for this experience. After all the artists from around the world were leading cultural changes whatever society they were coming from. Recognizing these cultural changes can be often more important in forming the future business context than other issues.

There was obviously a question how to organize the Forum. Julia Rowntree got a helping hand from the organisational behaviour guru – Charles Handy. He proposed: *Let's invite*

people to participate in the performances and then understand better how the artist had put it together and why would they do that. This one sentence became a method for the program.

In realistic terms the Forum had to be transformed into a product for which people would have been willing to pay. The final action was following:

Business people and artists were presented with the program and showed what productions they wanted to go to. After the festival they all met and talked about what they had seen, what they would have done differently in their work as a result. The performances they saw was very different from their every-day experience and they were giving very different signals. Participants were looking for a kind of learning that they could get from cultural actions and adapt in their organisations.

There were 40 participants from both sectors (public and private). Income was made by participant fees and some public funds. The Festival budget grew with 30 000£ and that was impressive because no outcome and no branding actions were asked.

What has to be mentioned about the Forum is that the organizers made the participation on equal terms, there was no experts, no specialists, nobody was „explaining” artistic work. Also a very important advantage of this program was that absolutely not like in the case of commercial sponsorship, people were more interested in controversial and difficult art! The more provocative work they saw, the better was the discussion.

The process of bringing arts, business and civic society together is much more than just accumulating funds. It is actually making links across power, working perspective and building connections between people. Organizers took action of bringing people together in a spirit of celebration and let them learn more about their city.

The table presented below shows the private funding of the LIFT Festival framework. Reasons of involvement and the role of the event internationality have been analysed.

Forms of private involvement	Reasons of the private actors' involvement	Role of the internationality for sponsorship	% of private input
Individual donors	<ul style="list-style-type: none"> - Personal engagement and loyalty to the first theatre 'window to the world' in London - Young people engaged-first theatre event for the youths - Opportunity for the audience make a part of an 	<p>Corporate sponsors with foreign capital invest in particular positions in the program to show their engagement to partnership countries' matters.</p> <p>LIFT brings people together internationally. It gives opportunity for businesses to meet decision-making people</p>	Around 15%

	<p>event, e.g. <i>Be a brick, build a block</i> program</p> <p>-Festival action for civic matters (<i>Lifting London</i>)</p>	that they would not meet otherwise (e.g. ambassadors)	
Corporate sponsorship	<p>- advertising: young people target group (this is though much more marginal reason because the Organizers have decided to abandon this from)</p> <p>- Public Relations – meeting other investors and power within programs like <i>International Dinner Series</i>)</p> <p>- Managers and staff development (<i>Business Arts Forum</i>)</p>		

Source: Author

2. Museo Guggenheim Bilbao

Museo Guggenheim Bilbao opens its doors in 1997. The magnificent building designed by the architect Frank O. Gehry has been transformed into the first European Guggenheim museum with its collection of modern and contemporary art. The new institution is a part of Guggenheim museums network and constitutes its role not only as a mansion of one of the most exclusive private art collection but also as an emblem of the city.

Cooperation within this project is a combination of public and private on the international platform. The project was an initiative of three public institutions from the Basque country – the Basque government, Diputación Foral de Bizkala and the Bilbao City Council and one private organisation from New York – Solomon R. Guggenheim Foundation. The very clear partition on public Spain bodies and the private American associate seems to reflect the cultural funding policies in both partnership countries. The unusual collaboration of partners from different cultural policy backgrounds result is a noteworthy financial system. Museo Guggenheim Bilbao from the beginning was thought as a project on international scale but with only the Basque country resources it would never reach such a global scope. The necessity of bringing partners to the project generated an organic, prosperous cooperation. It was not only about the resources – there was also an 'added value' as architects like Frank O. Gehry, Santiago Calatrava, Sir Norman Foster, Cesar Pelli, Arata Isozaki etc. that let incorporate international prestige.

Innovative structure and strategy of Museo Guggenheim Bilbao assumes presence of four actors. Let's examine the particular partners role in this cooperation:

Solomon R. Guggenheim Foundation

In the time of establishing the museum in Bilbao, the Foundation was suffering a difficult crisis. The Solomon R. Guggenheim Museum in New York was closed because of the renovation. The project of the museum in Austria collapsed as a result of the immense deficit. The Foundation needed a new project to vitalize its strategy. The Museo Guggenheim Bilbao project created conditions for a convergence of following elements: the innovative museum that plays a role of the New York contemporary art leader, although this leadership would take action from abroad; creation of the 'new concept of the museum' established outside the New York but the echo effect would be achieved. The Foundation faced decentralisation of the Guggenheim collection all over the world and organic exchanges which take part within the

global network. New forms of collaboration with different regions were established. Solomon R. Guggenheim Foundation wanted to be the first to control processes consistent with the new cultural concept – culture as a development engine.

Basque government and Bilbao City Council

When Spain joins the European Union Bilbao faces a deterioration typical in this time for cities 'trapped in a process of decay' ²⁴. Bilbao lost its capacity and motivation to launch prospective projects. Azúa calls this process an 'infrastructural deficit' and poses that it impacted all the big peripheral cities. Museo Guggenheim Bilbao was a new, cooperative opportunity to revitalize the city and change its position from the industrial centre to the advanced services provider for the European Atlantic Arc. There was a lot of objectives to fulfil, e.g. transformation of the harbour, reduction of the obsolete industry, regeneration of the accessibility of services. Creating an dynamic environment that would appeal intellectual capital, inversions, companies was absolutely significant. Different aspect was to activate local citizens and raise the sense of self-esteem.

Diputación Foral de Bizkala-Euskadi

The aim of this actor was a modernization and internationalisation of the economy which came together with the Spanish presence in the European Union.

Bilbao's cultural institutions

Cultural institutions in Bilbao called for development actions to the forefront cultural infrastructures that would motivate and lead cultural processes in the region. It was fundamental to settle a new, architecturally vibrant venues that would achieve marketing goals in a 'natural' way (self-promotion through the architecture). Also the new cultural centre would promote cultural goods and be an attraction hub.

