

Considerations When Hiring a Social Enterprise Consultant

Why Hire a Consultant

There are many reasons you may want to hire a consultant, the most common being the need to engage someone that can address the task at hand more effectively and efficiently than yourself given your organization's resources and capacity. Having said that, completing your project on time, on budget and on target, will depend, largely on the consultant you hire. This short guide will give you some tips for using consultants effectively.

Qualities of a Social Enterprise Consultant¹

Hiring consultants for your social enterprise project can be a little challenging, particularly in understanding what your needs are and how to fulfill them. This is particularly the case if you are new to the sector and have not yet built an understanding of the stages of social enterprise development and the needs/capacities associated with each stage. Consider the following in engaging a consultant:

- 1. Consultants should have good business development skills and a solid grounding in enterprise within a non-profit environment.** Consultants need to understand the potential for culture clashes (e.g management and governance challenges) and be prepared to suggest options for dealing with these during the development of your social enterprise. You may be hiring specific business expertise if it compliments other organizational development expertise within your organization or through an additional outside consultant. In these cases it is important that consultants understand they are part of a team, and what their particular role is, and that you are clear about what you are hiring for, and where additional internal knowledge might be required.
- 2. Good technical assistance should assist your organization as a whole to understand where it is at and how it needs to grow, helping you beyond the scope of the specific contract.** For example, a group wanting to form a co-op needs to have this decision checked out. Why a co-op?; were other forms considered?; what do you hope it will accomplish for you?; etc. Good consultants "push back" and check out decisions in order to confirm full consideration and future direction. Sometimes this is not what your organization will want to hear, or what you expected. Sometimes this probing can lead to a different task than what the consultant was hired for, and the need to go back to planning.
- 3. Consultants need a good understanding of the community in which you are situated.** This broader environment is an important factor that needs to be assessed for potential challenges, opportunities and supports both related to markets and to potential partners or networks. This is information your organization may or may not have gathered or be aware of.
- 4. Consultants need to be good mentors.** They should assist you to develop your own capacity in a way that will be meaningful to your organization's current and future context. They should be able to work with you to pass on skills or knowledge or to share their tools and resources.

¹ Thanks to Michelle Colussi for providing this information which was gleaned from the Development Wheel project.

5. **Consultants should connect you with others who are doing similar work.** This means that ideally, consultants will be familiar with and have relationships with key organizations who are leaders in areas of finance, grants, public policy, etc. If your organization is hiring a specialist in a particular field, you should be connected with others in that field and seek to take advantage of these networks and resources.
6. **Consultants should have a sense of how challenging this work is in general, and a sense of excitement about the possibilities.** They should demonstrate a commitment to their own ongoing learning about this field, and this work (or their particular area of expertise). This is partially related to their networks, but also includes an attitude of curiosity and an ability to be frank about their own limitations.

A Purposeful Approach to Hiring Your Social Enterprise Consultant

The following steps may help you to increase your chances of hiring the right person for the work you have planned.

1. Define the Problem

Outline the problem you are looking to address clearly.

2. Clarify your Expectations

- a. What work needs to be done e.g. business/marketing planning etc.
- b. What skills are needed. See “Qualities of a social Enterprise Consultant” above.
- c. What is your time-frame including start and completion date
- d. Determine who will be the lead contact for the consultant
- e. Who will be involved in the work (staff/Board members from your organization)?
What will their roles be?
- f. How will the project and consultant be supervised?

How to Hire a Consultant

1. Preparing to Hire

Using the expectations you have clarified, develop a **request for proposals (RFP)** that can be sent out to consultants. 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 agency.

- a. Agency Mission & Description
- b. Background
- c. The Problem or Need
- d. Anticipated Outcomes: What you want the final product to accomplish
- e. Proposal Content
 - i. *Consultant or Firm*

- ii. *Anticipated Scope of Work and Time Frame* – Ask them to provide a work plan : the activities, format, and time frame required to complete the required task.
 1. Check out the enp one-pagers on what should be included in a feasibility study and/or a business plan. These will provide some guidance for you on scope for these processes.
- iii. *Budget and Cost* – They will need to outline the number of hours they require and their hourly rates.
- iv. *Resumes of Personnel*
- v. *Reference Request*. Ask for the scope of work, year completed, contact info.

2. Proposal Selection Criteria

Develop a set of criteria for evaluating the proposals. You may want to include items such as the work plan, capability for establishing an effective working relationship with your team, budget and costs.

3. Timeline for Selecting Consultant

Set deadlines for submission of proposals, and award of the contract. Include these with your Request For Proposals (RFP).

4. Proposal Submission

- a. Let prospective consultant know who to send their submissions to and include all relevant contact info.
- b. Keep the RFP simple but clear. You don't want the submission of a manuscript from your applicants and neither do they.

5. Finding Consultants

Ask your friends, associates and other nonprofits for recommendations. Professional and technical associations, foundations and organizations that support nonprofits are other sources. Ask your referral sources whether the prospects have:

- The ability to diagnose problems
- A track record of presenting workable solutions to clients
- The ability to implement those solutions
- The ability to facilitate consensus and commitment to the plan

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.

6. Screening Potential Candidates

Develop a screening process for candidates. This may include the following steps:

1. Eliminate obviously unsuitable proposals.
2. Look at the remaining proposals and determine whether their approach and workplan work for your organization. Eliminate those that won't.
3. Those that are left are the ones that you want to evaluate seriously. Check the proposals for:
 - a. Whether the plans make sense to get you to your objectives.

