



Working with Consultants

A Resource Guide

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Introduction

Whether it's a consultant to facilitate organizational planning, develop a capital fundraising campaign, or help the board and staff navigate an organizational merger, professionals can often provide the expertise we all need from time-to-time to better manage our nonprofits. There are many considerations when hiring and engaging consultants. This guide is meant to provide you with some basic tips for hiring, interviewing, and working with consultants to ensure that your experience is productive and worthwhile.

When to Hire a Consultant

Consider Hiring a Consultant When:

- The organization board and staff lack the specific expertise, experience, or objectivity, and/or the issue is of a financial, technical, or legal nature.
- The project length is short, i.e. a year or less.
- Previous efforts made by the organization were not effective.
- There is disagreement among the board and the membership about an issue and the group is struggling to reach consensus.
- Subjectivity is influencing decision-making and an external entity is needed to bring an objective perspective to the group.
- There is resistance among members of the group to the process and a consultant is needed to provide alternatives.
- The group lacks the time to complete the work and/or the work is not defined by anyone's job description.
- The organization has an obligation to a national affiliate, funder, or other group to involve external and/or expert input.
- The discussion or planning requires the full participation of each member in the work group.
- An issue or project is one-time or infrequent, such as building an office, managing a capital campaign, launching a media campaign, developing a multi-year strategic or fundraising plan, or hiring a new chief executive.
- The organization is faced with a crisis.

Independent Contractors

When hiring a consultant, you will want to take appropriate steps to determine whether this worker will be considered an independent contractor or an employee. There are different rules and tests used by government agencies in determining independent contractor status as different agencies are responsible for separate aspects of law. It is extremely important to understand how different laws may affect you as the costs of misclassification can be significant.

If someone is classified as an employee, you are responsible for paying federal and state taxes, providing Workers Compensation Insurance, etc., and you must comply with all Federal and state employment laws including minimum wage and overtime pay if applicable.

Review these resource about Independent Contractors in TN, MS, which includes information about rules governing independent contractors, FAQs, and contact information for the different agencies that can answer questions about independent contractor status issues.

- The organization has a broad vision that needs focus to be realized.
- The organization board and staff don't know where to start a new effort or how to rescue a derailed effort.
- The project seems to have lost energy, momentum, or enthusiasm.
- The organization needs customized training for board and/or staff.
- The organization needs to explore ideas to create new or streamline existing systems and processes for more operational efficiency.

When Not to Hire a Consultant

- The chief objective is to affirm a decision that has already been made.
- The project lacks the support of board and/or key staff members.
- The organization lacks the time to commit to the process.

Where to Find Consultants

- Momentum's Consultant Directory, a searchable online directory listing consultants and others who provide services or products to nonprofits in the mid-south, is a good place to start when searching for a consultant. Keep in mind that although we take certain steps to examine the work history of the service providers listed on our website, we make no guarantees, warranties or representations regarding the skills or undertakings of service providers or the quality of the work that they may perform for you if you elect to retain their services. Momentum does not endorse or recommend the services of any particular service provider. Partnering with a specific service provider is solely at your discretion.
- Contact professional associations, e.g., networks of facilitators, trainers, fundraisers, accountants, lawyers, technology users, etc. -- such as the Association of Fundraising Professionals, AMA Memphis (American Marketing Association), your State society of Certified Public Accountants (CPAs), State Bar Association, American Evaluation Association, etc.
- Reach out to your own contacts – staff, board members, other stakeholders, your sector peers, i.e. other nonprofit leaders in your area or subsector group. Not only might they have experience hiring and working with consultants, they also might have experts on staff or as volunteers who could qualify.
- Contact institutions that may routinely utilize the expertise of consultants and have experience hiring them such as school districts, universities, colleges, community service groups, state government programs and/or large nonprofit organizations.
- Contact local community foundations or other corporate or private foundations that fund your program.
- Conduct an Internet search.

