# DIVERSIFYING REVENUE

# OVERVIEW

For sporting clubs to be both successful during play and sustainable long-term, its important clubs diversify their revenue. Diversification or modifying of revenues provides financial stability for your sporting club, reduces business risk, and makes your club more marketable. Diversification can be having several target audiences, a variety of participation opportunities, and diversity of income streams. Diversifying your club’s revenue becomes particularly important to mitigate risk during times of crisis; it means if one income stream stops being profitable, your club still has other profitable income streams to fall back on. It also enables clubs to easily identify how they can run on leaner budgets due to revenue loss.

# REVENUE STREAMS

There are a variety of ways clubs can make money to support ongoing development. Below are some suggested revenue streams. It is recommended sporting clubs diversify their revenue by doing a number of these options (if not all) to safeguard income.

* Sponsorship
* Grants
* Fundraising and bequests
* Events
* Sales (merchandise, canteen, second-hand goods, services etc.)
* Membership payments and plans
* Diversity of club offerings

These income streams are detailed below, as well as some ways to go about pursuing them successfully.

# SPONSORSHIP

Sponsorship has always been one of the key forms of revenue for many local sporting clubs. Sponsorship is when a business provides funds, resources, or services to a club, in return for some form of rights and/or associations with the club that may be used to help the business commercially. This could be in the form of a logo on a football, signs at an oval or free advertising in the newsletter. Sponsorship can be a great revenue stream, but it can also pose some risk to sporting clubs. Some of these include:

* Clubs and sponsors having too high expectations of sponsorship agreements
* Sporting clubs offering the wrong sponsorship assets to promote the sponsors goods and/or services
* Short-term sponsorship agreements that rely too heavily on targets being achieved, prior to moneys being paid
* Poor sponsor relationship management; leading to sponsor disenchantment
* Clubs relying too heavily on sponsorship revenue to run their sporting club

Before you involve your club in sponsorships, it’s important to consider:

* What rights or benefits can your club offer a sponsor i.e. improved image, increased sales, competitive advantage, increased awareness, ability to lock out a competitor or change consumer attitude.
* What are inappropriate sponsors?
* Do you have the appropriate resources to deliver the sponsorship agreement?

As noted, whilst sponsorship can boost revenue, it also requires a commitment from the club to nurture and maintain the relationships that underpin these sponsorships. Some ways to do this include:

* Communicate your expectations; building the best relationship possible with your sponsors requires they know your expectations of them, how you see the sponsorship working etc.
* Create and maintain a close working relationship; set up a regular monthly catch-up to work through the sponsorship agreement, and fortnightly check-in phone calls.
* Maintain transparent communication; sponsorships work when both partners are clear, honest, and transparent in their communications.
* Get to know your sponsors target markets; who are they trying to target, is this aligned to your demographics, and how can you support them in better engaging these cohorts?
* Meet sponsor expectations; in other words, do what you say and be across what they expect from this partnership (is it just branding or are they expecting direct return on investment)?

When looking for sponsorship, it’s better to target businesses that you know are aligned to your target demographics. This will ensure the sponsorship offerings are aligned to your club, and the sponsorship is beneficial for both parties. Like all forms of fundraising, it is easier to start locally with your members, friends, and relatives. If people know your club and understand what you do, then they are more likely to listen and give the support required.

There may even be someone within the club who has a small business and is willing to sponsor the club. Check with your suppliers of sports clothing, food and equipment. Research local businesses and target those who could benefit from a partnership with your club.

Selling sponsorship can be considered an art form. Improve your chances of winning the deal by using these golden rules:

* Offer an opportunity and not a problem - offer a solution to a potential sponsor’s problems, such as providing a bottom line saving or profit
* Target companies with the right fit - does your target audience's demographics - personal, social, and geographic profiles - fit with those of the company or brand to be promoted?
* Offer rights that the company can exploit - offer value for money - price your 'product' to ensure your organisation will benefit from the relationship and that the sponsor will make a profit. Make sure your product is priced similarly to comparable products
* Stand out from the clutter - make sure your proposal is addressed or delivered to the person who has the power to say ‘yes’. Often the contents of a courier bag are treated with more respect than an envelope received in the mail
* Be professional - make sure your representatives, including volunteers, always present themselves in a professional manner and understand what is required of a commercial relationship
* Be persistent, not a pest - following up a sponsorship request is necessary, but not to the extent that you interrupt the recipient’s ability to do their job. It will take time for a potential sponsor to come to grips with what you are offering and for a relationship to grow and develop.

