

How to work with consultants



Foreword

Whether you need specialist skills, advice or training, this guide can help you get the most out of working with consultants.

Community businesses are often relatively new and have limited resources and time. So they will often need to bring in outside help to ensure that they can deliver what they want to do in an effective way and be actively supported by their community to do so.

So [Power to Change](#) have created an “Online Marketplace” of consultants who have experience of working with community businesses who can be commissioned, using this guide, to support you. We think it will be useful to any organisation that wants to work with a consultant. [Let us know what you think.](#)

This guide can be used by any organisation, not just a community business. Businesses that are not run for the benefit of communities and for social impact can learn a lot from

those that are. So you will find “organisation” rather than “community business” referred to throughout the guide . You will also find references to stakeholders such as residents, other businesses, business users, funders and investors that community businesses in engage with.



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ABOUT THE AUTHOR

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She is a qualified planner and has both commissioned and delivered consultancy for a wide range of groups and organisations for projects encompassing land and building assets, governance, research, business planning and options appraisal. In 2008 she and Jon Aldenton set up Community Land Use as a consultancy for asset development and management and community business support.

How to use this guide

A lot of people are wary about consultants, but it doesn't have to be the case.

Experiences like “they take your watch and tell you the time”, “all that money and we did not get what we wanted”, “we know our business and our clients/users best – we did not need a consultant, we just needed more time”, can be avoided.

This guide aims to make working with consultants a productive and worthwhile experience for your business and your customers/users. It will be helpful to any organisation or individual responsible for getting external help to develop an idea, solve a problem, improve an organisation or provide an extra brain or pair of hands to complete an activity.

It should not matter how small or large your organisation or project is when you select and work with a consultant. The principles are the same. It is the detail that makes it more or less complicated.

This guide is organised to help you through the process of identifying, selecting and working with consultants to ensure that you get what you want. Read the first two sections of the guide to help you think about exactly why you need a consultant and understand the preparation that is needed from everyone affected by their work.

To help you with the detail, look at the Advice Notes and Checklists contained within the Guide and appended to it. They will help you to quickly work out what is relevant to your consultancy search and to help you fill in the detail of what you need from a consultant if you are unsure.

You will be the main driver of this process as “client” and your role is set out in the following chart “You and Your Consultant” which shows the whole process from start to finish and outlines your input and that of the consultant.

As you can see, most of the important work is yours and it is mainly preparation. Done well, you will be able to get the right people to give you the help you need and to deliver their work in the way that you want - at the right time, in the right format, with the right people involved throughout and with no unpleasant surprises on either side.

Your consultant cannot perform well without you actively listening, reading, and providing specific feedback during their work. Without this you risk wasting your own time and theirs. To get good value for money and develop good relationships with consultants working for you, good preparation is essential.



You and your consultant

STEP 1

Why do you need a consultant?

Decide why you need a consultant, and what type – this will help you define your selection criteria

STEP 2

What do you need them to do?

Write a brief, with background information on your organisation and project

STEP 3

Who should do the work?

Identify suitable consultants to answer your brief

STEP 4

Asking for proposals

Send out a request for proposals, including the brief. Interested consultants will submit their proposal to meet your brief

STEP 5

Assessing proposals

Analyze interested consultants' proposals against your selection criteria. You may amend your brief based on ideas/suggestions made in proposals from interested consultants

