STRENGTHENING NONPROFITS:
A Capacity Builder's Resource Library

Working with Consultants

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INTRODUCTION

The Compassion Capital Fund (CCF), administered by the U.S. Department of Health and Human Services, provided capacity building grants to expand and strengthen the role of nonprofit organizations in their ability to provide social services to low-income individuals. Between 2002 and 2009, CCF awarded 1,277 grants, and the CCF National Resource Center provided training and technical assistance to all CCF grantees. *Strengthening Nonprofits: A Capacity Builder's Resource Library* is born out of the expansive set of resources created by the National Resource Center during that time period, to be shared and to continue the legacy of CCF's capacity building work.

Strengthening Nonprofits: A Capacity Builder's Resource Library contains guidebooks and e-learnings on the following topics:

1. Conducting a Community Assessment
2. Delivering Training and Technical Assistance
3. Designing and Managing a Subaward Program
4. Going Virtual
5. Identifying and Promoting Effective Practices
6. Leading a Nonprofit Organization: Tips and Tools for Executive Directors and Team Leaders
7. Managing Crisis: Risk Management and Crisis Response Planning
8. Managing Public Grants
9. Measuring Outcomes
10. Partnerships: Frameworks for Working Together
11. Sustainability
12. Working with Consultants

Who is the audience for *Strengthening Nonprofits: A Capacity Builder's Resource Library*?

Anyone who is interested in expanding the capacity of nonprofit services in their community – from front–line service providers to executives in large intermediary organizations – will benefit from the information contained in this resource library. The National Resource Center originally developed many of these resources for intermediary organizations, organizations that were granted funds by CCF to build the capacity of the faith-based and community-based organizations (FBCOs) they served. As such, the majority of the resources in *Strengthening Nonprofits: A Capacity Builder's Resource Library* support intermediary organizations in their capacity building efforts. However, funders of capacity building programs (Federal program offices and foundations) and the nonprofit community (including FBCOs) at large will also find these resources helpful. In addition, individuals working to build capacity within a program or an organization will be able to use these resources to support their efforts to implement change and make improvements.

The ***Working with Consultants*** guidebook will be helpful to any organization that is considering contracting with a consultant or is currently contracting with a consultant.

Who developed the ***Working with Consultants*** guidebook?

The guidebook was developed for the Department of Health and Human Services by the National Resource Center.

OVERVIEW

By reading this guidebook, nonprofit direct service organizations, grant makers, capacity builders, and intermediary organizations will better understand the key concepts and elements of effective consulting relationships, the mechanics of contracts and requests for proposals (RFPs), and what working with consultants requires of the hiring organization, including:

- Understanding the differences between a consultant and an employee
- Learning the reasons for and against retaining a consultant
- Creating and posting a request for proposal
- Contracting with a consultant
- Working with the consultant during an engagement
- Evaluating the project and process and implementing changes after an engagement

What is a consultant?

A consultant is "a person in a position to have some influence over an individual, a group, or an organization but who has no direct power to make changes or implement programs."[1] It is a nonprofit's staff that has the power to make changes and implement programs. This is sometimes achieved with the help of consultants, experts who are contracted with for a period of time to complete a particular project or perform a certain type of work. Consultants bring specialized skills, experience, knowledge, or access to information. They can work on their own or be part of nonprofit or for-profit consulting operations. Universities, businesses, and government agencies often have groups of consultants within their organizations. Ideally, a consultant brings an independent perspective to an organization.

There are many issues to consider when thinking about hiring or working with consultants. This report is aimed at providing nonprofit managers with the information they will need to ensure that their experience of working with consultants is a successful one.

Why your nonprofit might need a consultant

Your organization is considering a new fundraising strategy, but you want an independent perspective on how well it might work. You're thinking of purchasing a computer system, but you aren't really sure that anyone on your staff has the expertise to make the right choice. You need an extensive research paper written, but you don't want to bring in additional staff for what is likely to be a short-term project. Consultants can be used to free up time for managers and directors or provide expertise that the organization lacks. Here are some other reasons why a nonprofit might choose to hire a consultant:

- Help search for a new executive director
- Start or fix a fundraising or capital campaign
- Offer legal services or prepare a legal defense
- Create or fix accounting systems

1 Peter Block, *Flawless Consulting: A Guide to Getting Your Expertise Used*, 2nd ed. (San Francisco, CA: Jossey-Bass/Pfeiffer, 2000).

- Identify problems in an organization and help solve them
- Research new trends, obstacles, or events and assess their potential impact
- Train staff or volunteers in essential skills
- Mediate or resolve disputes
- Help an organization's managers reach their goals
- Develop new systems for conducting daily business or offering services
- Identify and solve communication or conflict issues
- Help train new board members
- Help set new goals and develop strategies for meeting them
- Find and install the best equipment for a particular task
- Offer a fresh perspective on an organization's strengths and problems
- Develop "messaging" for an organization
- Provide an independent perspective on a management decision
- Execute highly skilled work for a limited period of time[2]

As you can see, consultants can potentially be useful for an array of purposes. But that doesn't mean they should always be relied upon. One of the most important steps in making good use of consultants is recognizing when *not* to hire one.

Why you might *not* need a consultant

Just because there are consultants for virtually any need you could imagine, doesn't mean that you should retain one. It wouldn't be cost-effective to bring in a consultant to complete a job that could be done by someone your organization is already employing. Before you decide to hire a consultant to help with a project, ask yourself the following questions:

- Could in-house staff do the job if they had additional training and/or supervision?
- Does a board member have the expertise or experience to help? Would it be appropriate for a board member to help?
- Could someone from a sister, trade, or government organization help instead? What about someone from a university or college?
- Are there volunteer advisors or organizations that provide free advice?
- Will hiring a consultant have profoundly negative financial consequences for our organization? In other words, can we afford to hire a consultant?[3]

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2 BoardSource, *The Nonprofit Board Answer Book: A Practical Guide for Board Members and Chief Executives*, 2nd ed. (San Francisco, CA: Jossey-Bass, 2007), 307; Barbara Kibbe and Fred Setterberg, *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit* (New York, NY: The Foundation Center, 1992) http://www.afmfl.org/PDF/Tips%20for%20Hiring%20a%20Consultant.pdf.

3 Harold Lewis, *Choosing and Using Consultants and Advisors: A Best Practice Guide to Making the Right Decision and Getting Good Value* (Philadelphia, PA: Kogan Page, 2006), 7.

- Are we hiring the consultant to delay a decision or action that we know is necessary but don't want to make?
- Are we looking for someone to give credibility to a decision which has already been made and which there is no intention of changing?
- Do we want a consultant to come in so they can take the blame for the mistakes of staff or board members?
- Are we asking the consultant to solve problems that managers, for example, should solve themselves? (If so, consider reframing the project to teach the line managers how to solve these problems so that you are building internal capacity for the long term.)
- Does the consulting project matter? Does it link to larger goals or priorities we are aiming to achieve or compliance requirements of some kind (e.g., accounting standards)?

How to get value out of your consultant

Though there are many success stories about nonprofits and consultants, there are some disappointments reported as well. Some managers complain that the consultant they hired didn't provide the outcome they were expecting, focused on the wrong problems, or even created *new* problems. To make sure that you and your organization don't become a cautionary tale, it is important to consider some ways that things can go wrong:

- The organization fails to define the project properly
- The consultant selected doesn't have the knowledge or skills needed
- The consulting firm replaces the people you thought you hired with less-qualified substitutes
- The consultant isn't properly supervised
- The consultant isn't given the necessary information and help from the organization[4]

All of these pitfalls are within an organization's power to avoid, and they are often a result of making mistakes in some stage of the process or missing a crucial step, e.g., defining the problem, choosing the right consultant, or managing a consultant as they work. Getting the most out of a consulting relationship means that managers need to be informed and take a proactive approach throughout the entire consulting process.

PREPARING FOR A CONSULTANT

Success with consultants starts long before that first interview or reference check. Once you've decided that you have a valid reason for hiring a consultant, there are a few important steps your organization should take before placing a listing. Neglecting these steps can doom your effort from the start.

Clearly Define Your Project and What It Will Require from You

Sure, you've got an idea of what you hope the consultant you hire is going to accomplish. Or do you? Taking the time to make sure that your project is accurately and clearly defined is perhaps the most important thing

4 Gordon Perchthold and Jenny Sutton, *Extract Value from Consultants: How to Hire, Control, and Fire Them* (Austin, TX: Greenleaf Book Group Press, 2010), 12.

you can do to get a consulting relationship off on the right foot. After all, how can you be sure you're picking the right consultant to meet your organization's needs if you don't actually know what those needs are?[5] For example, if you want to raise more funds, have you identified spending and program priorities or will the consultant help you do that? Are you and your board willing to work with the fundraising consultant? It is not uncommon when defining a project to mistake the symptoms for the problem. This kind of misidentification can send your consultant down the wrong path, resulting in an unnecessary waste of their time—and your money.[6]

Defining the project

To make sure that you define your project as fully and accurately as possible, you and your colleagues should ask the following questions:

- What is the problem and how does it affect us? (Another way to think about this question is to ask: Is the problem important enough that it needs fixing or solving? What happens if it is left alone?)
- Will solving this problem advance a priority or goal that the organization is currently pursuing?
- What additional work needs to be done to fully define this problem and solve it? Is this something the consultant would do?
- What are the possible outputs or results needed to solve this problem?
- What technical expertise is required to complete this work?
- What parts of the work could be done in house, by staff?
- What parts of the work need to be done by the consultant?
- What resources do we have available for the project, including consultant fees, materials, *and* staff time spent with the consultant and each other on the issue?
- How quickly does the project need to be completed?
- Are there any security, risk management (liability), or confidentiality concerns?

