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# Football community trusts in a new operating landscape: Reducing the reliance on grant funding through sponsorship

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## *Abstract*

The purpose of this study was to outline the need for football community trusts (FCTs) to reduce their reliance on grant funding and to explore opportunities for partnerships with commercial organisations, in particular through sponsorship arrangements, as an appropriate mechanism to do so. The first stage of research involved the quantitative analysis of 76 FCT financial statements to explore revenue sources and mix at FCTs. The second stage involved case study analysis of four FCTs using semi-structured interviews with senior staff and supporting secondary data to explore opportunities for increasing income through sponsorship arrangements. The research found that FCTs are overly reliant on grant funding and that opportunities exist for FCTs to target sponsorship as an area of revenue growth. This paper demonstrates the opportunity for FCTs to generate sponsorship income to diversify revenue streams and ensure their financial sustainability in a competitive operating landscape. The research provides practical guidance for FCTs seeking to form sponsorship arrangements based on cases of successful engagement by suggesting potential targets and strategies and by highlighting the main challenges and benefits that may be faced by FCTs. This research contributes to the literature by exploring the partnership between private sector companies and sports-based charities from the charity’s viewpoint. It also fills a gap in the literature by presenting the first exploration of the revenue mix at FCTs.

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# CHAPTER ONE: Introduction

The objective of this chapter is essentially two-fold: to provide the rationale for the research by introducing the broad topic area, and to outline how the paper will be organised. In terms of the rationale this chapter will firstly detail the shift in the landscape in which charitable organisations operate in the United Kingdom due to two significant government policies: the advance of the 'Big Society', and the outcomes of the 2010 spending review. It will then highlight the threats and opportunities these policies present for third sector organisations, and in particular for sports-based charities. With this in mind it will present the need for the diversification of revenue streams in charitable organisations. By so doing, this chapter will present the aims of the research to be explored in detail in the chapters that follow. This introductory chapter will conclude by briefly setting out the organisation of the paper.

## *Rationale for the research*

The landscape in which charitable organisations operate in the UK has changed significantly across the last three decades. In 1979 the Conservatives came into power. The Conservatives have long championed privatisation of public sector activities (Anheier, 2005), and argued for the separation of welfare activities from the State (Lewis, 2005). This led to other organisations addressing welfare issues, which in turn allowed the development of the 'Third Sector' as a legitimate sector in its own right (Lewis, 2005). Evans (2011) noted a range of organisations that form the third sector: Charities, social enterprise and community interest companies, mutuals and co-operatives, voluntary associations, volunteering, local campaign groups, and community trusts. Notwithstanding its prominence, Kendall (2003) observed that the voluntary sector was never central to the Conservatives original policy priorities.

The New Labour government was elected in 1997, under whose ‘third way’ policy the third sector was key to realising the government’s objectives, particularly in addressing welfare and social inclusion issues (Kendall, 2003; Lusted & O’Gorman, 2010). Accordingly, the government advocated the further development of community organisations.

In 2010 the coalition government of the Conservatives and Liberal Democrats was elected. A key policy was an adaptation of the ‘third way’ into a political vision labelled the ‘Big Society’. Big Society takes the responsibility from the State in the delivery of public services and devolves it to the third sector (Young, 2011). The Conservative Party (2010, in Evans, 2011) describe the aims of the Big Society as seeking to mend ‘Broken Britain’: to be a cheaper alternative; to drive change; and to give voters greater power and information.  Third sector organisations are expected to expand their scope of activities to supplement and eventually replace the State in the field of public service (Anon. 2011a).

Alongside the advance of the Big Society is the significant debt reduction policy. The coalition inherited a deficit of £15.23bn (Rogers & Kollewe, 2011). Throughout 2010 a series of measures were announced to reduce public borrowing by £113 billion by 2014-15, including £83bn through funding cuts (Rogers, 2010).

These cuts averaged 19% across each Department (Anon., 2010a): The Department of Communities and Local Government lost 51% of their budget (Allen & Stratton, 2010), and local governments will be hit with a 7.1% reduction (Taylor, 2010). Sports face a reduction in funding of around 30%, achieved to some extent through the merger of UK Sport and Sport England, but given the imminent Olympics it is non-Olympic sports and grassroots that will be hit disproportionately hard (Gibson, 2010).

These cuts threaten the viability of third sector organisations given their dependence on public funding (Evans, 2011). Ramesh (2011) noted that charities have already been significantly affected: Early figures indicate a loss of funding from local authorities of £110m, causing 2 200 charities to either close or reduce their operation (Savage, 2011).

The Charity Commission also notes the provision of grants from charitable foundations as a key income source (Charity Commission, 2005). For example, the Football Foundation is the UK's largest sports charity, providing grants for grassroots projects (Football Foundation, 2011). While the foundation receives income and resources from non-government partners it also relies significantly on government, having received £15m via Sport England for 2010 (Football Foundation, 2011). The cuts to government spend will impact the operations of foundations such as this, resulting in a trickle-down effect to charities that receive funding through this route.

The situation in the UK mirrors Canada in the early 2000s: Struthers (2004) researched the financial vibrancy of third sector organisations when the charitable sector was growing and the government was downsizing. Around 60% of charitable organisations reported problems in reductions or the flow of funds, and 25% of those were ‘serious’. Similarly, while the UK coalition government had pledged £2bn for third sector organisations (Ramesh, 2011) whether charities survive to see that funding is questionable (Young, 2011; Evans, 2011; Savage, 2011).

In a changing funding landscape charities can reduce revenue volatility through diversifying income streams (Struthers, 2004; Carroll & Stater, 2009). As an example, City in the Community (CITC, 2011), the football community trust associated with Manchester City Football Club, stated in their most recent Report from the Trustees that:

> A major part of [the new business plan] will be looking at how we become more sustainable in today’s current economic climate. The government has indicated there will be major cuts in public sector funding, therefore the new

business plan will require us to have a strategic plan to increase our corporate support.

Sports-based community organisations such as football community trusts are clearly not immune to these challenges; organisations that rely on grant funding are at risk. These organisations must consider alternative funding sources to maintain and expand programs and services (Doherty & Murray, 2007). These risks can arguably be pacified by equalizing the reliance on earned income, contributions and investments (Carroll & Stater, 2009).

Corporate partnerships are one area to which such organisations can turn to obtain additional funding (Berrett, 1993). Importantly, the appetite for partnerships is mutual. Increasingly, private companies have looked to third sector partnerships to address corporate social responsibility agendas (Barone, Miyazaki & Taylor, 2000) or differentiate a company from its competitors (Grau & Folse, 2007). These partnerships can deliver additional funding and resources to the charity leading to increased delivery of initiatives and expansion of operations (Demetriou, Papasolomou & Vrontis, 2010; Walters, 2009). Sports-based charity organisations in particular provide an attractive opportunity for partnership because of their position in communities and their resulting potential influence on society (Smith & Westerbeek, 2007).

The spending review and Big Society have together altered the operating landscape for the third sector in requiring charities to do more with less funding. To this end there are significant opportunities for partnership development for sports-based charitable organisations given the prominence of sport in society (Oughton, Mills, McLean & Hunt, 2003, in Breitbarth & Harris, 2008; Coalter, 2007, in Lusted & O'Gorman, 2010). The aim of this research is therefore to explore how a particular type of sports-based charity – football community trusts – can reduce their reliance on grant funding by engaging commercial partners to deliver financial sustainability.

### *Organisation of the paper*

This paper is organised into six chapters. This introductory chapter outlined the rationale and justification for this research. Chapter two will review the relevant literature, in particular around football community trusts, financial sustainability in third sector organisations, and the theories of social alliances. The chapter will conclude by presenting the research questions to be addressed and the hypotheses to be tested. Chapter three will outline the research method employed in the current study, while chapter four will present the findings of the research. Chapter five will then discuss the results of the research in relation to the research question posed, together with the practical and theoretical implications of the findings. The final chapter will present a summary of the main findings, the practical and theoretical implications, any limitations of the study and suggestions for future research.

# CHAPTER TWO: Literature Review

This study will consider the revenue sources at football community trusts (FCTs) in light of the changing environment for charitable organisations. In particular, the study will outline the need to reduce the reliance on grant funding and explore partnerships with commercial organisations through cause-related marketing (CRM) as an appropriate mechanism to do so. The following literature review will begin by outlining corporate social responsibility (CSR) in general, before focusing on CSR in sport, and then introducing FCTs as a model for the delivery of CSR activities. It will then consider the need for FCTs to ensure they have a diverse range of revenue sources to maintain financial stability, before suggesting social alliances in the form of CRM partnerships, in particular sponsorship arrangements, are an appropriate way to achieve this. The review will conclude by presenting the research opportunity, including the research question and hypotheses.

## *Corporate social responsibility*

Friedman's (1970) initial guidelines to CSR – that companies should focus on making profits – has been superseded by "stakeholder theory", which advocates that companies do have a significant role to play in the community (Freeman, 1984; McWilliams, Siegel & Wright, 2006). This theory implies that it is beneficial for a company to engage in CSR activities that all stakeholders perceive important because these groups may otherwise withdraw their support. Indeed, CSR is considered a building block for the stakeholder concept (Freeman & McVea, 2001).

Walters (2009) noted that CSR is a difficult concept to consider due to the lack of a specific definition. It is helpful to follow Babiak and Wolfe (2009) and Walters (2009) in favouring Carroll's (1979, 1999) framing of CSR as being composed of four elements: economic, the basic responsibility to be financially viable; legal, the duty to obey the law; ethical, the responsibility to act in a manner consistent with societal expectations; and discretionary, being activities that go beyond societal expectations. It therefore includes the responsibilities that a business has beyond mere profit maximisation, arguably referring to an organisation's commitment to minimising harmful effects of its operations and to maximising its long-term beneficial impact (Mohr, Webb & Harris, 2001).

Socially responsible activities can be intended to benefit the organisation as well as society (Babiak & Wolfe, 2009). Porter and Kramer (2002) suggested that any perceived gap between 'good business' and 'doing the right thing' can be bridged through using philanthropy to enhance the business environment and competitive context, which brings social and economic goals into alignment and improves long-term business prospects. Indeed, initiating CSR programs delivers improved stakeholder relations, enhanced reputation, and differentiation (Dean, 2003; Porter & Kramer, 2006). There are potential negatives, though: harm if resources are diverted away from the core business functions; damage to reputation if the initiatives fall short of expectations; and difficulties in managing diverse stakeholders' interests (Dentchev, 2004). While some remain sceptical about CSR (see Besley & Ghatak, 2007, Frankental, 2001, and Haigh & Jones, 2006) it is generally considered a positive undertaking. A company's positive impact on its stakeholders is arguably a hallmark of good corporate performance (Verschoor, 1998). Consequently, Breitbarth and Harris (2008) considered the corporate sector as heavily engaged in the implementation of CSR.