The credo of the Museo Guggenheim Bilbao project was to consider culture as an integral factor for social development. In the recent years debates about the role of culture and why to invest in culture, new arguments appeared. Culture has been found as an indispensable element to achieve economical goals and to revitalize urban spaces. The number of such projects that make parts of wider economic strategies increase. In the case of Museo

²⁴ J. Azúa, *El Guggenheim Bilbao: estrategias <<cooperativas>> para los nuevos espacios cultural-económicos*, [in:] *Apprendiendo del Guggenheim Bilbao*, Anna Maria Guasch, Joseba Zulaika (eds.), Madrid 2007

Guggenheim Bilbao it is assumed that there is a direct relation between cultural activeness of the region and a level of its economic improvement. It is also, as D. Juan Ignacio Vidarte claims, this project 'serves as a Basques institutions' response for globalisation, which effects appear not only in economic, but also a cultural and social field'. Bilbao's aims was not only to get out of a position of ineffectual and not really culture-associated city. The ambition, expressed in the strategic plan was to develop a 'cultural path' (a parallel to the London-Milan hub) from Western France to Northern Portugal and raise the importance of the region. From this point of view a Museo Guggenheim Bilbao impact on economic development is not that enigmatic any more.

The concept of museums that changes economy is relatively new. According to Azúa, modern museum is completely different that it was in the past. New century museums need brand new strategies and demand other kind of thinking. Museo Guggenheim Bilbao shows that contemporary models must comply their role of an engine of economic growth. The project generated 4547 new job positions and 990 million euros GDP²⁵. Between 1997-2003 there was 834000 visitors and 60% of them came from abroad. Bilbao completely changed its image from industrial city to modern, touristic metropolis. As a location of many conferences, seminars and other educational ventures Bilbao drew the economic potential. The ambience of innovation and perfection influences new technologies and foster quality and acquaintance. The new project stimulates competitive advantage and new educational, administration and cultural opportunities. But primarily, thanks to the international cooperation, Bilbao gains importance on the global, universal platform.

Museo Guggenheim Bilbao is managed by the 'mix management model' which means that the financial efforts are focused as on public as private sector. Like most of the European cultural institutions Museo Guggenheim Bilbao was established on a public agreement basis. Although not like these institutions, the Museo's funding is public on only 25% (Basque government and Diputación Foral de Bizkala). The three quarter are from self-financiation and sponsorship. There are 160 (2003) companies engaged in co-funding of the Museo. The organisation gives an attractive perspective to analyse in a sense of sponsorship funding potential.

The organisation budget is 23 million euros. The costs can be divided into three types: artistic programme; maintenance and security; salaries and taxes.

A part of Museo Guggenheim Bilbao sponsorship strategy is to promote its own image as an

25 J. Azúa, *El Guggenheim Bilbao, op.cit.*, p.91

organisation open to the public and to the society. Openness is a key to mix funding – if the Museo is a integral part of an social and economic environment, this environment (business, citizens) are in some way 'responsible' for co-financing the common good.

Mixed management is also a way of co-existence in the international network with others Guggenheim institutions. Both artistic and organisational aspects Museo Guggenheim Bilbao shares within the cooperation with Solomon R. Guggenheim Museum New York and Peggy Guggenheim Collection in Venice. Organisations participate in common exhibitions, educative initiatives, information systems. Collective projects can be organised with more economic resources.

Besides carrying out common project, all Guggenheim institutions cooperate within the global network – three previously mention museums, Deutsche Guggenheim Berlin (close collaboration with Deutsche Bank) and Guggenheim Abu Dhabi. Taking into consideration such a big scope of Guggenheim network, the Bilbao internationality achieves a new meaning.

Museum Guggenheim Bilbao impact on economy is not a one-way road. On the one hand the multidimensional participation in development and city transformations makes the Museum an decisive agent but on the other hand – it is strongly influenced in the environment feedback. The institution create its image with an emphasis on openness, readiness for and closeness with public. Museum is not a 'temple of art' and its relations with institutions and social environment begin to be more important. Art exhibitions are not a 'presentation' of art but a pretext to a dialogue. This kind of attitude builds a sense of community and enhance public willingness to take responsibility for the collective goods. It also builds up a business role in the supporting actions.

Museum Guggenheim Bilbao adopts a compound private funding strategy. Gaining private supporters is implemented within a bipolar structure. The Museum engage both: individuals and companies in private funding.

Within the first individual giving dimension, which is not a very usual type of sponsorship in Europe, the museum has been able to engage 14800 donors (2003). The advantage of exclusivity and prestige has been used to attract givers. 'Members-only' activities like exclusive cultural trips and private guided tours of temporary exhibitions, participation in „member-only days” and many educational attractions have been proposed. Members get also discounts up to 50% for exhibitions, free audio guides and many more. The museum

elaborated a clear benefit structure divided to sections that depend on financial contribution. The annual prize for an personalized membership card is 40€ and to get free international access Guggenheim Museums the prize increases to 650€ a year. The Museum facilitated subscription process and made it possible to join on-line. There's a special members acquisition mode that the membership card can be given as a gift. The Museum undertakes collaborations not only in the cultural field - the membership card enables use of discounts on travels organised by the Viajes Aguirre and Viajes Iberia.

Donations afford museum members the right to a 30% personal income tax deduction under provincial regulation 1/2004, or a 25% reduction under Act 49 of December 23, 2002.

Museum Guggenheim Bilbao cares about its relations with business supporters. Various collaboration options for corporate sponsors have been developed but the museum also assures individual service in terms of elaboration a satisfactory, *win-win* strategy. Companies get 'all sorts of advantages and attractive features for use in their communication and public relations strategies' (Juan Ignacio Vidarte in the official thanks to corporate members). In 2003 the Museum gained 160 corporate members. Corporate supporters are distinguished into four kinds:

- Strategic Trustees
- Trustees
- Corporate Benefactors
- Associate Companies

There is also a section of Media Benefactors which plays more patronage than founder role.

Corporate partners benefits can be classified as:

- Communication benefits (logos at Placa de Patronos del Vestibulo and museum printed editions; possibility of using Museum logo and image in the company activities)
- (External) Public Relations benefits (use of Museum spaces for meetings, conferences, dinners etc. with business partners and stakeholders; group invitations on exhibitions)
- (Internal) Personal Relations benefits (Corporate membership cards, free admissions to international museums; discounts and personalized gifts for employees)

Museo Guggenheim Bilbao provides sponsorship offer for individuals and businesses. The table below illustrates private sector funding scheme for the Museum:

Forms of private involvement	Reasons of the private actors' involvement	Role of the internationality for sponsorship	% of private input
Individual donors	Self-fulfilment; being a part of exclusivity and prestige of the Museum	Museum Guggenheim Bilbao, as a part of international network of Guggenheim institutions is founded by the Solomon R. Guggenheim Foundation. The Foundation, based in New York gets private funds, among others, from businesses and private donors. Thus the Museum in Bilbao is indirectly funded by American (and not only) sponsors. On the other hand the Museum, with its global and prestigious status gets sponsors with international capital like PriceWaterhouseCoopers.	75% of the budget comes from self-financing and sponsorship
Corporate sponsors	Competitive advantage (new educational, intellectual capital and cultural opportunities) due to the Museum impact on the city and economy (European Atlantic Arc).		

