

# A First Map:

## Exploring the Market for Consulting Services to Nonprofit Organizations in the San Francisco Bay Area

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Prepared by CompassPoint Nonprofit Services and Harder+Company Community Research,  
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# Foreword and Acknowledgements

As the Director of the CompassPoint Consulting Group for the past decade, I have seen the field of consulting to nonprofits grow from a cottage industry to a significant business activity. For years I have wanted to do a study such as this one, and I am grateful for the opportunity provided by our participation in Packard's Initiative on the Effective Use of Consultants.

Dr. W. Edwards Deming, creator of Total Quality Management, said, "If you can't measure it, you can't improve it." Although some work has been done measuring the impact of individual consulting projects, little has been done to measure the market for consulting or the aggregated impact of that work on nonprofit performance. This study provides a first "map," or measurement, of this previously uncharted territory.

In addition to the opportunity to learn about our field, this study provided another opportunity for CompassPoint to collaborate with Paul Harder, one of the leading consultants in the field nationally. Paul and I had several far-reaching discussions in developing the design for this research that helped me think more clearly about this project and about consulting in general. His dedication to the nonprofit community and to the highest level of professionalism remains an inspiration to me. His staff and our staff, particularly Ron Stochlic and Clare Nolan at Harder, and Jeanne Peters and Cristina Chan at CompassPoint, did a tremendous job with the data collection and analysis. Barrett Shaver responded gracefully and effectively to changing deadlines and quirky authors in managing the production of this document. Jan Masaoka and I have worked on many reports over the past ten years; as with every one of our previous efforts, her involvement and insight has made this report immeasurably more acute and relevant.

I especially want to acknowledge Barbara Kibbe's vision and leadership in the field of nonprofit organization effectiveness and in the particular field of consulting to nonprofits. Her leadership in creating and leading the Initiative on the Effective Use of Consulting (IEUC) has strengthened my own consulting practice as well as that of CompassPoint's Consulting & Research Group. We are indebted to the David and Lucile Packard Foundation for their funding of this study, for their support of the IEUC, for providing Barbara's thinking to the sector, and for their decades-long commitment to strengthening consulting to nonprofits.

The Initiative has provided us and our colleagues in the IEUC from the Center for Excellence in Nonprofits, the Community Development Institute and The Management Center, with increased understanding about consulting and how we can be helpful to our nonprofit organization clients. Leaders from each organization in the Initiative generously agreed to use time from our periodic meetings to provide helpful input to the focus of the study and early drafts of the research instruments.

At a time when nonprofits are stretched for resources and time, we thank, most of all, the 537 nonprofit representatives who participated in this study either by completing a survey or by

participating in a focus group. In addition, we are grateful to the funders who contributed their time and their insights to this effort:

- Marty Campbell, The James Irvine Foundation
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- Mike Groza, Marin Community Foundation
- David Pontecorvo, East Bay Community Foundation
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I hope that the investment that all of you have made in this research will see a return in improved services from the overall consulting community.

As we all better understand our market, we can better understand how to serve it, and by doing so, support the work nonprofit organizations do everyday improving the quality of life for all of us throughout our many layers of community. I look forward to hearing from all of you.

Mike Allison  
September, 2000

# Executive Summary

The use of consultants as a strategy to help organizations build their capacity and effectiveness grew steadily in the last part of the 20<sup>th</sup> century. The goal of this study is to describe the broad outlines of the market for professional management consulting services provided to Bay Area nonprofits.

This study is exploratory: conclusions reached provide the first “map” of this uncharted territory. We collected quantitative data at a scale that is statistically significant to describe the broad *scale and scope* of this market, and qualitative data to explore the *nature of the experience* that customers have with consultants. The substantial experience within our two consulting firms, CompassPoint and Harder+Company, provided a deep and important context for synthesizing the quantitative and qualitative findings.

The primary sources of information for the study are:

- ❖ A survey of 506 Bay Area nonprofit organizations,
- ❖ Three focus groups with directors of San Francisco, San Jose and Santa Rosa nonprofits, and
- ❖ Interviews with seven leading funders of consulting services for nonprofits.

This study led us to several unexpected findings, as well as confirming some previous assumptions. Key findings:

1. **Consulting is a widely used strategy by nonprofits.** Nearly two-thirds of all organizations in our sample, and 80% of those with budgets over \$500,000, contracted with consultants in 1999. This was a substantially higher level of utilization than we had expected.
2. **Consulting to nonprofits is a sizeable market.** Expenditures by nonprofits for consulting services in the greater Bay Area are estimated at \$65 million per year. Consulting is revealed as a very substantial business activity and clearly an important part of the infrastructure of the nonprofit sector.
3. **Nonprofit managers do not consistently distinguish between consulting that is capacity-building in nature and consulting that is framed as outsourcing.** Respondents reported utilizing a continuum of types of services and did not make the relatively sharp distinction between “consulting” and “outsourcing” that is commonly made by consultants and funders. For example, contracting with a technology-planning consultant is not cleanly differentiated from contracting with a computer network maintenance firm; it is seen as a different point on the continuum of consulting services.

4. **The market is largely satisfied with consulting services purchased.** Again, we were surprised that in both the quantitative and qualitative research nonprofit managers reported remarkably high levels of satisfaction.
5. **Nonprofits use a variety of means to identify consultants, and are satisfied with the pool from which they can select consultants.** In all categories of service, and across all counties, respondents reported that they could identify qualified prospective consultants. We had expected greater ease of access in urban areas compared with suburban and rural areas.
6. **Organizations encounter obstacles in meeting *all* of their consulting needs.** While organizations report the ability to identify qualified consultants, they identified reasons why they cannot use all the consulting they would desire to use. Unsurprisingly, cost is the most significant barrier to nonprofit organizations hiring consultants more frequently. Focus group participants also stressed the amount of time and effort it takes to work well with consultants.
7. **Organizations struggle with selecting among consultants for the right skills and right fit.** Consultants are available, but *selecting* a consultant that meets the organization's needs is time-consuming, difficult and done with uncertainty.
8. **Working (well) with consultants is a learned skill.** In addition to *selecting* the right consultant, *managing* work with consultants is a challenge. Focus group participants discussed at length the importance of clear expectations, negotiating work plans and costs and the difficulties of implementing actions planned with, or recommended by, consultants.

The market for consulting services with nonprofits is not only dynamic—large, growing and diverse—it also appears to be maturing. On one hand, the market for consulting to nonprofits operates predominantly in a private, fee-for-service environment. This market appears to be reasonably well served by the providers in terms of quality, breadth of services available, and ease of access across disciplines and geographic boundaries. An important conclusion may be that it is precisely because of its private, fee-for-service nature that the market has demanded and gotten what it wants.

On the other hand the data suggest a less than optimal exchange of information between buyers and sellers, and some confusion about how to think about quality. In addition to steps to improve the quality and availability of *information* about consulting services, respondents asked for help with improving their *skills* at working with consultants, or in other words, their skills as *consumers*.

This study's approach—with one foot in market research and one foot in needs assessment—provides some unique perspectives. A needs assessment approach, for example, typically assumes that meeting 100% of need is appropriate and desirable. This study demonstrates, as would be expected, that nonprofit organizations would purchase more consulting if the costs were lower. In contrast, a market research approach assumes that the market will, on its own, balance supply and demand. The provocative implication—borne out by provider experience with free consulting—is that although lower costs will increase demand and therefore utilization, the effectiveness of such utilization may not be at the same level as that delivered through the private market. Said another way, the market is not indicating that a substantial shift is needed in terms of accessibility and quality.

This study's findings, combined with previous CompassPoint research on consulting to nonprofits, suggests that the Bay Area market for consulting has matured in some important ways. In the past, nonprofits were unfamiliar with consulting and reluctant to engage consultants. Today, nonprofits engage consultants frequently and readily. Funder support for consulting has served both to educate nonprofits about the usefulness of consulting, and to nurture the fledgling industry of consulting to nonprofits. The provider community—the producers—is larger, more professional and more fluid than previously thought, and an infrastructure for consultants is beginning to formalize.

Some of the elements we would expect to see in a maturing market are, in fact, emerging in the market for consulting to nonprofits. These include consolidation of sole practice consultants into firms, the emergence of larger firms as well as niche consultants, the entrance into the market by firms who previously found it insufficiently attractive, increased specialization by consultants, and increased demand for tools that would make the market more efficient.

As the market continues to mature, this study may provide an important baseline for the Bay Area as well as a basis for comparison by markets elsewhere.

Additional research objectives suggested by this study include:

- ❖ Tracking the activity of this field in terms of the volume and types of services provided over the coming years to chart the growth of the industry,
- ❖ Developing a “census” of providers to chart the growth of the supply side of the equation,
- ❖ Exploring issues of quality in consulting to better understand the types of organizational benefits and the aspects of customer service that clients can reasonably expect from consulting services, and
- ❖ Exploring the widely shared assumption that more leverage is gained from traditional capacity building efforts than simply purchasing capacity by outsourcing work—a change in this assumption could have a major influence on the priorities funders place on support for various types of consulting services.



# Introduction

As nonprofit organizations and their stakeholders become increasingly interested in building the long-term strength of the sector, so too has grown the need for expert services to support nonprofits. One of the most common sources for this expertise is a consultant who specializes in working with nonprofits—a professional practice that has grown dramatically in the past decade.

However, while the demand for nonprofit consultants appears to be increasing across the country and in the Bay Area, little is known about the size and structure of the nonprofit market for consulting. Despite the proliferation of “needs assessments” of nonprofits for technical assistance, this type of market analysis of the usage of consulting services has, to our knowledge, never been done before.

In fact, a challenging aspect of this research was taking the methodology and approach of marketing research into a field more commonly analyzed with the conceptual frameworks and language of needs assessments.

Without such a market study, it is difficult to assess the relationship between supply and demand for services. It is also difficult to determine how well existing consulting resources are serving the nonprofit community. These questions are among those addressed by the Initiative on the Effective Use of Consultants, now in its third year of sponsorship by the department of Organization Effectiveness and Philanthropy of the David and Lucile Packard Foundation. This study has been done under the auspices of this Initiative and supported with funding from the David and Lucile Packard Foundation.

Thus, the goal of this study is to describe the broad outlines of the market for professional management consulting services provided to Bay Area nonprofits. In particular, the study addresses the extent to which nonprofits utilize consultants, for what kinds of work, what barriers exist to accessing consulting services, and what unmet consulting needs exist. With little meaningful baseline or comparative data, this study is exploratory in nature and experimental in design.

The conclusions reached provide the first “map” of this uncharted territory, and no doubt will be refined substantially in the years to come. Nonetheless, these findings indicate a significant and dynamic field of activity, and point toward opportunities to enhance the efficiency of the market and ultimately to help nonprofits make the best use of their resources in pursuing their important missions.

## Research Design and Limitations of the Study

This study collected quantitative data at a scale that is statistically significant to describe the broad *scale and scope* of this market, and qualitative data to explore the *nature of the experience* our customers have with consultants. The substantial experience within our two consulting firms provided a deep and important context for synthesizing the quantitative and qualitative findings.

The primary methods of data collection for the study are:

- ❖ A survey of 506 Bay Area nonprofit organizations,
- ❖ Three focus groups with directors of San Francisco, San Jose and Santa Rosa nonprofits, and
- ❖ Interviews with seven leading funders of consulting services for nonprofits.