Before You Hire

Work You Should Do Within Your Organization

- Define the reason you need a consultant, reaching agreement among board and staff. Don't focus on the solution, focus instead on clearly understanding the issue at hand so that you don't spend time and money addressing the wrong problem. Define what you want from the consultant and how you plan to use the result.
- Conduct any environmental research you think will give you a better understanding of the issue you intend to address. Note: Gathering information and conducting research may be work you have planned for the consultant to do, but any information you can gather before work begins will help reduce costs.
- Make sure everyone in your group, including board and staff, has a basic understanding of the project and that there is agreement among all participants regarding:
 - the tasks for which the consultant will be hired;
 - the particular skills you want your ideal consultant to have;
 - the person responsible for managing the hiring process;
 - the persons to be involved in the hiring process and their responsibilities;
 - the roles, responsibilities, and the projected time commitment of each participant including board members, management and support staff, and other key volunteers or community supporters; and
 - the time frame for the project.
- Make sure that everyone (or at least key decision-makers) who has agreed that a consultant should be hired, is willing to commit to the process, such as conducting research and gathering information, preparing for discussion by becoming familiar with all materials and attending additional meetings. Note: Most interactions with consultants do not occur during regularly scheduled meetings, but rather during special planning meetings and/or retreats sometimes organized as multi-day and sometimes involving travel.
- Make sure everyone who should have been involved in the discussion was at least invited to participate. Note: This may include individuals beyond your board and staff including volunteers, funders, partners, parent organization, etc.
- Make sure you have the financial resources to pay for all of the possible expenses. Some items to consider include:
 - consultant fees (see sidebar about consultant fees at right);
 - consultant expenses such as travel time, mileage, lodging, meals, materials;
 - facilities such as meeting rooms and other meeting resources/supplies including audio/visual equipment, etc.;
 - meeting meals;
 - potential additional staff hours including overtime pay for non-exempt employees;
 - participants' lodging (for possible retreat travel) *;

Consultant Fees

Consultant fees vary widely depending upon experience, education, market conditions, and availability.

Most consultants will work with you to determine a fee system that works best for you, whether flat fee, flat fee with negotiable caps, hourly, or hourly with a cap. Some consultants charge separately for service fees and direct expenses such as mileage, lodging, meals, copies, supplies, etc. Others charge a flat rate and include projected expenses in that rate.

You may be able to save costs by hiring a consultant who has a long-term contract with a neighboring organization and who is willing to schedule visits to coincide with work being performed at the other organization to share travel costs.

- participants' meals*;
- participants' travel mileage*.
- Explore with your group the type of consultant you might need (e.g. educator, trainer, resource, facilitator, cheerleader) and the area of expertise (e.g. fundraising, marketing, planning, governance, generalist, etc. or more than one).
- Develop a timeline for the project beginning with a completion date and work backwards to the date on which you should secure a consultant.

**If participants agree to waive reimbursement, ensure prior agreement.*

Steps to Hiring a Consultant

After you have completed the necessary preparation within your organization consider the following steps for hiring a consultant.

1. Develop a Request for Qualifications (RFQ) or Request for Proposals (RFP) outlining the following information to help prospective consultants provide relevant and accurate proposals:
 - a. the organizational mission and basic background,
 - b. description of project needs and goals,
 - c. estimated length of time for project,
 - d. description of envisioned role of consultant,
 - e. description of desired outcomes and key deliverables,
 - f. expectations for skills and abilities of consultant (including experience),
 - g. project budget or budget range,
 - h. request for general resume,
 - i. request for bids/fees/expenses,
 - j. request for references,
 - k. application procedures, including deadline for receipt of proposal and contact for submission, and
 - l. a selection timeline.
2. Distribute RFQ/RFP to your selected group of potential consultants or distribute broadly through your communication channels and networks, e.g. advertisements, posting to your website, job target sites, and through social media tools.
3. Assemble a committee to review consultant proposals and determine which applicants receive additional contact.
4. For those consultants being seriously considered for hire, develop questions for reference and contact all references supplied by the consultant in his/her proposal. See reference tips on page 5.

