Managing Consultancies

The Social Impact Measurement Guide

1. Introduction

This Guide was developed following a meeting of the Victorian Chapter of the Social Impact Measurement Network Australia (SIMNA) held at *donkeywheel house* on a chilly Melbourne morning in June 2013.The Group met to discuss the opportunities and challenges of managing consultancies in the context of measuring social outcomes and impact.

Engaging and managing consultancies can be a challenging and complex process but they can be transformative experiences when we view them as opportunities for us and our organisations to learn and evolve.

The field of social outcome and impact measurement is relatively young, however, a critical mass of expertise is emerging based on a widening number and type of organisations, programs and projects working to understand their impact. This emerging expertise is translating into a robust consultancy field and an increasing number of highly-capable and well-respected consultants.

2. This Guide

This Guide has been created from the notes of the discussion held at the SIMNA meeting, June 2013. It is a summary of pre-event notes and the agenda, the views and reflections of our speakers and the participants during and after the event.

The Guide is designed to help get the most out of your consultancy - addressing the key aspects of identifying, appointing and managing consultants – and in the context of social outcome and impact measurement commissions. It is a guide only and shouldn't define or prescribe your relationship with consultants; this should be shaped specifically for your organisation and your needs. SIMNA welcomes comments and suggested updates.

3. The Presenters

Arjun Ravi is a Social Return On Investment (SROI)-accredited practitioner and licensed SROI trainer. He has been a part of NetBalance's social sustainability/responsibility team for almost three years. His background is in the areas of financial compliance and supply chain management and microfinance.

Simon Faivel has worked extensively with non-profit organisations and social businesses in Australia on measurement and evaluation projects and leads the Social Return on Investment (SROI) practice at Social Ventures Australia. Simon is an accredited SROI trainer and practitioner.

The conversation was facilitated by **Russ Wood**, an executive with one of Victoria's leading community service and aged care organisations and moderator of the online Not-For-Profit Strategy blog (www.nfpstrategy.com.au).

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4. Section One: Why Do We Need Consultants At All?

The first question to ask is 'Why do we think we need consultants?' You should be clear about the reason you feel you need external advice and support before proceeding to engage anyone.

In our view, there are two broad reasons you would engage consultants:

1. As an additional resource brought in-house to assist in a resource-constrained environment; or
2. As a means of truly adding value to your organisation in order to advance your mission in a new region or new markets or to inform a particular strategy (etc.).

The consultant engagement and relationship will be shaped by the answer to this question and so it is important to take some time to be clear on this point.

What Our Experts Said

- It is not only about the consultancy, but about being 'on board' with the bigger picture – a consultant should help the organisation explain to themselves and stakeholders what they are doing – it should add value.
- The strength of the relationship is the key - "Why should you trust somebody coming in and telling you what to do?" There are different stages of building trust, it varies from client to client. It takes time to build a relationship.

5. Section Two: Engaging a Consultant

a. The Intent

Once you have determined what type of consultancy you need you should clarify the 'intent' – the reason for engaging the consultancy. It is important at this stage to also engage key stakeholders (internal and external and as appropriate). This will assist in creating support for the project.

Answering the following questions might help in determining your *intent*:

- 'What do we want to achieve out of the project?';
- 'Do we actually need assistance just getting to the starting line?'; and
- 'Are we ready to make the most of a good consultancy and consultancy relationship?'

In concluding your thoughts in this regard, it can be useful to think up an 'Elevator Pitch' for the consultancy – a 15-30 second description that can be communicated as needed. Going through this process can assist in confirming in your and your stakeholders' minds what the point of the project is as well as being able to 'pitch' it to key supporters.

Observations from the Meeting

- Critical for social impact measurement is to have a champion inside the organisation, an individual that can convince others (management, etc.) that it is worthwhile – buy-in from the CEO, from the Board, from the Chair, etc. There needs to be that link so the process can START.
- The champion might have to deal with different pressures at that stage: "I've got to make this meet a deadline for person X" but also "how do I create change over an extended period of time". He/she needs to combine both and create a momentum to make it cross the line. It's got to start somewhere.
- "It's about the journey not the destination".
- Not only does the senior manager have to be on board but also operational workers, because they are the ones working with the clients, doing the field work. It must be a partnership from the start, everybody needs to know why you are doing this evaluation or making this change.
- Even if you are just "dipping in your toe", there still needs to be somebody to approve the budget.
- The journey of social measurement is one of discovery – it comes during the process.
- Because it is an emerging field, it might be reasonable to have as the intent: "let's just give it a go at this stage and learn from the process".
- It is preferable to have a '*Phase 0*' in the project – a meeting to get people talking about it, to present challenges, to get a feel for what is possible and how it can be shaped prior to actually starting.
- Organisations can set up methodologies internally that would greatly facilitate implementing SROI or other measurement activities in the future.
- Small steps are important. It can be hard to go to an organisation and say "give me $50,000 for an SROI", but you can start by having an internal workshop to get them interested in the idea so they own it – so they come to you asking "can we have more of that?"