### *CSR in sport*

Walters (2009) and Bradish and Cronin (2009) argued that this trend towards good citizenship is apparent within the sports industry. Babiak and Wolfe (2009) suggested that sports industry entities turn to community activities to build goodwill among key stakeholders. This includes the establishment of foundations by individual athletes, the development of education and social inclusion initiatives by professional sport organisations, league-wide programmes to address social concerns, and the implementation of CSR activities by sports governing bodies. Bradish and Cronin (2009) cited the example of FIFA in creating an internal CSR unit and committing a percentage of revenues to CSR programs. In the USA the PGA Tour mandates that each tournament has a charity affiliation, MLB supports a reading program in association with the American Library Association, while the NFL works in collaboration with the American Heart Association (Babiak, 2010; Irwin, Lachowetz & Clark, 2003; Kim, Kwak & Kim, 2010).

Swindell and Rosentraub (1998, in Babiak & Wolfe, 2009) argued that the perceived and actual protections afforded to sports industry entities – effectively monopoly powers, clubs arguably acting as cartels, special protections via antitrust laws, and receipt of public funding (Noll, 2003; see also Szymanski, 2009) – has lead to suggestions that the industry has a heightened responsibility to provide social benefits. Whether this is the case is debatable, but what is clear is that sport is uniquely positioned to influence society and communities (Smith & Westerbeek, 2007).

### ***Football community trusts***

Football clubs were formed by schools, churches, workplaces and other sports teams to represent geographic locations and as focal points for community identity (Walters & Chadwick, 2009). Sugden (2002, in Walters & Chadwick, 2009) argued that the role of the football club in the community, with notions of tradition and social solidarity, still exists today. Branston et al. (1999) argued that football is unique because of the way it affects everyday lives; Morrow (2003) further suggested that football clubs play a significant role in the development of local identity.

This role was acknowledged with the implementation of the Football in the Community (FITC) schemes in 1986 as a joint initiative between the Football

League and Professional Footballers' Association (Walters & Chadwick, 2009). The pilot began with six clubs in the North-West of England and expanded successfully to nearly all Football League clubs. FITC schemes focused largely on football coaching and participation and so provide social inclusion activities for children and young people (McGuire & Fenoglio, 2004). The aim was that football clubs engage with and develop closer links between local community stakeholders (Walters & Chadwick, 2009). In the process, FITC became the vehicle through which football clubs engaged with local communities and the role of CSR in the English football industry was affirmed (Walters, 2009).

Despite the positivity around the FITC schemes a report by Brown et al. (2006) suggested a new approach. The authors advocated complete independence of the FITC operations from the football club, suggesting conversion to a community sports trust with charitable status, being governed by a separate Board of Trustees. It was suggested that a community sports trust – an independent organisation that delivers a range of community-oriented initiatives (Walters, 2009) – could develop a more inclusive approach to community relations, stronger partnerships with local authorities, commercial sponsors committed to CSR, and enhanced credibility through independence (Brown et al., 2006). Walters (2009) added that it provides a greater degree of autonomy, responsibility for strategic and financial direction, access to a wider variety of funding streams, diversification of activities, and less tension between commercial and community objectives. Notwithstanding the benefits of independence the association with the football club remains important in ensuring community initiatives have significance among communities (Walters & Chadwick, 2009).

This model has since spread through the football industry: In 2009 there were approximately 40 independent football community trusts (FCTs) associated with Premier League and Football League clubs (Walters, 2009); in May 2011 this had risen to 92 FCTs under the names of community trusts, foundations, and community education and sporting trusts.

English football clubs are not the only clubs with close ties to their local communities. Irwin et al. (2003) highlighted that North American sport franchises engage in outreach initiatives aimed at addressing key social issues facing communities, particularly around youth problems, primary education, recreation and health. Australian Football League clubs and associated entities undertake an array of community based initiatives, such as club-based community camps, the players' association's community work, and the league's own Community Fostership Programme, all of which target children and young adults for inclusion activities (AFL, 2011).

As a charitable organisation FCTs key business activity is social responsibility. An FCTs aims will typically include the following principles:

- Promoting community participation in healthy recreation by providing facilities for the playing of sports;

- Providing and assisting in providing facilities for sport, recreation or the occupation of other leisure time activity in the interests of social welfare; and
- Advancing the education of the public.

FCTs are a sports delivery agency that are at the centre of the community, and accordingly provide an ideal vehicle for the delivery of social initiatives. Indeed, Walters and Chadwick (2009) suggested that the independent FCT model provides for a stakeholder engagement mechanism through a commitment to corporate citizenship. As a charitable organisation, however, FCTs face a challenging operating landscape.

### *Sustainable financial performance*

In accordance with the basic tenets of resource dependence theory (Pfeffer & Salancik, 1978, in Froelich, 1999), the key to any organisation's survival is the ability to acquire and maintain resources. Charities receive revenue from various sources, including earned revenues, government contracts, memberships, business activities, and returns on investment, as well as revenues that are unique to the sector, such as charitable contributions, grants from government and private foundations, and gifts in kind (Moore, 2000; Young, Wilsker & Grinsfelder, 2010; Zappala & Lyons, 2006). According to Hodgkinson et al. (1996, in Crittenden, 2000) the three major funding categories for charitable organisations are government funding, market activities, and contributions. Crittenden (2000) suggested that government contributes 50% of funding, private contributions were estimated at 20%, while market operations income made up 18%. FCTs will likely use a combination of these revenue streams; however, there is limited research to date on the revenue mix within FCTs.

FCTs may receive income via contributions from individuals or corporate and foundation gifts; such income is particularly sought after as it represents support and thus legitimacy (Froelich, 1999). Indeed, Moore (2000) argued that contributions are the defining source of revenue to charities. Such contributions are generally unrestricted and so flexible in use. Independent foundations, for instance the Football Foundation, give grants to charities – they are often significant amounts over a multi-year period, although may be restricted for purposes defined by the foundation (Zappala & Lyons, 2006). Nevertheless, private contributions are unpredictable and unstable (Kingma, 1993), and have the potential to affect the charity's goals if the wishes of individual contributors or the objectives of the contributing entity do not align with the charity's aims (Froelich, 1999).

Commercial trading activities include strategies such as charging course fees or developing partnerships with commercial organisations. This particular source is increasing in prominence (Froelich, 1999). Some argue that there is the potential for volatility through failed ventures and are wary of the risk of over-commercialisation and any shift in focus to profit-making (Gronbjerg & Clerkin, 2005). Nevertheless, commercial revenues enable flexibility as they are unrestricted funds.

Government funding may be direct from federal governments or arrive via state or local authorities, and may be in the form of grants or contracts (Fischer, Wilsker & Young, 2011). In the UK government funding is the largest share of income for charities at around 47% (Young et al., 2010). Some suggest it is more accessible, more stable and has less potential to displace organisational goals than private contributions; however, there is a risk of overdependence and a propensity for charities to rely on government funding (Gronbjerg, 1991; Evans, 2011). Furthermore there is a clear limitation in government funding for the charitable sector experienced across Canada, Australia, Poland and now in Britain (Becker-Olsen & Hill, 2006; Struthers, 2004; Doherty & Murray, 2007).

Froelich (1999), referring to Pfeffer and Salancik (1978), stated that effective organisations will modify the locus of their dependence to survive. In a landscape of limited government funding, charitable sport organisations must develop alternative funding sources to maintain and expand programs and services (Doherty & Murray, 2007). The particular revenue mix will vary by organisation, being dependent on the perceptions of what combination of revenues best achieves the mission, whether the stream generates support, any associated risks, the impact of a particular source on the organisation’s autonomy, and the predictability of each source (Fischer et al., 2011; Kingma, 1993).

Whether revenue diversification is an appropriate strategy for charitable organisations is debated in the literature (Young et al., 2010). Some argue that the additional costs in pursuing other revenues are prohibitive, and that the lower administrative costs associated with a limited revenue base is advantageous (Frumkin & Keating, 2002). Alternatively, Chang and Tuckman (1994, in Fischer et al., 2011) and Kingma (1993) claimed that revenue diversification is positively associated with long-term stability and Galaskiewicz and Bielefeld (1998) added that revenue diversification increases organisational legitimacy. Accordingly, diversification of revenues at FCTs is argued to be a positive undertaking. Nevertheless, as outlined in the opening chapter the landscape in which charities are operating in the UK is a recent development and as such strategies to diversify revenues may not be fully implemented.

### *Social alliances through cause-related marketing*

Crittenden (2000) suggested that to reduce funding uncertainty charitable organisations attempt to diversify their funding portfolio through increasing private-sector payments and contributions. Coinciding with the need for charities to diversify funding has been a growing public concern over social issues and an expectation for companies to behave in a socially responsible manner (McWilliams et al., 2006). Increasingly, this has involved a company making contributions to or aligning with particular charities (Demetriou et al., 2010). Companies may undertake pure corporate philanthropy by donating to a charity with the intent only to improve the welfare of the community (Liu & Ko, 2011); however, much ‘corporate philanthropy’ may be pseudo-altruism in that it is commercially motivated (Collins, 1994, in Polonsky & Speed, 2001).

Corporate giving may also involve the development of partnerships between private sector and charities (Liston-Heyes & Liu, 2010). In order to justify support of charitable organisations companies attempt to develop synergies between business and philanthropy (Kim et al., 2010). This includes the development of social responsibility programs based around cause-related marketing (CRM) (Hempel & Gard, 2004, in Irwin et al., 2010).

### Cause-related marketing

The concept of CRM was proposed by Varadarajan (1986, in Wu & Hung, 2008) as the development of a partnership between a profit-making company and a charity with the intention of increasing interest in both parties. Grau and Folse (2007) suggested that the practice of CRM gained prominence with the American Express company in the 1980s and their association with the San Jose Symphony, and their campaign for the renovation of the Statue of Liberty. Such campaigns are now widespread (Demetriou et al., 2010), with Avon, American Airlines, Ramada Inns and Wal-Mart among the high profile companies with CRM initiatives (Du, Hou & Huang, 2008).

Wu and Hung (2008) suggested that the definition has evolved such that the promotion of a certain issue by a company, without association with a charity, is CRM. Liu and Ko (2011) thus suggest that CRM implementation strategies follow either a ‘conventional delivery pattern’, essentially delivering the benefits to the cause directly, or the ‘social alliance delivery pattern’, which involves aligning with a charity to deliver those benefits. This paper will focus on the ‘social alliance’ approach to CRM.

From the company’s point of view CRM is essentially a marketing strategy that combines their social responsibilities with fundraising for the charitable organisation (Wu & Hung, 2008). There is no clear consensus in the literature on the relationship between sponsorship and CRM, although it is generally agreed that both are commercially motivated (Irwin et al., 2003; Polonsky & Speed, 2001). Townley and Grayson (1984) defined ‘sponsorship’ as, “a commercial relationship between two or more parties in which the sponsor acting in the course of business promotes or enhances an image, product or service in association with an individual, event, happening, property or object.” Varadajan and Menon (1988) originally argued that CRM is a form of sponsorship. Cornwell and Maignan (1998) argued that the two concepts are distinct activities that have traditionally been managed separately, though Polonsky and Speed (2001) and Irwin et al. (2003) suggested that the two possess significant similarities and are interlinked. Liu and Ko (2011) argued that partnership-based CRM implementation can be undertaken in four main forms: as sponsorship; on a transaction basis; through joint promotion; and through in-kind contributions. In accordance with this model this paper will treat CRM as the overarching concept and sponsorship as a CRM strategy.