Taking the time to really think about your problem can help reframe your project. For example, "We need a new executive director" can become, "We need a new executive director within ninety days, while at the same time resolving the problems on our board that led to the departure of the last three directors, and we need both of these things done for less than $10,000." The first statement of need might entail hiring an executive search firm. The second would require someone to work with the board of directors in addition to assisting with the search.

It may also be worthwhile, once you have fully defined your project, to once again ask yourself if hiring a consultant is really the right choice. Could this work actually be carried out in house? Will hiring a consultant for this project be a valuable investment?[7]

Another important consideration is whether or not the project is one for which you can legally hire a consultant. For example, in many states it is illegal for a consultant to fundraise for you, or collect funds, unless the consultant is a licensed solicitor. A nonprofit should not compensate a fundraising consultant on

5 Ibid., 17.

6 Kibbe and Setterberg, *Succeeding with Consultants*.

7 Leo Dobes, *Managing Consultants: A Practical Guide for Busy Public Sector Managers* (Canberra, Australia: ANU E Press, 2006), 9.

a commission or percentage-raised basis.[8] It would not be a problem, however, for fundraising consultants to train your board or staff, or to help you implement policies and practices that could increase your fundraising capability.[9]

Be Realistic about Costs

Before you decide to hire a consultant to help with your project, take a good look at the costs that are likely to be involved and make sure you can afford them. Break the project down into tasks and estimate the expenses for each one, including:

- Overtime or longer hours for in-house staff
- Photocopying materials that the consultant needs or provides
- Supplies
- Equipment
- Events, such as retreats
- Seminars
- Printing
- Software
- Fees

Consultants are not generally a cheap proposition, though this shouldn't necessarily deter you from hiring one. Letting a problem go unfixed can prove even more expensive. When you start figuring out which consultants you want to work with, you will receive estimates from them for your project. Consultants charge either a flat rate for a project or bill by the hour. They may be open to working under either type of fee system, depending on the organization's preference. Their rates will reflect their level of expertise and experience, as well as how readily available that expertise is in the marketplace.[10]

If the estimates you are getting from consultants seem well beyond your means, don't despair. There may be ways for you to cut costs. If you have been considering hiring a team of consultants, it may be possible to restructure your approach to the problem to allow more of the work to be done by in-house staff.[11] Is there another organization you are friendly with that shares the same problem? Perhaps you can partner and split the costs of hiring a consultant to solve it.[12] You could also approach funding sources that have a particular stake in the project's success and see if they would be willing to provide you with extra cash.[13] Many foundations operate management assistance programs to help nonprofits hire and pay for consultants for specific needs.

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8 Panel on the Nonprofit Sector, "Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations," October 2007, http://www.nonprofitpanel.org/report/principles/Principles_Guide.pdf.

9 Barbara L. Ciconte and Jeanne G. Jacob, *Fundraising Basics: A Complete Guide*, 2nd ed. (Sudbury, MA: Jones and Bartlett, 2005), 517.

10 Perchthold and Sutton, *Extract Value From Consultants,* 28.

11 Ibid., 32.

12 BoardSource, *The Nonprofit Board Answer Book,* 307.

13 David Newman, *The Manager's Pocket Guide to Using Consultants* (Amherst, MA: HRD Press, 2007), 20.

Finally, a nonprofit may find it possible to have consulting services donated or offered at a reduced rate, if the consultant wishes to use this as a way of supporting the organization's mission. However, don't make any assumptions when developing your budget unless you already know of a qualified consultant who is willing to donate time. Just because you are working for a worthy cause does not mean that a consultant can afford to work for you for free.

Generate Internal Commitment

You can have a perfectly defined problem and successfully select the best consultant to solve it and still end up disappointed if you or other members of your organization aren't truly committed to the issue at hand. Make sure to involve the relevant people, whether board members, managers, front-line staff, or key donors, before you move ahead with the project. Don't just seek to persuade them of the wisdom of the project. Seek out and listen to their concerns about hiring a consultant.

It can be unwieldy and expensive to involve everyone, so think about who will implement the changes the consultant recommends. Those people usually need to be part of the process *before* the consultant's final report is delivered. If you don't employ this approach, you may end up with team members who are disinterested in helping out or who actively seek to thwart change.[14] Nonprofits with specialized departments, such as human resources, finance, policy, program, etc., may need to make sure that all functions are involved in the consulting project so that a key aspect of the organization is not neglected. Many consultants work across the functions of a nonprofit to fully understand a problem and recommend solutions.

As part of this process, make sure you know who will be involved in the project and what roles they will play. Who is the lead contact with the consultant, responsible for regularly evaluating the work and making sure things are on track? Which in-house staff members will perform aspects of the work? Who will supervise them? Who will sit on the committee (if such a committee is necessary) to oversee the project, and what will their responsibilities be? Make sure that each of these people knows what is expected of them and is willing and able to do the job. Supervisors need to recognize when staff are contributing to a consulting project and ensure that other responsibilities do not interfere. This internal commitment to a project will set the stage for implementation later on.

SELECTING A CONSULTANT

Now that you've gotten everything prepared, it's time to pick a consultant or consulting firm. Making the right choice may seem daunting when faced with countless possibilities, but if you apply a solid process and avoid a few common errors, you'll be well on your way to finding the consultant who is the best fit for your needs.

Clearly Define Your Project

Just like during the preparation stage, defining the project is a crucial step when selecting a consultant. Failure to do so could mean you end up with an unqualified consultant or someone who is qualified but wastes time working on the wrong problems. If you don't take this step, you'll be limiting your selection in a bad way right from the start.[15]

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14 Kibbe and Setterberg, *Succeeding with Consultants.*

15 Dobes, *Managing Consultants,* 13-14.

Skipping this step will also make it tougher for you to resist the "hard sell." Consultants, after all, must also play the role of salesmen, promoting their services to you in order to get the job. But the best salesman isn't necessarily going to be the best consultant. Having a strong and specific idea of what your project is, and the skills a consultant needs to have to accomplish it, will help keep the selection process focused on what you need and not what someone else is trying to sell you.[16] It is incumbent upon the nonprofit to be a sophisticated consumer of consulting services and to be clear about what it wants.

Identify the Technical Expertise Needed

After you have framed the problem, you must consider what type of expertise is needed to successfully address it. In other words, what professional discipline or degree is appropriate and what training, skills, and knowledge does a consultant need for the project? For example, a consultant who can write a program grant proposal is usually different from a fundraising consultant who will work with your board to identify individual donors and engage them in the organization. The former might be a highly skilled writer, researcher, and editor, while the latter needs experience working with boards of directors, cultivating individual donors, creating fundraising plans, analyzing donor history, understanding donor stewardship, etc. In a world where consultants often specialize, it is important to identify the specific expertise you need.

Clarify the Consultant's Role

It is important to recognize that some consultants merely function as a "pair of hands," doing something the organization does not have the time or requisite expertise to accomplish itself. This is in contrast to consultants who teach the organization a new skill or how to handle a problem so it doesn't occur again. Consultants with the ability to impart knowledge do so by collaborating with staff (and maybe board members) to build their expertise in ways that a "pair of hands" cannot. This approach transfers the consultant's expertise to the organization. Accordingly, working with this type of consultant requires the commitment and involvement of the relevant managers, front-line staff, board members, etc. An RFP needs to clearly communicate your decision about the consultant's role.

Consider Your Options

If you've already worked with a consultant and had a great experience, bringing them back for your next project may seem like a safe bet. However, the skill set that worked so well for your previous endeavor might not apply to a new and different consulting assignment. You first need to determine if the new project calls for different expertise or the outside perspective of someone who has never worked with your organization. If one or both of these factors apply, then it's worth going through a complete selection process. This may seem like a time-consuming, unnecessary expense, but it will ensure that you are getting the most qualified person for the job, whether or not you've worked with them before.[17]

In a similar vein, it can be tempting to see hiring a large, well-established consulting firm as a safe way to shortcut the selection process. However, while large firms can be perfect for the right project, they can just as easily be a poor fit for others.[18]

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16 Roberta L. Westwood, *The Best Fit, The Best Results: Successfully Hiring Human Resources Consultants* (Toronto, Ontario: CCH Canadian, 2000), http://www.itenders.com/article/westwood1.html.

17 Perchthold and Sutton, *Extract Value from Consultants,* 23.

18 John J. McGonagle and Carolyn M. Vella, *How to Use a Consultant in Your Company: A Managers' and Executives' Guide* (Hoboken, NJ: John Wiley & Sons, 2001), 147.

Carefully Weigh Recommendations

Word of mouth can be one of the best ways to find out about potential consultants. But while a recommendation from a trusted friend or organization about someone who has demonstrated their abilities counts for a lot, it's not everything. Personal networks are best used as an important element of a complete selection process.

However, when a recommendation comes from a board member, executive director, or influential donor, it can be difficult not to feel a sense of obligation to follow through on it. You might fear causing offense if you hire someone else. But how much more offensive would it be if the project fails because you picked the wrong consultant? When you receive a suggestion about a possible consultant from an influential person or supervisor, request a proposal and solidly evaluate whether the recommended person has appropriate qualifications, good references, and experience.[19] Compare this candidate to other potential consultants, and if you feel that someone else would be a better fit, politely explain to the influential person why you went with the choice you did.

