

WORKING WITH
CONSULTANTS

Resources for Funders
and Nonprofits

HIRING A

STRATEGIC PLANNING CONSULTANT

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 S. D. BECHTEL, JR.
FOUNDATION
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Succeeding with strategy consultants

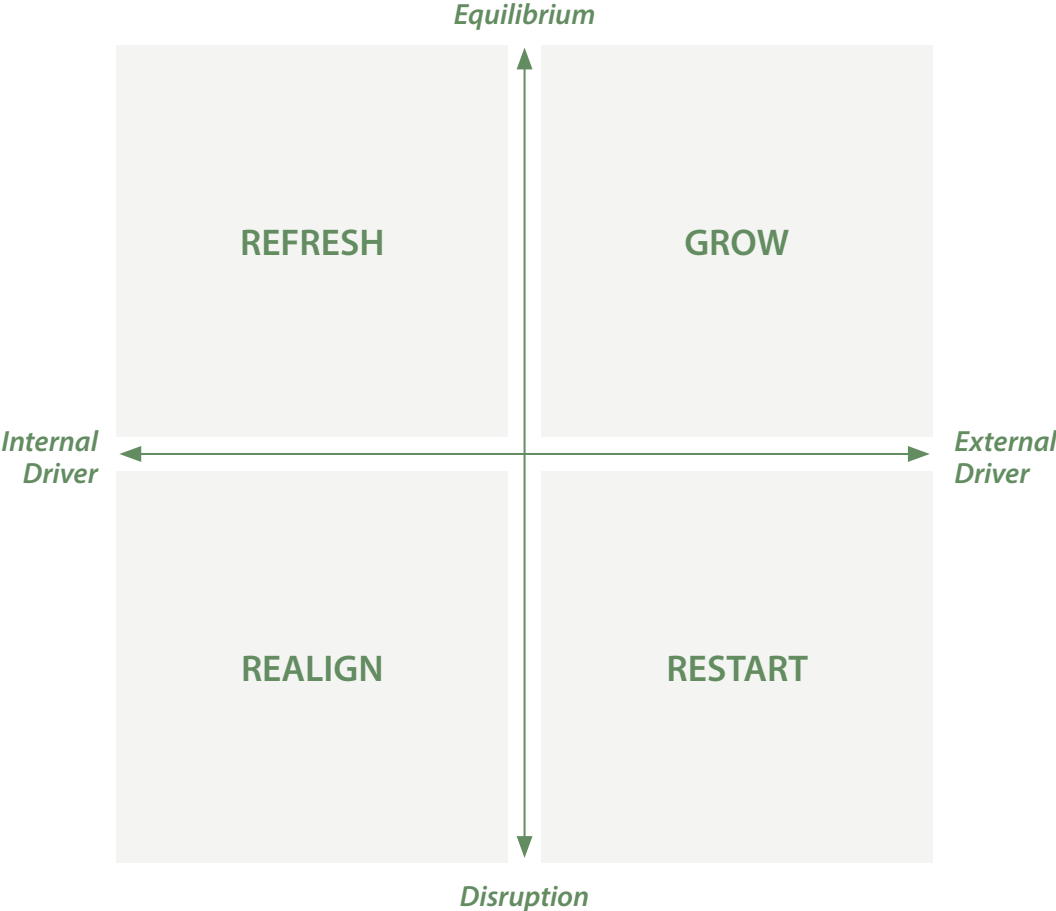
Engaging a strategy consultant is per se high stakes. Looking across your organization and its work to find and describe the most effective path forward can be exhilarating. It can also be unsettling as “outsiders” review, question, assess, and opine on the state of your enterprise. In fact, the best strategy processes are both exhilarating and unsettling.

It goes without saying that all strategy processes should inspire and motivate staff and board, challenging these and other key participants to question assumptions and explore opportunities. Taking advantage of the process of engaging strategy experts to accomplish some skill transfer to internal staff is an added plus. But a strategy process worth the effort and investment should provide more than a boost for morale or a training exercise.

Getting started with strategy work can be complicated by the fact that strategy consultants are a diverse group. Individuals and firms differ – sometimes wildly – from each other in terms of skills and approach. What then is the best way to start this journey? How can you find and work well with the “right” strategy consultant?

In my experience, there are at least four distinct purposes for strategy work, each of which suggest a different approach. Identifying the right approach to meeting your needs will depend on whether the reason for doing strategy work is occasioned by internal needs or external shifts in the context for the work of your organization, and on whether the audience for the new strategy is mostly internal or mostly external.

WHAT KIND OF STRATEGY PROCESS DOES MY ORGANIZATION NEED?



