Finding and Working with Consultants

A Resource Manual

Management
Consulting
Services

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Management Consulting Services

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Management Consulting Services (MCS) was a nonprofit organization that built the capacity of other nonprofit organizations in the Greater Boston area through technical assistance, collaborative learning, grants, and consulting services. MCS was in operation from 1987 through 2006.

In 2002, MCS commissioned the development of this manual, prepared by Laura Perille and Tom Mendelsohn. At the time of the production of this manual, the organization's leadership consisted of the following individuals:

Board of Directors: Sharon Smith, Chair; Peter Hiam, Treasurer; Lorraine Baugh, Secretary; Raymond Considine; Wanda McClain; Thaelia Schlesinger; Harriet Tolpin; Kathy Tullberg; Alan Wichlei; and Riche Zamor.

Staff: Diane Gordon, Executive Director; Pamela Bender, Special Projects Manager; Christine Callahan, Associate Director; Blishda Lacet, Organizational Development Associate; McKay Russo, Administrative Assistant; Toni Walford, Program Officer; Beverly Wing, Workforce Development Program Manager; Carin Zissis, Administrative Manager.

Given that MCS is no longer in existence, the manual is offered as a public service, with permission of the authors and MCS' former Executive Director, as it would otherwise no longer be readily available.

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Almost every manager considers turning to an outside consultant from time to time. Though the scope, cost and intensity of these consulting engagements vary widely, each project will carry with it both great potential for moving the organization forward – and significant risks. These risks extend beyond the concern of not attaining your original objective. Failed consulting engagements can lead to lost opportunity, wasted time, wasted money and even organizational divisiveness.

This manual is intended to help you to maximize your likelihood of success in working with consultants. By success, we mean more than just the avoidance of problems (though, clearly, that is enough of a reason to take this manual in hand). We want to help you enjoy high quality, solid value and reasonable cost when you engage consultants in the future. And we want to help you ensure that when you turn to a consultant, you not only clearly meet your original needs, but also build your organization's capacity along the way.

We have divided this manual into logical sections, and numbered each independently, to make finding information straightforward and to allow individual sections to stand on their own. We have also tried to maximize the usefulness of certain forms, lists and such by placing them on their own pages. While this makes the overall document somewhat longer, it should allow you to pull out specific, useful sections and use them conveniently.

We hope and trust that you will find this resource manual useful. However, we fully expect that you will find some parts more helpful and others less so. We intend to revise it periodically and would appreciate your frank and open feedback in the interest of continuous improvement. We are also constantly updating our own listings and materials. Please visit our web site, or send us an email at mcs@tmfnet.org to pass along your own resource finds, ideas and reactions to this guide.

Organization of manual

This introduction, *Section Zero*, is intended to give you an overview of the document and a sense of how it can be used. *Sections One* through S*even* correspond to the seven phases of the process we recommend for seeing your project from startup through successful completion. *Sections Eight* and *Nine* provide more detailed discussion on two topics of particular importance: communications and finances. Finally, *Sections Ten* and *Eleven* focus on two common types of consulting engagements with certain unique characteristics: strategic planning and board development.

Key concepts

We have identified five key concepts that we believe are central to success in utilizing consultants. As we conducted our research, these *critical success factors* arose again and again. Pay consistent attention to them, and you will maximize your chances for success. Ignore them, or try to circumvent them, and you open the door to potential failure, and the probability of attaining less than you might have otherwise.

Throughout this manual, we will discuss these key concepts repeatedly. They include:

- **Clarity.** Absolute, clear understandings about what you intend to accomplish in a consulting engagement and about the process you and the consultant will employ to accomplish it.
- **Communication.** Direct, honest and complete communications between the consultant and your organization's participants throughout the engagement. *Section Eight: Focus on Communications* highlights this central element, the single most critical factor affecting the quality of the relationship between you and your consultant.
- **Chemistry.** Do not underestimate how important it is for you, your project leadership and the consultant to click. This intangible fit between people can make or break your project.
- **Collaboration.** Ownership and investment must be shared with the consultant to ensure good work, but ultimate control must be retained by the organization's leadership (who will be accountable for final results and implementation). To make this work, you must join the consultant in investing time, work, and emotion.
- **Capacity Building.** Most successful consulting engagements not only meet discrete and current needs for an organization, but also build the organization's capacity to meet such needs independently in the future. Be explicit about your desire for active learning and transfer of knowledge, if this is one of your consulting goals.

Visual cues

Throughout the manual, we have used a number of symbols to serve as visual cues and provide continuity. The following symbols provide visual cues for the following features:

- ✓ Checklists that aid in ensuring you have covered all your bases.
- ? Self-reflective questions that you or your team should ask yourselves.
- Ideas to call to your attention or Warning Signs of which you should take note.
- Books with further reading of particular relevance to the topic at hand.
- Web Links with further information of particular relevance to the topic at hand.
- Focus Sections, where we discuss four key topics in greater depth.

Limitations

Our goal for this resource manual was to condense information into a relatively short, quickly accessible collection of documents, while also providing depth and further references for those who wanted to delve more deeply. The great variety of consulting situations ensures that our discussions cannot cover the particular situation confronting each and every reader of this manual. We have, however, tried to account for situations at opposite ends of the spectrums of project complexity, duration and involvement – ranging from the fairly discrete, isolated task of writing a grant proposal, for example, to the far-reaching task of strategic planning, which requires the participation of many.

Resources, References, and Acknowledgements

In putting together these pages, we have distilled resources and advice from a variety of sources:

- *Books* focused principally on consulting and using consultants, as well as strategic planning.
- *Web Sites* including those of management support organizations, and educational institutions.
- *Executive Directors* (interviewed confidentially) who have benefited from both positively illuminating, and nearly disastrous, consulting experiences.
- *Experienced Consultants* (interviewed confidentially) who have learned what factors reliably predict success or failure for their clients' projects.

Management Consulting Services (MCS) would like to thank Laura Perille and Tom Mendelsohn, who authored the manual, and Mignon Duffy, who assisted with layout and formatting.

The authors would like to thank the following consultants and executive directors who were generous with their time, thoughtfulness and creative comments: Ron Ancrum, Kim Comart, Elaine DeRosa, Susan Egmont, Linda Johnson, Ulric Johnson, Hedda Rublin, Carl Sussman, and Laura Watkins.

As of this edition (Summer 2002), we have found a number of resources particularly helpful in putting together this manual. They are included in the complete *Resource List* at the end of this document. Resources that are relevant to a particular section are also referenced specifically at the end of that section.

There are many other good sources out there. Be sure and pass along to MCS any additional resources that you discover and find of value.

About *Management Consulting Services*

Management Consulting Services (MCS) is a nonprofit organization founded in 1987 to build the capacity of Greater Boston's nonprofit community. Serving as a catalyst for change in the nonprofit sector, MCS' goal is to enhance the management practices that build healthy organizations, making them better equipped to serve their diverse communities.

As an objective, independent resource, Management Consulting Services helps nonprofits identify obstacles to their success while providing the financial and technical resources to overcome them, effectively and efficiently. MCS also offers those private and public funders who financially support these organizations with a way to protect their investments and ensure the highest return for the community. At the core of all of our work is the conviction that in order to thrive and not just survive, we must work with nonprofits to instill the skills and culture for continuous analytic thinking, and the ability to be responsive and adaptive to their environment.

A partner to Boston's philanthropic community, MCS – and all 4,000 local nonprofit organizations – works each day to improve the lives of low and moderate-income families and to build healthy, thriving communities. Over the past fifteen years, we have assisted hundreds of nonprofit organizations in building their capacity to reach their goals and ensure their future.

Our clients primarily serve communities of color or multi-racial constituencies and represent a broad cross-section of the nonprofit sector. Whether they need a grant, organizational advice, or are simply looking to find their direction, MCS offers the services they need to achieve their goals. Our program areas include:

- *Core Service Program*: Strategic, individualized organizational development assistance and grants to community-based organizations.
- *Collaborative Learning Initiatives*: Peer support and training networks for nonprofit leaders.
- *Experts and Resources for Nonprofits*: An on-line referral registry of over 170 pre-screened management consultants and user-friendly organizational development materials.

At once coach, diagnostician, grant maker, facilitator, and teacher, MCS has helped build the capacity of nonprofit organizations, enhancing the effectiveness and impact of the nonprofit community.

To learn more about MCS and our programs, contact us at:

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Phase 1: Clarifying Your Project

In this chapter…

Take the time to reflect

Before you consider hiring a consultant, opening your organization to the eyes and hands of an outside player, and engaging staff, board members or constituents in a significant amount of work, it is worth investing a chunk of your own time up front to develop clarity regarding your project's needs and goals. The clarity you seek at this initial, internal phase is two-fold:

- ♦ Clarity about your project's intended goals, and especially that hiring an external consultant is an appropriate and likely path to meet those goals.
- ♦ Clarity about your project's needs, and the best process and structure for a successful consulting engagement for you and your organization.

A number of seasoned consultants interviewed for this resource manual – as well as Peter Block in *Flawless Consulting* – point to lack of initial clarity as the single most frequent cause of unsuccessful consulting engagements. This is why the first phase is so important.

Be clear in your own mind

Ideally, you should be able to make it clear to several key stakeholders – board members, staff, possibly funders or constituents – what it is you wish to accomplish through engaging a consultant (and why). But your first challenge will be to articulate your project to an audience of one: you. Do this in front of the computer, alone with a pad of paper, or in a trusted group of staff or board advisors – whatever will work best for you. Because if you can't say it clearly to yourself, you can't sell it to others. The goal of this thoughtful time should be the ability to:

- ♦ *Document your need*. Describe in simple and concrete terms the nature of the project and the context (problem, challenge, opportunity, and history) of the organization.
- ♦ *Identify key project outcomes* and deliverables.
- ♦ *Identify what you don't know* – about the nature of the work in mind (if, for example, you want to do a strategic plan, but have never done one before). If there are any gaps, it is helpful to acknowledge this up front. This allows you to collaborate with a potential consultant on defining the answers early on, rather than allowing them to bump along until any unresolved issues cause a problem.

Documenting your need and defining your project

Pondering the following questions – and incorporating the answers into the design of both your project *and* your process – sets you up for achieving clarity: an absolute, clear understanding about what you intend to accomplish in a consulting engagement and how you will do it. So, begin by asking yourself:

- *What is the problem, challenge or opportunity you seek to address by hiring a consultant?* Is this the real problem? Is there another one that may be closely related to this project? If so, which is more important, and are you choosing to work on the most important one first? Are you choosing to address a *symptom* rather than the underlying *cause?* (Either may be appropriate at a given point in time, for various reasons, but it is helpful to be clear about this.)

  Keep in mind that it is not uncommon for organizations to propose one project when there is really another needing more attention lurking behind the scenes. An organization might wish to develop a strategic plan, but in fact has a serious staff morale problem that makes thinking together strategically difficult. Or, you might wish to begin a capital campaign, but the board is not organized to support the fundraising challenge and needs board development work first.

- *What is the project you have in mind to address your problem or question?* What is the desired outcome or end product? Is it a boilerplate grant proposal, a re-designed financial management system, or a new strategic plan?
- *What are the specific tasks of this project?* You may identify others as you proceed, but what are the initial and obvious tasks? Are there any that you would add – say, a large number of focus groups with constituents as part of a strategic plan – because they express an important organizational value? Are there some that you or your staff will undertake, on your own or with a consultant's guidance, to reduce the overall costs of the project?
- *What are the outcomes or products (i.e., the "deliverables") along the way?* What are the things you want a consultant to put into your hands as a result of this project? Do you want interim reports as well as a final report? How many and at what stages? Is the consultant to purchase new financial management software on your behalf, redesign system protocols and develop an accompanying manual, deliver a series of staff trainings, or all of the above?
- *Are there any secondary objectives you hope to accomplish* (e.g., greater cohesion among a group of stakeholders) with this project?
- *What are your hopes for capacity-building as a result of this process?* The emphasis you place on active learning and transfer of knowledge through the consulting engagement is an important variable in choosing your consultant. Do you want the consultant to complete a specific task and report back with outcomes? Or, do you want the consultant to work closely with an individual or staff group, in an ongoing manner, with the intention of modeling new skills or approaches that will strengthen the capacity of the organization to manage such tasks internally in future?

Next Step: Considering the Process

The answers to the questions above regarding the “what” of your intended consulting project are critical to subsequent tasks, such as writing a Request for Proposals (RFP) and selecting a consultant. Before you move onto those phases, however, it is important to spend equal time on the “how,” or the process you wish to use in your project. The key questions on this point will include whether an external consultant is the best path to meeting your project goals, and what sort of consulting process offers the best fit for you and your organization.

Worksheet: Setting the Bar

The chart on the next page can help you to document your answers to the above questions. Whether you chose to do this in front of the computer, alone with a pad of paper, or in a trusted group of staff or board advisors, here is one potential framework you might use. Take the time to complete this chart at the outset of your project, and it will serve as a guide against which you can check your work and progress as you move ahead.

A Simple Exercise – Setting the Bar

Whether you chose to do this in front of the computer, alone with a pad of paper, or in a trusted group of staff or board advisors, here is one potential framework you might use. Take the time to complete the following chart at the outset of your project, and it will serve as a guide against which you can check your work and progress as you move ahead.

Problems, challenges or opportunities to be addressed	**Activities, consulting work or tasks you think might help**	**Outcomes, work products and deliverables you expect to have to "show for" the work**	**Other, secondary objectives (e.g., capacities you expect to build in your organization)**

Phase 2: Considering the Process

In this chapter…

The "how" of your consulting project

Once you have laid out in clear terms the nature of the actual work to be done, it is critical to spend an equal amount of time considering *how* you want it accomplished. Too often with such projects, we tend to focus only on what we want done, while downplaying what is important about how the work gets done. Yet, the how often relates to the critical chemistry that can make or break a consulting engagement. The goal of this thoughtful time should be the ability to:

- ♦ Clarify the role you want a consultant to play in your project. This helps determine if an external consultant is the best solution to the presenting problem or your project needs.
- ♦ Articulate your own values about the process you wish to pursue, in addition to the outcomes you wish to achieve.
- ♦ Be clear about who will be interested, invested or concerned about this consulting project, its progress and outcome.

The role of the consultant

Considering what role you wish the consultant to play in relation to you and the organization is a critical piece of determining the consulting process (and the consultant) best for you. Do you want the consultant to disappear after getting her assignment and re-appear six weeks later to place a completed report in your hand? Or do you want someone to serve as facilitator and guide for a process that will involve the input and effort of a larger group of staff, board members, and others? There are three different roles a consultant can play, as defined by Peter Block's *Flawless Consulting*, and based on the work of Edgar Schein on process consulting in the 1960s:

- ♦ An extra *pair-of-hands* when an organization knows how to carry out a task, but is temporarily short-staffed;
- ♦ An *expert* in a particular subject matter to provide knowledge and skills that the organization does not have (i.e., in financial management or technology);
- ♦ A facilitator in a *collaborative* role to work in partnership with the organization to provide an outside perspective needed to solve a problem or develop a future plan.

It is important to distinguish, as do a number of seasoned consultants and Block himself, that even when the actual *tasks* of your consulting project are not particularly collaborative, the *process* that the consultant uses to develop and execute those tasks should be. If you are bringing in a grant-writing consultant for a particular proposal, ideally that person would meet with staff to solicit their proposal ideas, develop a draft, and allow for ample time to solicit your feedback and make appropriate edits. This collaborative exchange is important if you wish to build capacity within your organization along the way.

> *Be careful of hiring a consultant – especially the "extra pair of hands" – when what you really want and need is an employee. Occasionally, organizations are tempted to call someone a "consultant" because they wish to keep them off the regular payroll for any number of reasons. However, simply deciding to give them a 1099 tax form is not enough. The IRS has its own views on this, and it can get you into trouble, if that person is performing ongoing work on a part- or full-time basis and looks a lot like an employee. The key determining factors for the IRS are "elements of control" including whether you are giving that person an office, dictating his or her schedule and how to do the work, and reimbursing for most expenses, among others. See the end of this section for related resources to determine differences between an employee and a consultant.*

Process questions to consider

As you answer the questions that follow, pay particular attention to those answers that do not form quickly (or the knots in your stomach which do). If you can't answer these confidently, you may need to draw in some others to help you reach greater clarity about the answers, think again about engaging a consultant, or engage a consultant for a shorter-term project to more clearly develop the questions and issues you wish to confront, and the project you wish to undertake.

- ? *What is the role you expect the consultant to play?* Are they to execute a particular task, serve as an expert, facilitate a collaborative process – or some combination?
- ? *How motivated are you personally, and the rest of your organization, to take on this project?* Whose idea was it to do this project, or to do it by hiring a consultant? If you were not that person, do you agree? If you are doing it because someone else thinks you should, will this impede your ability to engage constructively? It helps to apply these questions to your staff and board, as the answers may identify key stakeholders and potential obstacles.
- ? *Is your board on board with this project?* Some projects require little or no board involvement or even sign-off, depending on the cost – for example, a simple grant proposal that your development director cannot write while on maternity leave. Depending on your administrative protocols, all outside contracts might require board approval. Even when it is not required, however, it is often advisable to make sure that at least a small group or the

board chair are familiar with the project's goals and think it is a good idea. For large projects, such as a strategic plan, the board's involvement is critical. In these cases, there is an important related question…

- ? *For whom will the consultant (really) be working, and to whom will they report?* Is the board hiring the consultant, or is the executive director? If project leadership will be shared, who will take the lead on managing the consultant's day-to-day work? When you enter the phase of structuring your consulting engagement and writing a contract, these considerations will be critical for clarity.
- ? *What, or who, are the potential obstacles for the project?* Many organizations would point to money, time, or an already-overstressed organization. However, most obstacles tend to come in human form. As one seasoned consultant puts it, "Who are the gorillas in the road?" Are there possible strategies for ensuring their productive involvement (or blunting their opposition, if indeed it is inevitable)? Thinking about potential obstacles in advance is not borrowing trouble, but will help you to engage collaboratively with a consultant and provide them with any critical "heads up" information s/he needs in order to be successful.
- ? *How much "process" is right for you, your organization and this project?* If you have defined significant "process" as being important to this project but either don't particularly like it or do it well yourself, this is an important point to acknowledge – to yourself – and then to your consultant. It helps to be explicit, if this is one of the important skills you seek to buy from an outside expert. It will also serve as a reminder, if you yourself become frustrated or impatient along the way.
  - *Process is a question, first and foremost, of <u>balance</u>. Too much can feel forced, inefficient or even dreadfully slow. Smart, busy and "high-powered" board members and executives often have a low tolerance for much process. However, a lack of process can result in inadequate participation by those who care about the project and its outcome. You may well end up paying the price later in the form of less buy-in, open conflict or inferior results. Work with your consultant to strike this balance and adjust as necessary throughout the process.*
- ? *Do you have any concerns with lack of control in allowing a consultant inside your organization?* What are your concerns and what triggers them? Is there a way for you to feel comfortable with someone observing and assessing your organization? What would be helpful for the consultant to do or avoid doing in order to calm your concerns? What expectations do you have about confidentiality as the consultant speaks to people throughout the organization?

A quick stakeholder analysis

A number of important questions touch on the theme of stakeholders – those who have (or whom you would like to have) an interest, or a stake in this project. Stakeholders also include those whose interests may be affected positively or negatively by the outcomes: for example, a change in the way you manage caseloads, or a decision to end a particular program. Considering stakeholders for a consulting engagement – and the degree to which you spend time involving a wider circle – is fundamentally a question about investment, buy-in and strategy.

The importance of stakeholder strategy relates directly to the complexity of the project. If your proposed project touches significantly on the way your organization does its business – its mission, culture, systems, and people processes – then it is all the more important that you invest time and effort in developing buy-in. For example:

- ♦ For a *grant-writing project*, both the process and the answers are fairly straightforward. The principal stakeholders are some combination of the executive director or director of development, key program staff, or perhaps a board member – whomever you decide to engage as proposal reviewers. The ultimate intended audience is of course a potential funder, but in the consulting phase, this small group or individual will decide whether the draft proposal reads well or not.
- ♦ For a *strategic plan* or other capacity-building project, the answers are considerably more complex and may affect the way your agency is organized or goes about its business. The consulting process you employ, and the extent to which you engage internal and external stakeholders, is likely to have a significant impact on the quality of the end product. For additional discussion of the role of stakeholders in a strategic planning process, see *Section Ten: Focus on Strategic Planning* later in this manual.

When thinking about stakeholders for the actual consulting process, the key questions include:

- ? *Who is critical to have as part of the planning process or guiding team* for the consulting engagement itself? Whom do you wish to involve, centrally and peripherally?
- ? *Who will be a problem if they don't feel represented* or involved in the process? Is there a way to involve them productively?
- ? *What sort of internal group* (and how small can you keep it) will provide the most effective guidance and create buy-in and ownership of the consulting engagement?