Source: Author

3. OFFF Festival²⁶

For me, OFFF represents that rare occasion, one when a small local gathering with an advanced vision and a public responsibility and consciousness becomes a critical and important vital global magnet for like-minded adventurers.

Neville Brody

The first OFFF Festival took place in 2001 but the idea was established one year earlier, during the Online Flash Film Festival. From the very beginning it has been appreciated by the private sector – in 2002 Diesel becomes a strategic partner. Then in 2004, when the Festival moves to Mercat de les Flors in Barcelona, it gets new partners, e.g. Nokia and MTV. Many international media start talking about the event. In 2004 OFFF's audience reaches 1850 participants and OFFF moves to Valencia. When it comes back to Barcelona a year later it gets such sponsors like Rimax, Idea, Red Bull, Wacom...and starts to be one of the most important digital festivals on the international scale. The success of the Festival is undeniable – for the next editions tickets were sold out a long time before the event. In 2006 OFFF audience reaches 2500 people and a year later a special edition in New York (Tribeca Performing Arts Centre) is organized. Then during next 3 years the Festival takes place in Portugal (Lisboa, Oeiras) and Paris. In 2011 OFFF comes back to Barcelona.

OFFF is an entity of permanent transformation. It was established as a post-digital culture festival; a meeting point of innovative creations where conferences, workshops and performances were taking place. Neville Brody²⁷ says 'OFFF was originally viewed as a more-or-less flash-based coding conference that tapped into the exciting stuff coming out of experimental programming, but it quickly enlarged its remit to incorporate other relevant fields of groundbreaking visual explorations and explorers.'

Today the Festival takes places in seven different spaces: ROOTS (the greatest artists present their work), CINEXIN (audiovisual productions), SHOWPLACE (interactive installations), MERCADILLO (space for an exchange of ideas), OPENROOM (rising talents), SPEAKER'S CORNER (space for meeting people and where everyone can present ideas), WORKSHOPS.

The statistics for 2010 provide impressive numbers. There was 3947 participants of the event and 5867 subscribers. The majority was very young people, 18 to 27 years old (35%) and 27

26 OFFF case study has been developed on basis of the interview with Pep Salazar and OFFF promotional materials

27 OFFF, *let's feed the future*.9-10-11 June 2011 CCCB Barcelona, promotional material

to 33 years old (34,5%) - very interesting target group from the sponsor's point of view. Bringing such a young audience to the Festival was a part of the organizers strategy. When the cost of attending the Festival was affordable only for working professionals, organizers made the tickets achievable for students. That was a really remunerative action. Joshua Davis²⁸ says 'As a working professional, there is nothing more inspiring than interacting with the next wave of film makers, musicians, artists and designers who will continue to progress our medium.'. The same attitude was shared by the sponsors – if OFFF gets young people, sponsors get them too. OFFF organizers believe that they need to attract public which can be fully engaged, enthusiastic about technologies, 'that celebrates the Festival like one celebrates a rock concert'.

In the proposal for sponsors the organizers emphasize the international dimension of the Festival. 'It would be perfectly truthful to say that the Festival is worldwide in a field of design and digital art'. Never mind if the Festival took place in Barcelona, New York, Paris, Lisbon, every time around 65% of the audience were people from abroad.

When talking about private financing, some basic numbers has to be given to show the importance of sponsorship for the cultural organisation. The sponsors involvement is estimated on 30% of the Festival's budget. This is a very significant part and it means that the Festival depends on the sponsors input. Other 40-50% comes from self-financing (ticket sales etc.) and aprox. 20-30% from the public funds. This estimation helps to clarify that OFFF is not a typical art festival, almost fully financed by public bodies. High involvement of private organisations makes the Festival also a business event where the companies make profits though in-kind selling of their products to the artists and audiences.

Structure

OFFF has a well-structured framework for collaboration with partners. There are two types of private sector founders - 'permanent'(Principal sponsor) that finances the Festival for many years in a row and 'temporary', that cooperate with OFFF only during one or several seasons. However this diversification is not perfectly clear though because there are much more than just one main sponsor that stays with OFFF for many years. This is a positive sign for the organizers and maybe it should be one of the goals to focus on strategic, long-term partnerships.

The sponsorship structure includes:

28 OFFF..., op. cit.

Principal sponsor (1 possible)

Principal sponsor is one of the integral elements and main actors of the Festival. It plays main role during the conferences, on the interactive platforms and showcases. Creative works are dedicated to promote principal sponsor's image.

Principal sponsor is a strategical, long-term partner. This sponsor is international and not bound to the region of the project. The partnerships does not depend on where the project is taking place.

For many years Adobe has been playing a role of the Principal sponsor. There is a high congruence between this company and the event. According to thesis in the Chapter III of this paper this may not be favourable for the organisation. However the partnership between Adobe and OFFF is not only about building a positive image but it is a collaboration within the company can directly meet its clients. In this case a congruence is not even profitable – is elementary.

The partnership OFFF with Adobe is an international cooperation itself because the Festival's collaborator is not the Spanish Adobe office but the headquarters located in the USA. This is particular, especially considering the fact that the Festival firstly engaged the Spanish branch and then gained support of the American HQ.

Partners (2 possible):

OFFF establishes temporary partnerships every year. Partners are not, like Principal sponsors, associated with the Festival for many years but there are more short-term collaborators. The organizers recently hired a marketing freelancer to help them gain this kind of sponsors.

Partners are pillars of the event and make a part of the programme because of their showcases and other forms of presentation. Among others, Red Bull is the Festival's partner. It seems like there is no connection between the Festival and the energy drink producer. Although Red Bull has been always interested in sports but also the digital world. This is a brand that tries to always be where something innovative happens.

Two other types of alliances with private sector:

Sponsors (3 possible): Sponsors are lower rank partners, still they are important for the Festival. A possibility of his own showcase is given to every sponsor.

Collaborators (5 possible): Partnership with collaborators is more barter-oriented; Festivals

partners offer their services and not, like in other cases, financial support. They participate in creation and assembly of the Festival.

