Nonprofit Consultants: How to Choose Them, How to Use Them

by Alison Buttenheim

So you think you need a consultant? Maybe your board has asked you to create a strategic plan for the next three years. Perhaps you just received a grant for a new computer system and don't know how to allocate the money, or your funder wants a rigorous evaluation of your program. Do you need more support and action from your board? If you are like many nonprofit organizations, you might simply know that something is preventing your organization from being as strong and successful as you envision it—but you don't know what that something is.

Once you have decided you are in the market for consulting services, the questions come fast and furious. What kind of consultant? Where do I find the best one? How can I possibly pay for it? What happens when the consultant shows up? In the face of these questions, the potential for confusion, frustration, and inertia is enormous. Relax! There are ten simple steps you can follow to minimize the mystery and reap great rewards.

Step 1: Understand who consultants are and what they do.
A consultant provides professional assistance to managers and board members to help them define and achieve organizational goals. Consultants can serve as coaches, trainers, facilitators, mediators, writers, or experts when you need additional capacity in your organization. They are hired to help create growth, improvement, or any change essential to organizational development and success.

Different kinds of consultants include:

- *Management consultants*. They typically help you examine specific functions within your organization, from the high-level strategic planning, fund development, and governance issues to the minute details of accounting, technology, space planning, and other operations.
- *Organizational development (OD) consultants.* They look at less tangible but equally important aspects of an organization, including interpersonal dynamics and human relationships.
- *Program consultants*. They offer expertise in a specific program area such as mental health advocacy, community housing development, or arts education. Program consultants can help with program design, evaluation, and assessment.
- *Technical specialists*. They bring a professional skill to your organization that can't be met in-house.

Step 2: Determine whether a consultant can help you.
Do not assume you need a consultant simply because your organization has a problem. On the other hand, you also should not wait until a crisis hits before you call on someone. Here are a few examples of the types of problems a consultant can help you tackle:

- You have a problem or tasks that seems too technical, too specific, or beyond the capacity of your staff. Consider hiring a consultant with the special skills or expertise to take it on.
- Your organization has the know-how but not the staff or time. Consultants can be used very effectively on an *ad hoc* basis to expand your organization's capabilities.
- Your problem requires the consensus and cooperation of your board and staff. An objective and neutral consultant can facilitate the process by soliciting input from diverse stakeholders and finding common ground.
- You don't know what your problem is. A consultant can help you conduct a comprehensive assessment to zero in on the problems that need attention.

Step 3: Frame the problem.
What exactly is the problem you want the consultant to help solve? Many nonprofit organizations ask consultants to help with *symptoms* rather than their underlying problems. Symptoms are observable situations or characteristics that are impeding your success, but often they do not clearly identify why or how something is going wrong. However, identifying symptoms is an important part of framing your problem.

Try listing the symptoms your organization is experiencing, and then generate hypotheses about underlying causes. This should help you create a more targeted statement of need outlining exactly what kind of consulting help you want.

Step 4: Develop a request for proposal (RFP).
An RFP is a document that outlines the kind of consulting work you need; what you hope that work will accomplish; any deliverables expected of the consultant (e.g., a plan, brochure, or curriculum); any constraints the consultant will have to work under (such as timelines, fees, and access to data). The RFP should also describe the preferred format and content for the consultants' proposals.

Keep your RFP as short as possible to avoid scaring away good candidates who are too busy to wade through ponderous prose: three to five pages is ideal.

At a minimum, the RFP should include:

1. Summary paragraph describing who you are and what you are looking for.
2. Brief paragraph about your organization's mission, history, and current situation.
3. Statement of need, developed in Step 3 above.
4. Details about the engagement, including time frame and financial constraints.
5. Desired outcomes and deliverables.
6. Desired format of the proposal, including the due date.
7. How and when the proposals will be evaluated.
8. Your contact information.

Step 5: Select the right consultant.
Where do you find consultants? In order of importance, here are the best sources of

potential consultants:

1. **Referrals.** Not surprisingly, most organizations find their consultants through colleagues' recommendations. So get on the phone, go to an association or community meeting, and start asking people you trust for names of good consultants.

2. **Management support organizations and state nonprofit associations.** Many communities have a management support organization (MSO), a nonprofit resource center, a United Way agency, or a branch of the Executive Service Corps. These groups are dedicated to helping nonprofits access resources and build capacity. CAN publishes the Nonprofit Yellow Pages Resource Directory, which lists nonprofit consultants and is available on the CAN website (**www.CAnonprofits.org**).

3. **Your funders.** Many foundations now have in-house technical assistance providers, retain outside consultants to help their grantees, or will refer independent consultants if asked.

4. **Large national firms.** Some consulting firms allow their consultants to do *pro bono* or low-cost work for a nonprofit organization. While a cold call may not yield much, you should take advantage of any connections you have through your staff, board, or clients to access this high-quality help (See sidebar *Free Consulting: Do You Get What You Pay For?*).

5. **Online and print directories.** Your local MSO or public library should have the major printed consultant directories. If you are a proficient Web surfer, you can also hunt for potential consultants online. Use these sources as a last resort or as a means of rounding out your list of referrals. Once faced with a stack of competing proposals, develop a set of criteria to evaluate them, including expertise, cost, feedback from references, and creative approach. It is crucial to check references!

