Nonprofit Leader's Guide to HIRING & ENGAGING CONSULTANTS

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"The nonprofit organization exists to bring about change in individuals and in society. Its product is a changed human being … a child that learns, a young man or woman grown into a self-respecting adult; a changed human life altogether."

– Peter Drucker, Management Consultant

Introduction: Good Works Demand Great Consulting

SYLVIA ALSTON

Principal, Write2Win Communications LLC

"Everybody can be great, because anybody can serve."

– Martin Luther King, Clergyman and Civil Rights Activist

As consultants to nonprofit organizations, we applaud and support the critical role nonprofits like yours play here in America and around the world -- helping to enrich quality of life and alleviate some of the most intractable challenges faced by people, neighborhoods, communities and society in general.

We commend the passion, creativity, innovation, and deep, unwavering commitment you bring to the fulfillment of your missions, and we recognize that you grapple with many of the same challenges as for-profit companies, including:

- Attracting funding;
- Finding, developing and retaining talent;
- Delivering quality service and support to clients and/or customers;
- Differentiating and sustaining your organization;
- Communicating the good work you do; and
- So much more.

And yet, nonprofit leaders rarely have access to the same resources that are available to your for-profit counterparts. What's more, as the United States slowly recovers from the most recent economic recession, nonprofits continue to be challenged to serve more people and do more good, while operating under unprecedented resource constraints.

As a result, you may at some point consider engaging a consultant to help you strategize, fund, promote, staff or streamline your organization.

The Association of Consultants to Nonprofits exists to help you find consultants who specialize in, and are passionate about, serving the nonprofit sector. Our members are in business to support your work because we believe in the good you do. And we've dedicated ourselves to delivering great consulting services that help advance your cause and/or fulfill your mission.

We invite you to read through this booklet to find ideas and advice that can help you:

- Understand where and how consultants can add value;
- Assess your organization's readiness to retain a consultant;
- Prepare for a consulting project;
- Identify prospective consultants;
- Solicit proposals;
- Screen prospects and choose a consultant;
- Formalize the consulting arrangement; and
- Get your engagement off to a strong start.

Written by nonprofit consultants for nonprofit leaders, this guide is designed precisely to help you get the greatest value from your consulting experience.

1 Defining Consultants and Their Value

AREK DREYER

Owner, Dreyer Network Consultants

**There are two ways of spreading light –
to be the candle or the mirror that reflects it.**

– Edith Wharton, Pulitzer Prize-winning Novelist

WHAT IS A CONSULTANT?

A consultant is an individual or company with expertise in a specific field (or fields) in which your organization needs assistance. You might hire a consultant for a single project, and you might have an ongoing relationship with a consultant who becomes a trusted advisor. Consultants offer expertise in a variety of disciplines, including, but not limited to:

- Administration & General Management
- Board Development
- Capacity Building
- Communications
- Development/ Fundraising
- Finance and Accounting
- Grant Writing
- Graphic Design
- Group Facilitation
- Human Resources
- Information Systems
- Leadership Development
- Executive Coaching

- Marketing
- Market Research
- Marketing Strategy
- Organizational Development
- Program Design, Management & Evaluation
- Public Affairs
- Public Relations
- Strategic Planning
- Social Enterprise
- Social Media
- Writing/Editing

3 REASONS YOU MIGHT NOT HIRE A CONSULTANT

1. Pro-bono services are available, timely and viable.
2. The work is already being capably handled on a volunteer basis.
3. Your organization sees long-term value in expanding your capacity by hiring a staff person.

WHY HIRE A CONSULTANT?

Put simply, using a consultant helps your organization accomplish goals in pursuit of achieving your vision. These goals can be expansive or quite finite in scope, and they can even include the very process of making goals.

Some very good reasons that your organization might choose to engage an independent consultant include:

- Your organization may not have the internal experience and expertise to efficiently accomplish the necessary tasks;
- Internal team members may need additional training that a consultant can provide;
- Your organization may face specific challenges that a consultant has successful experience overcoming;
- You might be under time constraints, and the additional help of a consultant can help you accomplish the necessary tasks in time; or

• A funder might mandate that you use a consultant to help with a project they fund, or encourage you to incorporate the services of a consultant in a grant application.

THE VALUE OF AN OUTSIDE VOICE

In addition to offering specific knowledge and experience, a consultant is an outsider. Because a consultant is not a full time part of your organization, he or she can:

• Offer a different perspective, an outsider's objectivity, to your organization;
• Leverage this neutral position to make suggestions, broach topics, and register concerns, in ways that other members of your organization are unable to do, because of existing political or tactical constraints; and
• Help your organization to decide to take necessary risks.