For each data collection method, a sample was chosen using specific criteria and the sample size was determined with the intent of capturing a relatively significant portion of the total market. The 506 nonprofits responding to the survey comprise close to 10% of all Bay Area nonprofits in the fields of the arts, education, environment, health and human services, and the sample is roughly representative of the broader population of nonprofits in most respects. To strengthen the geographic findings, we held the focus groups in the three primary sub-regions within the Bay Area: San Francisco, Silicon Valley and North Bay. In identifying private foundation funders for interviews, we were able to interview leaders who collectively provide upwards of 20% of the private funds used by nonprofits to purchase consulting services in the region. Most of these individuals are also leaders in the field of capacity building for nonprofit organizations.

Though the survey sample is representative in most respects to the larger population, the smallest organizations are somewhat under-represented, and mid-size organizations with budgets between \$500,000 and \$5 million are somewhat over-represented. Organizations with budgets under \$100,000 per year open, close and move most frequently and are the hardest segment to document. The following table compares the survey respondents with the population as a whole:

<b>Comparison of Population with Survey Sample by Annual Revenue</b>				
Annual Expenditures	Population of Nonprofits in 11-County Bay Area		Survey Sample	
	Percent	Number	Percent	Number
\$ 0 - 100,000	39.3%	2,380	17.6%	89
\$ 100,001 - 500,000	32.2%	1,953	34.2%	173
\$ 500,001 - 1 million	11.0%	666	18.2%	92
\$ 1 - 5 million	13.9%	840	23.3%	118
\$ 5 - 10 million	2.9%	173	5.5%	28
\$ 10 - 15 million	0.8%	48	1.2%	6
Total	100.0%	6,060	100.0%	506

A more detailed description of the methodology is located in Appendix A.

This study is limited in some significant ways. First, data about the population of nonprofit organizations is notoriously incomplete, limiting our confidence in generalizing from the results of the sample to the full population. The database used for this survey is that maintained by the National Center for Charitable Statistics, drawing from the records of the Internal Revenue Service. In turn, IRS data is based on the federal tax Form 990 required annually of organizations with gross revenue of \$25,000 or more in one fiscal year. Aggregated information based on Form 990 filings reflects the consistency and accuracy problems of the individual returns, the rate of non-compliance with filing regulations, and timeliness concerns (data currently available dates from tax years ending in 1998). In addition, Form 990 data does not capture the great number of nonprofits with revenues under \$25,000 per year, and, because it does not capture local branch offices of nonprofits located elsewhere, provides an incomplete picture for specific geographic areas.

Second, this study is also limited by design to studying *paid* consulting; that is, consulting to nonprofits that was conducted by volunteer board members or other volunteers was not included. Previous CompassPoint research on volunteer-delivered consulting in the Bay Area shows this work to be small but significant, including work done by volunteers and brokered by organizations such as Business Volunteers for the Arts, the Stanford Alumni Consulting Teams, and Executive Service Corps.<sup>1</sup>

<sup>1</sup> *Have Briefcase, Will Consult: A Study of Volunteer Consulting Services in the San Francisco Bay Area*, CompassPoint Nonprofit Services, 1999.

Finally, the study is limited in its ability to speak to the impact of consulting on the effectiveness of the nonprofit organization clients. The study uses measures of client satisfaction as a reasonable surrogate for impact, and relies on the executive leadership of the organization as representing the “client.” It was beyond the scope of this study to probe the degree to which different constituencies within an organization hold different views about satisfaction with consulting services, nor could the study test client satisfaction as a reliable indicator of long-term positive impact on an organization. Measuring impact of capacity-building interventions is a field still emerging, and although this study is informed by that work, it does not set its findings in the context of any one framework for such measurement.

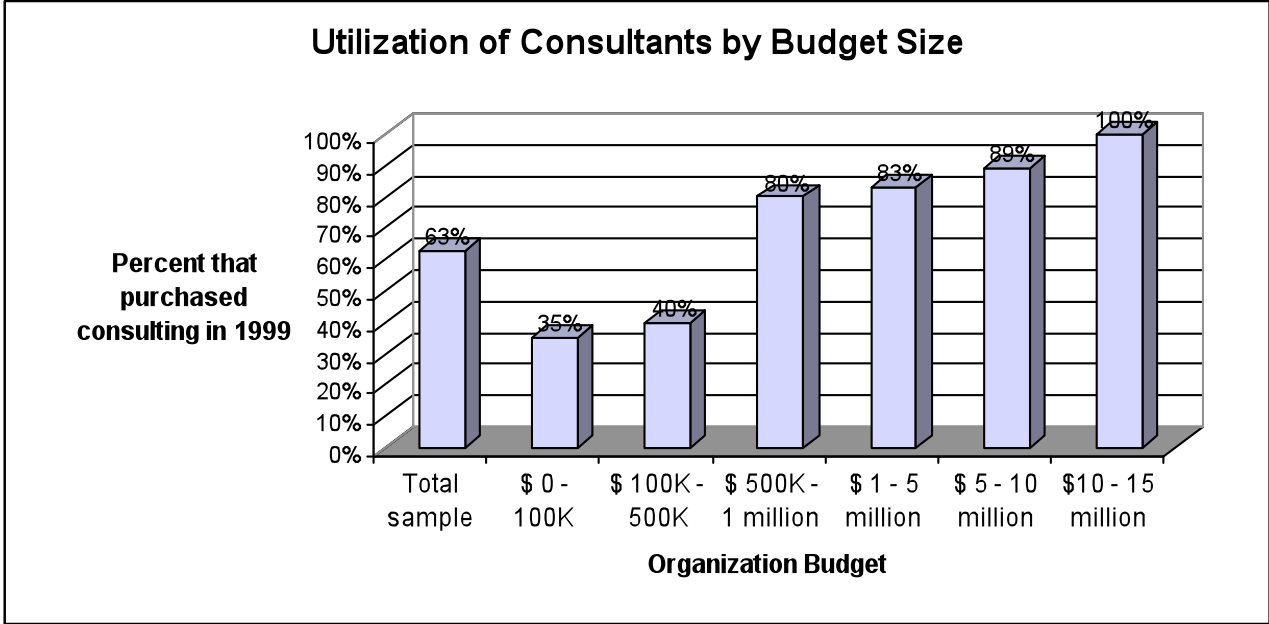
# Findings and Conclusions

## 1. Consulting is a widely utilized strategy by nonprofits

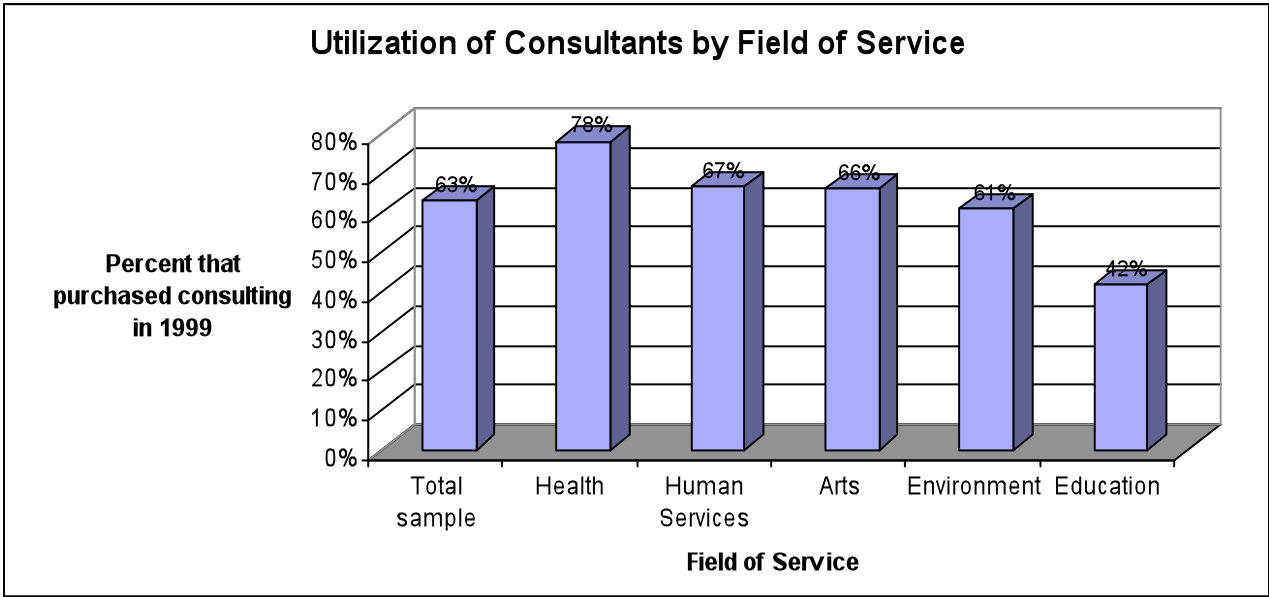
- ❖ Nearly two-thirds (63.0%) of the organizations in the sample purchased consulting services during 1999. Eighty percent (80.0%) of larger organizations—with budgets greater than \$500,000—hired consultants.
- ❖ The use of consultants varies proportionately with budget size. While only one in three of the smallest organizations used consultants in 1999, 100% of the largest organizations did so.
- ❖ Use of consultants does not vary widely by location in the Bay Area, although San Francisco organizations report the highest rate of use of consulting services. Nonprofits in outlying counties report similar levels of access to consultants as their more urban counterparts.

Despite the relatively recent emergence of a consulting industry to nonprofits, nearly two-thirds (63.0%) of the organizations in the sample contracted with consultants at least once during 1999. As might be expected, the organizational characteristics most closely associated with the use of paid consultants are budget size, number of staff, and the number of years the organization has been in existence. That is, larger and older organizations are more likely to use consultants than are younger organizations with smaller budgets and fewer staff.

As seen in the following chart, the use of consultants increases dramatically with budget size. Whereas slightly over one-third of nonprofits with budgets up to \$100,000 used consultants in 1999, *all* of the organizations in the \$10 - 15 million range did so.



With respect to field of service, nonprofits in the health sector reported the highest use of consultants, while those in education were least likely to contract with consultants.



Use of consultants does not vary significantly with respect to location in the Bay Area. Organizations in San Francisco reported the highest use of consultants, while those in Santa Clara County reported the lowest use. However, the differences between the regions are relatively small and not statistically significant. Contrary to initial expectations, nonprofits in more

outlying counties report similar levels of utilization of consultants as their more urban counterparts.

Percent of Nonprofits that Purchased Consulting, by County		
	Percent	Number
San Francisco	71%	140
Alameda/Contra Costa	63%	103
Marin/Napa/Sonoma/Solano	63%	91
San Mateo	60%	62
Monterey/Santa Cruz	58%	19
Santa Clara	55%	92

## 2. The market for consulting to nonprofits is sizeable, with annual purchases of approximately \$65 million

- ❖ The average expenditure for consulting services was \$26,584 among nonprofits who used consultants in 1999. Expenditures for computer and marketing consulting combined account for over one-fourth of all expenditures on consulting services in 1999.
- ❖ The total amount spent on nonprofit consulting in the Bay Area during the last fiscal year is estimated to be approximately \$65 million dollars.

