Working with Consultants

Consultants are individuals and firms that provide professional advice or services to organizations and corporations.

Sources to Consider when Selecting a Consultant

1. Your friends.  
   Many of your peers in the nonprofit community have worked with consultants. Check to see if they have engaged a consultant in a situation similar to the one you are facing. Find out what they liked or disliked about the consultant and what the results were.

2. Other consultants.  
   If a consultant is unable to assist you, ask for referrals to other consultants. Consultants generally know something about other consultants in their area.

   Produced by the Accounting Aid Society, the Manual has a chapter on working with consultants and independent contractors. The Manual is available for purchase online or by calling Michigan Nonprofit Association at 517/492-2400.

When Should I Work with a Consultant?  
In an article entitled "How to Choose and Work With a Consultant," Peter Brinckerhoff points to five reasons for nonprofits to use consultants:

1. The organization is required to use outsiders.  
   Many funding sources require the use of an outside consultant for such things as financial audits or management audits.

2. The problem to be solved is highly technical or complex.  
   If you are deciding to implement a new computer system, accounting software package, personnel policies or other technical issues, an outside expert can offer the knowledge and guidance you need to make an effective decision. Complex organizational issues may also require a consultant to navigate the group through an organizational change.

3. The problem is a one-time or infrequent one.  
   If your organization is going to build an office building, it isn't worth the time or money to train staff to be architects, realtors and contractors. These individuals should be hired as consultants.

4. You need an unbiased outsider.  
   Outside consultants can approach problems or issues in an organization from a broader perspective than that of inside personnel.

5. You don't have the time.  
   This may be a good reason to use a consultant once, but using this justification too often might mean that there are some deeper issues to examine.

When Shouldn't I Work with a Consultant?

- To reinforce a decision already made. A consultant hired for this reason will only tell you what you already know!

- To do regularly performed work. Other than an auditor who is required to be an outsider and do the same work year after year, a consultant should never do regularly performed work. A consultant is best used to solve problems or teach solutions. There are times when an outside individual can be used for routine work. A person hired in this capacity is considered an independent contractor, not a consultant. A consultant is someone who brings expertise to an issue and often, aided by non-employee status, compels the organization to examine unchallenged assumptions critically.

- To impress your board, staff and funders. Hiring a consultant for show is a waste of time and money.

BEFORE You Call A Consultant, Consider These Questions:

1. Do you have enough, but not too much, of an idea about what you want to accomplish?  
The best way to start working with a consultant is to have a basic idea of what you need to accomplish and then use the consultant's expertise to help shape the focus and outcomes of the consultation.

2. Have you involved the right people in deciding to take on the project?  
   Think about key staff, board members and/or volunteers who will be affected by the outcome. Bringing in these key decision makers early on ensures that everyone will have a stake in the project and that you will get the most from a consultant.
3. Do the key board, staff and volunteers have time to commit to make the project successful?
   If you are thinking of starting a capital campaign for a new office building and most of your staff, volunteers and board are working to pull off a major special event, now would not be the time to engage in this type of time-intensive campaign. Keep in mind that a consultant cannot work in a vacuum. He or she needs appropriate access to key decision makers to make the consultation effective. You, your staff and volunteers have to be accessible in person, or by telephone or email, when the consultant needs information or help.

4. Have you set aside money to pay the consultant?
   Professional services cost money. You need to budget beforehand for a possible consultation. For example, if you and your board have decided that you will undertake a comprehensive strategic planning process next year, you should start now and discuss with consultants, management support organizations and other nonprofits about possible costs so that you can work this into your budget for next year.

A Caution:
Don't call a consultant today and expect them to be able to come out tomorrow to work on your project. Consultants are usually tied up with several different, long-planned engagements at any given point. It may be possible for a consultant to meet with you within the week that you call to discuss your request, but it's good to allow at least four weeks before you'd expect the project to begin. This timeframe will ensure that the consultant will be able to give you the attention you need.

