

3-31-2015

## Both Sides of the Equation

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### Recommended Citation

Kibbe, Barbara D. J.D. (2015) "Both Sides of the Equation," *The Foundation Review*: Vol. 7: Iss. 1, Article 7.  
DOI: <http://dx.doi.org/10.9707/1944-5660.1235>  
Available at: <http://scholarworks.gvsu.edu/tfr/vol7/iss1/7>

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## Both Sides of the Equation

Barbara D. Kibbe, J.D., S. D. Bechtel, Jr. Foundation

*Keywords:* Foundations, consulting

### Key Points

- Client and consultant can have fundamentally different perspectives on the progress and success of a consulting engagement. This article explores the insights and lessons learned by a dozen professionals who have been on both sides of the equation in consulting to philanthropy.
- There are occasions when client and consultant are well matched and value is created. But there are also cases where consultants are delivering a formulaic or hyperrational response into a very human system, or where the idiosyncrasies of foundation work prove barriers to positive results. Consultants have a critical role to play, and clients have a right to demand contextualized solutions to complex problems.
- With the degree of frustration and disappointment described by these experts, it boils down to this: Consultants need to be better consultants and foundations need to be better clients. This article offers guidance gleaned from the experience of those experts on how foundations and consultants can work together more successfully and discusses the need for dialogue to shape the growing market for consulting to foundations.

### Framing the Problem

Client and consultant can have fundamentally different perspectives on the progress and success of a consulting engagement. (See Figure 1.) These are complex relationships; always intense, often political, sometimes fraught, and rarely as simple as a task assigned and completed. This article explores the insights and lessons learned by a

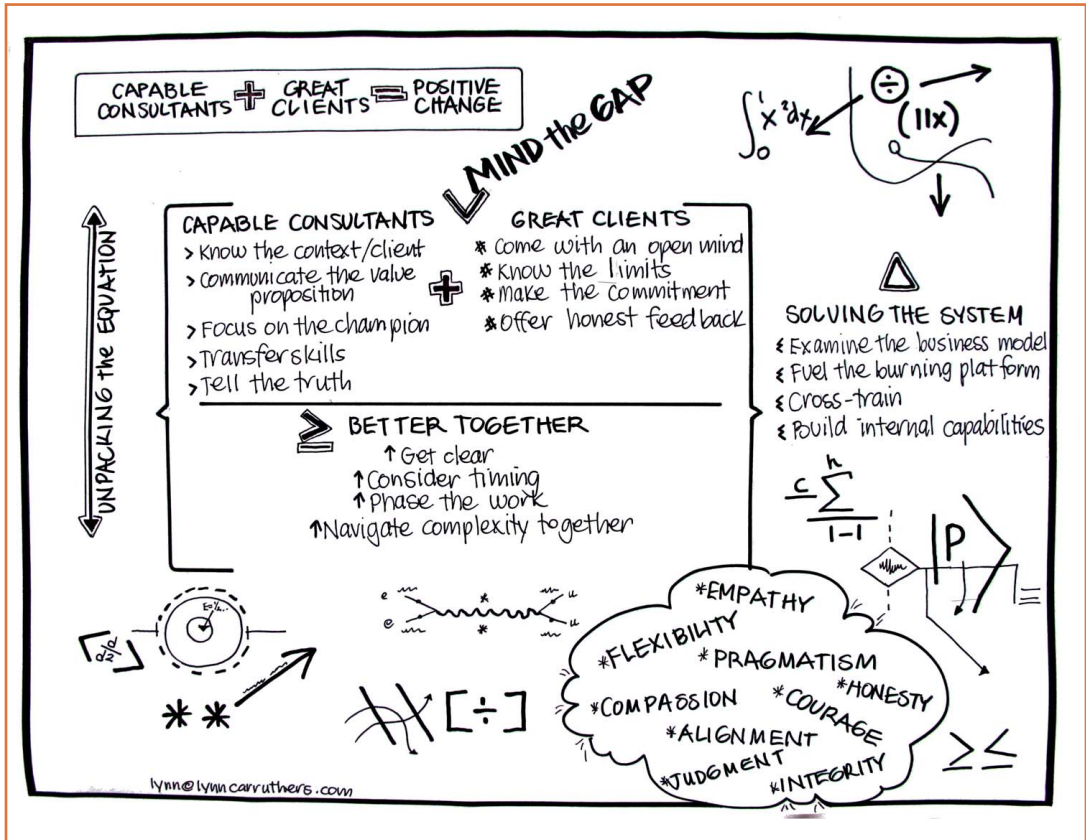
dozen professionals who have been on both sides of the equation in consulting to philanthropy – advisor and client.

Interviews were conducted with 12 experienced professionals, each of whom has spent considerable time as a foundation leader and as a consultant to foundations. Half are currently foundation leaders, formerly consultants; the other half are consultants now but were formerly foundation leaders.

The foundations they know from within represent the diversity of foundation forms and approaches, including private and family foundations, a health conversion foundation, an operating foundation, and a corporate foundation, as well as foundations with local, state, national, and global programs. The largest foundation represented makes annual grants of close to \$300 million; the smallest has an annual grants budget of under \$5 million. The youngest foundation represented was established only a few years ago; the oldest is nearly 85 years old. The issue areas supported by these foundations range from education and health care to the environment and poverty alleviation. Some fund direct service, others focus primarily on systems change.