Here's a case in point:
When one nonprofit organization experienced an influx of new members and donations, some of the staff and leadership thought it was time to conduct a capital campaign. Other employees strongly disagreed. It was a contentious issue, and caused heated debate. The board decided to hire a fundraising firm to provide quantitative research to determine whether or not the organization was ready for its own capital campaign. To help ensure objectivity, the nonprofit stipulated that regardless of their report's outcome, the fundraising firm would not be hired to implement any of their recommendations. The consultant found that the organization was not ready for a capital campaign, but recommended a major gifts campaign, with an eye towards building towards a capital campaign in the future. The entire organization successfully moved ahead with the advice.

In the above example, the fundraising firm had the experience and the tools to quickly perform the research and generate the recommendations. Although the nonprofit might have been able to research the issue itself, engaging the consultant produced a quick and independent answer.

SHARED STAKE IN SUCCESS

A consultant's product is your success, so a consultant should be committed to, and accountable for, your results. Good consultants constantly participate in professional development and stay current with the state of the art in their fields. But it isn't enough to possess the latest knowledge; a consultant's success relies on his or her ability to help you implement proven strategies, particularly in the context of your organization. A good consultant will keep your future in mind while working with you to complete the current project.

When you take on the absolutely essential task of checking a consultant's references (more about this in Chapter 5), you'll gain greater confidence that he or she knows how to work within resource constraints, especially the crucial resources of money and time. What's more, when you interview a consultant, you can ascertain if he or she really understands your organization's vision and goals, and shares your key values.

WHAT ABOUT RATES AND PAYMENT?

Although individual consultants may donate money, time and services to organizations to which they are personally connected, when you engage a professional consultant you should expect to pay market rates for their services.

Individual consultants determine their rates, considering the nature and scale of the project, the depth of their expertise and other personally relevant factors. Some consultants may propose a flat fee for completion of a project, while others may propose an hourly rate and estimate the amount of hours to complete a project. In other situations, a monthly retainer might be proposed. Whatever the arrangement, it is crucial that you and the consultant agree on what constitutes completion of a project. In the next chapter you'll learn about defining and documenting the scope of the project to make sure everyone is in agreement on crucial items, such as scope, budget, quality, and timeline.

READY TO MOVE FORWARD?

If you ultimately lean towards hiring a consultant to help expand your capacity, accomplish specific projects or initiatives, tap into specialized expertise or address another strategic consideration, you will find the next chapter helpful. It highlights some questions your organization will want to consider, to ascertain if the time is right and your organization is really ready to move forward.

TIP:
CONSULTANTS AREN'T CONTRACTORS

"A contractor is someone who performs work for the buyer at the buyer's direction and discretion, acting as a temporary employee, helping to implement work assigned by the client. A contractor is, in fact, a temporary employee, and is almost always paid by the time unit, usually hourly. [Contractors] are peers of other, internal implementers. They bring no unique intellectual capital in most cases, nor is that what the buyer is paying for."

– Alan Weiss, PhD, Consultant, Speaker and Author

2 Are you Ready for a Consulting Project?

MARY C. LASTRAPES
President, RTR Consulting LLC

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."
– Sir Winston Churchill, Prime Minister, Great Britain

To help ensure that your organization is well positioned for a successful consulting engagement, we recommend that you put the initiative on hold unless you can answer "Yes" to these three questions:

- Do we have the capacity – in both staffing and finances–to engage a consultant?
- Do we have a clear goal for the engagement?
- Are all of our relevant stakeholders clear and aligned in terms of expectations regarding level of direct involvement, likely deliverables and magnitude of change?

ASSESS YOUR CAPACITY

Before undertaking a consultant search, we suggest that you assess whether your organization has the capacity to engage fully in terms of timing, staffing, funding and stakeholder alignment. Here are some questions that can help you make a determination:

- Do we have the resources (time, money, staff capacity and/or energy) to work with a consultant on this project?
- Can we continue to do our programmatic work while working with the consultant?
- Do we have a clear idea of what this project or task entails?

- What makes this a good (or bad) time to pursue this initiative?
- Do we need to hire a consultant or is this a project or task that someone within the organization can handle?
- If we do hire a consultant, are we agreed on the role we want the consultant to take on the project?
- Does the organization have the financial resources available to pay for the consulting project and related expenses?
- If not, are there any potential funding sources the staff or board might tap, such as individual, corporate or foundation sponsors?
- Are pro-bono consulting resources a viable option?
- What has been our experience working with consultants in the past? In what way do our past experiences influence our perception of working with a consultant now?
- Who will take the lead in engaging and working with the consultant?
- What challenges do we anticipate in both the planning and implementation phases of the project? What concerns do I have?
- If we don't pursue change now, what consequences would we face?