Nonprofits in the sample reporting the use of paid consultants spent an average of \$26,584 per organization for those services in 1999. Mean expenditures on consulting services are highly correlated with budget size. Organizations in the \$10 - 15 million budget range that contracted with consultants spent an average of \$110,000 on those services in 1999. While this is more than thirty times as much as nonprofits with revenues of under \$100,000, the *relative* amount in percentage terms decreases. In other words, larger organizations spend less on consultants proportionately than smaller organizations.

<b>Average Consulting Expenditures by Budget Size</b>			
Annual Budget	Number	Mean Expenditure for Consulting	% of Budget
\$0 - 100,000	13	\$ 3,530	7.1%
\$100,001 - 500,000	70	\$ 12,895	4.3%
\$500,001 - 1 million	59	\$ 19,788	2.6%
\$1 - 5 million	73	\$ 32,870	1.1%
\$5 - 10 million	19	\$ 72,032	1.0%
\$10 - 15 million	4	\$ 110,687	0.9%
Total	238*	\$ 26,584	2.8%

\* Of the 319 respondents who reported using consulting, only 238 provided consulting expenditure data.

Although average expenditures for consulting services were highest for external marketing, legal assistance and evaluation, the bulk of *actual* expenditures were for consulting in the areas of computers and technology and external marketing. Those fields account for over one-fourth of all expenditures for consulting services in the sample.

<b>Expenditures for Consulting Services, by Type of Service</b>			
	Mean Expenditure	Number	Total Expenditures
Computers and Technology	\$ 8,826	103	\$ 909,122
External Marketing	\$ 13,857	60	\$ 831,418
Financial Management and Accounting	\$ 7,927	92	\$ 729,244
Legal	\$ 13,815	52	\$ 718,400
Fundraising and Grantwriting	\$ 8,475	84	\$ 711,904
Other (e.g.. – clinical consultation, program specific topics)	\$ 26,133	53	\$ 712,940
Evaluation and Program Development	\$ 13,805	46	\$ 635,007
Human Resources	\$ 8,881	40	\$ 355,250
Planning	\$ 6,275	47	\$ 294,936
Organizational Development	\$ 7,201	24	\$ 172,831
Internal Communications	\$ 2,957	46	\$ 136,008
Board	\$ 2,397	50	\$ 119,828
All types of service	\$ 9,077	697	\$ 6,326,887

With respect to geographic region, organizations using consulting services in the Monterey/Santa Cruz<sup>2</sup> and San Francisco areas report the highest mean expenditures on consulting in 1999, while those in Alameda/Contra Costa spent the least on average. Organizations in San Francisco account for over forty percent of the bulk of *actual* expenditures in the sample.

<b>Mean and Total Expenditures of Organizations for Consulting Services, by Geographic Location</b>			
	Mean Expenditure	Number	Total Expenditures for Consulting by the Sample Nonprofits
San Francisco	\$ 32,562	80	\$ 2,604,985
Alameda / Contra Costa	\$ 20,966	48	\$ 1,006,355
Marin / Napa / Sonoma / Solano	\$ 21,565	43	\$ 927,301
Santa Clara	\$ 27,848	33	\$ 918,975
San Mateo	\$ 23,353	26	\$ 607,171
Monterey / Santa Cruz	\$ 32,763	8	\$ 262,100
Total	\$ 26,584	238	\$ 6,326,887

With respect to field of service, environmental organizations<sup>3</sup> report significantly higher expenditures on consulting services than other organizations, which spent approximately the same as one another. (See Appendix D for mean expenditures on specific consulting services by budget category, field of service and geographic region.) However, organizations in the human services and health fields account for the bulk of *actual* expenditures. The expenditures of health organizations account for over forty percent of the sample's total expenditures for consulting services.

<sup>2</sup> Due to the small number of respondents from this region, this figure cannot be generalized to the universe of all Bay Area nonprofits.

<sup>3</sup> Due to the small number of respondents from this sector, this figure cannot be generalized to the larger population of Bay Area nonprofits.

**Mean Expenditures of Organizations Using Consulting Services,  
by Field of Service**

	Mean Expenditure	Number	Total Expenditures for Consulting by the Sample Nonprofits
Human Services	\$ 26,520	106	\$ 2,811,126
Health	\$ 26,936	50	\$ 1,346,781
Arts	\$ 24,102	39	\$ 939,980
Education	\$ 23,925	30	\$ 717,750
Environment	\$ 39,327	13	\$ 511,250
Total	\$ 26,584	238	\$ 6,326,887

One of the goals of this study was to develop an estimate of the total size of the nonprofit consulting market in the Bay Area. As seen in the previous exhibit, the total consulting expenditures of the sample was \$6,326,887. The product of the mean expenditures and the number of respondents in each budget category (shown below) is \$65,270,217. We believe this is a reasonable estimate of the total amount spent on nonprofit consulting.

**Estimate of Consulting Expenditures Based on Budget Category**

Annual Revenue	Estimated Number Using Consulting Services <sup>4</sup>	Mean Expenditure <sup>5</sup>	Estimated Total Expenditures
\$0 - 100,000	828	\$ 3,530	\$ 2,923,687
\$100,001 - 500,000	959	\$ 12,895	\$ 12,364,842
\$500,001 - 1 million	535	\$ 19,788	\$ 10,595,879
\$1 - 5 million	698	\$ 32,870	\$ 22,944,763
\$5 - 10 million	154	\$ 72,032	\$ 11,128,094
\$10 - 15 million	48	\$ 110,687	\$ 5,312,952
			\$ 65,270,217

<sup>4</sup> This number is determined by taking the percentage of organizations using consultants in each budget category in the sample and multiplying that percentage by the total number of organizations in the overall population in each budget category.

<sup>5</sup> The mean expenditure for each budget category from the survey respondents.

### **3. Nonprofit managers do not consistently distinguish between consulting that is capacity-building in nature and consulting that is framed as outsourcing**

We began our research thinking of consulting services as primarily “capacity building” in nature, distinguished from “outsourcing.” However, we found that distinctions between different purposes for hiring a consultant are perhaps clearer to consultants than they are to consumers. In other words, many clients simply hire consultants to help their organization do its work; to them purchasing capacity, sometimes called outsourcing, is not fundamentally different from hiring consultants to provide advice or training to their staff.

This broader, more inclusive approach to “consulting” is also implicit in the literature. Carol Lukas, in *Consulting with Nonprofits: A Practitioner’s Guide*, defines consulting:

*Consulting is a temporary relationship to provide assistance to a person, group, organization, or community wanting to build their capacity, accomplish a task, or achieve a goal.*<sup>6</sup>

In *Succeeding with Consultants*, Barbara Kibbe and Fred Setterberg comment:

*A consultant offers you advice, perspective, tools, inspiration, skills and time you don’t have to help you solve your own problems.*<sup>7</sup>

Under this inclusive definition of “consulting,” the most frequently utilized services are in the areas of computers and technology (47.4%), financial management (40.8%) and fundraising and grantwriting (37.3%). The consulting services used least frequently are in organizational development (13.0%) and human resources (18.8%). The “definitions” of these areas for the purposes of the survey are included in the subsequent table.

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<sup>6</sup> Carol A. Lukas, *Consulting with Nonprofits: A Practitioner’s Guide*, Amherst H. Wilder Foundation, 1998, p. 3.

<sup>7</sup> Barbara Kibbe and Fred Setterberg, *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit*, Foundation Center, 1992.

<b>Frequency of Consulting Use, by Type of Service</b>		
	Percent	Number
Computers and Technology	47.4%	146
Financial Management and Accounting	40.8%	126
Fundraising and Grant writing	37.3%	115
Legal	27.0%	83
Marketing (external)	24.6%	76
Internal Communications	22.6%	70
Planning	22.4%	69
Boards of Directors	22.2%	69
Evaluation and Program Development	20.8%	64
Human Resources	18.8%	58
Organizational Development	13.0%	40

N = 506

Below is a more expanded definition of the services grouped under each type of consulting service above.

<b>Consulting Types and Service Groupings</b>	
	Services included in Grouping
Boards of Directors	Composition, Diversity, Organization, Structure, Roles and responsibilities
Evaluation and Program Development	Focus Groups, Interviewing, Surveys, Statistical Analysis, Developing new programs or improving old ones
Internal Communications	Conflict resolution, Meeting facilitation, Team building
Financial Management and Accounting	Accounting and reporting, Auditing, Budgeting, Government filing requirements, Investments, Loans, Taxes
Fundraising / Grantwriting	Capital campaigns, Earned income, Feasibility studies and planning, Grants, Individual contributions, In-kind contributions, Donations, Planned giving and bequests, Prospect research, Special events
Human Resources	Administrative systems, Compensation, Diversity, Executive leadership, Policies, Recruitment, Volunteer management
Technology / Computers	Databases, Networking, On-line resources, Internet, E-mail, Systems planning
Legal Issues	Copyright, Incorporation and operation, Personnel, Labor, Risk management, Insurance, Tax exemption

Marketing (external)	Packaging and distribution, Product development, Promotion and media, Newsletters, Advertisements, Public relations, Community relations, Market research, Sales
Planning	Business planning, Needs assessment, Program planning, Strategic planning
Organizational Development	Organizational design and structure, Mergers and Collaborations, Start-up

## 4. The market is largely satisfied with consulting services purchased

- ❖ Overall, respondents report a very high level of satisfaction with the consulting services used by their organization.
- ❖ This satisfaction applies across the dimensions of service surveyed.

Overall, respondents report a very high level of satisfaction with the consulting services used by their organization. On a scale of one to five, where one is “not at all satisfied” and five is “very satisfied, the mean satisfaction for all consulting services is 4.1. This could be construed as a solid “B” grade for the “class average” in service. There were no significant differences in satisfaction based on organizational characteristics, location, or field of service.

Focus group findings support survey data on satisfaction with consultants. The focus group participants find that consultants often provide a fresh perspective to organizational circumstances and bring valued credibility to analysis and proposed strategies.

Insert Landscape Chart "Satisfaction with Consulting By Type"

The survey probed satisfaction by asking about specific measures, providing a more nuanced and informative look at what areas of the consulting contract are relatively more or less satisfactory in most cases. Here too, the respondents rated their satisfaction with the consultants they have worked with very highly. While all aspects rated highly, respondents reported the least satisfaction with consultants' communication skills (rated 4.03, on a scale of 1 to 5 where one is "not at all satisfied" and five is "very satisfied") and providing services tailored to their organization's needs (4.08).

<b>Customer Satisfaction with Quality of Performance Elements</b>	
	<u>Mean</u>
They completed the assignment for the agreed upon cost.	4.44
They had the appropriate skills and expertise for the assignment.	4.25
Hiring them was a good use of your organization's resources.	4.24
They completed the assignment on time.	4.18
They understood your needs and tailored their services accordingly.	4.08
They communicated at an appropriate level of detail and frequency.	4.03

Projecting from the data to suggest "industry averages" allows consultants and consulting group managers to establish benchmarks for their own work. The following chart shows, for all consulting assignments, what percentage are reported as meeting the identified performance standard. Thus, for example, for every 100 assignments, 86 consultants completed the assignment for agreed cost.