Once you have initial answers to these stakeholder questions, you can make some decisions about whether and how to include them in the actual RFP and consultant selection process. At what level, and how early, are you able to engage these individuals? Do they help to draft or edit the Request for Proposals (RFP) document? Do they participate in consultant interviews? Do they meet regularly with the consultant as part of an ongoing work group once the project begins? For more discussion of the role of a work group in a consulting engagement, see *Phase 3: Identifying and Recruiting Consultants*.

- *Unacknowledged or uninvolved stakeholders, particularly internal ones – be they staff members, constituents, or board members – can seriously derail a significant project mid-stream, through lack of participation or outright obstruction. It almost always takes more time to involve more people, so it can be tempting to minimize this aspect. Depending on the scale of the project, it is unquestionably in your best interests to spend the extra effort on a process that engages an appropriate number of stakeholders. This will help to ensure that the outcome or end product considers all the angles and impacts and, most importantly, will ultimately be implemented.*
- *Having said that, the key word to the time investment question is "appropriate." Engaging appropriate stakeholders does not necessarily mean endless meetings with large numbers of people. If your project leadership or consultant is heading this way, that should be a red flag that it is time to re-group. The right consultant should be able to help you design a process that ensures input and maximizes buy-in without wasting time or money.*

Next Step: Identifying and Recruiting Consultants

In the first two phases, you've begun to flesh out the skeleton of a consulting project. You've looked at what you would hope to accomplish, the challenges you would expect along the way, and the people you would expect to involve. These are topics to which you will return repeatedly as you search for potential consultants, select one who is right for your project, and structure an appropriate consulting engagement with him or her.

See Also:

Schein, Edgar, *Process Consulting Revisited: Building the Helping Relationship*, Addison-Wesley, Reading, MA, 1999.

Block, Peter, *Flawless Consulting: A Guide to Getting Your Expertise Used,* Second Edition, Jossey-Bass/Pfeiffer, 2000.

Really a Consultant (Or really an Employee)?
http://www.irs.gov/tax_edu/teletax/tc762.html
Check out this IRS Topic (and linked publication 15-A) for more information.

Focus on Strategic Planning (Section Ten)
Focus on Board Development (Section Eleven)

Phase 3: Identifying and Recruiting Consultants

In this chapter…

The goal of this phase

You have a good idea about what you need, and have captured this idea in your notes and in the *Setting the Bar* exercise in *Phase 1*. You have considered how you think the project should be done, and have your notes from *Phase 2*. Take these together, and you have your first draft requirements for a consultant. Now it's time to identify and recruit your consultants.

Your goal in this phase, however, is not to select a single candidate (we will leave that for *Phase 4: Making the Match*). Rather, it is to identify a number of candidates (three, five or more) with whom you would be happy to work.

> *Be sure and read through this section – as well as the next (Phase 4), which discusses interviewing, reference checking and some evaluation protocols that can help in decision-making – before beginning this step. There are a number of pointers, ideas and checklists woven throughout these sections that can be helpful to have already read before you pick up the phone to call consultants.*

Developing a list of potential consultants

Your first task is to build a list of potential consultants. Depending on your past use of consultants, you may already have some in mind. If you need to create or add to that list, here are some good sources for referrals and advice:

- ✓ Go online to http://www.managementconsultingservices.org. There you can search our consultant pool by area of expertise, and sort the results by consultant name or city.

- ✓ Ask board and staff members for consultants they know.
- ✓ Call several executive directors or board members you know, from organizations that may have recently undertaken similar projects, and ask for recommendations.
- ✓ Ask a funder who knows your organization. Funders know that organizations need outside help from time to time and will want to help you in being successful. Also, they often work with consultants themselves.

With your list of potentials in hand, it's almost time to narrow the field.

Who should be involved in the decision?

If there are key stakeholders or individuals within your organization that will play an internal role in this consulting project, there are many good reasons to consider involving them in the consultant selection phase. The same holds true if you are beginning a large-scale project such as a strategic plan, or if you ultimately intend to put together a working group or other small internal team to serve as project leadership.

Nothing creates buy-in like involvement in decision-making, and a second or third pair of eyes can be helpful in almost any interview situation. In addition, it makes sense to introduce potential consultants to all key team players from the beginning. If you are going to involve others besides yourself in the selection process, here are some of the things they can do:

- ♦ *Assist in the drafting of documents to be sent to potential candidates* (i.e., Request for Proposals). Depending on your appetite for group process, this can mean reviewing and responding to a draft written by you. Or, you can begin with a group discussion about key project elements, and then have someone from the group prepare a draft. Often, this meeting can serve as an important opportunity to scope out the needs and parameters of the project internally.
- ♦ *Review consultant proposals*. If a group is going to participate in proposal review, then it helps to set up a shared framework for comparison. See *Evaluating Proposals* below.
- ♦ *Participate in consultant interviews*. Again, it helps to be orderly about any group process, including a prepared list of interview questions, and a designated interviewer(s) from the group. See *Phase 4: Making the Match*.

  Participatory processes are often quite beneficial for staff and the organization as a whole. But there are times when you or another leader may know exactly what you want to do. If this is the case, don't ask for broader involvement or advice unless you are willing to listen to, consider and potentially follow it.

Once you are clear on who should be involved in the selection process, you are ready to narrow the field.

Narrowing the field

You now want to determine which of the many consultants you have identified are most likely to be a good match (i.e., both interested in, and qualified for, your particular project). Depending on the nature of the project, and your personal and organizational style, there are many ways to go about this task. Most of the time, however, you will take your draft requirements in hand and use them to pursue one of three basic avenues:

- *A traditional RFP process*, in which you write and widely distribute an official Request for Proposals; wait to receive proposals by a certain date; read and evaluate them; and then determine which consultant candidates you wish to interview in person. In most cases, we recommend that you create a written RFP at some point in the process, but we often leave that step for helping to select the appropriate candidate (see *Writing your RFP* below). We find that RFPs are a less efficient way of finding and narrowing a pool of consultants initially. Instead, we prefer one of the following two options.
- *Let your fingers do the talking*. Using your list of potential candidates, advisors' recommendations and your draft requirements, call candidates to both screen and pitch potential consultants. You will be amazed at what you and the consultant can determine in a relatively short amount of time. These conversations may also suggest some details to include in your RFP. If you find yourself thinking that the person may be a good match for you, trade contact information. Be sure to ask about a web site, email, fax, and mailing address. Suggest that they send you any marketing materials and a list of recent clients (particularly if they have no web site).
- *Issue a Request for Qualifications (RFQ)*, a shorter, less formal request for information and interest. An RFQ generally describes your organization and the project and asks only for a resume, list of past projects, and perhaps an overview of the consultant's experiences and general approach. Remember, a concise written document can be faxed and emailed at will – often the best and most efficient way to help get the word out and to create the largest pool of interested and qualified consultant candidates.

  Remember to assess whether or not the consultant "gets it"! Do you hear them accurately summarize and highlight the key issues in the course of the conversation, the RFQ response, or their follow up to your conversation?

Based upon either a series of phone calls or an RFQ process, you can often narrow the field down significantly. You can <u>then</u> ask for more detailed proposals from a smaller number of consultants with an RFP.

Choosing the process that fits you best

The key considerations in designing your selection process relate to the nature of your project, your personal style, and the amount of time available to you and your project team. Consider these questions:

- ? *Do you prefer to read and digest information in writing?* If so, then a more traditional RFP or RFQ process may be the best option. This allows you to review the consultants' credentials in private and with some objectivity, and then select a small pool with whom to invest time in face-to-face interviews.
- ? *Do you make decisions based significantly on your gut feelings about chemistry and personal connection?* If so, then it may be more important to do phone screening. Identify three consultants with whom you connect, and then ask them to invest the time in developing a detailed proposal based on your specific needs (see *Writing your RFP* below). This approach often works well for a strategic plan, where the fit between consultant and project leadership is particularly important.
- ? *Does your project require specific technical skills that can be reviewed objectively?* If so, a Request for Qualifications (RFQ) approach may be the most efficient path for you. If you are seeking to have a grant proposal written or a web site designed, then it will save a lot of time for all concerned to request a resume, client list, and a writing sample or samples of completed web sites, rather than a detailed proposal. Once you have selected those with the best technical skills, then you can focus on personal fit, proposal details, and cost via a limited RFP.

Also consider these related issues:

- ♦ Whatever your process, do not underestimate the importance of a personal touch. If there is a consultant whom several folks have recommended, call that person and don't just send the RFP.
- ♦ Consultants will not respond to every written RFP they receive, as they can be quite time-consuming. The selection phase is a two-way street: a consultant has to be interested in your organization and project in order for them to offer a proposal (and may require a pitch from you).
- ♦ Whichever method you choose, it is best to use the same approach with all potential consultants, so that you can evaluate them in a similar way.
- ♦ Three is the magic number for interviews. Whether you are screening first or selecting from proposals for formal interviews. You can certainly interview more to provide the widest possible pool, if you have the time. But two is too few for proper comparison. And one is ill-advised, unless it is a consultant with whom you have a long-standing relationship.

- *To get three good interview candidates, you will need more than three RFQ respondents and even more RFP recipients. You may also need to do some follow up to ensure you have enough consultants responding to your request.*

Whichever process you choose to winnow down the potential candidates into a list of three, five or more apparently good matches, you will eventually want to review full proposals from each. For that, nothing beats a clearly-written RFP.

Writing your RFP

It is almost always helpful to develop a formal, well-written RFP. Whether you get proposals up-front or following screening interviews, offering a written description of your needs will result in a better and more tailored proposal from each consultant. Also, the act of writing an RFP helps to bring clarity to your project by obliging you to articulate your project needs and goals in concrete terms.

- *Don't use a sledgehammer on a pushpin! We are not suggesting that every job requires a formal or lengthy RFP. A simple letter of request that hits the high points of an RFP might serve a simpler, shorter job just as well.*

You will find sample RFPs at the end of this section. In the following checklist, we concentrate on the key components or sections of an RFP. You can abbreviate it as needed for the simpler RFQ. Here are the basic categories:

- ✓ *Objective*. Start with a concise overview of the actual consulting work desired, and articulate the key objectives or intended outcomes (e.g., a new staffing plan, a marketing strategy, long-range vision, governance structure).
- ✓ *Background*. Tell them something about your organization – description, mission, when formed, and what sort of programs you operate. Include basic information on size and scale – budget, number of staff and board members, numbers or geographic area served.
- ✓ *Need/Context*. What is the underlying need and organizational context (e.g., recent history) that has brought you to the point where you desire an outside consultant's assistance?
    - *When putting together attachments for your RFP, include more materials rather than less – annual reports, program descriptions, and so forth. More background information allows for more tailored proposals by consultants. If this project follows an MCS assessment, consider including that. If it all seems too bulky, mention their availability, so that interested consultants can call to request copies.*

- ✓ *Scope of Desired Services*. Here you lay out the actual tasks, processes, and deliverables you desire – what you want in your hand (a number of reports, or written plans), or what you want the organization to experience (a series of facilitated meetings) as a part of the project. Again, the more detail the better.

  If you only know the outcomes you desire, but not the process that will deliver them, ask consultants to propose their suggested process, and make it an explicit task for the RFP response. This will allow you to evaluate approaches as well.

- ✓ *Parameters*. Include any limitations you have for time frame, staff participation, available budget, etc.

- ✓ *Prospective Proposals*. This describes what you want to see in proposals, and how you want to see it. A few categories to consider:

  - Timeline for completing requested tasks.
  - Process they will use to achieve the desired outcomes as listed.
  - Work plan showing a detailed plan for how they will assist your organization to achieve the goals and outcomes described in your RFP.
  - Consultant qualifications describing their relevant experiences.
  - Fee for consulting services, including a "not-to-exceed" fee for the total project, as well as a brief description of their calculations, including projected number of hours, billing rate, and the names of all consultant personnel on the project.
  - Resumes of all consultants who will be working (not just the principal).
  - List of previous clients and references.
  - Page limit (not including attachments) – if this matters to you.

- ✓ *Decision making criteria*. Some find it helpful to outline your criteria for judging proposals in advance.

- ✓ *Deadline* for receipt of proposals.

- ✓ *Contact name* and number for questions regarding the RFP.

  Even if you are following a traditional RFP process, it is worth making yourself available for questions prior to proposal submission. You are unlikely to be swamped with phone calls, and for those who do call, answering their questions is likely to get you a better proposal.

Evaluating proposals

Whether it's a flood or a trickle of proposals that have come in, it is critical to evaluate them formally and carefully, and to ensure that you are comparing apples to apples as much as possible. For this, we recommend creating an evaluation matrix that helps guide you in evaluating each proposal for similar items or qualities that are important to your organization and project (see *Phase 4: Making the Match*). You will want to do the same thing in the interviewing phase, so it helps to begin here:

- ✓ *Relevant expertise*. Does the consultant appear to have the specific skills needed to complete the job?
- ✓ *Experience*. Does the consultant demonstrate experience in conducting similar projects? For organizations similar either in size, agency type, or both? Do you know any of the organizations on the consultant's past client list? If so, save this information for your reference-checking phase.
- ✓ *Proposal clarity*. Was it clear? Well-written? Well-organized? Did it answer all of your questions? What you see in the proposal is a fair window on what you will see down the road. If you are not impressed, stop here.
- ✓ *Appropriateness*. Depending on how detailed your RFP was, did the consultant attempt to tailor the proposal to your organization and reflect back some of what you expressed in your RFP? If it sounds too much like a boilerplate, this should be a red flag.
- ✓ *Personal style*. In so far as you can tell on paper, does the consultant project a style and approach that is appealing or sounds like a good fit for your organization?
- ✓ *Cost*. Is the proposal budget within your range? If it is out of range, does the consultant's skill base and experience justify considering a financial stretch?

You may want to use a 5 or 10 point-scoring system to help you make comparisons. If your RFP included specific questions, you can score proposals against those questions, in addition to the general categories above. If you are involving a small team or work group in selecting the consultant, a chart and scoring system are particularly helpful in offering each person a template from which to evaluate proposals. This will also help structure your selection meeting, where you compare notes and select the finalists for interviews.

- *A reality check on costs: if your eyebrows go up when you see a proposed hourly rate, it might help to speak with a few fellow executive directors to check on the going rate, to see if your proposals are in line. Keep in mind that independent consultants in particular receive no benefits, tax withholding, or compensation other than their hourly billing, which is why their rate may look considerably higher than your own. On the other hand, if the rate or the total cost is just too high, don't hesitate to call and see if negotiation is an option.*

Next Step: Making the Match

You've cast your net, and should end up with a number of potential candidates for your project. Now it's time to move on to *Phase 4: Making the Match*.

See Also:

- **Associated Grantmakers of Massachusetts (AGM):**
  http://www.agmconnect.org (click on *Technical Assistance Database*)
  AGM maintains a list of local consultants categorized by type of service.
- **Management Consulting Services (MCS):**
  http://www.managementconsultingservices.org
  Includes an on-line directory of consultants focusing on nonprofits in the Greater Boston area.
- **Consultants Network for Excellence in Nonprofits (CNEN):**
  http://www.consultantsnetwork.org
  Boston-based forum for consultants focused on nonprofits. Provides an on-line member list available to the public.
- **Focus on Strategic Planning** (Section Ten)
- **Focus on Board Development** (Section Eleven)

Sample Requests: Letter, RFQ, and RFP

The sample requests which follow are intended for your own reference and consideration, as you create documents you will use to solicit proposals from consultants. We offer three examples in turn:

- A simple *Letter of Request* for a grant-writer. This letter is relatively short and to the point. It serves the same purpose as a full-blown RFP without the time and complexity. It is most appropriate for a relatively short and simple task-oriented project (such as the grant writing project in this example).
- A *Request for Qualifications* (RFQ) to solicit potential consultants for a strategic planning project. The RFQ allows an organization to get a good feel for the consultants who respond to it and of each one's likelihood of providing a good fit for the project under consideration. This helps to narrow the field with relatively little time and work on the agency's part. Later, the agency can then focus its time and energy on a smaller number of consultants: conducting interviews, checking references and reviewing more complete project proposals as is appropriate. This RFQ approach is most useful when engaging a consultant who will facilitate a process across many constituencies (making "fit" with the organization and its people a critical ingredient). It is also helpful when a relatively large number of potential consultants is available and must be narrowed.
- A full *Request for Proposals* (RFP) for an integrated planning project intended to produce a strategic plan, with specific work plans for fundraising, marketing and membership development, and staffing and organizational structure. This RFP requires more time, energy and attention from both the issuing agency, and from the responding consultant. However, it is crucial to evaluating a consultant's approach and methodology to a large or complex project.

Identifying and Recruiting Consultants
Sample 1: Letter of Request

April 20, 2003

Anyole Consultant
Various Consulting Firms
123 Main Street
Anywhere, USA 99999

Dear Ms. Consultant,

As Executive Director of For the Greater Good (FGG) New England, I would like to solicit your proposal for grant writing assistance. We have decided to pursue a grant opportunity provided by the Nationwide Greater Good Foundation (NGGF) for which we clearly have a myriad of potential, fundable project possibilities. However, given our current staffing and the June 15 deadline for the grant applications, we would like to produce this grant by enlisting an independent grant writer (such as yourself) on a consultative basis.

Below is some basic background information and an outline of the project requirements. We appreciate your review and consideration of this request. I would be happy to discuss it further or respond to email inquiries if you have further questions. If you are not able to respond to this request, we would appreciate your forwarding it to any appropriate individuals with whom you may be familiar. Or feel free to forward me their information and I will contact them directly. Clearly, time is of the essence on this project.

Background:
FGG New England is an enlightened anti-poverty organization which seeks to couple direct assistance to those in poverty with focused support services intended to help the individuals or families move beyond poverty altogether. For example, though we offer emergency shelter and feeding programs to young families, job skills training, job placement and counseling support services are integral parts of these programs for all recipients. While we end up serving fewer individuals and families than many programs our size, we have shown significant progress in moving families out of poverty through our concentrated support services, yielding more "permanent" solutions.

FGG's after school programming serves children at risk and attempts to provide a continuum of educational, recreational and life skills training, as well as family support and case management services. While all of our four sites have been in operation for less than five years, they show substantial promise in moving children out of risk. However, because of limited funding, we have been unable to adequately staff the support programs.

The National Greater Good Foundation's (NGGF's) current grants program provides an excellent opportunity for us to test additional programming at each of our four sites.

Project Scope:
FGG would like to contract for an experienced grant writer who can complete this project from "soup to nuts". While we can provide access to our program designers and implementers

Identifying and Recruiting Consultants
Sample 1: Letter of Request (continued)

for idea generation and feedback, we need a consultant to formulate the grant proposal in its entirety from drafting to submittal. Ideally, this process would include contact with each of the separate programs, as well as some "give and take" with our management team as the proposal is focused and produced. This would yield two to four distinct programs which could be funded by the proposed grant and would provide for both the provision of needed client services, and also organizational learning and advancement.

Limitations, Constraints and Requirements
FGG has a budget of no more than $3,000 for this project and requires initiation no later than mid-May, as well as conclusion in entirety by the June 15 deadline.

Please provide the following in your proposal: qualifications and experience; list of similar clients and references; proposed work plan (including timeline and budget/hours); resume of all those who will actually perform work; and schedule of fees/payments.

Please submit all proposals by May 3 to my attention at the address on our letterhead above. If you have any questions, please don't hesitate to contact me at (617)999-9999 or MWay@FGGNE.org.

Sincerely,

Merry Way
Executive Director

Identifying and Recruiting Consultants
Sample 2: Request for Qualifications

April 20, 2003

Anyole Consultant
Various Consulting Firms
123 Main Street
Anywhere, USA 99999

Dear Ms. Consultant,

As Executive Director of For the Greater Good (FGG) New England, I am assisting our Board of Directors in gearing up for our first strategic planning process. We have been in business for twelve years, and have successfully grown into a 100 employee, $3.6 Million organization.

FGG New England is an enlightened anti-poverty organization which seeks to couple direct assistance to those in poverty with focused support services intended to help the individuals or families gain economic self-sufficiency. For example, though we offer emergency shelter and feeding programs to young families, job skills training, job placement and counseling support services are integral parts of these programs for all recipients. While we end up serving fewer individuals and families than many programs our size, we have shown significant progress in helping families gain economic self-sufficiency and avoid long term dependency on assistance.

As we begin the process of selecting a consultant to guide us through strategic planning, I am currently identifying a handful of candidates from whom we will solicit complete proposals and with whom our strategic planning committee will likely meet. We intend to start this project later this summer and would like to have it last approximately six to nine months.

