Guidelines for Selecting a Consultant

This document contains information and steps you should follow when hiring a consultant. Remember these are suggestions and you should modify these steps as needed for your particular circumstances.

Preparing to Hire

Develop objectives that identify:

- What your problems are (define both symptoms and causes)
- What your expectations are; what your group needs
- What should be accomplished by job's end
- What skills are required (what type of consultant you will need)
- Which board and staff members will be the contacts
- What time-frame will be used

Request For Proposals (RFP)

Send out a Request for Proposals (RFP). An RFP is a method of soliciting proposals from consultants interested in being hired for a project. The RFP provides basic information about your organization and the project or problem you would like the consultant to address. The RFP should establish a general format for the proposals, which will allow you to evaluate and compare consultants equally and efficiently. The following is a proposed format for an RFP, which can be modified to fit the needs of your organization. RFPs can be one or many pages, depending on the project and organization.

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

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

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

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

- **Proposal Content – Outline what you want included in the proposal to be submitted**
  For example:
  - Consultant or Firm
    - Include complete name, address, phone and fax numbers, and e-mail address
  - Anticipated Scope of Work and Time Frame
    - Specify the activities, format, and time frame required to complete the required task

        - Provide a timeline that includes each phase of the project
        - Include a description of expected time commitments of staff and volunteers.
    - Budget and Cost
        - Provide number of hours and hourly rates for each of the consultants assigned and specify their respective duties
        - Include the cost for each phase, as well as the maximum fee for this project
        - Identify personnel and non-personnel items separately within the total budget
    - Resumes of Personnel
        - Provide resumes of each consultant who will work on the project and their respective responsibilities for this project
        - Include a summary of relevant experiences of each of the consultants in working on similar projects with similar agencies
    - References
        - Provide a list of references for each of the consultants assigned to the project
        - Briefly describe the scope of the work for these references, the year completed and a contact name and phone number for each one

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

- **Timeline for Selecting Consultant**
    - Indicate deadlines for submission of letters of interest or proposals and the organizations timeline for selection of a consultant

- **Proposal Submission**
    - Indicate name, address and phone number of organization contact.

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

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

Sending Out an RFP

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

There are many ways to go about finding consultants for your mailing list. The best is asking your friends, associates and other nonprofits for recommendations. INDC's INDEX (Idaho Nonprofits Directory of Experts) is a good source. Professional and technical associations, foundations, and organizations that support nonprofits are other sources.

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

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

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

Screening Potential Candidates

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

In the first phase of the screening process, eliminate proposals that are obviously unsuitable, those that show a lack of understanding of the problem, and that don't provide the necessary information or tend to ramble.

In the second phase, look at the proposed actions. Will the consultant's strategy work within your organization? You need change, but are the consultant's techniques appropriate?

The third phase should be the careful selection of proposals that adequately address your needs. (At this stage, top management should be involved in the proposal review process.) Make sure the respondent understands what is expected. Both the nonprofit management and the consultant should have a clear picture of what the outcome of their work will look like.

Also check to see if the consultant's plan of action is supported by the specific techniques proposed to rectify the problem. Has the respondent given you a time line for the anticipated work?

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

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

It is very important to check the consultant's references
Just because someone you trust recommends a consultant, don’t skip this step. It is important to take the time to talk to other references. Ask: Is he or she capable of delivering as promised? Is the person dependable? Asking for samples of previous work is appropriate.

Sample questions to ask references:

- Were deadlines met?

- Did the project stay on budget?
- Was the consultant's analysis of the problem accurate?
- Did she/he offer solid recommendations?
- How well did he/she interact with the agency representatives?
- How well was the agency's mission understood?
- Who did the work? Who was expected to do the work?
- How well did the consultant prepare for/and follow-up meetings?
- What evaluation process was used?

Meeting the Candidates

When those final few proposals are chosen and you are ready to conduct interviews, consider the following: Consultants can sometimes be stationed in your organization for weeks or even months. You'll want to take into account the applicant's personality as well as the proposal in the interview.

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

- **Screening Questions for Consultants**
  - If the project is confidential, will you sign a non-disclosure agreement?
  - What are your areas of expertise? (For example; strategic planning, Board development, fundraising analysis.)
  - How long have you been in business?
  - How large is your organization?
  - Will you agree not to work with a competitor on a similar project?
  - How many clients do you have?
  - Who are your clients?
  - Does my business represent a fairly small or large chunk of revenues to you?
  - How long have you been in business?
  - What experience do you have working with nonprofits?
  - What other projects have you worked on that are similar to this?
  - How are they similar, different?
  - Who would work with us on this project? Can we interview that person?
  - Can you give references, including the type of projects and outcomes you provided?
  - Can you provide samples of your work? (For example; if the project is marketing or PR, a sample of a brochure)
  - If you are working with computer programming consultants, who owns the code?
  - What was the worst project you worked on and why?
  - What was the most successful project you worked on and why?
  - What type of reports will we receive from you?
  - What are your expectations of our board/staff's involvement in this process?
  - What can we expect from you?
  - What do you require of us?
  - What does a typical session with you look like, in terms of time and work?
  - How many sessions, typically?
  - What follow-up is there once we have completed the process?
  - How would you describe the way you go about a job?
  - Will your written scope of work include a timeline and statement of fees?
  - What is your fee structure? Is it hourly or a lump sum? What is included? (For example; travel, photocopying.)

- Will there be a rate breakdown by task and an allocation of the number of hours per task? How do you relate costs to work completed?
- What is the average size project that you prefer? How many hours? Cost?
- Are you willing to take on short-term projects and projects that would be $2,500 or less?
- What is your project workload at present?
- How long will it take to complete our project?
- Why do you think you're the best suited for this project?
- Why should we hire you?

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

Pricing

- **Check the specific rates**
  - Assignments can either be billed per project or based on time and materials
  - If there's just one bill, get the scoop on the rates at which people are being charged and how much time is being estimated for the various aspects of the job
- **Avoid surprises**
  - Also, make sure to understand what happens if the project veers from its originally specified course
  - Ongoing updates of when a project hits certain cost milestones can also help reduce any unpleasant surprises at the end
  - For time and materials projects, having hourly rates and a definition of what constitutes "materials" is critical

Discuss fee estimates and project time-lines and formalize the consultant arrangement
Negotiating an agreement with the selected consultant for short term project, a letter of agreement is sufficient. Agree on the type of interim materials you will be expecting, delivery dates, and how effectiveness will be measured. These terms should be specified in the agreement. (See sample consultant's proposal/letter of agreement at the end of this section) Expect that the agreement on price will take negotiating. This letter should list the following:

- Project proposal or outline
- Services to be provided by the consultant – this describes the work to be accomplished
- Specific reports, presentations, or other deliverables that are expected
- The beginning and estimated ending date of project
- The fee for the service, hourly rate, and how fees will be paid
- Whether a retainer is to be paid and balance due to the consultant
- Have both the director and the consultant sign the letter

As you begin working with the consultant, be sure that you agree upon the objectives of the project and the method of evaluation to be used at its completion. Allow for change in the approach if necessary.

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

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

Assuming your staff is committed to making a positive change, the consultant should be able to effect permanent improvement in your organization.

SAMPLE CONSULTANT'S PROPOSAL/LETTER OF AGREEMENT

Dear Executive Director:

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

grant accounting, monitoring and reporting

resolution of identified financial systems problems

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

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

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

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

Sincerely,
Carla Consultant

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

Signature

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