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Endorsement is not a dirty word

Oxford English Dictionary definition of endorsement: “Declare one’s approval of”

Jo Burrows is a fundraising consultant who has led a major health organisation, National Asthma Council Australia, through the sensitive issue of endorsement. She explores how to do it successfully with minimal risk to the Board and organisation.

How do we endorse a product and not compromise our reputation?

Cause-related marketing, association, sponsorship, licensing, endorsement – call it what you like, but some day you may have to consider the use of your not-for-profit organisation’s brand alongside the brand or product of a commercial company. Furthermore the commercial company will most likely request an exclusive relationship, either in writing or as a handshake agreement that you won’t deal with their competitors.

As a fundraising consultant, I’ve often looked at cause-related marketing or endorsement programs but for a myriad of reasons they rarely succeed. Some organisations do it without too much thought or may not realise that they are in fact giving an endorsement. Other organisations do it with great unease, while some have a policy that “This organisation doesn’t endorse products.” Who wrote that policy and under what circumstances?

Why consider endorsement?

Not-for-profit organisations are considered independent and credible in their field of expertise. For this reason commercial companies often seek to align their organisation or product with the not-for-profit, essentially seeking to gain this independent credibility by reflection. In return for endorsement or approval of their product/service by the not-for-profit, the commercial company will contribute a sponsorship or endorsement fee.

Endorsement programs are not suitable for every not-for-profit organisation. It would be a crowded market if every not-for-profit did it. There has to be some relevance or reason for the not-for-profit to endorse otherwise the association is meaningless to consumers. There are also clearly some organisations that shouldn’t do it as they are directly involved in research or other activities that would raise conflict of interest issues for the not-for-profit.

The not-for-profit organisation also has to have a clear reason for entering into endorsement. For example the Heart Foundation operates the Heart Tick program, not as a means of income generation, but as a way to encourage food manufacturers to lower fat and salt content.

If you are going to enter the endorsement game, you have to have a clear proposition to the market. For example the National Breast Cancer Foundation owns an excellent brand in the pink ribbon. They have been successful not just in selling the brand to manufacturers and service providers but also in building enormous consumer awareness and support of the brand.

A case study: National Asthma Council Australia

National Asthma Council Australia launched the Sensitive Choice® program in 2006. The program aims to help Australians make lifestyle choices that may help them manage asthma and allergies more effectively. Products that demonstrate a potential benefit for people with asthma or allergies and are accepted into the program are allowed to display the Sensitive Choice blue butterfly logo on packaging and advertising. In just three short years, the program has grown to more than 100 accepted products, including household names such as LG Electronics, Daikin, Dyson and Tontine.



For many years before the Sensitive Choice program was launched, the National Asthma Council Australia was regularly approached by commercial organisations willing to offer a sponsorship in return for some sort of acknowledgement or association. Each time the CEO and Board grappled with the offer – “Should we? Shouldn’t we?” – making decisions on a time consuming ad hoc basis.

Declining pharmaceutical company funding meant the organisation was facing diminishing income streams and, coupled with the lack of a structured approval process, the issue became one the CEO had to address. The National Asthma Council Australia does not have DGR status to enable fundraising from the public.

Initially Kristine Whorlow, the CEO, asked me to scope the potential of commercial partnerships. I met with manufacturers and commercial companies and there was no doubt that there was interest in associating with the National Asthma Council Australia, even though the organisation’s name was not widely recognised by industry. Then I investigated models of endorsement and accreditation around the world. What became clear was that unless exclusivity was part of the program, companies were rarely interested and the organisation didn’t make a profit.

Often even getting to explore the concept of endorsement doesn’t happen as the Board has a policy of not endorsing. The reason that the National Asthma Council Australia was able to launch a program was due to the Board not saying “We won’t endorse.” Instead they considered the meaning of endorsement and said “Show us how we might endorse products in a safe and appropriate way.” It took another 8 months to gain their buy-in, but here is how the program was developed.

1. The consumer offer

There has to be a need or an appeal for consumers otherwise the commercial company won't pay for your endorsement. Generally there are two categories:

- a. The not-for-profit has a connection or relevancy to a category of products/services
- b. The brand of the not-for-profit is strong and appealing.

The National Asthma Council Australia had in its favour the size of the potential audience – more than 2 million Australians have asthma and 40% of the population has allergies. At the time of launching we weren't aware of exactly how many products had an asthma/allergy link but we knew there were products that could potentially benefit people with asthma and allergy. It also became evident that there was a real need to provide a guide to consumers on products that weren't harmful for asthma and allergy. Often families did radical things like rip out their carpets based on the advice from someone who wasn't in touch with the latest scientific evidence.

2. A saleable brand

Although well known in the medical field, the National Asthma Council Australia's corporate logo was not recognisable or distinctive enough for consumers. This gave us the opportunity to develop a new identity for Sensitive Choice. Several options were researched but consumer testing rated the use of a stylised blue butterfly as a symbol that represented cleaner air and a safe environment.

As the program would be launched in New Zealand as well, the logo was designed to incorporate the names of two organisations "Asthma & Respiratory Foundation of New Zealand" and "National Asthma Council Australia".