SET CLEAR GOALS

Once you've confirmed that you have the required resources to effectively fund and manage a consulting engagement, take the time to set goals for the proposed consulting engagement.

A good place to start: Identify the ultimate change you hope to see as a result of the consulting engagement. Such a change might be framed in terms of:

TIP:
As you contemplate the goals of a consulting engagement, consider obtaining input from your organization's board or senior leadership, to secure a diverse set of perspectives and gain alignment on scope and priority.

• Increased productivity or efficiency;
• Resolution of an issue or problem that requires specialized expertise;
• Objective evaluation and assessment of your organization or programs;
• Greater profitability; or
• Other significant initiative that will enhance your organization's sustainability and capacity to fulfill its mission.

Through this exercise, you'll determine if your consulting initiative will have a macro or micro focus so you enter the engagement with a reasonable timetable and dedicate appropriate resources.

A macro focus would involve strategic planning, organizational development, branding, restructuring, improving sustainability, assessing fundraising capacity or exploring a merger. A smaller-scale micro initiative might entail a technical project, such as upgrading your database, grant writing, building a new website or conducting a year-end fundraising campaign.

Once you've worked through those considerations, draft a goal or goals that are SMART – i.e. specific, measurable, attainable, relevant and time-bound.

WHAT ARE YOUR EXPECTATIONS?

The next important task is to develop a plan to manage expectations, both internally and with the consultant.

Internally, identify key people to involve, such as internal thought leaders who will assist with developing the project strategy and design, organizational change champions who can help rally support for a successful change process and staff or board members who will need to be involved in the planning, implementation and/or communication of the change initiative.

Also, designate a point person who will facilitate consultant requests for information during the project phase. From there, you'd be wise to ensure that both staff and leadership are clear on their expected time commitment and level of involvement in supporting or directing the consulting engagement.

Next think through your expectations of the consultant? At a minimum you can and should expect such a trusted advisor to:

- Prepare a project plan for discussion and agreement, including timetable for delivery of key outcomes/deliverables; and
- Propose a progress report format and cadence.

Consider, too, whether there are any other expectations your organization expects the consultant to meet, as well as any organizational culture factors or nuances that the consultant should be aware of. These expectations and insights would be important to convey to better prepare the consultant for the engagement.

CONFIRM STAKEHOLDER ALIGNMENT

Before proceeding with a consulting initiative, review the goals, expectations and timeline with the appropriate individuals (e.g., managers, employees, directors and/or funders) who will be involved with or have a vested interest in the initiative. Efforts to communicate across departments will be helpful to gain commitment to the effort. Also consider whether the consulting engagement might raise concerns among employees or other stakeholders, and communicate authentically and proactively to address or allay those concerns. Discussions should be held in an environment that fosters open communication, with sensitivity to confidentiality. Select a discussion leader to facilitate these discussions and help validate or modify your the goals and/or timeline.

SO… ARE YOU REALLY READY?

In summary, needing a consultant and being ready for a consulting engagement are two very different things. You need a consultant when you:

- Require a specialized skill or expertise;
- Need a specific problem solved;
- Want an objective point of view;
- Don't have the resources to create a long-term staff position;
- Are leading an organization in crisis;
- Want to upgrade your services or programs; or
- You're ready to expand into a bigger market.

At the same time, your organization must be really ready for an engagement to be successfully undertaken. Therefore, confirm that your organization has the necessary capacity in terms of staff and finances, clearly defined goals, and aligned expectations before you embark on a consultant search.

The next chapter will offer some ideas on how you might conduct a consultant search.

3 Ideas for Identifying Prospective Consultants

AMY WISHNICK

Principal, Wishnick & Associates

"The task of the consultant is increasingly to build the capacity of clients to make their own assessments and answer their own questions."

– Peter Block, Author, Flawless Consulting

As was mentioned in the last chapter, you may be considering engaging a consultant for any number of reasons. For example: perhaps you need to:

- Assess organizational readiness for a capital campaign;
- Create or upgrade your technology platform;
- Develop a new brand identity;
- Develop a fundraising plan;
- Research market changes;
- Revamp a seriously outdated website;
- Develop a new strategic plan;
- Update your bylaws;
- Write an annual report; or
- Execute some other strategic initiative.

Then, too, a funder may insist that your organization vet a number of consultants and select one in conjunction with a program proposal under consideration.

Whatever the challenge or opportunity, you'll want to find a professional who understands your mission, shares your organization's values and will be an exceptional partner for your project.

HOW WILL YOU FIND THE RIGHT RESOURCE?