If you would like to be considered for this project, please provide the information outlined no later than May 15th. I will be reviewing all submissions and will be back in touch no later than June 5th if we would like to schedule some time to talk and further explore a potential match. Please include:

A letter of interest including your own summary of your approach to strategic planning and the strengths which you bring to the process;

A list of organizations with whom you have worked, with particularly relevant past projects highlighted;

Any other materials, information, articles or work samples that are easily accessible and would provide good insight into yourself, your firm, or your approach to strategic planning.

Thank you for your time and attention to this request. If you have any questions, please don't hesitate to contact me at (617)999-9999 or email me at Mway@FGGNE.org. I'd welcome the opportunity to speak with you about the project in person.

Sincerely,

Merry Way
Executive Director

For the Greater Good New England
Request for Strategic Planning Services

1. Objective

For the Greater Good New England (FGGNE) seeks the services of a consultant or team of consultants to assist it to sharpen its strategic direction and secure the resources it needs for future growth. The consultant will work under the direction of a Committee comprised of the Executive Director and several board members. The purpose of the planning effort is to:

- Determine the long range vision for the organization and clarify the niche it holds in the community, including achieving consensus on the constituent base for FGGNE.
- Develop an overall programmatic agenda for the organization that takes into account the interests of new and more traditional members.
- Create an effective marketing strategy to market a consistent and revitalized image of the organization and to recruit and retain a diverse and active membership.
- Design a staffing plan that is needed to both operate the new programmatic agenda and to staff the infrastructure of FGGNE.
- Determine the financial resources needed in the short and long term to support the program and the organization, and to develop and implement a strategic fundraising campaign to raise the resources needed.
- Implement a new governance structure that is streamlined and offers opportunities for engagement by a broad spectrum of people interested in the work of FGGNE.

2. Background

The mission of FGGNE is to couple direct assistance to those in poverty with focused support services intended to help individuals or families move beyond poverty altogether. For example, although we offer emergency shelter and feeding programs to young families, job skills training, job placement and counseling support services are integral parts of those programs for all recipients. While we end up serving fewer individuals and families than many programs our size, we have shown significant progress in helping families gain economic self-sufficiency and avoid long term dependency on assistance. We have been in business for twelve years, and have successfully grown into a 100 employee, $3.6 Million organization.

Several components are central to FGGNE's projects:

- afterschool programming for at-risk children and youth;
- educational, recreational, and life skills training for adults;
- job skills training and job placement services; and
- family support and case management services.

For the Greater Good New England recently completed an organizational assessment conducted by Management Consulting Services (MCS). A report that summarizes the findings and the recommendations from MCS is available to prospective consultants as background information.

3. Scope of Strategic Planning Services

FGGNE seeks to engage a consultant or team of consultants who can provide the following services:

a. Clarify the vision and the constituency of the organization
FGGNE lacks a clear vision for its future and a clear definition of its constituent base.

Deliverables:
- Development of a concise vision for the future of the organization.
- Identification of the multiple constituents it wants to serve.

b. Development of a strategic programmatic focus
FGGNE needs to determine its strategic positioning in the field and determine how it wants to expand its programming to further solidify its niche.

Deliverables:
- Analysis of the organization's positioning within the field, including a SWOT analysis and/or other techniques that can assess the environment in which FGGNE operates.
- Research and report on the interests and needs of the organization's potential constituents, including analysis of the types of programming that is most needed by these potential clients.
- Competitor analysis and clarification of our niche.
- Agreement on an overall programmatic design to meet the needs of its clients and to actualize its vision for the future.
- Plan for how to develop and implement those programs.

c. Development of a marketing and membership development campaign
FGGNE needs to determine how to effectively market its work and how to attract and retain a diverse and dedicated membership base.

Deliverables:
- Analysis of the current membership base and marketing strategies to determine current successes and weaknesses.
- Agreement on goals for a membership campaign, i.e., targets for various potential audiences and goals for membership growth.
- Identification of marketing strategies that would convey a consistent image of FGGNE.

- Plan for how to market to and recruit specific segments of the desired constituent base.
- Outline of specific public relations strategies and materials needed to conduct a successful membership development campaign.

d. **Development of a staffing plan**
FGGNE needs to determine the staffing plan and structure needed to operate its programming and to support its infrastructure.

Deliverables:
- Development of a staffing plan, to include the number and types of job positions needed to adequately operate FGGNE. May include a scope of work for staff, and the skills and competencies needed.
- Determination of the salary and benefit structure needed to attract and retain highly qualified staff.

e. **Development of a strategic fundraising campaign**
FGGNE needs to determine the financial resources required in the long term to support the program and the organization, and needs to develop and implement a strategic fundraising campaign to raise those resources.

Deliverables:
- Financial analysis of the funds needed to operate the desired programs, to pay for staff, and support the infrastructure.
- Plan for raising and sustaining the funds needed, as agreed to above, including from individuals, corporations, and foundations.
- Identification of specific potential funding sources.
- Assistance with proposal development or other materials as needed.

f. **Development of an organizational structure**
FGNEE is in need of a new governance structure that is streamlined and offers opportunities for engagement by a broad spectrum of people interested in the work of the organization.

Deliverables:
- Design of a clear organizational structure for management and governance.
- Plan for developing the organizational structure as desired.

4. Prospective Consultant Proposals

The proposal submitted by interested consultant applicants should be no more than six typewritten pages in length. Additional attachments may be submitted. Resumes of consultants who would be working on the project should be attached, along with a list of previous client groups and references.

a. **Timeline and Process**
Proposals should include the anticipated timeline to complete the tasks described above. Also include a description of the process you would use to achieve the desired outcomes.

b. **Workplan**
Proposals should include a detailed plan for how you will assist FGGNE to achieve the goals referenced above and deliver the outcomes requested.

c. **Consultant Qualifications**
Proposals should include the relevant experience that qualifies you to undertake the tasks described above.

d. **Fee for Consulting Services**
List your total not-to-exceed fee for completing the services as described above. Briefly explain the assumptions used for calculating your fee including numbers of hours, per hour billing rates, and number and names of all consultant personnel to be assigned to this project.

Proposals should be submitted no later than June 10, 2003 to Dr. Merry Way at the above address. Please submit two complete copies unstapled, but organized with paper clips as necessary (to facilitate copying for the group evaluating proposals). Any questions about this should be submitted by email at MWay@FGGNE.org

Phase 4: Making the Match – Interviewing and Selecting Consultants

In this chapter…

Interviewing and selecting candidates

The interview phase is the search for the intersection of consulting expertise and personal chemistry between a consultant and your organization. While chemistry may seem hard to nail down, a consistent interview and evaluation process – shared among the project team – will go along way toward creating a solid decision tree. Three key elements will help:

- Clarity around evaluation criteria;
- An intentional interview format; and
- Thorough reference checking.

By taking some simple but purposeful actions in each of these areas, you can maximize your chances of a strong match at the end of the process.

Evaluation criteria

You may well have been less quantitative in evaluating RFP responses. Many people find that a formal rating matrix is not necessary to evaluate the limited number of promising proposals they ultimately receive. However, when it comes to interviewing and reference checking, it is helpful to take a more purposeful approach, creating both a common guide (i.e., interview outline or reference checking form) and a *candidate evaluation worksheet*. This is particularly important for a group interview process.

While you can take your time judging a written proposal, an interview or reference check is fast and fleeting. If you don't capture your experience and judgments at the time, it may be hard to recall them later, which makes it difficult to compare and contrast candidates.

A candidate evaluation worksheet allows you to spell out what you are looking for, and then rate each candidate on how well they meet each of your criteria. With your project team, brainstorm about the key criteria you will use in choosing a consultant. Consider your priorities within each of these categories:

- ✓ *Engagement-specific skills and experience*, including their experience on similar engagements, specific technical skills, and the like.
- ✓ *Universal consulting skills and experience*, including the following
  - Communication and observational skills, such as their ability to listen, to observe (and accurately restate), to facilitate communication, to build consensus, and to relate to people, putting them at ease.
  - Intellect and judgment, including their ability to diagnose problems, to analyze the situation, to be insightful and to ask questions that make you step back and think.
  - Work style, including their organization, project management skills, openness to feedback, and willingness to adjust.

  The balance between hiring a content area expert and an experienced general consultant must be tailored to your particular project. Are you hiring someone to write a technical and complex manual on your area of expertise (be it housing development, youth-oriented arts programs, etc.)? Or, do you need someone to facilitate a strategic planning process, for which the communication and observational skills might be far more important than their content expertise?
- ✓ *Project understanding and prescription* including their ability to restate the project, show good understanding of it, and prescribe an appropriate plan of action that will accomplish your ends. Do they demonstrate understanding of not-for-profits in general, of your particular area of work (or mission), your organizational culture, and your needs and project objectives? Have they taken that understanding and appropriately translated it into a proposed project approach – timeline, methodology, staffing, etc. – that will meet your needs?
- ✓ *Affordability*. Be sure and look at both the total project cost, and the actual amount of work and deliverables you will get for your money.
- ✓ *Availability*. How long are you willing to wait for the right consultant? It is not uncommon for some consultants to be booked three or more months in advance. The balance between time sensitivity for your project and finding the right consultant is often a tricky one. In the long run, a one or two-month delay to get the right person is likely to pay off, particularly if the project is large or significant to your organization.
- ✓ *Character and style* include elements of basic chemistry, but also of integrity: does the candidate appear to be sincere, fair, and humble about what s/he doesn't know? Does s/he have experience working with diverse groups? Is s/he thought to be patient, positive, motivating, pleasant, and appropriately persistent? What personal experience, background or life history does the consultant bring that may be a valuable asset for your work?

- ✓ *Gender, race and/or ethnicity* are complex issues in any selection process. While you cannot make these an explicit requirement in an RFP, you can include a phrase such as "People of color encouraged to apply". The one exception is language skills, which may be necessary to communicate with some or all of your participants, and thus can be included as a qualification. However, within your selection committee, you should discuss all of these issues and their relative importance to the selection process, including what to do if you find a strong candidate who does not fit your "ideal" profile in other ways.

Using the candidate evaluation worksheet

To complete your candidate evaluation worksheet, list your specifics and priorities within each of these categories. Then, enter a *weighting factor* greater than 1.0 for those elements that are significantly more important, or a factor of less than one for those that are significantly less important. For example, if you have a particularly technical project, you might emphasize the engagement-specific skills with a higher weighting factor.

See the sample at the end of this chapter. Here is a short explanation of how this particular worksheet can be used. Of course, we encourage you to modify it to meet your needs.

- ♦ Give a blank sheet to each interviewer for each of the separate candidates. This allows each of you to develop your own impressions before you begin to discuss each candidate and influence one another.
- ♦ Before you sit down with the first candidate, consult your hiring or interview team to customize the worksheet for your purposes. Review the categories listed in the first column, and the specifics within each, modifying adding and deleting them as you all agree is appropriate. Then, assign a weighting factor to each of these categories to reflect their relative importance. These will become multipliers for your raw scores and impressions for each category, so use simple numbers. For example, you might decide that in your particular case, project understanding and character and style are most important, with all of the other elements being of about the same importance. You could then assign these two categories a weighting factor of 2, while giving the rest only a 1. As long as you use the same system for all candidates, the weighting factors will help you ensure that you count most those things that you value most.
- ♦ After you've concluded an interview, ask everyone to privately enter a score of 1-10 in the Evaluation column for each category.
- ♦ Also suggest that they jot down any notes in the last column about that which most impressed them (positively or negatively).
- ♦ When you are through, ask everyone to calculate their scores, multiplying the weighting factor and the evaluation and putting the result in the Subtotal column.
- ♦ Finally, ask each interviewer to add the column of subtotals down in the column to reach a Total for each candidate in the space provided at the bottom of the matrix.

Once everyone has completed the matrix, you can share your impressions and thoughts. It is best to do this while the interview is still fresh in your mind. But wait until all the interviews are done before sharing the scores themselves, and total everyone's score for each on a flipchart as a group. Everyone will vary in how hard - or easy - they grade. But the variations in the totals, and the process you each went through to assign these scores, will be very helpful.

The interview

The style and length of your interview will vary widely depending upon the size of your project, the relative formality of your process and the point in the process at which you conduct the interview. For this discussion, we are going to assume that you are engaged in a significantly large project, are taking a relatively purposeful and formal approach to the process, and are conducting your interviews after receiving at least preliminary written proposals from the candidates. Clearly, if you are conducting an abbreviated process, some of the steps below will not be needed. Similarly, if you are interviewing candidates at an earlier point in the process, the content, phrasing and tone of the questions will be different. However, the underlying questions - and what they seek to uncover about the candidates and their potential - remain the same.

Once you and your project team have created clarity around your decision criteria by developing a candidate evaluation matrix, it is important to set the stage for a successful interview by considering a number of underlying elements:

- ✓ *Attendance*. Settle on no less than two and no more than five people who will conduct the interviews. Too many interviewers may be overwhelming or confusing (to the candidates as well as yourselves!). However, by interviewing in a group, you gain the opportunity to see the candidates interact with different personalities. You also will have the opportunity to sit back and observe the candidate, providing a different and important perspective. If you are anxious to meet with the candidates alone, you can arrange to meet them individually in your office (or spend a few minutes with each afterwards), and be the one to bring them into or out of the group interview setting.
- ✓ *Facilitation*. Assign someone to facilitate the session, keep the schedule on time and the process on track. Have the facilitator begin each session with a quick round of introductions and a framing of the interview, restating your expectations and timeline for the session. You are selling the consultant on your organization as well: show off a well-organized team!
- ✓ *Format*. Agree upon a timeframe for each interview. Include adequate time for introductions, for a presentation by the candidate (if desired) and for your questions. Let the candidate know up front if a presentation is desired and the length of time that will be afforded. Signal the consultant when five minutes remain and insist that s/he stop so you have adequate time to address your questions. If you intend to schedule candidates back-to-back, allow adequate time in between to rate each candidate, discuss first impressions and allow you some cushion to get back on schedule. Also, make clear your expectations for the group's follow up and evaluation (see below).

- ✓ *Consistent questions*. Create a simple interview outline so that you ask the same questions of each candidate. We suggest structuring the questions around the first four evaluation categories listed above. While there are no specific questions you can ask a candidate about their character and style, it will clearly come through in their responses. Create enough copies of the outline for each interviewer to have one for each candidate, with room to take notes. And assign each block of questions to a different member of the interview team, allowing the same person to ask the same questions of each candidate (and all of you to take turns sitting back and observing). Some sample questions which may be of help are provided below.
- ✓ *Perspective from above*. Remind your team not only to listen to the specific responses of the candidate, but also to take advantage of their opportunity to observe. Suggest they "zoom up" above the room and observe the candidate's behavior and interactions. Does s/he appear to:

  ? listen well;
  ? understand quickly and ask good clarifying questions;
  ? communicate respect for you as the client;
  ? interrupt speakers;
  ? analyze information appropriately;
  ? display a realistic sense of the project and the organization;
  ? show an appropriate balance of confidence, humility and self-awareness;
  ? ask insightful questions which make you really think; and
  ? do they really *get it*?

  And, do the others in the room seem to:
  ? understand the consultant easily;
  ? warm to the consultant;
  ? become intimidated or disinterested;
  ? smile and laugh; and
  ? think?!

  Is the person directive, or facilitative in their manner, comments and questions? Does s/he come in with pre-conceived notions and strongly held opinions? Or are they responsive to others' ideas? Any of these styles may be more or less appropriate to your particular circumstances and project, but it is important to assess these questions of style. Particularly in extended planning processes, you will be spending a lot of time with the consultant. Do you think the group will easily gel with this candidate leading you?
- ✓ *Evaluation*. Before getting started, ask the group to follow a consistent procedure after each candidate leaves. For example, ask them to <u>not</u> discuss the candidate at first, but rather jot down their initial impressions on the worksheet, providing an initial evaluation "untarnished" by others' opinions. Conduct a short debriefing, so that each team member is able to share, in turn, their impressions. Facilitate a short discussion drawing out themes, promising conclusions and areas of potential concern. Finally, allow everyone to complete their matrix in light of what they have heard from others.

If you take a practical approach to creating a consistent evaluation matrix, and to considering the elements of an effective interview, your process is more likely to generate rich information, cohesiveness in your project team and a shared confidence in your ultimate choice of consultant.

Sample interview questions

This list of questions – while lengthy – is intended to provide you with examples from which you might choose, as well as to get you thinking about others. Many are drawn from several easily accessible on-line interview guides, including those available through Compasspoint Nonprofit Services (http://www.OnTap.org and http://www.Genie.org) as well as the Connecticut Nonprofit Consultant Directory (http://www.nfpg.org) [see the end of this document for a complete list of references]. Using these questions, and adding your own, assemble an interview guide with plenty of white space between questions, to provide consistency and to give you a structured place to take notes.

> *Consider asking a question by using a hypothetical situation or two. Sharing challenging, or even dicey, situations (real or imagined) can force consultants to engage differently and offers another insight into their skills, experience and style.*

Engagement-specific skills:

These questions are intended to help you learn about the consultants' skills applicable to your project, as well as their experience with similar projects. Of course, be sure to also ask questions that pertain specifically to the skills and tasks for your project.

- ? Could you describe some of your past projects that remind you of this one? Which was the most successful? Why? Which was the least successful and why? What did you learn from these? What might you do differently next time?
- ? Could you share the work products you produced as part of those projects? Could we call those clients for references?
- ? What do consider your primary areas of expertise? How and where did you develop that expertise? What expertise or strengths do you have that are particularly appropriate to this project?

Universal consulting skills:

The following questions may help you to ascertain the candidate's general consulting skills:

- ? Tell us about your company, how it got started, who started it, why and when? How many people work full time in it?
- ? Do you have a typical – or preferred – type of job you like to undertake? Type of organization? Size and duration of job?
- ? How would you describe the way you go about a job? What are the "hallmarks" of your particular work style and consulting practice?
- ? How would you describe your facilitation style?

- ? Which do you think is more important for our project, substantive knowledge in our area/field of work, or facilitative skills?
- ? Tell us about the process you would use to take us through this project. Who would you involve and why?
- ? What do you see as the biggest challenges ahead in this project? How can we best meet them? (Of course, if you have other challenges you anticipate, raise them as well and ask how the consultant would address them.)
- ? What do you see as the critical success factors for this project? How does your work plan address these?
- ? You're likely to hear a lot of things and be taken into many people's confidences. What will you do with criticism you get of our organization, our management, our staff and/or our board? How will you handle some of the conflicts and disagreements that will invariably arise between participants in this process?
- ? Could you provide us with a complete client list? Would you be comfortable with us calling anyone from that list as the basis for your references?

Understanding and prescription:

The following questions will help you assess the candidate's experience with and understanding of your organization, as well as the specific work plan they have developed to address your need:

- ? What experience do you have working with nonprofits?
- ? Are there other organizations with similar areas of focus (or mission) with whom you've worked? Organizations of similar size, funding base, organizational or governance structure? What would you bring from that experience to this project?
- ? Tell us about your proposed work plan (i.e., if they have already submitted one), or (if they haven't) …describe the documents we would create before the project gets underway. Do you use a work plan? A contract? Describe what elements you include in each. Do you have samples you can provide us?
- ? Discuss the tasks and responsibilities which would be undertaken by you (and your staff)? How would you expect to interact with our staff and board (or volunteers)?
- ? Discuss the tasks and responsibilities you will need our own staff and/or board members (or volunteers) to undertake. What will you need from us to ensure success?
- ? What work products and deliverables (e.g., reports, charts, presentations, etc.) will we receive from you?
- ? Could you discuss the amount of time it will take to complete the project, and each of its phases (we'd like to understand the relative cost and effort for each part).

- How long will the project take (i.e., in weeks or months elapsed)? Are there any areas for which you aren't confident of the timeline? What might (or is likely) to slow us up? Any way to make it go more quickly?
- How does the process/project end? Are you likely to recommend any ongoing work with us? Do you include or expect periodic post-project evaluations or check-ins?

  Some consulting teams may send more senior staff to pitch a job, but use less expensive personnel for the bulk of the actual work. Make sure you find out exactly who will be working (and how much) on your project.
- What would be your role specifically? With whom would we communicate/ ensure accountability?
- Are there other members of your consulting team who would be working with you? Who are they? How would you propose to divide up the tasks among your team members? When can we meet and interview them?

Affordability and availability:

These questions will help you to clarify the candidate's proposed pricing and the amount of time and attention your project is likely to command:

- When are you available to start?
- Do you have other current commitments – or proposals in progress – that might or are likely to compete with this one for your time and attention? What portion of your total workload will our project represent?
- Are you working with any of our competitors, funders or other organizations or individuals which might present a conflict of interest?
- What is the total project cost? On what hourly fee is this based? Are the charges tied to actual hours worked, or to the overall project and work products? Is it possible that the project will cost less (e.g., if we finish the work more quickly)?
- Is there anything <u>not</u> included in this cost? Will there be additional charges for postage, phone, meals, travel or anything else we haven't discussed?
- Discuss the proposed payment schedule. Are payments tied directly to delivery and acceptance of work products?
- Do we have final approval over the work products? What if we aren't happy with the work?