Step 6: Agree on the work to be done.
Virtually every consulting engagement should have a contract, memorandum of understanding, or letter of agreement to ensure that you and your consultant are in agreement on the work to be done. A contract can be as simple as the final version of the consultant's proposal with both your signatures at the end. Larger projects, bureaucratic organizations, or funder requirements may demand legal advice and a more complicated contract. For very small projects (for example, a one-day training session for your board) a letter of agreement is usually sufficient.

If your contract or letter of agreement is a separate document from the proposal, it should describe the following, at a minimum:
1. Work to be done.
2. Timelines for deliverables.
3. Who will carry out the consulting work.
4. Details about fees and expenses, including the timing and proper procedure for invoicing and payment.

5. The person within your organization who is responsible for managing the consulting project and approving expenses and invoices.
6. A termination clause permitting either party to terminate the consulting relationship with reasonable notice and payment for work completed to date. This last item is particularly important, both for you and your consultant. If the timeline, deliverables, or even daily interactions are not proceeding as planned, the problem must be addressed at once. If it remains troublesome, do not continue spending your money on a relationship that isn't working: terminate the contract immediately. CAN or your local MSO can often help you resolve such conflicts – or decide when to bow out gracefully.

Step 7: Work effectively with the consultant during the engagement.
Once the consultant is on board, there are many challenges to creating a productive relationship. For a successful outcome, keep the following in mind:

• **Prepare your staff.** Most people get a little nervous when a consultant shows up, since consultants usually mean change. Spend time before the engagement explaining the project to your staff, including the problem statement, your objectives, the specifics of the proposal, and what is expected of each staff member.

• **Clarify the role, status and authority of the consultant.** You, your consultant and your staff should have a clear understanding of the consultant's role in the organization. To whom does the consultant "report"? Where will the consultant sit when onsite? Can he or she ask support staff for administrative help?

• **Take responsibility for the project.** Successful consulting engagements cannot be one-sided. As a client, you need to provide context and direction for the project and make important decisions along the way. The consultant is there to help you solve your problem, not to tackle it alone.

• **Stick to the terms of the contract.** It is tempting, once the consultant shows up, to expand the scope of the project or ask her to take on additional work. Resist this impulse. You will compromise the quality of her work, and you may damage a helpful relationship. Also, added work can result in a new work plan and increased fees!

• **Give the consultant what she needs to be productive.** Your money will be best spent if you prepare for the consultant's arrival and help her to be productive. Assemble any existing data or other resources that pertain to the project. If the consultant needs a phone or printer when on-site, make one available. If she needs access to your board or clients, facilitate that connection.

Step 8: Wrap up the engagement.
Eventually most consulting projects, good or bad, must end. Even ongoing relationships have milestones or phases that wind down. Sometimes the endpoint is clearly marked by an event, a report or a deadline, and sometimes a project's loose ends gradually fade away.

In either case, make sure you complete the following before your consultant disappears on vacation or starts up a project with a new client:

1. Approve the consultant's final report or recommendations, including an implementation plan.
2. Present the report and implementation plans to your staff, board, and other key players. Determine the organization's course of action given the outcome of the project, and secure the board's commitment to that course.
3. Clarify next steps with the consultant. Will there be follow-up work? Is the consultant available for hourly consultation as you implement her recommendations? Have all working papers from the project been transferred to your staff? Have all borrowed materials been returned?
4. Make sure all the terms of the contract and/or proposal have been met before approving final payment to the consultant.
5. Bring explicit and symbolic closure to the project. This can be as simple as an email announcement or as elaborate as a celebration luncheon for everyone involved, complete with certificates of participation or other mementos.
6. Conduct an exit interview with the consultant to learn what worked, what didn't, what might be done differently next time, and what has been learned.

Step 9: Implement the results and recommendations.
After the consultant leaves, you still have plenty of work to do! In the best possible scenario, the consultant has left you with a clear implementation plan that is easily integrated into the realities of your organization. To keep that report from collecting dust, take immediate action.

1. If you have not already done so (as outlined in Step 8), secure commitment from your board and staff to go forward with the recommendations and implementation plan.
2. Use the implementation plan to create a detailed work plan with time frames, quantitative and qualitative evaluation measures, and division of responsibilities.
3. Establish a system for tracking the progress of implementation, and incorporate progress reports into staff and board meetings as appropriate.
4. Provide support for ongoing trouble-shooting and refinement of the implementation process. If necessary, write a reminder in your calendar every week or month to focus on implementation.

Step 10: Evaluate the consultant and the project results.
In *Succeeding with Consultants* (The Foundation Center, 1992), a useful resource for anyone overseeing a consulting engagement, authors Barbara Kibbe and Fred Setterberg describe a process for the difficult task of evaluating your experience with a consultant. They recommend a four-part approach to evaluation, which involves looking at the project's inputs, process, outputs, and outcomes to see if the consultant's work—and your own commitment—met expectations and moved your organization toward positive change. Their bottom line: "You must not skirt the inevitable question: Was it worth it—and under what circumstances should we do it again?"

A Final Note

Bringing a new face and new perspective into your organization to tackle a difficult or persistent problem can be daunting. With significant expenses involved, it can also feel like a risky move that might yield minimal returns. On the other hand, some organizational challenges simply cannot be overcome without outside help. If you think a consultant can add real value and insight in your quest for change, these ten steps should help you find and work with the best consultant for your specific needs. Good luck!

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