The right match is out there. You just need to make the connection. Finding the right consultant to meet your organization's need is one key to a successful project outcome. Here are a few of the ways that nonprofit leaders can identify consulting prospects:

- Gathering referrals;
- Distributing requests for proposal/quotes;
- Conducting directory, Internet or social media searches; or
- Networking at conferences, workshops and seminars.

Let's take a closer look at each of these methods.

REFERRALS: GOOD PEOPLE KNOW GOOD PEOPLE

Following this route when seeking a consultant will enable you to identify consultants who are known quantities because they are connected in some way to someone you know and trust. Think about your networks and use them as a resource. Begin with your inner circle and expand as necessary.

Ask other executive directors.
Colleagues or leaders of organizations with which you collaborate may be able to suggest consultants with whom they have worked. In this way, you receive a referral and an instant reference.

Talk to consultants who have supported your organization.
Consultants who understand your organization can be an excellent referral

source because they know what it is like to work with your organization and can make a match based on this knowledge. If you enjoyed working with them, find out if the project under consideration is something that falls within their areas of expertise. If not, they are in an excellent position to refer a colleague for a project in another practice area.

Check with your funders.
Some donors may post lists of their grantees on their websites and include the names of the consultants who have worked on the projects. Other grant makers will be happy to have a conversation with you about how to find a consultant or make recommendations.

By asking your funder, you may identify consultants who have worked on projects similar to yours or who seem to be doing a lot of work in a particular practice area. This is another instance when you can ask for a reference up front.

Ask your senior staff and board directors for referrals.
Often, they are tuned in to networks that augment your own. However, we do offer one word of caution. There may be some projects for which it is important to have a neutral party involved. Working with a consultant who has obvious or strong links to a particular staff or Board member may shift the balance and possibly cause discomfort for other staff or Board members.

INVITE PROPOSALS

Another way to identify consulting prospects: Distribute a request for proposal (RFP) or request for qualifications (RFQ). In your RFP or RFQ, you describe your project and distribute the document through various channels – informal and formal – inviting a range of consultants to apply. You'll get some tips on how to put together your RFP or RFQ in Chapter 5.

Once you've finalized your RFP or RFQ, consider sharing it with colleagues and contacts, and asking them to forward it along to their networks. This informal method can help put your RFP/RFQ in front of potential consultants already known and respected by people you know.

Another option: Distribute the RFP/RFQ more formally, either to a group of consultants you've identified through other means, or through a third-party service. The Association of Consultants to Nonprofits (ACN), for example, offers a free service for nonprofit leaders to easily create RFPs and circulate them to the association's member consultants.

By distributing an RFP/RFQ, you have the opportunity to solicit an even wider group of prospects, and potentially increase the number of proposals you can evaluate. Whichever distribution avenue you choose, plan to devote time to reviewing work plans and checking references. Also keep in mind that the response rate to your invitation to apply will vary; consultants self-select as to whether they will respond … or not.

LET YOUR FINGERS DO THE WALKING

To find a consultant with a particular expertise, you might try conducting a directory, Internet or social media search. For example, you might identify a relevant professional association and check their membership directory for consultant prospects. In addition to the Association of Consultants to Nonprofits (publisher of this guide), here are some other associations that make directories available:

- Action without Borders/Idealist.org;
- Alliance for Nonprofit Management;
- American Association of Grant Professionals;
- American Evaluation Association;

• American Marketing Association;
• Chicago Creative Coalition;
• Independent Writers of Chicago;
• Publicity Club of Chicago;
• Society of Human Resources Management; and
• The Association of Fundraising Professionals.

Or, consider conducting your initial search through Internet search engines or social media. For example, by asking your Facebook or LinkedIn network for referrals, you can cast a wide net for suggestions of consultants known to others you like and trust.

According to Google, more than 80% of product or service purchases begin with some form of online research. And it's easy to see the attraction. Online, you can:
• Search at your own pace, at times/places that are convenient to you;
• Identify consultants that you might not have found through personal networking;
• Assess how different consultants present themselves online, through their profiles or websites;
• Review proof points, such as case studies, success stories and client testimonials, when available; and, in some cases,
• Arrange for an introduction through a mutual connection.

NETWORK – A/K/A "DIGGING THE WELL BEFORE YOU'RE THIRSTY"

Nonprofit clients have also mentioned finding potential consultants through conferences, seminars, workshops and other meetings. As you yourself are out and about, take note of other attendees, speakers, panelists or presenters who impress you with their insight, experience and demonstrable thought leadership. If you like what you see and hear, by all means set up time to talk at a later date.

