

When an athlete and a sponsor negotiate a sponsorship agreement, there are six key aspects that need to be covered. Here are some basic recommendations regarding both the athlete's and the sponsor's best interests.

1. Scope of Agreement Relating to Products or Services

The first thing your sponsorship agreement should define is the clear scope of licensed goods or services that will be promoted. Sponsors should keep a close eye on the market trends and analytics for the duration of the sponsorship so they can evaluate the results of the sponsorship. At the same time, teams should make sure that they aren't promoting a competing product through a sponsorship with another company.

2. Non-Compete Clauses

As we've mentioned above, adding non-compete clauses to your sponsorship agreement will help you avoid any misunderstandings and prevent legal disputes.

A non-compete clause should clearly state that the team will not sign another sponsorship agreement with a competing company or that the principal sponsor will have more promotion and marketing time than other sponsors. You'll also want to provide sponsors with the information the list of events and marketing materials where they you promote the sponsor

3. Financials

When it comes to finances, your sponsorship agreement should outline what the benefit is for both the sponsor and the team. You'll want to stipulate the cost of the sponsorship, how you'll be paid, the number of payments, and the payment terms. Don't forget to include your role in the sponsor's company as it pertains to taxes and define any other financial liabilities

4. Renewal And Termination

You need to include renewal and termination regulations in your sponsorship agreement. Usually, this means your agreement should allow for the following:

- Straightforward renewal process with minimal changes needed in the agreement
- Allow teams to have the first opportunity to accept or reject any offer made by the sponsor before the sponsor offers it to other teams looking for sponsorships
- Allow sponsors to match an offer made by a different (often competing) company

5. Responsibilities In Case of Mergers and Acquisitions

In the event your sponsor company merges with another one or is acquired by another company, make sure your sponsorship agreement defines whether the other company is obligated to continue the sponsorship and if you're obligated to promote them.

The clause that governs this should provision for potential acquisitions and merges and assure the sponsor that the deal will not be jeopardized because of the sponsorships. You as the team, on the other hand, need to know that you won't suffer financial loss as a result of the deal and that you will have the opportunity to continue the sponsorship in a similar fashion with the new company.

6. Governing Regulations and Laws

Lastly, you'll want to make sure to include all applicable laws, rules, and regulations in your sponsorship agreements. While this will largely differ from one country to another, leaving them out can result in your sponsorship agreement becoming null and void. It can also lead to costly legal proceedings with governing bodies and agencies. As such, it's a good idea to consult a lawyer and have them draft a sponsorship agreement for you.