Tips for Hiring a Consultant

Why hire a consultant

When your organization is faced with problems that won't go away, a consultant may be your answer. In the long run, you can save time and money by funding the right assistance to help you overcome a current obstacle or avoid costly mistakes in the future.

A good consultant, looking at your situation objectively, should be able to identify and implement the solution to the problem more quickly and efficiently than you or your staff. The trick is knowing what types of problems warrant a consultant's services. Here are basic guidelines:

- When you need an objective point of view. When you are very close to a situation, there is often a tendency to favor a predetermined - rather than creative - solution
- When the problem or situation is short-term, such as public relations around a special event
- When the problem requires special expertise, such as knowing how to buy a computer system, manage accounting or address legal issues.
- When your organization's financial situation is not favorable toward hiring permanent staff with all the consequential financial obligations.
- When your agency is facing a major crisis, or when it seems to be operating in a crisis-management mode.
- If your situation fits into any or all of these categories, a consultant's services are probably a worthwhile investment.

Why hire a consultant?

- To supplement staff time.
- To supplement staff expertise.
- To ensure objectivity.
- To ensure credibility
- To obtain a variety of skills.
- To deal with legal requirements.

1. Define the Problem

Consultants are available in more than 800 specialized categories, offering assistance on everything from absenteeism to Xerox copiers. To identify the type of consultant you need, you must first accurately define your problem.

Managers often mistake symptoms for problems. Such an error could interfere with the consultant's ability to help you, as that person may be misled by statements pointing her/him in the wrong direction. However, looking at the symptoms is a necessary step in your effort to identify the source of the problem.

As you review symptoms, begin an outline of your organization's needs in relation to the present outcomes. For instance, let's say you are consistently over budget on campaigns to raise awareness of your mission. You have identified the symptom, i.e. you are over budget. With the system you are currently using, you find your agency is spending too much on direct mail.

2. Clarify your expectations -

- What work do you need to have accomplished - Will there be a report, new system in place, a new person hired, etc.?

- What skills are required - Do you need a facilitator, someone with specific technical skills, a generalist who can achieve agreement?

- Establish a project committee - They will scope out the work, develop an RFP, identify and screen potential consultants.

- Establish a time-frame - How much time will you allocate to this project? How quickly does it need it to be performed?

- Determine who will be responsible for the project - Who will be the lead contact for the consultant, who will make decisions when they are required?

- Who will do the work?

- Who will be involved? How many staff members will be allocated to this project, and how will they be supervised?

- Resources - Where to find information about specific consultants

The Most Common Tasks That Consultants Undertake In The Nonprofit World:

- *Diagnosis And Assessment* - They'll identify your problems with you and state them.

- *Problem Solving* - They'll suggest ways of solving your problems.

- *Research And Analysis* - They'll investigate the trends, events, obstacles and opportunities affecting your organization's goals.

- *Training* - They'll teach your board and staff essential skills.

- *Mediation* - They'll help resolve disputes with or within your organization.

- *Facilitation* - They'll help set goals for an important meeting, such as an annual retreat or membership meeting, and lead group members through a series of structured steps to meet the goals.

- *Contract Services* - They'll hire out to plan and execute high-skill tasks of limited duration.

- *Systems Development* - They'll devise reliable methods for conducting daily business or they may concentrate on providing the best available equipment to accomplish important tasks.

- *Executive Search* - They'll locate candidates to fill key staff positions.

- *Organizational Process* -They'll help identify and resolve problems in communication, personnel conflict, and collaboration that hinder you from attaining your organizational goals.

- *Planning* - They'll work with the board to devise and complete a strategy for the organization's future.

- *Fund Development* - They'll assist board and staff in developing strategies for fundraising or in carrying out fundraising plans.

- *Board Development* - They'll help you identify goals for your board, help you plan to recruit new members and train the board to meet their goals.

- In practice, consultants rarely take on just one of the tasks outlined here. A good consultant can and often will work on several fronts simultaneously and comfortably.