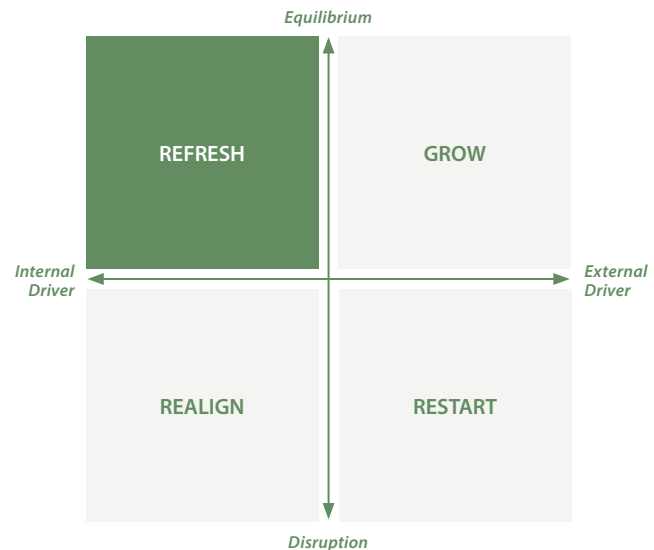
REFRESH: Internal need to update; successful organization; stable context

The most straightforward kind of strategy work is driven by the need to update what is already a successful plan.

- Has your organization largely achieved what it set out to do under its most recent strategic plan?
- Are you confident that board and staff are well aligned regarding the organization's mission, priorities, and results?
- Are you working in a stable context regarding constituent needs, relevant policy, funding, leadership, and partnerships?

If your leaders and key stakeholders can answer yes to each of these three basic questions, a straightforward strategy refresh may be all you need. In that case, a competent facilitator who can structure and lead conversations with key stakeholders about goals and priorities may be sufficient. The costs – in terms of both time and money – will likely be modest. The main effort may be expended in engaging stakeholders rather than preparing polished documents, since the audience is primarily internal.

However, these simple opportunities to refresh a strategic plan are rare and becoming more so as the world in which nonprofits and foundations work becomes increasingly volatile, uncertain, complex, and ambiguous (VUCA).



SKILLS TO LOOK FOR IN YOUR STRATEGY CONSULTANT:

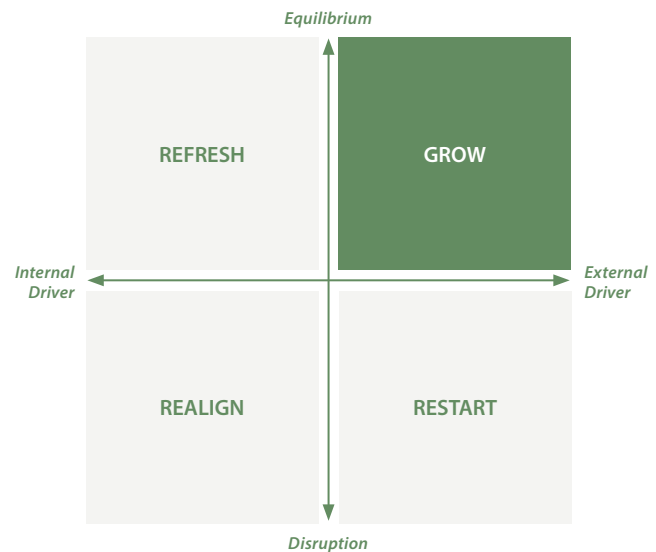
Process design, facilitation, stakeholder engagement

GROW: External demand for growth; successful organization; stable context with new opportunities

If your successful organization is called upon to grow, your strategy process will require more than a refresh.

- Has your organization largely achieved what it set out to do under its most recent strategic plan?
- Is your organization being called upon to grow in the face of escalating need?
- Are new/increased resources available or attainable?

If your leaders and key stakeholders can answer yes to these three questions, the strategy consultant you need will likely be more than a competent facilitator. They will need to be adept at framing choices and helping you examine trade-offs among the opportunities and needs of your constituents in relation to your organization's core competencies. They will also need strong skills in financial modeling. And, assuming that the new strategy will need to be communicated to an external audience in order to attract additional support, the consultant must be able to produce an attractive, clear and persuasive document or suite of documents and tools. The strategy consultant who will help you get ready for growth will also help you make the case for investment.