The transaction-based form of CRM involves the donation of a percentage of a sale to a designated charity, such as the sponsor for the Sydney 2000 Olympics that provided AUD$0.05 of each product sold to the Australian Olympic team (Polonsky & Speed, 2001). Joint promotions would largely involve a collaborative effort to promote awareness around a particular social issue, with the charitable organisation representing the cause (Liu & Ko, 2011). In-kind gifts may include the donation of products or services, or the provision of volunteer hours by the company's employees (Wu & Hung, 2008).

CRM sponsorship is commercially motivated and involves the company acquiring and leveraging the right to be associated with the charity (Polonsky & Speed, 2001). It can deliver direct income to a charity's bottom line through the sale of rights to association, as opposed to indirect income through resources or awareness via in-kind gifts or joint promotions. Furthermore, transaction-based approaches are effectively donations based on a proportion of the company's product sales, while sponsorship is arguably focused more on an ongoing relationship between the parties. Accordingly this research will focus on the sponsorship element of CRM partnerships, though it is recognised that all CRM strategies can provide significant benefits.

### Benefits of social alliances

Liston-Heyes and Liu (2010) suggested that benefits to the charity and fund recipients are not always at the centre of CRM campaigns; this is reflected in the literature that is largely focused on benefits to the sponsors (Thomas, Mullen & Fraedrich, 2010). For charitable organisations the benefit is principally through the provision of funding and resources (Demetriou et al., 2010; File & Prince, 1998) and the opportunity to increase delivery of initiatives (Walters, 2009). Grau and Folse (2007) noted that the charity has the opportunity to diversify its revenue streams. Warneke (2005, in Thomas et al., 2010) acknowledged that an alliance with a for-profit organisation can provide access to a network of future partners. A CRM campaign launched by the partnering company also presents the opportunity to increase awareness of the charity. Furthermore, Lafferty, Goldsmith, Tomas and Hult (2004, in Du, Hou & Huang, 2007) found that attitudes towards the cause itself were improved as a result of the alliance. As noted though there is a limited amount of literature that describes the detail of the benefits of such arrangements for the charity, and even less on CRM initiatives with FCTs.

The benefits to companies are largely based on the notion that identifying initiatives to form a long-term relationship can deliver more benefits than once-off donations (Demetriou et al., 2010). Varadarajan and Menon (1988) argued that CRM can improve corporate performance, strengthen the corporate and brand image, and expand the target market. File and Prince (1998) noted that CRM may generate a competitive resource through the association with the charity. Andreasen (1996) suggested that should the charitable objectives be achieved the partner may benefit from positive publicity. Ning, Hu and Zhang (2006, in Du et al., 2007) further suggested that the social networks that develop can contribute social capital and learning experiences. Leveraging sponsorship through a wider marketing campaign may also deliver benefits to the sponsor (Polonsky & Speed, 2001). In the sports arena, Walters and Chadwick (2009) suggested that the partnership can remove commercial and community tensions, enable reputation management and brand building, enhance the prospect of local authority partnerships, and commercial partnerships with other organisations also linked to the sports club or trust.

### Risks of social alliances

Andreasen (1996, in Wu & Hung, 2008) identified four potential challenges:

- Loss of organisational flexibility – if the company imposes restrictions on the charitable organisation, such as preventing cooperation with competitors.
- Tainted partners – coordination may jeopardise the charitable organisation’s image if the company wants to ‘bask in the glow of their esteemed partners’.
- Wasted resources – the resource required to build a successful partnership may stretch FCTs such that core activities are neglected.

- Reduced donation – it may lead to an over-reliance on the company, in turn weakening the charity's own commercial capabilities.

Furthermore, organisations may be viewed as 'commercialised' and so threaten their not-for-profit image (File & Prince, 1998). Similarly, on the company side the key risk is that consumers may be sceptical as to the motivation for engagement and view the alliance as exploitative (Barone et al., 2000). These authors noted that Reebok's support of Amnesty International's "Human Rights Now!" tour was viewed by some as a desire to promote human rights, but by others as trying to enhance sales.

Any scepticism may be avoided if the link between company and charity is clear (Becker-Olson & Hill, 2006). These authors commented that when there is a strategic match between the sponsoring firm and charity in terms of mission, target audience, and/or values, the audience generally responds favourably. A lack of fit can adversely affect perceptions of both sponsor and the recipient charity. Thomas, Fraedrich and Mullen (2011) agreed, adding that firms with high levels of compatibility between core business and social activities are viewed favourably.

Notwithstanding the above, with appropriate management significant benefits can be achieved. Indeed, Andreasen (1996) advocated charities become proactive strategists in seeking out corporate partners.

### *Research opportunity*

FCTs are at the centre of government policy around the delivery of social initiatives; however, the spending review and inception of ‘Big Society’ have altered the operating landscape for the third sector in requiring charities to do more with less grant funding. The overarching research question is thus as follows:

*RQ: In what ways can a FCT reduce its reliance on grant funding?*

There is a lack of research regarding the revenue mix at FCTs; however, the likelihood is that FCTs, like other charitable organisations, are currently over-reliant on public funding (Evans, 2011). Diversification of revenues is a requirement in an environment of limited government funding (Young et al., 2010). To this end there are significant opportunities for partnership development with FCTs given the prominence of sport in society (Oughton et al., 2003, in Breitbarth & Harris, 2008). A number of commercial organisations already view sports-based organisations as potential partners through which they can develop their profile, increase the potential for business success, and deliver on their CSR agenda (Smith & Westerbeek, 2007; Walters, 2009). Accordingly FCTs are an attractive partner for private companies. Nevertheless, the change in environment is recent and strategies to diversify revenues may not yet be apparent. Accordingly, the first hypothesis is that:

*H1: FCTs are overly reliant on grant funding.*

The argument has been made that a social alliance, in the form of CRM sponsorship, is an appropriate strategy for a for-profit company to partner with a FCT. For the FCT, based on the benefits for other charitable organisation, such a partnership will deliver extra funding, resources, awareness, and enable the diversification of revenues. The research will explore whether sponsorships are an opportunity for FCTs to increase their commercial income to adapt to evolving resource realities (Froelich, 1999). Accordingly, the second hypothesis is that:

*H2: Generating sponsorship income is an appropriate way to diversify revenue streams at FCTs.*

While there has been extensive research on the funding portfolio of charitable organisations in general there has been little, if any, on the revenue streams of FCTs specifically. This research will therefore add to the literature in this regard. Furthermore, the majority of literature regarding CRM in sport has focused on relationships between sports organisations and charitable causes from the organisation perspective (Bradish & Cronin, 2009). By contrast, this research will contribute to this topic by focusing on CRM partnerships between private sector organisations and FCTs.

# CHAPTER THREE: Research Method

This chapter will outline the research method employed to test the hypotheses and thus answer the research question. The purpose of this research was explorative in that it attempted to explore how FCTs can reduce their reliance on grant funding. The interpretivist epistemological stance taken suggests that knowledge is subjective and created by humans rather than there being an objective truth (Neuman, 2004). Given this, and together with both the explorative purpose and the past use of case studies in research on community sports trusts (Walters, 2009; Walters & Chadwick, 2009), the strategy of enquiry used was a multiple case study approach combining quantitative and qualitative data. Case studies are appropriate for explorative 'how and why' research questions (Yin, 2009) and as it enables investigation of phenomenon within the real-life context, and permits the use of multiple sources of evidence (Yin, 1984; Remenyi, Money, Price & Bannister, 2002). While case study research may limit generalisability of findings (Neuman, 2004), the detail is an end in itself and, furthermore, enables development of themes and hypotheses for later testing.

## *Research method*

The research method was essentially a two-staged mixed method approach combining secondary sources and semi-structured interviews. As the name suggests mixed method research involves collecting, analysing, and mixing quantitative and qualitative data. Cresswell (2009) provides an outline of each type of research design: Quantitative research can be used for testing objective theories by considering the relationships between variables, focusing on the data in numerical terms which thus enables statistical analysis. When conducted in accordance with prescribed procedures it arguably produces valid, generalisable, and replicable results, but it fails to provide a detailed narrative. Qualitative research can be used for understanding the subjective meanings that individuals, groups, or societies place on social or human problems through the interpretation of interview responses, observations, or documents. The depth of qualitative research is particularly advantageous, though results may be less generalisable. The mixed method has the central premise that, when combined appropriately, the two approaches can together provide a better understanding of the research problem than either alone (Cresswell, 2009).

In this study the first stage of research involved quantitative analysis of FCT financial statements. Stage two then involved an exploration of four identified cases using a qualitative focus through semi-structured interviews with senior staff at each FCT and supporting secondary data including web sites, annual reports, financial statements and external relations materials. The two stages of research are detailed below.

## *Stage one research design: Accounts*

### Sampling

The Charity Commission is the registry and regulatory body for charitable organisations in England and Wales. In accordance with the *Charities Act 1993* all charitable organisations are required to prepare a Trustees' Annual Report which must be submitted to the Charity Commission if the total income exceeds £25 000. The Charity Commission then makes each charity's accounts and Trustees' Annual Report publicly available through each charity's profile.

All of the 92 clubs in the four football leagues in England for the 2010-11 season had registered charity arms. The remaining three appear to engage with communities through internal community departments. These 92 FCTs are therefore the research population for this study. Of the 92 FCTs, appropriate accounts were not available for 16: two were not submitted as in both cases the total income was not sufficient to require full accounts; 11 related to newly registered charities such that accounts were not yet required; and three were overdue, one of which related to a registered FCT that had not yet submitted any annual accounts, while the other two related to FCTs that had submitted financial details up until year ending 31 March 2008 but not since then – this was omitted from the analysis as the period arguably does not reflect the current economic landscape. Accordingly the final sample size was 76.

## Data collection

The financial data was drawn from published FCT accounts (Charity Commission, 2011). Using secondary data, which is essentially any data collected without a specific research study in (Sorensen, Sabroe & Olsen, 1996), is particularly useful given the limitations on time and resource to commit to this study; however, such data does present challenges, in particular as it is not collected under the researcher's control and thus selection and quality may not be appropriate. These issues are outlined further below.

## Data analysis

Total FCT income was allocated to five different streams as per the definitions of each revenue type provided by the Charity Commission in their Statement of Recommended Practices (Charity Commission, 2005):

- Voluntary income: resources generated from gifts and donations, grants of a general nature from government and charitable foundations, membership subscriptions and sponsorships where these are essentially donations rather than payment for goods or services, and gifts in kind.
- Activities for generating funds: trading or other fundraising activities undertaken by the FCT to generate incoming resources to carry out its charitable activities. Activities within this category require an element of exchange, such that the FCT receives income in return for providing a good or service. These activities may include fundraising events, sponsorship that

is not pure donation, shop income, providing goods and services other than for the benefit of the charity's beneficiaries, or letting and licensing arrangements of the charity's property when temporarily surplus to requirements.

- Charitable activities: any resources generated through promoting the charity's objectives, such as the sales of goods or services as a charitable activity or provided by the charity's beneficiaries, letting of non-investment property in carrying out the charity's objects, or grants specifically for the provision of goods or services as part of charitable activities or services to beneficiaries.
- Investment: derived from investment assets, including dividends, interest receivable and rent.
- Other: gains from the disposal of tangible fixed assets or any incoming resources not included under the alternative categories.