b. The Brief

Once you have concluded the intent of the project, any key resource constraints and following any probity process you might have in place, you then need to provide a means of communicating your *intent* to prospective consultants. This may take the form of a written document or 'brief'. While it will certainly vary from project-to-project (with particular respect to the size and scale of the project as well as the type and number of partners involved), the following can be a guide to social impact measurement consultancy briefs:

- Simple language – use the least-complex words possible;
- Concise – 3 to 5 pages in your briefing would be a maximum;
- Ensure the process allows for thorough discussions and question/answer sessions between you and the prospective consultant before contract documentation is concluded;
- Ensure your strategic intent is clearly-communicated early in the document and reinforced by being repeated in multiple locations;
- Ensure any key dates are well-communicated (your key dates, those of your key stakeholders or funders etc);

- Define and be clear about a set of evaluation criteria – both for the project but also the consultancy. Use 'active' phrases such as 'Success will be demonstrated when…' or 'A successful consultancy will be defined by…'; and
- Determine the most appropriate process to follow in briefing prospective consultants and assessing responses. For example:
    - Speak to interested consultants prior to issuing the brief. Find out whether they are interested, capable and whether they have the time and resources to meet your timeframe;
    - Issue the brief and provide a 'reasonable' amount of time to respond ('reasonable' will depend on the project and the consultancy itself);
    - Following issue of the brief, provide an opportunity for one-on-one interaction and discussion with the interested consultant in order to clarify issues or concerns;
    - Receive and review responses according to your pre-determined evaluation criteria and short-list;
    - Interview the shortlisted candidates and select a preferred respondent.

Observations from the Meeting

- When an organisation brings in a consultant, they don't have to have an answer, but they need to have a direction.
- Useful to have face-to-face conversation, the consultant has the chance to offer options, to figure out what's the best fit for the organisation.
- It's not one-directional communication.
- It's more important to understand what the 'question' is rather than jumping to the 'answer'.
- From the experience of one of the consultants, 95% of the projects he has worked on didn't have a brief. But they had long conversations with clients which provided the necessary briefing material. After those conversations, consultants are able to build a proposal, tailored to the client's needs.
- More than one consultant can talk with you (the prospective client), it doesn't need to be just one.
- Government projects usually have a really specific brief, but after the project starts, things can change and so recognising the need for and means of managing flexibility is important.
- Problems can come from "group think" - where everybody agrees on what needs to be done without very rigourous review.
- You may never have a board that is completely aligned in terms of their understanding – it's not ever likely to be the case. Consultants should have an idea of who to work within the organisation and build the relationship.

c. Tendering

Reviewing the proposals from consultants will be made easier the more clearly you have been able to communicate the strategic intent, the evaluation criteria as well as any constraints the project faces. Having the opportunity to meet with interested parties once they have reviewed the brief and prior to them submitting will go a long way to establishing this. You need to recall that the consultants will want to understand the organisation to ensure their values are as aligned as possible to the organisations values. You should also keep in mind that they will likely have several or many similar proposals that they are reviewing and so you want to make it as easy as possible for them to work with you.

At the same time, you may not have the luxury of time for a detailed tendering and review process. Indeed, many government departments or agencies will have certain procurement protocols in place for probity reasons that will limit the possible interaction and create a more formal process than you might wish. Regardless, finding a way to translate the intent is critical in getting the most out of a consultancy.