Finishing up…

You may find these questions helpful in bringing a close to your interview:

- What haven't we asked which you would expect us to? Or which you would ask us if you were in our shoes?
- What haven't we talked about that you would like us to know before we make our decision?

Checking references

Our advice for reference checking closely follows our advice about interviewing, with some slight additions and modifications. Even if you are looking at this document for the first time (i.e., to help you with reference checking), read back through the previous section on interviewing, as many of the ideas translate well to reference checking also. Some items to remember:

- ✓ *Do it!* Though this seems a bit obvious, many give it short thrift. Do check references - even if you have a clear choice already made, or know the individual from past associations. Reference checking is not only due diligence, it is also wonderful input as you enter a consulting relationship. Even the best consultants have weaknesses to accompany their strengths. Checking references will help you focus on those and manage the project to minimize your risks, and maximize your benefits.
- ✓ *Use the back door*. Don't limit yourself to the names the consultant has offered. Those names are quite valuable, as their projects may be most similar to yours. However, no consultant is going to give you a reference for the project that left them with a knot in their stomach. Ask around, look at the consultant's client list or web site, and consult your interview notes for engagements that were mentioned. Ideally, you or your colleagues will know someone connected to the organization and be able to follow up informally. The goal isn't to "catch" the consultant, but rather to do a reasonable background check and ensure that the consultant's reputation and experience is sound.
- ✓ *Verify the basics*. Be sure and verify the basics when calling references. When was the project conducted, what was the consultant's role and what was the outcome? It is natural for anyone to shade the truth, particularly in an interview setting. However, there is a bright line between casting a story in its best light, and not being truthful.
- ✓ *Consistent questions*. A quick outline for each reference call will help to ensure that you ask similar questions. That being said, there may be something extra you can and should learn from a particular call. Review your interview notes and the original proposals so that you remember to ask about problem areas, or specific relevant experiences. Again, we have provided some sample questions.
- ✓ *Tone and background noise*. Listen to both the content of the reference's response, and to the tone. If you hear hesitation or concern, follow up on it. Fight the natural tendency to hear what it is you would like to hear.

Though many of the questions one asks in reference checking are similar to interviewing, there are some significant differences. References should be shorter, more to the point and can include questions you wouldn't ask a candidate directly. For example, when interviewing candidates, it is difficult to inquire directly about character or style. After all, how many candidates would say "*I have the best of intentions, but I don't always do what I say I am going to, and I am not comfortable with conflict*"! However, when checking references you can and should ask such questions.

Sample reference questions

Refer to the samples below. But, do choose and limit yourself so you can quickly get to the person's basic feeling about the consultant and address your primary remaining areas of concern or interest. A handful of carefully chosen open-ended questions can get you far more information than twice as many pointed ones which can be dismissed with a simple *yes* or *no*.

- What were this consultant's greatest strengths? Weaknesses? Everyone has weaknesses and we'd just like to go into this process with our eyes open.
- What would you do differently if working with them again?
- How well was your project completed? Did you get what you wanted? For the promised budget? On the promised timeline? If not, why not?
- How did s/he appear prepared (or not) for meetings, presentations, etc.?
- Was s/he timely in getting back to you, delivering work products, etc.?
- Was s/he responsive to your feedback or direction?
- Was s/he skilled at facilitation?
- Did s/he ask insightful questions? Can you remember examples?
- Did s/he draw good conclusions? Can you remember examples?
- How did s/he write up findings? Were they clear and in a useful form?
- How did s/he present? Was it clear and useful?
- How well did s/he get along with and draw out the various personalities involved in the process?

For addressing concerns you have, or drawing out someone who appears reticent, try phrasing the question as a statement and asking for their opinion. For example,

- "I get the sense that s/he would need help containing some of the powerful personalities on my board. Do you agree?" or
- "I get the sense that the project timeline (or budget) might slip once we get going. Was that a problem for you?"

A modest amount of time invested in checking references in a thoughtful and purposeful manner will reap solid benefits as you begin to structure the engagement with your consultant. In rare cases, it may even uncover the disaster before it has a chance to strike!

Next Step: Structuring the Engagement

With your selection process completed, you can turn your attention to structuring your engagement and agreeing on a clear contract – and compact – between yourself and the consultant. Those issues, as well as how to design your contract (and some samples), are discussed thoroughly in *Phase 5: Structuring the Engagement*.

See Also:

- Kibbe, Barbara and Fred Setterberg, *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit*, David and Lucile Packard Foundation, The Foundation Center, 1992.

- **Connecticut Nonprofit Consultant Directory:**
  http://www.hfpg.org/cdb/cdbg.htm
  "Guidelines for Hiring Consultants" from the Connecticut Nonprofit Consultant Directory.

- **Consultants OnTap:**
  http://www.ontap.org/advice.html\l "checking"
  "How to Hire and Work with Consultants" From Consultants OnTap and CompassPoint.

- **NonProfit Genie:**
  http://www.genie.org
  FAQ's (Frequently Asked Questions) about hiring and using consultants from California Management Assistance Partnership (C-MAP) and CompassPoint.

- **Focus on Strategic Planning** (Section Ten)
- **Focus on Board Development** (Section Eleven)

Sample Candidate Evaluation Matrix

Interviewee ______________________________ **Interviewer** ______________________________ **Date** ______________________

Category/Specifics	**Weighting Factor** *(i.e., relative importance)*	**Evaluation** *(1-10)*	**Subtotal** *Weighting Factor X Evaluation*	**Notes**
Engagement-specific skills and experience				
Universal consulting skills · Communication and observational skills · Intellect and judgement · Work style				
Project understanding				
Affordability and availability				
Character and style				
		Total		

Phase 5: Structuring the Engagement

In this chapter…

First a compact, then a contract

Merriam-Webster's Collegiate Dictionary® offers the following definitions:

> Contract: "a binding agreement between two or more persons or parties; especially: one legally enforceable"
>
> Compact: "an agreement or covenant between two or more parties, or see…"

As organizational leaders, few of us would enter into a consulting engagement without a verbal, or more likely, written contract outlining the basic terms: the services the consultant will provide the organization; the fees s/he will be paid in return; the schedule of payments to be expected; and perhaps a termination clause. However, many of us are unsure about particulars. How elaborate should we make such a contract? Which particular topics should we cover in it? Should we involve a lawyer?

Your goal for a thorough and thoughtful contract is to prevent a situation down the road where you actually have to review or use the legal meaning of its language. To avoid this, it is critical that you first concentrate on forming a *compact* between your organization and the consultant – a crystal clear view of the work objectives, project scope and ultimate deliverables. You should mutually agree on all major aspects of the engagement (see checklists below). Central to this will be a work plan that outlines the project's outcomes, and the specific tasks, roles and responsibilities by which those outcomes will be reached.

All of your agreements can then be codified in writing, and incorporated into a *contract* and work plan. They will form a legally binding agreement to which you can turn if you find yourself in an unfortunate legal dispute. More importantly, they will serve you and the consultant throughout the engagement, providing clarity and structure to your work and to your discussions.

Key juncture for key concepts

If you reconsider this manual's key concepts (see *Introduction and Overview)*, you'll note that this single task gets to the core of three of them: clarity, collaboration, and communication. The central task in structuring the engagement is to achieve clarity: an absolute, clear understanding about what you intend to accomplish in a consulting engagement and about the process you and the consultant will employ to accomplish it.

To achieve this understanding will require collaboration. It is not enough to leave the consultant to write up a work plan and a contract, and then pass it off to you for signing. You need to step up and invest your time and energy before the engagement's *work* has even begun. Your investment will pay off in a greater likelihood of success, fewer misunderstandings, and a quicker resolution to any conflicts that do arise.

Finally, the success of your collaboration will depend fundamentally on the quality of your communication, particularly during the contracting phase. Take the time to sit down face to face. Give clear and honest voice to your priorities for the engagement, and especially to any concerns of fears you may have:

- ? Are there any secondary objectives you hope to accomplish (e.g., greater cohesion amongst a group of stakeholders)?
- ? What are your hopes for capacity building through this process?
- ? Do you harbor concerns about any particular stakeholders or groups who might disrupt or oppose the work?
- ? Were there any issues mentioned by the consultant's references, or those on the selection group, which you want to raise from the outset (to ensure that they do not, indeed, become problems in this engagement)? Examples might include delays on deadlines, or infrequent written communications. If these things are important to you, this is the time to set your expectations out clearly.

Raising some issues or questions may feel uncomfortable or even petty. However, your consultant will almost certainly appreciate your frankness. Clear expectations benefit you <u>and</u> the consultant immensely as you move ahead. Future problems will be avoided or minimized. And a firm base of open, direct and honest communication will have been laid.

> *These discussions can present a time-consuming and demanding process in and of themselves, for you and for the consultant. You should not have to pay for time spent by the consultant developing a work plan or negotiating a contract. However, there is a difference between developing a work plan and designing your project. Few consultants can invest large amounts of time in the latter without building it into their cost of doing business. If part of what you seek from a consultant is technical assistance in designing a complicated project (for example, how to tailor an effective strategic planning process for your particular organization), then include this as one of the items in the work plan and pay the consultant accordingly. If the line appears gray between standard work plan development and true project design assistance (or if you need to do the second in order to complete the first), consider proposing that you split the costs of this up-front time.*

What to consider – a checklist for creating a contract

Once you have taken the time – to pause and consider, to listen and to heed any concerns or inklings – your contract will all but write itself. In the meantime, here is a checklist of those things about which you and your consultant should reach clarity. As you read through this list, refer to the sample contracts at the end of this chapter, to see how the samples address the checklist items below.

> *The following list is deliberately exhaustive. However, the amount of time and effort you invest – and that you expect your consultant to invest – should be directly related to the size, complexity and cost of the project. Not all of the items below should necessarily be codified in every contract or letter of agreement.*

Context and Purpose:

- ✓ What *organizational needs* underlie the consulting engagement? Often these relate to the recent or historical context in which the need for consulting assistance became clear.
- ✓ What *broad goal(s) or purpose(s)* will be accomplished?
- ✓ What *specific objectives* should be met? These must be clear and measurable if you are both to agree, in the end, as to whether or not you have been successful.

General Work Approach:

- ✓ *Who will be involved* in the work? Will s/he be working largely independently or will there be a team of people involved? How closely should you expect them to work with which particular individuals or groups from the organization?
- ✓ What *broad phases* will the work be broken down into? Be sure to include adequate time for detailed project design, orientation and evaluation as phases of work. See *Phase 6: Managing the Work* for more detail on those phases.

Specific Work Plan:

- ✓ What *specific work process* does the consultant intend to follow? What tasks will s/he complete and when? What meetings will s/he facilitate? What documents (e.g., minutes, reports, letters) will s/he produce?
- ✓ Specifically, *who will perform the work* on behalf of the consultant? Does the consultant retain the right to assign the work to another, to a subcontractor (e.g., having a consultant's colleague perform some of the external interviews for a strategic plan), or can this only happen with the organization's approval?
- ✓ What *specific contributions or tasks* will need to be accomplished by the organization during each phase? For example, you may want to have your own staff schedule meetings, take notes and type minutes, or perform other clerical tasks to conserve the consultant's time – and charges – for items requiring the more specialized skills for which you have hired her.

- ✓ *Who will take on the organization's responsibilities or will be made available* to the consultant for this project? Are they clear on the amount of time required? Have their other tasks been balanced to ensure realistic availability?
- ✓ What *specific outcomes and deliverables* should you expect the consultant to deliver in each phase?
- ✓ *When are the deliverables due*? How will you assess that each has been successfully completed? Who will determine what is acceptable work?

The Finances: (See *Section Nine: Focus on Finances* for more discussion.)

- ✓ What will be the *price* of the consultant's services? *How will the charges be structured*? Is this a fixed price contract for which you are paying a lump sum; a time and materials contract for which you are paying for the consultant's time and costs; or a combination of these such as one with billable limits by phase or an overall *upset limit* which the charges cannot exceed?
- ✓ *When will charges become due*? Are they tied to the end of each month? To specific milestones?
- ✓ What are the *terms and conditions* of the charges? It is customary for charges to be due in 30 days, and for interest to be charged on late payments.
- ✓ Will there be *any additional charges* for out of pocket expenses such as travel, copying machines, phone, mailing or faxes?

General Circumstances and Conditions:

- ✓ *Who will be the organization's project manager*? Ultimately, for whom does the consultant work (The Board Chair? The Executive Director? Both?)?
- ✓ Are there additional expectations about *communications* above and beyond the work plan and its deliverables? Will you meet or talk on the phone on a regular basis? Do you expect any status reports? See *Section Eight: Focus on Communications*.
- ✓ What expectations do you have about *confidentiality*? Does the consultant expect confidence in communications with other staff and/or board members? Is the consultant free to share with others that he has worked with your organization, or do you, for some reason, want this kept confidential?
- ✓ *Who owns the work product*? Can the consultant re-use or re-sell any or all parts of it? Can the organization? Is it copyrighted? Does any publication carry written attribution of the consultant's or client's contributions?
- ✓ What if things aren't working out? *Who is empowered to modify this agreement*, on behalf of the organization and of the consultant? How would either party handle *termination* of the agreement (i.e., how much notice must be given and what are the financial implications)?
- ✓ Do you want to require any *proof of insurance or liability* from the consultant? This is not a typical requirement asked of independent consultants, but should be considered when dealing with a contract which

creates a lot of tangible exposure for the organization – e.g., the purchase and installation of a tangible asset such as complex software on your behalf.

As you think through and discuss the above elements with your consultant, you should codify your agreements in draft documents which you each examine, use as a basis of further discussions and modify as necessary until you reach full agreement. The consultant is likely to have experience creating work plans that clearly lay out the specifics of the engagement. You may prefer a detailed, customized work plan to which you attach a more standard contract which lays out liability, invoice and payment protocols, confidentiality, etc. Or a separate budget that mirrors the work plan and incorporates cost estimates and limits to each phase of work (see *Section Nine: Focus on Finances*).

Whatever the final form of the work plan, make sure it reflects clear understandings that are shared between your organization and the consultant. It then can and should become an integral part of the contract.

Should you involve a lawyer?

For many nonprofits, having the organization's lawyer review contracts for funds above a certain financial limit is quite standard, and a consulting contract is no exception. If you have a pro bono lawyer (or better yet, a lawyer on your board who is willing to play this role), then certainly asking them to provide a quick review and flag any areas of serious concern is a prudent thing to do. If, however, you are facing the prospect of engaging external counsel to review a contract, ask yourself whether the size and *exposure* (i.e., the degree of risk of harm to the organization in the worst case scenario of project failure) justifies the additional cost and complexity.

Thus, for smaller jobs, it may not be at all necessary. On very large projects, where you are committing large sums of time, energy and money – and where the tangible exposure is very great – a lawyer should certainly review your contract. Of course, the difficult decision lies between. In these situations consider the risks, the benefits and the effect upon the process. In the end, only you can weigh these and decide whether to involve counsel (and even if we could weigh this for you, our counsel probably wouldn't like it!).

> Legal Disclaimer: The above discussion and the following sample contracts have been provided for your consideration and reference. These are not meant to be legal models or to imply legal standing or opinion, but rather are provided for your consideration and as a general guideline. We cannot accept any liability for them and suggest you confer with your own legal counsel as you deem appropriate.

Oh yeah, and could you also…(Extending a contract)

As a project progresses, or comes to the end, you will often discover an additional piece of work that you would like the consultant to accomplish. This could include follow up work on implementation or an aspect of the work you had simply overlooked. Touch the same bases as you did for the original contract, incorporate anything you've learned to date from the engagement with the consultant, and create an addendum contract or letter of agreement. The discipline that served you well in originally considering the project will also help as you expand it. It is less important that your new agreement be exhaustive than that you have considered the checklist anew, had another conversation with the consultant, and codified your understanding once again (even if the actual document is a bit less detailed or formal this time around).

Next Step: Managing the Work

With a signed and approved contract in hand, you are ready to begin the work. As with any implementation plan, the challenge is in the implementing. There is plenty you can do to proactively manage the consulting engagement, maintain clear understanding, and achieve steady progress. The section on *Phase 6* – which follows the sample contracts – will help you manage this work.

See Also:

- **Focus on Communications** (Section Eight)
- **Focus on Finances** (Section Nine)
- **Focus on Strategic Planning** (Section Ten)
- **Focus on Board Development** (Section Eleven)

Sample Contracts and Work Plans

The following sample contracts and work plans are intended for your own reference and consideration, as you evaluate consultants' proposals and collaborate on definitive work plans for your own projects. We offer three examples in turn:

- The *Letter of Understanding* is most appropriate for a relatively simple, short-term, low-cost contract. A letter of this type is usually used for very discrete pieces of work which you may outsource, or for a quick project with a consultant with whom you have significant experience or a high level of confidence. Note that despite its relative brevity, it clearly indicates the key work steps, timeline, deliverables and responsibilities – of both the consultants and the client organization.

- The *Standard Contract* reflects a different approach. It spells out the more contractual elements clearly and quickly, and then includes a much more elaborate work plan. It is more appropriate for a complex, longer, higher-cost contract. It allows the client to understand the consultants' thinking and approach to a more complex goal (which might be addressed in many different manners).

  Both of these sample agreements reflect the same basic elements, but this provides more detail and better clarifies expectations and the work content. Finally, note how the introductory letter shows the consultant's interest in listening to your needs and refining the plan in response to them.

- Finally, we wanted to share a sample contract which contains much more formal and "*lawyerly*" contract language. Our goal here is to encourage you NOT to be intimidated by such a contract. Read it, understand it (or ask questions if you don't) and check it against our checklist. If you see elements that concern you – or do not see elements that should be there to protect your interest – address them satisfactorily <u>before</u> signing the contract. Any good consultant understands that the only win is a win for both "sides." In other words, s/he will want to ensure a good, fair compact as well (and will not resent you raising concerns).

  The contract presented here is quite reasonable, and many clients have signed such a contract and worked successfully under its authority. However, be sure that any standard or separate contract such as this one has an attached scope of services that defines the goals, work processes and work products sought. Otherwise, the contract commits the organization without a clear sense of returns. If you can work with the consultant to understand and get comfortable with the contract language and the appropriate attached scope, go ahead and sign it. If not, modify it or show it to a lawyer of your own.

Contracts and Work Plans
Sample 1: Letter of Understanding

May 10, 2003

Ms. Merry Way
For the Greater Good, Inc.
100 Main Street
Anywhere, MA 02100

Dear Ms. Way:

Thank you for your interest in using Mighty Fine Consulting to assist your agency in writing a grant application to the Nationwide Greater Good Foundation, in support of your after-school programs. We have extensive experience writing grant applications of this type and are happy to assist you.

Based upon our discussions, I have attached a proposed work plan and budget, which can also serve as a contract upon signature. This approach will allow us to meet with each of your four programs, collaboratively develop program initiatives on which the grant applications should focus, and write the comprehensive grant application by June 15 (while staying within your budget of $3,000).

By way of background, I am attaching a two-page description of Mighty Fine Consulting Group, which includes a listing of recent projects and client references.

Should you be interested in proceeding with this project, I would be available to meet with you next week to schedule the meetings and get started! Should you have any questions about this proposal or getting started, please do not hesitate to call me at (617) 929-9999. I look forward to hearing from you.

Sincerely,

Reginald Fine

MIGHTY FINE CONSULTING

PROPOSED SCOPE OF WORK
For the Greater Good After School Grant Application

Project Overview and Goals:

Mighty Fine Consulting (MFC) proposes to provide meeting facilitation, technical assistance, and grant writing services to For the Greater Good, Inc. (FGG) to assist it in submitting a grant application to the Nationwide Greater Good Foundation (NGGF) by its June 15, 2003 deadline.

MFC will follow all NGGF requirements and guidelines in creating the submittal. MFC will collaborate with after school program staff in identifying the most appropriate funding opportunities, will draft submissions and will provide coordination to ensure application completion before the deadline.

Specific Tasks and Timeline:

The following timeline and division of responsibility can be altered by mutual assent of MFC and FGG. However, it reflects the basic flow, responsibilities and timeline necessary to successfully complete the project on time.

Potential Proposal Focus Generation: MFC will facilitate one 60-90 minute meeting at each of four after school programs in order to surface and document appropriate candidate projects for funding. Meetings will be completed by May 20. Time estimate: 6 hours.

Focus Recommendations: MFC will review and research alternatives, and provide a combined summary write-up of recommendations of projects for which funding should be sought by May 25. Time estimate: 4 hours.