<b>Industry Averages for Performance Elements</b>	
Percent of assignments completed for the agreed upon cost.	86%
Percent of assignments for which consultants had the appropriate skills and expertise.	81%
Percent of assignments considered by the client a good use of the organization's resources.	81%
Percent of assignments completed on time.	79%
Percent of assignments in which the consultants understood the client's needs and tailored their services accordingly.	77%
Percent of assignments in which the consultants communicated at an appropriate level of detail and frequency.	76%

Focus group findings support data on satisfaction with consultants collected through the survey. One focus group participant observed:

*Consultants provide 'outside the box' thinking. We and our boards get locked into a way of thinking about a problem. [Consultants] provide a fresh perspective.*

The participants also find that consultants add credibility to assessments they or their staff may have already made. One director explained,

*No matter how many classes I take or how much education or experience I have, the board always wants the experts. So, for me, consulting means that when I have a situation where I'm trying to get my board to understand something, like board development, I have found it very helpful to bring in a consultant. They always listen to them.*

Another participant agreed, stating,

*Consultants bring an outside perspective and certainly a different point of view. Having an outside expert--whether they're actually going to tell us anything different than our staff can--is certainly of use for credibility. It is certainly an outside stamp of approval to a board or to potential funders.*

## **5. Nonprofits use a variety of means to identify consultants, and are satisfied with the pool from which they can select consultants**

- ❖ Most respondents use more than one method to identify prospective consultants, but the most common methods are through previous experience and referrals from colleagues.
- ❖ Respondents report little difficulty identifying consultants with the expertise and characteristics they are seeking.

One of the study's objectives was to explore the ways in which nonprofits identify prospective consultants and the degree to which they experience difficulty doing so for different types of consulting. In addition, we wanted to test the hypothesis that nonprofits have particular difficulty identifying consultants with certain characteristics, such as a higher level of expertise or a specific racial/ethnic background.

On the first count of exploring ways in which nonprofits identify prospective consultants, respondents unsurprisingly reported that they used a variety of means of identifying their consultants. The most frequently utilized means are repeat work with a previous consultant and referrals from colleagues.

<b>Methods of Identifying Consultants*</b>		
	<u>Percent</u>	<u>Number</u>
Repeat work with same consultant	35.8%	181
Referred by colleagues	35.2%	178
Referred by a resource center	11.1%	56
Met consultant in professional setting	11.1%	56
Issued a Request for Proposal (RFP)	5.3%	27
Word of mouth	5.1%	26
Referred by funders	3.6%	18
Consultant contacted organization	3.2%	16
Referred by other organization	3.0%	15
Met consultant in social setting	2.8%	14
Advertisement in newspaper or journal	2.4%	12
Internet search	2.4%	12

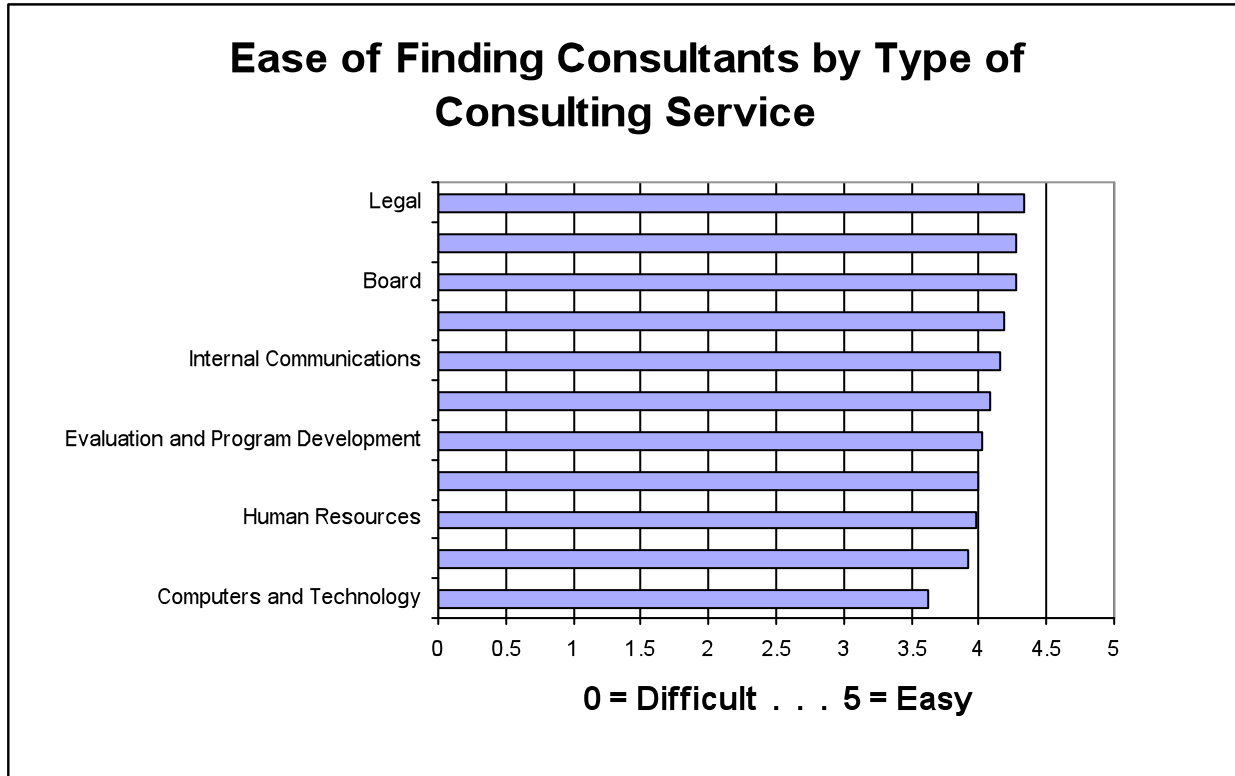
\* Percentages add up to more than 100% because respondents could select more than one response.

Data collected from the focus groups supports survey data regarding the importance of word of mouth and obtaining referrals from others as means of identifying consultants. One director commented, “I’ve never used anybody I didn’t know beforehand. Somewhere in my life, we’ve hooked up and I’ve seen their abilities and what they can do and that’s who I turn to.” Another director commented on the benefit of getting feedback from other organizations and colleagues. She explained,

*I select consultants based on references from similar organizations or Executive Directors that I know personally that have a similar outlook to our organization because you can’t really know what the process of working with someone is going to be like without talking to a number of people who have actually worked with that person before in a similar way.*

Surprisingly, most nonprofits report being able to locate consultants fairly easily. Respondents ranked the ease of finding consultants 4.1 on a scale of one to five, where one is “very difficult” and five is “very easy” to find consultants. As seen in the following table, the respondents reported the greatest difficulty locating consultants in the areas of computers

and organizational development, and the least difficulty locating consultants providing legal, planning and board-related assistance. There were no significant differences reported on this question based on factors such as budget, age, field of service or location in the Bay Area.



Overall, fewer than 10% of respondents reported a demand for more qualified consultants in any particular discipline. Respondents identified computers and technology (8.7%), fundraising and grant writing (6.9%), and human resources (4.9%) as areas in which they would like to see more qualified consultants.

Demand for More Qualified Consultants		
	Percent Reporting Desire for More Qualified Consultants	Number
Computers and Technology	8.7%	44
Fundraising and Grant writing	6.9%	35
Human Resources	4.9%	25
External Marketing	3.8%	19
Planning	2.6%	13
Organizational Development	2.6%	13
Financial Management and Accounting	2.6%	13
Evaluation and Program Development	2.4%	12
Board	2.0%	10
Internal Communications	0.8%	4
Legal	0.8%	4

Contrary to one of the study’s hypotheses, most organizations did not report difficulty finding consultants “that reflect your organization’s diversity.” Slightly less than twenty percent of all respondents reported difficulty in this area, a significant percentage but lower than we might have anticipated.

Of those organizations who *did* report difficulty in identifying consultants with diverse characteristics, just over eleven percent (11.1%) of these respondents reported an interest in seeing more consultants of color (People of Color, African American, Latino, and Asian American). No other characteristic (such as gender, sexual orientation or faith) was cited by more than 1.4% of respondents. It seems likely that diversity is another dimension of “fit” with consultants that is contextualized to the individual organization, and that if we had grouped organizations by the cultural characteristics of their staff and clients, we might have found a more pronounced interest in consultants of color, or consultants who are lesbian, gay or bisexual, for example.

<b>Difficulty Locating Consultants with Desired Personal Characteristics</b>		
<u>Characteristic</u>	<u>Percent Reporting Desire for More Consultants with this Characteristic</u>	<u>Number</u>
People of Color	5.9%	30
Latino	2.4%	12
African American	1.8%	9
Female	1.4%	7
Disabled	1.2%	6
Asian / Pacific Islander	1.2%	6
Spanish-speaking	0.8%	4
Religious	0.6%	3
Gay / Lesbian / Bisexual	0.6%	3
Youth	0.4%	2
Male	0.4%	2
HIV+	0.4%	2
Transgender	0.2%	1

N = 506

## **6. Organizations encounter obstacles in meeting *all* their consulting needs**

- ❖ Over one-third (37.2%) of respondents reported situations where they needed or wanted—but did not hire—a consultant.
- ❖ Cost is the main reason reported for engaging less than 100% of desired services.

Although nonprofits appear to be able to identify qualified consultants with desired characteristics, they still have trouble. More than one-third (37.2%) of the respondents reported there were consulting services that their organization needed or wanted in 1999, for which they did not contract. The principal services respondents needed or wanted but did not contract for were in the areas of fundraising and grant writing (14.8%) and computers and technology (9.3%).

<b>Consulting Services Nonprofits Needed or Wanted but Did Not Engage</b>		
	<u>Percent</u>	<u>Number</u>
Fundraising and Grantwriting	14.8%	75
Computers and Technology	9.3%	47
Financial Management and Accounting	5.7%	29
Marketing (external)	4.9%	25
Board	4.0%	20
Planning	3.6%	18
Human Resources	2.8%	14
Organizational Development	2.6%	13
Evaluation and Program Development	1.8%	9
Internal Communications	1.6%	8
Legal	1.4%	7
<b>Total</b>	<b>36.2%</b>	<b>183</b>

N = 506

These numbers and percentages indicate that while the market would welcome the opportunity to utilize more consulting, the demand for increased service in any one particular area is remarkably low. For example, despite widespread belief that nonprofits strongly want and need more computer consulting, only 47 of 506 respondents (9%) indicated that they would have liked more computer consulting than they actually utilized. (It should be noted that the data is unable to reveal the degree to which various reasons contributed to such low levels of unmet demand.)

With respect to location in the Bay Area, organizations in Alameda/Contra Costa and San Francisco counties more frequently reported not contracting for needed or wanted services. It may be that given the relatively high use of consulting services in these areas that nonprofits are also more aware of opportunities they would *like* to pursue but for which they lack either money or time.

<b>Percent of Nonprofits Reporting Unfulfilled Consulting Needs of Any Type, by County</b>		
	<u>Percent</u>	<u>Number</u>
Alameda / Contra Costa	44%	45
San Francisco	41%	58
San Mateo	32%	20
Marin / Napa / Sonoma / Solano	32%	29
Santa Clara	32%	29
Monterey / Santa Cruz	11%	2
Total	36%	183

N = 506

Of the 36% of respondents who reported having unmet needs for consulting, there was surprisingly little correlation with budget size. As seen in the following table, data from the survey reveals that the inability to contract for needed services cuts across all budget categories. While organizations in the \$100,000 - \$500,000 budget range reported the highest rate of not contracting for needed or wanted services, differences between the groups are not significant.