Interviews were conducted with a structured protocol. All interviewees were asked to reflect on their approach/theory of practice as consultants, on how consultants can and do provide value to foundations, on the capabilities consultants need

FIGURE 1 The Equation



in order to serve foundations well, and on what makes for a successful consulting engagement. They were also invited to offer examples of good and not-so-good experiences as client and as consultant. In addition, foundation leaders (formerly consultants) were asked: Did your perspective on consulting change once you became a foundation leader/client and if so, how? And what do you know now about philanthropy that you wish you knew when you were consulting to foundations? Consultants (formerly foundation leaders) were also asked whether their perspective on consulting changed over time, and how their work inside a foundation prepared them for the challenges of consulting to foundations.

The professionals interviewed for this article are all busy, successful, optimistic, and versatile. They bring (or brought) a robust toolkit to their consulting work. They come from backgrounds

in social science, knowledge management, public policy, law, and even engineering. Collectively, they represent well over 100 years of consulting experience and they have comparable experience as foundation leaders. They see patterns and trends. They are driven to add value and they are focused on helping their foundations/foundation clients make positive change.<sup>1</sup>

The approaches they take and even the language they use to discuss the joys and disappointments of consulting to foundations are varied. But, at the core, they all believe it's the context and the soft

<sup>1</sup> The input offered in connection with this article was constructively self-critical and therefore focused on challenges and needed improvements in spite of the fact that each interviewee has succeeded as foundation leader and as consultant to foundations. And although success stories can be uplifting, the focus of this article is on what and how to improve the efficacy of consulting to foundations.

*The approaches they take and even the language they use to discuss the joys and disappointments of consulting to foundations are varied. But, at the core, they all believe it's the context and the soft skills – not the analytics or the technical expertise – that make for success in advising foundations.*

skills – not the analytics or the technical expertise – that make for success in advising foundations. In the words of one foundation leader,

Domain experience is a piece of what consultants can bring, but that's not where I see them making the biggest difference. Foundation staff generally have the domain experience but they don't want to spend time educating consultants on an issue area, so sometimes they undervalue the soft skills and end up being disappointed with the results.

In fact, the interviewees all know that even the best consultant can't ensure a successful engagement without a good client. One foundation leader said, "You can't be a great consultant without a great client on the other end. And a great client is an engaged client that is really managing the work."

Foundations use consultants for almost everything, from the simply tactical to the frankly visionary. Consultants provide expertise, objective feedback, insights, ideas, plans, and sometimes just an extra pair of hands. They complement and extend internal capabilities. They inform, they inspire, they facilitate, they coach, and they cajole. But even the best consultants don't always succeed.

One former consultant, now a foundation executive, said that 90 percent of his engagements with nonprofits got results, but that only 20 percent to 25 percent of his engagements with foundations yielded value for the client or the field. Sadly, he is not alone in his assessment of the relative success of consulting to foundations.

Recurring challenges raised by the professionals interviewed for this article included unskilled or unprepared consultants and consultants delivering recommendations that were impossible to implement. From the other side of the equation, anecdotes recalled inattentive clients, unclear goals, and foundation clients who wanted only validation of success in the name of evaluation. Some interviewees bemoaned the internal politics of foundations, where a consultant can get caught between board and staff, or clients who continually change their mind about what they want. There are board issues, individual agendas, and organizational politics in foundations, any one of which can subvert success in a consulting engagement.

Interviewees shared some examples of challenging situations from their perspectives as consultants. Here are anecdotes from three foundation leaders discussing previous experiences as consultants to foundations:

My firm was once a finalist on a significant evaluation for a local foundation and I brought in a strong team. One team member was an expert in this particular content area. She really knew the research. I was a generalist, and we also had a field research team leader. My content person told the prospective client that there was a lot of evidence in the literature that what they wanted to do wouldn't work. We didn't get the contract. They didn't like that we were questioning their theory of change. Fast-forward three years and the initiative was a failure. At the time, evaluators and program people were complicit when they should have been working together to calibrate the smart risk.

I regret one engagement where I allowed a process to spin out of control because of the client's desire to engage their board and a range of others. It was a burdensome process. There was too much board

involvement at the wrong level, too many task forces, too many input and feedback sessions that created a huge opportunity for political drama rather than good decisions. ... A lot of involvement per se isn't better if it's inauthentic. In this case, it was actually counterproductive.

I had one foundation client that I would characterize as disrespectful. ... The client didn't engage but was free with criticism. I felt like my intellectual integrity was being questioned because I couldn't read their mind. I couldn't get them to pay attention to the work and they didn't seem to know what they wanted. As a result, there were constant changes in the project that were demanded by the client without much dialogue.

Consultants, formerly foundation leaders, also shared reflections of engagements that were complex and, at times, troubled from their perspective as foundation client. One reported, "I was periodically disappointed when I felt like consultants were unable to account for the organizational dynamics that their work had to operate within. They sometimes made big assumptions about how much we could orchestrate or direct." Another recalled "one project we commissioned where we couldn't make sense of it because the parameters we gave the consultant were so broad that everything became a tangled mess. We had too much data and too little pattern analysis."

When speaking of less-than-successful consulting engagements, these professionals – whether working currently as consultants or as foundation leaders – clearly saw the responsibility as shared between consultant and client. In the words of one interviewee: "Sometimes we didn't think out the assignment well enough. Sometimes we were using the wrong consultant. And, sometimes we weren't paying adequate attention."