Besides the previously mentioned partners, OFFF associated includes such organisations as: Diesel, Microsoft, Hewlett Packard, Pioneer, Nokia, Epson, Dodge, Fanta, Wacom, Nissan, Creative, Optimus, etc.

One of the significant issues that has to be recorded is that, in contrary to the traditional sponsorship collaboration framework (described in Chapter I, 2), OFFF's sponsors are not affiliated with the region where the Festival takes place. Nor the Festival's mobility around the world neither the sponsors' headquarters locations affect the collaborations. When the Festival moved to New York or Lisbon, its sponsors kept cooperating. What is more, sponsors were even more willing to finance the Festival because they appreciated international promotions of their brands. OFFF is a case where an advantage has been taken from the internationality (in a broad sense) of the event. More about this issue in the point 3.3 (internationalisation).

Types of 'rewarding' and sponsors motivations

Primarily there are two types of sponsors' involvement in the Festival and this is a rather traditional framework. The first is about sponsors supporting the event financially. The other is about selling companies' goods and services with promotional prices, e.g. screens with 20% off if the brand is exposed on the technical devices. This concerns not only technology but also other types of partners (e.g. catering).

Pep Salazar underlines the role and advantage of the Festival for business: it gathers people and brings them together. There are several dimensions in which the OFFF takes advantage of this capacity:

- OFFF brings closer businesses and its clients: the artists that come to show their work during the Festival are professionals that use digital technologies. They are, naturally, the clients of Festival's sponsors. Especially fairs that take place during the Festival are a platform for making such partnerships.
- OFFF brings closer businesses and wider audiences: the Festival's public are also (as the artists) professionals in the technological field. OFFF sponsors also get the access to Festival subscribers data (7000 users).
- OFFF enables positioning of brands: companies put their installations presenting

products, Festival's public can become familiar with functionalities etc. Sponsors want their technology devices to be present at the Festival because this is where their clients are. For the same reason they sell technological infrastructure to the organisers for much lower price.

- OFFF brings together business partners: Public Relations activities are undertaken during the Festival where potential business partners gather. There is also a significant role of the involvement of power, meaning – powerful organisations. Sponsors like Adobe, Red Bull etc. are a very good reference for the Festival.
- OFFF gives visibility: through sponsors' logos in printed materials and web sites. Sponsors are also visible on the interactive and creative platforms like special iPhone applications or imaginative showcases during the Festival. Another element of sponsorship offer are short videos, “credits for sponsors” prepared by artists, that include sponsors' corporate identity elements and are presented during the Festival.

Although actions with exposing sponsors' logos are undertaken, they have never been a clue of the cooperation. Pep Salazar is convinced that ‘the times of exposing logos have passed’ and modern companies have every time less interest in this kind of promotion. They look for much more organic way to get to their clients. According to Salazar, **the most important in getting sponsors is to be open-minded and propose innovative solutions to potential partners**. The event organizers need to be original in what do they offer. OFFF is mostly a place when sponsors can directly meet its clients. They involve in OFFF because this is a platform when they can get to people that use their products. This kind of ‘reward’ for sponsors is more efficient and, what is important, this efficiency can be measured or at least estimated. On the other hand, in the case of just exposing logos, the efficiency is almost impossible to evaluate.

Internationalisation

As it was demonstrated at the beginning of this case, OFFF changed its location several times. And this is quite phenomenal that wherever OFFF took place, 65% of the audience were always people from abroad. That gives to OFFF a very significant international promotion potential.

OFFF goes beyond the cultural project sponsorship framework presented in Chapter I. This is not about getting sponsors from the region where the events takes place. Festival's strategic sponsors are international companies with headquarters located abroad. The Adobe HQ is placed in the USA, the Red Bull HQ is located in Austria. Why such a global organisations

involve in the Festival which nor attracts a big public neither has international recognition?

There are various reasons that could be ordered into three spheres:

- international public – OFFF brings to one place people from technological industries from all over the world. In case of such a global company like Adobe getting access to the wide and varied public is much more important than influencing the local environment. That is why even if the Festival doesn't attract big audiences – it gathers specialized individuals from different countries and this is the kind of target that Adobe values more.
- international artists – artists come to OFFF from all over the world. These are, as it was mentioned before, direct clients of the Festival's sponsors. What is more, businesses associated with OFFF have a chance to present their product through the international post-digital art (artists use technological infrastructure provided by the partners).
- OFFF Tours – this is a growing project; the idea is to move OFFF outside Barcelona and to organize digital arts events in other parts of the world (so far USA, Brazil and a few more). The core Festival stays in Barcelona but the additional external actions are undertaken abroad. This kind of activities opens new doors for sponsorship opportunities. From one side strategic sponsors will be promoted abroad, in different places. Sponsors' brands 'will travel with OFFF' and this is an undeniable benefit for the companies. From the other side the Festival will be able to get much more new sponsors in the regions where these new activities will take place. Thus this idea extends OFFF sponsorship and gives new two-dimensional perspectives.

Forms of private involvement	Reasons of the private actors' involvement	Role of the internationality for sponsorship	% of private input
Corporate sponsors	OFFF is an opportunity for sponsors of direct contact with clients (the artists and the audiences); companies promote their brands through installations (a company gives technological infrastructure to the Festival and logos are exposed); spaces for Public Relations actions are given to the companies during the Festival; all 'traditional sponsorship' actions (logos, publicity are undertaken with innovative attitude and newest technological trends.	OFF audience is international- 65% of people attending the event are always from abroad. For big international companies there is no better target group so OFFF gets sponsors like Adobe or Red Bull. The Festival's artists are also international so the sponsors products are used and presented through the art from all around the world. OFFF travels and 'takes its sponsors brands' everywhere it goes (international promotion).	Aprox. 30% of the Festival's budget.

Source: Author

Chapter III

Why do companies sponsor?

Any discussion about business sponsorship can't be carried over without posing an inevitable question: What are the motivations for supporting the arts? Why do actually companies sponsor?

In fact, probably a lot of cultural organisations would like to know what do they have that could be interesting for sponsors. Sponsors motivations is a desirable information and many researches have been carried out on the topic. Of course in some cases (like it was said earlier in some Eastern and Western Europe organisations experience) decision-making process is a spontaneous and subjective act of an executive person and there are no mysterious motivations behind. Although the generally adopted model bases on the concept of *win-win* partnership and companies want their „win” part to be specified and measurable.