<b>Percentage of Nonprofits with Consulting Services Needed or Wanted but Not Engaged, by Budget</b>		
<u>Budget</u>	<u>Percent</u>	<u>Number</u>
\$ 0 - 100,000	34%	30
\$ 100,001 - 500,000	41%	71
\$ 500,001 - 1 million	32%	29
\$ 1 - 5 million	37%	44
\$ 5 - 10 million	25%	7
\$ 10 - 15 million	33%	2
Total	36%	183

N = 506

With respect to field of service, arts organizations report the highest rate of not contracting for needed services:

<b>Percentage of Nonprofits with Consulting Services Needed or Wanted but Not Engaged, by Field of Service</b>		
	<u>Percent</u>	<u>Number</u>
Arts	45%	37
Environment	39%	9
Human Services	38%	83
Health	35%	29
Education	25%	25
Total	36%	183

N = 506

The most frequently mentioned reasons for not hiring consultants have to do with money: consulting services were too expensive (18%) and the organization did not have funding in their budget (10%). In our focus groups, participants talked extensively about the amount of time it takes to locate, screen, hire and manage a consultant. Thus we were surprised to see that only 8 people (2%) cited time as a barrier in the survey. It may be that time is a secondary barrier. That is, if money is not available one does not spend the time. If money is available to purchase services identified as needed, the time required might still be significant, but it may not prevent one from hiring a consultant. We hope to explore this finding more in the future.

<b>Reasons for Not Contracting Consulting Services</b>		
	<u>Percent</u>	<u>Number</u>
Services too expensive	18%	91
No funding in budget	10%	48
Unable to find consultant with desired expertise	6%	31
Not sure how to locate consultant	6%	28
Consultant was unavailable when we needed them	2%	11
No time to locate and/or manage consultant	1%	8
Unable to find consultant in region	0.4%	2

N = 506

Qualitative data from the focus groups and from the open-ended response section of the survey supports quantitative data regarding cost as a barrier to contracting necessary services. One director summed up many people's comments when she said, "We find that there are many areas where we would benefit from having a consultant, yet we can not even think about obtaining one because of the costs involved." Another director agreed, adding, "Our problem isn't that we can't find qualified consultants, but finding qualified consultants that we can afford."

When cost is an issue, many directors seek out former staff, volunteers or board members who can provide pro bono or affordably-priced consulting services. According to one director, "Just because you don't have the money doesn't mean you can't have consultants." The directors who participated in the focus groups described positive experiences working with such consultants. One director who feels that it is important for consultants to understand the culture of his organization observed,

*It's great if you can dredge someone up from former staff or volunteers because having a prior relationship with the person is so important. It's impossible to interview someone [whom you do not know] enough to make you feel comfortable.*

Another director recounted the benefits experienced by her organization after using a former staff person for a consultant. She explained,

*We used a consultant for fund development and organizational development. This person was a former staff person. Because of her, we gained a lot of experience and now we can do a lot of things ourselves that we couldn't do before, like facilitate our own retreats. We were also able to pay her lots less. The benefit of using a former staff person is that we know her and trust her and she knows us and empowered us.*

Nonprofit directors agreed that it would be beneficial if funders offered more financial support for consulting services. One focus group participant stated, "It would be a great asset if community foundations could loan or offer consulting services to nonprofits at no cost." A director who filled in the open-ended response section of the survey suggested that foundations "hold a number of excellent consultants on different issues on retainer so that their grantees can use their skills for free. This way, nonprofits can learn about services available to them that they might not have known about and they can use them since they are paid for." Many directors said they would like to obtain information on how to locate consultants who work pro bono or offer discounted rates to nonprofit organizations. In addition, one focus group participant thought it would be helpful if consultants held low cost seminars or group trainings on subjects such as foundations or grant writing, as an alternative to more expensive one on one consulting services.

## 7. Organizations struggle with selecting among consultants for the right skills and fit

- ❖ Because respondents perceive consulting services as costly, they invest significant time and effort in obtaining referrals and interviewing candidates.
- ❖ Despite this time investment, they still find it difficult to evaluate whether or not a consultant will make a good fit with their organization and provide valuable service.

Although survey respondents report little difficulty locating consulting services, the focus group participants find the process of *selecting* a consultant to be very time consuming. As one participant explained, “There are enough [consultants] around. You just have to take the time to find them and interview them.” Another director agreed, adding, “Since they are expensive, you have to proceed cautiously.” The participants find it important to invest a lot of time in getting to know potential consultants and obtaining references for them. One participant explained,

*It’s important not to rush through the [hiring] process. You can find out a lot not only by interviewing the candidate, but also by references. We go a lot on friends that we have in other agencies and their experiences with the consultants. We also favor a consultant who gives us the time to let us get to know them. . . We need to invest a lot of time in making sure that we very carefully choose who we’re going to work with.*

Even with such an investment of time and energy, the participants still agree that, “It’s hard to evaluate how good a consultant will be until you reach the end of the project.” One director asked,

*How do you know if that person will work well with your staff and board? How do you know if that consultant’s process will be a good one? How do you know if they’ll be effective? I’m curious to know how people iron that out.*

To alleviate this problem, focus group participants repeatedly raised the idea of a directory of available consulting services.<sup>8</sup> The participants had several ideas for information that such a directory could offer; in particular, they would like the directory to provide the names of former clients of consultants so they can contact them and “get honest feedback on their experiences with that consultant.”<sup>9</sup> Several participants suggested that this directory should incorporate some sort of screening process or a certification process comparable to that of the National Society for Fundraising Executives. One director explained, “I would welcome a

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<sup>8</sup>Few focus group participants were aware of the Internet database, *Consultants OnTap*.

<sup>9</sup>*Consultants OnTap* chose not to list previous clients for consultants as experience showed that nearly all clients were highly unwilling to be listed on the Web as a reference for a consultant with whom they had worked, and that consultants were unreliable in confirming that former clients had given them permission to be so listed.

neutral directory where someone has screened the consultants, . . . [one] which includes only people that have references, are certified, and have been interviewed by previous clients.” Another agreed, adding that, “Pre-judging quality of services is risky. I wish there could be the equivalent of a Better Business Bureau for consultants, so at least there's a place to look for complaints.” In addition, some participants would also like the directory to provide information about consultants' specific skills (e.g., arts financing, data presentation).

A few participants suggested a directory that lists additional characteristics of consultants, such as ethnicity, sexual orientation, and language capabilities. One explained, “When searching for a consultant on-line, it's hard to recognize if the consultants are people of color. So, right now, if you need to hire Black and Latino consultants, you have to go through a network to find them.”

These comments reflect a desire to simplify the selection process. However, as with any interpersonal relationship, some things cannot be reduced to paper. Building rapport and trust are identified here as important ingredients in a successful consulting relationship. Yet, no resume or third-party screening process can manage the complexity of predicting a trusting relationship. This is why, for both plumbers and consultants, word of mouth and the advice of trusted colleagues in particular are likely to remain central to the selection process.

## **8. Working (well) with consultants is a learned skill**

- ❖ Once a consultant is identified and selected, successful work with consultants requires time, skill, clarity of purpose, and proactive contract management. In particular, directors find that dealing with computer and technology consultants is very difficult because they do not have enough technical knowledge to identify objectives and evaluate among choices.
- ❖ It takes a substantial investment of the organization's time to work successfully with consultants. In particular, respondents grumble over the time that it takes to educate consultants about the issues at hand and about their organizational cultures.
- ❖ Negotiating cost of services and then keeping costs in check once a consultant is hired is difficult for some organizations.
- ❖ Many of the recommendations made by consultants are not implemented because they require time and resources from the organization that are unavailable.

Although focus group participants reported a high level of satisfaction with consulting services, they did discuss some areas of difficulty with regard to consulting services. Also,

some expressed dissatisfaction with the experience of working with consultants and achieving intended objectives. The process of working with consultants is clearly a “learned skill,” both in terms of selecting consultants and in working with them effectively.

As one participant said, “Having a really good idea of what you want the end product to be is absolutely essential.” If an organization’s objectives and needs are not clear, hiring a consultant can be very difficult. One director observed,

*Hiring someone when you don’t know what you need is an interesting process. You have three different people telling you what you need, but in three different ways. . . How can you find the best person when you really don’t know what you need? You delay and delay and delay and then you grab the next person that comes along because you’re desperate for assistance.*

Another participant agreed, adding,

*You need to know more than the consultant before the consultant is of any use to you. It all comes back to, “What do you want? What do you expect? What is your idea about the situation?” So, before I call a consultant, I feel like I already need to know the answer.*

In particular, many focus group participants discussed a lack of knowledge around computer and technology issues, which they feel is crucial to the functioning of nonprofits today. The participants find that the information computer consultants provide is so technical that it seems as if they “speak a foreign language.” One participant observed, “I feel like a captive audience at their mercy.” Another described her organization’s experiences—remarking that, “Our computer consultants haven’t been very effective because we don’t know how to use them and we don’t know what they want [from us]. We wish they would show more leadership because we don’t really know enough.”

The participants also identified the process of educating new consultants about the issues at hand as an area of difficulty. One participant remarked, “It takes a long time to get them up to speed, which is frustrating.” In many cases, it is crucial that the consultant become familiar with the culture of the organization. One participant observed, “Some don’t need to know anything about your organization. If it’s about what computers to buy, they don’t need to know anything, really. But, if it’s a feasibility study of a fundraising plan, then they have to know a lot about the organization.” Participants agreed that it is “hard to communicate your organizational culture to someone.”

Negotiating contracts and keeping costs down were also issues for many of the focus group participants. One participant explained, “Costs are ambiguous. Inevitably, it seems to always run over when we use consultants . . . Everything always costs more than we expect it to. How can we effectively gauge how much it’s really going to cost us?” In particular, participants find it difficult to negotiate cost with consultants for services such as

organizational development and planning, where they find it “hard to determine what the deliverables are.”

Other participants discussed how difficult it can be to implement recommendations made by a consultant, because of lack of time and resources. One director explained,

*The hard thing about consultants is that they are here and then they are gone. While the sessions are often helpful, it is extremely difficult to find the time and resources to follow up on what was learned. So, expectations are raised and then there is disappointment.*

Another participant agreed, and discussed his concern: “A consultant can do damage in an agency, I believe. They can get staff and everybody all stirred up and then they’re out the door and you’re left with a potential crisis.” Participants agreed that consulting services would be more relevant to nonprofits if consultants provided “more actual support in implementation rather than merely suggestions.”

The frustration felt by focus group participants in this area is exacerbated in technology services where many are unable to afford full-time permanent staff to oversee their organization’s technology issues. One director explained, “We need someone to manage the product, instead of just delivering it.” Another agreed, adding that, “Computer technology is now so complex that most agencies need an on-site tech person.” An important implication is that in some areas, consultants are an unsatisfactory substitute for in-house expertise and time.