Consultant Interviews

Include or omit questions as necessary to assess a consultant's fit based on your needs and goals.

- *Tell us about your philosophical approach to consulting.*
- *What is one of your most successful (and one of your least successful) consulting experiences? What do you think worked and what did not work? What would you change?*
- *Why are you the best consultant to work with our organization?*
- *What will you need from us to ensure a successful consulting relationship?*
- *Tell us about your experience with projects or issues like ours.*
- *Have you worked with an organization for an extended period, rather than for one-time or day-long sessions? (Note: You may ask this question in reverse depending on the length of time anticipated for your project.)*
- *How do you prepare for a consulting session?*
- *How do you evaluate consulting sessions?*
- *Would you bring in other consultants to aid in this project? If so, what can you tell us about them?*
- *Generally, how many other projects will you be managing during the duration of our project?*
- *Share a consulting experience you've had in which you disagreed with the project direction and/or the decisions being made. How did you handle it?*
- *What strengths do you have that will be particularly useful for this project?*

5. Assemble a committee to interview your final candidates. Allow enough time to conduct a thorough interview and provide opportunity for all involved to ask questions. Draft questions that explore the candidates' expertise, experience, knowledge of issue/project, ability to listen and understand, ability to adapt and exercise flexibility, and willingness to professionally challenge your initial views and articulate their views clearly and non-aggressively. Asking for samples of prior work may be appropriate as well, depending on the type of work. See sample list of interview questions on page 4.
6. Don't select someone just because they submitted the lowest bid; be prepared to negotiate. Many consultants can and will be flexible with fees and other details – don't forget to ask. See sidebar on consultant fees on page 3.
7. Find out how much time and attention you can expect your project to receive. Consultants typically manage several projects simultaneously.
8. Write a contract or request a contract from the consultant (or a letter of agreement if the project is very short-term) which includes the following provisions:
 - a. an outline of fees to be paid, including reimbursable expenses and a process for expense review; (If necessary, note how state and federal taxes on fees paid, Workers Compensation, Unemployment Insurance, etc. will be handled. See Independent Contractor sidebar on page 1.)
 - b. a schedule for payment;
 - c. a description of scope of services including expectations of the organization, any specific or unique expectations of the consultant, and expected deliverables/outcomes;
 - d. information/agreements regarding the setting in which the work will take place, if appropriate;
 - e. a project completion date;
 - f. a confidentiality statement including a policy describing the management of proprietary materials and/or products. This may vary depending on whether materials are developed as part of customized deliverables, such as an assessment, strategic plan, or market study, or are training materials that are altered for each client, but are the property of the consultant;
 - g. a cancellation/termination clause to include a statement whether cancellation/termination must be written, length of prior notice for cancellation/termination, and payment for work partially completed at the time of cancellation. Note: Contract law may dictate acceptable cause for termination and contract payment fulfillment.
 - h. process for altering the contract, including a provision to extend or expand the contract by agreement in writing;
 - i. the name(s) of person(s) in your organization with the authority to agree to expenditures or approve work;
 - j. indemnification clause;
 - k. rights to data/products; and
 - l. conflict of interest.

Reference Tips

- *Contact ALL references provided, even if the first one or two are superb.*
- *If you don't receive the information you seek from the references provided, request additional references.*
- *If previous projects are listed on the general resume, but references are not provided for those clients, ask the consultant if you may contact them in addition to the references provided.*
- *Whereas consultant style, personality, and fit for your organization are important, when talking with references, focus on what the consultant helped the referring client achieve while placing less emphasis on whether they "liked" the consultant or the consulting experience.*
- *Ask open-ended questions whenever possible as opposed to questions that can be answered with a simple "yes" or "no."*
- *When evaluating the information provided by a reference, consider the relationship between the consultant and the reference.*

9. Depending on the nature of your project, you may also consider including the following in your contract:
- a. a project reporting schedule;
 - b. a project evaluation schedule;
 - c. parameters for utilizing staff time and staff interaction; and/or
 - d. the names of persons in your organization who will be involved with the project including board and staff.

