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# Understanding Philanthropy Consulting: A Tool to Identify the Roles and Capabilities Needed From External Support

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*Keywords:* Strategy setting, evaluation, philanthropy advisers, capability framework, management consulting, role of consultants, foundation consulting

## Introduction

The philanthropy consulting sector has evolved rapidly in the past decade. Philanthropies today face increasingly complex strategic challenges and they are engaging consultants to play a more diverse set of roles in a broader range of assignments. These roles include support for all core areas of philanthropic organizations, and consultants have responded by developing increasingly specialized skills and capabilities (Fay-Bustillos, 2011). This combination of factors has made it more challenging for philanthropic organizations to select the right consultants for their strategic and operational needs.

This article provides a structured framework to assist foundation directors, boards, and staff in the selection of philanthropy consultants. The framework helps these decision-makers answer three questions:

1. Should I engage a consultant?
2. What role should the consultant play?
3. How should I evaluate the capabilities of potential consultants?

This article is focused on consulting roles at grantmaking foundations. The tool and content here are relevant to both large and small private foundations as well as community foundations across diverse sectors of focus, and tested with data points from each.

## Key Points

- This article categorizes the distinct roles played by philanthropy consultants and presents a tool and framework for charitable foundations to identify and evaluate the roles and capabilities they need from those consultants.
- The article categorizes seven capability areas, from strategy setting to talent development, that are core to all foundations. Then, it identifies trigger points within these capability areas that lead foundations to undertake projects that may require outside support. Third, the article maps the capabilities that foundations consider in determining whether and how to engage philanthropy consultants.
- The resulting tool is scalable and broadly applicable, providing foundation staff and boards with a resource for understanding the range of roles philanthropy consultants play on any given engagement and a mechanism for choosing the correct role and capability set, if required, by their own organization.

## Method

The tool and processes in this article were developed from data points collected in collaboration with foundation leaders and consulting peer partners across a wide geographic spread. While some cases are presented from the authors' experience at large and small philanthropy consulting firms, the principal data points used for tool creation were gathered through formal interviews with foundation

decision-makers at a large private foundation, a small private foundation, and three community foundations.<sup>1</sup> The foundation leaders interviewed were able to collectively cite examples of consultant use at a total of eight foundations given diverse previous experiences, and the collated best practices and cases collated were also verified with philanthropy consulting peers.

In this article, the term “foundation” refers to grantmaking organizations of all types. The term “consultant” refers to individuals or firms engaged contractually to provide support to philanthropic organizations and that are not considered staff at the organization. This article focuses on philanthropy consulting as it pertains to the grantmaking function of foundations; it does not cover contractual service provision for functions such as logistics, food services, or technology support.

### Deciding Whether to Engage a Consultant

Foundations employ a diverse set of strategies and tactics to achieve their missions, and they vary considerably in resources, infrastructure,

and organizational models. There are, however, seven core functions that are common to all foundations. (See Table 1.)

Individual roles or teams may stretch across these functions depending on the structure and size of the foundation, but the groupings represent areas in which problems may be triggered that require sourcing of capabilities beyond those allocated to the normal rhythm of business. Identifying the function area in which a new problem arises will focus an evaluation of the capabilities that exist to solve the problem in-house within that function prior to looking externally.

Many foundations have staff who partially or entirely fulfill capability needs within these seven core functions. Many foundations, however,

<sup>1</sup> Direct interviewees were decision-makers at the Bill & Melinda Gates Foundation, a small anonymous family foundation, the Maine Community Foundation, the Community Foundation Serving Richmond & Central Virginia, and the Greater Tacoma Community Foundation. Peer experience was sourced from Deloitte Consulting LLP, the Bridgespan Group, and McKinsey & Co.