SKILLS TO LOOK FOR IN YOUR STRATEGY CONSULTANT:

Process design, facilitation, stakeholder engagement, analytics, choice structuring, financial modeling, strategic communications

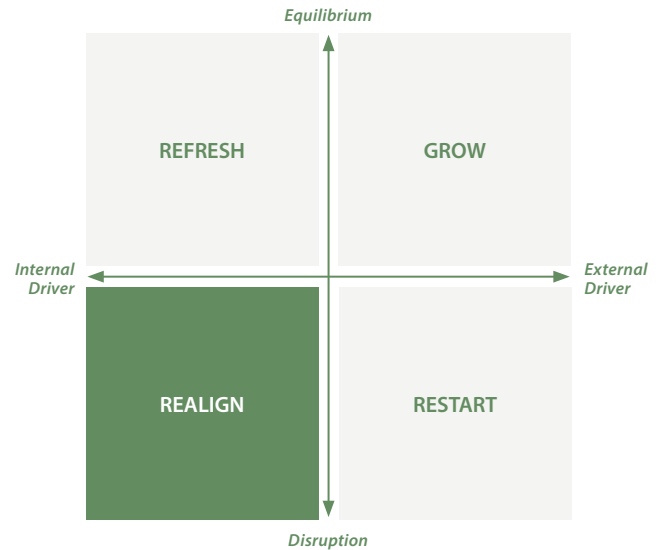
REALIGN: Internal confusion or strife; mixed track record; unstable context

In this third scenario, internal strife/conflict combined with external shifts and resource constraints will require yet again a different approach to strategy.

- Are staff and board divided in their view of the organization's mission, goals, and/or priorities?
- Have recent results been disappointing?
- Has the organization lost major funding? And/or has the policy environment shifted significantly?

If you can answer yes to these three questions, the need to align staff and perhaps also to align staff and board in relation to shared goals and priorities will be the primary purpose of your strategy work.

In this situation, the strategy consultant needs more than analytical skills. They will need to be strong in the skills and sensibilities of organizational development and change management. And, since they may encounter conflict as well as confusion, they will need to be skilled in conflict resolution.



SKILLS TO LOOK FOR IN YOUR STRATEGY CONSULTANT:

Process design, facilitation, stakeholder engagement, conflict resolution, change management

RESTART: External challenges; mixed track record; unstable context; need to identify new role(s) and resources

Finally, an organization facing significant disequilibrium in the external context for its work presents the most challenging circumstance for strategy work.

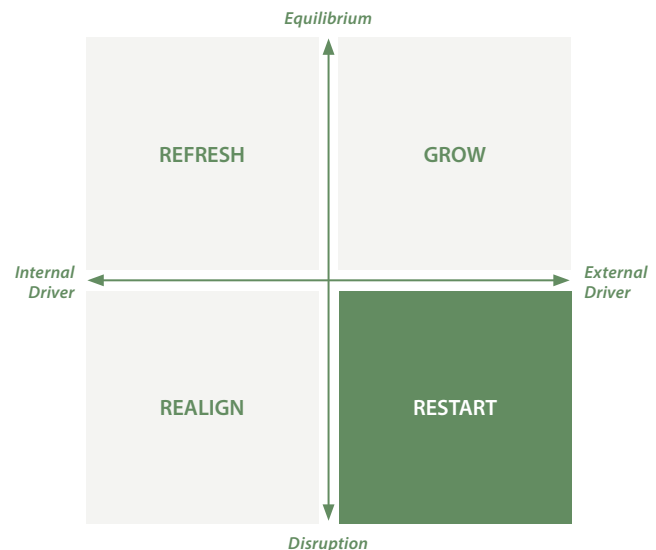
- Have recent results been disappointing?
- Were you surprised by and/or unprepared for recent major shifts in policy or funding?
- Do you have reason to expect more shocks/changes?

If you answer yes to these three questions, the need to align staff and perhaps also to align staff and board in relation to shared goals and priorities will be a purpose of the strategy work. Another equally important purpose will relate to the need to engage with funders and other external stakeholders to reestablish the relevance of the organization and the impact of its work. This is the most challenging scenario for strategy, especially if the need to adapt is urgent.

In this scenario, all bets are off. It is apparent that what got you here won't get you from here to there. And, in fact, the path ahead is decidedly unclear. Too much external change combined with instability in funding streams or leadership, or loss of relevance in your programs or policies, simply requires a kind of zero-based planning.

Strategy consultants confronted with a need to reset and restart an organization need a big toolkit. They should be adept at contingency planning, conflict resolution and change management even while they are able to synthesize inputs from a wide range of sources to help clarify the vision for what is possible, feasible, and optimal for your organization given its capabilities and resources. This kind of engagement is well suited to a strategy team that includes senior consultants/advisors as well as researchers/analysts – since sorting through options requires data in many forms.

This scenario will require a substantial investment of time and resources.