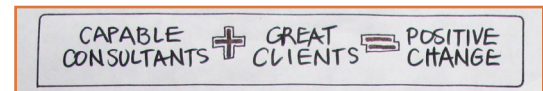
So, the story of consulting to foundations, whether taking the perspective of client or consultant, is at least in part about missed opportunities, wasted time and money, misalignment, and occasional scapegoating. Sometimes the consultant isn't prepared for the work. But limited time and bandwidth on the

parts of foundation staff and leadership mean fractured focus. And consultants who work too much on their own are swimming upstream the whole way.

Indeed, with all of the resources available, a growing cadre of smart and skilled consultants, good intentions, and important work to be done, how does this happen? And what can be done about it?

### Unpacking the Equation: Capable Consultants + Great Clients = Positive Change

FIGURE 2 The Equation



#### Capable Consultants

When discussing what is needed from consultants who hope to serve foundations well, interviewees cited empathy, compassion, realism, judgment and pragmatism, flexibility and comfort with ambiguity, understanding of the specific organizational dynamics and decision-making practices of the client, integrity, courage, and a commitment to honesty. (See Figure 3.)

FIGURE 3 Soft Skills



## *The story that has a happy ending is about engaged partnership with a great client around a shared commitment to well-defined results.*

In the words of four interviewees:

Good consultants are good question-askers and good listeners. They are able to reflect on their own work as well as reflect back to their clients what they're seeing/synthesizing. They know what is going on in the field and how their client's work fits into the larger context. And they have integrity and a commitment to honesty. It's my job to tell the truth and to be compassionate in the way I do it.

Successful consultants to foundations understand the limited bandwidth of [foundation] staff. They are mindful of time constraints and realistic about what can be accomplished. When they are in front of the client they use the client's time well. They are good facilitators. They have effective communication skills. They understand, in a deep way, how the product will be used. They are flexible and comfortable with ambiguity.

People skills are critical to successful consulting. Consultants need the ability to tease out where people are struggling and to deliver information in a way that it can be received. You can package information in a way that elicits defensiveness and that's even worse than having a report sit on a shelf if it's actively rejected.

They need to have a good sense of not only the foundation's strategic priorities but also its internal culture and style of grantmaking. How do they make decisions internally? How much autonomy does staff enjoy? What's the role of the board? What types of organizations does the foundation appear to be open to supporting?

Likewise, when prompted to discuss their own approach or "theory of practice" as consultants

– past or present – these professionals didn't waste their breath on a recitation of skills and competencies. Intelligence and relevant experience are table stakes when it comes to advising foundations. Instead, they described a set of subtle approaches to guiding change:

I brought a learning frame. I facilitated so as to hold the space for everyone to contribute and I engaged the client in interpreting data and discussing implications.

There's something fundamental about the capacity to ask the right questions that are impossible to see or ask from within the organizational context – the questions that get at what you really want and why.

I make a commitment to challenge complacency and to be helpful. I unpack and examine assumptions and I help assure that what the foundation is trying to achieve is relevant and needed.

### *+ Great Clients*

When they hire consultants, foundations want data, fresh ideas and insights, plans, coaching, and support. Of course they also want relief. Foundation staff are frequently overwhelmed – or at least distracted – by shifting and competing demands. With too many priorities, too much pressure, and too little time, they can see hiring a consultant as better than doing nothing. This situation drives foundations to consultants, but is also a large part of what makes it so challenging to succeed in consulting to foundations.

Assuming a consultant has the basic skills and expertise as well as the ability to manage the project – quality product, on time, on budget – the story that has a happy ending is about engaged partnership with a great client around a shared commitment to well-defined results. Here is how several interviewees talked about what makes a good foundation client:

A good client is one who approaches the work as a partner, is eager and excited to experiment and learn together. And they are clear about the goals and the objectives of the work we will do together. And you need some degree of flexibility in terms of execution. A good client will keep the big



goals in mind and consider shifts in approach if they make sense.

A good client is one that is clear about what they really want to get out of the project. They are collaborative and open to dialogue about the project goals, scope, and approach. They have authority to make decisions related to the project – or they know how to get decisions when decisions are needed. And communication is timely; they turn things around so the project can move forward.

Good clients are mindful of changes in scope but open to them. They keep their demands in line with the resources available but are also willing to revisit the scope if their needs change and the circumstances call for it.

The best clients are respectful and attentive – but there’s one more thing. The best clients also possess the motivation to engage because of a real need. In the words of one expert, “organizational consulting for foundations is not satisfying without a burning platform. The best consultant in the world working in a foundation that doesn’t have the right inspiration or motivation is a waste of time.”

#### = Positive Change (a.k.a. the Value Proposition)

In spite of the challenges, frustrations, and marks missed, foundations keep hiring consultants and consultants keep working for foundations. In fact, those same professionals who have seen both sides of the equation and so eloquently describe disappointments are equally as articulate about the runaway successes:

The folks that impressed me did a really good job at understanding what we wanted, explored key decision points, uncovered challenges we needed to anticipate. They did this by asking smart questions to help us think about how we would own the work we were outsourcing.