Decide Focus, Approach and Outline: FGG management and program staff will review the recommendations in a timely manner and be available to meet and discuss the proposed application on June 1. At this meeting, FGG and management will agree as to the program focus, outline, tone and style of the proposal. Consultant will forward outline of proposal and agreements reached in meeting within 2 days of meeting, as well as a list of all collateral materials required for submittal. Time estimate: 3 hours.

Draft Proposal: Prior to June 9, Consultant will provide draft proposal to FGG consistent with meeting outcomes of June 1. FGG will provide any final edits and feedback by June 12, along with required collateral materials. Time estimate: 10 hours.

Final Proposal: Prior to noon on June 15, consultant will delivered finished grant application package to Ms. Way for signatures. FGG will be responsible for delivery of the final grant application before 5:00 on the 15th. Time Estimate: 7 hours

Sample 1: Letter of Understanding (continued)

MFC Consulting Team and Rates:

MFC Principal Reginald Fine will serve as lead consultant for this project, with assistance provided as needed by team member Ruben Emile.

MFC will bill a standard rate of $800 per day, or $100 per hour. **Based on the time estimate above, the cost of this project will be $3,000.** If in any case a variance of more than 10% against the estimated hours is anticipated, it will be brought to FGG's attention immediately; this contract will be revised or amended only with their consent.

MFC will invoice monthly for actual hours of work completed. All bills are payable upon receipt and considered past due after 30 days (a 1.5% monthly interest charge to be assessed against overdue balances). All checks are payable to Mighty Fine Consulting.

Termination of Agreement:

Either party may terminate this agreement at any time on thirty (30) days written notice to the other party. In the event of such termination, MFC will turn over work product and files, and present a final invoice for payment of all work to the time of termination.

Modification and Acceptance:

This contract can be modified only by mutual assent. Should FGG agree to this proposed contract and scope, it should indicate its acceptance by providing an authorized signature below. FGG should keep one copy for its files, and return one copy to MFC at the address below.

Agreed to by:

For the Greater Good, Inc.	**Mighty Fine Consulting**
Signature: ______________________	Signature: ______________________
Title: ______________________	Reginald Fine, Principal
Date: ______________________	Date: ______________________

Contracts and Work Plans
Sample 2: Standard Contract and Work Plan

May 10, 2003

Ms. Merry Way
For the Greater Good, Inc.
100 Main Street
Anywhere, MA 02100

Dear Ms. Way:

Thank you for your interest in using Mighty Fine Consulting to assist your agency's strategic information technology planning. We have extensive experience helping organizations to analyze their information needs, and devising plans for appropriate investment and management of technology. Based upon our discussions, I have attached a proposed contract which includes a detailed project work plan and budget. Based on our preliminary discussions, it reflects an approach I believe would allow us to meet your needs within your requested budget and timeline.

For example, though we have suggested a number of teams be formed in order to ensure appropriate involvement of stakeholders and necessary roles, we have planned for only limited meetings of each team to take place (one for charging the team and one for making decisions). By focusing on providing appropriate written documentation and communication outside of meetings, we minimize time and "process", but maximize buy-in and results.

However, we could clearly vary the level of participation of stakeholders, management and ourselves (all of which would have an effect upon both the cost and quality of the outcomes). We would be happy to discuss and modify this proposal once you have had a chance to review it.

By way of background, I am attaching a two-page description of Mighty Fine Consulting Group, which includes a listing of recent projects and client references. Should you be interested in proceeding with this project, I would be available to meet with you next week. Should you have any questions about this proposal, please do not hesitate to call me at (617) 929-9999. I look forward to hearing from you.

Sincerely,

Reginald Fine

MIGHTY FINE CONSULTING

Proposal to Provide Strategic Information Technology Planning (SITP)

The Need/Goals: For the Greater Good, Inc (FGG) is well aware of the potential which information technology (IT) provides for furthering its mission, but would like assistance in structuring further investments in IT resources and ensuring proper use and management. This assistance falls into three closely related areas:

1. Developing a strategy for the use of IT to enable its strategic business goals;
2. Identifying opportunities for utilizing technology to extend FGG's current programs and capitalize on emerging program opportunities; and
3. Developing a strategy for markedly improved ongoing management and utilization of IT.

Work Process, Products and Timeline: The attached work plan is an integral part of this proposed contract. It documents the purpose, work process and deliverables for each successive project phase. It also reflects planning assumptions and documents our estimates of consulting hours necessary to complete the work, and the speed at which work would be completed.

We propose that the components of work - summarized on the attached table - be performed over the course of approximately twelve weeks. For each of the five phases of the planning process, we have explained its purpose, commented on intended process and enumerated its deliverables. All work products will be owned by FGG. We have also, based upon our previous discussions, included any assumptions we have made and provided an estimate of both the number of consulting hours and a reasonable date of completion. In accepting this proposal, FGG states that it has reviewed these assumptions, and the process itself, to ensure they are valid and acceptable for its purposes. Of course, adjustments can and should be discussed whenever appropriate.

This contract does not address implementation services. Should FGG require or desire assistance with ongoing implementation, we would recommend that these be defined, planned for and contracted for separately.

Project Staffing:

MFC Principal Reginald Fine will serve as lead consultant for this project. Discrete tasks may be delegated to MFC Consultant Ruben Emile and/or Millicent Fine.

Relationship/Fees:

All work is to be performed on an hourly basis at a rate of $125/hr against this agreed-to estimate of hours, and billed monthly. Using the hours estimated above, I estimate billing for this proposal at $6,250-9,375 between now and June 30.

If in any case an overage of more than 10% against the estimated hours is anticipated, it will be brought to FGG's attention immediately and revised only with your consent. All bills will be payable upon receipt and payment is expected within 30 days (a 1.5% monthly interest charge will be assessed against overdue balances). All checks are payable to Mighty Fine Consulting.

Contracts and Work Plans
Sample 2: Standard Contract and Work Plan (continued)

Termination:

Either party may terminate this agreement at any time on thirty (30) days written notice to the other party. In the event of such termination, MFC will turn over work product and files, and present a final invoice for payment of all work to the time of termination.

Modification and Acceptance:

This contract can be modified only by mutual assent. Should FGG agree to this proposed contract and scope, it should indicate its acceptance by providing an authorized signature below. FGG should keep one copy for its files, and return one copy to MFC at the address below.

Agreed to by:

For the Greater Good, Inc.	**Mighty Fine Consulting**
Signature: ____________________	Signature: ____________________
Title: ____________________	Reginald Fine, Principal
Date:____________________	Date: ____________________

Standard Contract and Work Plan
Proposal for FGG Strategic Information Technology Planning (SITP)

Phase	Purpose	Process	Deliverable(s)	Assumptions Comments	Estimates: Hours	Estimates: Project Week
1 Define Context	To codify and communicate to SITP participants the business context and priorities within which any technology investment decisions should be made.	Review existing organization planning documents and meet with Senior Management (or designees).	Clear, short handout with organization <u>Mission</u>, <u>Strategic Goals</u> and enabling <u>Priority Business Objectives</u>.	Sufficient documentation and clarity exist such that a document with which management is satisfied can be quickly and easily drafted (e.g., from strategic planning completed last Spring).	5-7	1-2
2 Stake-holders	To identify, charge and educate participants to provide clear decision-making, advisory and management roles in SITP process.	♦ Meet once with management to structure, select membership and draft charge of teams. ♦ Draft charge to each team ♦ Facilitate a kickoff meeting w/each team (or assist selected leaders).	Clearly identified and prepared individuals and/or teams to provide necessary roles for successful SITP process and implementation	In this phase, we can also begin to identify the key players and capacities for ongoing roles come implementation. The following teams will be required/desired: ♦ A small advisory team of trustee and outside resources for input, buy-in and the marshaling of funding efforts. ♦ A small management team for decision-making. ♦ A larger cross-functional team for advice/input and to marshal training, acculturation and change efforts.	9-13	1-4
3 Needs	To generate and prioritize a comprehensive list of organizational business needs which are candidates for technology investment.	Attend management meetings, advise managers and query staff to build list.	A comprehensive list of organizational business needs which are candidates for technology investment.	♦ Managers will provide substantial assistance and leadership in generating areas of concern, needs and ideas from their respective areas of the organization. ♦ A representative survey, staff meeting discussions (led by managers), memo and email will be used to gauge levels of end user satisfaction and need regarding IT training, support, resources, etc. ♦ No comprehensive survey will be undertaken.	9-13	2-6
4 Research & Analysis	To provide research, analysis and recommendations for potential staffing, technology spending and external partners to accomplish both ongoing maintenance of IT infrastructure and incremental investments suggested in step 2 above	Web-based research, existing research and communications with technology vendors, analysts and potential partners.	♦ A list of potential technologies, projects, tools and methodologies with analysis of how well they lend themselves to FGG's particular business needs, resources and culture. ♦ Recommendations as to the ongoing organizational structure(s), staffing and partnerships (i.e., outsourcing) which will best serve future management and utilization of IT on an ongoing basis.	Our existing store of our current knowledge and research for previous clients will allow us to accomplish this relatively efficiently.	8-12	4-8
5 Decisions	To facilitate clear decision(s) about investments and IT management and utilization strategy over a 6-36 month timeframe.	Meet with, facilitate and/or assist with facilitation of meetings of decision-makers.	A practical, written summary technology plan which lays out technology strategy and investments, and mechanisms for its management and utilization, over a 6-36 month timeframe.	♦ Will include the creation of documents or presentations whose intent is to guide decisions and build consensus; ♦ Will require a single meeting with each of the three teams discussed above to facilitate decisions/input.	20-30	9-12
				Estimated Totals	51-75	12 Weeks

Contracts and Work Plans
Sample 3: The "Lawyer's" Approach

May 10, 2003

Ms. Merry Way
For the Greater Good, Inc.
100 Main Street
Anywhere, MA 02100

Dear Ms. Way:

Thank you for your interest in using Mighty Fine Consulting to assist you in general management and executive coaching of your agency's management team. We have extensive experience helping organizations improve, and would be happy to provide you services. Based upon our discussions, I have attached our standard contract, as well as the scope of work.

By way of background, I am also attaching a two-page description of Mighty Fine Consulting Group, which includes a listing of recent projects and client references. Should you be interested in proceeding with this project, I would be available to meet with you next week. Should you have any questions about this proposal, please do not hesitate to call me at (617) 929-9999. I look forward to hearing from you.

Sincerely,

Reginald Fine

Sample 3: The "Lawyer's" Approach (continued)

AGREEMENT

This Agreement is made this 10th day of May, 2003 between Mighty Fine Consulting ("Consultant") and For the Greater Good, Inc. ("Client").

1. NATURE OF WORK: Consultant will perform consulting and advisory services on behalf of the Client with respect to the scope of services outlined in the proposal attached to this Agreement.

2. PAYMENT: The Client will pay Consultant an hourly fee of $125.00, and will further pay Consultant for its reasonable travel expenses, copying costs and other expenses, including but not limited to express mail and messenger service costs. Consultant will work for such number of hours as is reasonably necessary to fulfill the purpose of this Agreement, but Consultant's total fee, including expenses and costs, shall not exceed $10,000.

3. RETAINER: Upon execution of this Agreement, the Client will pay to Consultant a retainer fee of $2,500, to be applied against fees and costs incurred hereunder, which represents twenty-five (25%) percent of the total maximum fee payable to Consultant. Consultant will credit the Client for twenty-five (25%) percent of the amount due on each itemized statement submitted by Consultant, as further described below.

4. BILLING: The Consultant will submit an itemized statement to the Client for services rendered and expenses on a monthly basis, and the Client will pay Consultant the amounts due as indicated by statements submitted by Consultant. Payments by the Client shall be made within ten (10) days after Consultant renders an invoice for same. The Client shall pay a one and a half (1.5%) percent finance charge (18% per annum) on amounts thirty (30) days past due.

5. TERMINATION: This Agreement may be terminated by either party at any time, with or without cause, by notifying the other in writing as set forth in Article Seven, below. Termination shall take effect immediately upon receipt of said notice, or within such other time as indicated in the notice of termination. The Consultant shall be compensated for all services performed to the termination date, together with expenses then due.

6. LIABILITY: The Client specifically agrees by acceptance of this Agreement to save harmless and indemnify Consultant against all loss, liability, damage, and expenses caused by or connected with the work of Consultant hereunder. It is understood that the intent of this provision is to absolve and protect Consultant from any and all loss, liability, damage and expense caused by or connected with the work of Consultant hereunder, and including but not limited to any advice, consultations, representations or communications made between Consultant, its agents, servants and employees, and the Client, its agents, servants and employees.

7. OWNERSHIP OF WORK PRODUCT: All of the Consultant's interim and final work products, including but not limited to all reports, manuals, pamphlets, and articles prepared pursuant to this Agreement, shall be forwarded to the Client and will become the exclusive property of the Client. The Client may duplicate, reproduce, publish, and distribute materials prepared pursuant to this Agreement without providing compensation to the Consultant.

8. ASSIGNMENT/DELEGATION: This Agreement may not be assigned by the Consultant without written approval of the Client. The Services may not be subcontracted or delegated in whole or in part to any other person or entity without the prior written approval of the Client.

Contracts and Work Plans
Sample 3: The "Lawyer's" Approach (continued)

9. NOTICES: The delivery of notices, if any are required shall be made by mailing the original, postage prepaid, certified mail, return receipt requested to the party to whom the notice is intended at its address set forth above or to such other address as the party may from time to time advise by the like notice in writing.

10. DEFAULT: Should suit be instituted by the Consultant to enforce any of the terms or provisions of this Agreement, the Client agrees to pay the Consultant's reasonable attorney's fees incurred in such suit or suits.

11. ENTIRE AGREEMENT: This Agreement represents the entire and integrated agreement between Consultant and the Client and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Consultant and Client.

12. MASSACHUSETTS CONTRACT: This Agreement has been made in the Commonwealth of Massachusetts and shall be governed by the laws of the Commonwealth of Massachusetts.

13. AUTHORITY: The Consultant and the Client each represent that they have the power and authority to enter into this Agreement and each has duly approved this Agreement and authorized its undersigned representative to execute this Agreement on its behalf.

EXECUTED AT ________________________AS OF THE DATE AND YEAR FIRST ABOVE WRITTEN.

MIGHTY FINE CONSULTANTS	CLIENT
By:________________________________	By:______________________________

Phase 6: Managing the Work

In this chapter…

Conduct an orientation

By this time, you have completed the critical first piece of work with your consultant: you have created a clear, well-understood plan for the project. It is now time to turn your attention to pro-actively working that plan. Your first stop should be orientation.

Until now, the vast majority of your conversations with the consultant have appropriately centered upon the particular project for which s/he has been selected. You have touched on relevant parts of the organization, and upon key players or obstacles that you believe will have an impact on the project. However, for almost all projects, it is well worth taking the time to give the consultant a complete picture of the broader organization, its work and its people. Include here your mission, values, approach and philosophy, and use of language.

A lack of a basic and well-rounded understanding of your organization on the part of the consultant can cripple your project. Said one ED interviewed for this resource manual, reflecting on a failed grant-writing project, "the consultant worked hard and did their best, but they never <u>really</u> understood what we were all about." By providing a solid understanding of your organization, you will not only avoid problems such as this one, but you will also better equip your consultant to make connections and offer creative solutions and insights. Though many organizations share their standard materials with a consultant, by providing a fuller orientation – and building it into your work plan – you will make clear your expectations and ensure these materials are read more closely.

- ✓ Provide the consultant with your *materials* including annual reports, marketing brochures, and other organization "propaganda" which you have created for the public, your clients or your funders. Make clear to the consultant which documents you think will be most useful.
- ✓ Ensure the consultant is aware of all the *markets you serve*, and of the *services you provide* in each.
- ✓ Offer the *inside story* by providing your view of the organization's history, development and current goals. Supplement your comments with key

documents that outline the organization's critical issues or concerns. Consider strategic plans, management team documents, board communications or memos to staff.

- ✓ Tell them about *key players* within the organization who exercise formal or informal "sway" over the project – a long-time employee, influential board member, or founder.
- ✓ Remind them of earlier *confidentiality* discussions and expectations as you hand over any documents about which you have particular concerns. Also, be clear about any particular information, news or nuances to which certain staff or other stakeholders are not currently privy. Particularly for sensitive engagements, the consultant needs to know what to mention or not mention in various contexts. Be clear that you expect confidentiality throughout the engagement. Suggest that they come to you if they are at all unsure about whether it would be appropriate to share any particular information.
- ✓ Purposefully orient the consultant to your organization's *culture*. How do people tend to communicate? How are decisions made? What has been the organization's experience with teams? What has been the role of a board, a management team, or other groups? What notable changes, successes, failures, conflicts or scandals has the organization moved through?
- ✓ Don't overlook orienting the consultant to *key phrases or terms* used deliberately by your organization (or terms to be avoided). If your youth programs always refer to teens as "young adults," or if you use the term "customer" rather than "client," these are things the consultant should know.
- ✓ Now give the consultant the opportunity to test and expand on what s/he's learned by speaking with others. Re-visit your stakeholder analysis and, if necessary, extend it. Choose to ensure a range of perspectives, years of experience, and roles.

Upon completing your orientation, you will have created a rich context for the consultant's work. This context will consist of valuable information, clear expectations and a solid basis of communication that will serve you well throughout the engagement.

> *After putting time and energy into orientation, ensure that the consultant understands "what you're all about" by asking them open-ended questions which require their analysis and understanding of the organization and the engagement. Or, better yet, have them answer a few questions in writing as part of an interim report or by email. Hopefully, your attention to their style and universal consulting skills when you made the match (e.g., listening) ensured that you have an observant, insightful consultant. However, better to be clear on their understanding while it is still early in the process. For example, you might email them with the following: "I am questioning whether we've included an appropriate balance of input and involvement by the board members, staff and our clients. What do you think?"*

Participate, be proactive, and hold yourselves accountable

As the work gets under way, and other priorities compete for your attention, the surest way to protect your investment in the consulting project is to remind yourself to participate actively. Many others will move into the project once it is truly underway. Grand designs and major milestones will give way to a flurry of activity and discrete tasks. You may even have delegated the project management to another manager. However, even when no specific tasks fall to you, spend fifteen minutes a week personally to see for yourself that the project is moving ahead. If you have delegated to another manager, check in with her/him to ensure the project is moving along. If you remain the point person with the consultant, a quick check-in call every 1-2 weeks will help to keep your project from moving too low on anyone's priority list, including your own.

If some individuals are drifting off or not able to meet their commitments, don't wait. This goes for all participants in the process, even those – such as board members – over whom you do not have direct control. Our natural inclination is to hope the problem will correct itself. Don't wait to find out! Call the problem to your consultant's attention and make a plan for engaging the stragglers and addressing the problem constructively together. Wherever the root of the problem – underlying ambivalence, conflicting goals, insufficient resources, too little time, etc. – the sooner you act, the sooner you will be able to resolve it and get the process back on track. In the spirit of collaboration, you and your consultant together will monitor the process and address any problems that arise.

Communicate and hold the consultant accountable

Of course, you, your consultant and other participants will bring different perspectives and capabilities to the process. Only sufficient communication will ensure that you capture the best of all these. Satisfy yourself and others that communication stays on track with the following checklist (see *Section Eight: Focus on Communications* for more detail):

- ✓ Has the communication between you (and/or the project leader or team) and the consultant been sufficient? Have there been cancelled meetings, or has the group fallen out of touch?
- ✓ Has the consultant been communicating clearly and regularly? Has s/he been delivering on meeting notes, interim reports or other written summaries that promote continuity and focus everyone's attentions on outstanding tasks?
- ✓ Insist upon receiving any and all interim reports to which you originally agreed, or have a good plan for replacing their original purpose. Many of the largest disappointments arise because an engagement progresses too far without interim opportunities to review the consultant's progress and thinking to date, and to make appropriate mid-course corrections to the process.
- ✓ Are all participants in step with the project and feel it is progressing appropriately? Are they in sufficient communication with one another and with the consultant?

- ✓ Are you keeping the broader constituencies and stakeholders apprised of the process throughout?
  - *If you have begun a staff-engaged process (for example, including multiple staff representatives in the interview, or creating a work group), make sure you continue it or explain why not. Partial efforts at staff or board engagement that are allowed to languish can end up creating greater disaffection.*

Transfer knowledge and build capacity for the future

Regardless of the nature of your particular consulting engagement, you should explicitly and selfishly insist that any consultant proactively transfer skills, knowledge and capability to you and your staff. Most good consultants will make a point of this, but do not count on their initiative and understanding. Also, they can only offer the expertise. You and your staff must assume the responsibility of gaining, digesting and incorporating it into your organization.

