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Management & Consulting

SERVICES

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“How to Exit a Sponsorship so that Lightning Does Not Strike You Down for all the Bad Karma You Create”

I agree. It's a little wordy, but it is more accurate.

ABSOLUTES

There are a few things you absolutely must do when you exit.

Tell them early

If you know you're not going to renew, you need to tell the sponsee as soon as you know. Don't waffle. Tell them the decision has been made, but you wanted to give them as much notice as possible, so they can work on getting a new sponsor to replace the revenue.

Don't give them hope if there isn't any

If there is no way it will be renewed, don't tell them it's "unlikely". They will get their hopes up that they can beat the odds, rather than getting on with replacing the money you won't be providing next year.

Tell them why

If you are not renewing because of some failing on their part, you need to tell them. Put it as nicely as you can, but do tell them. You might say something like,

"You need to know that a big part of the reason we're not renewing is that we never hear from you between one sales cycle and another. We don't feel like you care about our brand and our needs, aside from the revenue we provide. It's too late to salvage this relationship, but you should consider revisiting your approach before you lose any more sponsors."

On the other hand, if your departure is not their fault, you also need to make that clear – even if the failure was yours. For instance, if it was a bad fit from the start (hello, chairman's choice!) or you didn't get

enough internal buy-in to mount a strong leverage program, you need to own up. That doesn't mean you will change your mind. It just creates some transparency in the decision-making process.

Offer a reference

If the sponsee was a good partner, and it just didn't work for your brand, offer to go referee for them. Write a letter and give permission for the sponsee to provide your contact details to prospective sponsors. It's a little thing for you to do that could make a big difference to them.

Joint press release

If the sponsee was a good partner, I would also strongly suggest that you issue a joint press release, to be located on both websites. It doesn't need to be War & Peace. Just state the facts and the strategic reasons for going your separate ways. Ensure you have a quote or two from both sides and say plenty of nice things about each other.

OPTIONAL

Here are a few things you could also do, depending on the type of relationship you have had. For instance, if you've been a major sponsor for ages, and you know your departure is going to be devastating, you may want to go above and beyond what is required of an exiting sponsor. Same if your investment has made up the lion's share of their sponsorship revenue. And, frankly, you may want to look at these options when exiting charitable and community organisations.

Educate

If you think your partner may struggle to replace the funds you've been providing due, at least in part, to their outdated skills, one option is that you could provide a small stipend to cover the cost of a workshop or conference.

It may seem like an odd step, but it's not really that uncommon. Every year, I have several sponsorship seekers in my workshops that have had their tuition covered by sponsors as part of an exit package. Feedback is that they are more confident and more successful after sprucing up their skills, and for a few hundred dollars (maybe a thousand or so for a conference), it's a small investment in the financial well-being of an organisation that was a valued partner to your brand.

Consulting/coaching

Along the same lines, you could provide a stipend to cover a limited consulting or coaching package, so they have some expert help getting their offer together. This would be most appropriate if you're exiting a larger sponsorship, or one that makes up a lot of their sponsorship income.

Again, this may seem unusual, but I've had a lot of sponsors who have provided my coaching services as an exit gesture. And now, I'm getting enquiries about the [new Jump Start package](#) to fill the same need. That said, there's no pressure to hire me for any of this. The basic idea is that you can help them pay for the specific advice they need to get themselves going in a strategic, confident way. It should

cost you no more than a few thousand dollars, which will be a small fraction of the sponsorship you've just exited.

Step-down year

The last option I'm going to give you is to sign on for one additional year at a much reduced level and price. Generally, I don't recommend this option, but there are times and relationships where it will feel like the right thing to do.

The basic idea is that you will move out of the dominant sponsorship position, allowing them a clean slate to seek sponsorship at that level, while still providing them with some revenue during the transition.

This is an option you should only use very sparsely, if at all.

WHAT NOT TO DO

While I have done all of the above in various combinations over the years, there are a few things I really don't want you to do.

Cave in

If you've made a strategic decision and have been open about it, don't cave in and sponsor them again, no matter how dire the situation. I've seen sponsors give a sponsee over a year's notice that they won't renew for an event sponsorship, then step back in a month before the event because either they felt bad or were trying to do the "white knight" thing. The upshot was to create confusion and not give

themselves nearly enough time to leverage the sponsorship – turn the opportunity into a result for their brand – before the event.

If you make a decision and exit nicely, you need to stick to that decision.

Badmouth

Don't ever badmouth a partner. Even if you have privately told them that there were a lot of problems, making their future revenue harder to get is punitive and unnecessary.

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