SO, WHEN ALL IS SAID AND DONE, HOW WILL YOU FIND A CONSULTANT?

Any one or combination of the aforementioned methods will generate leads. Only you can decide which approach or approaches make the most sense for you, your organization, your time frame and the search process you have developed.

In the next chapter, we'll take a closer look at clarifying your "ask" so you get the right work product from the right resource.

4 Ways to Call for Support

JEFF MARCELLA
Nonprofit and Public Sector Consultant

"Ask for what you want and be prepared to get it!"

– Maya Angelou, Poet, Author and Presidential Medal of Arts Honoree

Once you've decided to engage a consultant, secured funding, prepared for the consulting project and identified some likely candidates, you have to pick a consultant to work with. Here are four methods you might utilize, alone or in tandem, to solicit consulting support:

- Request for Proposal;
- Request for Qualifications;
- Interviews; and
- Trial Engagements.

REQUEST FOR PROPOSAL (RFP)

An RFP is one of the most formal solicitation methods. In an RFP, you typically will include the following information and parameters:

- Background information about your organization, including mission and description of the relevant program area;
- Specific description of the project for which you seek consulting assistance;
- Parameters such as proposal deadline, project timeline, scope and budget; and
- Submission requirements, such as maximum page count, format, any unique qualifying or disqualifying factors.

We suggest that you strive to make your RFP clear, direct and consistent in the information you want each consultant to provide. Depending on your situation, you may choose to ask each proposal to address some or all of the following:

- Relevant background and expertise, including both functional expertise and subject matter or industry experience;
- Capacity to do the project and experience with similar efforts;
- Plan for completing the specific project;
- Proposed budget;
- References;
- Business name; and
- Contact information.

Depending on the project or funding source, you might also need to request proof of incorporation, business licensure, good standing, certification, insurance coverage, authorization to do business with the government, EEO compliance and/or the consultant's most recent audit report.

In terms of pricing, consultants may quote your engagement on an hourly, daily, progress or project basis, depending on the type of project, length of engagement and other factors. To ensure consistency for comparison, specify the basis you want all proposals to use and the level of itemization you prefer.

Also bear in mind that issuing an RFP does not guarantee that you'll receive proposals from all qualified consultants. Some consultants have made the business decision not to respond to requests for proposal.

REQUESTS FOR QUALIFICATION (RFQ)

Some organizations choose to release an RFQ, particularly if they anticipate routinely engaging consultants and want to create a pre-screened pool of candidates for future consideration. An RFQ may simply ask each consultant to present his/her:

- Resume or curriculum vitae;
- Services description or marketing materials; and
- References.

TIP:
If you set a deadline, be firm. It's only fair to timely respondents. Also, tardiness can indicate the applicant lacks capacity.

Issuing an RFQ enables you to build a list of potential consultants before a crisis or short--notice need for a consultant arises. When a potential engagement surfaces, you can ask your pre-screened candidates to submit a proposal and/or invite them to participate in an interview.

INTERVIEWS

Some nonprofit leaders conduct interviews as their primary, streamlined means of identifying consulting partners, while other organization leaders schedule interviews with two or three finalists identified through an earlier RFP or RFQ process.

During an interview, you can probe for details on prior engagements, check for understanding of your project's vision and objectives, get a sense of the consultants' style, assess organizational fit and ask for details on the consultants' proposed project plans.

TRIAL ENGAGEMENTS

Another valid approach to engaging consultants: engage them on a smaller project, on a trial basis. When you select a home handyman or contractor, you may initially engage him or her for a small painting, tiling or cabinet installation job. Then, when you see the quality of the work and your trust grows, you might later ask the resource to tackle a major renovation project.

Similarly, you may to choose to sample a consultant's offering by first trying them out on a smaller project (e.g., writing a press release, delivering a brief training workshop or drafting a gala invitation). Once you've observed and evaluated the quality of a consultant's work and grown familiar with his or her methodology and work style, you may ask that same consultant to take on a major media relations program, professional development series or event marketing campaign. Engaging consultants on a trial basis may also ease your "procurement" challenge, especially if you write open-ended contracts.

In summary, there are as many ways to engage consultants. Consider which method best suits your needs and gives you confidence that you're making a quality selection decision.

In the next chapter, you'll get some ideas about how to screen and select a consultant from the pool of prospects you've identified.

SOMETIMES AN RFP IS YOUR ONLY OPTION

By Jeff Marcella

Whether you release a Request for Proposals from potential consultants, engage a Request for Qualifications process, go straight to a small number of interviews/meetings, or solicit them through less formal means depends on a number of factors.