TABLE 1 Seven Core Functions of Foundations

Program Strategy Cycle			
1) Strategy & Program Design	2) Program Execution		3) Program Evaluation
<ul style="list-style-type: none"> <li>• Define foundation and programmatic strategies.</li> <li>• Design programs and grants.</li> <li>• Analyze landscape, partners, and stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Make and manage grants.</li> <li>• Provide technical guidance.</li> <li>• Build grantee and partner capacity to execute programs.</li> </ul>		<ul style="list-style-type: none"> <li>• Define impact, outcome, and output measures.</li> <li>• Monitor efficacy of programs and grants.</li> </ul>
4) Community Engagement	5) Talent Development	6) Governance, Operations, & Administration	7) Investment & Financial Management
<ul style="list-style-type: none"> <li>• Build communication channels with community and programmatic stakeholders.</li> <li>• Seek programmatic input and feedback.</li> <li>• Plan external communications.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify, recruit, and retain top talent.</li> <li>• Provide professional development opportunities.</li> <li>• Build strong culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Build internal capacity to achieve foundation mission.</li> <li>• Design organization structure and accountabilities.</li> <li>• Manage business processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Define and execute investment strategies.</li> <li>• Manage and monitor resources and funding capacity.</li> <li>• Perform grantee and partner due diligence.</li> </ul>

experience capability or capacity gaps in these areas, often as the result of a special project or surge of activity that extends beyond the normal course of business. It’s not always clear when a special project has emerged, but they share common attributes or “triggers.”

*Understanding Problem and Opportunity Triggers*

Identifying the trigger that instigates a problem or opportunity can help a foundation frame, or even anticipate, whether there is a need to build or reallocate internal resources, or whether to hire consulting support. (See Table 2.)

If a recurring internal trigger always falls within the same function area, a foundation may wish to consider building capacity to respond to the trigger internally rather than through consultant support. By contrast, if a trigger recurs infrequently or not at all, building an in-house response is unlikely to be cost effective. In the cases studied, community foundations were likely to experience recurring triggers in the investment and financial management area, as incoming gifts are frequently complex or unusual; several foundations, therefore, had determined a need for legal support in-house or on retainer. Similarly, two foundations that held annual programmatic strategy-planning sessions built in-house strategy-management capacity to address a portion of the

program teams’ recurring capability and capacity needs for this known trigger. In these examples, the recurring triggers were predictable in their sequencing and location within the foundations. These considerations may be a matter of size; smaller foundations are more likely to have a capability or capacity gap and less likely to fill that gap with full-time staff.

Triggers may be identified at the organizational or portfolio level. Several foundation partners identified problems or opportunities triggered at grantee organizations for which special projects were undertaken on behalf of the grantmaker. These included capacity-building activities, but also navigation of grantee-foundation strategy alignment.

Using the frameworks presented in this section, foundations should understand the nature of the trigger that has created a special problem or opportunity and where in the foundation’s functional areas it resides. To determine whether external resources are required to address the newly defined project, a foundation should consider four questions:

1. Does this capability set exist within another function area of the foundation that could be redirected?

TABLE 2 Examples of Trigger Types in Core Foundation Areas and With Grantees

	Recurring Triggers	Nonrecurring Triggers
Internal	<ul style="list-style-type: none"> <li>• Development or refinement of foundation, portfolio, or program strategic plan</li> <li>• New opportunity exploration</li> <li>• New talent, capacity, or capability comes online</li> <li>• New impact evaluation report++</li> <li>• Payout changes to reflect market return</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership, management, or board change</li> <li>• Newly entering philanthropy field</li> <li>• Identification of internal capacity or capability gap</li> <li>• Program design review</li> <li>• Organizational inefficiency/churn</li> <li>• Board dysfunction or polarities</li> </ul>
External	<ul style="list-style-type: none"> <li>• Government elections</li> <li>• Stakeholder or partner conference, event, or meeting</li> <li>• Grantee or partner capacity change (for better or worse)</li> </ul>	<ul style="list-style-type: none"> <li>• Grantee solution failure or lack of efficacy</li> <li>• New research / innovation</li> <li>• External landscape change, market, or community event</li> <li>• New government or partner policy</li> </ul>

2. Does redirecting bandwidth from a different function area have a direct cost to that other core area of the foundation?
3. Is the cost of redirecting bandwidth greater than the cost of a consultant?
4. Is the trigger that resulted in this capability need recurring, warranting creation of this capability skill set on staff?

These questions are derived from the best practices identified by foundations in interviews for this article. In all cases of best practices cited, a structured process for determining that a capability set did not exist on staff led to a better understanding of why a consultant was needed.