How to hire a consultant

Preparing to Hire
Develop objectives that identify:

- What your problems are (define both symptoms and causes)

- What your expectations are; what your group needs

- What should be accomplished by job's end

- What skills are required (what type of consultant you will need)

- Which board and staff members will be the contacts

- What time-frame will be used

Now that you have isolated the problem, you must develop and send out a request for proposals (RFP). An RFP is a method of soliciting proposals from consultants interested in being hired for a project. The RFP provides basic information about your organization, and the project or problem you would like the consultant to address. The RFP should establish a general format for the proposals, which will allow you to evaluate and compare consultants equally and efficiently. The following is a proposed format for an RFP, which can be modified to fit the needs of your agency.

Agency Mission & Description
Brief description of your agency's mission, programs, services and sources of funding.

Background
A brief statement of the final product you are looking for.

The Problem or Need
The issues, factors and/or problems that are driving you to undertake this project at this time.

Anticipated Outcomes
What you would like the project to accomplish. If the final product is a report, list the types of recommendations you'd like included.

Proposal Content

1. *Consultant or Firm* – Include complete name, address, phone and fax numbers and e-mail address.

2. *Anticipated Scope of Work and Time Frame* – Specify the activities, format, and time frame required to complete the required task. Provide a timeline that includes each phase of the project. Include a description of expected time commitments of staff and volunteers.

3. *Budget and Cost* – Provide number of hours and hourly rates for each of the consultants assigned, and specify their respective duties. Include the cost for each phase, as well as the maximum fee for this project. Identify personnel and non-personnel items separately within the total budget.

4. *Resumes of Personnel* – Provide resumes of each consultant who will work on the project, and their respective responsibilities for this project. Include a summary of relevant experiences of each of the consultants in working on similar projects with similar agencies.

5. *References* – Provide a list of references for each of the consultants assigned to the

project. Briefly describe the scope of the work for these references, the year completed and a contact name and phone number for each one.

Proposal Selection Criteria
Criteria by which proposals will be evaluated and compared. These criteria can include: clarity of proposal and work plan, timeline, capability for establishing an effective working relationship with the client, budget and costs.

Timeline for Selecting Consultant
Indicate deadlines for submission of letters of interest and proposals, and selection of consultant.

Proposal Submission
Indicate name, address and phone number of agency contact.

The key is to offer as much useful information as possible so prospects can develop relevant proposals and accurate bids. At the same time, make sure your format won't require an excessive amount of time and work for the respondent. Remember that consultants are not paid for developing their proposals. If your RFP entails a huge time commitment, it may deter qualified, but busy prospects that simply don't have the time to respond. The best bet is for you to create a format that allows your prospects to answer in a two or three page proposal.

Also make sure your design allows for flexibility in the response, making it easier for respondents to present their ideas. And don't design the RFP with the expectation of soliciting conclusions from the consultant. The purpose of the proposal is to specify how the consultant will approach the problem.

Finding Consultants
Once you've developed your RFP, you must compile a mailing list of potential candidates for the job, and/or seek out places you might be able to publish the PRF.

There are many ways to go about finding consultants for your mailing list. The best is asking your friends, associates and other nonprofits for recommendations. The attached Nonprofit Consultant Directory is a good source. Professional and technical associations, foundations and organizations that support nonprofits are other sources.

When asking for recommendations on consultants, determine whether the prospects have demonstrated the following capabilities:

- Ability to diagnose problems
- A track record of presenting workable solutions to clients
- The ability to implement those solutions (e.g., installing equipment, training personnel, re-vamping a budgetary procedure, etc.)
- The ability to facilitate consensus and commitment to the plan of action among staff

- Once you've settled on a list, you can send your RFP to the most promising candidates, and/or publish in a place that's likely to attract the attention of the type of person you seek.

Screening Potential Candidates
After you complete the process of building the bid package and have mailed the information out to the consultants, you need to develop a screening process for the ones who respond. This process should allow you to evaluate the consultants' qualifications for submitting their proposals, establish their dependability as contractors and most importantly, assess the soundness of their plans.

In the first phase of the screening process, eliminate proposals that are obviously unsuitable, those that show a lack of understanding of the problem and that don't provide the necessary information or tend to ramble.
In the second phase, look at the proposed actions. Will the consultant's strategy work within your organization? You need change, but are the consultant's techniques appropriate?

The third phase should be the careful selection of proposals that adequately address your needs. (At this stage, top management should be involved in the proposal review process.) Make sure the respondent understands what is expected. Both the nonprofit management and the consultant should have a clear picture of what the outcome of their work will look like.
Also check to see if the consultant's plan of action is supported by the specific techniques proposed to rectify the problem. Has the respondent given you a time line for the anticipated work?