STEP 6

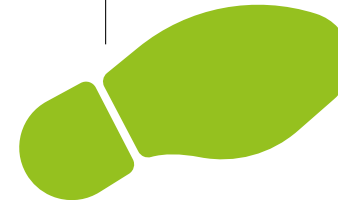
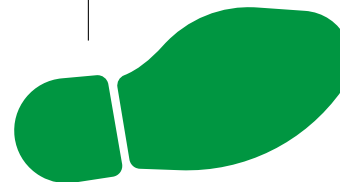
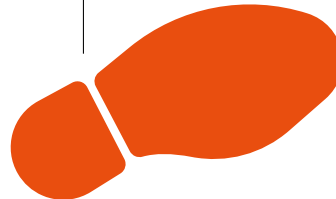
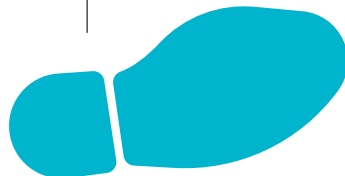
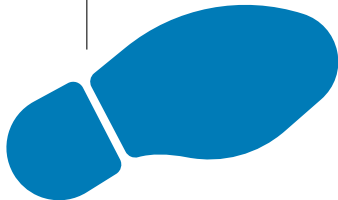
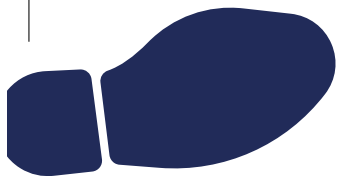
Selecting a consultant

You can either pick a consultant to the work based on your selection criteria, or you can conduct interviews of a shortlist to understand their proposals better. This can be a good way to define the detail of the work you need.

STEP 7

Employing the consultant

Once you have found a consultant who can meet your brief and selection criteria, you can employ them and manage the consultancy contract. You should define what they will deliver and when, how much it will cost, and how they will report on progress.



Useful terms you should know

You may be tempted to skip over this glossary, but try not to.

There are many terms used in commissioning and conducting consultancy work that mean something different in this context. This is particularly the case for organisations that are public, privately owned or not for private profit and specific disciplines like finance and accounting.

Accountability – The obligation of an individual or organisation to account for their activities, accept responsibility for them, and to disclose the results in a transparent way. It also includes the responsibility for money or other property. e.g. A consultant is accountable for fulfilling their contract.

“App” – Abbreviation of “application” which is a self-contained program or piece of software designed to fulfil a particular purpose, especially as downloaded by a user of the application to a mobile device (phone or tablet). e.g. A mobile phone app like Google maps.

Assignment – Where a contract and its associated liabilities or benefits is transferred to another person or organisation. e.g. If you give an assignment to a consultant, you’re transferring it from your organisation.

Board member – An individual that is elected or appointed to act on the Governing Body of an organisation e.g. Director/Trustee/Management Committee member.

Brief – A set of instructions and information given to thoroughly prepare to complete a task. e.g. You will give a consultant a brief so they understand what work you require them to do.

Business Model - This is a description of the main sources of money a business makes and from who (individuals or other businesses/organisations). This money covers the costs of operating expenses and creates a surplus e.g. membership fees, space rentals/hires, advertising, sales of products or services and so on.

Business Plan - A business plan takes the business model and details it from a marketing, financial and operational viewpoint. Sometimes a business plan is prepared for an established business that is moving in a new direction or starting a new venture.

Capacity - The ability and scale of an organisation expressed in terms of its (1) Human resources e.g. their number, quality, skills, and experience, (2) Physical and material resources e.g. machines, land, buildings, (3) Financial resources e.g. money and credit, (4) Information resources: e.g. knowledge, databases, and (5) Intellectual resources e.g. copyrights, designs, patents.

Capital Expenditure/income – is money earned or spent via assets, which are expected to be productive for a long period e.g. buildings or equipment.



Client – a person or organisation who is intended to benefit from the work of a consultant. In this case you!

Commissioning – the process of ordering consultancy work. e.g. you will commission a survey.

Deliverable – activities and outputs produced as a result of consultancy work that is/are intended to be delivered to a client. E.g. This project has a lot of deliverables on a tight deadline.

Experience - practical contact with and observation of facts or events e.g. this consultant has a lot of experience in launching new products in the sports sector.

Finance – money provided as an investment in an organisation which needs to be repaid and/or a financial return expected (shareholder dividends) or for which fees are payable (loan interest/arrangement fees).