Analysing FCT data based on these income allocations is suitable given the specific definitions provided and the fact that FCTs ought to have reported against these categories. Nevertheless, there are problems inherent in such a reliance on these accounts. Particular issues were encountered around interpreting whether grants are for general or specific purposes and therefore voluntary or charitable activity income, and whether sponsorships are classified as pure donations or in return for a good or service and so voluntary or trading income.

One foundation helpfully declared their grants in two forms: grants received from charitable foundations, and grants received for the provision of services. Others, though, are not quite so clear: for instance, one treated all income from grants under activities for generating funds, while another treated grant income entirely as income relating to charitable activities. The detail in the accounts is often minimal with limited explanation as to what organisations provide each type of grant and whether these are restricted or unrestricted funds.

Similar to grant funding classifications, income from sponsors is often left undefined or combined with other incomes with no details available. For example, one combined ‘sponsorship and membership subscriptions’ under voluntary income, and ‘sponsorships and lottery’ under activities for generating funds, while another declared just ‘donations and sponsorships’ as a total figure within the voluntary category. Assumptions can be made as to whether the various income sources are restricted or unrestricted based on the presumption that FCTs are strictly adhering to the Charity Commission’s definitions of income sources, but these are assumptions only.

As a result of the above challenges the decision was made to sum all grant income, regardless of source or classification, to find a total proportion of revenues received from grant funding of any type. Similarly, the decision was made to sum all references to funding from partnerships or sponsors, including where it is reported together with other types of fundraising. In this way, grant funding includes general grants (voluntary) and those for specific purposes (charitable activity), as well as funding from both government and other foundations. The figures summed for sponsorships include those that may be pure donations (voluntary) as well as those in return for a good or service (trading), and include when sponsorship income was reported with other income on one line. It should be noted that this means the proportion of income from such sponsorships will be overestimated, rather than underestimated, suggesting that any differences between grant and sponsorship funding may be even more pronounced.

Beyond these issues auditors may also classify different revenues differently or elect not to include particular types of revenue, resulting in a lack of homogeneity and clarity as to how income sources are recorded across FCTs. For instance, one FCT stated that the value of voluntary help given by the trustees and other workers is not included in the financial statements, while another declared such in-kind gifts as a voluntary incoming resource.

These issues have implications for the accuracy of the allocations; however, for the purposes of this research it was important only to know the proportions of income from grants and sponsorship which could then be explored in further detail in particular cases. Accordingly, the above approach in summing for total grants and total sponsorship income is appropriate in this instance.

One of the benefits of quantitative data is the ability to statistically analyse the data to explain the relationships between variables or to summarise basic characteristics of the data (Neuman, 2004). In accordance with Wright's (2003) suggestions, descriptive statistics were used to describe the basic qualities of the sample of FCTs and essential features of the financial data.

## *Stage two research design: Case studies*

### Sampling

Stage two of the research design required selection of four FCTs to examine with detailed qualitative analysis. This selection was based on the data collected in stage one. Firstly, it was deemed appropriate to select FCTs that were in the upper echelon of total income as it was likely that these FCTs would be undertaking the widest range of activities and have the greatest resources available and so be more able to engage sponsors. The aim of the research was to identify opportunities for reducing the reliance on grants, so four FCTs were selected that appeared to rely on differing revenue sources. The research is specifically interested in the opportunities for sponsorship of FCTs, so a combination of FCTs that had reported income from sponsorship in and those that had not were selected.

The full case study backgrounds are provided in the next chapter, but by way of summary the four cases that were selected are:

- Trust A: £1.41m income, £1.26m of which was through charitable activities, nothing stated from sponsorship although it is noted as a principal funding source, and just £48 240 from grants;
- Trust B: income of £1.22m, £760 000 of which came from voluntary income, with £707 000 in grants and nothing in sponsorship.
- Trust C: income of £2.29m, all of which came from trading activities, and reported £26 500 from sponsorships and £430 000 from grants;
- Trust D: income of £3.45m, £2.96m of which came via voluntary income, £1.86m from sponsorships (reported with 'other income') and £1m from grants;

One senior executive at each FCT was approached via email that provided an introduction to the researcher, the association with Birkbeck College, a brief outline of the study and its purpose, and a request for a short interview. Of the individuals approached, two were Chief Executives of their FCT, one a joint Managing Director (Strategy), and one the Community Director. Accordingly all were the most senior employee. All agreed to participate.

### Data collection

The data for the four case studies was collected using semi-structured interviews with the individuals identified above, and through numerous secondary sources. Semi-structured interviews were appropriate because of the inductive theory development employed and the flexibility this collection method provided in enabling exploration of emerging themes (Stake, 1995). Given that research of this type is limited there were few examples from which to draw or adapt potential interview questions. Accordingly, specific questions were developed for this study. The questions attempted to provide detail around the FCTs operations and organisational structure that were not otherwise known from the review of secondary data, to confirm the revenue mix at the FCT, to consider the resources available to the FCT, to reveal any current reliance on grant funding, and to explore the mechanisms in place to reduce reliance on grant funding, in particular the opportunities for sponsorship arrangements. Where sponsorship arrangements were in place the questions focused on the terms and timing of these agreements, the strength of relationship between the parties and any challenges encountered. Two schedules of questions were developed, one for FCTs that had reported income from sponsorship and one for those that had not.

Interviews with each participant were arranged at a time, date, and location convenient to the participant. Two were conducted in person at the FCT's head offices, and two were conducted over the telephone. Ahead of each interview the appropriate question schedule was emailed to participants to enable preparation of a considered response. As Oliver (2008) suggested, it was hoped that the convenience and opportunity for preparation this process allowed would help participants feel at ease with the data collection process and fit with their schedule. The interviews were carried out in July and August 2011. The participants agreed that the FCTs could be identified in the cases; however, prior to each interview participants were advised that the final case studies would not be shared publicly without their final consent. A more detailed brief of the purpose of the research was also provided pre-interview, which, in accordance with the principles of informed consent, ensured all participants had sufficient information to decide whether or not to participate (Clough & Nutbrown, 2007).

While the interviews provided the primary form of data secondary data was also collected and analysed. This included the abovementioned financial statements, Trustees' Annual Reports, information from each FCT's website, external affairs materials, newspaper articles and other publications. Secondary source data was used to inform the case selection as discussed above, to inform the development of interview questions, provide background material in preparation for each interview, as well as triangulate the interview response data. The aim of said triangulation was to increase the detail within and credibility of each case study and hence enhance the validity of the results by considering each FCT from more than one standpoint (Cohen & Manion, 2000).

## Data analysis

The interpretivist epistemological view of research provides for interaction between researcher and participants, enabling consideration and reflection on emerging patterns within the case and the adaptation of methods as required (Stake, 1995).

As a result, inductive thematic data analysis was adopted for the analysis of interview and secondary source data. The literature review and stage one research informed the research topic and key interview questions, but within that broad umbrella the themes were analysed as they became evident. For instance, the experience and responses from the initial interviews served to inform patterns of inquiry for subsequent interviews. The four case studies were then compared and contrasted for similarities and differences in an attempt to triangulate between cases and build a stronger picture of the revenue opportunities across FCTs.

# CHAPTER FOUR: Results

In this chapter the results of the research are presented. Descriptive statistics are used to display the basic features of the accounts data. The chapter will then provide the background information on the four FCTs that were used in the case study section.

## *Football club trusts*

Based on the 76 FCTs in the final sample the mode year of registration was 2008 with a frequency of 24, whilst the median was 2007 highlighting that half of the FCTs are relatively new entities. The earliest registered FCT was in 1985 (although this is primarily used as a vehicle to make donations to other charities).

## *Income and expenditure*

The mean total income was £695,474 (standard deviation was £672,174). The skewness measure of 1.72 indicates the distribution is highly positively skewed; this is supported by the median of £448,919 and the vast range: the maximum income was £3,449,863 while the minimum was £32,919. The mean total expenditure was £660,409 (standard deviation was £649,034). Again, the skewness measure of 1.62 indicates the distribution is highly positively skewed, illustrated by the median of £398,259 and the considerable range: The maximum expenditure was £3,113,172, while the minimum expenditure was £49,643. The results show that while the majority of FCTs tend to have income/expenditure of up to £600,000 per annum, the few that have higher positively skew the mean. Figure 1 details the bands of income and expenditure across the 76 FCTs and the frequency within each band.

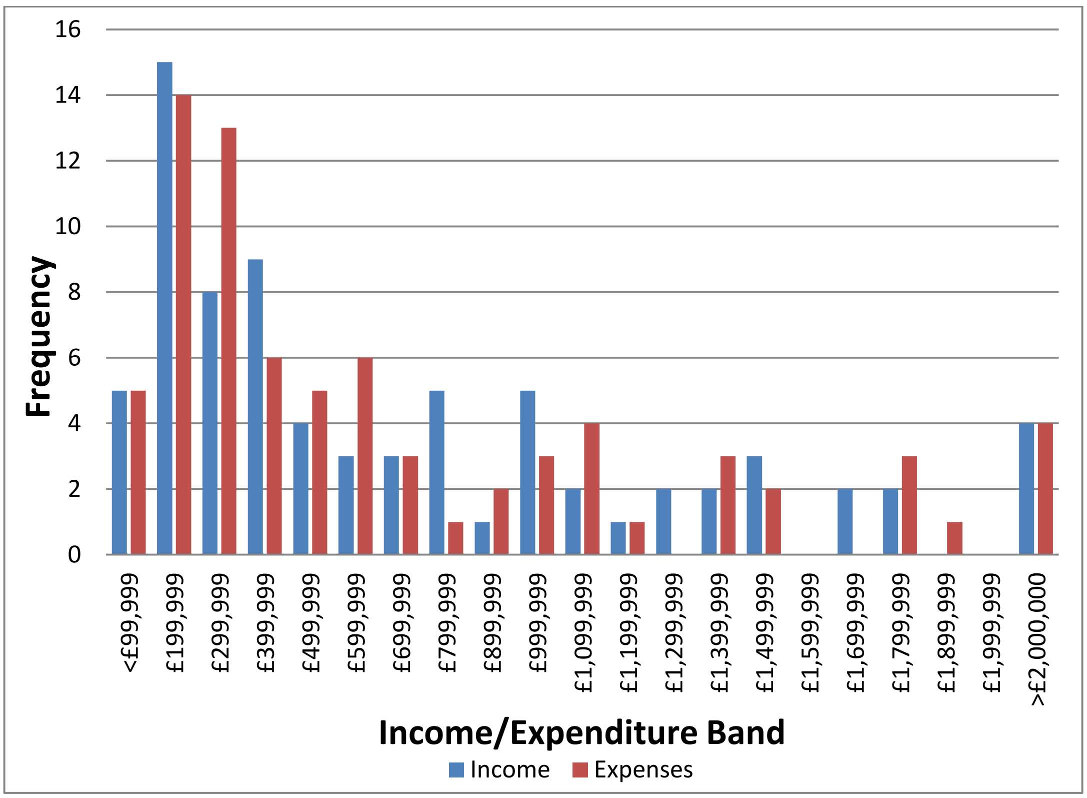


**Figure 1: Total income and expense bands by frequency**

### *Income sources*

The mean income from charitable activities was £414,992 (standard deviation was £426,320). There were 12 FCTs that reported no income from charitable activities, while the maximum was £1,695,761. Charitable activities accounted for 60.06% of the total income reported across all FCTs. For those that relied on any charitable activity income (n=64) the average proportion of total revenues it accounted for was 73.33%. Of these, the maximum proportion reported was 100%. This income source accounted for more than 50% of the total at 48 FCTs and more than 75% of the total at 40 FCTs.