#### *Foundation Case Studies*

These frameworks may be best understood through examples of best practice for determining whether a consultant was needed. In one case, a community foundation experienced a trigger in its program evaluation function – a director with expertise and technical knowledge about program evaluations left the organization. The foundation team knew that the trigger was recurring at both the organizational and portfolio levels, but that it was intermittent. As the evaluation need was being reviewed, however, it was determined that the trigger did not warrant the creation of in-house capacity specifically for evaluation at that time. Instead, the fact that the trigger was recurring and localized to a specific foundation function led to the selection of a consultant through a nearby university that could provide reliable support on a spread-out timeline for engagements as well as provide additional time for the foundation to assess the skills and abilities that were required to execute over the longer term.

In a second example, a large private foundation experienced a trigger in the program execution function area – a grantee was making bad targeting decisions about how to reach beneficiaries in an international program. The trigger was nonrecurring; the problem was singular to this particular grantee, indicating that the resulting program execution challenge was

unique. The foundation determined, however, that redirecting bandwidth to managing the capacity growth of the grantee would have a high cost to other grantmaking activities. Consultants were sourced, therefore, to help the grantee make an internal case for change and evolve its beneficiary targeting strategy in a particular implementing area.

These cases demonstrate the considerations that foundation leaders must weigh in defining a problem or opportunity, and best practice in how to evaluate whether a consultant is needed. Once a decision is made to source external support, a foundation has a choice of how to engage a consultant or firm and source the capability sets they need from the engagement. Drawing on these case studies, the following section presents a tool for foundation staff to choose a consulting engagement type and skill set.

#### **Defining a Consultant's Role**

This section classifies consulting work from the case studies identified by foundation partners in two dimensions: how a consultant will add value on a specific project and how the engagement will be structured. The resulting framework allows foundation leaders to better articulate the role a consultant will play for the organization, and to structure it accordingly.

#### *Understanding How Consultants Add Value*

Across all foundation types and a diverse range of consulting engagements, foundation partners identified two distinct use-cases for consultants. In some cases, the primary value brought by a consultant was knowledge: The consultant brought content or subject-matter expertise, access to relationships, or programmatic experience. Consultants that are engaged in knowledge roles might be experts on impact-evaluation studies and interpretation, or have relationships in a programmatic area that a foundation needs to access. Several foundations cited use of consultants in a primarily knowledge-oriented role to move into sectors that were new to the organization or, in the case of community foundations, to test nontraditional fundraising channels.

In other cases, the primary value brought by a consultant was enablement: The consultant structured problems, identified choice points, brokered decisions, and facilitated change. Consultants that are engaged in enablement roles might help navigate complex internal relationships to achieve stakeholder alignment, or they might provide experience solving a particular type of problem across diverse organizations, such as board coaching or transition planning. Several foundations cited the use of consultants in primarily enablement roles during organizational- or portfolio-level strategy planning. The primary value brought to bear is closely linked to the capabilities of a consultant.

#### *Culture and Engagement-Model Alignment*

Once a foundation has determined the value derived from the consultant's role, it must decide how to engage that support. Consultants that work with philanthropic organizations span a tremendous range in their size, cost, and operational style. The case studies indicate that the second major distinction between consulting roles is the nature of the consultant's engagement model. Consultants may provide embedded support, in which they work in-house to closely collaborate with foundation staff. Alternatively, consultants may provide autonomous support, in which they own a discrete body of work "out of house" and present solutions at completion or at defined intervals. While there is a continuum of engagement types between these two, they represent discrete consulting models that will help distinguish consultant roles in the tool below.

Whether an embedded or autonomous engagement is needed for a specific problem depends on the culture of the foundation and the nature of the problem. In the cases studied, foundation decision-makers often had a sense of whether the style or fit of embedded consultants versus autonomous ones would be a better match for the culture of the affected team. There are, however, some specific triggers and resulting problem types that may lend themselves to different engagement-model types.

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*In other cases, the primary value brought by a consultant was enablement: The consultant structured problems, identified choice points, brokered decisions, and facilitated change.*

Foundations tend to favor an embedded engagement model to address a problem or opportunity when the following factors are ranked as important:

- internal alignment around answers and decisions,
- a need to translate domain knowledge or data into a foundation's answers or decisions,
- a desire to transfer learning, domain or process expertise from consultants to in-house staff, or
- a desire to have strong control/oversight of the process or outcome.

Foundations tend to favor an autonomous engagement model if the following factors are ranked as important:

- independence of consultant in getting to an answer, particularly with external partners or grantees;
- a need for research unbiased by organizational priorities; or
- a desire for an outside decision-maker or arbiter to reach a solution.

