WORKING WITH CONSULTANTS

Resources for Funders and Nonprofits

STEPS FOR SUCCESS:

ENGAGING A CONSULTANT

Consultants can be vital assets to nonprofits and grantmakers alike, providing valuable expertise and services. This guide can help you take the right steps to find, hire, and manage a consultant who delivers what you need through a process that makes good use of your resources.

S. D. BECHTEL, JR. FOUNDATION
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Consultants support the effectiveness of nonprofit agencies and grantmakers in many ways. For example, you might turn to a consultant to help you access expertise on a specialized topic, understand and address a major challenge, accomplish a defined task, or facilitate essential alignment among a group. But no single consultant can do everything, and client organizations often have a lot at stake when they engage an outside service provider.

How do you find the right consultant – one who fits your project need and timeline, with the skills and approach to deliver what you need?

This tool features nine steps that can help your organization select and manage a consultant who gets the job done, adding value through a sound investment of your time and money. It is accompanied by links to other tools and information sources that can inform your work with consultants.

1	**DIAGNOSE** the need	*The process begins with thoughtful analysis of the task at hand.*
2	**ENVISION** the project	*Your search will be enhanced by a clear statement of intent.*
3	**PREPARE** to be a great client	*It takes clarity, collaboration, and investment to achieve a great result.*
4	**IDENTIFY** potential consultants	*There are several ways to find the right individual or firm.*
5	**DISCOVER** each consultant's abilities and style	*Every candidate brings their own skills, experience, and project approach.*
6	**SELECT** the right consultant	*This is the time to revisit your intent and complete due diligence.*
7	**AGREE** on terms of the engagement	*A shared understanding of scope, work plan, and expectations spells success.*
8	**MANAGE** the project and the relationship	*Strong communication takes center stage as the work unfolds.*
9	**REFLECT** and **LEARN**	*Every project generates learning and can inform improvement.*

DIAGNOSE the Need

1

The process begins with thoughtful analysis of the task at hand.

There are almost as many reasons to hire a consultant as there are consultants. A good consultant can bring in knowledge and help avoid re-inventing the wheel. They can manage a task or project requiring special knowledge, or even a series of tasks that free up staff time – allowing your internal team to focus their attention on other priorities. Perhaps the consultant can help you develop a particular skill set or system. Whatever the need, your consulting project should begin with a careful assessment of desired changes, improvements, and accomplishments.

DO...

- Engage those affected in describing the problem or opportunity.
- Build consensus on and commitment to key roles and outcomes for a successful project.
- Ask advice from colleagues who may have encountered similar challenges and opportunities.

ASK...

- What is the presenting problem?
- What is the opportunity or goal we need help to achieve?
- Which skills/capabilities do we already have? Which ones do we need?
- What systems do we need to put in place or update?
- What do we want to learn about our work and the context in which we perform it?
- Are we prepared to understand and act on advice that may strike a sensitive nerve?
- Why can't we do this ourselves? What value might fresh eyes bring?

AVOID...

- Looking for a fall guy or a hit man. If the problem is avoidance of unpleasant facts or perhaps even the need to fire someone, a consultant is unlikely to be the solution.
- Expecting a consultant to have all the answers and be able to persuade people to be different. A consultant can diagnose and mediate conflicts, and engage people in understanding the case for a particular course of action. Ultimately, the authority to act remains inside the organization.
- Moving forward if the project is not "owned" by everyone involved. Half-hearted cooperation from key members of the team is not enough to yield good results.
- Hiring the first person or firm recommended without exploring all options.

ENVISION the Project

2

Your search will be enhanced by a clear statement of intent.

The design of an effective consulting project is ultimately a collaboration between the consultant and the client. You will be best equipped to negotiate an effective design and recruit consultants who are well suited to the job if you begin with a strong problem definition, and a clear picture of success. Consider what skills you expect the consultant to bring to the table, how much consultant time you need and can afford, and how you as a client contribute to the success of the project.

DO...

- Define the problem and describe what project success would look like.
- Articulate objectives (including products the consultant would be expected to deliver), the preferred timeline, and budget.
- Identify role(s) and essential skills for the consultant, as well as the role/s for key participants in your organization.
- Prepare a project description, Request for Qualifications (RFQ), or Request for Proposals (RFP); be sure that any RFP includes key considerations or questions you expect candidates to address.