- ✓ Have you explicitly and repeatedly made this desire and expectation clear with the consultant? To your managers and staff?
- ✓ Alert your staff from the beginning that this is a goal, and that you want and expect everyone to keep notes and capture the good ideas and short-cuts that come up during the engagement. Ask the consultant to help in this effort.
- ✓ Build a culture of practical, organized and easy-to-find documentation. Remind the staff that building institutional memory has to be one of your shared goals. Focus on a time in the future when you all will need to do a similar project and will want to have access to the wisdom you gain from the current work.

Evaluate

For some organizations, reminding you to evaluate is like reminding you to breathe. For the rest of us, it's worth a few words. During the work – and certainly at the end of each major phase and the overall project – making the effort to evaluate will help improve future work, build confidence in the process and outcomes, and bring closure. By building two-way evaluation into your periodic progress meetings, you can lower barriers to providing feedback, build trust and improve communication. Consider the following checklist:

- ✓ During the work, remember to evaluate and provide feedback to the consultant so s/he knows and pays attention to your preferences, concerns and aspirations.
- ✓ Revisit the *Setting the Bar* exercise you completed during the *Clarifying the Project* phase, so that you keep all of your early goals and expectations in mind. How are you doing in meeting these? It's fine to revise your expectations as you go, but do it consciously and understand when and why you are trading off earlier goals.

- ✓ Likewise, be sure and solicit feedback of your own and your staff's work from the consultant. While any good consultant will let you know if anything is drastically wrong, or jeopardizes the project, s/he may pick and choose their feedback carefully as they wish to maintain an overall positive tone and focus on ensuring forward progress. If you really want to hear more of their observations, ask.
- ✓ Be sure to include evaluation at the end of each group meeting. A simple *plus minus delta* exercise (whereby you draw three columns and brainstorm those things which were good, bad or in need of change) can be done in five minutes. For larger facilitated meetings or planning sessions, ask the consultant if they have a standard evaluation form you can use or adapt.
- ✓ At the end of each phase of the project, or upon receipt of interim milestone reports, be sure and solicit evaluation from the various stakeholders as well as the consultant. Your project plan will invariably change as you learn and move forward. By structuring in evaluation of the work you've done to date, and its implications for the remaining steps, you can make that evolution conscious and purposeful.
- ✓ Conduct a final evaluation. Not only will you learn from this, but your consultant will likely appreciate it (and may even be willing to do it free of charge). Be sure and take this opportunity to learn, to document your learning to benefit future efforts, and to celebrate your completion and/or successes! For larger engagements, structure a final meeting to bring closure to the project, thank participants, do an evaluation and, perhaps, feed everyone or give them an appropriate token of your gratitude.

With all of these steps, it is not the amount of time, formality or thoroughness of the evaluation that is important. Sometimes, a simple question or comment before you close a conversation can yield an important discussion and allow you to address potential problems early and directly. By building in the habit of evaluation, you'll optimize your relationship, your project and your outcomes.

Paying up

You have negotiated a price with your consultant. You have tied the price to the consultant's time, specific work products or other milestones. You've agreed on the terms of payment (i.e., due dates and penalties for late payment).

When you receive an invoice for the consultant's services, you must take timely action. Review your agreement, what you've paid to date and what you are being asked to pay. Using whatever method you've adopted for tracking the consultant's fees and payments (see *Section Nine: Focus on Finances* for more guidance and discussion), examine the invoice, determine its legitimacy and appropriateness. Then take one of two timely actions:

1. Pay it, or
2. If you have legitimate concerns or questions about whether required work products are complete or satisfactory, or whether milestones have really been

reached, don't delay. Communicate your concerns immediately, frankly and clearly. Likewise, if for some reason (e.g., cash-flow restraints), you are not able to make payment promptly, communicate quickly and directly.

Few of us are quick to take on uncomfortable tasks. They are liable to languish on our "to do" list for days or weeks. However, you want and need your consultant to stay engaged, invested and focused. Lagging payments or questions are bound to affect a consultant's motivation and disposition towards you, no matter their desires or intentions. Though consultants should and will raise payment questions with you should they arise, they will often hold off in doing so, afraid of appearing petty or overly aggressive. However, many are independent contractors lacking the security of a regular paycheck. Thus, their livelihood depends on prompt payment by clients.

In short: if the charges are correct and appropriate, pay them immediately. If not, contact the consultant and discuss the issue immediately.

Trouble-shooting

There are a number of things you can do to ensure a successful project: provide a proper orientation, stay engaged personally, ensure accountability, value communication, focus on knowledge transfer, and build in evaluation throughout the process. However, you cannot control all of the process, nor can you alone guarantee success.

A good consultant – particularly one engaged in an organizational development process – will guide you throughout the process and draw out the best from all your stakeholders. The trick is to ensure that the value is wrung out of all of these different points of view. And to ensure that when these views diverge, as they invariably will, the tensions that arise become creative ones that move the group and its purposes forward. Sometimes, you may feel like you have caught a tiger by the tail. At those points, you can and should work alongside the consultant to help the process stay productive.

However, what happens if the consultant isn't skilled at this more challenging conflict mediation work? What if s/he lacks the skills or the chemistry that you and your team sought, and thought you had seen during the selection process? Or, what if you find yourself with a nagging sense of discomfort or insecurity about the consultant or the project? What if you discover you have focused on the "wrong" problem, or have jointly designed an ineffective process? Consider these steps and ideas:

- ✓ Discuss your concerns with a trusted adviser or confidante outside of the organization and the project. Talking about the concerns out loud will help you to clarify and articulate them. And the adviser may have some useful insights.
- ✓ If you have worked with MCS during the assessment process or have other working contact with us, use our organization as a resource in these situations.
- ✓ If you are unclear (i.e., you "just have a bad feeling"), consider checking in confidentially with a trusted staff or board member who has also been involved in the process. Try to ask about the consultant's work in an open-ended and unbiased way so that your own concerns don't influence their reaction. It helps to have others fresh reactions.

- ✓ When your concerns are clear, share them with the consultant. Don't be surprised if s/he has some of the same concerns. Collaborate on potential ways to adjust the project or improve their work on it. Follow up your conversation in writing (even informally by email), and confirm their receipt of it. This verifies your own seriousness about the issues, and can be helpful if you later decide the problems are not resolvable.
- ✓ If changes to the project are significant, amend your contract or write a supplemental letter of understanding. Or ask the consultant to do so. Without this written step, a few conversations can quickly undermine your early attempts at achieving clarity and good communications!

Or what if, in a much more extreme case, it becomes clear that the consultant or their work is simply unacceptable?

Considering termination

None of us has perfect judgement. Despite your best efforts at defining your needs, screening consultants and creating a constructive and productive relationship, you may fail. There are certain issues that represent the *third rail* when working with a consultant (or any employee, for that matter). Common amongst these are issues of trust, honesty and integrity.

Before making your decision, ask yourself whether the situation, infraction or infractions are undeniably "terminal" for you. Be particularly cautious about *chemistry* or other issues that are potentially ambiguous (i.e., as opposed to actions which are criminal, blatantly dishonest or nearly universally acknowledged by participants as just plain wrong).

If any ambiguity exists, have you offered frank, direct and honest feedback to the consultant? If not, you owe yourself, the consultant and the project this due diligence. If necessary, utilize some of the same techniques you would use when intervening with a difficult new hire that appears not to be working out. For example, write up notes to yourself to guide you in your discussion, and then check off the points and annotate your guide as you work. Or ask another manager to join you if you are concerned about the consultant's volatility or propensity to litigation.

Once you are assured that you must end an engagement prematurely – whether you are faced with an incidence of apparent dishonesty, nonperformance or chronic lack of chemistry – it is often best to act relatively quickly and decisively.

- ♦ Make your decision, make your plan, don't apologize for making the right decision, and manage the process of carrying your decision out.
- ♦ Seek counsel with a trusted advisor to review your instincts, answer questions and ask them to offer a devil's advocate opinion. Also consider having them help you think through the additional steps below.
- ♦ Review the contract and determine the clear parameters of what you are – and are not – willing to do with regard to further work, payments or "face-saving" terminations. Review the terms of the contract, your obligations and the termination clause. Determine what further work, deliverables or closure you expect and desire.

- Share your intention to terminate the project with key Board Members or project leaders to ensure you have their support, and get their buy-in. Agree with leadership about what and how you will communicate the news to other constituencies.
- Be prepared in advance to notify any and all stakeholders immediately after speaking with the consultant. Though it is unlikely (as it is clearly bad for future business), if s/he is upset, s/he may try to undermine you with others involved in the process. If there is a simple face-saving way to announce the change – and not antagonize the consultant or other team participants unnecessarily – by all means take the high road. It is almost always the safest and most productive one.
- Meet with the consultant to share your decision. Provide your plan for closure and, if no further interaction is expected or desired, provide full and final payment for any outstanding debts. Express regret that it didn't work out, but don't feel obliged to apologize for your decision. Protecting the interests of your organization is your job.

Next Step: Finishing Up and Final Evaluation

Hopefully, your efforts to manage the consulting work, communicate and trouble-shoot will make any consideration of termination procedures completely unnecessary. It is far more likely that you will enjoy a useful relationship with your consultant, and your project will proceed to completion. However, even here you can wring maximum value from your consulting engagement if you invest a little time in evaluation and documentation as part of the wrap-up process.

See Also:

◎ **Focus on Communications** (Section Eight)
◎ **Focus on Finances** (Section Nine)
◎ **Focus on Strategic Planning** (Section Ten)
◎ **Focus on Board Development** (Section Eleven)

Phase 7: Finishing Up and Final Evaluation

In this chapter…

Are you really finished?

Your board just approved your strategic plan, your staff has posted the new mission statement on the bulletin board, and your consultant just headed home. Are you finished? Well, yes, but a few clean-up items will mean that you are *really* finished – and can move on to the next project, of course.

Wrap-up checklist

Deliverables and Final Payments:

- ✓ Review your work plan and contract one last time. Have you received all of the items listed as deliverables? If not, do you know why not? If you still want them, do you have a plan with the consultant for obtaining them in a reasonable timeframe?
- ✓ Where do things stand with final payments? Ideally, it is best to confirm your deliverables and review the rest of the checklist below prior to releasing final payment.

Final Reports:

- ✓ Depending on the nature of your project, were the outcomes to be finalized in a formal final report? If so, make sure you have both electronic and hard copies of these. If no formal report was intended, ask the consultant to prepare a wrap-up memo.
- ✓ Make sure the wrap-up memo highlights loose-ends and other details for organizational implementation or follow-up.

Document and Materials Collection:

- ✓ Have you captured useful documents in both written and electronic form, ensuring that you have both paper copies and the underlying computer files that can be easily found and re-used in the future? Have you compiled all of your documents, evaluations and information into an organized and accessible record where it will actually be found and put to good use?
- ✓ Have you asked for – and received – lists of resources used and valued including books, periodicals and, particularly, web sites? If you paid for any

resource materials purchased by the consultant during the project, make sure you request those as well.

Final Meeting(s):

- ✓ Make sure you schedule at least one wrap-up meeting between yourself and the consultant, possibly with members of the work group. This meeting can be used for document transfer and project evaluation.
- ✓ For larger engagements, structure a final meeting to bring closure to the project, thank participants, do an evaluation and, perhaps, feed everyone or give them an appropriate token of your gratitude.

Evaluation:

- ✓ Did you conduct periodic evaluations during the project? Have you documented lists of what worked, what didn't and what you would do differently in the future?
- ✓ Once again, review the S*etting the Bar* exercise you completed during the *Clarifying the Project* phase. How did you do against your original goals and expectations? Did you accomplish all, or some, of the secondary objectives?
- ✓ Conduct a final evaluation. This can consist of several quick interviews by you or members of the project team, key staff or board members involved in the project, or other stakeholders. Depending on the size of your organization, you could also use a short paper survey. Alternatively, the consultant can conduct some of the interviews. You are looking for feedback principally on the outcomes of the project and the experiences of those involved in the process (although some of the feedback may relate to the consultant's effectiveness as well). You can also conduct the evaluation in a group meeting.

Follow-up Support:

- ✓ Now that the project has taken its final shape, consider your need for follow-up or implementation support from the consultant. Do you have everything you need to implement your project from here? If not, and you think you may benefit from follow-up support, you may want to propose and discuss that now, while the project is fresh. Many consultants will make themselves available for periodic check-in phone calls (or will initiate themselves out of interest). However, if you need more substantial assistance, you may want to set up a limited additional contract.

Feedback to Consultant:

- ✓ Over and above any project evaluation, feel free to provide your personal feedback to the consultant regarding effectiveness, particular strengths and areas for improvement. Most independent consultants don't have bosses, so if they don't hear it from their clients, who will tell them? Of course, the positives are always good to hear – particularly if you are willing to be used as a future references, have the name of your organization included on the consultant's client list, etc.

Next Step: You're Finished (unless you want to keep reading)

With your review of the *Wrap-up checklist*, you have reached the end of the seven phases of a consulting engagement that we have identified for this resource manual. Subsequent sections of this resource manual focus on aspects of consulting that may be of particular interest – specifically, communications and finances – and provide additional detail regarding two types of common consulting engagements with some unique characteristics – strategic planning and board development work. If any of these are of particular interest to you, please read on or refer to these at your leisure.

See Also:

◎ **Focus on Communications** (Section Eight)
◎ **Focus on Finances** (Section Nine)
◎ **Focus on Strategic Planning** (Section Ten)
◎ **Focus on Board Development** (Section Eleven)

Section Eight: Focus on Communications

In this chapter…

One key concept is more equal than others

While this manual focuses on five key concepts to ensure consulting success – clarity, communication, chemistry, collaboration, and capacity building – it is fair to say that chief among these is communication. All the others rest on, or are greatly aided by, effective communication. Often, during lengthy consulting engagements in particular, we may feel we talk constantly. However, focusing on few specific types of communication will ensure that when you talk, you and the consultant really hear as well.

Hold yourself and the consultant accountable

The more complicated the project, the more critical the role of communication. The more difficult the project, the more tempting it is to put that communication off. Check yourself, and the consultant, with the following checklist:

- ✓ Has the communication between you (and/or the project leader or team) and the consultant been sufficient? Have there been cancelled meetings, or has the group fallen out of touch? Pick up the phone or set up a scheduled phone call. Though nothing can replace face-to-face meetings, the inflections, connections and nuances of a phone conversation are far superior to email or written reports alone.
- ✓ Has the consultant been communicating clearly and regularly? Has s/he been delivering on meeting notes, interim reports or other written summaries that promote continuity and focus everyone's attentions on outstanding tasks? Even though you don't want to be paying consultant's rates for clerical work, you do want the consultant to ultimately be responsible for ensuring a clear process, clear communications and unambiguous follow-up responsibilities after meetings.
- ✓ Insist upon receiving any and all interim reports to which you originally agreed, or have a good plan for replacing their original purpose. Many of the largest disappointments arise because an engagement progresses too far without interim opportunities to review the consultant's progress and thinking to date, and to make appropriate mid-course corrections to the process.

- ✓ Run down your list of participants in the project. Are you confident that all are in step with the project and feel it is progressing appropriately? Are they in sufficient communication with one another and with the consultant?
- ✓ Are you keeping the broader constituencies and stakeholders apprised of the process throughout? Periodic updates – from you, the consultant or the broader project team – will dispel uncertainty, build trust and translate into more support for the project when time for implementation arrives. Remember to watch for signs and solicit opinions so that you are aware if any stakeholders are feeling frustrated or "out of the loop."
- ✓ If you have begun a staff-engaged process (for example, including multiple staff representatives in the interview, or creating a work group), make sure you continue it or explain why not. Partial efforts at staff or board engagement that are allowed to languish can end up creating disaffection.

Listen carefully and keep an open mind

As a nonprofit organization, you invest your scarce time, energy and resources in engaging a consultant. Often, you do so because you are seeking the objectivity, independence and fresh eyes of an outsider. However, once offered that perspective, it may be far more difficult to actually hear it than you imagined.

If your consultant offers some critical feedback, step back, take a deep breath, and remember: how you respond to the insights and information you are offered is up to you. Resist the natural temptation to shoot the messenger if the consultant points out a messy or un-addressed issue within your organization. Consider all comments as grist for your own management mill.

Particularly when you are engaged in an organizational development process, it is not uncommon for other issues that need attention to come to light. For example, in the process of internal interviews for a strategic plan, a consultant may stumble upon a staff morale problem that will ultimately need your attention (with the consultant's assistance, or otherwise). However, it is your choice as to both how and <u>when</u> to tackle any issues raised. Not everything needs to be addressed at once. In many cases, such "off-line" feedback can simply be a useful addition to your own eyes and ears, and judgment.

Don't just communicate – evaluate

By building two-way evaluation into your periodic progress meetings (or phone calls), you can lower barriers to providing feedback, build trust and improve communication. Consider the following checklist:

- ✓ During the work, remember to evaluate and provide feedback to the consultant so s/he knows and pays attention to your preferences, concerns and aspirations.
- ✓ Likewise, be sure and solicit feedback of your own and your staff's work from the consultant. While any good consultant will let you know if anything is drastically wrong, or jeopardizes the project, s/he may pick and choose their

feedback carefully as they wish to maintain an overall positive tone and focus on ensuring forward progress. If you really want to know, ask.

- ✓ Be sure to include evaluation at the end of each group meeting. A simple *plus minus delta* exercise (whereby you draw three columns and brainstorm those things which were good, bad or in need of change) can be done in five minutes.
- ✓ At the end of each phase of the project, or upon receipt of interim milestone reports, be sure and solicit evaluation from the various stakeholders as well as the consultant. Your project plan will invariably change as you learn and move forward. By structuring in evaluation of the work you've done to date, and its implications for the remaining steps, you can make that evolution conscious and purposeful.

With all of these steps, it is not the amount of time, formality or thoroughness of the evaluation that is important. Sometimes, a simple question or comment before you close a conversation can yield an important discussion and allow you to address potential problems early and directly. By building in the habit of evaluation, you'll optimize your relationship, your project and your outcomes.

Addressing specific concerns

Maintaining communications when a project is going relatively well is one thing. Addressing problems can be quite another challenge. Often these fall into four areas:

- ♦ You are dissatisfied with the speed of work or rate of progress.

  Don't sit on it. Tell the consultant, and negotiate appropriate adjustments. This is one of those low-level concerns early on that can become a major issue if not addressed promptly.

- ♦ You have concerns with an invoice or billing in general.

  Not paying is not a fair way to express your concern or frustration. Ask for an explanation or a revised invoice. See *Section Nine: Focus on Finances* for more guidance on managing the financial arrangement, or *Phase 6: Managing the Work* for a discussion of invoicing problems.

- ♦ A personality conflict has arisen (or someone has been offended).

  Complicated projects are likely to raise hackles – and some level of conflict can be a good sign that you are digging into significant issues. A seasoned consultant is unlikely to take these bumps personally, so don't hesitate to pass the information along. If their style is rubbing someone the wrong way – and has potential to hamper progress on the project – then that should certainly be addressed. Since your shared goal is to keep the project on track, often the focus of this conversation is less about what the consultant did "wrong" and more about the best political and personal strategies for keeping all oars going in the same direction.

- You have fundamental concerns about the overall effectiveness of the consultant.

  If these concerns are serious – and particularly if they are shared by other members of the project team or organizational leadership – then you may have a real problem. Sometimes these problems are solvable, and sometimes cutting your losses is the only option. If you think termination may be necessary, see “Considering Termination” in *Phase 6: Managing the Work*.

Section Nine: Focus on Finances

In this chapter…

Start with a structure

The financial aspects of a consulting agreement can sometimes become the focus of attention, confusion or disagreement. A breakdown around finances may indicate dissatisfaction or a larger disagreement around the project timeline, deliverables, communications or some other aspect of the consulting engagement. If you find yourself in a disagreement over the finances, be sure and ask yourself whether there is another underlying cause of the conflict (and attend to it with open, direct and constructive communication).

However, a breakdown around finances is often symptomatic of a lack of clarity about the terms and conditions of your agreement and how it should be carried out. This lack of clarity can almost always be avoided by proper communication during the *structuring* phase, prior to signing a contract. Applying some specifics of structuring and monitoring the financial component of your agreement will help things run smoothly.

Goals of your financial agreement

Your goal with regard to finances should be simple:

- to collaborate with your consultant in structuring (and carrying out) a mutually beneficial financial arrangement that provides each of you with sufficient value;
- to have great clarity around the terms, conditions and progress of this financial arrangement; and
- to communicate effectively and efficiently about the agreement via the contracts, invoices and other communications throughout the engagement.

The financial component of a consulting agreement will rarely be the source of celebration or praise by you <u>or</u> the consultant. However, with a little forethought, it can and should be a straightforward and low-maintenance aspect of your project.