Funding – money provided to an organisation (for example by government, donors/sponsors) for a specific purpose or earned (from customers for services or products) to meet costs on a day to day basis.

Useful terms you should know

Governance – The processes for making and implementing decisions in an organisation. It includes the establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organisation, such as trustees or directors. It includes the mechanisms required to balance the powers of their members and their duty to enhance the prosperity and viability of the organisation.

Governing Body - a group of people who formulate the policy and direct the affairs of an organisation e.g. the board of trustees.

Indemnity - security or protection against a financial loss or other legal responsibility e.g. You might get indemnity insurance.

Knowledge - facts, information, and skills acquired through education.

Marketing – often understood only as promotion of products and services but includes product and service development (including competitors) pricing, distribution and promotion. e.g. You may need to employ a marketing consultant to think of new ways to promote your business.

Organisation - an organized group of people with a particular shared purpose, such as an incorporated business (whether for private profit, not for private profit/charity) or a constituted voluntary association.

Operator Agreement – a written legal agreement between the owner and the operator of a café/restaurant/bar and so on. The basis of this relationship is that the owner may take a rent and/or an agreed share of income from an operator who takes responsibility for the day-to-day working of the business and takes up all the additional responsibilities such as maintenance of the business premises, staffing, administration, and sales. e.g. you might have an operator agreement in place with the person who runs your community pub.

Outputs – A term which describes what comes out of the consultancy process and form part of the overall deliverables.

Project - a piece of planned work or an activity that is finished over a period of time. So a piece of consultancy work may be a project in itself or part of another project which is being developed by an organisation.

Revenue Expenditure/Income – costs and income that are required to meet the ongoing operational costs of running an organisation.

Scope - the extent of the boundaries of consultancy work in terms of geographical area, subject matter or activity. e.g. the scope of the project covers only two postcodes.

Skill - the ability to do something well.

Stakeholder - an individual, group, or organisation, who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of an activity. e.g. Your project might affect your customers – they are one of your stakeholders.

Supplier Agreement is an agreement between a business and an external supplier for the delivery of a defined set of products and services. It is a legal agreement and is used as the basis upon which to measure the supplier's performance. e.g. We asked the supplier to deliver 20 round tables and 3 waiters.

1. Why use consultants?

WHAT COULD A CONSULTANT HELP WITH?

Organisations use consultants for a wide range of tasks often driven by a specific need or even a crisis. Below is a list of activities an organisation may need help with:

- ▶ Amend or re-design accounting or administrative systems – e.g. automated booking and invoicing systems
- ▶ Design and cost new buildings or building improvements
- ▶ Develop communications for an organisation or a project that it is promoting – e.g. messaging, branding, promotion
- ▶ Develop new systems for providing existing products or services – e.g. to automate or enable online or mobile device provision
- ▶ Diversify or increase income streams for the organisation – e.g. think of a new product or provide a new service
- ▶ Find and install the best equipment or software – e.g. to cope with scale or user accessibility or reduce running costs
- ▶ Help identify and recruit new board members
- ▶ Help set or update aims and objectives and develop strategies for meeting them either for the organisation or a project that they want to promote
- ▶ Help to define or amend jobs roles and skills
- ▶ Help train new/existing board members or staff
- ▶ Identify and solve communication or conflict issues
- ▶ Identify problems with service or product delivery
- ▶ Legal problems e.g. to respond to a legal challenge or opportunity that requires a legally binding agreement
- ▶ Mediate or resolve disputes
- ▶ Offer a fresh perspective on an organisation's strengths and problems e.g. via a review
- ▶ Provide an independent perspective to inform a decision e.g. via an option appraisal
- ▶ Research new trends, obstacles, or events and assess their potential impact e.g. to consider viability of a business idea or physical relocation of an organisation
- ▶ Start or re-design a campaign to raise revenue or capital funds
- ▶ Support/coach/mentor an organisation's staff
- ▶ Train staff or volunteers in essential skills

There are of course others. Defining the need or problem is the critical step in deciding whether a consultant is needed, how much they need to work with existing staff and other stakeholders in the organisation and what they will be asked to do and deliver.