ASK...

- Are the schedule, timeline, deliverables, and budget reasonable and realistic in light of the results we expect?
- Do we have time to invite submission of qualifications, and subsequently select consultants to interview and then invite to submit proposals?
- Would it be helpful to hear from and consider several consultants even if there is one with whom we're already experienced?

AVOID...

- Assuming that the work will be as good as done once the consultant is on board. Even in straightforward cases of technical or contract work, the consultant will need to engage in ongoing dialogue to clarify objectives, test systems, and adapt as needed. You will need to know enough about the work to determine who is right for the job and to provide needed input and feedback as the job progresses.
- Hoping for change that can only come from within. The best consultants affect organizations at their core, introducing new information, skills, and systems through a combination of their own practices and interactions with you. However, they will not be able to change your organization's basic values or alter individual personalities.
- Expecting to be the consultant's only client. Make sure you get a clear sense of their bandwidth, and that the timelines and deadlines for your deliverables are realistic.

PREPARE to Be a Great Client

3

It takes clarity, collaboration, and investment to achieve a great result.

Consulting projects succeed when both the consultant and client have a shared understanding of goals and action steps. All parties must mutually commit to offering skills, time, and engagement in ongoing communication and collaboration to keep a project on track. Surprises can cause projects to go off the rails and relationships to fray. Plan to avoid pitfalls that include new or changing expectations, shifting deadlines, failure to provide timely input and feedback, and/or mixed messages to the consultant from various client representatives.

DO...

- Refine and agree on clear goals and milestones for the project.
- Marshal key stakeholders and decision-makers who must commit to the success of the engagement.
- Plan reasonable turnaround times for necessary input and review of draft work products.
- Plan to work alongside the consultant for the duration of the project.
- Identify one point of contact for the consultant, and set realistic expectations for their role and time commitment.

ASK...

- Are the skills of the consultant(s) we are considering well aligned with the needs of the project?
- Do we have the time – and the commitment – to work closely with the consultant throughout the engagement?
- Does the person who will be the consultant's point of contact have the resources and the authority necessary to make decisions concerning this engagement, and to implement any recommendations that flow from it?
  - If not, do they have adequate support from those who do have the resources/authority? Are the roles for these others clearly defined?
  - How will they engage key stakeholders to ensure the success of this effort?
- What challenges can we anticipate? How might we prevent or address these challenges?
- What does the consultant need from us (their client) to best ensure success?

AVOID...

- Assuming the consultant can do it alone. Discuss with potential consultants what they will need from you as a client. Plan enough time to provide substantive inputs and feedback at key points along the way.
- Making the consultant report to multiple "clients." One person should serve as point of contact and supervisor for the consultant to ensure efficiency as well as clarity of communications, and consistency of expectations, throughout the project process.

IDENTIFY Potential Consultants

4

There are several ways to find the right individual or firm.

For every need, there are likely many suitable consultants. The trick is to separate the experienced consultant from the novice, the generalist from the specialist, and the over-booked from the available and approachable. It is imperative to consider more than one consultant. To make that happen, you need to develop a good short list of qualified candidates.

DO...

- Contact colleagues and use your organization's networks to gain referrals.
- Consult directories.
- Contact or search websites of professional associations.
- Look at related organizations' websites to review consultant reports they may have posted.
- Consider whether an individual or a firm might be the best match for your needs (you might include both categories of consultant in your initial outreach).
- Circulate a project description, Request for Qualifications, or Request for Proposals. (You may know, and have experience with, a consultant you consider ideal for the project. In most cases, you'll still want to solicit interest from multiple candidates – to test your assumptions, uncover new capabilities or approaches, and guard against the possibility that your current consultant might not be the best fit for this particular need.)
- Solicit multiple proposals to allow for cost comparisons and review of a range of approaches to the project.
- Check references.

ASK...

- Which skills are essential, and which are nice to have?
- Are we looking for a skill set available from a solo practitioner, or do we need a firm or team with diverse skills?
- What aspects of the consultant's track record and approach are most important to us?
- What similar projects have they worked on?