1. Who are you? If your agency is a government or public entity, you'll likely have to go through a formal, broadly distributed Request for Proposal. If you're a nonprofit agency, consult your organizational bylaws and/or policies to ascertain if the method of solicitation is proscribed.

2. How will your project be funded? If your consulting engagement will be paid for using federal, state or, in some cases, local government funds, an RFP process may be mandatory; check the guidelines.

2. How big is your project? The project's order of magnitude or dollar investment also might dictate your solicitation route. For instance, your policies or funding source may specifically require issuance of an RFP above a certain threshold. If not, you'll have latitude to consider the scale and level of work warranted.

For example, you might determine that a 40-hour project may not call for investing up to 10 hours of your time preparing an RFP and 10 hours of each consultant's time writing proposals – not to mention evaluation and interview time. Conversely, if you envision a six-month, half-time engagement, such time and effort could very well be appropriate.

4. Do you wish to proscribe the approach or are you interested in seeing a range of options? If you're sure of the direction you intend for the project and you know the pool of potential consultants.and their qualifications, then a formal RFP might not tell you more than you already know. Alternately, if you're not inclined to dictate the approach, then issuing an RFP might help you explore a range of solutions offered by different consultants.

5 Picking Your Partner

CAROL WHITE

Principal, CBWhite

"Sometimes questions are more important than answers."

– Nancy Willard, Novelist

So... you have received recommendations, referrals and proposals. What if:

- Every proposal looks the same?
- Every proposal looks completely different?
- Proposed fees are close together?
- Proposed fees vary widely?

How can you make a smart selection?

TIP: BE PREPARED FOR AN ITERATIVE PROCESS

As you move through the evaluation process, don't be in a hurry to march forward at all costs. If the output of any step is less than satisfactory, be prepared to revisit your candidate pool and start over.

EENY, MEENY, MINY, MOE? NO!

In some respects, screening and selecting a consultant is akin to hiring a new staff member. Although it can be easier to terminate a consultant than a staff member, careful due diligence is advisable, given the anticipated:

- Financial investment;
- Strategic importance of the initiative;
- Significant disclosures that may be required;
- Considerable staff and/or board time and effort called for;
- Potential for forming a lasting trusted advisor relationship; and/or
- Long-term impact.

Therefore, you'd be wise to consider following a solid, standard protocol for consultant screening and selection. Here are four steps we recommend you cover:

1. Review the proposals.
2. Determine the top few candidates.
3. Interview the top candidates.
4. Check references.

Now, we'll explore each of these steps in greater detail.

REVIEW THE PROPOSALS

Before scoring individual proposals and selecting finalists to interview, consider reading through all the submissions with three questions in mind:

- **Are the proposals vastly different from one another?**
  If so, it's possible that your RFP provided insufficient information and, therefore, you received a wide-ranging set of solutions.
- **Do many of the proposals seem to have missed the mark?**
  If so, it may be worthwhile to rephrase and reissue the RFP and allow the consultants to revise their submissions. (Note: If you entertained questions during the proposal process, it is likely that you have already provided clarity to anyone seeking it.)
- **Are some proposals clearly not worth considering?**
  Examples might include a poorly-written document, incomplete answers, or lack of understanding of the project or your organization. These proposals can be dropped from consideration.

DETERMINE THE TOP FEW CANDIDATES

You will need to tailor your own list of criteria for evaluating proposals by deciding what's most important for the project and for your organization. See the "Formulate Your Criteria" sidebar for more information.

WHAT TO ASK?

Through your questions, you will have a chance to assess the consultant's communication style, wisdom, listening skills and flexibility. A few of the following questions may help you gather the insight you need:

- What do you see as the key outcomes of this project? (Consider whether the consultant articulates what you requested but also offers additional ideas.)
- What might be particularly challenging about this project?
- Describe one of your least successful projects. What could you and/or the client have done to improve the outcome.
- Describe a project you've done that is most like ours.
- Why do you think we should work with you?
- Who, besides you, will be involved in the project and in what capacity?
- What else would you like us to know about you?

INTERVIEW TOP CANDIDATES

The interview process provides an opportunity to get to know the consultant in a deeper way, to see if the chemistry is right and learn how the person will function in meetings with your stakeholders. How you select and weight the criteria to be used depends on the type of project and on your organization.

Some general guidelines for interviewing, to be tailored for the project:

- Involve all relevant stakeholders, such as directors, senior staff and key employees who will be closest to the engagement;

- Develop a standard question list for all interviewers to use. See ideas below; and
- Schedule ample time for the interview(s), considering the number of questions to be asked, the number of interviewers slated for each session and the likely depth of conversation.
- Ask all interviewers to make notes and debrief as a group soon after all interviews are completed.

