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Time For Municipal Marketing To Realize Its Potential

BY LESA UKMAN NOV 16, 2011

“Make no little plans. They have no magic to stir men's blood and probably themselves will not be realized.”

Unfortunately, that sage advice from the great architect Daniel Burnham regarding his “Plan of Chicago” is not being followed by the current leader of that city, nor by other civic leaders when it comes to building meaningful public/private partnerships between municipalities and corporations.

Mayor Rahm Emanuel is rethinking everything from the routing of garbage pick-ups to the redevelopment of the Chicago River. Too bad he is not applying that same strategic creativity to corporate partnerships.

From Philadelphia to Atlanta and New York to Colorado Springs, scores of municipalities, school districts and government bodies have tried, and failed, at optimizing revenue potential from corporate partnerships. Rather than learning from these experiences, the City of Chicago is repeating the mistakes of government officials—and inexperienced rightsholders—coast to coast. These include:

Selling advertising, not building partnerships. Mayor Emmanuel projects $25 million in annual revenue from selling signage on city property. If the Bank of America banners on a Chicago River bridge house that appeared last weekend are any indication, the program will end up costing the city money while squandering the much bigger opportunity from integrated partnerships.

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Beyond currying favor with the city, why would any company want to clutter Chicago's storied architecture with cheap, ugly banners? It will hurt, not enhance, the brands of the advertisers.

In a blog post, the bridge docent for the Chicago River Museum called the signage a "tasteless display of corporate graffiti on historic landmarks."

In addition, if signage is not integrated into a larger partnership strategy, the city will be ambushing its own efforts.

Seeking sponsorship for what needs funding rather than what's most marketable. Sponsorship is being sought to offset costs of hosting the NATO/G8 Summit in Chicago next May. With police being trained for "mass arrests" and more than 30,000 angry protesters expected, the risks of sponsoring the summit far outweigh the benefits.

Yet the City of Chicago is sitting on a surfeit of untapped assets, from iconic festivals to robust year-round opportunities that can be built with city high schools and colleges.

Sponsorship fees are unrestricted. Sell what's most marketable and use the funds to offset G8 costs.

Outsourcing sales to amateurs, political cronies or agencies. *Crain's Chicago Business* reports that Mayor Emanuel has "enlisted a troika of A-list fundraisers" to solicit corporate partners for the NATO/G8 Summit.

The troika, A-list or otherwise, may know how to solicit campaign and philanthropic contributions, but have zero experience creating and marketing business solutions. Working with fundraisers will either leave money on the table or alienate businesses.

The upside potential is too high to hire an agency to sell on commission or risk leaving money on the table with the wrong hires.

Chicago should take control of its commercial destiny, not outsource it.

So, how should the City of Chicago and other municipalities approach corporate partnerships? Top-line strategies include:

Set the policy, be transparent. Adopt a marketing partnership policy that governs the process. In 2003, New York City's CMO unilaterally signed a deal with Snapple giving it exclusive vending in public schools. The Bloomberg administration was accused of making a "backroom deal" without public review and was sued for not putting the opportunity out for competitive bidding. While the court allowed the contract to stand, it said future contracts could not be handled this way.

Centralize assets, design strategic solutions. IEG client experience reveals the way for cities to maximize revenue generation from the corporate

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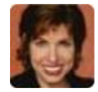

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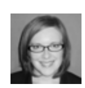

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Rather than the current approach, where companies are asked to buy signage one day and a G8 Summit or city festival the next, targeted prospects should be approached with a strategic solution. It should be made clear that this is the city's sole opportunity for the category and that there will not be 20 other ways in.

Base fees on value, not instinct or budget. Without knowing the fair market value of the Snapple deal, New York City undersold it and most of the revenue was contingent on sales in vending machines that never materialized.

Know the drivers of value. Just because you can put a sign on a bridge does not mean you should. In 2011, eyeballs are a commodity. Partners need engagement opportunities, not signage.

Less is more. Selling 30 partners at $500,000 each generates $15 million, with net revenue after deducting the cost of selling, negotiating and servicing closer to $12 million.

Alternatively, three strategic partners at $15 million each will generate $45 million, with an estimated net of $43 million.

Build in benefits for citizens. Corporate partners require buy in from the public. This will only occur if residents benefit from the partnerships—expanded bike lanes, additional science tutoring for school children, green initiatives, etc. Each partnership should be designed accordingly.

Don't just think cash. When assessing offers, the entire package should be considered. In addition to cash, corporate partners bring vast promotional budgets which can be harnessed to build the city's brand, growing jobs and tourism.

With a strategic approach, cities and other government entities can lead the way in partnerships that enhance the quality of life for their citizens, provide much-needed unrestricted dollars to municipal coffers, and deliver high-value sales and marketing solutions for corporate partners. Everyone wins.

Listen to IEG Senior Vice President Jim Andrews offer alternatives to the City of Chicago's current advertising program in an appearance on WGN-AM on November 15.

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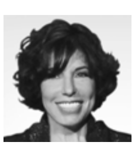

ABOUT THE AUTHOR

Lesa Ukman is the founder and chief insights officer of IEG. With the launch of *IEG Sponsorship Report* in 1982, she created a publication that defined an industry now worth more than $53 billion. She continues to define new and better ways for companies to get closer to their customers through sponsorship, including her current pioneering work developing the new industry standard for measuring the results of sponsorship, offered through IEG's ROI Services. Follow Lesa on Twitter!

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