A large community foundation, for example, used an embedded engagement model when internal alignment around decisions was needed to evolve to a new grant-management technology system, but used an autonomous engagement model for a human resources firm to benchmark benefits packages when independence and unbiased results were needed.

### Consultant Role Archetypes

Case studies consistently showed that the ability to identify and articulate the role for which a consultant is needed led to more effective solutions and overall positive experiences in working with consultants. The two key dimensions for defining the role for which a consultant is needed, primary value added and engagement model type, align with four role archetypes: ‘advisor,’ ‘generator,’ ‘catalyst,’ and ‘driver.’ (See Table 3.)

While each of these roles is distinct, there are certainly problems for which a consultant may be needed for multiple roles in a single engagement, and a consultant’s ability to play each role should be verified independently. During a strategic planning process, for example, the small private foundation needed both an ‘advisor’ to provide in-house support on subject matter related to climate change and a ‘catalyst’ to help the foundation structure and analyze the opportunities faced in the planning process. While the foundation was able to identify a single consulting firm that could play both of these roles, other case studies have shown that a project may require two consultants to address both roles.

### Evaluating the Capabilities of Potential Consultants

Defining the role of a consultant also helps inform the capabilities they should bring to an engagement (Fallon, 2012). Based on data points from foundations of varied type and geography, this paper identifies the major consultant capability areas and specific skills that may be required to address a broad set of problems or opportunities.

In interviews with foundation leaders, a theme heard frequently was that organizations would begin their search for a consultant by seeking someone who had experience with a problem set of exactly the same nature as the one being faced – the same organization type, domain, and process. For some of these cases, consultants with directly relevant experience could be found – for example, a technology expert with experience managing platform changes at a community foundation. In most examples, however, the foundation was faced with trade-offs among the relative importance of each capability when an exact match could not be identified.

Our tool provides a more structured approach to this trade-off decision and links to the role or

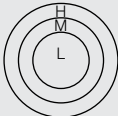
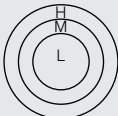
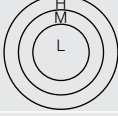
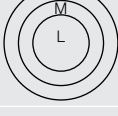
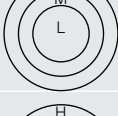
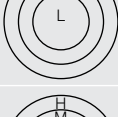
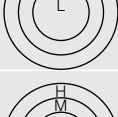

TABLE 3 Role Archetypes for Philanthropy Consultants

		Consultant Engagement Model	
		Embedded support Consultant works in-house to collaborate with foundation staff on solution process and answer	Autonomous support Consultant owns a discrete body of work “out of house” and presents solutions in completion or at defined intervals
Value Added by Consultant	Knowledge Content or subject matter expertise, geographic expertise, access to relationships	<b>Advisor</b> e.g., serve as a thought partner for program team considering new area of grantmaking	<b>Generator</b> e.g., conduct impact evaluations or baseline studies
	"Enablement" Structuring problems, identifying choice points, brokering decisions, facilitating change	<b>Catalyst</b> e.g., help your management team develop and align on a multiyear strategic plan	<b>Driver</b> e.g., broker a strategic partnership with a partner agency or new grantee

roles a consultant should be asked to play. The size of the capability gap is not necessarily the predominant factor – there may be a large unmet need in a capability area that is less critical to a successful outcome than a small capability gap in an area of high importance. A large capability gap in analytics, for example, may be less significant to a project outcome than even a small capability

gap in domain expertise for consultants playing the ‘advisor’ role. Foundations should identify the capability areas where unmet need overlaps with high or very high importance to a role archetype in order to distinguish the most critical experience set of a consultant to evaluate for the role identified. (See Table 4.)