CHECK REFERENCES

Your approach and mindset when checking references makes all the difference in terms of value. If you are trying to "check the box," but are not open to anything that might influence your decision, the exercise will be a waste of time. Reference-checking provides an essential opportunity to learn whether to work with the consultant and, even if you do choose the consultant, may provide insights that will help your project be more successful.

Try to frame your questions to elicit open-ended responses so you get more information. Conduct reference checks on the phone or in person, not via email. Some topics might include:

- Describe the nature of the project or work relationship.
- How did the project work out for you?
- What was best about working with this consultant?
- What could have been improved?
- What type of work would you be most comfortable recommending this consultant?
- What else might it be helpful for me to know about this consultant?

In addition, consider asking questions to probe specific concerns that emerged in the proposal review or interview process. Example: "It seems like this consultant might find it challenging to work within a limited budget. Do you have any insights on that subject?"

In the end, consider all the information you have obtained to make a final determination. The next chapter highlights ways you can formalize the agreement with the consultant you select.

FORMULATE YOUR CRITERIA

By Amy Wishnick

If you know what you're looking for during the screening process, then you will know it when you find it. To develop a list of key criteria that will help you make a confident selection, decide what's most important for the project and for your organization.

On the tangible side, you may be looking for:

- A particular skill set or expertise;
- The consultant's ability to execute the project successfully within your budget parameters, time frame, etc.;
- Specific experience in your nonprofit sector (e.g., Health Care, Social Service, Arts, Education, Community Development); and
- Functional expertise (e.g., Accounting, Strategic Planning, Fundraising, Information Technology, Legal, Marketing).

On the intangible side, you will want to ensure that the consultant:

- Connects with your organization's mission, values and culture;
- Demonstrates solid understanding of the issues and objectives; and
- Comes across as trustworthy and collaborative.

Once you have articulated the criteria, put together a list of open-ended questions that will help you identify:

- Critical thinking skills and emotional intelligence,
- Interest in and engagement with your organization, your project and
- Aspects of the scope of work so that the process and outcomes are clear.

To help ensure a level playing field as you evaluate consultants, follow the same format and pose the same questions in all of your screening interviews.

6 Documenting the Agreement

JEFF MARCELLA

Nonprofit and Public Sector Consultant

"Service to others is the rent you pay for your room here on earth."

– Muhammad Ali, Professional Boxer, Philanthropist and Social Activist

TIP:
If your organization has had a successful, long-standing relationship with a consultant, you may opt for less formality ... or not. Even with an ongoing relationship, the form and language of your agreement can help re-affirm that all parties take the engagement seriously.

Whenever you engage consultants, it is in both your interest and theirs to document the agreement, outlining exactly what work will be done, timetables/milestones, required resources, expected outcomes or deliverables; and agreed budget. A formal written contract or simple letter of agreement can be developed to clarify the engagement and expectations, formalize the relationship and give both parties the appropriate authorization and guidance for resolving any problems that might arise. In the absence of a contract or letter of agreement, you may find yourself spending undue time clarifying expectations, addressing confusion or renegotiating process. Worse, the project outcome may be substandard.

Then, too, just as the engagement's scale, funding source and organizational policies can dictate the manner in which you solicit proposals (see Chapter 4), these considerations also may determine the length, formality and wording of your agreement.

COMMON CONTRACT ELEMENTS

Given the givens, a contract can be a few pages or an extensive, multi-chapter document that typically includes:

- Recitals, i.e., preliminary background language defining terms and involved parties, the state jurisdiction governing the agreement;
- Purpose of the contract or agreement;
- Term and timeline;
- Process for termination of the agreement;
- Compensation; and
- Method of invoicing/payment.

In addition, your agreement may need to include certain legal or corporate specifications regarding:

- Insurance coverage;
- Liability disclaimers;
- Independent contractor status;
- Indemnifications;
- Hold harmless provisions;
- Corporate good standing attestations;
- Governing law;
- Non-compete provisions;
- Non-disclosure agreements;
- Confidentiality;

TIP: BE READY FOR THE UNEXPECTED

If you anticipate that the project's scope, timetable or deliverables could change as more becomes known, consider including a provision authorizing the engagement leader to quickly make adjustments within certain parameters.

• Work product ownership; and/or
• Conflict of interest statements.

In addition, consulting contracts typically are accompanied by a detailed engagement document that may be entitled Scope of Services, Statement of Work, Work Plan or something similar. This document serves as a guide for all parties in managing the engagement, and it typically specifies:
• Roles and responsibilities;
• Work product;
• Milestones and/or benchmarks;
• Methods of communication;
• Lines of oversight/authority within the relationship; and
• Specific outcomes including payment provisions.

