

Frequently Asked Question

## **Should We Hire a Consultant?**

### **Introduction**

Nonprofits live and operate within a complex interconnected world. The expertise necessary to successfully navigate organizations relative to the operations, as well as relationships with multiple constituents is beyond most organizations regardless of size and resources. It is a fact of life that everything from family units to governments need to reach outside themselves to garner some of the necessary skills to successfully operate.

Those reviewing the topics in the Frequently Asked Questions in the ASU Lodestar Center's Web site will observe areas where nonprofits may be well advised to seek outside advice and assistance. Therefore, it is not a question of whether or not to hire a consultant, but rather how to do it maintaining control of the process, cost, and product.

This FAQ attempts to define a good consultant relationship as well as give guidance to hiring, supervising and paying consultants.

### **What are valuable areas of consultant expertise?**

- Institutional Development
- Annual Campaigns
- Capital Campaigns
- Planned Giving
- Communications/Marketing/PR
- Prospect Identification
- Board/Staff Training
- Special Event Planning and Execution
- Strategic (Long Range) Planning
- Technical Assistance (Finance, Information Technology, Human Resources, Risk
- Management, etc.)
- Staff Leadership Transition
- Organizational Development

### **What is a consultant?**

For the cynics, the following definition resonates: "A consultant is someone who comes in, borrows our watch, tells us what time it is, keeps the watch, and charges us an exorbitant fee." This is not the definition of a good consultant. A bad consultant is bad for the organization and he/she can threaten the mission and future of the organization. On the other hand, a good consultant can provide a tremendous lift to a nonprofit organization. A **good consultant** learns about the organization and brings expertise to the project that complements and expands the client's knowledge and experience base with a clear deliverable that is reflected in an agreed to price. The key elements are:

- The client's organization is used as the base
- The consultant is first a student of the client
- The consultant understands the organization's mission
- The consultant and client continually evaluate the progress of the project.

- The consultant delivers an understandable product using the “language” of the client.
- The project is concluded on time and on budget.

## **What Makes Up a Typical Consultation?**

### **Setting the stage:**

- The organization becomes aware of the need for outside assistance.
- The organization takes the time to define the issue/project.
- The organization’s leadership shares in the decision to seek consultation.

### **The engagement:**

- Ideally, the organization sends out a request for proposal (RFP) to more than one prospective provider.
- The prospective consultants prepare and present proposals to the customer.
- The customer selects the proposal that best addresses the needs outlined in the RFP.
- The two parties (utilizing interviews and references) negotiate the process, cost and desired outcomes
- A formal contract is signed that includes:
  - A list of deliverables
  - Completion date
  - Payment schedule
  - Check points for evaluation and adjustments.
  - A “bail out” clause
  - Authority person representing each party, clearly identifying who is doing the consulting.
  - Agreement on reimbursable expenses

Is it possible to have a sole prospective provider? It is quite common for this to occur. When this is the case it is critical that extra care be taken in references, arms length ethical positioning and correctly pricing the service to reflect market. For example, if anything becomes public or goes “wrong” can the organization respond without embarrassment?

### **During the project:**

- Scheduled communication about all aspects.
- Frequent communication to appropriate staff and governance of the organization (progress reports).
- The organization remains open and honest and transparent view with the consultant.
- Both parties maintain confidentiality.
- Consultant develops the deliverables and shares with organization leadership in draft form.

- Appropriate feedback is integrated into the final deliverable report.

**The conclusion:**

- The consultant provides the deliverable report in writing.
- The organization takes up the deliverable and supports it within an aggressive timetable
- Action plans are formulated and presented tall appropriate constituents.
- The consultant fees and expenses are paid in a timely way.
- The consultant continues to be available where helpful in implementation.

Note: These final steps are important for the success of a consultant relationship. The consultant can be helpful if an organization has difficulty developing and implementing these steps.

**Individual versus Organizational Use of Consultants.**

While the majority of consulting relationships for nonprofits are between the organization and consultant, there are times when the CEO or other key person in the organization desires outside assistance in development of skills such as strategic planning. While the engagement is primarily one of teaching the individual, it clearly has a major effect upon the organization. The principles that guide the organization's relationship with the consultant are the same in these cases.

**What are differences between nonprofit consulting and for-profit consulting?**

Harvey Bergholz of Jeslen Corporation highlights three issues: Governance, passion and money:

**Governance:** The board influence in the nonprofit is much greater. Generally, nonprofit boards are much more independent and they reflect their own “ownership” and advocacy for the organization’s mission. One of the dangers is slowing down the decision-making. The situation may not be conducive to such a slow pace of decision-making

**Passion:** The passion of the board pales before the passion of the staff. The corporate culture that reflects, “This is not the right thing to do; it doesn’t fit our mission,” can undermine required actions on behalf of the organization. The organization’s passion can become “its greatest strength and its greatest weakness.”

**Money:** The number of times we hear an organization say, “We need an attorney, an information technology expert, an accountant, a fund raiser but we don’t have the money,” is extraordinary. It freezes the organization at the very moment it needs to examine itself and move forward.

Therefore, the influence of money and cost is far greater in the nonprofit world. Literally millions of precious resources have been wasted because the organization would not commit financial resources when needed. On the other hand, extraordinary resources have been spent irresponsibly without any good outcome for the organization.

Finally, nonprofits, due to their passion and mission, can be more closed as organizations. They often suffer from the mistaken perception that “we are unique.” The consultant without proper introduction and support can be seen as “tainting our precious and unique culture by bringing too much pragmatism, capitalism and cynicism.”

## **Concluding Comments**

While parents turn over daily education to school systems, good parents never relinquish their parenting role, including education of values and more. In the same way an organization that does not continue to control the consultative process forfeits the value of an outside consultant. Used properly, consultants can provide protection for the organization (audits, legal issues) and new directions (strategic planning and future vision) to name a couple of arenas.

## **Additional Resources**

ASU Lodestar Center Web site – “Ask the Nonprofit Specialist” [http://www.asu.edu/copp/nonprofit/asst/asst\\_ask.htm](http://www.asu.edu/copp/nonprofit/asst/asst_ask.htm)

"Consulting With Nonprofits: A Practitioner's Guide" written by Carol A. Lukas, published by Amherst H. Wilder Foundation. 1998. (Recommended by The Johnson Center, Grand Valley State University)

*"Field Guide to Consulting and Organizational Development with Nonprofits"* written by Carter McNamara, published by Authenticity Consulting, LLC.

Free Management Library Web site: <http://www.managementhelp.org/staffing/outsrccng/consult/consult.htm>

Checklist for Selecting Consultants: <http://www.nonprofitmanagementfund.org/Checklist.htm>

*(This list of questions regarding Should We Hire a Consultant has been developed by the many persons and organizations seeking assistance from the ASU Lodestar Center for Philanthropy and Nonprofits Innovation. We invite you to add your questions and reactions through the “Ask the Nonprofit Specialist” section of the Center’s Web site so that we might improve and expand these FAQs.)*

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