AVOID...

- Being in too much of a hurry and thereby short-circuiting the process of purposeful consideration of candidates. Don't simply hire the first consultant who comes your way.
- Taking referrals at face value – be sure to follow up on any strong recommendation by asking your referral source about the work and outcome generated by the consultant.

DISCOVER Each Consultant's Abilities and Style

5

Every candidate brings their own skills, experience, project approach, and personality.

This step combines thinking about your project design with getting to know each prospective consultant. As you interview candidates, you will become familiar with the range of expertise and approaches available to address your need. You will form opinions about what you value and what appears to be superfluous to your primary requirements. You will gain insights into the consultant's style and the degree to which it meshes with your own. You will get a sense of how well the consultant listens to you, grasps the essentials about your project and context, and brings their experience to the table. You may learn about approaches that you had not previously considered. You can benefit from remaining open and willing to adjust your expectations and design concept based on these interactions.

DO...

- Prepare for interviews by reviewing consultant qualifications and recommendations, and making a list of questions.
- Interview candidates.
- Check references.
- Make contact with people who have recent or current experience with the consultant.
- Review work samples.
- Ask each candidate to talk specifically about their approach and practices, and about what they expect from their clients.

ASK...

- What is your understanding of our situation? Have you worked with similar challenges before?
- What alternatives/options are available to us in terms of your approach, timeline, and budget?
- How would you describe a great consultant-client relationship?

AVOID...

- Feeling intimidated when interviewing an expert. As the client, you should expect to be treated with respect, and to have your questions and concerns addressed seriously. If your project will involve consultant interactions with several people in and/or beyond your organization, it is especially important that you gain confidence in the consultant's ability to communicate constructively with others.

SELECT the Right Consultant

6

This is the time to revisit your intent and complete due diligence.

You are ready to narrow the field to a preferred consultant – or perhaps two or three finalists – who you will invite to submit a formal proposal. At this time, revisit your initial vision of the project. You now know enough to redefine or reaffirm what success would look like with each of the remaining candidates. While considering each finalist, think again about how much consultant time you need and can afford, and how you as a client can contribute to the success of the project. This is also the moment to conclude weighing the pros and cons of hiring a solo practitioner vs. a consulting team.

DO...

- Consider forming a committee to assist with the selection.
- Engage everyone who will be involved in the project to discuss each candidate's skills and approach; seek to surface new insights or potential challenges that will inform your decision.
- Use a rating system to visualize which candidate's skills and approach align most closely with your organization's priorities.
- Identify any specific concerns or questions that you want finalists to address.
- If your project is sizeable and will require sustained involvement over time, ask for appropriate financial statements to understand the viability of the firm.

ASK...

- Which consultant seems to be the best fit overall? Why?
- Which consultant would challenge us to think in new ways? How might that play out?
- Do we know enough about fees? Potential overages? Are we confident we can afford the consultant?
- Have we been clear enough about the expected time investment for the consultant and for our organization?
- If a firm or team is involved, which individuals will do the work? What role will each of them have, and who will lead? How much time should we expect from senior members of the consulting team?
- Is the engagement substantial or unusual enough to warrant a review of the agreement by outside counsel?
- Ultimately, do we feel confident that we have the right consultant for the right project at the right time for our organization?

AVOID...

- False economies, overvaluing lower rates, and undervaluing quality.
- Indecision and delay, especially if you are asking a busy consultant to keep time available for your project while you wait for necessary approvals within your organization.
- Requesting proposals from consultants you are not truly serious about (word will get around, and you may experience difficulty soliciting proposals for future projects).

AGREE on Terms of the Engagement

7

A shared understanding of scope, work plan, and expectations spells success.

Following interviews and reference checks, ask the consultant(s) you are most interested in to devise a proposal and work plan. This document will serve as a blueprint for the project process. It should spell out the goals of the collaboration and provide a sketch of the activities to be pursued over a stated time period, as well as a budget. To do this, the consultant will need adequate information about your organization and the project; that information might be supplied through a formal RFQ or RFP document and/or during the interview process. The work plan should be prepared at no charge – this means you should not request it unless you are seriously considering hiring the consultant in question. Negotiating the specifics of the engagement is your first opportunity to work with the chosen consultant, and represents an opportunity to get off on the right foot with clear communication and explicit expectations on both sides.