TABLE 4 Capability and Capacity Decision Tool: Evaluating Needs and Structuring a Consulting Role

Capability Areas	Definition	Unmet Need Figure A	Capability Importance HH – Very High, H- High, M – Medium, L – Low			
			Advisor	Generator	Catalyst	Driver
Domain expertise	<ul style="list-style-type: none"> <li>• Deep knowledge of a field/sector</li> <li>• Ability to influence others through evidence-based argument</li> <li>• Strong relationships, reputation</li> </ul>		H	HH	L	L
Process expertise	<ul style="list-style-type: none"> <li>• Structuring of problems and process to obtain options / answers</li> <li>• Benchmarking process considerations against experience of other organizations</li> </ul>		L	M	H	H
Analytics	<ul style="list-style-type: none"> <li>• Logical structuring</li> <li>• Statistical and financial modeling</li> <li>• Making the complex simple</li> </ul>		M	HH	H	H
Creativity	<ul style="list-style-type: none"> <li>• Creates new and novel solutions</li> <li>• Cross-disciplinary perspective, draws from multiple knowledge domains</li> </ul>		H	M	H	M
Stakeholder engagement	<ul style="list-style-type: none"> <li>• Navigates internal politics</li> <li>• Strong emotional intelligence</li> <li>• Strong listener who builds trust</li> </ul>		H	L	HH	L
Change management	<ul style="list-style-type: none"> <li>• Strong communicator</li> <li>• Organized and task-oriented</li> <li>• Proven project- and change-management methods</li> </ul>		L	L	HH	M
External relationships	<ul style="list-style-type: none"> <li>• Strong field/sector relationships</li> <li>• Access to, and ability to influence individuals/organizations</li> </ul>		H	HH	L	M
Objectivity	<ul style="list-style-type: none"> <li>• Impartial and unbiased approach</li> <li>• Ability to step back from internal politics and provide independent analysis</li> </ul>		M	HH	H	HH



*When evaluating the capabilities of consultants, it is important to ensure that their capability experience is aligned with the core foundation function area in which the consulting need was triggered. A consultant may have demonstrated capabilities in administration and governance that may not translate to a program planning and execution function.*

To use the tool, a foundation should shade in one color the “unmet need” circles that indicate its total need for each capability set, and in another color the capacity its staff has to meet that need. A team with some in-house experience with strategy planning but a high need for process expertise might shade the “high” circle for total need and the “low” circle for current capacity, showing the differential in unmet need.

For example, a private foundation was planning strategy at the portfolio level for its emergency relief programs and was seeking a consultant to play an ‘advisor’ role. The team had high unmet need in process capabilities, stakeholder engagement, and external relationships, and low unmet need in domain expertise – a capability mostly covered by full-time staff. The foundation team was considering two consulting firms: one brought significant process and internal stakeholder experience; the other had greater domain knowledge and external relationships. Based on this framework, the team should – and

did – de-emphasize the process capability, given its low importance to the advisor role, in favor of the heavier combined weighting of external relationships and domain expertise, leading to selection of the second firm. The foundation team might also have used this framework to identify a need to evaluate the second consulting firm’s ability to achieve stakeholder engagement, even if it was not the primary strength the firm advertised, to best structure its role on the project.

In cases studied, the primary means of evaluating a consultant’s capacity in each of these capability areas was past performance. The vast majority of foundations said they refer to references at peer organizations to speak to consultant capabilities, but in examples where this was not possible, other examples of evaluative mechanisms heard during cases included:

- sample past deliverables,
- publications or speaking engagements,
- past performance credentials,
- strong relationships with past clients, and
- insightful questions and organizational due diligence.

When evaluating the capabilities of consultants, it is important to ensure that their capability experience is aligned with the core foundation function area in which the consulting need was triggered. A consultant may have demonstrated capabilities in administration and governance that may not translate to a program planning and execution function, and references should be checked to ensure alignment of experience with function. This is particularly important in referrals from philanthropy peers or when relying on consultants that have been used by the organization in the past. This tool can provide a more structured way for understanding whether a consultant’s success at a different institution is relevant to the foundation function area in which a consulting need has been triggered.

#### *Examining the Tool in Foundation Case Studies*

The tool presented represents the collated best practices heard in case studies across diverse foundations and geographies. This structured

approach to determining the role that consultants play, and whether they have the right capability set to play those roles, is further examined through examples.

In two case interviews, the foundation was responding to an internal need to explore a sector that was new to the organization. In one case, the foundation was interested in community development finance; in another, the foundation was interested in granting to individuals. For both, it was a nonrecurring trigger in the strategy and program design function area of the foundation, for which they did not have in-house knowledge to respond. Although both needed the consultant to add value primarily through knowledge, one organization chose an embedded model and the other an autonomous one given different capability needs.

