

Considerations when Selecting a Consultant



Is your organisation thinking about having a consultant to work with you?

To consult is “to seek the opinion or advice of another person for making a decision.”

Appropriate use of consultants can potentially improve the quality of your decisions and thus the viability of your project or business. But how can you ensure that the consultant you choose will bring your organisation the benefit that you are looking for?

The material outlined below can be used to help you choose the appropriate consultant for your situation or your organisation.

Do I Need a Consultant?

When investigating a market opportunity or starting or developing a charity you will need to make a thorough outline of all of the skills, resources and information needed to complete the task. Many of these may be provided by you and other individuals involved in the project. However, you will probably realize that no one has all the skills necessary to thoroughly investigate the task you have identified.

So you might need to use a consultant. You could use them to conduct a feasibility analysis, help develop your charity, do “due diligence” on a project, develop corporate policies or other purpose. The points below focus on how to go about selecting a consultant.

Role of the Consultant

Understanding the consultant’s role is critical in the process.

- **Provide accurate and reliable information.** This is the reason you hire a consultant. Choosing the wrong consultant or poorly communicating with the consultant can result in irrelevant information of questionable accuracy.
- **Improve your decisions.** The role of a consultant is to supplement your knowledge so you can make better, more informed decisions.
- **Not a substitute for your responsibility.** Occasionally you hear the phrase, “The consultant said it will work, so it must be a good idea.” Don’t abdicate decision-making to the consultant. Decision-making is your role and responsibility.

Expertise of the Consultant

Consultants vary greatly in their level of expertise. Consultants lose their value when they get out of their area of expertise.

- **What is the consultant's special area of expertise?** Does the consultant's area of expertise match what you want them to do for you? Ask if the consultant has done similar work for other charitable groups. Choosing a consultant with the exact area of expertise you want can increase the quality of the work and may reduce the cost. Problems with consultants often arise when they work in areas in which they are unfamiliar.
- **What is the consultant's knowledge of the voluntary sector?** Has the consultant worked in the sector before? Choosing a consultant who is knowledgeable of the sector may improve the quality of the result and decrease the amount of time needed to achieve the result.
- **Will the consultant provide an independent perspective?** Will the consultant provide a perspective that is based on actual research findings? Or, is the consultant likely to provide hearsay and information not documented?
- **What are the research capabilities of analysing existing statistical information?** Can they effectively do surveys or focus groups if needed? Do they know people to ask in the sector?
- **Ask for a sample of the consultant's work.** Request from the consultant reports and other materials he/she has developed for other clients that relate to the focus of the work you are asking for.

Consultant's References

Although references are a valuable tool when selecting a consultant, they are often overlooked or ignored.

- **Ask for references.** Specifically ask what the consultant did for the referee. Was the consultant's work the same work you want the consultant to do for you? If it matches, the reference can provide you valuable information about the consultant's work. If it doesn't match, the reference may be of limited value to you.
- **Ask the referee if they were satisfied with the consultant's work.** If not, why? If possible, ask for a copy of the report the consultant did for the reference.
- **Ask the referee in-depth questions about the consultant's work.** This may trigger memories of problems or concerns they may have had with the consultant.
- **Check more than one or two references.**
- **Check with clients not listed as references.** Consultants list clients who will give positive references. Clients not listed as references may be the most valuable to you. Time spent finding and contacting these clients may be a good investment.

- **What is the consultant’s “track record”?** How long is their clientele list? For consultants in business for the long-term, their most valuable asset is a list of satisfied clients. In today’s environment, there are many people taking early retirement or who have been recently downsized and have begun consulting. Check with their former employers and others in the industry.

Open Tender

This is a more formalized way of selecting a consultant. It is a way of communicating your needs. It also makes comparing consultants easier. Specific topics you may want to include in a tender are presented below.

- **Provide information about you and your project.** Include information about you as a charity. Provide the background of the project. Establish the credibility of the charity and/or project. Establish a reason for the consultant to respond to the tender.
- **Be specific about what you want the consultant to do.** Identify key objectives and critical questions you want addressed. Provide as much relevant information as possible.
- **Specify reporting.** Outline what you want for interim and final reports. Will the reports be oral or written or both? If oral presentations will be included, where and when will they be given? Will spreadsheets or other types of models be required?
- **Provide a timeline.** This will include a timeline for bid submission, consultant selection and project completion.
- **Establish criteria of how you will select the consultant.** Criteria may include credentials and qualifications, experience, cost, responses from references etc. This needs to be done in advance.
- **Include a sample contract.** Include a sample contract in the tender. Include all of the items you think are relevant. If you do not include a sample contract, the consultant will provide one, with terms favourable to him/her.
- **Request a proposal from at least three consultants.** This allows you to adequately compare consultants.

Interview the Candidates

Interviews are critical when selecting a consultant. Don’t skip this step in the selection process.

- **Personally interview the candidates.** In some situations a conference call interview may be appropriate. However, if possible, a face-to-face interview is preferred. To give structure to the interview, have a prepared set of questions you want to ask.
- **Pick a consultant with whom you feel comfortable.** You may be spending a lot of time with this person in an intense environment. The relationship between you and the consultant is important. Do you trust the consultant? **Choose a consultant with whom you can communicate.** Open and straightforward interaction is important to the success of the project.