In a situation where the person being recommended is a board member or a close relative of someone on your staff, you must consider yet another factor. What would be the fallout if the consultant failed to perform and the contract had to be terminated? Would it affect the health of the organization? Will hiring that person result in a conflict of interest or a lack of impartiality in a project that requires an independent, outside perspective?[20]

The Selection Process

Now that we've established how important it is to have a clearly defined purpose and not to make a hire just because it proved a good fit last time, or because you don't want to offend an assertive board member, let's look at how to go about finding the right match for your project. For smaller projects, it may be enough for the lead in-house contact or a manager to oversee the selection process. For larger projects or in bigger organizations, it may be prudent to form a committee instead.[21]

After defining the problem, these are the core processes involved in selecting a consultant:

- Create a request for proposal (RFP).
- Identify websites and sources for posting the RFP.
- Identify potential consultants and ways to find them.
- Post the RFP and distribute it to consultants.
- Review material submitted (proposal responses, resumes, cover letters, samples of work, etc.), compare it to the RFP criteria, and sort candidates into three groups: yes, no, and maybe.
- Discuss the candidates with staff or your hiring team and decide if you need to conduct phone interviews before meeting people in person. Narrow your candidates down to a "short list."
- Conduct interviews.
- Make a selection.

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19 Westwood, *The Best Fit*.

20 Ret Boney, "Ups and Downs of Nonprofit Consulting," *Philanthropy Journal*, 10 November 2009, http://www.philanthropyjournal.org/resources/special-reports/nonprofit-consulting/ups-and-downs-nonprofit-consulting.

21 Montana Nonprofit Association (MNA), "Principles and Practice for Nonprofit Excellence: Working with Consultants," MNA, http://www.mtnonprofit.org/uploadedFiles/Files/Org-Dev/Principles_and_Practices/MNA_Sample_Docs/Working%20With%20Consultants.pdf.

Experts vary as to the proper order of some of these elements. Some recommend that you conduct interviews before making a short list and only ask for RFPs from those who make the list. However, reviewing RFPs is generally less time-consuming than scheduling and conducting a large series of interviews. Whatever process you decide to use, make sure that it is identically applied to each applicant, even those with whom you have already worked. This will enable you to make as clear and fair a comparison among candidates as possible, and it will also protect you from possible legal action.[22]

Where to find consultants

Your best method for finding appropriate candidates is to post the announcement where these candidates "live" online. Identify organizations and individuals who know qualified candidates, and then use standard nonprofit posting forums for consultants. The following methods should be appropriate for the type of consultant you seek:

- Membership organizations you belong to may have consultant databases or informal lists. Such groups include your state or regional nonprofit association, regional association of grantmakers, and foundations with management assistance programs.
- Read publications about nonprofits and local businesses and see what consultants they talk about.
- Foundation program officers, including those who run capacity building or management assistance programs, may know of consultants.
- Look for books, articles, or blogs written by consultants working in your area.
- Talk to similar organizations and see who they have worked with.
- Advertise the consulting posting on Craigslist, Idealist, and the Foundation Center's Philanthropy News Digest (PND) Job Corner.
- Use Internet searches.
- Contact professional associations and ask for recommendations.[23] (See Appendix B for examples of professional associations.)
- If one aspect of the qualifications includes a candidate's ethnic background, personal experience with the issue at hand, or the organization's mission, distribute the RFP to people who are members of these groups and the websites, listservs, and organizations that serve them.
- Ask your staff, volunteers, and board members, and post the announcement on your website in a way that it won't be missed.
- Ask program officers of foundations that you work with or that fund you.

Keep in mind that there is no required professional accreditation for many types of consulting (e.g., strategic planning, marketing, social media, board development) as there is for certified public accountants or lawyers. Although some fields have accreditation, as long as there is no legal requirement for a certain credential, a consultant can work in that field without the credential.[24] Even if consultants have credentials, you need to determine if they meet the criteria laid out in the RFP and if they would be a good fit with your organization.

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22 McGonagle and Vella, *How to Use a Consultant*, 157.

23 Ibid., 145.

24 For example, the Association of Fundraising Professionals awards the Certified Fundraising Executive (CFRE) and Advanced Certified Fundraising Executive (ACFRE) credentials, the Society for Human Resource Management administers three certifications for human resources professionals, and the Institute of Management Consultants USA certifies management consultants.

Technically, anyone can call themselves a consultant, which means that you'll need to do your homework.[25]

The request for proposal (RFP)

Taking the time to write and distribute an RFP will help ensure that the proposals you receive are in a similar format and address the same questions and issues. When it comes to making a short list, you will be comparing "apples to apples" instead of wildly dissimilar sets of information.[26]

The RFP describes the project, outlining exactly what services you're hoping the consultant can provide. Consultants are instructed to outline the *process* they would use to fix the problem, not simply propose a solution. They are also asked to submit a cost estimate or description of pricing policies. In essence, the RFP asks consultants to explain why they would be a good fit for your project.

It is important to limit the RFP to the information that will tell you if a consultant is a viable candidate for the job. If the RFP is too time-consuming to complete, you may deter potentially qualified consultants. It will also take you longer to go through the submitted proposals and make your short list of candidates. In most cases, the finished proposal based on the RFP should ideally be two to three pages of information.[27] Remember that the goal of an RFP is not to learn what a consultant's solution to the problem would be, but rather how they would approach finding that solution. For more information, see the sample RFP in Appendix C.

Elements of a good RFP

A good RFP will contain the following information:

- Description of your organization, including statistics and demographics related to target area and population, if appropriate
- Project purpose, including:
  - Definition and background
  - Tasks to be accomplished
  - Required expertise
  - Specific duties (optional)
- Expected outcomes
- Timeline
- Performance-monitoring standards or reporting requirements
- List of deliverables/finished products
- Contract details (as necessary), including intellectual property ownership of materials and period of performance
- Payments, incentives, and penalties
- Contractual terms and conditions, standard contracting forms, assurances, etc.
- Submission deadline (time and date)

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25 Perchthold and Sutton, *Extract Value from Consultants*, 25-26.

26 Newman, *The Manager's Pocket Guide,* 20.

27 Kibbe and Setterberg, *Succeeding with Consultants*.

- Submission address (postal or e-mail)
- List of all documents and information an applicant must submit and the format (Word, Excel, PDF, etc.)
- Who to contact with questions
- Expected decision date

Making a short list

Once you have received the proposals solicited by your RFP, it is time to narrow down your list of candidates. The best way to do this is to carefully review the material and compare it to the RFP's hiring criteria. Another important issue to consider is whether or not a consultant can operate legally in your state or the states where you work. Depending on the nature of the project, there may be fees or registrations required for a consultant to fulfill the role as described.[28] These considerations will do some of the narrowing for you. The rest should be based on the consultants' skills and experience, and the quality of their proposal. Ideally, your final short list will contain two to five candidates to bring in for interviews.

Screening candidates

A form like the one provided below can help you organize and review material submitted by each candidate.

SAMPLE SCREENING FORM	
Hiring Criteria	Candidate Fit with Criteria (Consultant Name)
(Insert RFP criteria in individual rows.)	
Is the consultant's written material free of errors, not sloppy, and accurate in required ways (e.g., using a certain subject line in the e-mail)?	
Recommendation: ❐ Consultant not a fit. Send rejection e-mail. (Add candidate to "no" list.) ❐ Not sure if consultant is a fit. Discuss and hold phone interview if necessary. (Add candidate to "maybe" list.) ❐ Consultant appears to be a fit. Schedule interview. (Add candidate to "yes" list.)	

The Interview Process

Once you have narrowed down the list of candidates, it's important to conduct an interview with the candidates. If possible, this should be done in person. Especially with long-term projects, or those that involve a great deal of interaction with staff, personality and presence can be key factors in a successful consulting relationship.[29] Make sure you have the right team members conducting the interview. Depending on the scope of the project, it can help to have staff from different levels and representing varying functions of the organization. This way you get multiple perspectives on the candidate's responses and get to see how your staff interacts with the candidate.

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28 Eugene A. Scanlan, *Fundraising Consultants: A Guide for Nonprofit Organizations* (Hoboken, NJ: John Wiley & Sons, 2009), 27.