DO...

- Review the consultant proposal, and clarify and negotiate any concerns. Ensure that the contract covers any confidentiality requirements as well as ownership and use of work products.
- Invite and respond to questions from the consultant, and clarify expectations.
- Finalize the work plan, timeline, and budget for the project.
- Establish key milestones, check-in dates, benchmarks, and deliverables.
- Determine payments and conditions for release of your funds.
- Decide on a process for resolving disagreements or ending the engagement.

ASK...

- Does the work plan provide a clear picture of how the project will unfold? Do the check-in points allow for any flexibility?
- Is the amount of time the consultant will spend on each phase of the project clear and reasonable?
- Are the outcomes and deliverables clear, specific, and measurable?

AVOID...

- Informality and "handshake agreements." Consultant billing should correspond to an expected amount (typically based on a number of hours) for an agreed deliverable. If some aspects of the project remain to be developed, consider running the project in phases, including agreement on a plan and budget for the second phase as a deliverable. Or, include a clause restricting charges to that activity until the client has approved a plan.

MANAGE the Project and the Relationship

8

Strong communication takes center stage as the work unfolds.

A significant part of any consultant's responsibility is to deliver the message their client needs to hear – even if it's a message you might not want to hear. During the selection process be sure to discuss any potential conflicts or hard conversations the consultant thinks may be inherent in the project. Try to elicit honesty and thank the consultant for their candor.

Sometimes, despite everyone's best efforts, a consulting relationship doesn't work out. If the road gets rough, your responsibility as a client is to reflect on the causes, give honest and constructive feedback, and allow the consultant time to make adjustments. If your best efforts don't work, follow the mediation or termination procedures established in the contract. Give appropriate notice, compensation for work completed before the notice, and ownership of any work already produced.

DO...

- Name a team leader who will be the key point of contact throughout the project.
- Avoid bombshells by agreeing on a schedule of interim findings or draft products.
- Check-in regularly and make course corrections as needed.
- Reiterate deadlines and make sure the consultant knows which ones are really important and why.
- Keep the project finances on track through regular and detailed billing, as well as contractual requirements for advance notice and approval of budget changes.
- Make time for the consultant, and respond promptly to their requests for information, clarification, or guidance.
- Link payments to milestones, with a cap on the amount to be billed at each stage.

ASK...

- Are we together meeting our goals, or are we on track to meet them? How could we do better?
- As the client, am I holding up my end of the bargain? Do I keep appointments, respond to requests, schedule time to collaborate, meet deadlines, and communicate clearly?

AVOID...

- Shying away from talking about a disappointment with the hope that things will improve.
- Assuming that one problematic engagement means that the consultant is no good. Their reputation is very important to their ability to make a living. Be very careful what you say – and to whom – when an engagement doesn't work out.

REFLECT and LEARN

9

Every project generates learning and can inform improvement.

Take time during and after the project to reflect on what worked well and why, and to consider what you might do differently next time. Document these reflections and revisit them as you consider new consulting projects. Did the consultant's work meet your expectations in full? Asking this will force you to reflect not only on the consulting project, but also on your organization's purpose and goals, its leadership and strategies, and the ways it can change to anticipate and solve future problems. The best consultants will bring fresh perspective and insights, and help you develop powerful approaches to become more effective and resilient.

DO...

- Capture and record issues as they arise, including information on how (and how well) they were resolved, as well as noting all important decisions in the course of the project.
- Debrief with the consultant; ask for assessment of your organization's performance as a client.

ASK...

- How did our perception of the consultant as a good fit play out as the project progressed?
- What skills and approaches did we correctly identify as important?
- What would we do differently if we were starting the project today?
- What lessons will enhance our next consultant search?
- Would we recommend this consultant to colleagues? Under what conditions?

AVOID...

- Holding the consultant solely responsible for the project result. It is likely that the consultant and the client each contributed to a successful – or poor – outcome. Assess the key strengths and weaknesses of *both* consultant and client.

Learn More

Review these writings for additional insights that can help you successfully engage consultants.