The above resources have been collated from Clearinghouse for Sport, and can also be accessed here:

**SPONSORSHIP POLICIES & AGREEMENTS**

*Sponsorship policy*

It is good business practice to create a sponsorship policy within the organisation before you apply for sponsorship. This will help clarify expectations regarding sponsorship deals particularly for members.  Identify in the policy:

* Objectives for entering a sponsorship
* Rules for entering into a sponsorship agreement
* A standardised approach towards sponsorship throughout the organisation
* The level of accountability and responsibility.

*Sponsorship proposals*

A sponsorship proposal is a formal offer to do business. It needs to be well presented and contain enough information for a company to gain a thorough understanding of what it is being offered.

* To learn how to structure a sponsorship proposal, follow this link:

*Sponsorship agreements*

Sponsorship agreements can be as simple as a verbal agreement to give a donation of a hundred bread rolls from the local bakery through to complex five-year agreements for naming rights of your local competition.

It is good business practice to have a formal agreement or contract in place and is a necessity for significant funding. Lack of a written contract increases the potential for misunderstandings and the relationship turning sour. A change of personnel can mean the intent of an agreement is lost, unless the agreement is in writing.  If unsure, consult with a lawyer to ensure the agreement is sound.

Never assume you will get certain rights. Clearly state the rights agreed to or commitment in the contract.

*Sponsorship evaluation*

The best way to make sure your sponsor understands the returns is to provide an evaluation report detailing the benefits received. It is also good business practice to show evidence of accountability. Evaluation also helps a club formally review its activities, provides a frame of reference for future projects and aids the planning process.

Decide in the negotiation process the level of reporting and evaluation you are going to provide each sponsor. Every case is different and depends on the size and type of offering.

The report can be as simple or as complex as you want it to be. Follow this simple guide to help you write an evaluation report.

# GRANTS

Grants are another mechanism to raise and diversify revenue. Grants can fund several different elements within your club; facility development, sporting equipment, skill development etc. However, whilst grants can provide a quick injection of cash, clubs are often beholden to the terms of the grant. Grants should be treated as a once off cash injection, opposed to a core revenue stream. Core activities shouldn’t be funded with grants monies; when the grant funding runs out, its important clubs have ensured adequate budgeting and secure revenue streams for future planning.

For those clubs interested in sourcing grant funding, The Funding Centre releases a monthly pdf newsletter with all the grants that are open for that month: <https://www.fundingcentre.com.au/easygrants>

Council also provides funding opportunities for community clubs and groups:

[Community Grants and Funding | Greater Dandenong Council](https://www.greaterdandenong.vic.gov.au/grants)

Additionally, the below resources have been collated from Club Help, and may assist in building your clubs capacity to write and apply for grants: <https://www.clubhelp.org.au/club-finances>

**PLANNING FOR GRANTS**

When going for grants, planning goes a long way. Here's some initial steps to get you going:

* Know what your Club wants to do and why. It is better if the grant application is stimulated by an idea rather than the other way around. That way, your club doesn't create work for volunteers just because there is money available.
* Read the Guidelines Carefully: Look for the key clues first – eligibility, funding objectives, priorities, target groups, overall aims of the funding agency, timelines. If the grant targets e.g. disadvantage, it is worth finding out what this constitutes.
* Not Eligible: If your organisation is not eligible, you could partner with an organisation that is. They become the lead agency on the application and list you as a partner.
* Make the Call: call to the funding agency contact or a representative of the funding agency before you launch into the write up. Discuss your ideas, the grant, and what the funding body is looking for.
* The Grant Aims: After reading the grant guidelines and discussing it with the funding agency, make sure you are clear on the aims of the grant. This link is the most important aspect of your application.
* Rough Plan: why, what, who, when, when, some details how and how much. This needs to be realistic, logical and have a well thought out budget attached.