3. Established processes

The development of rigorous policies and procedures for the Sensitive Choice program has no doubt been critical.

The National Asthma Council Australia established an independent "Product Advisory Panel" consisting of experts from relevant fields such as respiratory medicine, pharmacy, general practice, allergy, industrial chemistry and consumer affairs. Their role is to consider the scientific evidence to support the company's asthma/allergy claim and to also consider the company and brand fit. The Panel is removed from any of the commercial negotiations/considerations so that they remain independent. The reasons for approving or rejecting a product are recorded.

There are also products that will not be considered, such as products that could lead the public to think that their asthma could be cured and also pharmaceutical and food products.

If approved, a commercial company is then offered a standard 3 year contract, which specifies obligations for both parties. Part of the program process is monitoring these contractual obligations. Normally companies stick to the terms and conditions, but there have been a few instances where the National Asthma Council Australia has had to send legal letters to enforce contract clauses. But generally companies do the right thing by the not-for-profit organisation.

4. Legal partner

The National Asthma Council Australia couldn't have achieved the success of the Sensitive Choice program without legal counsel. Consultation on every aspect of the program has been sought, including the partner contracts (designed to ensure the National Asthma Council Australia is well protected) and legal riders on the Sensitive Choice promotional materials.

A thorough understanding of relevant acts such as the Trade Practices Act and the Food Standards Act are also necessary to ensure that endorsement is being given correctly.

Investment in appropriate legal advice from the start is essential to avoid much greater costs in money and/or reputation down the road.

5. Fee negotiation

This was difficult in the early stages. Essentially fees were negotiated on what we believed certain market categories would bear. As the program grew it was appropriate to charge more as the program benefits became more obvious. And, of course, the fees were higher if the company wanted to enjoy exclusivity. It helps to have a skilled and commercially minded person execute the fee negotiation for the not-for-profit as you are often dealing with very experienced commercial negotiators on the other side.

6. Exclusivity

This was a real sticking point and perhaps still is. The National Asthma Council Australia did offer exclusivity from the start, although we decided to make some categories non-exclusive. The National Asthma Council Australia was realistic and understood that commercial companies were not looking for accreditation – they were really looking for unique marketing benefits i.e. something they could claim that their competitors couldn't. We also wanted partnerships for the long term and didn't want to see a continual churn of partners.

The answer for the National Asthma Council Australia was that it is not purporting that the product is the best or better, but simply that it has looked at the evidence for the claim on the product and that the Panel found it to be of potential benefit. Then there is further protection in the contract between the National Asthma Council Australia and the product owner. There is a clause that enables the National Asthma Council Australia to break a contract if a competing product can scientifically demonstrate better outcomes for people with asthma. Each aspect of the program has a procedure to support the process.

7. Launching into other countries

Many manufacturers and distributors have products with common packaging for Australia and New Zealand. To generate further income from the program, the National Asthma Council Australia offered a licensing contract to the Asthma & Respiratory Foundation of New Zealand. Percentages of annual fees are shared depending on which organisation initiates the commercial partnership.

8. Industry and peer criticism

There is no doubt that operating a program like Sensitive Choice has delivered the CEO negative feedback as well as positive. Each time the National Asthma Council Australia's CEO responded to the issues – ignoring the critics will not make them go away. Several times legal advice was sought and sometimes the Sensitive Choice program was modified.

As new initiatives are implemented, the National Asthma Council Australia CEO and Board consider potential points of criticism and develop appropriate responses in advance. Preparation and planning are vital, as is being open to reviewing aspects of the program if the criticism seems fair. Sensitive Choice partners also offer valuable advice.

9. Thinking commercially

In order to support commercial partnerships, the National Asthma Council Australia had to start thinking like a commercial company. Rapid growth in recognition of the blue butterfly is due to a commitment to the approved partners that the National Asthma Council Australia would reinvest a percentage of their annual fees into consumer awareness activities. There is now a 30 second TVC running nationally and regular promotions in publications such as Australian Women's Weekly.

The National Asthma Council Australia hosts annual forums with its partners to encourage them to promote the Sensitive Choice program and to learn from each other's successes. Additionally, the National Asthma Council Australia facilitates cooperative advertising programs and is also committed to conducting consumer research every two years to track the awareness level.

What has been achieved in three short years...

The National Asthma Council Australia recently celebrated the 3rd birthday of the blue butterfly. The Sensitive Choice program now generates a large part of the National Asthma Council Australia's income – over \$1 million per annum and growing. The program continues to develop and there are off-shoot programs in the pipeline. The National Asthma Council Australia continues to invest in legal advice along the way.

Commercial companies value their brand and products and charge accordingly. The same should be true for not-for-profit organisations. The brand and reputation of the not-for-profit organisation shouldn't be given away freely. So why is it that not-for-profit organisations don't charge or are uncomfortable about endorsement? I believe that answer is that there is a lack of understanding about the nature of endorsement and a lack of policies and procedures to underpin an endorsement program.

There was a memorable turning point for the National Asthma Council Australia. It was when they stopped cold-calling commercial companies about the benefits of Sensitive Choice, and instead instigated procedures for dealing with the volume of incoming enquiries. What an enviable position!