In the capability-set decision tool, both foundations identified a high unmet need in domain expertise and a low need in process expertise. The foundation interested in community development finance also had a high unmet need in stakeholder engagement and creativity. These capability gaps led to the selection of a consultant who could play an ‘advisor’ role, for which the capability sets identified are all weighted as “high.” (See Table 4.) The consultant identified had excellent knowledge of the community development finance field, which brought content expertise to the process as well as credibility to decisions on the program’s direction. The consultant was able to translate knowledge of field dynamics to the community foundation context through creativity, and manage stakeholder engagement through participation with the convening team and involvement in program design.

In the case of the foundation interested in granting to individuals, domain expertise was the largest unmet need, followed by analytics around impact and a relatively smaller need for external relationships. These capability gaps led to a selection of a consultant who could play a ‘generator’ role, and an expert in newer forms of philanthropy was identified. The team found an

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*These divergent examples demonstrate the key value of using capability sets as a decision point. While the original trigger for both foundations’ problem was the same – a desire to move into a new sector – the capabilities that each team needed led to better trade-off decisions between consultant types that aligned the consulting role with the specific needs of each foundation.*

individual with experience in crowd funding and financing who had relationships with different types of philanthropic organizations, which led to the generation of new ideas for the foundation team.

These divergent examples demonstrate the key value of using capability sets as a decision point. While the original trigger for both foundations’ problem was the same – a desire to move into a new sector – the capabilities that each team needed led to better trade-off decisions between consultant types that aligned the consulting role with the specific needs of each foundation.

In a second set of case studies, consultants were hired to play the ‘catalyst’ role in two very different cases. A large private foundation experienced a trigger in its program execution function area when it discovered that the work of one program team relied on international last-mile delivery, which had not been a strategic focus. The team identified the need for external

*Several interviewees made a distinction between consultants hired to support internal foundation processes and those hired to support grantees. While the capability needs were equally determinative of roles in both cases, cultural fit became particularly important. In these cases, consultants essentially manage two clients – the grantee and the foundation – and must navigate two sets of stakeholders.*

support to fill specific capability gaps in the resulting strategy realignment.

The foundation team had deep technical and programmatic expertise, but had a high unmet need in process experience and analytics. Given that the core program strategy would change, the team also identified the need for additional capabilities in stakeholder engagement and change management. These capabilities are all most heavily weighted for the ‘catalyst’ role. (See Table 4.) The decision-maker interviewed for this example described these capabilities:

The team had the technical knowledge, but the consultant needed to know how to ask them the right questions to make the best decisions. The team needed process, and someone to take their ideas and catalyze them into something better – plus the tenacity to stay through the mess of operationalizing a plan of that scale.

In the second case, a private foundation experienced a trigger in the program strategy and design function area. The foundation had funded a new grantee, but did not have the personnel to manage the rapid capacity growth needed for the organization to feel confident in deliverable outcomes. The foundation team identified unmet capability needs in capacity-building processes and in creativity to identify new working systems for the grantee, and a high need for grantee-stakeholder engagement for a change-management process. In this case, objectivity was also a capability need that could not be sourced from foundation staff, as the team needed an external broker to serve as intermediary between the foundation and grantee. These capability sets are all weighted most heavily for the ‘catalyst’ role.

Several interviewees made a distinction between consultants hired to support internal foundation processes and those hired to support grantees. While the capability needs were equally determinative of roles in both cases, cultural fit became particularly important. In these cases, consultants essentially manage two clients – the grantee and the foundation – and must navigate two sets of stakeholders. Determining whether the consultant should play an autonomous or an embedded role for grantees becomes particularly pivotal when assessing portfolio-level consultants, as is determining who the primary client will be.

While the role archetypes (see Table 3) are relevant for both foundations and grantees, the best use of this tool for portfolio-level consulting projects is as a platform for discussing expectations with the grantee. This discussion should define whether the role of the consultant is primarily in service of the foundation, in service of the grantee, or focused on the relationship between the two. In the cases where consultants were needed to play a catalyst role, the nature of the engagement would differ for each of these primary-client types. To primarily serve the funder, for example, a consultant in a catalyst role might help a grantee align its programs more closely with the foundation’s strategic objectives. To primarily serve the grantee, the consultant team might be engaged to further overall strategic clarity of the grantee-partner’s programs. With a primary focus on the

relationship between the funder and the partner, consultants in a catalyst role might explore more efficient communication channels or monitoring schemes in the reporting relationship.