One interviewee, now a consultant herself, put it this way:

I came to love consultants who perceived their work as in support of our decision-making. We would have consultants doing scans, interviews, and then

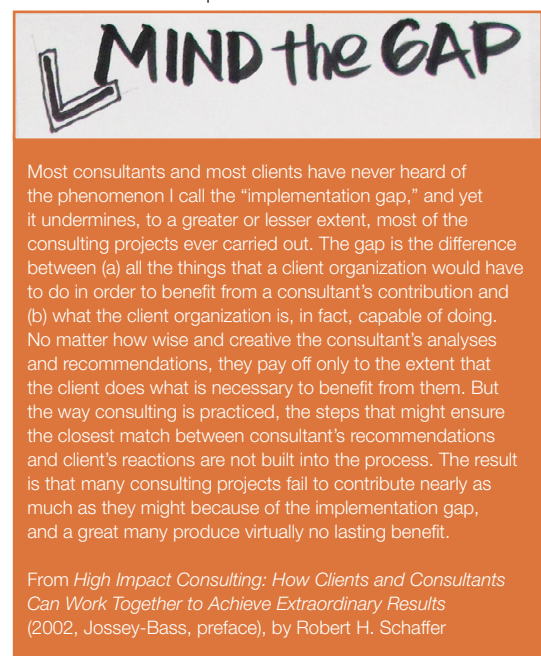
creating a package and plopping it back down. Then there were others who surfaced possible solutions and considered trade-offs. Exposing the possible ways forward as opposed to making our plans for us proved to be so much more valuable because it was so much more likely to be owned and we were better sensitized about potential pitfalls, opportunity costs.

A foundation leader, formerly a consultant, had this to say:

One case stood out for me because it was a long-term, deep engagement with a cross-program team. We set the research and action-learning agenda together. Team members from the client foundation were actually doing some of the exploration and learning, identifying and piloting new ways of working together. I worked alongside them, facilitated and documented what was learned.

These stories point to strong partnerships and earned trust between consultant and client as well as integration of the consultant’s work into the work of the foundation. They highlight the importance of anticipating challenges, accounting for organizational dynamics, exploring alternative paths, and focusing on solutions to real needs rather than simple deliverables. (See Figure 4.)

FIGURE 4 Mind the Gap

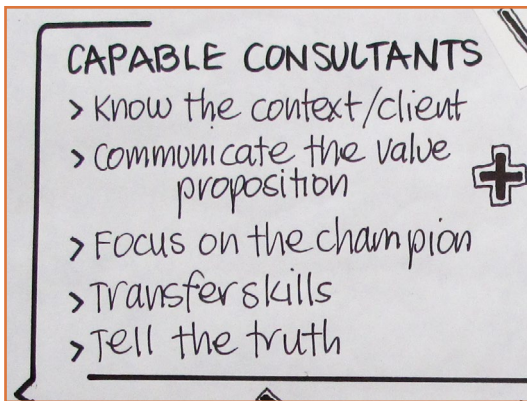


## Calculating the Solution

With the degree of frustration and disappointment described by experts with deep skills and years of perspective from both sides of the equation, it boils down to this: Consultants need to be better consultants and foundations need to be better clients.

### How to Be a Better Consultant to Foundations

FIGURE 5 Capable Consultants



- *Know the context and know your client.* In consulting, there is simply no substitute for the empathy that comes from a deep understanding of the opportunities and constraints the client faces. Without it, consultants will advise poorly and depend too much on process or on data and analytics when what is most essential is excellent judgment about what is needed and what is possible. Consultants who want better-than-average success in advising foundations will take time to study up on philanthropy. They will go deep to understand what drives the client and the constraints of the situation, as well as how they make decisions and how they plan to use the consultant's work. One seasoned consultant says this about insights gained after the transition to her role as a foundation leader:

Now I see that consultants need to understand how their work will fit into the foundation's context so that it has a chance to stick. Before I worked at the foundation, I didn't see the extent to which my products were like a drop in the bucket of what foundation staff deal with day in and day

out. Now I see that consultants need to frame the work so that it makes sense to the client.

- *Communicate the value proposition.* Unspoken assumptions, misaligned incentives or unfounded expectations can quickly devolve into disappointment. Good consultants can do a lot on the front end of an engagement to make sure that expectations are aligned. The most successful consultants will start with a good discussion of the approach they plan to take, why it's right for the specific context, and what they commit to deliver in terms of results – not just documents. They will ask questions about the client's past experience working with consultants: When has it worked? What made the experience good? And when it didn't, what led to disappointments? In the words of one foundation leader/former consultant,

When I was consulting, I would articulate my theory about how I would catalyze change in the client system. Essentially, I was selling courage. For me, the power of consulting lay in helping my clients find the courage to make important decisions even though they would always be working with imperfect data. In my experience, linear plans or models will stand or fall against the human system and organizations are nothing more (or less) than collections of people. The best strategies are well researched, clearly and crisply communicated, focused, and sometimes elegant. But organizations are messy. Real leaders use the one to galvanize collective action in the other. My clients needed to know all this about me and my approach so we could both be sure I was the right consultant for the job.

- *Focus on the champion.* The best consultants will make sure there is an internal champion for their project and work closely with them at every step to anticipate challenges. They will arm their client with the tools and data to successfully advocate for change and to take the work forward when the engagement is over. One foundation leader put it this way: "I spent a lot of time as a consultant thinking about tools and guidebooks for scaling innovations. I see now that even the best tool or guide will



have little uptake at a foundation without a human champion.”