29 Kibbe and Setterberg, *Succeeding with Consultants.*

Interview questions

A standard set of questions should be asked of each candidate, with probes and follow-up questions as appropriate. Remember, you will already have the consultant's response to the RFP, so the interview should center on questions you have about the proposal and fit with your criteria. Uniform interview questions allow you to compare responses across candidates. Sample questions include:

- What is your (or your firm's) experience with organizations like ours?
- How would you approach the project?
- Are you the person who would actually perform the work or would you assign the work to someone else in your firm? (If yes to the latter question, what members of the consulting firm would be assigned to the project and what are their qualifications? Can we meet with them?)
- What would you need from our organization to make this a successful working relationship?
- What similar projects have you worked on?
- What is your fee structure?
- What is your current workload? (In addition to qualifications and experience, assess the consultant's ability to take on this assignment. Does the consultant have the available time to meet the deadlines? Are there any conflicts of interest?[30] Will the work they do with you affect the consultant's relationship with other clients? Is the consultant a former employee? Will the solutions they present you with affect the consultant's ability to win other contracts? While these factors aren't necessarily deal-breakers, it is important to take them into consideration.[31])
- How much time would you be able to devote to this project?
- What was your least successful consulting experience and why? [32]

Assessment considerations

In addition to the content of the candidate's responses, ask yourself the following questions about the candidate and the interview:

- Is the candidate a good listener, asking relevant, thoughtful questions?
- Does the candidate give direct answers to questions or avoid them?
- Does the candidate seem more interested in potential future projects than in solving the problem at hand?
- Does the candidate challenge you in an appropriate way? (The ability to confront clients in a straightforward and supportive manner is a vital interpersonal skill that applies to *all* consulting engagements.)
- How well does the candidate analyze the problem, at least preliminarily?
- Is the candidate paying attention to the emotional and interpersonal aspects of the issue? (This is nearly always a factor; observe how the consultant interacts with people during the interview and attends to both the substance of an issue and the feelings it generates.)

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30 McGonagle and Vella, *How to Use a Consultant*, 156.

31 Ibid., 154.

32 Ibid., 157-159; Kibbe and Setterberg, *Succeeding with Consultants*; MNA, "Principles and Practices."

- Does the candidate use jargon without explaining it (if there is no understanding of these terms)?
- What possible solutions does the candidate present and are they realistic?[33]
- Does the candidate state that they want to conduct their own assessment of the situation? (Even though you have defined the project, it is not uncommon, and often desirable, for consultants to engage in a discovery phase to gather data so the consultant has sound and current information upon which to base recommendations. Whether this assessment occurs depend on the project.)

Also, don't be afraid to discuss fees during the interview. The candidates will have given you an estimate in their proposal, but fees may potentially be negotiable. There is no harm in asking about this.[34]

Checking references

In addition to conducting a thorough interview, it is necessary to go through the effort of checking a candidate's references to make sure they have a track record of successfully completing projects. Ask for two to three references from each candidate. It is best to conduct reference checks over the phone, rather than via e-mail, to allow for more dialogue. Open-ended questions will yield the most informative responses. Questions to consider asking when checking references include:

- I want to confirm that this consultant worked for you on a project (identify project). What was the quality of the consultant's work?
- How effectively did the consultant manage the project?
- Did the consultant stay within budget?
- How well did the consultant interact with the lead contact?
- How effectively did the consultant interact with other members of the organization?
- Was the consultant well-prepared for meetings?
- Did the consultant offer useful recommendations and practical solutions?
- Did the consultant meet deadlines or miss any meetings?
- Would you recommend this consultant?[35]

Do not shortcut this process. It is important to contact all of a consultant's references, even if the first one is very good or very bad. A single bad reference does not necessarily mean the candidate should be disqualified. It is possible that the consultant was a poor fit for that organization, but would not necessarily be so with yours. Contact the additional references, and if their responses are positive, discuss the negative reference with the candidate and consider their explanation.

If you feel that the references you were given did not provide you with enough information, you can ask for more. You may wish to do this if you see recent or related projects on the candidate's resume for which they have not yet provided a reference. This is considered entirely acceptable, as is asking for a sample of the consultant's work.[36] Many consultants have work samples without a client's identifying information.

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33 Kibbe and Setterberg, *Succeeding with Consultants;* McGonagle and vella, *How to Use a Consultant,* 157-159.

34 MNA, "Principles and Practices."

35 Kibbe and Setterberg, *Succeeding with Consultants*; Ciconte and Jacob, *Fundraising Basics*, 517.

36 MNA, "Principles and Practices"*;* Kibbe and Setterberg, *Succeeding with Consultants*.

Make a Decision

When making your final selection, seek input from everyone on the interview team and carefully consider your hiring criteria, the consultant's responses during the interview, your observations of the consultant, the written proposal and other material, and reference checks. It is at this point that you should see the payoff of applying a thorough and well-structured selection process. You should now have several highly qualified consultants from which to choose.

In making your decision, be sure to look past qualifications to a candidate's organizational style and personality. It can be very helpful to have a consultant who is used to working with organizations of a similar size and culture to your own. Ask for and check references from like-minded groups.[37]

Pick for Value

When it comes to making a final selection, or even while constructing your short list, it can be tempting to pick the cheapest option available. However, the lowest bid isn't necessarily the best value, and it can end up costing you more in the long run if your project fails as a result of selecting a consultant who is a poor fit.[38]

Depending on the nature of the project, you may also receive proposals in which the consultant offers to work based on a commission, hinged upon fundraising success, for example. This is considered highly unethical. A reputable consultant will not work for commission. Fees should always be directly related to the services the consultant provides, such as hourly compensation or travel and administrative expenses.[39]

HIRING A CONSULTANT

When you've finally chosen a consultant, it can be tempting to want to jump right to work. However, you should always be certain to first create and sign a mutually agreed upon contract.

Create a Contract

Writing a contract can be very involved, and it probably feels like the last thing you want to do after a long selection process. However, neglecting to establish a legal basis for your new relationship with your consultant can result in anything from an awkward misunderstanding to a lawsuit.[40]

Contracts provide an array of important benefits. A well-written contract will ensure that both you and the consultant have the same vision of the desired outcome for the project. It can also minimize unpleasant surprises in terms of cost, from which you might not otherwise be protected. In addition, if either you or the consultant wishes to end the arrangement at some point down the road, the contract can spell out an orderly way of doing so that minimizes any legal risks.[41]

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37 Westwood, *The Best Fit*.

38 McNamara, "All About Using Consultants."

39 Ciconte and Jacob, *Fundraising Basics,* 519.

40 Westwood, *The Best Fit*.

41 Melanie Lockwood Herman, "Partner with Care…and a Prenuptial Agreement," Nonprofit Risk Management Center, http://www.nonprofitrisk.org/library/articles/consultants06292002.shtml.

Elements of a contract

What follows is an outline of the structure of a basic contract. It may seem like a lot of work, but keep in mind that, in a good sample contract, much will be written for you. Your work will be in adding the information specific to your organization, your consultant, and the project—much of which you'll already have developed in creating your RFP—and in deciding which clauses are applicable to your specific situation. It is always wise, if possible, to have your attorney review the contract before it is signed. A lawyer may be aware of areas of legal interest specifically related to your project that are not covered here.

Background

The background section is usually at the start of a contract. This section states why your organization has enlisted the help of a consultant. It also details why the consultant is the right choice for the role. In this section, you should also outline the organization's mission, as well as provide any other relevant background information.

Consultant Duties and Services

This section of the contract sets out:

- When the contract begins and ends
- Objectives, tasks, or deliverables expected
- Due dates for all products and deliverables
- Requirements for the length and format of each task or deliverable, and policies for approving them

End Date

It is very important that every contract have an end date, even for long-term projects. Not having an end date risks making your consultant look like an employee, which can get you into trouble with the IRS. Generally, the end date should be the date of the last deadline. If the project extends over a particularly long time, it is recommended that an end date of no more than twelve months be selected regardless. You can always extend the contract or make a new one after that time, but this will help keep the line between employee and consultant clear.[42]

Deliverables and Tasks

In describing the tasks or deliverables you want the consultant to produce, it may be helpful to go back to the RFP for wording. You will, however, want to make sure to thoughtfully review that content before placing it in the contract. Make sure to think about the details of each deliverable. If you expect the consultant to produce a report, how long should it be? What issues should it address? What format should the report be in? If the consultant is to install a new computer system, how many terminals are expected? What software should be loaded in? Also be sure to state here what progress reports or updates you would like the consultant to give you along the way.

It is important that these descriptions be detailed and thorough. This will help ensure that you and your consultant are on the same page in terms of the work you completed. If your description is too vague, it is possible that the contract might not be enforceable, which could leave you in a tough spot later on if your

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42 Stephen Fishman, *Consultant and Independent Contractor Agreements*, 6th ed. (Berkeley, CA: Nolo, 2008), 62.

consultant fails to perform.[43] In writing this section, recognize the difference between specifying the results you expect and dictating how the consultant should go about producing them. The consultant usually determines the method of work and approaches. This is another factor that separates consultants from employees.[44]

Client Agreement

This section of the contract details:

- Systems, information, and documents the consultant will have access to
- Point of contact for consultant tasks and requests
- Commitment and level of effort needed from the organization for the project
- Method of payment
- Maximum or ceiling amount
- Schedule of payment
- Policies for material and travel expenses

The policies for how fees and expenses will be handled should be laid out in as much detail as possible without losing all flexibility. How will the consultant be paid? Will they be paid on completion of the project, or partially in advance? With some projects, it may also be appropriate to pay quarterly or monthly. How will any outside vendors involved with the project be paid? Will the consultant pay them and take the money out of their fee, or will the organization be responsible? If the consultant receives any discounts from vendors, will those be passed on to the organization, or does the consultant keep the difference?[45]

The considerations you need to take into account will depend on the nature of your project. But be sure to discuss them with your consultant and include your agreements in writing in the contract to avoid misunderstandings or complications down the road. You should also establish what's to be done if an unexpected expense becomes necessary. A good policy here is to have both parties agree in writing on any expense before it is incurred.

This section should also state how the consultant's fees, as opposed to payments, will be structured. As mentioned earlier, consultants generally work either for a fixed price or by the hour. You may have already established which method will be used during the selection process, but it is important to put it down in writing.