Before selecting a consultant, it is important that foundation leaders discuss the role they expect the consultant to play and the implications of choosing a particular primary client for the engagement with their grantee partner. The foundation should also take responsibility for discussing capability areas (see Table 4) with its grantee partner to ensure that capabilities such as creativity and process expertise are collectively defined. In the cases cited as best practice by foundation leaders, determining that specific capability sets were needed by the team and discussing these capabilities with grantees led to a well-defined engagement and a more structured approach to consultant-capability evaluation.

#### *Demonstrating Outcomes of Delineating Capability Sets*

Cases in the previous section illustrate best practice in selecting a consultant that meets identified capability needs. In interviews with foundations, however, cases in which best practice was not followed were also identified and provide a counterfactual for use of this article's frameworks and tool. The cases in which consulting roles and capability sets were not clearly defined led to less successful outcomes.

For example, a community foundation seeking to refresh its strategy engaged a local strategy consulting firm for a light strategic plan. The trigger for undertaking this work was not defined, and therefore the foundation team had not identified a desired outcome for the consulting work. Without driving toward a particular outcome, the engagement was time-consuming to manage and of unclear value. The foundation ended this engagement early and took the time to define the strategic problem. In the second engagement, it hired for a specific skill set that would help it navigate organizational changes.

In a second case, a midsize private foundation hired a consulting team to revise an organizational 10-year strategy plan. The foundation team

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*The reality is that in some cases a foundation may misidentify its needs or may deprioritize a needed capability. Given that risk, or if a foundation feels uncertainty in identifying its needs, it may choose to use the tool partway through a consulting engagement to retest alignment of needs with what a consultant is delivering and the type of engagement model being implemented.*

chose the consultant based on its experience with other foundation strategy processes and domain expertise in international programming. While the consultant effectively delivered on the strategy plan, it proved weak at change management, largely divesting from the process as the strategy moved from plan to execution. A more structured approach to identifying capability gaps would have identified change management as an unmet need at the outset of the program, resulting in a better outcome.

The reality is that in some cases a foundation may misidentify its needs or may deprioritize a needed capability. Given that risk, or if a foundation feels uncertainty in identifying its needs, it may choose to use the tool partway through a consulting engagement to retest alignment of needs with what a consultant is delivering and the type of engagement model being implemented.

#### *Foundation and Consultant Responsibilities*

The tool laid out in this article is designed to help foundations evaluate their consulting needs in

a more structured way. For this tool to be used effectively, both the foundation and potential consultants have specific responsibilities (Cohen, 2009). First, it is the foundation's responsibility to communicate to the consultant the function area in which a trigger for an engagement takes place and the capability areas that the foundation will bring to the engagement. Second, should the nature of the engagement shift against either of these factors, it is the responsibility of the consultant to identify any deviation from the original proposal and correct course if necessary.

Foundations must also determine whether this tool is necessary for any given engagement. It is designed to structure a foundation's definition of the roles and capabilities of a consultant, though in many cases a foundation may turn to a consultant in its personal network or with whom it has past experience (Lester, 2010). While this tool may still be useful to define the parameters of the role that the consultant may play, it is more useful for foundations that are evaluating new consultants or consultants referred from other organizations, or for philanthropists that are themselves new to the field.

Finally, while consultants should also take responsibility for clearly evaluating the extent to which they can bring specific capabilities to an engagement, they may have a short-term incentive to commit to a role even when they are not fully qualified to fill it. As a result, foundations may also wish to use this tool to communicate with other organizations during a check for past performance and references regarding a specific role.

## Conclusion

Foundations today face a diverse sector of philanthropy consultants. While this presents an opportunity to source skill and function that is a fit for the nature of the engagement and the working style of the foundation team, it also presents a challenge to foundation staff who have to identify, budget for, and select a consultant to solve unique problems. The framework and tool presented in this article provide a method for evaluating the need for a consultant, the specific skills that a consultant should bring to

bear, and the role or roles they should play. The result is a better decision-making process for the three key questions posed at the beginning of this article and a more structured approach to scoping and framing the opportunities or problems a foundation faces. Undertaking this work before issuing an RFP or discussing the effort with a potential consultant or consulting firm allows for a better articulation of the role for which a consultant is needed with appropriate expectations on both sides. In doing so, foundations are better prepared to engage with the philanthropy consulting sector on projects for their organizations and their grantees.

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