The mean voluntary income was £183,681 (standard deviation was £407,653). Overall, voluntary income accounted for 26.58% of all FCT income; however, there were 22 FCTs that reported no voluntary income. Of those that reported income from this source (n=54), 17 FCTs reported that it accounted for more 50% of the total, and for seven it accounted for more than 75%. The average proportion of total income was 31.15%, while the maximum proportion was 99.98%. The maximum actual figure was £2,956,479.

The mean amount generated through trading activities was £89,109 (standard deviation was £284,215). There were 40 FCTs that reported no income from trading activities, while the maximum reported was £2,287,687, representing 100% of this FCT’s total revenues (a proportion also reported by two other FCTs). Of those that reported funds generated from trading activities (n=36), the average proportion of total income was 28.80%; seven FCTs reported it accounted for more than 50% of the total, while six reported it accounted for more than 75%. This source accounts for 12.90% of all FCT income.

The mean income through investment was £1,229, and accounted for 0.18% of all FCT income, while other income accounted for 0.28% of all FCT income, with a mean of £1,913 across FCTs.

Whilst not hypothesised, it was found that FCTs receive over twice as much income from charitable activities (60.06%) than voluntary donations (26.58%), and almost five times more than trading activities (12.90%). Figure 2 details the average proportion of total revenue of the three main revenue sources.

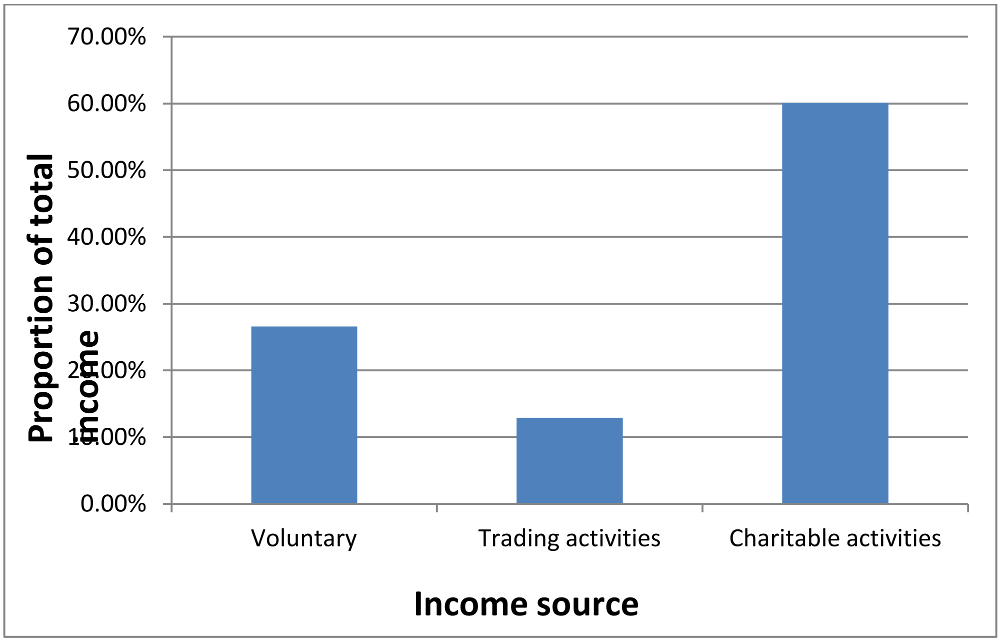


**Figure 2: Proportion of total income by revenue source**

Whilst not hypothesised it was found that the number of FCTs that rely on charitable activity income for more than half of their total revenues (48) far exceeds those that rely on either voluntary (17) or trading activity (seven) income for more than half of their total revenues. Over 75% (56) of FCTs relied on trading activities for between 0 and 10% of total income; this compares to fewer than 19% (14) of FCTs that have a similar minimal reliance on charitable activity income. Clearly, FCTs are relying more on charitable activity income than other income sources, and there is scope for increasing income from trading activity. Figure 3 shows the three revenue main sources divided into different bands based on proportion of total revenues across the 76 FCTs.

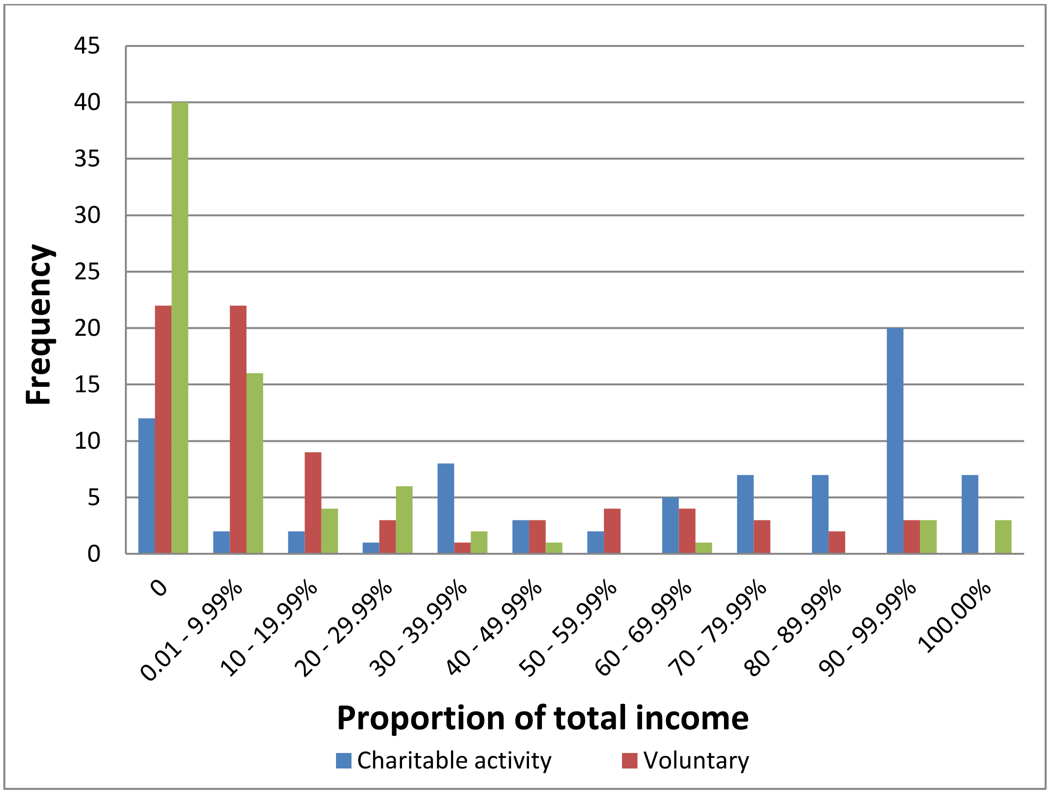


**Figure 3: FCT revenue sources - proportion of total**

### *Grants and sponsorships*

The mean amount generated by grants was £213,132 (standard deviation was £283,538); however, 18 FCTs reported no grant income whatsoever. Of those that did receive grant income (n=58) the average proportion of total income it accounted for was 42.89%. At 25 FCTs grant income accounted for more than 50% of the total income, and more than 75% of the total at eight FCTs. The maximum total income from grants was £1,169,669, while the maximum proportion was 90.77%. Grant income accounts for 30.65% of all income for FCTs.

The mean amount generated through sponsorships was £37,659 (standard deviation was £214,051). A total of 39 FCTs reported no sponsorship income at all, while of those that did receive sponsorship income (n=37) the average proportion of total income it accounted for was 6.91%. One FCT reported sponsorship income that accounted for more than 50% of total revenues: at this FCT this totalled £1,862,231 which also represented the highest proportion at 53.98%. Sponsorship income accounts for 5.41% of the total income across all FCTs.

It was found that FCTs receive almost six times the income from grant funding (30.65%) than sponsorships (5.41%). This suggests that there is scope for FCTS to target sponsorship as a source of revenue growth. Figure 4 details the total proportion of income from grants and sponsorship respectively.

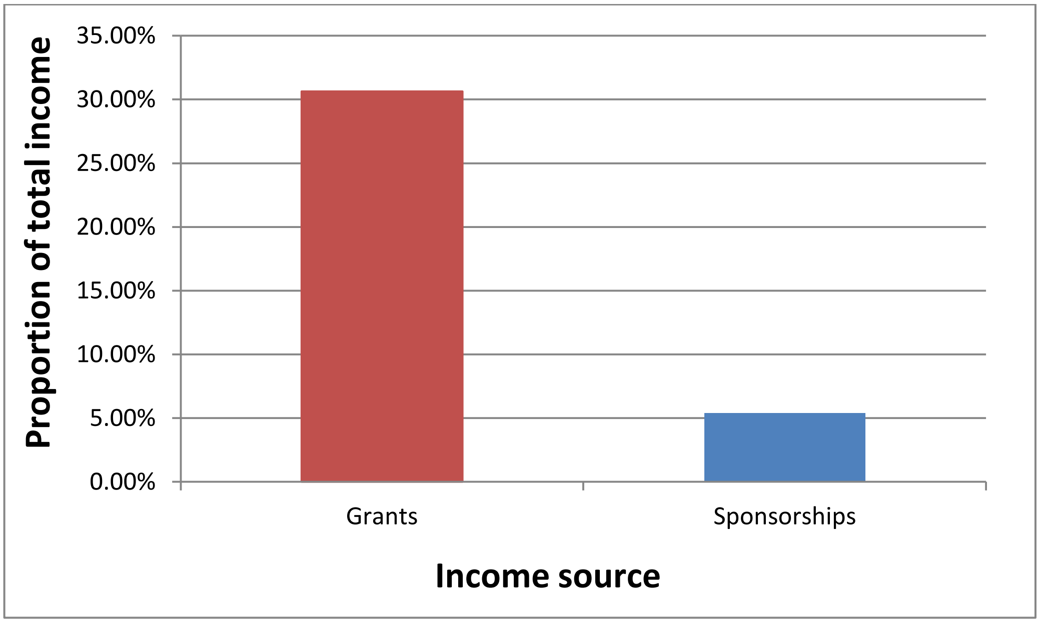


**Figure 4: Grants and sponsorships – comparison of proportions**

It was found that the number of FCTs that rely on grant funding for more than half of their total revenues (25) far exceeds those that rely significantly on sponsorships (one). Similarly, over 90% of FCTs (69) receive only 0 to 10% of their total income from sponsorships. Fewer than 33% (25) have a similarly minimal reliance on grant funding. This suggests that there is scope for FCTs to reduce their reliance on grant funding, and to increase the income received through sponsorship. Figure 5 shows the comparative distribution of proportion of income of both grants and sponsorship.