A fixed price can be beneficial to an organization because it knows exactly what it will be paying, and the price cannot go up without a written agreement. The requirements and deliverables for a fixed-price fee structure should be specifically defined to avoid disputes over the completion of the contract. Consultants generally base their fixed price on an estimate of hours and expenses.

Alternatively, an hourly rate can potentially save your organization money. With a fixed-price contract, a consultant can end up taking less time than expected to finish the project and still earn their predetermined fee. When a consultant bills by the hour, the organization only pays for work required to complete the

43 McGonagle and Vella, *How to Use a Consultant,* 169.

44 Dobes, *Managing Consultants,* 1.

45 Ciconte and Jacob, *Fundraising Basics,* 521.

contract. The risk, of course, is that if the consultant takes longer than expected, it will end up costing the organization more.[46]

The client agreement section of the contract is also where the organization lays out obligations in terms of manpower, access to systems or office space, and information. Specify the consultant's lead contact for the project and what will be expected of this person, as well as of any other member of the organization's team involved in the project. Will the consultant be given office space during the project? Will they have access to the organization's materials or databases? Once again, it is wise to be as detailed as possible. If this seems daunting, remember that much of this will already have been covered in the RFP.

Amending the Contract

This section of the contract can save you a lot of trouble down the road. Setting out in legally binding terms how the contract can be altered will make changes go more smoothly, should they be required. Consider stating in this clause that all changes must be put into writing and signed by both parties before they are binding. Obviously, a needed change can be discussed and negotiated over the phone, e-mail, or in person, but requiring that it also be put in writing is a safer road for both the organization and the consultant. Remember that, in legal terms, enforcing an oral agreement can be next to impossible.[47]

Terminating the Contract

All parties hope that this part of the contract never becomes necessary, but if it does, you'll be glad you included it. This clause sets out how the relationship formed by the contract can be ended. There are two common policies, either or both of which can be included. The first is a statement that the contract can only be terminated with "reasonable cause." In legal terms, a reasonable cause for an organization could be that the consultant failed to meet deadlines or did something that exposes the organization to liability.[48] The second policy states that the contract can be ended with written notice. It is customary to specify the number of days notice required. Thirty days is standard, but you may allow a shorter amount of time for a smaller project. Be sure not to make the notice take effect immediately, though. Once again, this can blur the legal line between consultant and employee.[49]

Confidentiality

Depending on the nature of the project, you may want to include a confidentiality clause in your contract. This can be important if a consultant will have access to sensitive or personal information during the course of their work. The confidentiality section should state clearly what sort of information is considered confidential and how long it must be kept so. The time frame can range from the duration of the contract, to three years, to indefinitely. The contract should also contain some exclusions, such as that the consultant will not be asked to keep confidential any information that is already publicly available or that they might be legally obligated to disclose.[50]

46 Lewis, *Choosing and Using Consultants and Advisors,* 28-29.

47 Fishman, *Consultant and Independent Contractor Agreements,* 84.

48 Ibid., 63.

49 Ibid., 81-82.

50 Milan Kubr, ed. *Management Consulting: A Guide to the Profession,* 4th ed. (Geneva, Switzerland: International Labour Office, 2002), 860.

Records and Ownership of Property

It is important that the contract includes details about who will own what rights to any materials produced by the consultant during the course of the project. There is no "right" or "wrong" policy here, except the policy of avoiding the question entirely. In some situations, it will be appropriate for the organization to own the copyright. This is considered a "work for hire" agreement. In others, the consultant will retain the copyright, but the contract will detail what rights the organization will have to use the materials and for how long.

Keep in mind that in some situations, copyright plays into a consultant's fees. For example, consultants may charge more for their services if the organization is going to retain the full copyright once the work is done. Conversely, the rate may be lower if the organization instead allows the consultant to keep the copyright. Just make sure that, if the latter option is taken, every possible use you might have for the material is considered when you set out what rights you will have in this section. Imagine you wish to use a graphic produced by a consultant in another project further down the road, only to discover that you will be charged a high additional fee.

Indemnity/Applicable Law

Even if the consultant you are working with happens to be your best friend, there is always a possibility that a legal issue might arise during the course of your work together. There could be a dispute between the consultant and the organization, or a situation where someone else is injured as a result of the consultant's activities. In such a situation, the organization could be held liable as well. That is why, in this section, it is important to clearly state:

- Who will be liable and up to what amount of money if an activity related to the project should bring about a lawsuit
- Under which state's laws any dispute will take place
- How the consultant will pay to indemnify you
- How you will pay for an indemnification you might provide to the consultant[51]

If possible, the organization should always ask that the consultant indemnify and hold them harmless for anything that results from their own acts or omissions. If you ask for unlimited liability, keep in mind that the consultant may agree, but only if you pay a higher fee. Depending on the nature of the work, the consultant may actually ask for a clause that limits their liability as well.

If you are concerned in any way about liability, you should also state in this section that the consultant is required to have indemnity insurance. It is acceptable for you to specify what amount of coverage they should have, though keep in mind that asking for a very high level of coverage may actually put some smaller firms or individual consultants out of the running. For that reason, you may not want to require more coverage than is reasonably necessary.[52]

You should also specify what state's laws will apply in the case of a dispute. If the consultant's office is located in or the work is taking place in a different state than that where the organization is located, your attorneys could get into an involved dispute process over which state's laws apply if a suit arises. Specifying this information from the beginning in your contract can end up saving you a lot of money. Usually, it will

51 Herman, "Partner with Care."

52 Lewis, *Choosing and Using Consultants and Advisors*, 24.

work in an organization's favor to state that the laws of its home state will apply, as both the nonprofit and its attorney will be more familiar with these laws.[53]

Independent Contractor

This section is especially important in contracts for long-term projects, where the line between consultant and employee could otherwise become more easily blurred. It is vital that the distinction be kept very clear, or you could find yourself in trouble with the IRS. A serious recent issue found during IRS audits of nonprofits was that many were using what they called "independent contractors" or consultants in a way that the IRS decided was actually employment. The nonprofits involved were forced to pay back taxes and penalties.[54] In this clause, specify that the consultant is an independent contractor who is responsible for paying their own taxes, and who is not eligible for any employee benefits. Also state that the consultant will have the freedom to determine how the work they are being hired for will be carried out, including scheduling and process, though it is still acceptable for you to require that they give you progress reports or attend regular meetings. It should also be made clear that the consultant will be free, throughout the project, to take on work from other clients and that the consultant is not operating as an agent of the organization.

Non-Assignment

Including this section in your contract will help ensure that the consultant you hired is the one who will be doing the work. Otherwise, it would be perfectly legal for the consultant to assign their role in the contract to someone else, except in situations where the work falls under the category of "personal services," such as those of a lawyer, architect, or artist. However, even if the work you are contracting is a "personal service", it can't hurt to add a statement that the work may not be assigned to a third party without the organization's approval.[55] For a sample contract, see Appendix D.

Get Your House in Order

Once the contract is written, there is still one more step you should take before your consultant gets to work. Take the time to clearly define roles for your organization's staff members, if you haven't already. Who will be the project coordinator and what will their responsibilities be? You may wish to form an advisory committee of board members or colleagues who can lend expertise and give outside opinions, or a steering committee of managers. Make sure it is clear who within the organization will have what responsibilities and how they will be held accountable.[56]

MANAGING A CONSULTANT

According to the Meyer Foundation's Management Assistance Program, which helps its grantees with funds for consultants, the experience of working with a consultant usually goes well. Eighty-five to ninety percent of those responding to a recent survey said their consulting experience was "very positive."[57]

Most of the negative experiences reported in the Meyer Foundation survey were rooted in a poor initial selection—a consultant who was too busy to promptly answer calls or e-mails, or who was a bad fit for the

53 Fishman, *Consultant and Independent Contractor Agreements,* 89.

54 McNamara, "All About Using Consultants."

55 Fishman, *Consultant and Independent Contractor Agreements*, 89-90.

56 Newman, *The Manager's Pocket Guide*, 13-14.

57 Ret Boney, "Ups and Downs of Nonprofit Consulting."

organization's culture.[58] However, this does not mean that once you've used a smart selection process to pick the right consultant, your work is done. Making sure you get the greatest possible value out of your consulting experience—and that you don't become that one-out-of-ten with a less-than-wonderful result—comes from taking an active, hands-on approach throughout the consulting process. Once you've selected and hired your consultant, "hands-on" means devoting the necessary time and resources to make sure the consultant's efforts are a success.

To begin, keep your goals and expectations reasonable. Consultants are not employees. They usually work for more than one client at once, which means that not all of their working hours are going to be devoted to your project, unless you specifically arranged for this in the contract. It is important that the consultant responds to your needs, but you should be reasonable when setting deadlines or expectations. You should also not expect the consultant to be present in the office during set hours, unless the particular needs of the project require it. It is a consultant's choice where and when they complete the work they were hired to do. Often consultants will work long or irregular hours during busy times, but they should not be expected to do so unless the project specifically demands it.[59]

Your lead contact should keep these factors in mind while working with the consultant. As long as you are clear and reasonable in your expectations, a good consultant should be happy to meet them. The consultant wants to complete the project to your satisfaction as much as you want them to. However, even the best consultant can get off track if not given proper guidance.

Provide Orientation

It may be difficult to know what information is important to communicate to your consultant. For example, why should you take the time to inform the consultant about your organizational structure and the history of your nonprofit if they are only going to be working with you for a few months? The answer is that knowing as much as possible about who you are and how you work will help the consultant tailor their efforts to your organization's needs and culture.