- *Transfer skills.* The best consultant won't do the client's work or thinking for them. They know that if the consultant creates a dependency, the client won't know what to do when they pass the baton back to them. The best consultants help their clients make better use of their own talents and skills and they see every engagement as developmental for their clients. Two consultants, formerly foundation leaders, reported the following about their previous experience as a foundation client:

I was sometimes disappointed by the end product because it was designed for one moment in time and the foundation was in transition. It was disappointing when the consultant didn't leave behind any capacities and it was just a product we couldn't use.

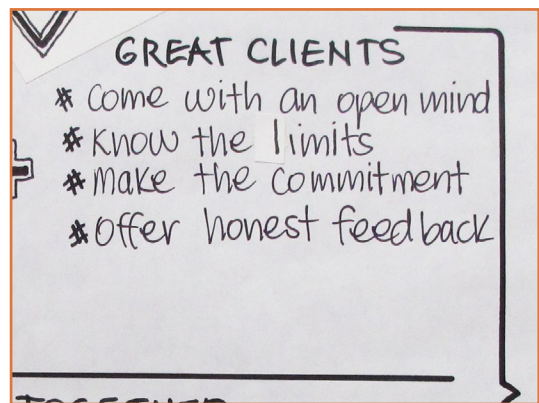
The reasons a lot of strategic plans fail is that there is insufficient internal ownership. I won't write a strategic plan for my client. I will identify the core elements and provide the scaffolding for the final product. I will also provide support – but they write the plan. A lot of this approach is driven by my experience at the foundation. If it's too easy to get a consultant to do something, the client won't take ownership of the work.

- *Tell the truth.* The best consultants will tell the truth and frame it so it can be heard and acted

upon. They are not afraid of losing a client from time to time; they don't let their desire to be hired again compromise what they say. But, they deliver the tough messages with empathy and compassion as well as with fresh ideas and potential solutions. One consultant/former foundation leader said, “One thing I can't do is allow my clients to blunder ahead because they don't have honest feedback. But you can offer the news in terms of relative priorities.” (See Text Box: *Delivering Bad (or at Least Not so Good) News Well.*)

### How to Be a Better Foundation Client

FIGURE 6 Great Clients



- *Come with an open mind.* In more than one case, interviewees spoke of foundation clients that use collaborative language but work in a culture characterized by competition or top-

### Delivering Bad (or at Least Not so Good) News Well

Delivering bad news well is a skill that the best consultants possess. Our experts say it's all about the framing. They use data to provide objectivity to the dilemmas their clients face. They describe alternatives. They balance the negative news with the positive. They see and describe trade-offs and multiple paths forward. And they focus on learning and betterment rather than right and wrong. In the words of one expert,

I go immediately to options so I offer remedies or solutions. I identify the problem and invite my clients to unpack it together with me to get a better understanding of the problem and develop clear next steps if not a full solution. I try to engage the client as a partner in pursuing solutions, rather than just delivering bad news and walking away.

down decision-making that leaves little room for meaningful dialogue, let alone compromise or change. The best foundation clients come to a consulting engagement with an open and inquiring mind. They honestly want help dealing with a challenge. They haven't already made up their mind about next steps. They ask questions and they listen. They look to their consultant to bring a fresh perspective and new inputs to the table. One foundation leader/former consultant put it this way:

The best client I ever had was openly curious. He had a big appetite for input and set an example for his colleagues. Every meeting was about what we could discover together that would get us closer to a plan or a solution.

- *Know the limits.* The best foundation clients understand the limits of their decision-making power. They make sure their consultant knows what decisions they can make and when they need the support of others to advance a project or get to a decision. Those clients proactively manage up and around to make sure there is a solid internal constituency for the work. As one interviewee said,

It's great when a client has the discretion to plan for their area. But it can get frustrating for the team if that leader is not managing up the chain. I had one engagement where the leader could not please the person above her. She had gone off on a tangent thinking she was being innovative but it was too far off for her superiors.

- *Make the commitment.* The best foundation clients also make a commitment to work alongside their consultant partner. They know that if they don't have the time or the intention to follow through, then hiring a consultant is worse than doing nothing. In fact, the best foundation clients see nearly every consulting engagement as an opportunity to learn – for themselves, their colleagues, and sometimes their grantees. They ask about opportunities for skills transfer at the beginning of a consulting engagement. Two interviewees were particularly clear on this topic:

Foundations often hire consultants as what they think will be an easy way out. In other words, they have something on their to-do list that they can't give adequate attention to and they want it attended to. That's not a bad reason for engaging an outside consultant, but I think it qualifies as necessary but not sufficient. For me to feel confident in the engagement, I need to see a clear commitment to implement what I do for them before I take the contract. I don't want to waste my time and their money.

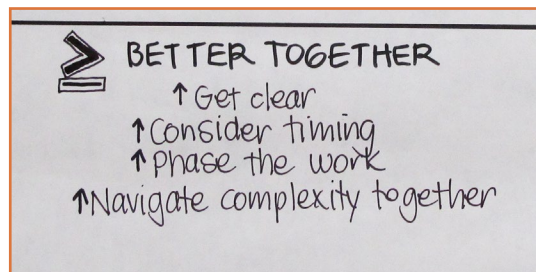
Lots of times I do stuff and it just gets put on a shelf. It's like a relay. You hand off the baton and you hope that the other person is motivated to run.