Note: It is always recommended to consult legal counsel in matters of contract law.

Tips for Working with a Consultant

- Be prepared and prepare your consultant by providing him/her with the most recent version of as many of the following documents as you have available and are applicable to your project. Consider working with your consultant to identify core documents important to the project such as:
 - vision, mission, and values statements;
 - program plan;
 - fundraising plan;
 - board development plan;
 - financial management plan;
 - risk management plan;
 - operations plan;
 - crisis management plan;
 - board recruitment materials;
 - communications/marketing plans;
 - annual report;
 - organizational charts; and
 - promotional materials such as brochures, flyers, etc.
- Give your consultant a sense of office and board culture, particularly how staff and board members work together (i.e. independently or as a team) and how decisions are made (i.e. consensus vs. majority). Also, share with your consultant the lifecycle stage of development of your organization (e.g. beginning, developing, growing, evolving, stagnating, re-inventing, etc.) The better informed your consultant is about your organization and its management culture, the more customized service you will receive and the better the outcome.
- Be honest about the challenges your organization faces. While it may feel uncomfortable, it is important to be frank and forthcoming so that the consultant has the entire story behind the issue you are trying to address.
- Be open to new ideas you are bound to hear, including constructive criticism.
- Make yourself and other team members available to your consultant – sometimes meeting times must be changed and most consultants are flexible, but constantly altering schedules can slow progress and add cost to your project.
- Practice good and open communication. Speak up: Don't be afraid to ask questions. If you are confused, frustrated, or feel that the project is not progressing in the right direction, voice your opinion, and be an active participant in coming to a resolution. Also give thought to internal communication about the project. While it may not be necessary for all staff to know the details of the project, it is important to address any internal uncertainty sparked by bringing in an outside voice.

- Set reasonable, measurable goals rather than broad, vague ones.
- Stay involved with the project and retain decision-making responsibility. For longer- term project, build into the timeline opportunities for the consultant to provide progress reports.
- Make sure you understand “what’s next,” that is, what needs to happen when the consultant leaves. Think about how to incorporate learnings in a systematic way to your organizational practice.
- Pay the consultant in a timeline manner upon receipt of invoices.
- Remember that your organization is accountable to the contract or agreement, too. Be sensitive to the fact that consultants work for a living as well, and if your needs or capacity change and your organization needs to alter or end a contract early, that can impact and potentially sour a relationship if not handled openly and with care.
- Be willing to end an unproductive relationship if efforts to address problems are not successful. While ending a relationship with a consultant should never be done lightly or without efforts to first resolve an issue directly, it is sometimes necessary. Be sure to honor any agreements or contractual obligations regarding the termination of the relationship.

Project Evaluation

The consulting project should be evaluated regularly, including briefly at the end of each meeting (about that meeting’s process), at mid-point in the planning effort, and at its conclusion. Establish a process for making any necessary changes to the scope of the project. Specify in the contract that certain deliverables (e.g., reports, presentations, project reviews, etc.) be delivered during the project.

After the project’s completion (potentially 3-6 months afterwards), evaluate whether the consultant’s recommendations were implemented or not and whether the project’s goals were reached or not.

Establish criteria early on from which the overall consulting effort can be evaluated at the mid-point and end of the project. Establish criteria by having your group and the consultant specify what constitutes a successful consulting project and process. Detailed descriptions of expectations will aid in determining if the project was a success or not and will help identify the specific areas of success and failure.

Don’t base evaluations mostly on feelings. Avoid this mistake by specifying, as much as possible, behaviors and outcomes that will reflect a successful consulting project.