GET IT ON PAPER

As we noted above, getting an agreement written down can be valuable – if not essential – in formalizing a consulting arrangement. If you don't have a template, ask the consultant to submit a draft agreement for you to consider and amend to include wording you consider essential.

In conclusion, nonprofit leaders who are diligent in formalizing the consulting arrangement – including clarity, detail and appropriate latitude – are in a better position to embark on a high-quality engagement. Getting your engagement off to a strong start is the subject of our next chapter.

7

Start Strong

MARK WARNER
President, MDW Consulting

"How wonderful it is that nobody need wait a single moment before starting to improve the world."
– excerpt from The Diary of Anne Frank

A strong start is critical to every successful consulting project. It requires planning on the part of the organization and consultant with a thorough review of the work plan at the project launch.

CONFIRM PRIMARY ENGAGEMENT CONTACT

Fortunately, much work and planning was done during the search process so you're most of the way there. It's now really a matter of staffing the consultant and providing background materials to the consultant. So before the consultant arrives, confirm which staff member will be the consultant's primary contact and will dedicate a portion of his or her time to facilitating the engagement.

GATHER KEY INFORMATION

In addition, to assist the consultant in preparing and submitting an appropriate work plan, share with him or her all pertinent details and background information about your organization or industry. Such documentation should ideally include your:

- Strategic plan;
- Fundraising plan;

- Marketing or communications plan;
- Consulting reports from related projects; and
- Key communications materials, such as annual reports or program brochures.

For more complex engagements, you might consider including some of the following documentation, as relevant:

- Financial statements;
- Fundraising reports;
- Organizational by-laws;
- Organizational chart;
- Recently completed research;
- Reports to foundation funders;
- Board meeting minutes; and/or
- Additional industry reports and studies that could provide helpful insight.

CONDUCT A LAUNCH MEETING

To jump-start significant consulting engagements, nonprofit leaders we've worked with frequently arrange formal launch meetings between the selected consultant and his or her primary organizational contact(s). You might want to conduct such a meeting to help frame the engagement and eventual work plan, and enable participants to:

- Get better acquainted;
- Clarify roles and responsibilities;
- Review key documentation;
- Reaffirm expectations regarding reports, communications preferences, time tables/milestones and project deliverables;
- Check calendars and plan around key organizational events (e.g., conferences or galas); and
- Discuss unwritten political and cultural considerations, if any.

After the launch meeting, you can expect the consultant to create and refine a work plan based on the conversation. Work plans can come in many forms but should at least touch on the following areas:

- Goals and Outcomes;
- Timeline;
- Specific deliverables (e.g. reports, presentations); and
- Expectations of staff, key volunteers and consultant.

The work plan and launch meeting build the basis of a successful project and ongoing communication between you and your consultant. So, as the client, be open about what is realistic and what is not, and work closely with your consultant to align the work plan with your organization's needs.

In addition, you'd be wise to consider the work plan as a living document. There may be more than one viable way to execute a consulting initiative. As a project progresses, the consultant may acquire insights that may well impact the initiative's scope.

For example, during a campaign feasibility study it may become clear that an organization's constituents are not quite ready to fully support a project, philanthropically. At that point, both the organization and consultant would be wise to step back and reassess readiness for the project.

WORK THE RELATIONSHIP AND THE PLAN

Quite often, a consulting engagement's success will rest on the commitment of all involved to build a relationship of trust and open communications. As the engagement sponsor or leader, we suggest that you be forthright regarding any challenges your consultant may face in executing the project or navigating your organization's culture. By acknowledging such potential barriers or points of resistance, you will help your new consultant navigate through your organization and the engagement more astutely.

Depending on how the nature of the engagement and how it is framed, your consultant also may even be able to offer recommendations for mitigating resistance. For example, if the engagement is likely to raise staff questions – e.g., “Will the consultant make me look bad?” or “Is my job on the line?” – the engagement leader should proactively tackle such concerns so morale stays strong and the consulting project isn’t derailed. If there is indeed a performance management issue, address it. If not, reassure your staff that the consultant’s role is to partner with them and build a stronger, more sustainable organization.

Bottom line: Upfront preparation, candid communication and proactive trust building are three key success factors for getting your consulting engagement off to a strong start.

The Association of Consultants to Nonprofits developed this guide to assist nonprofit leaders in gaining the greatest value from consulting experiences. We hope you found this guide useful and relevant, and we welcome your comments. To share your feedback with us, send an email to info@acnconsult.org or call at 312.580.1875.

ABOUT THE ASSOCIATION OF CONSULTANTS TO NONPROFITS

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