- *Offer honest feedback.* The best foundation clients offer regular, timely, and constructive feedback to their consultants to help ensure the project meets its goals and to develop the consultants into ever more valuable advisors. One interviewee said,

I wish foundations were more forward with their consultants about what's not working and with feedback. I know foundations talk quite a lot about the quality of their consultants. Of course they should. But they need to share that feedback more forthrightly with their consultants.

### *How Consultants and Foundations Can Work Better Together*

FIGURE 7 Better Together



We know that it's the relationship that makes or breaks the engagement. Here are five suggestions for strong and successful partnerships between consultants and clients.

### *Get Clear About Roles and Expectations*

A client may not be clear about every aspect of what they want a consultant to do. After all, they wouldn't need a consultant if they had all the answers. But, they should be willing and able to have a dialogue about the results they're looking for.

The best consultants will insist on enough dialogue to develop a mutual understanding of what is needed and why, and the best clients will welcome this dialogue. It's in this early stage that they can discover together whether a consultant is in fact the right solution for the problem or whether it's work that should be owned and accomplished by staff. Here are some reflections on lessons learned the hard way in this arena:

I've learned to ask up front about the target audience for my work and how the client expects them to react. If they think a consultant report will be persuasive to a skeptical audience, I usually recommend that they bring in the audience as part of a facilitated conversation instead or in addition to pursuing an "authoritative" report.

My experience is that if they push it off entirely on me, it's as though I was never there. In the end they have to buy it, create it, agree they will take it on. In my early days as a consultant I did too much. I would happily do all the writing for them. But if they don't synthesize the findings and put it in their own words they will never know what to do when you walk out the door. I've learned some techniques to make sure they do more of the work so that they own it. Otherwise you erase your own tracks.

### *Consider Timing*

The timing isn't always right for a successful consulting engagement. Any foundation will be more or less ready for open dialogue and change, depending on a complex set of factors. Together, strong teams of clients and consultants will consider the risks that the project they care about may not attract the right level of attention and support to get results. A realistic view of the odds for success will help determine how much to do as well as when and how fast. One foundation leader, formerly an evaluation consultant, said,

Timing is a critical element and one that I have come to appreciate even more now that I'm inside a foundation. ... I push when I feel that I can get traction. At other times, I sow seeds and wait for opportunities to push things forward. I didn't fully appreciate that looking from the outside.

### *Phase the Work*

Phasing consulting engagements is a win-win for consultants and for clients. And if they push for a planning phase to help surface assumptions and expectations that will, in turn, help them design a process and deliver a product that yields results. Several interviewees spoke of the value of phasing – for the client and the consultant.

In the words of one expert, "Often it benefits the work if you start with a small project – or first phase – to get clear on the scope and test the relationship before funding the full engagement."

### *Navigate Complexity Together*

The work of foundations is complex, and is increasingly framed by foundations as systems change through innovation, model building, capacity building, or even field building. Addressing these "wicked problems" is not easily squared with linear models, measurable objectives, and defined work plans. Mutual respect and partnership are prerequisites to a productive and dynamic engagement where learning is incorporated into better decisions, modified approaches and adjustments. Mechanical execution of a static work plan when new knowledge is always arriving is wasteful and foolish. These interviewees were particularly eloquent about this set of challenges:

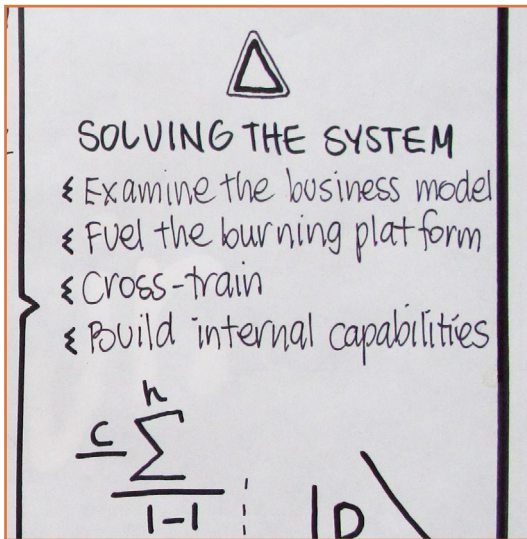
The way we structure our consulting arrangements doesn't allow for the unexpected and that doesn't serve us well. Foundations could influence this if they valued the ability to execute and not just the plan.

As my approach to evaluation changed and became less formulaic and as projects became less predictable, it became more difficult to make promises in advance about what you would do and then simply deliver on those promises. If the work is more forward-looking, it's challenging to define

the evaluation well enough to negotiate a contract but still acknowledge that flexibility is needed to accommodate what you might learn along the way.

## Solving the System

FIGURE 8 Solving the System



Much can be done by individual consultants and foundation clients to incrementally increase the success rate for consulting to foundations. But there are also greater forces at work.

Over the past 15 years, foundations have gradually accepted a classic consulting model inspired by for-profit firms like McKinsey & Co., Bain & Co., and BCG. These big firms and their nonprofit cousins, including FSG and the Bridgespan Group, introduced new capabilities, standards, and frameworks to the nonprofit sector and philanthropy. They convinced the field of the value of data and enhanced analytics and they ported over the concept of leveraged consulting teams from the business sector. As a result, foundations have slowly become more comfortable paying higher fees for consulting. All in all, these trends point to a strong, and still growing, marketplace for consulting to nonprofits and philanthropy. But there are some unintended negative effects of the growth in the market.

