

gifted®

YOUR GUIDE TO

How to appoint a Fundraising Consultancy

Successfully selecting the right professional
partner for your organisation

Exceptional fundraising partnerships

Why appoint a fundraising consultancy?

Deciding to engage experienced, independent consultants to support your fundraising activities can often involve a significant investment of time and money. From the word go, your board or leadership team will need to be convinced that appointing an external partner is likely to bring the outcomes they are looking for and that professionally, the 'fit' feels right.

This short guide walks you through the process of briefing, selecting and engaging the best consultancy for the project you have in mind. It also encourages you to choose a partner whom you feel you can work with; one who appreciates your ethos and respects your organisational values.

Strategic Sense

There are countless organisations across the Third Sector seeking to fundraise in a systematic and proactive way. Not surprisingly, those organisations that struggle to successfully present their case, via an influential network of friends, are finding it more and more difficult to raise the funds they require.

In this highly competitive space, professional fundraising expertise is in demand. Engaging experienced consultants to bring an independent eye, critical judgement and sound advice on the next fundraising challenge can therefore be a wise, strategic investment for your organisation.

Often charities decide to appoint a consultancy because;

- They need to undertake a feasibility study and understand that engaging an external partner avoids overloading in-house fundraising staff and also introduces a healthy element of objectivity to the process.
- They are ready to embark on a capital project and require dedicated campaign management to ensure the fundraising is delivered according to an agreed action plan. Professional management also ensures that the campaign maintains momentum and that the organisation's leadership has the confidence and capacity to drive the fundraising forward.
- They require a strategy review or development audit before new programmes come on stream or when there's a need to identify how best to respond to competitive challenges and understand where fundraising could be improved.
- Their existing fundraising team may benefit from periodic support or short-term back-up before undertaking a major campaign.
- They are looking to strengthen their grant success with major funders like the National Lottery Heritage Fund.

The key is in understanding that an effective professional fundraiser works best in partnership with a team of committed volunteers and senior staff, who lead by example, in giving and helping to get the gifts that are needed to make the project a success.

Commission-based Fundraising

When appointing a fundraising consultant, we'd always express caution with regards to commission-based fundraising; this is where the consultant will take a percentage fee of anything they raise. Whilst this might seem an appealing initiative, any professional fundraiser worth their salt will not operate on these terms. The practice of commission-based fundraising is highly frowned upon by the Charity Commission and within the Third Sector, and proceeding down this route can leave your charity open to reputational damage at best and prosecution at worst if you have not complied with the complex legal regulations on the matter. To avoid this, we'd always recommend appointing consultants on an agreed fee rather than a commission basis.

Do your homework first ...

Before you see or speak to an external consultancy, it's worthwhile taking time to consider a number of key questions. Being able to answer these will help you to determine exactly what sort of service you need a professional fundraising consultancy to deliver.

1. Priorities

- Has your organisation defined its fundraising goals and objectives?
- Are you able to explain why further funding is needed?
- Have you secured the necessary approval for the project from your organisation's governing body?

2. Commitment

- Do your key decision makers support the idea of fundraising?
- Is your organisation prepared to commit significant time and resources to undertake a fundraising programme?
- Is your organisation ready to engage professional support to help plan and implement a fundraising programme?

3. Resources

- What are the strengths and weaknesses of your fundraising operation?
- What investment is available to mount a fundraising programme?
- How will your own staff and volunteers work with the consultant team?

Understanding what you are buying ...

A firm of professional fundraising consultants can deliver considerable benefits to an organisation that's seeking to significantly improve the amount of money it's raising or how it is communicating with its potential supporters, including:

1. Expertise

Fundraising consultants offer a range of specialised services such as feasibility studies, legacy or capital campaign management, strategy reviews, development audits and periodic support and training. In addition, they have the skills to assist you with prospect research, proposal writing and the right communications materials for your project.

All of these elements of fundraising are becoming increasingly sophisticated and, in today's competitive philanthropic environment, they require specialist expertise to ensure success.

2. Objectivity

The best consultants will provide an objective, candid analysis of your development operation and your fundraising potential. They will then prescribe creative and workable solutions based on their extensive practical experience.

Volunteers and institutional leaders sometimes accept advice from experienced, 'arm's length' consultants which they will not necessarily accept from in-house management or development staff.

3. Momentum

An experienced, focused consultant will keep your fundraising effort on the 'front burner'. Although your staff and volunteers will undoubtedly be faced with many competing demands, the consultant will ensure that your fundraising programme receives priority attention and moves ahead in accordance with a carefully predetermined timetable.

The consultant will also help solve day-to-day strategic and tactical problems as well as inspire your staff and volunteers to keep the effort on track.

Setting the 'right' expectations ...

The role of your professional fundraising consultant will need to be properly understood by your organisation's volunteers and staff, in order for the partnership to be effective.

For example, a consultant cannot meaningfully address any one of the following key areas that will be essential for the success of your fundraising programme:

1. Institutional Planning

Although consultants can facilitate the 'brokering' process, they cannot make final decisions regarding your institutional priorities and the projects to be included in your fundraising programmes. Similarly, although consultants can help 'package' your needs as attractively as possible, they cannot produce a strong case for support if none exists.

2. Volunteer Commitment

Although consultants will help you identify, cultivate, and perhaps enlist senior volunteers, they cannot substitute for a lack of internal or external leadership. A consultant cannot 'manufacture' the total commitment of the institutional leaders and high-level volunteers, which is crucial to the success of any fundraising initiative.