The questions

Your financial arrangement needs to answer three questions:

- **What are you buying?**
  Are you buying the consultant's time? Are you buying outcomes, or work products? Often, you are buying both to some degree. In addition, there may be additional expenses for which you will be responsible (e.g., travel, copying, mailings or faxes).
- **What price are you paying?**
  Are you paying a fixed amount? Or are you paying on an hourly or daily basis? If you are on a daily basis, how many hours are in a day?! Is there an acceptable range of cost you can expect? Under what conditions might the cost rise? Is it possible the project could cost less?
- **When and how will you pay it?**
  How, and when, will the consultant ask for payment? Will invoices come regularly, or after particular work milestones? How soon will invoices be due? Will there be late charges if it is not paid on time?

How you and the consultant agree to answer these questions will vary significantly with the nature of the project as well as your own – and the consultant's – habits and preferences. Most consultants will be happy to alter the way charges are structured. Their primary concern and goal should be the same as yours: a clear, fair and easily maintained arrangement. S/he should share your desire to minimize the confusion and hassle of dealing with finances, so that you both can focus upon the "real" work of your project.

Common answers and approaches

Below are common approaches to structuring financial agreements. Which method you and your consultant choose will be a function of your individual needs and preferences.

- *Fixed price*. These contracts can provide peace of mind for both of you. You know what the project will cost. The consultant knows what they will be paid. However, you will want to make sure that the work processes and deliverables for which you are paying are clear. Payments can be tied to specific milestones or deliverables in the project. Or, they may be tied to specific times during the proposed timeline (e.g., monthly). This, too, is acceptable, but make sure that you reserve some significant portion of the project payment until the final work product is delivered and accepted. This type of contract is often appropriate for projects with concrete deliverables such as grant proposals, policy analyses or other studies (provided the methodology and extent of the research is made explicit).
- *Time and materials*. These contracts are common in the consulting world. Provided you have done your due diligence in hiring the consultant, this allows you to pay for your actual usage of the consultant's time. Make sure that the consultant provides you with a project *upset limit* (that provides an absolute limit to the project charges) or a project work plan with a range of

estimated hours by phase. On a defined project, it is simple work to attach estimated hours or charges to each phase. Include language in your contract that requires the consultant to notify you immediately if the charges are expected to vary significantly (e.g., more than, say, 10%). Coupled with your clauses for contract changes and termination, this language will protect you from ballooning project costs or *scope creep*! Time and materials projects are often most appropriate for long term projects and projects that are less well-defined at the outset.

- *Project-based retainers*. It is common practice among some consultants to ask for a payment of some portion of the contract fee up front, particularly on large projects. As long as that portion is relatively modest, and a sufficient amount of the total contract value is held off until project progress and completion, this is not unreasonable.

- *Ongoing Retainers*. Occasionally you may decide to hire a consultant on an ongoing basis for something other than a discrete project. For example, consultants may suggest this for executive coaching or organizational development. They may suggest that you provide a retainer, essentially pre-paying their services. In general, keep in mind that the forced discipline of a project plan – as well as the limit on your liability for payment and services – is generally healthy and constructive to most any consulting agreement.

  However, there are a few notable exceptions. If you have worked previously with a consultant and know their services to be of proven value, contracting for a block of their time can be a prudent and straightforward thing to do. However, you should still structure a contract for this block of time and prepay only a month or two worth of time. In rare instances, a consultant may also be in such demand that they will require a significant retainer to take you on as a new client.

  Though it is tempting, asking a contract grant writer or consultant to commit to raising a specific amount of money is unfair (and thus a bad idea for the consultant and for the organization). There are a number of variables in funding decisions over which the consultant has no control. Instead, consider contracting for a set number of proposals, a total dollar amount of requests, or other clearly measurable deliverables. And don't forget to contract for electronic copies so you can use these proposals in putting together future ones – with or without this consultant.

Is there devil in those details?

From the outset, make sure you have made clear the terms and conditions of the charges. It is customary for charges to be due promptly (e.g., in 30 days) and for interest to be charged at a percentage rate roughly comparable to those charged on credit cards. Most consultants will tolerate minor lateness, but would rather adjust the contract appropriately at the outset (e.g., 45 days) than have to worry or chase you down once charges are past due.

Also, be clear about whether there will be any additional charges for out-of-pocket expenses such as travel, copying machines, phone, mailing or faxes. Again, unless these charges are expected to be quite significant, it's not the dollars that matter most. Rather, it's the potential for misunderstandings and conflict that will arise if you don't spell this out clearly in advance.

Tracking invoices

Some consultants will offer invoices with little or no detail at all. Others will summarize the work done by the week, and enter an overall time for that week, or for the phase of work. Review a *sample invoice* and discuss it up front. If you to desire a great deal of specificity and detail around invoices and money, say that up-front. If the sample invoice doesn't meet your need for detail, make a specific suggestion or show the consultant an example of what you do want.

Take the agreed structure for charges and payments, and convert them into a table for *tracking* the project's progress and payments against the work plan. Whether this is a 3x5 card, a word processing table or a spreadsheet, take the time to create this before paying the first bill. Include a *planned* or *budgeted* column, and also an *actual* column. The sample table at the end of this chapter can serve as a guide.

Depending on your taste for numbers, you might also include a column for *planned % of overall project* so that you can see if any individual phase is taking up an inordinate amount of the budget.

> *Don't pay a bill without taking a step back, and seeing that the project is on track and on budget. Otherwise you are passing over one of the best built-in opportunities and reminders to do so.*

Communicate about the progress and any concerns you might have. A simple comment to the consultant that the project appears to be on (or slightly above or slightly behind) budget, tells her or him that you are watching, caring and aware. Of course, if you have real concerns, you should raise those immediately, clearly and openly in the spirit of collaboration. Together, you can and will make adjustments to the project or plan as necessary. These conversations can often spur more communication and surface other underlying issues. So use each payment as an opportunity to move above the specific tasks and details in which you and the consultant are engaged, to review your progress and to raise any concerns you might have.

No one right way

In the end, there is no one right way to structure your project's finances. Use the following checklist to do a quick *gut-check* before you reach agreement:

- ✓ You and your consultant collaborated to reach agreement;
- ✓ You and s/he are clear about the terms and conditions;
- ✓ You have laid the basis for regular and effective communication about finances;
- ✓ You know what you are buying;
- ✓ You know what price you will pay;
- ✓ You know when and how you will pay.

If, exercising reasonable judgement, you can check off the above list, your project's financial affairs are likely to be routine and inconspicuous. And that is, after all, the best you can hope for in these regards!

Sample Project Time/Cost Tracking Chart

Strategic Plan Project with XYZ Consulting							
Work Plan Phase or Task	Planned			Actual			Comments
	Estimated Hours	Target Date	Estimated Charges	Actual Hours	Date Completed	Actual Charges	
Totals							

Section Ten: Focus on Strategic Planning

In this chapter…

Strategic planning overview

Almost every guide to nonprofit strategic planning – while using different terms and phrases – more or less follows the basic premise that strategic planning is about determining where you stand now as an organization, where you want to be, and how to get there. Some organizations build strategic planning into their annual work plan, some conduct an intensive planning effort every three to five years, and many do it less frequently. For the sake of this discussion, we define strategic planning as:

- An intensive planning effort,
- That engages both board and staff members, and perhaps a wider group of organizational stakeholders,
- In a collaborative planning exercise designed to determine the organization's vision of where it wants to be, concrete strategies and objectives, for the next three years (or so),
- And results in a document that outlines organizational vision, mission, values, goals, strategies, measurable objectives, action plans and assignments, organizational structures, resources and finances, and, most importantly,
- Is implemented through supporting yearly operating plans, with appropriate budget support, board approval, and staff follow-through, and adjusted as needed to reflect changing realities over time,
- And then is re-visited and renewed in a planning process three to five years down the road.

Key terminology

These are just a few of the terms you may hear when discussing a strategic plan:

Environmental Scan	An external assessment process that looks at changing factors such as customer needs, potential new markets, competition, government regulation, and technology. A scan can involve a series of interviews, focus groups or surveys, as well as hard data collection (e.g., demographics). It is usually conducted at the outset (by staff, consultants, or both) to inform the planning process.
Key Informants	Key informants are generally those interviewed in the course of an environmental scan – they may include current customers or clients, funders, representatives from similar organizations and/or competitors, and policymakers. This may also include internal interviews of board and staff.
Situation Assessment	An overall strategic review of the organization, answering the question *Where are we now?* This often includes both an environmental scan and an internal assessment of organizational effectiveness and impact on clients. A board assessment or a cost/benefit analysis by program also can be included.
SWOT Analysis	A method for conducting a situation assessment. This strategic analysis exercise, usually done in a group, outlines **S**trengths and **W**eakness (the internal organizational assessment), as well as **O**pportunities and **T**hreats (the environmental scan). It matches these against organizational mission, in order to determine strategic issues and goals. Depending on the complexity of your planning process, a SWOT analysis can be used to help a work group digest the results of an environmental scan and/or internal assessment. In a more abbreviated process, it can be used on its own, drawing on the observations and collected wisdom of those in the room for the exercise.
Action Plans, or Operating Plans	These take the strategies of your plan and translate them into "concrete actions carried out by specific personnel according to specific timelines…action planning is sometimes carried out by the staff after board members and key staff members have conducted earlier phases of strategic planning."[1] Some consultants and organizations consider these as part of the strategic plan, while others view them as part of the follow-up/implementation phase. The distinction, if any, may depend on whether your organization usually creates an annual Operating Plan – in which case, this can serve as the action plan for the first year of the strategic plan. Either way, your strategic plan isn't really finished until some variation of this step is completed, in order to turn the plan into action.

Suffice to say, there are a number of different interpretations of these terms and others used by many strategic planners and organizations, so a critical early task in any group planning process is to ensure that all participants are clear on the terms and meanings intended in <u>your</u> process.

Strategic planning styles and methods

While consultants may use a variety of frameworks and terms to facilitate your organization's effort, most strategic planning processes have similar elements at their core. Below is an outline (adapted from the *Facilitator's Guide to Nonprofit Strategic Planning*[2]) of the most common comprehensive strategic planning approach, also known as issue-based, or goal-based, planning:

1. External/internal assessment to identify Strengths, Weaknesses, Opportunities and Threats (SWOT analysis).
2. Strategic analysis to identify and prioritize major issues and goals.
3. Identification of major strategies or programs to address issues and goals.
4. Review/update of organizational vision, mission, and values. *Note*: Many organizations start here, and then proceed to the beginning of the list.
5. Establish action plans (objectives, resource needs, assignments for implementation).
6. Record issues, goals, strategies/programs, updated mission and vision, and actions plans in a "Strategic Plan" document. *Note*: Some organizations choose to write their strategic plan as a concise "vision" document, and then append detail such as annual action plans and budgets.
7. Develop the yearly Operating Plan document (from year one of the multi-year strategic plan).
8. Develop and authorize the Budget for year one of the multi-year strategic plan.
9. Conduct the organization's year-one operations.
10. Monitor, evaluate and update the Strategic Plan document on a yearly basis.

The role of the consultant

The breakdown of tasks within a strategic planning process depends significantly on how much you want the consultant to *do* versus *facilitate*:

- If your organization is experienced with strategic planning and/or has organizational resources to manage some of the logistical tasks internally, then you may principally want a consultant to serve as a facilitator for both group meetings and the overall planning process.
- If you are new to strategic planning, then you may be looking for an expert guide or trainer in the art of strategic planning.

- If you are short-staffed and/or require an in-depth planning effort with lots of external data gathering, you may also be looking for an executor of tasks – someone to conduct interviews or focus groups, and to draft the plan.

In most cases, organizations are looking for a combination of two or more roles. As you design a work plan and contract with a consultant, it is important to be specific about how much each of you will provide in terms of actual task completion.

In addition to the strategic planning tasks outlined above, some of the supporting tasks include:

- Scheduling planning meetings and sending meeting reminders;
- Creating the agenda;
- Writing and distributing meeting minutes;
- External assessment/environmental scan – interviews, focus groups and surveys; Internet research regarding demographic data and best practice models; competitive analysis or market comparisons; etc.;
- Internal assessment – program evaluations, board and staff interviews, internal data collection on program impact, etc.; and
- Writing the plan.

Keep in mind that the role you wish the consultant to play should be an important part of your interview and selection process – whether you are looking solely for strong facilitation skills, or you require a team with considerable research and analysis skills. Also important is the degree of comprehensiveness you desire for your planning process, particularly for the environmental scan and/or internal assessment. This will have a direct impact on the size, cost, and duration of the consulting engagement.

Focus on right-sizing the process – if your organization has undergone dramatic or rapid growth (or shrinkage), if little external analysis has been done in recent years, or if there are considerable perceived threats to stability, then this may be a good time to invest in a more thorough analysis of the organization. If you conducted a lengthy strategic planning process three years ago, then perhaps the current engagement can work with a more abbreviated SWOT analysis.

The role of the Executive Director, and of the Board

A Strategic Plan represents a rare opportunity to re-assess your organization's purpose, to dream of the impact your organization might have on the world about it in the coming years, and to map the path you will all travel to get there together. However, it also represents an array of *sticky wickets* through which you must all pass. And this must be accomplished while being aware of the participants' limited time and energy to devote to this process.

The Board must become engaged, and be exposed to the issues and decisions that are central to the challenges that lie ahead. At the same time, there is always a risk that some board members may become too enmeshed in the operational details and plans that staff are better informed and best prepared to develop. Depending on your organization, this balance may relate to larger questions of the board's culture and role within your organization. Are they a hands-on, "working" board, one that attempts to stay focused on "big picture" governance and policy-making concerns, or – as many are – somewhere between and still evolving? For more discussion of board role and philosophy, see *Section Eleven: Focus on Board Development*.

The staff participants, however, may not be so quick to "think big." They have busy schedules, know the issues cold and may well be resistant to "wasting" time on process and conversation in the face of so many "real things" to accomplish each week! On the other hand, some staff members may insist on trying to sort out the precise implications for their own job or department during large group meetings, while board members and others want to talk about global strategic directions.

A good consultant will help you walk these lines and negotiate these tensions. S/he'll help you think about how you can inspire your board to focus on vision, without miring them in details. And how you can motivate your staff to step back from the day-to-day in order to focus on the big picture. And, s/he'll help you clarify board and staff roles, and be responsive to different tastes and tolerances for process.

However, no consultant can do all of this for you. The Executive Director is the leader of an organization and must look, feel and act like an invested and excited participant in the process. While you may be able to delegate discrete tasks along the way, you should be side-by-side the consultant as s/he tweaks the process you are using and helps you navigate the political tensions and questions that will invariably arise.

> *A few days before each major milestone or meeting, consider scheduling a cup of coffee or some sort of face/phone time with the consultant. This will keep you both "in sync" and provide an opportunity to jointly problem solve around any issues that have arisen, or that you expect to encounter in the next phase.*

Does a consultant have to be an expert in our business?

Generally, no – and that's a good thing, or it would be very difficult to find a consultant for most organizations. While background knowledge and familiarity may be helpful, the majority of key consultant tasks involve process management and group facilitation – so they need to be an expert in how to guide a strategic planning effort, not necessarily an expert in your line of business. And since effective strategic planning is about articulating and making coherent your organization's focus, direction, and strategic allocation of resources, a somewhat objective outsider can be a useful listener and questioner in the process. So, if you have to choose between the two, choose expertise and experience in process skills over content knowledge.

> *Meeting management and group facilitation skills are critical to any strategic planning process. If interviews and reference checks don't suggest this as a strength of your prospective consultant, reconsider!*

How long should it take?

Depending with whom you speak, strategic plans can be executed in anywhere from three days to two years from start to finish. However, there is a lot of range in people's conception of a strategic planning process. Some of the lengthier ones may have included a significant pre-planning process or some aspect of implementation. In general, while there may be good reasons for extending the process, you should be an active participant in any such decisions. Suffice it to say, lack of execution of tasks – either on your organization's part or that of the consultant – is not a good reason. The key variables in time needed for strategic planning include:

- ♦ Amount of external data gathering – key informant interviews, surveys, focus groups, demographic data, etc. – necessary to support your planning efforts.
- ♦ Size of the strategic planning work group.
- ♦ Number of meetings necessary to orient the group, set up the phases of the planning process, and provide check-in and feedback on progress of strategic planning tasks.

That being said, a number of seasoned consultants suggest that a window of six to nine months is the right amount for allowing a thorough strategic planning process, maintaining active interest and participation, and producing a result with real-time relevance, plus allowing for the natural delays of any large group process. And, don't forget to include the up-front time necessary to find and select your consultant, identify your core work group, and design the process collaboratively with your new consultant (some of this may be paid time for the consultant, depending on the level of involvement).

So your total timeline may look something like this:

1 – 2 months	to select consultant and design strategic planning process,
6 months	for the majority of strategic planning tasks, plus
1—2 months	for natural human delays and group process.

Stakeholders

There are two types of stakeholders to consider in a strategic planning process:

- ♦ *External stakeholders* (or the outer circle): Those to whom your organization is important in some way (or for whom you would like it to become important), or those who may be affected positively or negatively by the outcome of your strategic plan: clients, customers, or program participants; neighborhood residents; competitive and/or collaborating organizations; funders; and policymakers or government regulators. As part of your environmental scan, you or the consultant may interview these individuals, survey them, invite them to focus groups, or find other ways to solicit their input on the role and contributions of your organization, what you can do for them, and vice versa.

- ♦ *Internal stakeholders* (the inner circle): These are the people for whom how you conduct your strategic plan – and how effectively they are involved in the process – may be just as important as what happens with the plan itself. Generally, this group includes the board and either some or all staff members. Depending on your organization, clients or program participants may also be part of this group.

The degree to which you spend time involving a wider circle is fundamentally a question about investment, buy-in and strategy. For a strategic plan that is likely to address the way your organization does it business – its mission, culture, systems, and people processes – then it is all the more important that you invest time and effort in developing buy-in. When thinking about stakeholders for the actual planning process, key questions include:

- ? Who is critical to have as part of the planning process or guiding team for the consulting engagement itself? Whom do you wish to involve, centrally and peripherally?
- ? Who will be a problem if they don't feel represented or involved in the process? Is there a way to involve them productively?
- ? What sort of internal group (and how small can you keep it, or how large must it be) will provide the most effective guidance and create buy-in and ownership of the consulting engagement?
- ? What sorts of tasks will be most engaging to stakeholder participants (there may be different answers for different members of the groups)?

Once you have initial answers to these stakeholder questions, you can make some decisions about whether and how to include them in the consultant selection process. Or what sorts of tasks they might execute during the planning process (for example, conducting external interviews). At what level, and how early, are you able to engage these individuals? Do they meet regularly with the consultant as part of an ongoing work group once the project begins?

- *Start as you mean to go on. If you do design a participatory process, make sure it is also manageable. Setting up a big committee, and then not giving participants meaningful tasks or allowing the meeting schedule to fall by the wayside can be more damaging than not inviting broad participation in the first place.*
- *Be strategic about both time investment and participation. Engaging appropriate stakeholders does not necessarily mean endless meetings with large numbers of people. If this is happening, it should be a red flag that it is time to re-group. The right consultant should be able to help you design a process that ensures input and maximizes buy-in without wasting time or money.*

What you want to *see* at the end

What you really want to see is an energized board and staff, focused on vision and mission, clear on their short- and long-term strategies and objectives, and ready to implement the plan. What you want to see in a strategic plan *document* is fairly straightforward, although the length will vary depending on the size of your organization and the depth of your planning process. These sections are most often found in a strategic plan table of contents[3]:

- Introduction by President of the Board (1 page)
- Executive Summary (1-2 pages, not needed if plan is less than a dozen pages or so)
- Mission and Vision Statement (1 page)
- Organizational Profile and History (1-2 pages)
- Strategic Issues and Core Strategies (1-2 pages)
- Program Goals and Objectives (meat of the plan – length depends on organization size and number of departments)
- Management/Operations Goals and Objectives (same as above)
- Appendices – Can include summaries of the SWOT analysis or organizational assessment, the environmental scan, a list of the planning committee, action plans, and budget projections.

You can always keep the bulky reference documents accessible upon request. It is more important to have a clear, concise and engaging document that will serve to focus board and staff, and to tell your story and outline your goals for external audiences as needed.

What you want to *happen* at the end

This is the point at which *strategic planning* ends and *implementation* begins. Traditionally, this is also the point at which the consultant departs, the strategic plan is printed up and distributed, and the staff is left to make it real. The last thing you want is a weighty tome that sits on a shelf, rarely used by the staff and board in the years to come. Without the specific annual implementation plan (or action plan) by which you will achieve your objectives operationally, and without the measures by which you will assess your success or failure at reaching your goals, your plan is unlikely to be implemented and successful. This level of detail is rarely outlined in the strategic plan itself, but it is critical to ensuring that your plan remains a living document to guide the organization.