The experts interviewed for this article spoke about a range of issues, including the sometimes

prohibitive cost of consulting services, a disturbing trend toward formulaic or prepackaged solutions, competitive stances in the field leading to what some see as excessive branding of concepts old and new, and increasing challenges in attracting the attention of the best, most senior consultants in the field. (See Box: *Competition, Niche, Fads, and Brands.*)

Responses to these trends are various and intriguing. Demand is increasing from foundations and, at the same time, some of the best consultants are moving away from advising foundations. One foundation leader, formerly a consultant, put it this way:

I realize now how few appropriate consultants there are – meaning consultants who are well matched to the needs of foundations. I would love some analytic horsepower and coaching skills to help me out. The folks with that horsepower are too expensive or losing interest in foundation clients. In this market, it's hard to get anyone's attention. The best are overwhelmed with work because they have the intellectual horsepower, the gravitas to be a coach, and the authenticity to build trust. Those people will always have too much work.

He went on to say:

Years of frustration on the parts of some of the better consultants has changed their emphasis. Many of the best seem to have shifted their focus to the newer philanthropists. I think they have a sense that there will be less political distraction, organizational friction, or weight and they will be better able to influence decisions. These folks [the newer philanthropists] are working with small teams and are willing to make bigger bets. At least that's the expectation. We'll see how it plays out.

Other interviewees also spoke about what seems to be a Catch-22: The most senior consulting talent is stretched so thin across so many projects and teams that foundation clients cannot always get the attention of the advisors they want. At the same time, the advantages of the leveraged team are lost when these senior consultants are not deeply engaged with each project. Analysts and junior consultants who lack the practical

experience or seasoning that comes from working inside a foundation or a nonprofit don't necessarily understand what is realistic or how to serve and influence their clients. In the words of one consultant, formerly a foundation leader,

In consulting generally, it's the person who matters. So there's a question in working with larger firms: Can you get the person you want from the firm so that you get the quality of product you need? The inconsistency and varying depth of talent within a firm sometimes disappointed us.

### Framing Future Dialogue

Deeper dialogue is needed with participation from both clients and advisors. There is an opportunity to make more of what a growing market for consulting to foundations offers. And there are many appropriate fora. Philanthropic sector and nonprofit conferences abound. Nearly all already have strong participation from both funders and consultants. Why aren't they talking about how to work better together? About the market and how to shape it to better suit the challenges and opportunities ahead? Here are four topics to consider in framing future dialogue.

### Competition, Niche, Fads, and Brands

Another challenge of consulting to philanthropy is the fact that for-profit consulting firms and some hybrids (nonprofits that rely on earned revenues) are serving mission-driven foundations. Several interviewees voiced discomfort with what they perceive as increasing competitive behavior in the consulting-services market. They are plainly frustrated with formulaic approaches and prepackaged solutions. One foundation leader and former consultant said:

I get frustrated with answers "du jour." If you're asking for help from consultants, you're likely to hear something about networks and emergence, collaboration, transformation, and/or blended approaches no matter what you're doing. There are answers that come up that feel more pat than creative or contextually based and that frustrates me, considering the price tag for star consultants.

They report confusion in the market due to what they see as some aggressive behavior around intellectual property, as did this expert:

The overly promotional side of consulting can be distracting. There's enough fad-ism in philanthropy as it is. The drive to brand concepts can be confusing. Consulting can go wrong by repackaging the ideas of others and claiming them as new.

In fact, these leaders spoke of a desire to tamp down the competition and amp up cooperation. Two others said:

Philanthropy, and the broader social-change sector, doesn't need to have as much competition as other sectors do. We don't need to, nor should we, compete in trying to make the world better. There is much to be done and all our resources are needed. When I see competition and too much attention to brand building, I'm disappointed.

One opportunity that consultants have in this field is to cross-pollinate. We don't have the same IP constraints you have in for-profit consulting. We can help our clients apply good ideas around the field. We can also create economies of scale by bringing foundations together to collaborate on building something or developing a solution.



### *Examine the Business Model*

According to experts interviewed for this article, there's something wrong with the prevailing business model for consulting to foundations. Simply stated, the cost structure is fueled by some erroneous assumptions about the scale of the work. In the words of one interviewee,

[Consultants should] get real about the scale of the work. There are lots of \$30,000 projects and only a few at \$500,000 or more. Don't build a business model around megaprojects. Gear toward a cost structure that works for foundations; find a way to deliver consulting without infrastructure that drives up the cost. And I would plan for smaller projects that address practical needs. The notion that there would be lots of megaprojects for foundations isn't right.

Another described the pros and cons of working alone versus through a big firm:

The internal dynamics of the big firms I've worked with often meant I was assigned to too many projects at once and not able to give my best thinking to any of them. On the other hand, as a solo practitioner, I didn't have the bandwidth to do good analytics. I wish there were a better model for bringing together consulting teams.

### *Fuel the Burning Platform*

There is one essential ingredient of successful consulting to foundations that stands out from all the others: need. If the client doesn't have a real and pressing need for the help, their attention will be too easily distracted and the odds go up that the work of even the best consultant will go nowhere. This issue was powerfully illustrated by one foundation leader/former consultant:

Offering negative feedback can be a defining moment in the relationship between a consultant and their client. In one case, I framed the message in terms of the costs of indecision. We were struggling to get a decision made. There were tangible and intangible costs. The sheer cost of running the organization without making choices was staggering. I brought benchmarks and cost data to the meeting. It was a

loaded gun sitting on the table. It had no effect. At the end of the day there was no accountability.