In a matter of measures and effectiveness of sponsorship, this time information is desired on companies side. The question of effectiveness need to be posed even more notably because:

- this is a decisive factor for companies which have to justify expenditures,
- this is the first and the only one undeniable argument for cultural organisations in dialogue with business,
- it is much harder to measure and indicate effects than motivations, mostly because of the long-term and ambiguous nature of profits.

Knowledge about motivations-effects correlation is a key that can open many doors. If companies' profits as an effect are clear, motivations can be easily described. It also works the other way – if a cultural organisation knows company's motivation, it can look for tools that will lead to accomplishments.

Regarding companies motivation, most of the research analysis describe heterogeneous marketing benefits. Some recognitions consider also gaining power in policy-making process or funding culture for altruistic reasons. Long list of possible motives can be condensed into four main types, following the Young and Burlingame classification quoted in O'Hagan and Harvey²⁹. The four main motivations have been called: neoclassical/corporate productivity model, the ethical/altruistic model, the political model, the stakeholder model. Let's take a

29 J. O'Hagan, D. Harvey, *Why Do Companies Sponsor Arts Events? Some Evidence and a Proposed Classification*, Journal of Cultural Economics, 24/2000, s. 205-224

deeper look into each of them.

The first one, neoclassical/corporate productivity model is closest to the commercial benefits of the sponsor. Desired outcome is to increase incomes and other kind of returns to the company. The most direct effect is visibility in pure advertising sense. Implementation of this model means focusing on immediate objectives like improving the image and other Public Relation goals. Culture sponsorship (and sponsorship of any kind) should intensify the company's mobility to make profits. According to this model even philanthropy is defined as a form of generating benefits. Donations, if visible, can also improve company's perceptibility. This model is usually the only one possible in countries with no tax incentives for charity. In this case, when only business expenses are tax-deductible, companies prefer to categorise philanthropy as advertising.

The second type, the ethical/altruistic model is connected to CSR (Corporate Social Responsibility) straightening its importance in the world driven by corporate power. This value-oriented figure follows from the sense of moral duties towards social environment but also creating a dynamic and visionary scenery around the organisation. According to Kirchberg³⁰ this type bases on individual attitude of the chief executive officer (CEO). This personal philosophy is a major factor in sponsorship decision-making process and decisions are usually taken alone. The altruistic character is very strong although it's also clear that by developing cultural landscapes a company creates its positive image.

The third, political model is *business vs. policy-makers* scheme. The goal here is to maintain business environment and free enterprise. Authors like O'Hagan, Harvey and Kirchberg emphasize the preservation of autonomy from government interference. This factor plays an important role in the USA, where business is strongly opposed to the public intervention. In Europe it is much more essential to build political power and prestige to alter company's position in front of policy-makers. The lobbying dimension is crucial in this case. Companies want to possess influence on political circles and urban development decisions.

The last one, called stakeholder model bases on the awareness that a business organisation is always influenced by complexity of actors such as employers, customers, suppliers, community groups, competitive companies ect. The concept of bilateral stimulation persuade companies to take care of these groups because the effect of this model is 'being influenced in a feedback loop by the organisation corporate behaviour towards the outside world'³¹. Raising community creativity through supporting culture improves local atmosphere for business

30 V. Kirchberg, *Corporate arts sponsorship*, [in:] *A handbook of cultural economics*, Edgar Elgar Publishi 2003

31 V. Kirchberg, *op.cit.*, p.148

development. If an attractive cultural environment provides better outside reputation and more well-being perspectives as a consequence it will draw in excellent labour force and customers with more purchasing power. Well-skilled employers demand not only satisfactory job placements but also vital environment and with a rich cultural offer. Corporate art support has a strategic meaning of developing the tank of potential employers, customers and suppliers.

The four model classification is very useful for putting in order all potential motivations. To simplify this pattern, the four types could be cumulated into two pillars:

1. Communication and lobbying motivations (neoclassical model, political model)
2. Development motivations (altruistic model, stakeholder model)

This classification has been elaborated below:

1. Communication and lobbying motivations

Nowadays business organisations face new communication challenges. On the one hand, thanks to the new information technologies and multiplicity of media, consumers are well communicated and react immediately (emotionally and behaviourally) on received information. Abundance of the advertising communication makes audiences less sensible about the product values and more demanding of a deeper context – business coexistence with the society. Today companies need to be aware that they're not any more justified by economic results. D. Ramón Guarda, the President of Valores y Marketing remarks „This situation compel business organisations to put more attention on the new role of business in the society and relations with its stakeholders”³². Then he says that to create a valuable image for stakeholders it's necessary to integrate such components: social, environmental and cultural into the communication strategy.

Philip Kotler in his famous book *Marketing* called the Bible of marketing³³ classifies sponsorship as a promotion tool and labels it as a Public Relations type of action. Public Relations, less invasive than advertising serves to build positive image of a company. If sponsorship is a PR instrument than an effect of its implementation should be better relations with stakeholders and social affinity. It also works for two-dimensional communication process. Company wants her name (or the name of the brand) to be recognized because nobody buys what no one knows. But the recognition is not enough - a company or brand has

32 (2004 p.78)

33 P. Kotler, *op.cit.*

to be desired and arouse positive emotions.

In Finland cultural sponsorship adds up to 20-30% of all business sponsorship expenditures. Rami Olkkonen (University of Turku) predicts that this numbers will increase.³⁴ Marketing departments have been looking for new forms of communication with consumers who stay untouched with advertising communication. This argument becomes shared by marketing experts not only in Finland.

Olkkonen develops his own classification of business motivation for cultural sponsorship. He distinguishes two types of interests:

- a) marketing communication: increasing brand recognition, building organisation's image and creating positive meanings. This is mass communication and the audience is non- defined.
- b) relationships and alliances: establishing relations with stakeholders from all the levels like employees, potential partners, local government etc. This is direct communication and the listeners are explicit.

This distinction on direct and indirect communication can help with identifying tactics that should be implemented in both cases.

More complex motivation model has been presented in the J. O'Hagan, D.Harvey (2000) publication³⁵. They describe four main motivations. *Promotion of image/name* has been already mentioned in this paper but O'Hagan and Harvey add a new recognition. 'An interesting issue here is the distinction between the promotion that occurs when a company funds and event with an explicit link to the product it produces and when no such link exist'³⁶. The example of this 'link' is a company that makes sport outfits and sponsors the marathon. There's no such a link though when a bank supports an orchestra tour. In the first case we speak more about brand promotion that sponsorship which is the second case (bank) that is more about creating company's image.