Before the consultant starts working, you should give them as much information about your nonprofit as possible. It's important to be candid about the issues pertaining to the consulting engagement. Not sharing pertinent information and views can hinder the project. The focus of the project will drive the depth and focus of your orientation with the consultant.

An orientation could cover mission, programs, priorities, operations, and governance. If the consultant did not meet the staff they will be working with during the interview process, arrange for a meeting and provide a tour of your facilities. Include any off-site locations that may be relevant.[60] Help the consultant understand what services you offer, what your market is, and who the key stakeholders are. Much of this can be communicated through materials you already have, such as copies of strategic plans, budgets, website, policies, annual reports, or promotional literature. Having the consultant spend some time in the office, even if they will be working primarily off-site, will give them an idea of how your organization operates. Does staff work independently, in teams, or some mix of both? How are decisions made?[61]

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58 Richard L. Moyers, "Lessons Learned: Hiring Consultants," *Philanthropy News Digest*, 20 June 2007, http://foundationcenter.org/pnd/tsn/tsn.jhtml?id=180700054.

59 Dobes, *Managing Consultants,* 2.

60 Edward J. Tomey, "How to Hire a Consultant," The Corporate Fund, http://www.thecorporatefund.org/how_to_hire_a_consultant.asp.

61 McNamara, "All About Using Consultants."

Managers have been known to complain that consultants essentially ask to be taught everything an organization already knows and then simply pump it back to them.[62] In such instances it could be that the manager blames the consultant for bringing to the surface problems the manager contributed to or knew about. If you truly feel that your consultant has not met the outcomes and deliverables laid out in the contract, it may be worth reconsidering your selection process. Keep in mind that the more a consultant understands your organization and how it works, the better they will be able to customize their efforts to make sure what they produce truly meets your needs.

Embrace Discovery

Even though you have been urged to clearly define your organization's project, one reason you are hiring a consultant is to obtain an outside perspective. Consultants often have their own process for assessing needs and strengths, whether it is for information technology, human resources, or another issue. The length of this phase varies depending on the size of the organization, the number of people involved, the focus of the consulting project, and the issues.

Recognize that your consultant has needs—for data, to access equipment, for interviews with staff, etc.—and that part of the project involves getting valid information to analyze that will serve as a basis for decision making later on. The consultant brings specialized training, but they do not know the organization like the staff does. It is the intersection of the consultant's expertise and the staff's insights and knowledge that sets the platform for solving problems for the long term.

Check in Regularly

Even if the consultant is working with a number of staff members, it is still the lead contact's responsibility to act as the official liaison, monitoring progress and making sure the project is on track.[63] This is upholding the client's end of the bargain. Holding regular meetings is a great way to keep on top of potential issues before they become real problems. Be sure to be an active participant, looking for factors both facilitating and inhibiting the work of the consultant and the staff team. It can be all too easy for managers to "switch off" during meetings, simply assuming that the consultant knows what they are doing. But there are trouble spots even a good consultant can fall into without realizing it. It's the job of the lead contact and the management team to keep the consultant on track.

The lead contact should also make sure that both he or she and the other staff members involved in the project are not procrastinating. If a consultant is waiting for a decision or more information before moving forward, you could be wasting their time and your money. An unreasonable degree of procrastination can even give the consultant reason to terminate the contract.[64] The lead contact should check in regularly with the consultant to make sure they are on target, but should also make sure that staff members are held responsible for holding up their end of the deal.

Checking periodically for slippage is particularly important with complex projects that are for a long duration or that involve several consultants, many staff and board members, or different locations. Some projects need a work plan spelling out time and tasks and who will perform them (consultants, staff, board, etc.).

The lead contact should review the consultant's invoices to make sure they correspond with activities and deliverables that have occurred and have been submitted during the invoice time period. Compare the invoice

62 Dobes, *Managing Consultants*, 13.

63 Ciconte and Jacob, *Fundraising Basis,* 522.

64 Perchthold and Sutton, *Extract Value from Consultants,* 176.

to the work plan and the payments outlined in the contract to ensure that the payment amounts, schedule, and deliverables are as agreed.

Conduct a Feedback Session

Most consultants will want to share with you what they have found out. This can take the form of a meeting during which the consultant shares their findings and looks for reactions among the staff. Whether the consultant is assessing your social media efforts, your QuickBooks data, or your program approach, you paid for their insights and expertise. Now is the chance to learn what they think and react to their recommendations.

Remember, the consultant can't implement the recommendations. That's up to you and your colleagues. The consultant can show you the pros and cons of various scenarios, but it is the organization that decides what to do. Depending on the issues involved in the project, these meetings can cover sensitive topics. This requires the person leading the project for your organization to make sure that the appropriate staff (and board members, if relevant) attend the meeting and are prepared to make decisions.

Heed Warning Signs

In the often-busy culture of a nonprofit, it can be hard to stir up the motivation to deal with what seem like small issues with your consultant, such as interim reports being delivered late or the consultant appearing distracted or disinterested at meetings. However, these can be signs of a larger problem that could threaten the success of your project. It is important to trust your gut when it comes to any actions—or inactions—that make you uneasy. It is also important for you to gather information from colleagues who are working with the consultants. See if their experience is consistent with yours or not. Potential signs that something is going wrong include:

- Project falling behind deadline
- Staff or board members not wanting to work with the consultant
- Confidentiality being breached
- Poor quality of work (also be aware of letting camaraderie and mutual values obscure deficiencies in the consultant's work)
- Consultant avoiding contact or not wanting to work with you[65]

If your intuition tells you something is amiss with your consultant, communicate with him or her promptly and directly. At worst, you will discover that everything is fine. At best, you will catch a problem and resolve it before it becomes serious.

One particularly hard-to-detect problem that you may want to watch out for is "scope creep." Often, work on one project can lead to the discovery of more potential problems that might need to be resolved, and it can be tempting for a consultant to try to take those on as well. By taking an active role in managing your consultant, you can detect this problem at its inception. Make it clear to the consultant that any additional projects will be noted, but not started until after the original one has been completed or, perhaps, initiated concurrently but through a separate RFP process. Remind the consultant to stick to the tasks outlined in the contract.[66] However, also remain aware that there may be times when the consultant discovers issues and

65 Tomey, "How to Hire a Consultant."

66 Westwood, *The Best Fit*.

data that render the original scope of work obsolete or make it a lower priority. In these cases, it is essential to revisit the contract, scope of work, and project to see if it needs changing.

How to call things off

There are many potential reasons why you or your consultant may find it necessary to terminate your relationship. A few examples of legitimate reasons include:

- You discover the project is beyond the scope of the consultant's abilities
- Emerging events, such as the resignation of an executive director, change the situation
- A conflict of interest is discovered
- Funding for the project is cut off
- You and your colleagues do not give the consultant the information, time, or material needed to complete the project
- The consultant failed to perform contractual obligations[67]

If the agreement is being terminated for reasons that are outside of the consultant's control, it is important to reach a fair settlement. Be sure to pay the consultant for the work they have done up to the date of termination. If the contract is being ended because the consultant failed to deliver, it may be useful to have a meeting and review what went wrong. Give the consultant a chance to point out any ways in which your organization could have acted differently to make the project successful.

In some extreme cases where it is clear that the consultant is at fault, you may wish to speak to an attorney to see what options are available.[68]

Evaluate

Evaluation should happen both at the end of the project and at regular periods throughout its duration. Evaluating as you go will help keep the project on track and allow you to recognize shortfalls in the consultant's work or in your organization so that they can be remedied quickly.[69] However, it is important to remember that it is easy to get "false positives" when it comes to evaluating a consultant's work, both at the conclusion of a project and during its progress. A firm or consultant will obviously be eager to declare that a job has been well done, and the lead contact or manager may often have a stake in the situation as well. They will look good if the project is successful, which may incline them to declare a positive result prematurely. Lead contacts and managers should be aware of this potential conflict of interest on both sides and make sure that the evaluation process involves an honest look at the work.[70]

Evaluation doesn't just mean giving the project's deliverables a passing grade. It is also important to examine factors such as the process of hiring and working with the consultant and the outcomes of the project. Here are some questions to consider during the evaluating stage:

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67 Carol A. Lukas, *Consulting with Nonprofits: A Practitioners Guide* (St. Paul, MN: Amherst H. Wilder Foundation, 2001); Perchthold and Sutton, *Extract Value from Consultants*, 163.

68 Tomey, "How to Hire a Consultant."

69 Ciconte and Jacob, *Fundraising Basics*, 522.

70 Perchthold and Sutton, *Extract Value from Consultants*, 160-161.

- What was our organization's input or contribution?
- Did our role contribute to a positive outcome? If so, what should we keep doing for the next consulting project?
- Is there anything we did not do that we should do next time or do differently?
- Are we implementing the consulting project recommendations?
- Did the project accomplish its goals?
- Did the project move the organization towards its larger priorities or long-term goals?[71]
- Did our role contribute to a positive outcome? If so, what should we keep doing for the next consulting project?

It may be useful to ask these questions both within the organization and with the consultant. Sometimes, if the project involved others outside the organization, it is appropriate to ask them as well. The consultant may have insight into how the process or the organization's participation was helpful and whether it could be improved in the future.