SKILLS TO LOOK FOR IN YOUR STRATEGY CONSULTANT:

Process design, facilitation, stakeholder engagement, project management, analytics, choice structuring, conflict resolution, change management, scenario thinking, contingency planning, zero-based planning, strategic communications

A note about “going in assumptions”

The four scenarios discussed in this brief essay are necessarily oversimplifications. In reality, many organizations entering strategic planning will need a bit of internal realignment along with a critical look at the relevance and efficacy of programs and priorities. And it's also common to discover that what you assumed going into a strategy process is only part of the story. It's essential to stay open to insight and to be ready to change assumptions as new data emerges. Without this openness, no strategy process is worthwhile. Nevertheless, in hiring a strategy consultant it is better to attempt to select a consultant with the right skills and capabilities for your circumstances as you understand them at the time.

Crisis versus urgency

There are times when the need to build a compelling strategy is urgent; when internal and external stakeholders can be brought together and even galvanized around an external threat or a change in leadership to build a compelling case for investment and to align energies and effort. This circumstance is ripe for successful strategy work. There are other times when a crisis is too great and/or too imminent for a thoughtful strategy process and, in those cases, immediate needs must be addressed before it makes sense to step back for the long view.

What if the strategy work leads to business-as-usual when a change is really needed?

The months following a strategy process are when the new strategy is truly tested. Existing systems, procedures and just plain organizational inertia are all working against change. Engaging a consultant or consulting team who understand change management and bring that sensibility throughout the process can help. It can also help to have regular, quarterly working sessions with your consultant to check in on what is and isn't happening to make the strategy real.

Start-up organizations

The success of new ventures and organizations can be dependent on the quality of the plan and strategies formulated at their outset. In most cases, the need to align revenue sources, strategies, and forecasts with staffing and operational budgets is vital to survival. When in start-up mode, the skills to look for in your strategy consultant match several of those presented in this essay for an organization in the “Restart” or “Grow” mode. Look for: process design, facilitation, stakeholder engagement, project management, choice structuring, scenario thinking, contingency planning, financial modeling, zero-based planning, and strategic communications.

BARBARA KIBBE, J.D., DIRECTOR, EFFECTIVENESS

Barbara joined the S. D. Bechtel, Jr. Foundation as director of the Effectiveness team in 2013. In this role, she is responsible for fostering a culture of continuous learning, improvement, innovation, and strategic risk-taking. Barbara works with program staff to enhance grantmaking practices for impact and to develop grantee effectiveness and sustainability. She comes to the Foundation with 25 years of experience in philanthropy as an executive, a consultant, a grantmaker, and a foundation program director working with family, private, corporate, and community foundations. Barbara is co-author of *Succeeding with Consultants* and *Grantmaking Basics*. In 2010, she co-authored *What's Next for Philanthropy*. She is a founder of Grantmakers for Effective Organizations (GEO), an organization dedicated to building knowledge, promoting learning, and encouraging dialogue on nonprofit and grantmaker effectiveness. Barbara holds a Bachelor of Arts degree in Art from Wagner College and a Juris Doctor degree from Brooklyn Law School.

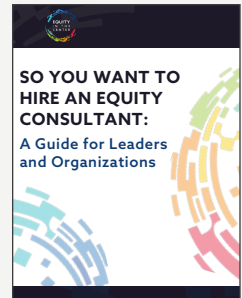
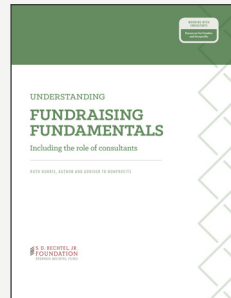
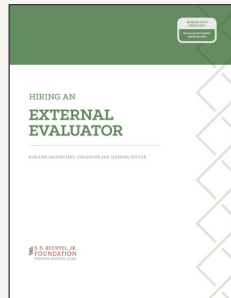
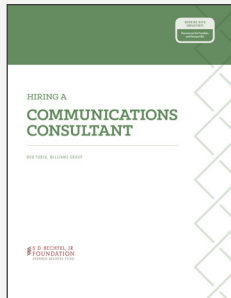
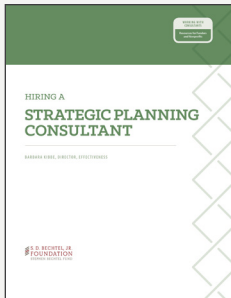
WORKING WITH CONSULTANTS SERIES

Consultants support the effectiveness of nonprofit agencies and grantmakers in many ways and on many levels. 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 partner with a consultant. It includes Foundation-generated essays on working with consultants who specialize in strategic planning, communications, evaluation, and fundraising, as well as a resource developed by Equity in the Center on partnering with equity consultants.

Access the full series online at sdbjrfoundation.org/effectiveness/consultants or issuelab.org



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



View these materials when engaging consultants to support specialized topics.



If needed, use this guide to develop a Request for Qualifications (RFQ), a more equitable alternative to a Request for Proposals (RFP). In many cases, however, you may benefit from a relational approach – and altogether avoid issuing RFQs or RFPs.