Supply-Chain Cohesion motivation is to improve relations internally (with employers) or externally (suppliers). An example is when a company funds an event in its region and focuses on employers participation and satisfaction. The arts event is more associated with employers and suppliers than consumers.

Rent Seeking is correlated to lobbying decision-makers (direct) and environment in general when good public image is promoted (indirect). Direct rent seeking can be successful when a

34 R. Olkkonen, *On the same wavelenght? A Study of The Dynamics of Sponsorship Relationships between Firms and Cultural Organisations*, Turku School of Economics and Business Administration, Turku 2002

35 J. O'Hagan, D. Harvey..., *op.cit.*

36 J. O'Hagan, D. Harvey..., *op.cit.*, p.210

company promotes an altruistic and prosperous picture of itself.

Non-Monetary Benefit to Managers or Owners is the most benevolent reason and decision-making process in this case is usually individual. There are many possible reasons why a manager would sponsor the arts. Sometimes executives are personally involved in the world of arts but tax policies facilitate more company than individual giving. It can also occur that the sponsored event is not really coherent with the company's activities and it's not clear how the benefits will be assessed. This kind of sponsorship is closest to philanthropy.

Regarding the international cultural cooperation projects the sponsors motivation described above are perfectly useful but they need to be extended on the international scale. For example the stakeholders-oriented motivations have to be understood as building a positive correlations with partners from other countries by supporting arts productions from these countries. Promotion of the company's name or brand is not maybe spread all over the event-participating countries (sponsors are known usually only for the public taking part in the event) but sponsorship of an international festival creates meanings associated with modern and powerful organisation in the region of an event.

As it was said at the beginning of this chapter, it's the effectiveness that companies care about in the sponsorship relationship. The question is what and how to measure? Effects have long-term nature and it's never clear what kind of values one should use to estimate the results. And what are the results of arts sponsorship?

To get some examples of sponsorship evaluation let's analyse two approaches.

For Pascal G. Quester and Beverly Thomson ³⁷ the central issue in the evaluation was to recognize the attitudes of consumers towards arts sponsors as opposed to advertising. They examined results achieved during the Adelaide Festival of Arts in Australia and compared to sports events sponsorship. The methodology undertaken in the study was to measure awareness but also attitudes and reactions towards sponsors and sponsorship. Respondents filled in questioners after the event took place. They assessed sponsors positively and the majority agreed with the opinion that arts sponsorship in not a waste of money. Almost 90% would prefer companies that sponsor arts that sports. The vast majority was convinced to „give his/her business to firms that sponsor arts”. 85% of the respondents thought that the Adelaide Festival of Arts was better thanks to the sponsors. Respondents appreciated the

37 P. G. Quester, B. Thompson, *Advertising and Promotion Leverage on Arts. Sponsorship Effectiveness.*, *Journal of Advertizing Research*, nr 1/2001

importance of the sponsors in making such events possible, and admitted their essential role in bringing these shows to them. 'If sponsorship continues to be perceived in such a light, it will be sure to keep its place in the communication portfolio of large corporations battling the negative attitudes generated by heavy advertising.'³⁸

The authors analyse the visibility of sponsors during the event and levels of recognition of sponsorship companies. They compared three companies with different degrees of financial involvement into the event. Quester and Thomson noticed that the best recognition was for the company that made the biggest promotional effort (wide promotion on the bus sides and backs, outdoor advertising around Adelaide and extensive print media distribution). The company's logo was exposed intensively and the communication program was ample. The authors come with the conclusion that thanks to the active advertising during the event the company will reach more positive public reactions and a likelihood attitude towards the organisation.

But is it really true that excessive promotional communication during the art event will help to get a credit from the audience? If the sponsorship is so much about expanding logos – isn't it becoming an „intrusive” (as the Quester and Thomson call it) advertising?

The Canadian researchers, professors from the HEC Montréal have different conclusions than Quester and Thomson. Francois A. Carrilat, Alain d'Astous and François Colbert ³⁹ intention is to go deeper into the audience perception and attitude towards sponsors. They invoke Meenaghan and Shipley interviews which shows that clients are concerned about the reasons why the sponsor has decided to support the arts. An arts event audience tends to recognize (intentionally or not) what are the company's true motivations. The investigation proves that consumers link art sponsors more with altruistic than commercial motives. People believe that art benefit more from its association with business than business from the art events. That is why when well-done advertising emphasize the product values, sponsorship would rather arouse friendliness and good will of respondents towards the organisation. The level of kindness of the audience was found to be higher in the case of so called 'high culture' than other, more 'mass-type' events (e.g. rock music or sport event). Meenghan and Shipley demonstrated that people assign more commercial motivations to mass events and the high art sponsorship consider much more altruistic. This recognition help to penetrate audience perception and indicate that they believe in non-commercial motivations of the high art sponsor. This imply that consumers are more tolerant with the

38 P. G. Quester, B. Thompson, *op.cit.*, p.38

39 F.A. Carrillat, A. d'Astous, F. Colbert, The effectiveness of art venue sponsorship: An attribution perspective, *Journal of Sponsorship*, nr 3/2008

advertising nature of sponsorship in the case of popular events than the high art events. This theory is in contrary to Quester and Thomson's article – it's not an advertising exploitation of art events that works for a company's positive image.

Further part of Montréal professors investigation adds a very interesting discovery to the arts sponsorship evaluation. They measured how a degree of congruence between a sponsor and an event determine consumer's perception. Event participants pay attention to the sponsor-beneficiary convergence. If in the 'high-art' sponsorship the congruence degree is substantial, the audience would rather be convinced about the benefit-oriented motivation of the sponsor. The event benefits are perceived to be at the further position in the sponsors intentions. The example of this case used in the investigation was Mondor (manufacturer of dance clothes and accessories) as a sponsor of Montreal's Jazz Ballet.

On the other hand if the congruence degree is low and there's no link between the company mission and the event, the audience assume the company's philanthropic attitude and tend to be more favourable towards the organisation. The example is the International Art Movies Festival sponsored by the National Bank of Canada.

Consumers acceptance for communication and advertising exploitation of an event is greater for popular than high art. Furthermore, the high congruence degree is interpreted as an advertising exploitation and if it works for popular arts, it definitely does not work for 'high' arts. Sponsors credibility can be questioned if the promotional efforts during e.g. the theatre festival are too intrusive.