Observations from the Meeting

- Local government tendering is changing – more time is spent beforehand with consultants, get feedback from the ones intending to tender, and then figuring out the brief. Only then does it go into the formal tender process. However, there needs to be transparency about who gets the job (and their connections).
- When a consultant has formed a relationship with the organisation, they are more likely to get that work.
- Most consultant work comes from (past) relationships.
- When the tender comes from local government, often the brief is still not entirely clear about the deliverables. Therefore, as a consultant it helps if you have knowledge about that organisation and sector so that you can anticipate.
- The whole tender must be client-centred – written and presented in a way that is meaningful to the client.
- Organisations want to know about the value for money for the project, their ROI (return on investment).

d. Contract

If you have made your way through to this step positively, preparing the contracts should be straightforward.

If you feel lawyers need to get involved, perhaps you've gone too far! The focus of both parties should be on a robust, trusting relationship where reversion to the contract is an absolute last resort. If you don't feel as though such a relationship can be established at the time of contracting then either take more time to discuss your concerns or ensure you have a strong risk-mitigation process in place.

The key elements of the Brief should form the bulk of the contract itself. Things such as: the expectations of the contracting organisation; the expectations of the consultant and of the project; as well as the evaluation criteria should all be included (possibly appended to the main contract). Timeframes, milestones and key personnel should also be clearly stated.

Observations from the Meeting

- The contract should be based on the proposal. In an ideal situation, there's no separate contract unless it is stipulated: the proposal is what needs to be followed.
- There needs to be a governance or steering committee in place to manage to the contract.
- Good to have detailed proposals –naming people, steering group members and so on – if there is ever any concern the document is something you can refer to.
- The consultant needs to be clear about who is the 'client'. Is it the investor/funder? The organisation? You must establish that in the brief.
- Remember: consultants are people too! They want to work with you and continue to work with you. That needs to be a base understanding for the clients so they don't feel the relationship is a zero-sum game.
- Our experience suggests that where there are multiple parties to the contract, for instance a funder, a client and the consultant, that is remains the client that will manage and be ultimately responsible for the consultancy. The funder usually does not influence the project, but is part of the steering committee.
- Question: What happens in circumstances where the investors/financial supporters of the project are more involved in the process of measuring, doesn't that muddle the conversations? Answer: it depends on the relationship with the investor. The idea is to try to give the investor a better understanding of what's going on in their investment. Involvement at the brief stage can already give them an understanding of what's going on.
- All of these observations apply to 'pro bono' work you may be lucky enough to receive: the contract/proposal has to state what is required from the pro bono consultant. There can be problems if things are not clear. Talk, formalise requirements and agree on expectations up-front as you would any client/consultant relationship.
- Quite a lot of effort goes into conducting interviews. Sometimes you can't reach everybody in the first call. It is useful to specify beforehand how many times consultants will try to contact people.

6. Once The Project Is Up-And-Running

e. Managing the Consultancy

Two of the biggest issues in managing consultancies are the lack of internal resources to manage the project and underestimating the time things will take to complete – particularly where you wish to bring stakeholders along for the journey. There are two critical roles in managing consultancies:

1. **Contract management**: managing the formal detail of the consultancy – sending and receiving communications and updates, receiving and processing invoices, providing formal communications updates to key external parties (as appropriate), managing consultant/client meetings including preparing agenda and taking minutes and managing project timeframes (using tools such as Gantt charts); and
2. **Project management**: this is the more informal aspect of managing the consultancy and is based on more qualitative management skills. Making sure internal resources are aligned and ready (particularly when there are delays), managing communications both up and down internally, ensuring the consultant milestones are being achieved in a meaningful way and re-directing things back on course if and when they divert.

Project Governance
Establishing the appropriate project *governance* framework is critical. It is important to be clear who 'owns' the project formally who is 'sponsoring' the project and where it fits into the organisation's strategic and operational story. This is closely aligned to the earlier section on the project's 'intent', of course. As Project Manager, who do you need to report to (line manager, CEO, direct to Board?) and how do decisions need to be made? Are there more functional project-related decisions that you, as the Project Manager, can take? What level of authority sits at the sponsoring level?

Communications
Periodic and regular communications between client and consultant are vital. You need to establish a formal communications program as well as an informal program. By formal, there should be, at the least, a **project inception** ('kick-off') meeting where the consultant and client meets face-to-face to thrash out the way the project will roll out.

Regular **Project Control/Steering Group** meetings should be established (dependent on the length of the consultancy) to provide the client's key stakeholders with a regular forum with the consultant. These should have a standing agenda and be minuted with agenda circulated prior and minutes circulated afterward. These will be important if there are ever any formal disputes between client and consultant but they are also powerful reminders to all parties of the focus for the coming period of work.

