

# THE Sponsorship REPORT

Registered Trademark

## Sponsorship on the Edge

*Naming rights sale helps private school fund expansion.*

IN WHAT IS BELIEVED TO BE A first in Canada, a private school has sold naming rights to a number of its assets. Edge School, a private sports academy in Calgary, has raised just over \$3 million of its \$36.6 million new construction program by partnering with such brands as Pepsi, ATB Financial, Provident Energy and Shaganappi Motors, a large local General Motors dealership.

Edge's new facilities in Springbank will consist of a two-storey academic wing and sports facilities comprising two dance studios, two NHL-size ice arenas, two gymnasias, a large fitness centre and an outdoor soccer-rugby pitch.

Like every other private school, Edge has relied on hefty tuition (\$13,000 per annum) and deep-pocketed parents and alumni to fund its operations. That remains the school's principal source of revenue, says President and founder Brent Devost. "This is more of what you would call icing," says Devost of the naming

rights revenue.

Devost was introduced to the revenue potential of naming rights at a sponsorship conference last fall. He retained Performance Sponsorship Group (PSG) to price, package and sell the properties. PSG identified a wide range of marketable assets, but Devost pared down the list to the sports and recreation facilities only. More importantly, he made a commitment to the local community that those assets would be made available to them when not in use by the school.

The Springbank area is a relatively new residential community just west of the Calgary city limits. As with most young communities, it is rich with families, but poor in recreation infrastructure. Opening up the facilities to the community ensured that they would generate foot traffic that would be attractive to potential naming partners and made the concept of naming rights an easier sell to the school's board of

directors, which had to approve the deals.

The values that underpin Edge make it an attractive partner. It has high academic standards in addition to its focus on athletics, and it stresses health, fitness and character. The school serves some 300 students in grades 6 through 12.

The sports and recreation complex will reflect a mixture of legacy and commercial naming. The Jim Davidson Sports Complex, named to recognize a major donor. Inside, the Shaganappi Motors Ice Centre will house the Provident Energy Arena and the Kyle Stuart Memorial Arena, named in memory of a former student. Two gymnasias will be branded Pepsi G2 (a sports drink). Overlooking the complex is the ATB Investor Services alumni lounge.

With the exception of Pepsi and ATB

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## A new package

TO DEBORAH WILSON's knowledge, no one had ever sold naming rights to assets in a private school. When it came to packaging and pricing, she was working without a net.

"The primary evaluation is based on eyeballs," says Wilson, Senior Partner at Performance Sponsorship Group. The same principle applies whether it's a gymnasium in a private school or a performing arts centre. You identify assets that can carry a sponsor's logo, count the eyeballs that will fall on that asset, and do the math.

"The intangible aspect is much more difficult to put together because it is a new facility," she says. "In our proposal we made that very clear. We had a short

history of a couple of years of performance," referring to the school's former facilities and its relatively brief history. That included not only athletic events but also various functions staged by the school to attract funding.

"We also traded heavily on the board. Quite a few prominent citizens in Calgary are involved in the board, and a number of graduates have gone on to careers that are sports-related. So we had some indicators that said, 'this is what we've done in a short period of time, can you imagine what we would do over a longer period of time in our own facility?' We extrapolated from the short history we had and painted a picture of excellence over the long term - and crossed our fingers."

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Investor Services, all naming partners are companies with some sort of connection to Edge, either through students passing through its doors or through representation on the board of directors. That having been said, Devost says there was a clear difference between these discussions and any donation appeals he had made to these companies in the past. A company like Shaganappi Motors is expecting this deal to be reflected in increased business from the Springbank area, he says. "This wasn't a case of a bunch of friend of the Edge saying, 'that's great, we'll give you the dough.'"

It is also apparent, however, that some board members were eager to put company money into the school. What they needed was a business case for doing so. That business case was made when PSG presented its valuation of Edge's assets.

Part of the process, says PSG Senior Partner Judy Haber, was educating both Devost and his board on the differences between sponsorship and philanthropy. Edge is well practised in the philanthropic ask. Sponsorship is completely new territory. Fortunately, board members – mostly captains of industry in Alberta – were quick studies. "It was all dollars and cents to these guys," says Haber.

Tom Buchanan, President of Provident Energy Trust, frames his company's \$1 million arena naming as community investment that touches two of four pillars: health and education. Buchanan sits on Edge school's board of directors, but says that without the

guarantee of community access to the sports and recreation facilities, he would not have supported the proposal.

The oil and gas barons who fill Edge's board of directors had no objection to heavy branding on the named facilities. Devost promises that branding will be prominent, and that all naming partners will get some recognition at all the named venues. At the Pepsi G2 gymnasias, for instance, Pepsi will be prominently visible at eye level, but all other naming partners will receive brand visibility higher up on gymnasium walls.

Naming partners also receive complimentary access to the facilities and even classroom space (for training seminars, for instance). The ATB Investor Services alumni lounge will be available for corporate hospitality, a benefit to all partners but one that made that asset particularly attractive to ATB Investor Services. Devost says other opportunities to extend benefits to partners will be explored once the facilities open in January.

## The deals

**Property:** Selected athletic facilities at the Edge school a private sports academy near Calgary

**Naming partners:** Several

**Terms and rights fees:** Pepsi G2 (gymnasias), 10 years, \$350,000; Provident Energy (arena), 10 years, \$1 million; Shaganappi Motors (arena), 20 years, \$1.2 million; ATB Investor Services (alumni lounge), 10 years, \$600,000.

**Key selling point:** Athletic facilities will be available for use by the community outside of school hours