At the end the Montréal professors come up with a discovery that it is very significant in a matter of sponsorship efficiency. 'Consumers had great intentions to purchase the products of a company which sponsored a high art rather than a popular event regardless of the level of congruence between the event and the sponsor'⁴⁰ (p.283). Thus the consumers perception of a company converted to purchase effectiveness is greater in the case of 'high' art. This is a very valuable argument for arts organisations in the dialogue with businesses.

2. Development motivations

Business motivations described in this section are non-commercial. Even if behind supporting the arts stand long-term economic benefits – they are much more hidden than in previous cases or they are not in the first place on the sponsor's list of purposes. Going back to Kirchberg 4-type framework, the altruistic model and the stakeholder model are less, than other two, commercially-oriented. In the case of the first one, as it was said before, it's

40 A. Carrillat, A. d'Astous, F. Colbert, *op.cit.*, p.283

impossible to talk about 'corporate altruism' because in this model decision is taken by one person (usually the CEO) and according to his own taste and interests. So if an arts organisation counts on corporate altruistic spending on the arts, this is in fact an utopian scenario. In marketing terminology supporting the arts without any profit justification is called Corporate Social Responsibility (CSR). In the overwhelming business domination in today world such a phenomenon has been recognized to define new business picture in the society – emphatic, carrying and engaged. This concept coincides with a form of funding popular in past times, in the era of rich aristocratic individuals who invested in arts for „arts sake” - philanthropy. Does philanthropy exist today and who are the donors?

Michele E. Porter and Mark R. Kramer⁴¹ analyse modern philanthropy and begin with a critical approach of so called „strategic philanthropy”. According to them companies failure in donating such fields as culture is a consequence of implementing philanthropy as an unfocused act with no objectives and undertaken on the basis of personal emotions of an executive person. Then companies face problems with justifying expenditures and dissatisfaction coming from expectations of short-term profits.

Porter and Kramer challenge also the CSR. Firstly, because of the increasing critics and demands over CSR – the more companies give the more is expected from them. Secondly, they quote the economic guru Milton Friedman who says 'the only social responsibility of business is to increase its profits'. Friedman concludes that charitable contribution should be made by individuals but never by corporations. If the Corporate Social Responsibility is not in fact a 'responsibility' – can it be a profitable solution for corporations? Profitable – in what sense?

The authors give an affirmative response and indicate philanthropy’s role for corporation as 'improving its *competitive context* – the quality of the business environment in the location or locations where it operates' (p.6). The competitive context concept bases on the assumption that businesses are not lonely islands but their development depends on the society circumstances. 'The more a social improvement relates to company's business, the more it leads to economic benefits as well'⁴² . Another issue is that companies today rely on local partnerships and are infected by regional environments. They work closely and more horizontally with direct stakeholders. That is other reason for engaging in social matters. Porter and Kramer distinguish four elements of *competitive context* which makes a complement picture of reliance in this concept:

41 M.E. Porter, M. R. Kramer, *The Competitive Advantage of Corporate Philanthropy*, Harvard Business Review 2002

42 M.E. Porter, M. R. Kramer, *op.cit.*, p.7

- Factor Conditions – organisation's competitiveness depends on productivity and there's no productivity without well-educated, talented and skilful employees. Philanthropic initiatives can increase quality of life in the region so it attracts capable professionals. By enhancing local environment businesses create better place to live for their labour force. In this case arts philanthropy plays a great role as a stimulus of higher standards of life. By providing greater cultural offer and activating creative potential of people, it brings benefits to business.
- Demand Conditions – philanthropy can influence the quality of market by bringing to the region 'sophisticated local consumers' which 'enhance the region's competitiveness'. The role of arts philanthropy is similar to the previous one – to attract high-quality demanding consumers the regional efforts have to be concentrated on providing a state of well-being.
- Context Strategy and Rivalry – this is about the regional policies and rules that regulate issues like competition, open local markets, intellectual property rights etc. It was previously mentioned how supporting the arts help in the perspective of building company's policy-making power.
- Related and Supporting Industries – a company needs competitive, high quality partners and suppliers around. If the arts philanthropy encourages better life conditions it also affects other companies and enables better relationships in the region.

If the company understands the different types of roles that philanthropy plays in society, it is able to recognize where to focus building the philanthropy strategy.

Shaping society state of well-being by businesses corresponds to Kirchberg's stakeholder model. The importance of building a prospective environment should be a significant matter for companies. Still, the long-term and not exactly measurable effects can raise organisation's doubts. And even if the society transformations and changes can be somehow estimated how can to be sure that the cause was the company's philanthropic activities? There also appears a free-rider problem – by improving local conditions a company enhance it's competency. And despite that competency is always good for every market, it's obviously not in company's interest.

When talking about 'development-connected' motivations it also has to be mentioned that an organisation gain from association with culture. It means that the direct beneficiaries are company's employees and organisational behaviours are also influenced. An example of

this kind of development is LIFT and *Business Arts Forum* which was invented to offer a company something more than just a logo in the programme. The project was invented to unify arts and business in much more organic and prospective way. D. Roberto Gómez de la Iglesia poses a statement that 'The arts play with – apart of the creativity and innovation – emotions, push to ask questions, to form and unite, to generate experiences (cognitions, feelings, perceptions). In a sense of permanent aspiration to self-development and perfection, business is not so different from arts any more. What can be different are mechanisms that are implemented to fulfil the development objective. From this point of view culture can provide its ideas and instruments that are more creation-based than economical measures and infect business with brand new development perspectives.

Executive summary -

Recommendations

The final effect of the considerations in this paper is a list of recommendations for international cultural projects. Recommendations concern projects sponsorship, more precisely – what are the important aspects that cultural project managers should consider in getting private funds process. The summary has been ordered into 10 main conclusions.

1.

As it has been explained at the beginning of this paper, there are several different kinds of private support for culture. According to the Arts&Business organization, it can be distinguished business investments (base on commercial profits), individual giving (benevolent nature), trust and foundations. As there are different forms of private engagement, project managers should decide which one would be more appropriate to fulfil their objectives. Primarily they should **posses knowledge about their audiences and use these figures to define the sponsors' profile**. If the project has more civic-oriented nature it is possible to engage public in giving support to the arts. If the audience is an explicit target group, this measure should be used in negotiations with corporate sponsors. Knowledge about the audience is crucial for the sponsorship process. There should be taken into consideration the whole context of the project, e.g. if it is a single or cyclical event. In the second case the organization should think about engaging sponsors in more strategical partnership (long-term contracts). Attention should be paid to all fiscal regulations regarding sponsorship, donations etc. to see what types of private involvement are the most favoured in the region. While searching for an ideal private support for the project it also should be taken into consideration that the sponsorship strategy can have a combined structure and include various types (like LIFT: commercial sponsorship, individual giving, Public Relations).