In *Succeeding with Consultants*,<sup>10</sup> Barbara Kibbe and Fred Setterberg identify three “good reasons to hire a consultant” that determine the work for the consultant in each situation:

1. “You have a specific task that must be accomplished:” In this case, the consultant will accomplish tasks where staff lacks either the time or skill to tackle the job.
2. “You’ve got a problem:” In this case, the consultant will identify the problem, unravel the question, and develop an approach or an answer to it.
3. “You’ve got a problem and you know how to solve it—but you can’t motivate your board or staff to take action:” In this case, the consultant will serve as a catalyst for group commitment.

Both the survey research and the focus groups indicate that nonprofit managers do not differentiate among different types of consulting as identified above, and that they have difficulty distinguishing between *satisfaction* with a consultant and satisfaction with the *outcome* of a specific consulting engagement.

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<sup>10</sup> Barbara Kibbe and Fred Setterberg, *Succeeding with Consultants: Self-Assessment for the Changing Nonprofit*, Foundation Center, 1992.

For example, nonprofit managers who commented that a consultant's recommendation did not get implemented due to a lack of resources were more likely to assign fault for the situation to themselves (for not having those resources) or to funders (for not giving them those resources) than to the consultant (for delivering a recommendation that did not match the available resources).

When asked what would improve their use of consultants, focus group participants agreed that they could benefit from in-depth trainings on how to manage consulting services.<sup>11</sup> In particular, they said they would benefit from trainings on defining needs and goals, budgeting for consulting services in funding proposals, interviewing consultants and evaluating fit, and negotiating costs.

## Implications

The market for consulting services with nonprofits is not only dynamic—large, growing and diverse—it also appears to be maturing. On one hand, the market for consulting to nonprofits operates predominantly in a private, fee-for-service environment. This market appears to be reasonably well served by the providers in terms of quality, breadth of services available, and ease of access across disciplines and geographic boundaries. An important conclusion may be that it is precisely because of its private, fee-for-service nature that the market has demanded and gotten what it wants.

On the other hand the data suggest a less than optimal exchange of information between buyers and sellers, and some confusion about how to think about quality. In addition to steps to improve the quality and availability of *information* about consulting services, respondents asked for help with improving their *skills* at working with consultants, or in other words, their skills as *consumers*.

- ⇒ When asked what kinds of services would improve their use of consultants, the participants wanted to access a directory of consultants with contact information for former clients. This information exists to a limited degree through the online database ONTAP.org. Clearly this resource can be improved and better publicized.
- ⇒ A number of participants commented that they could benefit from in-depth trainings on how to work with consultants—including needs assessment, budgeting, selecting and evaluating consultants. A number of resources currently exist but again, the distribution and access to these resources is limited.<sup>12</sup> It appears that additional support to clients in learning how to work with consultants would be useful.

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<sup>11</sup> Focus group participants were unaware of the book *Succeeding with Consultants*.

<sup>12</sup> CompassPoint's experimental workshop and conference sessions on this topic have been overpopulated with consultants seeking work and little attended by consumers.

⇒ **Priorities for future research** We learned much from this research and think there are several opportunities to learn more. The priorities we have identified, that we hope can be pursued, are the following:

- ❖ Conduct this research every two years to track changes in the types of consulting services purchased and the satisfaction of the “market” with these services.
- ❖ Build a directory of the providers—to document the supply side of the equation.
- ❖ Explore all the issues that have to do with the impact or value of consulting services.
- ❖ For funders especially: explore the widely shared assumption that more leverage is gained from traditional capacity building efforts than simply purchasing capacity. We need to keep sight of the goal of all capacity building efforts: increased organizational performance. We should at least test the wisdom of the implicit assumption of many of our clients that purchasing capacity gets them farther than purchasing capacity building services!

# Appendices

## Appendix A: Expanded Description of Methodology

This section details the methods used for this study. Particular attention is paid to the characteristics of the survey respondents, as this data set forms the basis for most of the conclusions about the dimensions of the market for consulting services. We also discuss briefly the approach to our focus groups and interviews.

### 1. SURVEY

This report represents findings from a survey of 506 nonprofit organizations in the 11 County Bay Area: Alameda, Contra Costa, Marin, Monterey, Napa, San Mateo, San Francisco, Santa Cruz, Santa Clara, Solano and Sonoma.<sup>13</sup> For these counties our sample includes nearly 10% of all Bay Area nonprofits that provide services in the fields of the arts, education, environment, health and human services. This section describes the methodology for selecting the study sample.

The names of the 8,251 Bay Area nonprofits filing IRS Form 990<sup>14</sup> from these counties were obtained from the National Center for Charitable Statistics (NCCS) database. Organizations in fields other than the arts, education, environment, health and human services were removed from that list,<sup>15</sup> resulting in a sampling frame of 6,172 nonprofits. Organizations with budgets over \$15 million were subsequently removed from the list, since their use of consultants is considered to be very different from that of smaller nonprofits. That step resulted in a final sampling frame of 6,060 nonprofits. This “sampling frame” is our definition of the “population” of nonprofits in the Bay Area for the purposes of this study.

The next step consisted of contracting with an outside firm to obtain telephone numbers and addresses for the organizations in the sampling frame. That process resulted in information for 1,837 organizations (or 30% of the original list, which is approximately the average rate for this type of search). Once telephone numbers and addresses were obtained, each organization was contacted directly to verify the correct mailing address and obtain the name of the current director. That process resulted in complete information for 902 Bay Area nonprofits, or 15% of the original universe.

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<sup>13</sup> The term Bay Area as used in this report refers to the 11-County Bay Area.

<sup>14</sup> While all nonprofit organizations with revenues of \$25,000 or more are required to file IRS Form 990, others may do so as well. The sample includes six organizations with revenues below \$25,000.

<sup>15</sup> Organizations excluded from the sampling frame include the NCCS categories of: International/ Foreign Affairs, Public/Societal Benefit, Religion Related, Mutual/Membership Benefit and Unknown.

Surveys were mailed first class, accompanied by a cover letter explaining the purpose of study and a postage-paid return envelope, to the director of each of the 902 organizations in the sampling frame. A total of 263 respondents (29%) mailed in completed surveys.

Follow-up calls were made to an additional 243 organizations in order to complete the desired sample of 500 organizations. The following methodology was used for conducting the follow-up calls: The sampling frame was stratified according to six revenue categories: \$0 - 100,000, \$100,001 - 500,000, \$500,001 - 1 million, \$1 - 5 million, \$5 - 10 million and \$10 - 15 million. The required number of responses for each revenue category of the final sample was determined based on the distribution of those revenue categories in the sampling frame. (That is, if organizations in the \$1 - 5 million category represented 18% of the sampling frame, we attempted to complete surveys with 90 organizations in that revenue category, since 90 represents 18% of 500.) Interviewers called each director and left messages explaining the purpose of the study and requesting a return phone call. No calls were made after the fourth attempt.

The desired number of surveys was completed for each budget category with the exception of those in the \$0 - 100,000 range. All the organizations in that category were contacted up to four times, without being able to successfully complete the desired number of surveys. As such, the final sample closely reflects, but does not mirror the sampling frame. As seen in the following table, organizations in the lowest budget category are slightly under-represented. Subsequent tables provide additional information on the sample, including comparison with the population distribution by Field of Service and Geographic Location, as well as the age of the organizations and number of staff for those surveyed.

The survey instrument is included as Appendix B.

## Comparison of Population with Survey Sample by Annual Revenue

Annual Expenditures	Population of Nonprofits in 11-County Bay Area		Survey Sample	
	Percent	Number	Percent	Number
\$ 0 - 100,000	39.3%	2,380	17.6%	89
\$ 100,001 - 500,000	32.2%	1,953	34.2%	173
\$ 500,001 - 1 million	11.0%	666	18.2%	92
\$ 1 - 5 million	13.9%	840	23.3%	118
\$ 5 - 10 million	2.9%	173	5.5%	28
\$ 10 - 15 million	0.8%	48	1.2%	6
Total	100.0%	6,060	100.0%	506

## 2. FOCUS GROUPS

Three focus groups were conducted in each of three regions: Santa Rosa, San Francisco and San Jose. The focus group participants were recruited from in-house mailing lists maintained by CompassPoint. Letters were sent followed by phone calls to recruit individuals.

Focus groups were held at CompassPoint's San Francisco and San Jose offices, and at the Volunteer Center of Sonoma County in Santa Rosa. The focus groups were facilitated by members of the Research Team.

## 3. INTERVIEWS WITH FUNDERS OF CONSULTING TO NONPROFITS

Seven interviews were conducted with representatives from foundations seen as leaders in utilizing technical assistance as a strategy for nonprofit organization effectiveness. The goal of these interviews was to gain additional perspective on how the market for consulting services is viewed and experienced by groups funding a significant amount of work. These individuals were:

- Marty Campbell, The James Irvine Foundation
- Ellen Clear, Peninsula Community Foundation
- Liza Culick, Community Foundation of Santa Cruz County
- Eleanor Clement Glass, The San Francisco Foundation
- Mike Groza, Marin Community Foundation
- David Pontecorvo, East Bay Community Foundation
- Sylvia Yee, The Evelyn and Walter Haas Jr. Fund

# Appendix B: Survey Instrument







## Appendix C: Organizational Characteristics of Survey Sample

### Annual Revenue

The organizations in the survey sample have annual budgets ranging from a minimum of \$12,164 to a maximum of \$13,146,252. The median revenue is \$458,181 while the mean is \$1,222,285.

As seen in the previous table, the largest budget category is \$100,000 - 500,000 (34.2%), followed by organizations in the \$1 - 5 million range (23.3%). The smallest group of respondents consists of organizations in the \$10 - 15 million category (1.2%).

<b>Budget Category</b>		
<u>Annual Budget</u>	<u>Percent</u>	<u>Number</u>
\$ 0 - 100,000	17.6%	89
\$ 100,001 - 500,000	34.2%	173
\$ 500,001 - 1 million	18.2%	92
\$ 1 - 5 million	23.3%	118
\$ 5 - 10 million	5.5%	28
\$ 10 - 15 million	1.2%	6
Total	100.0%	506

## Field of Service

The bulk of the organizations in the sample work in the field of human services (43.1%), followed by education (20.0%), health and the arts (both at 16.2%), and environment (4.5%). As seen below, this closely parallels the larger population of nonprofits.

<b>Comparison of Population and Survey Sample, by Field of Service</b>				
Field of Service	<u>Population</u>		<u>Sample</u>	
	Percent	Number	Percent	Number
Human Services	43.6%	2,642	43.1%	218
Education	22.5%	1,364	20.0%	101
Health	13.0%	788	16.2%	82
Arts	16.3%	988	16.2%	82
Environment	4.6%	278	4.5%	23
Total	100.0%	6,060	100.0%	506

## Geographic Location

Some counties were grouped together for purposes of analysis. The largest concentration of respondents is found in San Francisco (27.7%), followed by Alameda/Contra Costa (20.4%). The lowest percentage of respondents is in the Monterey/Santa Cruz region (3.8%). Organizations in the Alameda/Contra Costa and Monterey/Santa Cruz regions were slightly under-represented in the sample, while organizations in Santa Clara and San Mateo were over-represented.