3. Asking For Gifts

Consultants will provide you with a strategic plan, prospect research, public relations materials, volunteer training, and a myriad of other services crucial to the success of any fundraising initiative. However, asking for gifts is always something that is best done in partnership with influential volunteers who are prepared to personally approach your most important prospects.

Search

Now that you're clear about what you're seeking from a consultant and the right expectations have been set within your organisation, the time has come to see which firm will best meet your needs.

Research

Undertake some preliminary research to identify the consulting firms your organisation may wish to consider. A good place to start is by consulting your own network, then seek the assistance of professional bodies such as the Association of Fundraising Consultants and the Institute of Fundraising. Shorten your list to four or five firms, which have a positive reputation in the professional community and appear to fit the requirements of your organisation.

Proposals

Next, send to each consulting firm on your short-list a detailed letter setting out:

- The background of your organisation
- It's fundraising and development history
- The nature of the project for which you are considering engaging support

It's a good idea to attach supplementary material to your letter, such as your most recent annual report and relevant public relations materials.

Your letter should clearly indicate what you require in the proposals you are soliciting from the consultants. These requirements may include:

- Brief history of the consulting firm
- Description of its services & experience of its principal Directors
- Client list and referees
- Detailed description of how the firm proposes to serve your organisation
- Qualifications of staff to be assigned to your project
- Timetable for the assignment
- Proposed professional fees and any other disbursements

You may also require each firm to respond to specific questions such as "What resources and involvement will you require from us?"

Finally, you should clearly indicate a deadline for the receipt of proposals and a timetable for follow-up.

Some firms may wish to meet with you personally in order to obtain a better understanding of your situation before submitting a written proposal. This is generally a useful exercise for both your organisation and the consultant, after all, you need to make sure they are the right 'fit' for your team.

Selection

Once your nominated response date has passed, evaluate each firm's proposal on the merits of the:

- Response given to the questions posed in your letter
- Level of professionalism, creativity, and suitability to your own unique circumstances

On the basis of the written proposals and your preliminary enquiries about each firm, you should attempt to reduce the list to two or three candidates who will be invited to meet with your selection committee.

Committee

Carefully choose the members of the committee charged with the responsibility of selecting your consultant.

Whilst the number of committee members needs to be manageable, it's important to include all of the key people who will work with the consultant and share responsibility for the success of the programme. Optimally, these individuals should include your Chief Executive, Chairman of the Board of Governors, Chairmen of the Foundation Board, Director of Development and a few key external volunteers who are familiar with your situation and may be called upon to play an important role in the proposed fundraising programme.

Interview

Try to interview all candidates on the same day or on consecutive days. Set a friendly but firm environment for the interview and make sure that you remain in control of the process.

Establish a predetermined time for each part of the interview, such as:

- Your own introduction to highlight the brief (say five minutes)
- The consultant's presentation (say 15 minutes)
- Questions and answers (say 15 minutes)
- Summation (say five minutes).

If you set aside at least an hour for each interview, you will also allow time for your committee to interact, share immediate impressions, complete their "rating scale" for the previous candidate, and prepare for the next interview.

Criteria

You may find it helpful to put together a checklist of selection criteria to help you assess the candidates. These might include;

- Quality of the written proposal
- Level and breadth of the consultant's expertise
- Accountability mechanisms
- Qualifications and experience of principal directors of the firm

- Costs (consider professional fees and disbursements as well as the cost of resources required from your organisation for the project)
- Style of the consultant and chemistry with your staff and volunteers
- Likelihood of the consultant transferring skills and experience to your staff and volunteers to ensure longer-term benefits.

It is often helpful to carefully prepare, ahead of the interview, questions that address these criteria which can then be put to each of the consultants interviewed.

Also consider preparing a few questions, which are specific to the particular consultant (“What would be your firm’s response if we were dissatisfied with the performance of the consultant working on our campaign?” or “What quality assurance systems does your firm have in place to ensure the fundraising programme is being properly managed?”).

Similarly, prepare a few challenging questions which are somewhat out of the ordinary (“Tell us about one of your assignments which you consider a failure”).

In the end, the process is intended to produce a fair comparison of each candidate and enable you to weigh both the subjective and objective factors, which will determine your final choice.

References

In order to validate your final selection, your organisation should conduct careful reference checks. Talk to a reasonable cross section of the consultant’s clients, particularly those in your own professional sector and geographical area. Although you may wish to contact the references supplied by the consultant, it is important that you talk to a selection of other clients whom the consultant has served. Use your own contacts as well as the reference list provided. Most importantly, check the general references for the consulting firm and the personal references for the individuals in the firm with whom you will be working most closely.

If you identify any “red flags” from the interview, your reference checks, or the general reputation of the firm, be sure to pursue these diplomatically but keenly.

Beginning Work ...

Once you have completed final reference checks and validated the committee's selection, contact the consultant you have chosen and ensure that they are prepared to accept the assignment and work in a partnership with you.

Then contact the other candidates and thank them for their participation in the process. Although it's both polite and professional to give unsuccessful consultants some general feedback on their proposal, detailed discussions are usually unnecessary and may directly or indirectly breach the confidentiality of your committee deliberations.

Then, ask your consultant to confirm their formal terms of appointment, including the nature of the services to be provided, the assignment of personnel, timetable, costs, resources, contingencies, and other fundamentals. Most importantly, ensure that the contract contains a specific provision for termination of the appointment in event that the services being delivered by the consultant are no longer required.

Now with a new and experienced consulting partner on the team, your organisation is ready to begin the real work of turning an exciting but challenging vision into a reality.

Gifted Philanthropy would be delighted to have a no-obligation conversation with you about conducting a feasibility study and how we might help you to achieve your fundraising goals. Either get in touch with one of our directors or contact us via our website.

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