

THE THIRD SECTOR REPORT

## **Nonprofits & Consultants: Let the Buyer Beware**

*By Jeffrey R. Wilcox, CFRE*

The consulting business is booming. Today, the management consulting industry is a \$165 billion chunk of the economy that grew 4.4% over the past year. The industry is also accounting for more than 1.2 million jobs and consulting services are being provided by over 620,000 enterprises that have declared management consulting as their line of business to the government.

Indeed, the profession has evolved significantly from the days when consultants were known as “Industrial Engineers” who offered services primarily to recommend system designs or redesigns for greater efficiencies in production or increased product performance.

Unfortunately, the consulting cachet isn’t one that is universally revered. Legitimate consultants who take deep pride in their work, have a track record of working miracles for their clients, and demonstrate an unwavering dedication to client service, ethics and integrity must endure an uphill battle with criticism of their chosen professions combined with cynicism about their worth.

Nonprofits are increasingly looking to consultants for so-called industrial re-engineering in areas widely known as high potential chinks in the charity armor: Long-range planning, fundraising, board development, impact evaluation, and all things technology.

Because of the myriad of need and the complexity of how nonprofits function in a society, the notion of a consultant can become intoxicating. Surely one person, for example, should be able to come in and turn an apathetic board of directors into fundraising addicts. Or, surely the right consultant can help produce a three-year pathway to the organization’s future with one good Saturday morning retreat.

In the end, a quality consultation will save an organization dollars that otherwise would have been frittered away in larger sums that funded failed attempts to produce needed results.

When it comes to engaging professional consulting services to benefit a nonprofit organization, the well-known adage “let the buyer beware” should be not be discounted as cliché. Preparation for a consultant is both an upfront investment and an insurance safeguard against potential loss.

Never engage a consultant, for example, with an assignment that hasn’t been discussed or vetted with the appropriate stakeholders inside the organization first. Any internal confusion about the need for or the expected outcomes from a consultant is destined for conflict.

Always talk with at least two consultants before settling on one. During the vetting process, good candidates will provide expert advice about honing the assignment further as well as gauge what should be the expected outcomes. Use the vetting process to receive good consulting upfront to set the stage for a successful, well-articulated assignment with managed expectations.

Budget time for a consultant before he or she is ever brought on board. Investment of money requires investment of time if a significant return is expected. Many consulting relationships fail because little support was provided for the consultant to do his or her best work.

Insist on a written proposal that clearly states the process or methodology that will be used to arrive at a set of stated outcomes. Substantial money has been wasted on ill-defined strategic planning processes. Consulting costs are tied to the process. Lack of clarity on the proposed process is going to cost at least one party mild to severe heartburn at some point in the engagement

Don't hesitate to ask for a client list and references. If the engagement is about fundraising inquire about the State's mandatory registration of fundraising counsel with the Attorney General's office. Depending on the nature of the assignment, ask for samples derived from similar engagements. Depending on the complexity of the assignment, don't be afraid to ask about insurance in the event of providing faulty advice, better known as errors and omissions.

Agree up front on a way to evaluate the engagement so that both parties will have the benefit of constructive feedback for each to further perfect their consulting game.

The objective of any consulting relationship is to solve a business problem, not to create one. Neither the consultant nor the consulting profession can solely pick up the tab for poorly planned, ill-defined, unsupported or unrealistic engagements.

Our community is rich with great consultants ready, willing and able to help any nonprofit find higher ground. Their chances for success, however, are largely determined before they ever arrive.

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