<b>Comparison of Population and Survey Sample, by Geographic Location</b>				
County Group	<u>Population</u>		<u>Sample</u>	
	Percent	Number	Percent	Number
San Francisco	20.1%	1,220	27.7%	140
Alameda / Contra Costa	29.5%	1,786	20.4%	103
Marin / Napa / Sonoma /Solano	17.7%	1,073	18.0%	91
Santa Clara	16.3%	986	18.0%	91
San Mateo	8.1%	490	12.3%	62
Monterey/Santa Cruz	8.3%	505	3.8%	19
Total	100.0%	6,060	100.0%	506

## Organizational Age

The mean age of the organizations in the sample is 30 years, with ages ranging from less than one year to 149 years. Nearly half of the organizations in the sample have been in existence for over 25 years. (Seven organizations did not respond to this question.)

<b>Age of Organizations</b>		
<u>Years</u>	<u>Percent</u>	<u>Number</u>
0 - 10	13.0%	65
11 - 25	41.1%	205
> 25	45.9%	229
Total	100.0%	499

## Number of Staff

The organizations in the sample have a mean of 32 staff and a median of 10 staff. Almost half (48.4%) of the organizations in the sample have between 0 - 9 staff. (Twelve organizations did not respond to this question.)

<b>Number of Staff</b>		
<u>Number of Staff</u>	<u>Percent</u>	<u>Number</u>
0 - 9	48.4%	239
10 - 24	24.1%	119
25 - 100	21.3%	105
> 100	6.3%	31
Total	100.0%	494

## Appendix D: Additional Data Tables from Survey

Use of Types of Consulting Services, by Region														
Consulting Service	San Francisco		San Mateo		Santa Clara		Alameda / Contra Costa		Marin / Napa / Sonoma / Solano		Monterey / Santa Cruz		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Boards of Directors	20	29.0%	6	8.7%	10	14.5%	16	23.2%	13	18.8%	4	5.8%	69	100.0%
Evaluation	20	31.3%	6	9.4%	11	17.2%	11	17.2%	13	20.3%	3	4.7%	64	100.0%
Internal Communications	29	41.4%	9	12.9%	9	12.9%	8	11.4%	14	20.0%	1	1.4%	70	100.0%
Financial Management and Accounting	44	34.9%	14	11.1%	11	8.7%	31	24.6%	22	17.5%	4	3.2%	126	100.0%
Fundraising and Grantwriting	40	34.8%	17	14.8%	17	14.8%	23	20.0%	14	12.2%	4	3.5%	115	100.0%
Human Resources	21	36.2%	5	8.6%	10	17.2%	9	15.5%	12	20.7%	1	1.7%	58	100.0%
Computers and Technology	48	32.9%	13	8.9%	25	17.1%	28	19.2%	27	18.5%	5	3.4%	146	100.0%
Legal	23	27.7%	9	10.8%	13	15.7%	18	21.7%	17	20.5%	3	3.6%	83	100.0%
Marketing (external)	32	42.1%	9	11.8%	11	14.5%	13	17.1%	11	14.5%	-	-	76	100.0%
Planning	25	36.2%	9	13.0%	10	14.5%	8	11.6%	14	20.3%	3	4.3%	69	100.0%
Organizational Development	13	32.5%	8	20.0%	3	7.5%	5	12.5%	9	22.5%	2	5.0%	40	100.0%

<b>Use of Types of Consulting Services, by Budget Category</b>														
Consulting Service	\$0 - 100,000		\$100,001 - \$500,000		\$500,000 - 1 million		\$1 - 5 million		\$5 - 10 million		\$10 - 15 million		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Board	4	5.8%	16	23.2%	23	33.3%	20	29.0%	3	4.3%	3	4.3%	69	100%
Evaluation	3	4.7%	13	20.3%	20	31.3%	18	28.1%	7	10.9%	2	4.7%	64	100%
Internal Communications	5	7.1%	11	15.7%	12	17.1%	29	41.4%	11	15.7%	2	2.9%	70	100%
Financial Management and Accounting	8	6.3%	41	32.5%	28	22.2%	41	32.5%	8	6.3%	-	-	126	100%
Fundraising and Grant writing	7	6.1%	37	32.2%	28	24.3%	31	27.0%	10	8.7%	2	1.7%	115	100%
Human Resources	3	5.2%	6	10.3%	6	10.3%	27	46.6%	13	22.4%	3	5.2%	58	100%
Computers and Technology	12	8.2%	25	17.1%	34	23.3%	60	41.1%	13	8.9%	2	1.4%	146	100%
Legal	6	7.2%	12	14.5%	13	15.7%	38	45.8%	13	15.7%	1	1.2%	83	100%
External Marketing	3	3.9%	18	23.7%	17	22.4%	22	28.9%	14	18.4%	2	2.6%	76	100%
Planning	6	8.6%	11	15.9%	16	23.2%	27	39.1%	6	8.7%	3	4.3%	69	100%
Organizational Development	3	7.5%	9	22.5%	8	20.0%	12	30.0%	5	12.5%	3	7.5%	40	100%

<b>Use of Types of Consulting Services, by Field of Service</b>												
Consulting Service	Arts		Education		Environment		Health		Human Services		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Board	7	10.1%	9	13.0%	2	2.9%	19	27.5%	31	46.4%	69	100.0%
Evaluation	14	21.9%	6	9.4%	3	4.7%	12	18.8%	29	45.3%	64	100.0%
Internal Communications	9	12.9%	12	17.1%	3	4.3%	8	11.4%	38	54.3%	70	100.0%
Financial Management and Accounting	20	15.9%	14	11.1%	4	3.2%	30	23.8%	58	46.0%	126	100.0%
Fundraising and Grant writing	23	20.0%	14	12.2%	7	6.1%	22	19.1%	49	42.6%	115	100.0%
Human Resources	6	10.3%	10	17.2%	3	5.2%	8	13.8%	31	53.4%	58	100.0%
Computers and Technology	16	11.0%	20	13.7%	6	4.1%	30	20.5%	74	50.7%	146	100.0%
Legal	7	8.4%	13	15.7%	5	6.0%	14	16.9%	44	53.0%	83	100.0%
External Marketing	21	27.6%	13	17.1%	3	3.9%	15	19.7%	24	31.6%	76	100.0%
Planning	11	15.9%	11	15.9%	3	4.3%	15	21.7%	29	42.0%	69	100.0%
Organizational Development	5	12.5%	2	5.0%	4	10.0%	10	25.0%	19	47.5%	40	100.0%

**Mean Expenditure on Types of Consulting Services, by Region**

Consulting Service	San Francisco	San Mateo	Santa Clara	Alameda / Contra Costa	Marin / Napa / Sonoma /	Monterey / Santa Cruz
Board of Directors	\$2,292	\$2,400	\$3,392	\$1,900	\$2,117	\$3,375
Evaluation	\$13,670	\$5,613	\$5,786	\$42,500	\$15,908	\$6,167
Internal Communications	\$2,869	\$1,000	\$4,800	\$2,467	\$2,983	\$500
Financial Management and Accounting	\$7,586	\$9,035	\$12,333	\$7,184	\$6,992	\$6,125
Fundraising and Grantwriting	\$8,627	\$6,842	\$18,100	\$6,963	\$5,723	\$2,925
Human Resources	\$8,675	\$15,000	\$10,428	\$7,367	\$8,771	\$2,000
Computers and Technology	\$9,035	\$14,627	\$9,394	\$8,276	\$7,031	\$2,840
Legal	\$18,024	\$6,660	\$13,000	\$6,250	\$9,220	\$44,333
Marketing (external)	\$19,009	\$6,757	\$11,809	\$14,163	\$5,836	-
Planning	\$7,500	\$6,094	\$5,020	\$4,833	\$5,521	\$6,500
Organizational Development	\$6,500	\$5,413	\$9,000	\$1,000	\$13,128	\$4,750

**Mean Expenditure on Types of Consulting Services, by Budget Category**

Consulting Service	\$0 - 100,000	\$100,001 - \$500,000	\$500,000 - 1 million	\$1 - 5 million	\$5 - 10 million	\$10 - 15 million
Board of Directors	\$375	\$1,775	\$2,820	\$2,333	\$3,900	\$3,500
Evaluation	\$900	\$5,065	\$12,121	\$18,800	\$10,700	\$31,692
Internal Communications	\$200	\$2,529	\$2,595	\$2,644	\$4,938	-
Financial Management and Accounting	\$1,567	\$5,188	\$8,551	\$10,706	\$12,920	-
Fundraising and Grantwriting	\$3,667	\$5,371	\$7,115	\$11,625	\$16,122	\$10,000
Human Resources	-	\$2,200	\$13,263	\$7,757	\$9,938	\$17,000
Computers and Technology	\$1,383	\$5,195	\$6,690	\$10,741	\$18,700	\$20,000
Legal	\$3,667	\$11,060	\$4,667	\$6,723	\$51,913	\$20,000
Marketing (external)	\$2,750	\$3,771	\$9,719	\$21,868	\$10,709	\$73,750
Planning	\$1,350	\$5,927	\$6,317	\$6,471	\$7,940	\$6,185
Organizational Development	\$300	\$3,844	\$10,088	\$4,856	\$6,833	\$27,500

<b>Mean Expenditure on Types of Consulting Services, by Field of Service</b>					
Consulting Service	Arts	Education	Environment	Health	Human Services
Board	\$1,435	\$1,200	\$4,250	\$2,753	\$2,530
Evaluation	\$7,958	\$10,333	\$12,500	\$16,156	\$16,678
Internal Communications	\$904	\$4,494	\$4,000	\$2,200	\$2,933
Financial Management and Accounting	\$3,275	\$10,345	\$6,313	\$9,038	\$8,445
Fundraising and Grant writing	\$10,287	\$11,567	\$12,714	\$8,031	\$6,033
Human Resources	\$10,250	\$5,771	\$5,667	\$3,920	\$11,298
Computers and Technology	\$4,550	\$4,489	\$6,417	\$13,533	\$8,841
Legal	\$2,125	\$14,500	\$41,600	\$6,467	\$12,739
Marketing (external)	\$17,507	\$6,038	\$6,000	\$10,390	\$16,373
Planning	\$5,881	\$9,714	\$7,333	\$5,945	\$5,216
Organizational Development	\$9,583	\$6,000	\$3,833	\$2,600	\$10,724

## Appendix C: Organizational Characteristics of Survey Sample

### Annual Revenue

The organizations in the survey sample have annual budgets ranging from a minimum of \$12,164 to a maximum of \$13,146,252. The median revenue is \$458,181 while the mean is \$1,222,285.

As seen in the previous table, the largest budget category is \$100,000 - 500,000 (34.2%), followed by organizations in the \$1 - 5 million range (23.3%). The smallest group of respondents consists of organizations in the \$10 - 15 million category (1.2%).

<b>Budget Category</b>		
<u>Annual Budget</u>	<u>Percent</u>	<u>Number</u>
\$ 0 - 100,000	17.6%	89
\$ 100,001 - 500,000	34.2%	173
\$ 500,001 - 1 million	18.2%	92
\$ 1 - 5 million	23.3%	118
\$ 5 - 10 million	5.5%	28
\$ 10 - 15 million	1.2%	6
Total	100.0%	506

## Field of Service

The bulk of the organizations in the sample work in the field of human services (43.1%), followed by education (20.0%), health and the arts (both at 16.2%), and environment (4.5%). As seen below, this closely parallels the larger population of nonprofits.