- b. The consultant understands your organization and your project well and has a good sense of the expected outcomes.
- c. The consultant has been specific about what they will do, timelines and budgets.
- d. Check references and ask about things like dependability, skills and knowledge.
- e. Don't eliminate a project based on price alone. If the proposal is a great fit, you may be able to negotiate a manageable fee. A quick note here is that you can outline your budget limitations in your RFP to avoid this issue. On the flipside, stating this up front may mean that all of the estimates come in at the height of your budget.

7. The Interview Process

- Determine who will be on the interview committee. Ideally those involved in the project and potentially, a business person from outside the organization who can bring some knowledge and expertise to the table.
- Develop a list of questions and decide who will ask them ([Sample](#))
- Define the process for evaluating consultants.
- Begin by outlining the problem, then ask how the consultant would proceed.
- Review your objectives.
- Make sure the consultant you are talking to will be 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:
 - o how well the consultant listens to what is being said
 - o what questions the consultant asks
 - o how well the consultant analyzes the situation
 - o what solutions are presented and how realistic they are.

8. Discuss fee estimates and project time-lines

9. Check References of Short-Listed Candidates ([Sample questions](#))

10. Choose a Consultant

When choosing a consultant, in addition to all other considerations, there is one very important concept that you would be wise to keep in mind. You must be the expert in your own business; whether you are starting a business, improving an existing one, or expanding. When choosing a consultant, keep in mind the need to work with someone who you can learn from so that by the time they have completed their work with you, you are the knowledge centre for your business. This means that you clearly understand the concepts, strategies, markets and finances of your business.

11. Once you have chosen your consultant

Smaller Projects

Once you have chosen your consultants, prepare a letter of agreement ([sample](#)). This letter should list the following:

- Services to be provided by the consultant, including objectives to be met
- Specific reports or presentations that are anticipated
- The beginning and estimated ending date of project
- The fee for the service and hourly rate
- The method for evaluation

- Whether a retainer is to be paid, and balance due to the consultant
- Have both the director and the consultant sign the letter

Long-Term Projects

A formal Contract is recommended as it protects both parties from issues like 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.

Note: A good consultant will get in writing the support the organization will be providing to them. Who has what role in the organization & who is the go to person in the organization if problems arise.

SAMPLE LETTER OF AGREEMENT

(date)

(name/address)

Dear (name):

This letter will confirm the terms of our agreement for (consultant/firm) to provide consulting services to (agency), effective (date/s). These services will include, but not be limited to:

- (summarize and, if appropriate, attach copy of any proposal or other pertinent documents)
- Note any evaluation that will be carried out

(Consultant) services will be invoiced on a (fee basis). (Consultant) time commitment will average (#) hours per (week/month). (Consultant) will submit a monthly invoice to (agency) for the monthly fee and any extraordinary expenses, with an expectation of payment within 30 days of the date of the invoice. *Note whether a retainer will be paid and balance due etc.

This agreement can be modified by our mutual consent, and can be terminated at any time by written notice from either party.

Please indicate your concurrence by signing both copies of this letter and returning one copy to (me/us). (I/we) look forward to working with you and your colleagues.

Sincerely,

(consultant)

AGREED: _____
(name), Executive Director (agency)

DATE: _____

Screening questions for consultants and references

1. What are your areas of expertise?
2. How long have you been in business?
3. How large is your organization?
4. What experience do you have working with social enterprises?
5. What other projects have you worked on that are similar to this?
6. How are they similar, different?
7. Who would work with us on this project? Can we interview that person?
8. Can you give references, including the type of projects and outcomes you provided?
9. Can you provide samples of your work?
10. What type of reports will we receive from you?
11. What are your expectations of our board/staff's involvement in this process?
12. What can we expect from you? What do you require of us?
13. 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?
14. How would you describe the way you go about a job?
15. Will your written scope of work include a timeline and statement of fees?
16. What is your fee structure? Is it hourly or a lump sum? What is included? (For example; travel, photocopying.)
17. 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?
18. What is the average size project that you prefer? How many hours? Cost?
19. Are you willing to take on short-term projects and projects that would be \$2,500 or less?
20. What is your project workload at present? How long will it take to complete our project?
21. Why do you think you're the best suited for this project?
22. Why should we hire you?

Sample questions to use in screening consultant references:

1. Were deadlines met?
2. Did the project stay on budget?
3. Was the consultant's analysis of the problem accurate?
4. Did she/he offer solid recommendations?
5. How well did he/she interact with the agency representatives?
6. How well was the agency's mission understood?
7. Who did the work? Who was expected to do the work?
8. How well did the consultant prepare for/and follow-up meetings?
9. What evaluation process was used?

How to manage a consultant

- Insist on a work plan from the consultant
- Give the consultant sufficient information to get them up to speed
- Request that the consultant provide progress reports on the project as follows:
 - o Outlining the methodology used
 - o Presenting interim findings and/or progress to date
 - o Compiling (one or more) preliminary reports
 - o Final report and evaluation
- Communicate regularly with the consultant to review timetables and responsibilities
- Establish a process for any necessary changes in the scope of the project
- Maintain control over the process and product
- If you're unclear, or not pleased with the work in progress - ask for a meeting to address the situation. Discuss your previously agreed-upon objectives, the work to date and/or problems met.
- Reach consensus on how to proceed from there
- Be prepared for resolution of disputes or changes required by a relationship that sours
- Be prepared to promptly pay the consultant's invoices
- Evaluate the results of the consultant's work
 - o Input- what did your organization put into the consulting relationship?
 - o Process- what is the relationship between the organization and the consultant?
 - o Output- did we accomplish what we set out to accomplish?
 - o Outcomes- did the work help us move toward the agency's long range goals?
 - o Hold a final debriefing to discuss the results of the project²

² Excerpted from *Succeeding with Consultants*, by Barbara Kibbe and Fred Setterberg
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