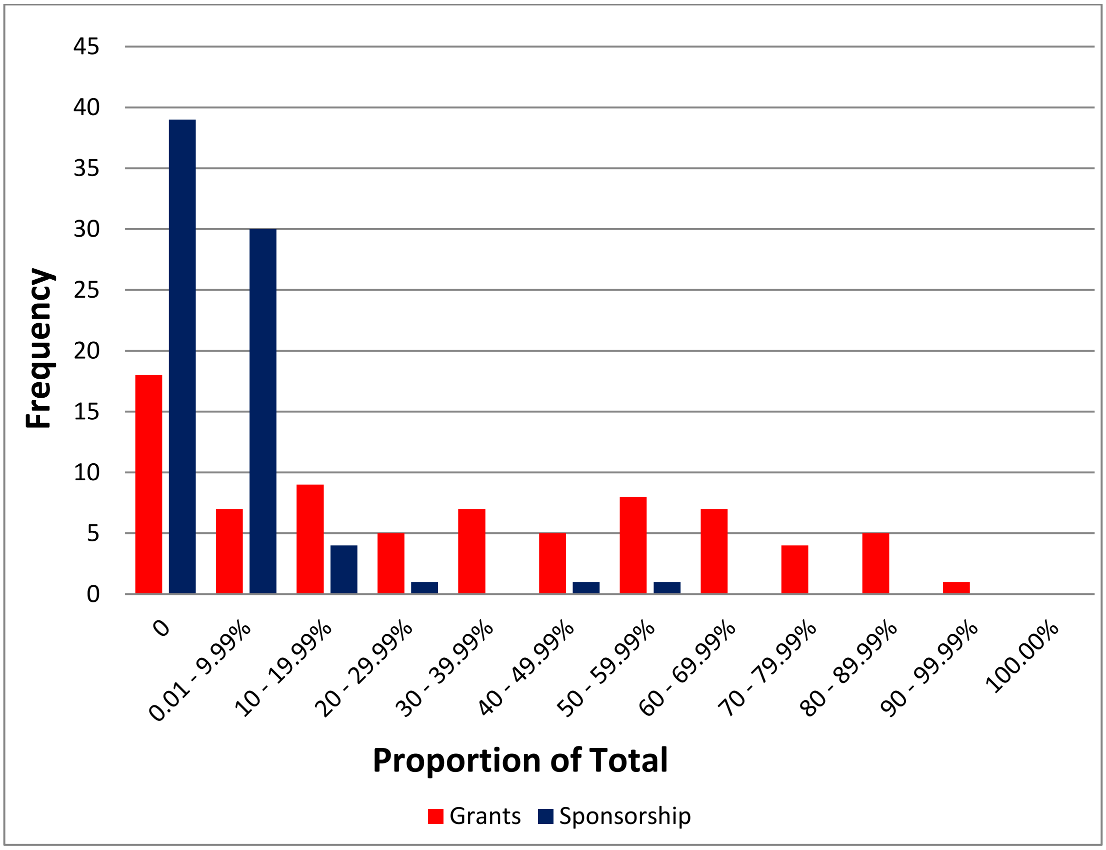


**Figure 5: Grants and sponsorship - proportion of total income**

## *Case study backgrounds*

These results were used in part to inform the selection of cases for deeper analysis. The background to each case study is provided in the following section.

### Trust A

Trust A's Football in the Community (FITC) scheme was established in the early 1990s and transferred operations to its FCT after it was registered as a charitable organisation in 2004. In the past seven years Trust A has grown from seven full-time employees to a current staff of 22, plus over 50 casual employees. Trust A currently runs projects within five key themes: Sports participation, such as the delivery of school clubs and sports coaching sessions; education through coaching, football and education courses to children and young adults; health initiatives such as schools-based health projects; social inclusion activities aimed at young people to encourage cohesion and reduce anti-social behaviour; and community facilities, through two community centres. Overall participant numbers across Trust A's numerous community programmes and events are in excess of 148,000, in addition to delivery of 8,500 sports coaching sessions per annum.

For the year ending 30 June 2010 Trust A declared a total income of £1.41m, and a total expenditure of £1.45m. Trust A recorded a deficit of £41,603, down from a £14,953 surplus for 2009. Table 1 details the incoming and outgoing resources of Trust A as per their latest available consolidated statement of financial activities:

| **INCOMING RESOURCES** | **Unrestricted funds £** | **Restricted funds £** | **2010 Total funds £** |
|---|---|---|---|
| **Incoming resources from generated funds** | | | |
| Voluntary income | 61,762 | 5,148 | 66,910 |
| Activities for generating funds | 75,813 | - | 75,813 |
| Investment income | 13,380 | - | 13,380 |
| **Incoming resources from charitable activities** | | | |
| Courses | 214,300 | 804,626 | 1,018,926 |
| MyPlace | - | 237,574 | 237,574 |

| | | | |
|---|---|---|---|
| **Total incoming resources** | 365,255 | 1,047,348 | 1,412,603 |
| **RESOURCES EXPENDED** | **Unrestricted funds £** | **Restricted funds £** | **2010 Total funds £** |
| **Cost of generating funds** | | | |
| Fundraising trading: cost of goods sold and other costs | 64,084 | - | 64,084 |
| **Charitable activities** | | | |
| Courses | 517,833 | 622,583 | 1,140,416 |
| MyPlace | - | 238,157 | 238,157 |
| **Governance costs** | 12,132 | - | 12,132 |
| **Total resources expended** | 594,049 | 860,740 | 1,454,789 |

**Table 1 Trust A finances**

The Trust A accounts note four principal funding sources: participant contribution on elements of the activity programme, commercial sponsorship, grants from charitable foundations and donations. Of the voluntary income, £18,670 was received from gifts, and grants received totalled £48,620 (3.41% of the total), entirely from the Football League Trust. Activities for generating funds made up 7.05%: £40,034 was received from lottery income, and £35,779 was via membership and matchday income. All investment income was from interest on loans, whilst the remaining incoming resources were from course fees and the MyPlace sports facilities project. In total, charitable activity makes up 88.95% of Trust A's income.

The Consolidated Financial Statements do not detail the exact amount received from commercial sponsorship; however, the Report of the Trustees notes the securing of a two-year sponsorship extension with the UK-based arm of an international energy company to keep them as Trust sponsors through to July 2011 as one of the main achievements of the year.

### Trust B

Trust B's FITC programme was established in 1987 and was thus amongst the pioneering programmes aimed at engaging club and community. In October 2005 the FITC became the Trust B, and was then registered as a charity in 2006. Trust B has grown from just three full-time staff in 2003 to the current 28, plus around 70 casual employees. Trust B achievements are across nine key areas of activity: Schools and Holiday Programmes; Football Development; Women and Girls Football; Matchday Community Tickets; London Youth Games; A Boating Arch; Social Inclusion; i-Sports disability programme; and Coach Education and Training. In total Trust B delivered 18,744 coaching hours across 27 sports to 27,872 participants, and 178 projects across health, social inclusion, education and sports participation.

For the year ending 31 March 2010 Trust B declared a total income of £1.22m, and a total expenditure of £1.34m. Trust B thus recorded a deficit of £124,625, significantly down from a £71,342 surplus for the year ending 31 March 2009.

Table 2 details the incoming and outgoing resources of Trust B as per their latest statement of financial activities:

| **INCOMING RESOURCES** | **Unrestricted funds £** | **Restricted funds £** | **2010 Total funds £** |
|---|---|---|---|
| **Incoming resources from generated funds** | | | |
| Voluntary income | 301,524 | 494,525 | 796,049 |
| Investment income | 8,542 | - | 8,542 |
| **Incoming resources from charitable activities** | | | |
| Sports programmes | 378,413 | 36,666 | 415,079 |
| **Total incoming resources** | 688,479 | 531,191 | 1,219,670 |
| **RESOURCES EXPENDED** | **Unrestricted funds £** | **Restricted funds £** | **2010 Total funds £** |
| **Charitable activities** | | | |
| Sports programmes | 539,491 | 438,577 | 978,068 |
| Overheads | 207,641 | 105,228 | 312,869 |
| **Governance costs** | 50,587 | 2,771 | 53,358 |
| **Total resources expended** | 797,719 | 546,576 | 1,344,295 |

**Table 2 Trust B finances**

Voluntary income accounts for 62.21% of Trust B total income, of which £50,878 was received from donations, £707,820 from grants (58.03% of the total) relating wholly to sports programmes, and the remaining £37,351 in 'other income'.

Investment income can be broken down into £8,000 from rents received and £542 interest receivable, while income from sports programmes was earned entirely through coaching fees and accounted for 34.03% of the total.

## Trust C

Trust C took over the community activities of the football club and FITC scheme when it was registered as a charitable organisation in 2005. Trust C currently has 35 full-time staff and some 150 casual employees. Trust C delivers initiatives through six departments: education (adults and primary and secondary schools); football and sports participation; social inclusion; disability; and health. Overall, more than 60,000 people directly benefit from Trust C's work.

For the year ending 30 June 2010 Trust C declared a total income of £2.29m, and a total expenditure of £2.29m. The reporting to two decimal places hides a slight deficit of £2,125, compared to a small surplus of £6,737 for the year ending 30 June 2009. Table 3 details the incoming and outgoing resources of Trust C as per their latest accounts:

| **INCOMING RESOURCES** | **Unrestricted funds £** | **Restricted funds £** | **2010 Total funds £** |
|---|---|---|---|
| **Incoming resources from generated funds** | | | |
| Activities for generating funds | 1,857,437 | 430,250 | 2,287,687 |

| | | | |
|---|---|---|---|
| **Total incoming resources** | 1,857,437 | 430,250 | 2,287,687 |
| **RESOURCES EXPENDED** | **Unrestricted funds £** | **Restricted funds £** | **2010 Total funds £** |
| **Cost of generating funds** | | | |
| Charitable activities | 1,835,193 | 451,634 | 2,286,827 |
| **Governance costs** | 2,755 | 300 | 3,055 |
| **Total resources expended** | 1,837,948 | 451,934 | 2,289,882 |

**Table 3 Trust C finances**

All of Trust C's income is from activities for generating funds in eight key areas: community affairs, football inclusion/ development, disability, education development, soccer schools, health, community relations, and commercial income. Commercial income represented £26,509 of Trust C's revenues for 2010, 1.16% of the total. Grant income totalled £430,250, received entirely from the Football Foundation for various restricted purposes, and accounting for 18.81% of total income.

### Trust D

Trust D's community programme began in 1992. Trust D was registered as a charity in 2003, though community responsibilities were fully transferred in 2004 following registration of a trading name. Having started with just one member of staff in 1992, Trust D has grown to 43 full-time employees, and 139 casual staff.

Trust D undertakes activities across five key themes: social inclusion, football and sports development, education and health, disability, and criminal justice. Overall Trust D works with some 7,500 young people a week, reaching some 340,000 individuals across 2010. They work in partnership with 200 agencies – local authorities, councils, police, Primary Care Trusts and so forth – across a total of 55 different strands of activity.