Compassion Capital Fund (CCF), U.S. Department of Health and Human Services. (2009). "Working with Consultants."

Hart, L. "How to Work with Consultants." Power to Change.

Kibbe, B. (2015). "Both Sides of the Equation." *The Foundation Review,* 7(1), 56-70. doi: 10.9707/1944-5660.1235

Kibbe, B. & Setterberg, F. (1992). *Succeeding with Consultants. Self-Assessment for the Changing Nonprofit.* New York, NY: The Foundation Center.

Lantz, B. and Anderson, C. (2015). *How to Hire the Right Consultant: Confessions from Consultants about Getting More for Your Money.* San Bernardino, CA: CreateSpace Independent Publishing Platform.

Maine Association of Nonprofits. (2010). "Guide to Working with Consultants."

Ucko, T. (1990). *Selecting and Working with Consultants: A Guide for Clients.* Los Altos, CA: Crisp Publications.

The following resources are guides for consultants and offer insights into different consulting approaches and styles that may be of interest to anyone preparing to engage a consultant. In particular, Schein's book offers many examples of consulting projects that were re-designed or re-envisioned as a result of the interview process.

Lukas, C. A. (1998). *Consulting with Nonprofits: A Practitioner's Guide.* St. Paul, MN: Amherst H. Wilder Foundation.

Schein, E. H. (2016). *Humble Consulting: How to Provide Real Help Faster.* Oakland, CA: Berrett-Koehler Publishers Inc.

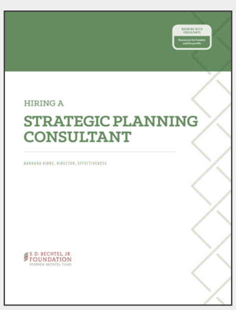
The S. D. Bechtel, Jr. Foundation has produced a series of additional essays and resources specific to consulting disciplines frequently sought by nonprofits and funders. See next page…

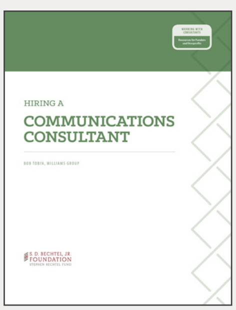
WORKING WITH CONSULTANTS SERIES

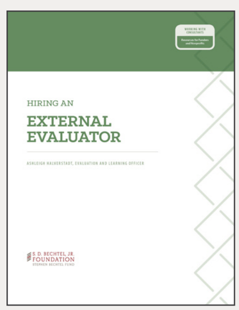
Consultants support the effectiveness of nonprofit agencies and grantmakers in many ways and on many levels. Aligning the right consultant with an organization's need, budget, and work style can generate significant benefits for all involved. Based on lessons we've learned as well as the experiences of grantees we support, the S. D. Bechtel, Jr. Foundation offers resources for working with consultants. This series features a guide for helping organizations take steps to find, hire, and manage a consultant. It includes essays on working with consultants who specialize in high-interest topics: strategic planning, communications, evaluation, and fundraising.

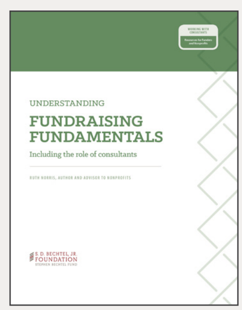
See the full series online at sdbjrfoundation.org/effectiveness/consultants

Start by reading this tutorial featuring nine steps to hiring any consultant. It's accompanied by a set of frequently asked questions.









View these essays when engaging consultants to support specialized needs.

Use this guide to develop a Request for Qualifications from consultants.

S. D. BECHTEL, JR.
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A VISION FOR CALIFORNIA

The S. D. Bechtel, Jr. Foundation and the Stephen Bechtel Fund envision a productive, vibrant, and sustainable California that is a model of success and a source of innovation.

A COMMITMENT TO NOW

California faces many critical challenges, which require resources and imaginative solutions.

In response to this reality, the Board of Directors decided to invest all the Foundation's assets by 2020. This decision reflects a commitment to identifying lasting solutions for education and the environment sooner, rather than later. The Foundation also invests in building the capacity and resiliency of grantee organizations to leave them positioned to carry on the work of furthering a successful California for decades to come.

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