The evaluation process can sometimes become very subjective. Try to recognize which views are motivated by feelings and which are founded in objective fact. Both views are important; however, it is important to distinguish between the two. Using the contract as the standard against which the project's successes or failures are measured can help you maintain a clear perspective.[72]

Both three months and six months after the project's conclusion, take the time for another evaluation. Is your organization implementing the consultant's recommendations or using the materials or systems the consultant produced? Being able to look at the success of the project from a long-term view will give you a far better understanding of its effectiveness and make it more likely that future endeavors will be as or even more successful.

LIFE AFTER A CONSULTANT

Consultants are potentially a valuable resource for nonprofit organizations. They can provide skills or expertise that the organization might not otherwise access, which can greatly improve its ability to deliver services efficiently and effectively. Before and during the engagement, the key to succeeding with consultants is to take an intelligent and proactive approach in every stage of the consulting process, from planning and selection to hiring and managing the consultant. Taking this approach will help ensure that working with a consultant turns into a sound investment. After that, staff (and sometimes the board) decides to change, or not. As mentioned earlier, a consultant does not usually have the power to make changes in an organization. All this effort, money, and time will leave you with the choice to implement recommendations of the consultant, use systems the consultant designed, or move forward in some other way. Besides evaluating the process of the consulting engagement, the ultimate measure is whether you and your colleagues are making changes that move the organization ahead in a way consistent with your goals and priorities.

71 Kibbe and Setterberg, *Succeeding with Consultants*.

72 International Federation of Consulting Engineers (FIDIC), "Guidelines for the Evaluation of Consultants Performance," FIDIC, http://www1.fidic.org/resources/contracts/library_docs/consult_quality.asp

APPENDICES

APPENDIX A

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APPENDIX B

Additional Resources

Where to find consultants

Association of Fundraising Professionals (AFP) Chapters
http://www.afpnet.org/audiences/chapters.cfm?navItemNumber=510
AFP's chapters publish member directories and resource guides for consultants in their area.

Association of Philanthropic Counsel (APC)
http://www.apcinc.org
Offers recommendations for which of its member consultants might be a good fit for a nonprofit's needs.

CharityChannel's Consultants Registry
http://www.charitychannel.com/consultants-registry/all-listings.aspx
Features an index searchable by geography or needed area of expertise.

The Chronicle of Philanthropy's *Guide to Managing Nonprofits*
http://philanthropy.com/section/Guide-to-Managing-Nonprofits/197/
Allows you to browse consultants by specialty.

Foundation Center's *Cooperating Collections*
http://foundationcenter.org/collections/
The Center's funding information libraries usually maintain lists of local consultants.

Giving USA Foundation's *Annual Survey of State* Laws *Regulating Charitable Solicitations*
http://www.givinginstitute.org/members/pdfs/spotlight10_issue1.pdf
A useful resource for knowing if a consultant can operate legally in your state. (Updated as of January 1, 2010.)

National Council of Nonprofits (NCN) State Association Locator
http://www.councilofnonprofits.org/salocator
You can preview a consultant if that person is conducting training for your local state nonprofit association. (Many state and regional nonprofits also maintain directories of local consultants.)

Philanthropy News Digest (PND) Resource Directory
http://foundationcenter.org/pnd/resources/
Includes ads and descriptions of consultants.

Finding volunteer consultants

The Taproot Foundation makes grants of professional consulting services, called Service Grants
http://www.taprootfoundation.org/getprobono/

Corporation for National & Community Service
http://www.getinvolved.gov/

HandsOn Network
http://www.handsonnetwork.org/nonprofitgov

Senior Corps
http://www.seniorcorps.gov/for_organizations/overview/index.asp

VolunteerMatch
http://www.volunteermatch.org/nonprofits/

Colleges and Universities
Many graduate programs in public and business administration (MPA and MBA programs) offer "clinical" programs through which students, under the supervision of faculty, apply their classroom learning and experiences to organizations. Contact your local colleges and universities to see if these programs exist.

Places to post RFPs

Idealist.org
http://www.idealist.org/if/idealist/en/Post/Simplified/default

Philanthropy News Digest
http://foundationcenter.org/pnd/jobs/submit.jhtml?reload

Nonprofit Technology Network (NTEN) Discussion List
http://groups.nten.org/NTENDiscuss
If you're looking for an information technology consultant, try posting an RFP on NTEN's discussion list.

APPENDIX C

Request for Proposal Instructions with Sample Text

Once you've determined that you need a consultant, your next step is to create a request for proposal (RFP). A good RFP is a critical part of finding the right consultant and helps generate proposals that respond to your specific needs. A good RFP also leads to unambiguous proposals that can be scored relative to each other and to your expected performance standards and outcomes. This appendix provides guidance on what components should be included in your RFP. It also offers sample text that you can use as a model for your RFP.

A. Statement of Purpose

Your RFP should begin with a brief description of the sponsoring organization and the project for which you are seeking a consultant. In this section, you may also wish to include information about the project's maximum budget. Provide the date by which responses should be sent, and direct applicants to a later section that will offer further submission details.

Example: The Great Scott Arts Association (GSAA), a new organization in Mosquito Falls, MN, is seeking a consultant or consultants to assist in its initial setup, the analysis of possible administrative and performing space, and the creation of a staffing plan.

B. Background Information

In this section, provide a clear, detailed description of your organization and its work. If possible, you should also include statistics and demographics that relate to your service area and target population. The level of detail you use in this section should be determined by what information the responder will need to prepare an adequate proposal.

Example: GSAA was established in 1991 to assist several existing cultural groups in Mosquito Falls and to promote and coordinate arts activities in the area. Mosquito Falls is a town of 7,500 people about thirty miles north of Saint Marvin, on Highway 10. Cultural organizations in Mosquito Falls include a community theater, community orchestra, the county historical society and a separate history museum, a community art school, and a Comprehensive Arts Planning Program (CAPP) group. To date, GSAA is incorporated as a nonprofit and has tax-exempt status and a board of directors, but no staff or office space.

C. Tasks to Be Accomplished

This is a list of deliverables/finished products; it is the meat of your RFP document. It should include details about the specific duties you're expecting the contractor to perform and the outcomes you're anticipating. You'll also want to include a timeline for delivering work and outline your methods for monitoring performance. Additionally, provide a list of the finished products the consultant will deliver to your organization, and when each product should be completed.

Some people feel that an RFP should dictate "what" and not "how," providing objectives rather than a detailed task list or description of methods. This approach gives applicants creative license to use their expertise in designing an approach to the issues outlined in your RFP. Some organizations will choose to break this section down into subsections: scope of work, outcome and performance standards, and deliverables.

Example:

Task 1: Continue development of the association and its plan for the future.

1. Work with a task force of member organizations to determine what joint needs GSAA should address and to write GSAA bylaws by end of period of performance.
    1.1. Timeline: Adjourn task force by February 2009.
    1.2. Outcome: GSAA will be better positioned to address its needs in a well-structured environment.
2. Implement a general membership structure and campaign.
    2.1. Timeline: Complete structure document and campaign outline by March 2009 and initiate campaign by May 2009.
    2.2. Outcome: GSAA will have a clarified membership structure that positions it to solicit new membership.

Task 2: Research possible funding sources.

1. Identify possible local and national funding sources.
    1.1. Timeline: Begin research immediately and continue throughout the period of performance; provide a list of potential donors.
    1.2. Outcome: GSAA will have a stronger funding base, including local and national sources, and private and public sources.

Summary of Deliverables

All deliverables are due by the end of the period of performance.

1. Bylaws document
2. Membership structure document and campaign outline
3. List of potential donors

D. Contract Details

This section provides details that a potential consultant would want to know up front.

- Period of Performance – Specify the length of the contract, including start date and end date, and the options for renewal.
- Payment, Incentives, and Penalties – List the terms of payment for adequate performance. Highlight the basis for incentives and penalties. Include the maximum fee for the project.
- Contractual Terms and Conditions – Here you'll attach contracting forms, certifications, and assurances. You might also want to include requirements specific to this particular contract.

E. How to Submit a Proposal

This section details instructions your applicants must follow in submitting a response to your RFP, including submission e-mail or mailing address, deadline, who to contact with questions, expected decision date, and a list of all documents and information an applicant must submit and in what format.

Example:

Please submit the following, no later than October 9, to Jason Johnson, Mosquito Falls Music Center, 116 8th Street, Mosquito Falls, MN 56000; jjohnson@mosquitomusic.org. Electronic versions welcome.

1. Technical approach describing how you will carry out the tasks outlined above.
2. A summary of your recent and relevant projects.
3. A firm estimate of the fees to be charged and an estimate of expenses that would be incurred.
4. Resumes of all consultants who would be involved in the project.
5. Names, phone numbers, and e-mail addresses of individuals at three nonprofit organizations who have been your clients during the last eighteen months, whom we can contact as references.

We will hold interviews with finalists during the week of October 12, 2008. If you have questions, please e-mail them to jjohnson@mosquitomusic.org.

Sources

Sample RFP text adapted from content created by Barbara David, courtesy of the Free Management Library, http://www.managementhelp.org.

RFP guidance

- American Planning Association (http://www.planning.org)
- Southern New England Nonprofit Consultant Directory (http://www.sneconsultant.org)
- RFP Evaluation Centers (http://www.rfp-templates.com)

APPENDIX D

Sample Contract

A. Background

This section will provide some context about the parties entering into the agreement. It is recommended to keep this section brief.