Selecting a Consultant

- Engage in an initial phone conversation. Approach two or more potential consultants.
- Exchange any necessary papers to give the consultant a better idea of your problem/issue. Get to know each other better by exchanging written information.
- Set up a meeting with the consultant and appropriate staff or volunteers. Learn more about your organization's issues and how each consultant would work to address them.
- Ask for a written proposal if you're seriously considering the consultant.
- Ask for references and CHECK THEM!
- Make your decision and ask the consultant you selected to draw up an agreement.

Initial phone conversation
There are several questions that you will want answered in your initial phone conversation with at least two consultants to see if you are interested in them and they are interested in you:

Does the consultant understand what I'm talking about? As you begin to explain your problem, does the consultant ask thoughtful questions? If he or she doesn't, then this person may not have the necessary knowledge or experience to undertake your project.

Is the consultant available in your timeframe? If the dates don't work, you may consider whether you want to change your timeframe or look elsewhere.

Will the consultant's style and approach work well with your organization? You will most likely not reach an answer to this question from an initial phone conversation. However, it is worth a minute to note the different types of roles that consultants can play within an organization:

Facilitator: Specializes in gathering enough information from you to the broker and moderate a meeting.
Trainer: Gathers information on a specific topic to lead an interactive presentation with a group in a classroom setting.
Consultant: Can be engaged for a comparatively longer period of time to tackle complex organizational issues or highly technical issues.
Presenter: Provides expertise on a given subject area through a presentation to a group.
If you need an individual to work with your organization over a several month period to restructure your board, it would not make sense to engage a presenter. On the other hand, if you need someone to do a one day workshop on fund raising for your board, then a presenter or trainer might be the right person to hire.

Exchange any necessary papers
You'll want to exchange any paperwork or information to help you and the consultant assess whether you want to work together. The purpose of this exchange is to see if there is a real commitment on the part of all involved. The paper exchange can include, but not be limited to:

- Consultant's resume and/or brochures
- Organizational annual report and other publications
- Computer specifications
- Budget
- Fund-raising plan
- Strategic plan

It's up to you to judge how much material to share before the meeting.

Set up a face-to-face meeting
A face-to-face meeting serves several purposes:

- It allows you to explain your problem/issue and draw on the consultant's experience to help shape a solution.
- It gives you a feel for the style and approach that the consultant would take to address your issue.
- It can aid in establishing trust between you and the consultant.
- If possible, it will give you a rough estimation of the cost for the proposed project.
- Consider the following lessons learned from colleagues:

Don't hold back!
In order to start building that relationship of trust and to know whether you can work together, it is critical to share all information which will help the consultant understand the big picture. Remember that a consultant is a professional who has probably heard a story similar to yours before. What you say will be kept confidential.

Bring the appropriate people.
While a large entourage is not necessary for this initial meeting, it's important to bring the person(s) who will be most involved in the project. Typically the board president, a key volunteer and/or key staff members make a useful ad hoc committee.

Learn from the consultant.
Even though this is the first meeting, you may learn more about your issue than you knew before. Consultants generally do not charge for this meeting and after listening to you and asking questions, may offer some suggestions as to how to approach the issues. Even though you may have a clear idea of how you want to proceed, listen to the consultant's ideas and be open to new strategies. You're talking to an expert!

Ask questions.
Ask the consultant what you can do yourself to prepare for the consultation. You may need to have certain pieces in place before the consultant is retained. This may save them time and you money!

Plan to spend at least 60 minutes in this initial meeting.
Depending on the complexity of your issue, it might take much longer than that. It may even be necessary to have another face-to-face meeting before moving on to the next step.

Ask for a written proposal
After your initial meeting(s) with the consultant it's time to request a written proposal from them which should spell out the following:

1. Objectives: Specify the objectives of the project you are undertaking. What outcomes are you seeking?

2. Scope: Identify the scope of the project. Remember that consultants can't fix every problem in the organization. Their expertise is best lent to one clearly defined issue or task.
3. Activities: What activities will your organization and the consultant undertake to meet your objectives?

4. Deliverables: What will be the final product of the consultation? Are you looking for organizational results or a tangible product?

5. Personnel: Who will be involved in delivering the consultation? Which of your staff people will the consultant need access to? What other consultants, professional or subcontractors, will the consultant bring in?