Generally speaking, the task of converting the strategic goals and objectives to an annual implementation plan is rightly the staff's responsibility, with the guidance of the Executive Director. Staff members – rather than the Board of Directors, or members of the Strategic Planning work group, for example – are in the best position to outline the specific tasks that must be undertaken within their department to support the strategic plan, to estimate related costs for the budget, and to identify measurable indicators by which the staff, management, and board can assess progress toward the goals over time.

This is also a crucial step for making the strategic plan real for individual departments or staff members, not all of whom may have been directly involved in the planning process. Translating the tenets of a strategic plan into specific operational tasks for each department or staff member is essentially a process of *spreading ownership of the strategic plan* throughout the organization. There is also a very practical purpose: your strategic goals will only be accomplished to the extent that the staff's work (guided by their work plans, management objectives, and the like) are focused clearly on the strategic goals laid out by the board. For example, if your strategic plan calls for tapping into new sources of volunteers for your organization, including retirees, then you'll want to see that the Volunteer Department's annual work plan includes tasks and staff assignments for creating connections in the local retirement community.

Depending on the experience level and existing team processes within your organization, there may still be an important *bridge role* for the consultant to play in helping to convert strategy to implementation. Consider the following:

- ✓ If your organization, or a significant percentage of staff, are *new to strategic planning;*
- ✓ If your last experience with strategic planning *fell short on implementation;*
- ✓ If your organization is relatively *new to outcome measurement*, or the task of identifying specific, measurable objectives. This can be a particular challenge to staff in many human service agencies, where the outcomes sought are often qualitative and appear at first glance difficult to measure "objectively"; and
- ✓ If management overload makes you unsure that this task will get done in a timely and useful manner without an "extra pair of hands."

If you decide to proceed with this sort of follow-up or implementation planning work, it can be a relatively limited engagement, as it is essentially process facilitation – convening a set of meetings where the new strategic plan can be digested and then discussed in terms of tasks and assignments. The "deliverable" is may be an implementation plan or chart that breaks out the strategic plan-related tasks by responsible department and/or staff member. There may also be some training involved – most likely, in helping staff to identify "measurable indicators" for determining if a goal has been met or an outcome achieved. This last task is critical to setting up a system whereby the organization as a whole, and the board in particular, can monitor and evaluate progress and revise the plan if and as needed over time.

How you know when you are "finished"

Strategic plans aren't really supposed to "finish" – they are supposed to be living documents that are monitored, evaluated, and adjusted for changing circumstances, until the strategies have outlived their usefulness and require a fresh look. However, the strategic planning *process* certainly should come to an end. To ensure that your strategic plan is primed for real-world implementation, make sure that the following are in place, or under active development, before you consider your process complete:

- ✓ A *detailed, annual work plan or action plan*, with measurable objectives that can be monitored regularly by your management team (probably monthly or quarterly). The work plan can cover the entire organization, or be divided into departments or work groups, depending on its size and complexity.

- ✓ A mechanism for *regularly reporting back to the board*, including measurement of and periodic evaluation of progress on the plan (at least annually).
- ✓ A *budget* that is tied back in presentation and substance to the major strategic initiatives of the plan.

Lastly, but perhaps most importantly, is to ensure *ongoing opportunities for reflection, analysis and discussion* of progress, successes, impediments, and changing circumstances affecting the substance of your strategy. Reviewing occasional reports of strategic planning progress – whether it is board or staff doing so – is of limited value if there is no consideration of *implications for strategy*. This reflection and discussion time is the substance of making your strategic plan a living document. It can be done within department work groups or the management team (or both), and it certainly should be done at the board level.

Consider setting aside a monthly staff meeting every six months or so to reflect on progress toward the strategic plan. Board meetings should also allow for periodic review of the strategic plan that involves more than simply listening to a report. A strategic plan is exactly that – a plan – while implementation is more like a contact sport. Exercising some diligence in keeping the plan alive and in documenting key successes, challenges, failures and/or revisions to the plan over time is a good way to keep the organization focused on strategy. It also serves to institutionalize both the memory and the learning involved. These are likely to be of use down the road – dare we say, during the development of the next strategic plan?

See Also:

- 🕮 Allison, Mike and Jude Kaye, *Strategic Planning for Nonprofit Organizations – A Practical Guide and Workbook,* Wiley Nonprofit Series, 1997.
- 🕮 Drucker, Peter F., *The Drucker Foundation Self-Assessment Tool – Participant Workbook,* The Peter F. Drucker Foundation for Nonprofit Management, New York, NY, 1999.
- 🕮 Grace, Kay Sprinkel, *The Board's Role in Strategic Planning*, National Center for Nonprofit Boards, 1996. (NCNB #181, 800-883-6262)
- 🕮 Kibbe, Barbara and Fred Setterberg, *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit,* David and Lucile Packard Foundation, The Foundation Center, 1992.
- 🕮 McNamara, Carter, *Facilitator's Guide to Nonprofit Strategic Planning,* The Management Assistance Program for Nonprofits (MAP), Minnesota, MN, 1997.

Stern, Gary J., *The Drucker Foundation Self-Assessment Tool – Process Guide,* The Peter F. Drucker Foundation for Nonprofit Management, New York, NY, 1999.

NonProfit Genie:
http://www.genie.org
FAQ's (Frequently Asked Questions) about hiring and using consultants from California Management Assistance Partnership (C-MAP) and CompassPoint. Includes a series of FAQ's on strategic planning drawn from *Strategic Planning for Nonprofit Organizations* (Allison, Mike and Jude Kaye).

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[1] McNamara, Carter, *Facilitator's Guide to Nonprofit Strategic Planning,* The Management Assistance Program (MAP) for Nonprofits, Minnesota, 1997, page 27.
[2] Ibid, Appendix C-2.
[3] Allison, Mike and Jude Kaye, *Strategic Planning for Nonprofit Organizations – A Practical Guide and Workbook, Wiley Nonprofit Series*, 1997, pp. 152-155.

Section Eleven: Focus on Board Development

In this chapter…

Three ways board development consulting is different

Board development work – bringing in a consultant to provide training, technical assistance, assessment, or other services that build the capacity and capabilities of the board of directors – is different from much other consulting work in three key ways:

- *The "client" is different*. It is less often the executive director, and more often the board chair, a board committee, or some combination. If communication is not clear, the question of "who's the boss" can become a bit murky.
- *The work is different*. Board development work is usually a "quality improvement" exercise aimed at enhancing organizational effectiveness (rather than a "product" such as a strategic plan). It is focused almost entirely on systems and processes.
- *The stakes are high*. If your grant writing consultant writes a less-than-stellar proposal, it's probably not the end of the world. But board development work touches on critical roles and relationships within the organization – the role of the board, its structure and processes, and its relationship with the executive director.

As a result of these distinct characteristics, many of the key topics addressed elsewhere in this resource manual – in particular, *Clarifying Your Project*, *Making the Match*, and *Structuring the Engagement* – deserve a second look when it comes to board development work.

Why do it?

When the stakes are high, the potential for positive return is also. The last ten years have seen a surge in field research into and analysis of the board role in nonprofit and public organizations (see the list of resources at the end). Suffice it to say, the feedback suggests that many, if not most, boards bump along at less than ideal levels of effectiveness. The experts do not offer this as criticism of individual board members' contributions, nor do they lack appreciation of these contributions.

According to most board diagnosticians, the problem is that board members are often trapped in an outmoded or "traditional" board structure that doesn't strategically leverage their support for either the organization or the executive director. The board members attend monthly meetings, listen to reports, participate on committees, and write checks. Dissatisfied or under-utilized board members (who are often key supporters and donors as well) quietly depart without voicing their dissatisfaction. Frustrated executive directors quit, aggravated by ineffective or unwieldy boards. These are clear costs to the organization. While the board effectiveness "wheel" may not be squeaking (loudly), there is much to be gained by greasing it. If you have reason to believe that your board is stuck, then this is your incentive for engaging in board development work.

Types of board development work

Often, the need for board development work is identified as an outgrowth of another project – for example, a strategic plan, capital campaign feasibility study, or an executive search. These processes often bring board members together and cause them to work in different ways or more intensively for a period of time. And this, in turn, can expose areas of challenge or opportunities for improvement. Just as often, these activities renew board interest in the organization and act as energizers, sparking a desire to address their own effectiveness. In either case, these are opportunities that can be seized upon to move the board's collective effort and modus operandi to a new level.

The assistance needed from consultants is often initially defined around specific perceived problems – "My board members don't participate," "Board meetings don't make good use of my time," or "A small group of insiders calls all the shots." Most often, these "problems" are in fact symptoms, and can be traced back to core issues of the organization's *philosophy or approach regarding board role* and *strategies for maximizing individual and collective board contributions*. Understanding and addressing these first underlying core causes for the frustrating symptoms, is usually the key to a successful board development engagement.

The most common categories of board-related consulting engagements include:

- *Executive Search*. While this type of work is focused on recruiting and hiring a new director, it can be a springboard (and may well require) a look at the board's role, structure and effectiveness.
- *Board Retreats*. If a retreat is planned because "we always have" or "we should" have one, then this is a great opportunity to take a step back, look at board functioning as a whole, and make sure the retreat is used as an opportunity to enhance effectiveness, rather than an exercise in reporting.
- *Board Training*. The topics may be fundraising, executive director evaluation, or orientation for a new board chair. Trainings are often a good introductory project for boards and consultants. If a board starts out with a more open-ended request for an "assessment" of board effectiveness, trainings on various topics might also be among the prescriptions.

- *Technical Assistance*. This request to a consultant might result from a generalized sense that board effectiveness is not all it could be, or because a board perceives itself to be in transition. The chosen strategies might involve an initial assessment, board retreats, or trainings. The work might also focus on specific board functions, such as board policies, committee structure, or meeting management.
- *Crisis*. It could be financial or legal problems, an executive termination, or an intra-board revolt or coup. It often takes stress of this sort to drive a board to look at underlying issues of effectiveness and decide to make real changes. More than a few boards have emerged as stronger and more capable bodies as a result.

When clarifying your project, one seasoned consultant counsels that "modular work is good." By all means, take a look at the big picture of board development needs, but then choose a piece of it and work on this first. This helps to moderate any desires to "fix everything." It also allows the critical board-consultant relationship to grow naturally.

Another caution is to separate clear, specific problems from issues of general quality improvement. If there is current serious damage being done from any quarter, or loose cannons on the board (or staff), focus on stopping the active damage first, and then work on more systemic issues. A consultant's intervention can help with both steps, but it is helpful if both client and consultant address these as separate, albeit related, processes.

Finally, don't underestimate the power of peer learning. If you are struggling with where to begin, or how to narrow your focus, consider calling the board chair or executive director of another (highly functioning) organization. The best match is, of course, an organization similar in size and focus, but board excellence is more important. A peer-to-peer discussion or training – chair to chair, or board to board – can be very illuminating. Your consultant may be able to help you identify the right peer organization and coordinate such a training.

Who is the client?

For board development work, clarifying who the client is – specifically, the role of the executive director and board members in relation to the consultant and the project – is a critical part of structuring the engagement. This can be a tricky matter, but it shouldn't be. Efforts to strengthen board effectiveness are the work of the board, and thus the board – board chair, designated board member, or a board committee – should consider itself the client and principal point of contact. If an organization is trying to develop its board, but the executive director is the one doing all the work, then there is a good chance those efforts will be misapplied.

It is, however, neither uncommon nor inappropriate for the executive director to be the first to call and sound out a consultant for board work. And in many organizations, the executive and the board chair have a close working relationship, and thus they may be able to work in conjunction with the consultant. One experienced consultant stressed that it can't be the executive director alone – the consultant needs to have a direct relationship with board members as well. Even in situations where the executive director has diagnosed a problem and is seeking to strengthen the board, client leadership for the consulting relationship should quickly shift to one or more board members. According to another seasoned consultant, the consulting engagement from the outset should model the behavior the board seeks to develop.

Choosing the right board consultant

If you're looking for a capital campaign consultant, you check to see how much money they have raised in the past and for what number and variety of organizations. For search consultants, you analyze the number and retention of placements. Board development work, by contrast, rests much less on technical, quantifiable skills, and much more on the consultant's *knowledge base and experience with boards* and his or her *communication and facilitation skills*.

Board work is about systems, strategy, process, and group interactions. As a result, the success of this work is highly dependent on the quality of the relationship developed between consultant and client – or, in this case, client<u>s</u>, as the consultant will need to interact effectively with many board members, as well as the executive director, in order to maximize success. Needless to say, the consultant's client list, references and resume will be critical to the selection process. In addition to the guidelines and sample interview questions offered earlier in this resource manual (see *Phase 4: Making the Match*), here are some particular things for which to look during both interviews and reference calls:

- ✓ Significant experience working with nonprofit boards. Ideally, the consultant has served as a board member, perhaps worked as an executive director, or otherwise worked closely with boards. Several consultants emphasize the importance of choosing someone with years of experience working with boards – in order to ensure they have seen many of the varied situations that can arise in board dynamics.
- ✓ Experience with organizations of a similar style, organization, or issue focus. The culture and needs of a community-based social justice organization and a medical association are totally different. Look for a consultant who will be comfortable – and make others feel comfortable – in your culture.
- ✓ A track record of success in helping nonprofit boards to become more effective. The emphasis here is on the last three words. Probe carefully for outcomes that demonstrate improved effectiveness among previous clients.
- ✓ Excellent facilitation skills. Nothing kills the potential for good board work like a poorly run meeting or retreat. Nothing heals divisions and generates shared commitment, resolve and energy like an excellent facilitator.
- ✓ Political savvy (with a small "p"). With the possible exception of capital campaigns and mergers or acquisitions, few consulting engagements are more sensitive and political than delving into board-to-board and board-to-executive interactions.

- ✓ A broad toolkit for addressing board effectiveness. While the increase in board-related research has given rise to a number of new, even groundbreaking, "models" for how boards work best, they may or may not fit your organization. Look for someone who signals the ability to be flexible and creative in thinking about how your board can function effectively – not someone who arrives with a strict orthodoxy in tow.

This last point is important, given the proliferation of books, tools, and approaches – some quite controversial – about how boards *should* function (see list of resources at end). You may well want to choose a consultant who is up on all the latest research, and perhaps even has some favorites among the models. In fact, a useful strategy for certain types of board development work can be for the consultant to orient the board to some of the new thinking and research – and then help the group to figure out its own preferred philosophy or approach. When all is said and done, models are just that. What will work for your organization will have much more to do with its unique characteristics, its particular board members, its history, and what stage it is at in its growth curve.

Finally, look for someone who can laugh and have fun in the process, and who may be able to help others do so as well. Board work is serious business, but a little levity can go a long way toward making the process more pleasant and more productive.

See Also:

NonProfit Genie:
http://www.genie.org
FAQ's (Frequently Asked Questions) about hiring and using consultants from California Management Assistance Partnership (C-MAP) and CompassPoint.

National Center for Nonprofit Boards:
http://www.ncnb.org
Web site contains a host of resources and publications for nonprofits, including its "Governance Series," which can be purchased separately or as a set.

American Bar Association, *Guidebook for Directors of Nonprofit Corporations,* Section of Business Law, ABA, 1993. (ABA, 800-285-2221.) Legal but readable, this basic primer defines the roles and responsibilities of nonprofit board members.

Carver, John and Miriam Carver, *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations,* Jossey-Bass, Second Edition, 1997. This seminal work (the new edition updates the 1990 publication of the same name) outlines the Carver Policy Governance Model for boards.

Chait, Richard P., Thomas P. Holland, and Barbara E. Taylor, *Improving the Performance of Governing Boards*, Oryx Press, 1996. This highly-researched and field-tested book, the result of a multi-year study of board effectiveness, follows the 1991 publication, *The Effective Board of Trustees*, by the same authors.

- Taylor, Barbara E., Richard P. Chait, and Thomas P. Holland, "The New Work of the Nonprofit Board," *Harvard Business Review,* September-October 1996. (HBR Reprint #96509, 800-545-7685). This article provides an overview of the concepts outlined in the longer book, *Improving the Performance of Governing Boards,* by the same author.
- Hughes, Sandra R., *To Go Forward, Retreat!*, National Center for Nonprofit Boards, 1999. (NCNB #196, 800-883-6262). This NCNB publication focuses on creating successful board retreats.
- Mathiasen, Karl, *Board Passages: Three Key Stages in a Nonprofit Board's Life Cycle,"* National Center for Nonprofit Boards, 1996. (NCNB #07, 800-883-6262). This NCNB pamphlet looks at organizational evolution in nonprofit boards, and the transitions from founding, to governing, to institutional boards.

Resource List

Web Sites

- **Management Consulting Services:**
  http://www.managementconsultingservices.org
  Our (i.e., the publishers of this resource manual's) web site! Learn more about us, our programs, services and resources, and access our directory of consultants.

- **Alliance for Nonprofit Management**
  http://www.allianceonline.org
  Website contains information about managing nonprofits.

- **Associated Grantmakers of Massachusetts (AGM):**
  http://www.agmconnect.org (click on *Technical Assistance Database*)
  AGM maintains a list of local consultants categorized by type of service.

- **Board Source:**
  http://www.boardsource.org
  Web site contains a host of resources and publications for nonprofits, including its "Governance Series," which can be purchased separately or as a set. (Formerly the National Center for Nonprofit Boards.)

- **Connecticut Nonprofit Consultant Directory:**
  http://www.hfpg.org/cdb/cdbg.htm
  "Guidelines for Hiring Consultants" from the Connecticut Nonprofit Consultant Directory.

- **Consultants Network for Excellence in Nonprofits (CNEN):**
  http://www.consultantsnetwork.org
  Boston-based forum for consultants focused on nonprofits. Provides an on-line member list available to the public.

- **Consultants OnTap:**
  http://www.ontap.org/advice.html \l "checking"
  "How to Hire and Work with Consultants" From Consultants OnTap and CompassPoint (www.compasspoint.org).

- **NonProfit Genie:**
  http://www.genie.org
  FAQ's (Frequently Asked Questions) about hiring and using consultants from California Management Assistance Partnership (C-MAP) and CompassPoint.

- **Nonprofit Quarterly**
  www.nonprofitquarterly.org
  Website of a national journal on the nonprofit sector.

- **Really a Consultant (Or really an Employee)?**
  http://www.irs.gov/tax_edu/teletax/tc762.html
  Check out this IRS Topic (and linked publication 15-A) for more information.

Books

- Allison, Mike and Jude Kaye, *Strategic Planning for Nonprofit Organizations – A Practical Guide and Workbook,* Wiley Nonprofit Series, 1997.

- American Bar Association, *Guidebook for Directors of Nonprofit Corporations,* Section of Business Law, ABA, 1993. (ABA, 800-285-2221.)

- Block, Peter, *Flawless Consulting: A Guide to Getting Your Expertise Used,* Second Edition, Jossey-Bass/Pfeiffer, 2000.

- Carver, John and Miriam Carver, *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations,* Jossey-Bass, 1990

- Chait, Richard P., Thomas P. Holland, and Barbara E. Taylor, *Improving the Performance of Governing Boards*, Oryx Press, 1996.

- Drucker, Peter F., *The Drucker Foundation Self-Assessment Tool – Participant Workbook,* The Peter F. Drucker Foundation for Nonprofit Management, New York, NY, 1999.

- Grace, Kay Sprinkel, *The Board's Role in Strategic Planning*, National Center for Nonprofit Boards, 1996. (NCNB #181, 800-883-6262)

- Hughes, Sandra R., *To Go Forward, Retreat!*, National Center for Nonprofit Boards, 1999. (NCNB #196, 800-883-6262).

- Kibbe, Barbara and Fred Setterberg, *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit,* David and Lucile Packard Foundation, The Foundation Center, 1992.

- Letts, Christine, William Ryan, and Allen Grossman, *High Performance Nonprofit Organizations*, John Wiley & Sons, New York, 1999.

- Mathiasen, Karl, *Board Passages: Three Key Stages in a Nonprofit Board's Life Cycle,"* National Center for Nonprofit Boards, 1996. (NCNB #07, 800-883-6262).

- McNamara, Carter, *Facilitator's Guide to Nonprofit Strategic Planning,* The Management Assistance Program for Nonprofits (MAP), Minnesota, MN, 1997.

- Schein, Edgar, *Process Consulting Revisited: Building the Helping Relationship*, Addison-Wesley, Reading, MA, 1999.

📖 Stern, Gary J., *The Drucker Foundation Self-Assessment Tool – Process Guide,* The Peter F. Drucker Foundation for Nonprofit Management, New York, NY, 1999.

📖 Taylor, Barbara E., Richard P. Chait, and Thomas P. Holland, "The New Work of the Nonprofit Board," *Harvard Business Review,* September-October 1996. (HBR Reprint #96509, 800-545-7685).