Informal meetings and 'catch-ups' between key client and consultant contact/s can be underestimated and sometimes under-utilised. It is important that the key internal contact ('project manager') and the key client contact have a relationship that allows them to discuss issues and opportunities as they arise (or, ideally, before they arise). These informal conversations should have an informal agenda – perhaps communicated by email the day before a meeting or phone call.

Observations from the Meeting

- During the course of their work consultants can have conversations with all stakeholders. The organisation can benefit from getting updates from consultants about these conversations at regular intervals through the project.
- It is important for consultants to share negative aspects with clients upfront – and vice-versa.
- Depending on the length of the project, usually three large steering group meetings through the course of a project to present findings up to that stage will be adequate.
- Consultants and clients should also make a point to have informal chats once a week to briefly touch base on process and issues.
- Problems with clients where management sits in Melbourne and project happens somewhere else: possibility that project is doing something different from the brief. Consultant sometimes plays the role of informing the client. Sometimes it takes a third person to see what's going on.
- Make sure you are in constant contact with project workers and provide them with training along the way. Make sure you are on the same page with management as well as field workers.

- Observation from an organisation that has commissioned a consultant: in the beginning they thought they would brief the consultant and see him at the end of the project, but constant communication is really important.
- It has to be a partnership right from the start. Consultants know the process, organisations know the subject. There has to be constant contact in order for learning to occur.
- If a consultant finds out there will not be direct contact with the people conducting the program, they will state that it won't be possible to give them what they want upfront.
- For the people whose primary job is to conduct the programs, an evaluation is secondary for them. The consultant needs to build their capacity, so evaluation is second nature to them. Embed it into the organisation.

f. Review and Feedback

Regular and ongoing communications are necessary for good project management but they are also important for providing, and seeking, feedback along the journey. Blindly managing the consultancy according to a contract is a recipe for a poor outcome and so establishing a pattern of reviewing performance and processes (again, dependent on the length of the project) is extremely valuable.

Review and feedback can be managed informally through the informal client/consultant catch-ups but they can also be raised as formal agenda items for the Project Control/Steering Group at intervals.

Of course, a post-project or consultancy review can be a very valuable tool for both parties. Most importantly, perhaps – SROI/measurement projects are not ends in themselves. They are a means to review the performance and outcomes of a particular program or strategy. So, a formal review of projects at regular intervals following the consultancy is a valuable process.

Observations from the Meeting

- Great to have a review at the end, but better is to have the weekly phone call review and work things out as they are happening. This type of review is more important to deliver a quality project.
- 6 months to 1 year after the project is often the best time to have post mortem conversations about the project. After this amount of time it is often easier to see how the work was used, if there were any changes to the organisation. It requires a bit of patience.

7. Conclusion

Arjun Ravi:

- Social Return on Investment projects are not necessarily for everyone. Some organisations are ready for it, but some need to change the way they operate first.
- When responding to briefs from clients, consultant proposals need to ask key the question: What do you guys do? Don't proceed unless you can answer this clearly.
- At the end of the evaluation process, your goal should not be the number (ratio), but to be able to say what the change is and learn about the process.
- New field – there's no set answers.

Simon Faivel:

- BABY STEPS - DO SOMETHING!
- It doesn't need to be an SROI analysis; it can start with a workshop and grow from there. Be clear about the intent upfront, but it doesn't need to be complex. It needs to start somewhere.

a. Facilitator's Summary

In closing the session, the facilitator noted the following:

- The relationship between the consultant and organisation is the key;
- The project's 'intent' is critical. Determining clearly in everyone's mind why you are doing this and what you want to get out of it are important indicators of success;
- The clarity of the brief and the project's scope are important in guiding the work of the consultant;
- Managing stakeholders initially, during and beyond the life of the project will ensure you have an organisation which is able to confidently communicate and implement recommendations of the consultancy, knowing it has wide support;
- Formal and informal touch points are important throughout the conduct of the consultancy. The nature of the communications will vary with the project size, cost, number and type of stakeholders etc, however, the need for regular and open communications remains the same;
- Consulting is clearly a skill and this is something that you should try to identify from the earliest engagement with a prospective consultant; and
- Perhaps most importantly, approach the consultancy with a sense of anticipation (if not excitement!). It is an opportunity to truly learn so set up the structures, have a strong relationship with the client and enjoy the process!