<b>Comparison of Population and Survey Sample, by Field of Service</b>				
Field of Service	<u>Population</u>		<u>Sample</u>	
	Percent	Number	Percent	Number
Human Services	43.6%	2,642	43.1%	218
Education	22.5%	1,364	20.0%	101
Health	13.0%	788	16.2%	82
Arts	16.3%	988	16.2%	82
Environment	4.6%	278	4.5%	23
Total	100.0%	6,060	100.0%	506

## Geographic Location

Some counties were grouped together for purposes of analysis. The largest concentration of respondents is found in San Francisco (27.7%), followed by Alameda/Contra Costa (20.4%). The lowest percentage of respondents is in the Monterey/Santa Cruz region (3.8%). Organizations in the Alameda/Contra Costa and Monterey/Santa Cruz regions were slightly under-represented in the sample, while organizations in Santa Clara and San Mateo were over-represented.

<b>Comparison of Population and Survey Sample, by Geographic Location</b>				
County Group	<u>Population</u>		<u>Sample</u>	
	Percent	Number	Percent	Number
San Francisco	20.1%	1,220	27.7%	140
Alameda / Contra Costa	29.5%	1,786	20.4%	103
Marin / Napa / Sonoma /Solano	17.7%	1,073	18.0%	91
Santa Clara	16.3%	986	18.0%	91
San Mateo	8.1%	490	12.3%	62
Monterey/Santa Cruz	8.3%	505	3.8%	19
Total	100.0%	6,060	100.0%	506

## Organizational Age

The mean age of the organizations in the sample is 30 years, with ages ranging from less than one year to 149 years. Nearly half of the organizations in the sample have been in existence for over 25 years. (Seven organizations did not respond to this question.)

<b>Age of Organizations</b>		
<u>Years</u>	<u>Percent</u>	<u>Number</u>
0 - 10	13.0%	65
11 - 25	41.1%	205
> 25	45.9%	229
Total	100.0%	499

## Number of Staff

The organizations in the sample have a mean of 32 staff and a median of 10 staff. Almost half (48.4%) of the organizations in the sample have between 0 - 9 staff. (Twelve organizations did not respond to this question.)

<b>Number of Staff</b>		
<u>Number of Staff</u>	<u>Percent</u>	<u>Number</u>
0 - 9	48.4%	239
10 - 24	24.1%	119
25 - 100	21.3%	105
> 100	6.3%	31
Total	100.0%	494

## Appendix D: Additional Data Tables from Survey

<b>Use of Types of Consulting Services, by Region</b>														
Consulting Service	San Francisco		San Mateo		Santa Clara		Alameda / Contra Costa		Marin / Napa / Sonoma / Solano		Monterey / Santa Cruz		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Boards of Directors	20	29.0%	6	8.7%	10	14.5%	16	23.2%	13	18.8%	4	5.8%	69	100.0%
Evaluation	20	31.3%	6	9.4%	11	17.2%	11	17.2%	13	20.3%	3	4.7%	64	100.0%
Internal Communications	29	41.4%	9	12.9%	9	12.9%	8	11.4%	14	20.0%	1	1.4%	70	100.0%
Financial Management and Accounting	44	34.9%	14	11.1%	11	8.7%	31	24.6%	22	17.5%	4	3.2%	126	100.0%
Fundraising and Grantwriting	40	34.8%	17	14.8%	17	14.8%	23	20.0%	14	12.2%	4	3.5%	115	100.0%
Human Resources	21	36.2%	5	8.6%	10	17.2%	9	15.5%	12	20.7%	1	1.7%	58	100.0%
Computers and Technology	48	32.9%	13	8.9%	25	17.1%	28	19.2%	27	18.5%	5	3.4%	146	100.0%
Legal	23	27.7%	9	10.8%	13	15.7%	18	21.7%	17	20.5%	3	3.6%	83	100.0%
Marketing (external)	32	42.1%	9	11.8%	11	14.5%	13	17.1%	11	14.5%	-	-	76	100.0%
Planning	25	36.2%	9	13.0%	10	14.5%	8	11.6%	14	20.3%	3	4.3%	69	100.0%
Organizational Development	13	32.5%	8	20.0%	3	7.5%	5	12.5%	9	22.5%	2	5.0%	40	100.0%

<b>Use of Types of Consulting Services, by Budget Category</b>														
Consulting Service	\$0 - 100,000		\$100,001 - \$500,000		\$500,000 - 1 million		\$1 - 5 million		\$5 - 10 million		\$10 - 15 million		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Board	4	5.8%	16	23.2%	23	33.3%	20	29.0%	3	4.3%	3	4.3%	69	100%
Evaluation	3	4.7%	13	20.3%	20	31.3%	18	28.1%	7	10.9%	2	4.7%	64	100%
Internal Communications	5	7.1%	11	15.7%	12	17.1%	29	41.4%	11	15.7%	2	2.9%	70	100%
Financial Management and Accounting	8	6.3%	41	32.5%	28	22.2%	41	32.5%	8	6.3%	-	-	126	100%
Fundraising and Grant writing	7	6.1%	37	32.2%	28	24.3%	31	27.0%	10	8.7%	2	1.7%	115	100%
Human Resources	3	5.2%	6	10.3%	6	10.3%	27	46.6%	13	22.4%	3	5.2%	58	100%
Computers and Technology	12	8.2%	25	17.1%	34	23.3%	60	41.1%	13	8.9%	2	1.4%	146	100%
Legal	6	7.2%	12	14.5%	13	15.7%	38	45.8%	13	15.7%	1	1.2%	83	100%
External Marketing	3	3.9%	18	23.7%	17	22.4%	22	28.9%	14	18.4%	2	2.6%	76	100%
Planning	6	8.6%	11	15.9%	16	23.2%	27	39.1%	6	8.7%	3	4.3%	69	100%
Organizational Development	3	7.5%	9	22.5%	8	20.0%	12	30.0%	5	12.5%	3	7.5%	40	100%

<b>Use of Types of Consulting Services, by Field of Service</b>												
Consulting Service	Arts		Education		Environment		Health		Human Services		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Board	7	10.1%	9	13.0%	2	2.9%	19	27.5%	31	46.4%	69	100.0%
Evaluation	14	21.9%	6	9.4%	3	4.7%	12	18.8%	29	45.3%	64	100.0%
Internal Communications	9	12.9%	12	17.1%	3	4.3%	8	11.4%	38	54.3%	70	100.0%
Financial Management and Accounting	20	15.9%	14	11.1%	4	3.2%	30	23.8%	58	46.0%	126	100.0%
Fundraising and Grant writing	23	20.0%	14	12.2%	7	6.1%	22	19.1%	49	42.6%	115	100.0%
Human Resources	6	10.3%	10	17.2%	3	5.2%	8	13.8%	31	53.4%	58	100.0%
Computers and Technology	16	11.0%	20	13.7%	6	4.1%	30	20.5%	74	50.7%	146	100.0%
Legal	7	8.4%	13	15.7%	5	6.0%	14	16.9%	44	53.0%	83	100.0%
External Marketing	21	27.6%	13	17.1%	3	3.9%	15	19.7%	24	31.6%	76	100.0%
Planning	11	15.9%	11	15.9%	3	4.3%	15	21.7%	29	42.0%	69	100.0%
Organizational Development	5	12.5%	2	5.0%	4	10.0%	10	25.0%	19	47.5%	40	100.0%

**Mean Expenditure on Types of Consulting Services, by Region**

Consulting Service	San Francisco	San Mateo	Santa Clara	Alameda / Contra Costa	Marin / Napa / Sonoma /	Monterey / Santa Cruz
Board of Directors	\$2,292	\$2,400	\$3,392	\$1,900	\$2,117	\$3,375
Evaluation	\$13,670	\$5,613	\$5,786	\$42,500	\$15,908	\$6,167
Internal Communications	\$2,869	\$1,000	\$4,800	\$2,467	\$2,983	\$500
Financial Management and Accounting	\$7,586	\$9,035	\$12,333	\$7,184	\$6,992	\$6,125
Fundraising and Grantwriting	\$8,627	\$6,842	\$18,100	\$6,963	\$5,723	\$2,925
Human Resources	\$8,675	\$15,000	\$10,428	\$7,367	\$8,771	\$2,000
Computers and Technology	\$9,035	\$14,627	\$9,394	\$8,276	\$7,031	\$2,840
Legal	\$18,024	\$6,660	\$13,000	\$6,250	\$9,220	\$44,333
Marketing (external)	\$19,009	\$6,757	\$11,809	\$14,163	\$5,836	-
Planning	\$7,500	\$6,094	\$5,020	\$4,833	\$5,521	\$6,500
Organizational Development	\$6,500	\$5,413	\$9,000	\$1,000	\$13,128	\$4,750

**Mean Expenditure on Types of Consulting Services, by Budget Category**

Consulting Service	\$0 - 100,000	\$100,001 - \$500,000	\$500,000 - 1 million	\$1 - 5 million	\$5 - 10 million	\$10 - 15 million
Board of Directors	\$375	\$1,775	\$2,820	\$2,333	\$3,900	\$3,500
Evaluation	\$900	\$5,065	\$12,121	\$18,800	\$10,700	\$31,692
Internal Communications	\$200	\$2,529	\$2,595	\$2,644	\$4,938	-
Financial Management and Accounting	\$1,567	\$5,188	\$8,551	\$10,706	\$12,920	-
Fundraising and Grantwriting	\$3,667	\$5,371	\$7,115	\$11,625	\$16,122	\$10,000
Human Resources	-	\$2,200	\$13,263	\$7,757	\$9,938	\$17,000
Computers and Technology	\$1,383	\$5,195	\$6,690	\$10,741	\$18,700	\$20,000
Legal	\$3,667	\$11,060	\$4,667	\$6,723	\$51,913	\$20,000
Marketing (external)	\$2,750	\$3,771	\$9,719	\$21,868	\$10,709	\$73,750
Planning	\$1,350	\$5,927	\$6,317	\$6,471	\$7,940	\$6,185
Organizational Development	\$300	\$3,844	\$10,088	\$4,856	\$6,833	\$27,500

<b>Mean Expenditure on Types of Consulting Services, by Field of Service</b>					
Consulting Service	Arts	Education	Environment	Health	Human Services
Board	\$1,435	\$1,200	\$4,250	\$2,753	\$2,530
Evaluation	\$7,958	\$10,333	\$12,500	\$16,156	\$16,678
Internal Communications	\$904	\$4,494	\$4,000	\$2,200	\$2,933
Financial Management and Accounting	\$3,275	\$10,345	\$6,313	\$9,038	\$8,445
Fundraising and Grant writing	\$10,287	\$11,567	\$12,714	\$8,031	\$6,033
Human Resources	\$10,250	\$5,771	\$5,667	\$3,920	\$11,298
Computers and Technology	\$4,550	\$4,489	\$6,417	\$13,533	\$8,841
Legal	\$2,125	\$14,500	\$41,600	\$6,467	\$12,739
Marketing (external)	\$17,507	\$6,038	\$6,000	\$10,390	\$16,373
Planning	\$5,881	\$9,714	\$7,333	\$5,945	\$5,216
Organizational Development	\$9,583	\$6,000	\$3,833	\$2,600	\$10,724