1. Purpose of agreement. Write about why the organization enlisted the help of a consultant. You may be able to copy language from your RFP.

   Example: "The purpose of this agreement is to build XYZ Neighborhood Center's capacity to acquire private funding."

2. Consultant background. A brief statement about the consultant's capabilities will provide context as to why the consultant is suitable for the project. You may be able to take this text directly from the consultant's proposal.

   Example*:* "Adam Adams is a leading local expert on fundraising and grant writing for Federal, state, and local grants. With twenty years of experience building the capacity of nonprofit organizations in the Washington, DC, area, Adam Adams is committed to strengthening youth services."

3. Client background. Provide background information about your organization's mission in a few sentences.

   Example*:* "XYZ Neighborhood Center's mission is to provide after-school and extracurricular programs in a safe environment that fosters the positive development of middle and high school-aged children in Washington, DC's Shaw neighborhood."

B. Consultant Duties and Services

This section will detail what the consultant promises to deliver (*deliverables*), the format the deliverables will take, and when they will be delivered. Be as specific as possible when outlining activities and deliverables.

1. Period of performance. This is the start and end date of the contract. Remember that should a project be delayed, you can extend existing agreements.

   Example: "This agreement begins October 1, 2009, and ends June 30, 2010."

2. Tasks and deliverables. Detail what activities and tasks you expect the consultant to undertake and the products he or she will deliver. Include due dates or timelines and requirements pertaining to length, content, approval, and format of delivery. In many cases, you can begin with the activities or tasks detailed in your RFP.

Example:

"The consultant will complete the following tasks:

a. Assess current resources, assets, and needs. The consultant will report on the assessment findings and recommendations, including proposed objectives. The report will be completed within thirty days of contract start date. The assessment will include recommendations for training, equipment purchases, etc.

b. Provide twelve hours of training over no more than three days on the topic of acquiring private funding. Specific objectives should be determined by the assessment and approved by the client. Training will be completed within ninety days of the contract start date. The training will yield an action plan for further education and implementation.

c. Provide fifty hours of follow-up individual consulting with the board of directors and executive staff. After training, the consultant will provide a schedule of follow-up consulting sessions.

d. The consultant will provide monthly progress reports to the client during follow-up consulting, due no later than the tenth day of the following month."

C. Client Agreement

This section outlines what you will provide for the consultant, including information, payment, and dedicated time.

1. Information gathering. Describe what systems, information, and documents the consultant will have access to: budgets; invoices and expenses; other financial data; human resources files; marketing materials; and other information. Is there any information you will not allow your consultant to have access to (such as case files for your youth clients)?

   Example: "The client will provide access to financial data, human resources policies and procedures, and non-confidential internal communications. The consultant will not have access to confidential human resources or client case files."

2. Cooperation with consultant. This section acknowledges the commitment and level of effort needed from your organization in this project. This section gives you a chance to outline what that process or structure will look like.

   Example: "The executive director will be responsible for providing information and completing tasks requested by the consultant. The client acknowledges that full participation by the board and staff is required to fully execute this project."

3. Method of payment. What is the rate, or flat fee, you agree to pay this consultant for the work delivered? If it is an hourly rate, what is the maximum amount that this contract is worth? Outline when the consultant will be paid; e.g., in installments, upon delivery, reimbursed for supplies, based on a monthly invoice for services rendered, and billed at an hourly rate. Some consultants may require a deposit or retainer fee, but after that organizations should never pay for services not yet delivered.

   Example: "The client will pay the consultant a fee of no more than $30,000, plus expenses. Expenses include items such as airfare (coach tickets only), lodging, meals during travel, and material expenses such as copying and mailing. All expenses must be documented with a receipt. Payment for fees will be made in two installments: $10,000 at the signing of the contract, and $20,000 upon completion of all deliverables and tasks. Expenses will be paid within sixty days of submission of acceptable invoice and receipts."

D. Changing the Contract

Over the course the project, you may have a need to change the scope of work, the timeline, or other elements of the contract. This section will outline when that happens and how those changes will be captured in a new or revised contract.

Example: "If the client or the consultant wishes to amend the contract, it must be done in writing and signed by both parties as an addendum to this contract."

E. Terminating the Contract

This clause will tell you how and when either you or your consultant can terminate the agreement. Include the amount of notice required and address payment for services rendered through the termination date. Many contracts also provide for reasonable attorneys' fees for enforcing the contract.

Example: "Either the client or the consultant may terminate this contract with thirty days advance written notice. The consultant will provide all products developed while working on this agreement to the client. The consultant will be paid for items delivered before the termination date."

F. Confidentiality

This section protects information you might share with your consultant about your organization and can be especially important if you plan to share personnel or client information.

Example: "The consultant will not share any confidential information about the client with any third party, except when necessary to perform the tasks in this agreement and approved in advance by the client. Confidential information includes financial records, personnel information, client data, processes, procedures, and the like."

G. Indemnity and Applicable Law

This section specifies indemnification and which state's laws will apply in the event of a dispute. It also requires that the consultant have adequate indemnity insurance, if appropriate for the project.

Example:

A. Consultant agrees to hold harmless and indemnify the client, its officers, agents, and employees from and against any and all actions, suits, damages, liability, or other proceedings that may arise as the result of performing services hereunder. This section does not require the consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the client, its officers, agents, or employees.

B. Consultant shall maintain occurrence-based commercial general liability insurance or equivalent form with a limit of not less than $__________ for each occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two times the occurrence limit.

C. This agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire. Any lawsuit pertaining to or affecting this agreement shall be venued in the Circuit Court for the Eastern District of New Hampshire.

H. Records and Ownership of Products

Here, the client states that all products and services developed by the consultant through this contract are the property of the client, and that the consultant retains ownership of all preexisting materials he or she has created.

Example: "Consultant agrees that any and all products or services developed pursuant to this agreement shall be the sole and exclusive property of the client, excepting the use of preexisting works, materials, publications, video media, web pages, plans, examples, scripts, and artwork that are the copyrighted property of the consultant."

I. Independent Contractor

This section clarifies that work done by the consultant is completed as an independent contractor, rather than as an agent or employee of the client. This addresses items such as benefits, desk space at the client office, other work the consultant might be engaged in, and work materials such as computer equipment.

Example: "The consultant's relationship to the client in the performance of this agreement is that of an independent contractor and not as an agent, employee, or representative of the client.

As an independent contractor, not an employee of the client, the consultant shall not receive employee benefits. The consultant will maintain his/her own office space and will not be provided a permanent work space at the client.

The consultant is not expected to work exclusively on business for this client and may maintain relationships with other businesses. The consultant shall provide all tools, materials, and equipment necessary to conduct business with the client."

J. Non-assignment

In this section, the consultant agrees that he or she will not transfer or subcontract the work in this contract to someone else without the prior consent of the client.

Example: "Consultant agrees that this is a personal service contract, and the rights and obligations hereunder may not be assigned or delegated without the prior written consent of the client."

APPENDIX E

Determining Fair Market Value of Consulting Services for Federal Grantees

When hiring a consultant to work on your project, it is critical to perform due diligence to ensure that you are not spending more than fair market value for their services. Here are some steps to take if you plan to hire a consultant to provide professional services for a Federal grant:

1. Familiarize yourself with OMB Circular A-122, Cost Principles for Nonprofit Organizations (http://www.whitehouse.gov/omb/circulars_a122_2004/), specifically the section on *reasonable costs*:

> A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:
>
> a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
>
> b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
>
> c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
>
> d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

OMB Circular A-122 also specifically addresses *professional services costs*:

> a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-profit organization, are allowable, subject to subparagraphs b and c when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government.
>
> In addition, legal and related services are limited under Attachment B, paragraph 10.
>
> b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:
>
> (1) The nature and scope of the service rendered in relation to the service required.
>
> (2) The necessity of contracting for the service, considering the non-profit organization's capability in the particular area.

(3) The past pattern of such costs, particularly in the years prior to Federal awards.

(4) The impact of Federal awards on the non-profit organization's business (i.e., what new problems have arisen).

(5) Whether the proportion of Federal work to the non-profit organization's total business is such as to influence the non-profit organization in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal grants and contracts.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Federal awards.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

c. In addition to the factors in subparagraph b, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

2. Study the market to establish a benchmark for fair market value in your geographic region:

a. Develop a clear statement of work (SOW) for the potential consultant. The following information should be included in all SOWs: an introduction and a brief background for the project under which this SOW will be issued; the scope of the effort and specific objectives to be achieved; a list of the most significant reference items relevant to the project; requirements that define precisely what is needed in terms of tasks to be performed and deliverables to be produced; and progress and compliance to detail reporting requirements for the project.[73]

b. Determine if there are any specialized skills required to perform the work. Beyond basic skills (e.g. facilitation, writing, etc.) you should consider factors that may increase the cost and value of a consultant's service:

- Level of familiarization with your organization or project
- Working knowledge of your field
- Previous experience on a similar topic
- Proven track record
- Educational qualifications (certificates, advanced training, degrees)

c. Obtain quotes from at least five or six candidates by putting out a request for proposal.

d. Choose the consultant that best fits your needs and budget—negotiate if possible/necessary.

73 Federal Aviation Administration, "Outline for Developing a Statement of Work (SOW)," http://www.faa.gov/about/office_org/headquarters_offices/ato/service_units/acquisition/bits/media/sow.doc.

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