6. Consultant/Client Expectations: What are your expectations of the consultant? What are their expectations of you?

7. Cost: Expect a detailed estimate of the cost. Some consultants ask for a retainer up front. If using a fund-raising consultant, beware of anyone who offers to get paid based on a percentage of funds raised. This is considered an unethical fund-raising practice by most trade associations including the Alliance of Fundraising Professionals.

8. References: It's perfectly acceptable to ask for references from a consultant. Three is usually a good number. Then call them!

So now you've got that proposal in your hand and you like what you see. What do you do next? Unless you know this consultant personally and are absolutely convinced you need look no further, we recommend that you repeat this process with at least one other consultant. You need to have a choice as well as points of comparison.

Conduct reference checks
It is extremely important that you not skip this step. Anyone can look good on paper - you need to assess the consultant's reliability, expertise and professionalism. You should call at least three references. Ask about the consultant's skill, history of availability and style as well as their satisfaction level with the outcomes. Expect that this process will take some time, as you may need to leave messages and wait for them to be returned.

The Written Agreement
Satisfactory client/consultant collaboration rests upon the shared understanding of project needs and agreement about how the project will be executed. A written statement is crucial to completion of the project in an effective and efficient manner.

The work agreement should include the following:

- Services to be completed by the consultant as well as services to be completed by the client.
- Arrangements to be made and/or paid by the consultant and arrangements to be made and/or paid by the client.
- A timetable for completion of key tasks or products, including the start date and end date of the agreement.
- Description of fees (project based or time based), expense reimbursements, and/or payment schedules and method of payment. If the project is time based, the contract should also include a projection of the hours necessary for the work.
- Reporting requirements of both parties to the agreement.
- Names of persons acting as liaisons for both the consultant and the client; and the name(s) of the person(s) authorized to commit the client organization to key decisions regarding the execution of the agreement.
- A statement regarding conditions, policies, and/or procedures for cancellation of the agreement by either party.
- A statement regarding the confidentiality policy used by either the client or consultant, or both.
- A description of ownership of materials produced as a result of the agreement.
- A statement of the employment status of the consultant in relation to the client.
- Signatures of persons authorized to execute the agreement with dates of those signatures.
- The agreement may also state how the records or products prepared in the course of the work relationship shall be held, for how long, and in what manner by either party.

Maximizing the Experience
Here are some tips to make your consulting experience successful:

Do what you say you will do. You need to hold up your end of the deal. A consultant cannot reach the objectives you have set together without information and input from your board and staff.

Communicate well with the consultant and to the board, staff and other stakeholders as the project progresses. No one likes to be surprised with "final" recommendations.
Notice if you are feeling drained or discouraged about the project and whether or not it seems like a priority anymore. This feeling may be resistance to change. Change is hard, but is a part of most consultations. Make sure you work with, not against, your consultant.

Be open to develop and try new solutions. Successful outcomes often require experimentation.

Enjoy the work. This is an opportunity to learn, stretch, have fun and get good work done.

Appreciate the outside perspective that the consultant brings. Take advantage of learning from an expert whose perspective comes from outside the organization.

Don’t think of consultants as staff. Remember that you hire them for their expertise and objectivity. Their role is to help you find solutions, and that often involves recommending tough, sometimes unpopular decisions.

Avoid "scope creep." The consultant was not hired to “fix” every problem or issue in your organization.

Stick to the written agreement. If you discover additional outcomes you would like to achieve; amend the agreement, develop another agreement, or determine if another consultant might better be suited to address new issues.

Offer feedback to the consultant. Just as it’s important to keep communication flowing with affected parts of your organization, it is vital to talk with the consultant about how the work is going. Midcourse adjustments are possible only if all parties work them through. A formal debriefing session at the end of your work together will provide a satisfying sense of closure.

Deciding to engage a consultant can be one of the most important decisions a nonprofit manager can make. Following the steps and advice in this article will give you a leg up in ensuring a successful and productive consultation. These steps are intended as a framework for success and can be modified to meet any of your specific needs.

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