Check the consultant's references. Is he or she capable of delivering as promised? is the person dependable? Asking for samples of previous work is appropriate.

Cost is an important factor when hiring a consultant, but don't allow price to eliminate a bid too quickly. You might be able to negotiate an acceptable fee with the respondent when it comes to the interview. What you want to avoid is eliminating a good plan, maybe the best plan, based solely on an estimate of cost. One way to avoid this negotiation process is to include budget parameters in the work statement. (Although, if you choose to state these parameters, expect the fee for services to equal the amount you have to spend.)

Before you reach the final phase of the process, conducting personal interviews, you might want to give promising respondents the opportunity to rewrite their proposals. Let them know the areas in which they need to improve to give their proposal a better chance of being accepted.

Meeting the Candidates
When those final few proposals are chosen and you are ready to conduct interviews, consider the following: Consultants can sometimes be stationed in your organization for

weeks or even months. You'll want to take into account the applicant's personality as well as the proposal in the interview.

Set the Interview Process

- Decide who will initiate the interview by outlining the situation
- Develop a list of questions and decide who will ask them
- Define the process for evaluating consultants

During the Interview

- Begin by outlining the problem, then ask how the consultant would proceed. Review your objectives.
- If this is a consulting firm, ask if the presenters will be the ones doing the work.
- Ask the consultant what they expect of you and what you can expect of them.
- Evaluate the consultant's personality, chemistry and working style by observing:
- how well the consultant listens to what is being said
- what questions the consultant asks
- how well the consultant analyzes the situation
- what solutions are presented and how realistic they are.

Discuss fee estimates and project time-lines.
Be sure you and the consultant agree on the type of interim materials you will be expecting. You'll want to get a commitment to staying on track with the project and proof the work was effective. These terms should be specified in the agreement. Once you have conducted all your interviews and made your choice of consultants, you will want to write a letter of agreement. (See sample consultant's proposal/letter of agreement at the end of this section) This letter should list the following:

- Services to be provided by the consultant;
- Specific reports or presentations that are anticipated;
- The beginning and estimated ending date of project;
- The fee for the service and hourly rate;
- Whether a retainer is to be paid, and balance due to the consultant.
- Have both the director and the consultant sign the letter.
- As you begin working with the consultant, be sure that you agree upon the objectives of the project and the method of evaluation to be used at its completion. Allow for change in the approach if necessary.

Formalize the Consultant Arrangement

- Seek a project proposal or outline. This should include the expectations of work due and fees expected.
- Expect that agreement on price will take negotiating.

- For short-term projects (a few days), write a Letter of Agreement
- This describes the work to be accomplished.
- Records the expected date of completion.
- Details fees and how they will be paid.

For long-term projects, a formal Contract is recommended. This protects both parties from the common complaints of cost overruns and missed deadlines. This should include:

- *Work plan:* Tasks to be completed, outcomes expected, timetables
- *Fees:* Hourly/ or daily rate. Billing monthly/ on completion/ or retainer basis. Determine type of invoice required.
- *Direct costs:* Determine how to bill travel, long-distance phone and fax, subcontracted services.
- *Workplace:* Where will the consultant work? What administrative support, equipment, supplies are expected?
- *Contract dates:* Define when contract begins and ends. Consider how time-line will be amended or extended.
- *Termination clause:* Under what conditions does one or both parties walk away from the work before completion? Notification may be 30-days, 60-days or less. If disputes arise, arbitration may be needed.
- *Rights to data:* If proprietary information is collected, determine conditions under which data can be used and who has access once work is completed. If confidentiality is involved, consultant must be informed.
- Assuming your staff is committed to making a positive change, the consultant should be able to effect permanent improvement in your organization.