The Contract

Design your own contract and contract provisions.

- **Specify the deliverables.** Specifically identify the topics you want the consultant to address. If you don't, you run the risk that the results will be too general to be useful or the consultant may miss the point.
- **Ask specifically for everything you want from the consultant.** If you don't ask for it, you may not get it. The consultant will probably establish the cost of their services based on what is specifically outlined in the contract.
- **Develop a specific action plan and timeline.** This outlines what you want the consultant to do, how it will be done and when it will be done. The report should contain clear, actionable information. Specific penalties for not meeting the action plan and timeline should be included in the contract.
- **Ask for transparency.** What are the data/information/experiences that the conclusions or recommendations are based? If you are going to make a business decision based in part on the consultant's recommendations, you have the right, and in some situations an obligation, to know the background for the recommendations.
- **Who will do the work?** You should have the consultant identify who will do the work. Specify the names of the individuals and the specific tasks each is responsible for.
- **Specify reporting requirements.** Specify when, how and where reports will be presented. Will interim reports be required in addition to a final report? Will all reports be in writing? Will the consultant be required to make a presentation to the Management committee or Trustee board?
- **Specify the compensation arrangement.** The consultant may be paid a flat fee for the services or an hourly rate. The consultant may ask for a deposit up-front. It is important to consultants that payments are made in a timely fashion. However, do not pay until the consultant's duties are completed. Arrangements regarding payment of expenses should also be included.
- **Who owns the work product?** Stipulate who owns the research or analysis (work product). In many situations you will want to own the work product. This may include confidentiality covenants and/or non-compete agreements.
- **Include provisions for non-performance.** To the maximum extent possible, reserve the right to terminate the relationship. Identify what constitutes non-performance of the contract. Stipulate the consequences for non-performance.
- **Liability for incorrect information.** Specify the consultant's liability for inaccurate information or conclusions in the consultant's work product that may lead to costly business decisions.
- **Create the proper relationship.** Structure the relationship so the consultant will be considered to be an independent contractor, not an employee.

Cost of the Consultant's Services

Cost is important when selecting a consultant, but it must be measured against what you are buying.

- **Negotiate the price.** The price quoted by the consultant is usually subject to negotiation. Do comparison shopping with other consultants. Consulting fees often vary considerably. However, realize that being over-aggressive may, in some instances, require the consultant to cut corners in conducting the analysis or providing services.
- **Consider the consultant's value to you.** Be careful in simply choosing the lowest cost consultant. Consider the value of the consultant's work to your project. Value is the amount and quality of work that will be done (questions answered and problems solved) for your project in relationship to the price you will pay for the service. The lowest price consultant may not be the best value for your project.
- **Consider your value to the consultant.** Some projects and clients are important to the consultant's reputation. This may allow you to negotiate favourable terms.
- **Request a specific price.** Don't leave any items open-ended. Ask for a specific limit or cap on all items (travel, out-of-pocket expenditures, etc.).

Other Considerations

Below are several additional items you should consider when selecting and hiring a consultant.

- **Can you develop a long-term relationship with your consultant?** A consultant who is involved during the development of the entire project may be worth more than one who will quickly disengage from the project. **Will the consultant work closely with the group?** Is the consultant willing to listen and respond to your ideas?
- **Be careful of side-referrals.** Side referrals occur when you ask a consultant you are currently working with on one aspect of the project for the name of a consultant to do another portion of the project. Use care when asking for these types of referrals. Consultants may work in a close-knit group where they have a vested interest in the success of other consultants.
- **Watch for conflict of interest issues.** A conflict of interest can occur when the consultant has a vested interest in the outcome of the consulting activities. For example, a consultant doing a feasibility study has a conflict of interest if they expect to do additional business if you decide to go ahead with the project. Technology providers, construction companies, etc. doing feasibility studies can fall into this category.
- **Stay involved in the project.** You need to be involved with the consultant and make sure he/she knows and understands the basic concepts of the project. Although you have hired a consultant, you are still responsible for the project.
- **Take the time needed to do it right.** Properly selecting a consultant is not easy and may take a lot of time. However, the payoff from the proper use of consultants can be enormous. Conversely, the costs of poorly selected consultants can be significant. So, time and effort spent choosing a consultant is a good investment.

Further help and support

Community Impact Bucks have considerable experience in choosing and working with consultants.

Some consultancy-type support is currently available free of charge to certain organisations in Buckinghamshire via the new futures Bucks programme. If you are eligible for this then Community Impact Bucks can spend a half day with you to help you to shape how you might make best use of the free consultancy support on offer. For more info on this see www.grantscape.org.uk/fund/newfutures-buckinghamshire or phone Grantscape on 01908 247637

For more information from Community Impact Bucks on any aspect of engaging a consultant telephone 0300 1111250 or e mail info@communityimpactbucks.org.uk

Original:	Created by: Alex Hannaford	Date: 4 th February 2015
Latest version:	Updated by:	Date:

APPENDIX – FLOWCHART