2.

When making a choice and picking up international partners for the project it also should be considered that cultural organisations from different countries have diverse possibilities of getting private funds. These possibilities depend on **cultural policies in particular**

countries and knowledge about differences between these policies is necessary in successful sponsorship process.

Despite of the fact that the most common framework of sponsorship for international cultural projects assumes that getting private funds lays on the host organization side, it is possible for partners to seek private money in their regions. The extra money can cover travel expenses etc.

Likewise if the project takes place in different countries, **cultural managers should know about national policies and fiscal issues regarding sponsorship.** Engaging other countries into the project can bring a possibility to engage businesses in these countries too. Internationality of the project gives new perspectives in gaining sponsors. Cultural managers should obtain knowledge about business willingness to sponsor and tax incentives in different countries.

3.

As previously mentioned, internationality of cultural projects plays a significant role in sponsorship. As the London International Festival of Theatre case study shows (Chapter II), sponsors with foreign capital were interested in funding the event because they wanted to show their interest and 'look good' with countries where they invested. Different countries' participation increase co-financing interests of the companies. OFFF example shows that sponsors can follow a cultural event wherever it travels. That is why **cultural managers should be oriented where the potential partnership businesses invest and try to engage some partners from these countries.** They also should use the argument in negotiations with businesses that supporting an international event helps to create an image of modern, vital and powerful organisation.

4.

International cultural cooperation can have other form that only a partnership between cultural operators. **Cultural managers can bring to their projects sponsors from abroad.** Attracting foreign companies is one way of developing culture industries. It is also constantly growing and becoming more popular type of culture and business cooperation. One of the examples is the Azerbaijan International Cinema Company, a joint venture launched by the Union of Cinematographers and a private British company, ITIL. OFFF case study shows that companies with headquarters located abroad can be also involved in the project.

5.

This is indispensable for a **cultural manager who wants to get sponsors for a cultural project to know the potential sponsors motivations**. Sponsorship is about *win-win* partnership and culture operators need to do all that is possible to respond sponsors needs. Despite of the fact that each sponsor must be treated and analysed individually, there is one general rule for all the cases: sponsorship is about BRINGING PEOPLE TOGETHER. As previously mentioned, sponsorship is a PR tool and needs to be understood as a way to gather businesses and individuals, mostly in a place of the cultural event, in a special 'Friends/Sponsors/Founders clubs' etc. If the art is about bringing people together, **culture managers need to match partners with common interests**.

Public power also needs to be involved. Inviting and engaging influential people in the event always helps to attract businesses. The example is a program *Be a brick, build a block* organized by Julie Rowntree, which shows the importance of creating an action around one meaningful name (in this case Stuart Lipton). The condition is to maintain good relations with these people for a long time after the project begins.

6.

Where the public power needs to be engage, there is also a significant role of its electors. The role of cultural manager is not only to bring audience to the event but also **stimulate people to active participation**. Arts&Business organisation research proved that participants are more willing to spend their money during the event they are favourable to. If it is so, arts organisations elaborate so called 'Membership schemes' and make their audiences a part of a project. According to Arts&Business, membership schemes currently account for the majority of individual giving and are expected to increase in the next years. Membership schemes strengthen relationships between arts organisation and its audiences. Major motivations for supporting cultural event is one's self-fulfilment and personal satisfaction. Audience enjoyment can be achieved by creating a feeling of belonging to the organisation. Backstage tours, invitations for special events and meetings with artists are examples of actions leading to this kind of feelings.

Julie Rowntree stresses the importance of culture **projects's engagement in civic matters**. If a cultural manager wants to engage people in donations, the project must really refer to society and influence the civic environment. Like the program invented by Rowntree, called *Lifting London* that was to raise the morale and bring culture back to the city.

7.

As it was posed in this paper, culture and business partnership is not only about financial profits for the first and advertising for the second one. The relation is much more complex and the results for both – more heterogeneous. Business partners motivations are usually focused on building a positive image and this aim can be achieved with different tools and tactics that culture projects can provide. As earlier mentioned, bringing business people together can lead to networking and business partnerships. Attracting power also helps business with getting access to the decision-makers. There is one more dimension that have been underlined by Julie Rowntree – **development aspect of arts and business cooperation**. The program called *Business Arts Forum* was a 'multidimensional' development program for businesses that participated to 'sense strategic changes via contemporary performance'.

8.

Cultural managers that carry on cultural projects need to be aware of so called *competitive context* – the quality of business environment in the location where it operates. The **competitive context concept bases on the assumption that businesses depend on society in the broad sense and to prospect well, they need to influence the society they belong to**. There are several different goals that businesses achieve through improving the competitive context. One of them is that organisation can increase quality of life in the region and through these actions attract high-level professionals. It also can bring to the region 'sophisticated' consumers and high quality suppliers. Philanthropic actions also strengthen the organisation's policy-making power.

Cultural managers should be aware of this advantages for business. Firstly because it can be successfully used in negotiations with potential business partners. Secondly, a project needs to enable its sponsors to fulfil these aims. If a cultural project attacks big audiences and refers to important civic issues, it is more profitable for businesses to engage in this kind of undertakings.

9.

One of the most important in getting sponsors is to **be original and innovative** while negotiating with businesses. Modern companies seek for something more than just logo on a billboard. OFFF is an example of a cultural event that developed many brand new ways to say “Thank you” to its sponsors. Of course it is much more easier to be innovative when

the project operates in a technological field. Although there are still a lot of examples that more traditional organisations can adapt. What OFFF mostly does is to bring (personally) sponsors to their clients. And this is a value that most of the companies can't neglect.

10.

Cooperation between arts and business is not only about two partners. In the last decades engagement of public and non-profit entities in supporting this kind of partnerships is necessary. European countries governments initiate programs that stimulate enterprises involvement in the arts. To give an example – French Ministry of Culture and Communication undertakes an initiative called *Missión du mécénat*, which main objective is to train and match partners from both areas. The NGOs play growing role in this field. Among others, there are **Arts&Business organisations** (with the most famous British Arts&Business network) which are very active in research and education of organisations from arts and business areas.

Cultural managers can increase level of sponsorship in their organisations by **using the services of this kind of organisation**. The clue aspect in sponsorship are contacts and Arts&Business organisations are professionally prepared to give help and match potential partners.

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