Sometimes disruptive external events (e.g., a natural disaster) can create urgency for a foundation. Sometimes public scrutiny can. But when there are no obvious market forces at work, as with endowed and therefore insulated foundations, needs are relative things. In the words of one foundation executive and former consultant, "Excellence is self-imposed in philanthropy. Consultants need to be working with leaders who impose excellence on their organizations because there are no outside forces that do so."

One expert suggested that increasing payout or making the decision to spend down could cause foundations to move forward with urgency and waste less time and resources on ineffective consulting engagements:

The whole notion of in-perpetuity foundations is not putting impact first. The one thing that could increase the impact of foundations would be jacking up the payout requirement. The urgency and the focus on a day of reckoning would be the most powerful thing I can think of.

Although increasing payout or a decision to spend down certainly creates urgency, urgency alone will not guarantee focus, impact, or even effective use of consultants. And spending down will not – and should not – be the answer for all foundations. But what these and other comments imply is that foundations should be sure of the salience of the project before engaging a consultant and that consultants should be sure that the work represents a real need on the part of the client. In complex relationships with shifting priorities, this is easier said than done. The field needs to honestly examine the behavior – on both sides – that permits ineffectual or irrelevant consulting work to go forward. Clients and consultants need to work to develop some industry standards around when and how to stop or reset a project so that foundation funds and consultant time are rarely wasted. The incentives for authentic dialogue on this issue – on both sides – are great.

### *Cross-Train to Build Empathy and Understanding*

Consultants who understand the culture and decision-making frames inside foundations are better able to adjust their advice to fit the context. And foundation clients who know the business of consulting are better able to understand what it is reasonable to request. One interviewee who left consulting for a foundation leadership job and later returned to consulting said,

Because I had been a consultant, when I went to work for a foundation I was much more sympathetic to workload on the consultant's side. You can sometimes experience what seems like fickleness on the part of foundation clients – as though the consultants had nothing else on their plate. As a consultant, I now see how hard it is to change course when you have a fixed budget and plan.

Another interviewee spoke to the paucity of opportunities for consultants to learn from each other:

I would love it if foundations could create conditions where consultants that bump into each other can actually communicate with each other. We experience the same silos that foundations experience. Many times I've discovered halfway through a consulting project that there is another consultant serving the same organization in another program and that they are dealing with the same dynamics. ... The clients could help us learn from each other and we would all get better.

Trust is built on the twin pillars of empathy and understanding, and it takes trust in a client-consultant relationship to get to results. Not everyone can have the perspective of the professionals interviewed for this article; it took each of them years to accumulate experience on both sides of the equation that led to the depth of their understanding. However, reciprocal fellowships or internships could quickly build needed empathy and understanding. Even short-term placements where consulting firms place their rising talent in foundations and vice versa would enormously increase the ability of consultants to serve foundations' needs for

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relevant, practical expert advice. Even taking into account the inherent competition among consultants, foundations can foster cross-firm learning by hosting debriefs and topical discussions among the consultants they regularly work with.

### *Build Internal Capabilities*

Increasingly, foundations are bringing consulting experience in house. Titles like director of learning and evaluation, vice president for strategy, or director of organizational effectiveness point to experiments with serving at least some of the consulting needs of foundations with an in-house expert or team. One foundation leader and former consultant said:

In one case, I made a lot of assumptions about what a consultant could do for us at the foundation and the project failed. Now I just lead some things internally rather than bring consultants in. It works really well if we have the bandwidth.

A consultant/former foundation leader added:

The need for strategy help, for instance, doesn't always warrant hiring full-time permanent staff. But there is always a tension. When are we appropriately outsourcing? When are we hiring consultants to do work we should be doing for ourselves?

In-house consulting has its own set of challenges, but – in those cases where empathy and understanding of the context trump objectivity – it may well offer more value, more affordably. It can also reduce the time between conceiving of a project and launching it since there is no need to publish an RFP, interview firms, and scope the

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work, all of which can take months. If this trend among foundations continues, consultants will need to become more adept at working with and adding value to the work of foundations' internal teams.

### Conclusion

The opportunity of philanthropy, the idea of bringing flexible resources and intention to bear on some of the most intractable problems society faces, is enormously appealing. This potential attracts considerable talent – both to foundations and to consulting. But without a realistic view of what can in fact be done, frustration is inevitable. It would be a great loss for the most senior advisors in the field to move on. It is likewise a failure if consulting delivers data and analytics without the judgment of how to make use of them in the client's context.

As the stories relayed in this article amply demonstrate, there are occasions when client and consultant are well matched and value is created. But there are also stories about where the market is failing to satisfy a real and urgent need,

where consultants are delivering a formulaic or hyper-rational response into a very human system, or when the idiosyncrasies of foundation work prove barriers to positive results. Consultants have a critical role to play – surfacing assumptions, objectifying the challenges, laying out the choices, and charting the path forward with their clients. And clients have a right to demand contextualized solutions to complex problems.

The resources are there and there is a hunger in the field – on both sides of the equation. The path forward begins with authentic dialogue. It's high time the best consultants and the best clients in philanthropy came together to chart a new path forward that honors the needs and talents on both sides, that rationalizes the market for the services most needed, that develops the talent, and that demands the best behavior all around.

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