To the year ending 28 February 2011 Trust D had the highest income of any football community trust in England with a total income of £3.4m, a 26% increase on 2010. The rise in revenues enabled Trust D to record a net incoming resource of £336,691, up from £94,916 in the previous year. Table 4 details the incoming and outgoing resources of Trust D as per their latest available consolidated statement of financial activities:

| **INCOMING RESOURCES** | **Unrestricted funds £** | **Restricted funds £** | **2011 Total funds £** |
|---|---|---|---|
| **Incoming resources from generated funds** | | | |
| Voluntary income | 809,106 | 2,147,373 | 2,956,479 |
| **Incoming resources from charitable activities** | 484,312 | 4,860 | 489,172 |
| **Investment income and interest receivable** | 4,212 | - | 4,212 |
| **Total incoming resources** | 1,297,630 | 2,152,233 | 3,449,863 |
| **RESOURCES EXPENDED** | **Unrestricted funds £** | **Restricted funds £** | **2011 Total funds £** |

| | | | |
|---|---|---|---|
| **Cost of generating funds** | 82,490 | - | 82,490 |
| **Charitable activities** | 1,114,322 | 1,817,639 | 2,931,861 |
| **Governance costs** | 98,821 | - | 98,821 |
| **Total resources expended** | 1,295,533 | 1,817,639 | 3,113,172 |

**Table 4 Trust D finances**

Voluntary income makes up 85.70% of Trust D's income, of which £180,044 was received from donations, £914,204 was received from grants (just over 29%), while the remaining £1,862 231 (53.98% of the total) was received from sponsorship and other income. All bar £9 586 of the incoming resources from charitable activities was received from grants and fees from the delivery of projects, with the difference noted as 'other'. Charitable activity provides 14.18% of the total income.

# CHAPTER FIVE: Discussion

The aim of the current study was to explore how a particular type of charitable organisation, FCTs, can reduce their reliance on grant funding by exploring sponsorship arrangements. This chapter discusses the research findings with regard to the research question and hypotheses.

## *Grant funding*

The research question for this study was:

> *In what ways can a FCT reduce its reliance on grant funding?*

The research question was explored by testing two hypotheses. The first hypothesis stated that FCTs would be overly reliant on grant funding. This was supported.

It was found that across FCTs, income from all grant funding accounts for 30.65% of the total. This grant funding includes that provided from government and other foundations, and for both general and specific purposes. Of those that received any grant funding it made up, on average, 42.89% of the total revenues. At 25 FCTs grant income accounted for more than 50% of the total income, and more than 75% of the total at eight FCTs. It was suggested that there has, "...absolutely

[been] an overreliance on grant funding". At Trust A it was felt that "in light of the government cuts we couldn't keep gathering grants. We could foresee problems in lost roles, lost income." Another interviewee suggested that there has, "definitely" been an overreliance on grant funding, "...not just for football trusts but for all charitable organisations."

In 2011/12 Trust A faced £400,000 in lost income, around 80% of which was through reduced grant funding from Local Authorities and the Football Foundation. Another FCT's accounts detail a reduction in grants from government and other public bodies of £170,000 in 2011 compared to 2010. Another lamented their operating deficit of £348,273, increasing from a deficit of £242,393 the year before, as being driven by the economic downturn and subsequent reduced expenditure by local government.

At Trust B there was, "a sense of exposure after the change in policy." An example was provided: "Funding for the Kickz project needs a 50% contribution from the Local Authority, otherwise they are under threat. Local Authorities were unable to commit to providing that extra funding; as such it put staff under threat: we had 13 at risk." The fact that FCTs are impacted so significantly by expenditure cuts lends weight to the suggestion that there is indeed an overreliance on grant funding in FCTs as hypothesised.

One interviewee suggested that “grants should allow capacity building so that after the grant dries up there is long-term sustainability”. In essence, grants should be a launching pad, “... allowing trusts to get partners and funding later on.” Others agreed that, “...if [organisations] get grant funding they should be looking at what happens after the funding runs out”, and that it needs to be used in a manner that delivers sustainability. Indeed, Trust C’s growth was largely achieved through grant funding: “In 2002 we received a grant from the Learning Council for £180,000 over 18 months to deliver skills, qualifications around numeracy, IT and literacy. We delivered so well that we got another £1.7m in grants so it has grown from there.”

### *Revenue mix*

Trust B acknowledged that, “...a balanced income was needed to reduce the reliance on grant funding.” This outlook supports the need for balance between earned income, contributions and investments (Carroll & Stater, 2009). Currently, FCTs rely on almost 60% of their income through charitable activities. FCTs typically provide coaching and courses to generate funds which accounts for a proportion of this income source, though it also includes the receipt of restricted grants. Voluntary donations make up 26.58% of total income, which will include unrestricted grants from government and foundations. It is these grant elements that FCTs ought to minimise.

Interestingly, in total 18 FCTs reported no grant income. Indeed, a third of FCTs stated that they received at most 10% of their total income from grants. Nevertheless, such a limited reliance on grant funding is not widespread. Grant funding is a staple of any charitable organisation's revenue mix. One interviewee noted that in order to make the Big Society work, "...there must still be some funding available as otherwise the third sector won't be able to deliver anything." Given the fact that although there will be competition for limited grant funding it will not dry up altogether, up to 10% of income is arguably an acceptable proportion.

### ***Reducing the reliance on grants***

Notwithstanding the likelihood of grants remaining a source of FCT funding, Trust A concluded that being heavily grant funded is a risky strategy. In a practical sense, it was noted that grant funding often allows only "10 to 12% in management fees" which can be insufficient. At Trust B this means that, "the business model focuses on other sources of income." Building the reserve pot is one way to cope; however, a shift away from grant funding to more commercial incomes such as sponsorship has proved an achievable strategy.

Trust A sought to "modernise and professionalise" by looking at strategic options for revenue raising and taking new opportunities, resulting in the restructure of their organisation to "ensure financial sustainability". Trust A recognised that they, "needed to reduce risk of relying on grants and didn't want to end up in a position of asking the club for money", so sought to build revenues and future proof through expanding operations. There is direct support here for Doherty and Murray's (2007) suggestions of the need to develop alternative funding sources to maintain and expand programs and services. The new departmental structure will be used as the basis for generating funding through theme-based sponsorship.

Trust C similarly adopted a revised structured to allow them to be "...more strategic in thinking." The introduction of the Commercial Department will raise the profile of the work carried out by Trust C and set the foundations to increase income through, in part, the department-based sponsorship strategy. Both Trust A and Trust C have recognised the need to restructure to focus on commercial income. In accordance with Crittenden (2000) these FCTs are seeking to reduce uncertainty by diversifying their funding portfolio, focusing primarily on the private sector.

### *Opportunities for sponsorship*

The second hypothesis stated that generating income through sponsorship is an appropriate way to diversify revenue streams at FCTs. This hypothesis was supported. The results indicated that FCTs rely on trading activities for just 12.90% of total income. Over half of the FCTs received no income from trading activities, while almost 75% received a maximum of 10% of the total income from this source. In light of the above, this element represents an area for potential growth. In this regard, it was found that across FCTs income from all sponsorship accounts for just 5.41% of the total. Given the inclusion of other incomes in the sponsorship allocation as detailed in prior chapters this proportion may even be higher than the actual. There is therefore scope for FCTs to target sponsorship to enhance the amount received through trading income.

### *Forming sponsorship partnerships*

Trust A, Trust C and Trust D have all implemented sponsorship and partnership strategies as a core element of commercial growth, and Trust B have until recently had a primary sponsor on board. Trust B currently do not receive any income from sponsorship arrangements; a sponsorship agreement with a local leading property development company that provided £20,000 per annum support package for four years, as well as funding premises costs at the Boating Arch of £25,000 per annum expired in October 2010. In all cases the FCT are continually seeking new opportunities for sponsorship.

#### Targets

Trust A had a prior relationship with their initial sponsor: “[the sponsor] already had a relationship with the club” in being the former shirt sponsors and so knew about the community operation. Likewise, Trust C was successful in striking up the partnership with their current sponsor because of the company’s existing relationship with the football club. Others appeared to have followed suit: an international electronics company that is a club shirt sponsor now has a relationship with the newly registered associated Trust, while another FCT’s primary sponsor is also a main sponsor of the associated football club.

Furthermore, Trust A will “...identify the appropriate companies to link themes and the companies’ business, aiming for large companies that have their headquarters in Hertfordshire or the surrounding area.” Indeed, the sponsor, “...wanted to embed in the community: the Head Office is in Watford, as are the staff, so [they] wanted to give back to the local community.” This approach supports Thomas et al.’s (2011) and Becker-Olsen and Hill’s (2006) suggestions that a strategic match between the sponsoring firm and the charity in terms of mission, target audience, and/or values, leads to a more successful partnership.

Club partners are thus a target; this is discussed further below. FCTs could also potentially target well known cause-related marketers like Amex, such as Ramada Inns and Wal-Mart (Du et al., 2008) focusing on UK-based companies or subsidiaries, for instance Asda in the Wal-Mart group. Trust C’s former sponsor’s parent company sponsors a Street Sports programme; there is thus scope to seek out companies already involved in community initiatives.

### Strategies

In accordance with Andreasen's suggestions (1996) Trust A and Trust C have become proactive strategists in seeking out corporate partners that match their cause. Trust A and Trust C have recently implemented new sponsorship attraction strategies. Trust A's business is split into five themes: sports participation, education, health, social inclusion, community facilities. "Plan A is to attract a major sponsor for each of four of the five themes [omitting facilities]." Failing Trust A's Plan A, "Plan B is to have project sponsors for each or some projects within each theme, maybe £2,000 to £5,000. We would be looking at smaller companies." In fact, Trust A suggest that "...project sponsors may be more successful given the current financial environment."

Such an approach is mirrored in Trust C's sponsorship strategy. Trust C has an international financial services company as the primary sponsor, worth £10,000 a year for 10 years. They are also seeking departmental sponsors across projects and initiatives in education, health, community cohesion and sports participation. The strategy is to attract 15 sponsors at this level for between £5,000 and £20,000 a year. In addition, a further 100 associates will be attracted to provide between £500 and £2,000 each per year.

The Trust D patrons programme is similar again: across 15 strands of activity Trust D seek patrons to provide £10,000 a year for years; there are currently eight patrons providing funding and staff. It was mentioned that patrons "give money as a donation so it is not about branding, rather more about the CSR benefits and the staff involvement.” Nevertheless, it is arguable that the funding is in exchange for the right to association with Trust D and so could reasonably be categorised as sponsorship in that sense, rather than a ‘pure donation’.

This ability to allocate funding to specific projects as suits the sponsor is a key advantage, as it provides an opportunity for programmes that fit the company’s CSR agenda exactly. Under the terms of the arrangement with Trust A the sponsor requested that their funds were used in particular projects and initiatives. Similarly, Trust C’s sponsor “...provides both a lump sum each year for investing in specific initiatives that [the sponsor] want to support, and also provide volunteers from their own employee ranks.” One of Trust C’s key strategic elements is to link with like-minded partners to use their shared resources to design and deliver projects. Trust D also look to work with partners to develop bespoke programmes for their support.

## Resourcing

In terms of the resources required to invest in developing such partnerships, Trust A had previously employed a Business Development manager who was responsible for that activity. They currently have an intern looking at sponsorship opportunities and are using skills of existing staff; however, “there is a role there in future – covering sponsorship, fundraising, events, grants and so forth.” Trust A’s revised structure of their whole operation enables more resource focus on commercial incomes. Similarly, Trust C have restructured their operations and included a dedicated commercial department. While currently staffed by two employees, one whose role is “to manage the relationship with [the sponsor],” there are plans to grow: “...if [the employee] is still working by themselves in a year we will have been doing something wrong.”