**UNDERSTANDING GRANT TERMINOLOGY AND CRITERIA**

This section is designed to give you some clues about common terminology used in grant guidelines and some suggestions on how you might respond to some key questions:

* *Eligibility / Who Can Apply* – Usually very clear cut. If you’re not eligible, do not proceed without a partner or auspice that is eligible. Some common inclusions in eligibility statements are 'incorporated body', 'not for profit', 'rural' or 'regional', or a 'Deductible Gift Recipient' (DGR) in the case of philanthropic funds/grants
* *Philanthropic Funds* – Are derived via donations or bequests to a charitable fund and distributed to specific projects/organisations usually with DGR status i.e. those that can receive donations and offer tax deductions. Sporting clubs don’t usually have DGR but could partner with a group that does e.g. church.
* *Funding Objectives* – This defines what the grant is for and your project needs to line up with and contribute to this objective
* *Target Group* – This refers to the group the funding is trying to support e.g. people with a disability, older adults. Your project must engage or support the nominated group if specified.
* *Project Reach* – This refers to how many people, how far and wide your project will impact. Your project does not have to be widespread to have broad reach though e.g. you can increase the reach by sharing any resources developed or learning with other like agencies
* *Disadvantage* – When grants give preference to areas of disadvantage, find out what that refers to. To evidence your area as disadvantaged you can use:
* SEIFA Index (Socio Economic Index for Areas) – you can access this from your Council
* Local Demographics – Australian Bureau of Statistics, local government particularly to determine prevalence of target group in the area
* Rurally Isolated - indicate distance to major centres and services
* *Sustainability* – Refers to your project’s ability to demonstrate how it could continue after the funding is over. This can be achieved by e.g. charging a fee to use next time, being able to re-use materials, attracting other fund sources. Some things can be sustainable without money – e.g. resources developed, relationships, infrastructure, learning
* *Project Plan* - Your project plan should include the steps you will take to implement your project including timelines, benchmarks, and who will undertake the tasks. This can be provided in a table form or Excel formats
* *Evaluation* - This simply refers to how you are going to identify whether the project has been successful or not against the objectives set by the grant. It can use measures such as the number of participants, participant feedback, visual displays etc. Note it is never a bad idea to include your evaluation measures in your project plan
* *Partnerships* - Real partnerships are more than just a sign off. In your grant application you should demonstrate the strength of your partnership by demonstrating joint planning, roles and responsibilities of each and how the partners will ensure communication e.g. meet monthly.

# FUNDRAISING AND BEQUESTS

Fundraising is a key revenue source for many sporting clubs. Fundraising can take many forms, from a humble tin rattle to a full-scale event. When times are tough, fundraising can also be one of the main sources of revenue, but it is also the most time consuming. To learn more about fundraising and some ideas to get you started, explore Sports Community: <https://sportscommunity.com.au/fundraisings/>

# EVENTS

Events can be a fantastic mechanism to increase your sporting club’s revenue. Although a form of fundraising, events require some additional thinking. An event is a gathering of people for a purpose. For clubs, examples could include for the purpose of fundraising, celebrating, educating, competing or for social reasons. A club Annual General Meeting is a form of club event.Events can be large or small and can include just members of your club, the local community or even people from around the world if your club chooses to fundraise online.

Events can be a great deal of work and for some, are quite challenging. There are certainly ways to minimise these challenges and share the responsibility among volunteers at your club. Many clubs find that each year the events become easier to run as volunteers learn the easiest and most efficient ways to do things.

If you’re looking for some resources to run successful events, a good place to start is <https://www.greaterdandenong.vic.gov.au/holding-event-greater-dandenong> OR <https://business.vic.gov.au/business-information/event-planner>

**EVENT ORGANISERS**

In clubs, the committee will generally delegate to a volunteer to run an event (i.e. like the mid-season ball). The volunteer focuses on the actual event, booking a location, getting a band, and sorting out the food and drink; depending on your event or activity it could be so much more than that. It is the event organiser’s responsibility to ensure that the event runs smoothly and achieves its’ objectives. Depending on the size of your event this could include:

* Organising committees and sub-committees
* Recruiting and briefing volunteers
* Budgeting
* Choosing the date and booking the venue
* Risk Management
* Liaising with the council and government
* Organising licences and permits
* Organising insurance to cover your event
* Sourcing and booking the equipment required
* Organising logistics of; power and lighting, toilet supply and maintenance, water supply, waste management, noise management etc
* Venue cleaning
* Traffic and parking and any road closures
* Ticketing and Participant Registrations – On the day, online and refunds
* Participant Declaration and Waiver
* Marketing and Promotions
* Media, Website, and social media
* Booking Ambassadors and Special Guests
* Maximising fundraising at your event
* Sponsors and donations
* Developing policies and procedures
* First Aid
* Money Handling
* Site Plan and Layout
* Event and day running sheets
* Communication with participants, volunteers, the community and guests
* Post event reviews

Looking at this list can be overwhelming, but the benefits are most certainly great when running an event at your club. Organisation is the key. Being prepared and knowing how to ask volunteers to help is also important.

Things to consider when planning an event:

* What is the budget?
* Can you leverage sponsorship agreements to cover some of the event costs?
* What is the predicted profit margin for the event? Will there be one?
* How many people do you need to attend to make a profit?
* How many volunteers will it take to plan and run the event? Do you have enough?
* Is this the main fundraiser, or will there be others?
* What are the risks? How can you mitigate them?
* Is this something that the club members want, or is this just a means to make money?
* How are you keeping track of spend?
* Are there things you can do instead of hiring someone else to do them i.e. decorate the venue?

Whilst there are certainly many things to consider, it’s integral to ensure the event is being run with a clear purpose, and that there is engagement from the broader club membership to attend.

# SALES

Another form of revenue generation is direct sales. Sales can come in the form of many things: canteen sales, merchandise sales, second-hand equipment sales etc. Sales can provide your club with a quick injection of cash but remember not to overestimate on purchase orders. Leftover stock is money wasted.

# MEMBERSHIP PAYMENTS AND PLANS

Increased participation doesn’t always lead to increased revenue. This is because some people may face barriers to paying membership fees. Instead of waiving fees entirely, clubs may be able to offer payment plans for those who can’t pay membership fees in one lump sum payment. Whilst some State Sporting Associations may not have structured payment plan options, it is possible (depending on the club’s resources) for the club to pay the participants’ membership directly, in conjunction to organising payment plans with the participant (or their families) to repay this cost. Naturally, this comes with an associated level of risk – and it’s important to be aware of this.

# DIVERSITY OF CLUB OFFERINGS

One of the simplest and least time-consuming ways to diversify your club’s revenue is by offering an array of diverse membership options. Whilst some of these may be aligned State Sporting Association formal membership offerings, others may be club specific and take the form of casual/social membership, training membership, family offers and so forth. Diverse offerings diversify your target demographic and enable you to engage new audiences. If you feel this is a particularly good opportunity for you club, try engaging with different community groups and creating a membership offering specific to that community.

# HOW TO RUN A LEANER CLUB?

It can be challenging for clubs, if one or multiple forms of revenue are no longer viable. At times, this may mean clubs have to run on leaner budgets (spend less) in order to remain financially sustainable. For some clubs, this can be a daunting process. Below are some ideas to reduce your costings.

* Purchasing second-hand equipment instead of new equipment
* Consider hiring emerging coaches, trainers etc.
* Partner with universities to leverage students requiring work placements at low or no cost
* Look to engage physiotherapists in sponsorship agreements to supply trainers in exchange for promotion
* Purchase goods where possible directly from the wholesaler opposed to retailer
* Get multiple quotes on goods and/or services to find the most competitive
* Consider reducing spend on player payments. What are some other incentives that don’t require direct cash payment to players i.e. can one of your members offer them a job? Can one of your sponsors provide a player with an ongoing good or service that they like?
* Cancel events that typically run at a loss

In situations where things may be a little more dire, you may need too:

* Reduce the number of teams being fielded
* Hold-off on any club expansion plans
* Delay unnecessary club works or renovations

It’s also important to acknowledge that fees and charges will likely stay the same – league fees, facility hire – if not, increase year on year. This doesn’t mean, clubs can’t be innovative to stay out of debt themselves. Some suggestions include:

* Requesting a payment plan to pay fees over time, opposed to one lump payment
* Explore opportunities to pay fees and charges in advance, when cash-flow may be more readily available