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**SPONSORSHIP
FOR THE RECOVERY OF
HISTORICAL-ARCHITECTURAL HERITAGE**
EVALUATION AND MANAGEMENT MODELS

ABSTRACT

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The scarcity of resources for the preservation of the historical-architectural heritage generates the search for alternative sources to public funding. Therefore, cultural sponsorship is among these sources.

This work aims to illustrate to potential sponsors to what extent it is appropriate to invest in the sector and to sponsee organizations how efficient the instrument of sponsorship is in finding the resources, financial or in kind, necessary for the design and execution of restoration and recovery of real estate with historical and cultural value. For this reason, the objectives of the research are the following: to propose a series of models that implement the use of sponsorship in order to facilitate the recovery of historical and architectural heritage, both public and private; to clarify to the financing companies the limits and convenience of the investment in sponsorship; to clarify and define to public Administrations criteria and reference parameters to maximize the public return in the application of the instrument. In summary, the ultimate aim is to provide tools for assessing the financial and economic sustainability of the sponsorship investment. Specifically, sponsorship can be defined as financially sustainable for the company if it is able to generate large profits that allow the self-financing of further investments in sponsorship. On the other hand, sponsorship is economically sustainable for the public body if it is able to attract the necessary financial resources while respecting cultural, social and environmental requirements.

There are two new elements that characterize this research. First of all, some models, until now developed only on a theoretical level, have been reworked and empirically validated, useful for companies to estimate the optimal amount to invest in sponsorship. The other novelty consists in the characterization of an innovative model, supporting Public Administrations, through which to estimate sponsorship fees.

The preliminary phase of the study consists of an analysis of both the sector's legislation and the main literature models. The latter have two main objectives:

1. evaluate the effects, in terms of economic return and image, of the sponsorship activity;

2. estimate the optimal number of events to be sponsored in order to maximize business profits.

Subsequently we moved on to the characterization and reworking phase of the models, articulated in the following steps:

− Step 1: characterization of an original model to support Public Administrations aimed at determining the fees for the exploitation of image rights by companies that intend to sponsor projects for the recovery and/or restoration of the historical-architectural heritage. The implementation of the model makes it possible to estimate the amount of funding, to be paid by the sponsors, including the amounts needed for restoration work and advertising costs. The model described is applied to the city of Salerno.

− Step 2: Determination of the optimal percentage of turnover to be invested in sponsorships in order to maximize the company's profit. To this end, a static analysis model is implemented for a company active in cultural sponsorship (Bucci et al., 2003). This allows to

validate an existing model never applied to a real case of cultural sponsorship.

- Step 3: Analysis and application of a dynamic model (Bucci et al., 2003) with the aim of providing an additional tool to analyse the profitability of the sponsorship investment for companies. The aim is to estimate the optimal amount to be invested annually in sponsorship that will maximise the NPV generated by the investment programme. The basic assumptions adopted in the formalisation of the model refer to the following three characteristics of the company investing in sponsorship: single-product company; Cobb-Douglas production function with decreasing scale returns; company operating in a market of monopolistic competition. The technique used to solve the endogenous growth model is that of the Maximum Principle (Pontryagin, 1962).

The application of the model for Public Administrations shows that the critical variable that most affects the estimate of the sponsorship fee is the direct audience (visitors per location).

From the implementation of the static and dynamic models it can be deduced that they represent valid tools for the applied analysis of sponsorship profitability and can therefore be translated into sufficiently lean software useful to companies.