Trust D has minimal resources to find such sponsorship, with the task falling on the Chief Executive. Trust B is likewise limited, with only the Chief Executive available to follow up on any sponsorship opportunities. Trust B do, however, have a Board with, “...a wide range of skills and experience from a variety of backgrounds” that can be accessed. Similarly, Trust A also “...make the most of the wide variety of skills on the Board of Trustees”.

The resourcing requirement could potentially be supported by the club itself: At Trust A, the trust pay for the use of a corporate box to entertain, have access to the football club’s business networking events, and the football club’s corporate team will promote Trust A to potential sponsors that are interested in community initiatives. Club players typically support the activities of FCTs through appearances at courses; whether this could be extended as part of a FCT sponsorship deal, such as offering attendance at club awards nights or social occasions with players, may be worth exploring.

### Long-term relationships

Trust C envisage their relationship with their sponsor to develop with "...closer engagement, working together, partnerships" in future. Likewise, Trust A promoted the idea of a long-term partner for community work being more than about the money: "[the company] needs to buy in to the values and community ethos". Again, Trust B is "...not just after only money, we are keen on a long-term partnership for financial stability."

## *Challenges*

It was interesting to note that some of the challenges highlighted by Andreasen (1996) were not detected. FCTs are clear on independence and the need to self-support which may have nullified issues around the imposition of restrictions or affecting their own capabilities. The resources required to build a successful campaign and the implications that commitment has for the FCT's ability to conduct other activities, as suggested by Andreasen (1996), was reflected and is a concern for FCTs.

Trust C and Trust D are cautious in engaging commercial sponsorships because they "...did not want to tread on the toes of the club, as we had the same targets." This affects the number and type of commercial organisation the FCT can target. Trust C and the club entered an agreement to allow Trust C to approach the 1,200 club partners for associate revenues. The relationship between trust and club and sponsor and club needs to be managed.

Trust A and Trust D highlighted that, “...the perception of the trust is particularly problematic”, suggesting that “...being associated with a football club should mean [we] are already loaded or only about kicking a football in the park.” Indeed, while Walters (2009) highlighted the benefits of association with a football club these experiences suggest that this may prove challenging for commercial partnerships. Trust D use dual trading names when engaging different parties to overcome this.

Trust D highlight a problem faced by FCTs associated with clubs in lower leagues: “In the Premier League sponsors gave £6.5m over 4 years; in the third division it is £30,000 a year.” Furthermore, Trust D “previously used the club’s commercial department employees, but as the club started going poorly they had to cut it.” Complete independence should mitigate any issues around attractiveness of FCTs associated with lower league clubs but only if the profile of the FCT is sufficiently strong. There is therefore a need to “raise the profile of activities and awareness of what [the FCT can] do” as an independent entity.

With commercial relationships there is the “...potential for the relationship to be scaled back as the sponsor’s position and strategies change.” Indeed, beyond July 2011 the Trust A sponsorship arrangement is under review following the sale of the company’s UK division: Trust A “...don’t know if the new company will be keen, what their CSR agenda is, what the direction of travel will be." Nevertheless, this have been turned into an opportunity by "...driving the sponsorship plan to generate wider engagement and sell the Trust to new sponsors. If [the sponsor] are still on board they could sponsor a specific theme." On a related note the current economic climate may limit a sponsor's ability to invest. For FCTs it may be "difficult to get a headline cash sponsor as they prefer to give staff time, in-kind benefits or through the national football league trust."

### *Benefits*

One clear benefit is the financial sustainability that a diversified revenue base through sponsorship brings. As Grau and Folse (2007) highlighted, the FCT, which may normally rely on donations or charitable activities, has the opportunity to diversify its revenue streams. Sustainable funding was a key driver of Trust C's attempts to increase commercial incomes, while Trust A have a clearly stated aim in, "Increasing the number of commercial sponsors/funders for projects in order that programmes become more sustainable long-term." There is support for Chang and Tuckman's (1994, in Fischer et al., 2011) and Kingma's (1993) claims that revenue diversification is positively associated with long-term stability. It is shaping Trust B's desire for partnerships and their recognition that a long-term relationship can provide financial stability. In addition, Trust A note the advantages of unrestricted funding that sponsorship provides: "we like sponsorship as it enables flexibility – providing the sponsor is happy and it fits with their objectives".

Trust A was successful in attracting their sponsor after illustrating how they would "deliver on their CSR agenda and embed the company in the community." The partnership can provide learning benefits to both FCT and company and strengthen organisational culture. Trust C's relationship with their sponsor allows sharing of resources between parties, the ability to seek guidance from the sponsor on commercial operations, as well as sharing of Trust C's expertise in engaging local communities. This supports Ning et al.'s (2006, in Du et al., 2007) findings that a potential advantage is through obtaining social capital and learning from the charitable organisation.

Part of FCTs unique offering is in providing a link between different parties and in offering business expertise to on-sell: for example, graduates of Trust C courses are placed with Trust C partners, and in return partners access sponsor's staff with specialist skills. Partners benefit through this expertise and workforce development, while it enables Trust C to both maximise funding streams and enhance their own commercial awareness and skills. This supports the notion of the FCT as a community hub (Walters & Chadwick, 2009) and suggests opportunities for FCTs to use the alliance with one partner to access other partnerships (Warneke, 2005, in Thomas et al., 2010).

As detailed above FCT sponsorship arrangements have the ability to deliver practical benefits, and in line with Wu and Hung's (2008) theoretical suggestions can assist in the delivery of the mission through additional resources, financial stability, and learning and growth. As a result it is argued that sponsorships are indeed an appropriate source of revenue growth for FCTs.

### *General discussion*

There may be opportunities for FCTs in a similar geographic area, for example the community group of London FCTs, or indeed across the National League Trust, to collaborate to attract group sponsors. FCTs work together to add value where possible, and the enhanced resources and profile of a regional or national collective may be more able to manage sponsors, and indeed may be more attractive to larger companies. “Big companies want a national presence; there is a significant role to play in groups of FCTs getting sponsors.” A practical difficulty will be finding a sponsor that suits all FCTs without conflicting with current sponsor and partner arrangements. One interviewee referred to the success of Network Rail in sponsoring an awareness piece given the minimal conflicts with current partnerships. For the international financial services company, the relationship with Trust C may just be the start: “It doesn’t feel like it is about focusing on Brighton and Suffolk area, more likely to be a bit of a pilot programme...as something they could do more widely.”

The relationship between FCT and club is an important consideration. Trust A and its objectives are firmly integrated into the culture at the football club by virtue of the values of the club and its operational objectives. Indeed, Trust A staff "...feel they are an integral part of the trust and the club." In some cases the support is largely monetary: one FCT received a £4.5m from the club allowing the FCT to operate off the interest, Trust B receive £50,000 a year, and it is common for the FCT to be housed in club property. Independence is advantageous so that the club's direction has minimal impact on the activities of trust, but support of the club is also important.

At Trust A it was recognised that, "The income from the core programme was falling rapidly due to other providers, other clubs, coaching firms." FCTs are competing with other charitable organisations, including other FCTs. For example, another FCT has approached councils in Trust C's area of operation in and sought to undercut AITC. Such competition will likely increase in the face of reduced funding, reinforcing the notion that commercial income that is less volatile and more flexible is particularly advantageous in this climate (Young et al., 2010).

# CHAPTER SIX: Conclusion

The purpose of this study was to consider the revenue sources at FCTs in light of the changing environment for charitable organisations. In particular, the study outlined the need to reduce the reliance on grant funding and considered sponsorship as an appropriate mechanism to do so. The research found that FCTs can reduce their reliance on grant funding by targeting sponsorship as an area of revenue growth.

## *Implications*

This research has practical implications for FCTs. It promotes a focus on generating sponsorship income to reduce reliance on grant funding. There is support for Doherty and Murray's (2007) suggestions of the need to develop alternative funding sources to maintain and expand programs and services. The study provides some initial guidance for FCTs seeking sponsorship based on cases of successful engagement, highlighting the main challenges. It also details key benefits, primarily through the provision of additional funding and resources, financial stability, expansion of operations, and as a community and business network hub.

In terms of theoretical implications, this study has applied the principles of the sponsorship element of CRM through a type of charitable organisation to explore its applicability. It supports Froelich's (1999) observation that organisations need to modify their locus of reliance to survive. There is limited literature on relationships between private sector organisations and sports-based charities; it is focused on private sector organisations working with charities (Thomas et al., 2010), or on relationships between sports organisations and charitable causes (Bradish & Cronin, 2009). This research therefore attempts to address this imbalance. Research to date has been largely focused on the relationship from the sponsor's point of view (Bradish & Cronin, 2009). This research attempts to fill the gap by highlighting the benefits and challenges a charity might reasonably face. There has been limited exploration in the literature of the revenue mix at FCTs; this research provides an initial foray into that topic and invites more detailed studies in this regard.

### *Limitations*

There were a number of challenges in classifying and allocating income to different revenue sources due to differences in definitions, accounting processes, and lack of detail provided on grant providers and purposes. It is likely that this reduced the accuracy of classifications into each revenue type.

Only one individual from each FCT was interviewed, meaning there was the potential for the participants' role or time in employment to influence responses and thus case detail. Interviewing a second staff member may have enhanced objectivity through corroboration and increased validity of case data; however, it is argued that by interviewing the most senior employee, together with triangulation with external secondary sources, the case data is credible.

Attempts were made to contact representatives of two primary sponsors; however, in both instances no response was forthcoming. It was envisaged that interviewing the sponsor would provide further insights and add detail. Nevertheless, given the relative paucity on research into the benefits to charities compared to companies the decision was made to focus time and effort on FCT interviews.

The findings may be limited as the specific conditions of each case may not be the same across the third sector, or indeed across FCTs. The resources of the FCTs studied enable engagement and management of sponsors though this level of resources is not shared across FCTs. Attempts were made to address this through triangulation of multiple case studies though generalisability may be limited. Notwithstanding, it is argued that as all charitable organisations are in an environment of limited public funding and increased competition the model of increasing commercial income through sponsorship is potentially applicable across the sector.

### *Future research*

The time constraints on this research limited the ability to approach all FCTs for details of incoming resources, so there are opportunities for further research into the revenue mix at FCTs and how these are changing over time. This research could also consider the optimal combinations of revenues for FCTs.

Further research into FCT organisational structures and their appropriateness in a more competitive environment could shed light on ideal structures and whether FCTs are fit for purpose in the new landscape.

Though this research focused on sponsorship arrangements alternative CRM elements, in particular gifts in-kind, were identified. Further research could explore the use of other CRM strategies at FCTs.

Joint FCT-club sponsorship initiatives could be researched further. Under UEFA’s Financial Fair Play initiative there is no limit on spending on community development activities. If the operations of the FCT can generate greater sponsorship investment to be shared across club and FCT, clubs will be incentivised invest in community operations to generate more sponsorship income to spend on player wages and transfers.

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