SAMPLE CONSULTANT'S PROPOSAL/LETTER OF AGREEMENT

Dear Executive Director:

Thank you for the opportunity to meet with you and your staff last week to continue our discussions about how I might be of assistance to ABC Agency. Based on our conversations, I understand that you would like me to focus on two critical areas:

grant accounting, monitoring and reporting

resolution of identified financial systems problems

Attachment A includes a list of the action steps I will follow to complete this assignment. Based on my current understanding of your needs, I estimate that the work will require 3 - 5 days to complete. This includes the important step of coming back to review the status of my recommendations no later than 6-8 weeks after I leave. My fee for this project will not exceed $2000, unless the scope of the assignment changes, and you and I have agreed to such a change in writing. One half of the fee ($1000) is payable before work begins and the other half ($1000) is due upon completion of the project. Assuming you accept this proposal by June 30, I will complete the project in accordance with your deadline of July 31, with follow-up evaluation completed by September 30.

Being sure that information listed under step #1 is gathered prior to the start of the project is an important first step. It will also be important that appropriate staff members set aside a block of time (probably 2-4 hours) to help me with step #2. Finally, your availability to discuss progress and recommendations will also be critical to project success. If you have other suggestions for accelerating my learning curve, please let me know.

I continue to believe that my strong financial and systems background, together with my extensive knowledge of all aspects of non-profit organizations, will benefit ABC Agency as you, the staff and the Board of Directors move through this critical transition period.

I will call you within a few days to schedule a project start date and to discuss other next steps. In the meantime, please contact me at 289-9999 if you have any questions or require additional information. Thank you for your consideration.

Sincerely,
Carla Consultant

Signature below by an authorized representative of ABC Agency indicates acceptance of this proposal:

Signature

Please Print: NameTitle Date
Please sign both copies of this proposal and return one to me. Thank you.

Screening questions for consultants and references

1. What are your areas of expertise? (For example; strategic planning, Board development, fundraising analysis.)
2. How long have you been in business?
3. How large is your organization?
4. What experience do you have working with nonprofits?
5. What other projects have you worked on that are similar to this? How are they similar, different?
6. Who would work with us on this project? Can we interview that person?
7. Can you give references, including the type of projects and outcomes you provided?
8. Can you provide samples of your work? (For example; if the project is marketing or PR, a sample of a brochure.)
9. What type of reports will we receive from you?
10. What are your expectations of our board/staff's involvement in this process? What can we expect from you? What do you require of us?
11. What does a typical session with you look like, in terms of time and work? How many

sessions, typically? What follow-up is there once we have completed the process?
12. How would you describe the way you go about a job?
13. Will your written scope of work include a timeline and statement of fees?
14. What is your fee structure? Is it hourly or a lump sum? What is included? (For example; travel, photocopying.)
15. Will there be a rate breakdown by task and an allocation of the number of hours per task? How do you relate costs to work completed?
16. What is the average size project that you prefer? How many hours? Cost?
17. Are you willing to take on short-term projects and projects that would be $2,500 or less?
18. What is your project workload at present? How long will it take to complete our project?
19. Why do you think you're the best suited for this project? Why should we hire you?

Sample questions to use in screening consultant references:

1. Were deadlines met?
2. Did the project stay on budget?
3. Was the consultant's analysis of the problem accurate?
4. Did she/he offer solid recommendations?
5. How well did he/she interact with the agency representatives?
6. How well was the agency's mission understood?
7. Who did the work? Who was expected to do the work?
8. How well did the consultant prepare for/and follow-up meetings?
9. What evaluation process was used?

How to manage a consultant

Insist on a work plan from the consultant

Give the consultant sufficient information to get them up to speed

Request that the consultant provide progress reports on the project as follows:

- Outlining the methodology used
- Presenting interim findings and/or progress to date
- Compiling (one or more) preliminary reports
- Final report and evaluation

Communicate regularly with the consultant to review timetables and responsibilities

Establish a process for any necessary changes in the scope of the project

Maintain control over the process and product

If you're unclear, or not pleased with the work in progress - ask for a meeting to address the situation. Discuss your previously agreed-upon objectives, the work to date and/or problems met.

Reach consensus on how to proceed from there

Be prepared for resolution of disputes or changes required by a relationship that sours

Be prepared to promptly pay the consultant's invoices

Evaluate the results of the consultant's work

- Input- what did your organization put into the consulting relationship?
- Process- what is the relationship between the organization and the consultant?
- Output- did we accomplish what we set out to accomplish?
- Outcomes- did the work help us move toward the agency's long range goals?
- Hold a final debriefing to discuss the results of the project

Exerpted from *Succeeding with Consultants*, by Barbara Kibbe and Fred Setterberg

Published in 1992 by The Foundation Center