IS A CONSULTANT NEEDED?

To decide whether a consultant is needed and how they might work with an organisation, you should consider the following factors :

Capacity

Does your organisation have the capacity to carry out certain tasks? Even if an organisation has the expertise, it may not be able to make the right people available due to other demands on their time. These key people may be too busy to complete the required tasks by the desired dates.

Use of a consultant can help solve this timing problem since it is their job to focus on the work needed and deliver it within a specified time. Could consultants complete the tasks in less time than existing staff due to their skill, knowledge or experience with the work?

Cost

Consultants have a reputation for being expensive and compared to in-house staff or volunteer this may be true.

It is worth remembering however that a consultant's fee includes not only salary, but also benefits and other expenses that

are hidden when considering the cost of an in-house person (e.g. sickness and holiday cover, pensions and so on).

Another factor is the potentially higher efficiency of the consultant in their area of knowledge and expertise. It may very well be less costly in the long run to use a consultant for specialised work or "one off" interventions/advice or to make an intervention to solve a problem or meet a need.

Objectivity

An outside consultant can offer a fresh unbiased view of your organisation/idea and systems being used or proposed to deliver it. They can also remind people of the reasons for their organisation's existence which can sometimes get lost along the way. This is difficult for "insiders" to do. Consultants' freedom from vested interests or history within an organisation can also mean that they can challenge thinking, ask difficult questions and "say the unsayable" to a project or organisation's stakeholders.

A consultant can also explore solutions that may have been overlooked by existing staff and other stakeholders or discounted as unworkable.

1. Why use consultants?

Skills, Knowledge and Experience

Below is a table of the kinds of skills, knowledge and experience covered in this guide which are often looked for by organisations to get the support they need to develop grow and improve.

CONSULTANT SKILLS/KNOWLEDGE/EXPERIENCE	
Business Planning	<p>Business Plan Type – for a whole organisation or a new product or service or re-design of existing product/service to be delivered by that organisation</p> <p>Market research (Supply/Demand)</p> <p>Sales (Promotion/Communications)</p> <p>Finance and Funding</p>
Community/Stakeholder Engagement	Informing, consulting or involving people in generating new ideas, developing new proposals, an organisation's decision making
Building Design and Refurbishment	Building new facilities or making old buildings/landscapes fit for new purposes
Internal Business Systems and Processes	Improving the effectiveness or efficiency of systems for delivering products and services. E.g. finance, communications, procedures
Governance	Improving decision making and wider accountability, reviewing objectives/policies and purpose for an organisation or one of its projects
Legal	Advice and documentation for contracts for services or property, changes to existing legal arrangements. Representation in legal proceedings

When these skills, knowledge or experience are not available within an organisation a consultant may be called upon to “fill the gap”. Consultants benefit from having worked in several organisations, and bring ideas from elsewhere and quick ways through problems due to this knowledge and the associated contacts they have gathered over time.

A KNOWLEDGE BASED VERSUS A LEARNING APPROACH

When considering these factors it will be important to balance the need to get work done and the extent to which the type of work that is required will need to be embedded in the organisation via in-house learning by staff, board members and other stakeholders.

When a consultant is relied upon to supplement an organisation's capacity and resources, make sure the consultant transfers knowledge back to staff so the organisation becomes self-sufficient.

Not all work done by consultants requires this. Sometimes an expert can be hired to get a job done as quickly as possible. This knowledge based approach is suitable for straightforward jobs such as designing a computerized accounting system or membership database or conducting a self-contained piece of research.

Consultants using the learning approach tend to work with an organisation and its stakeholders, not just for them on a one off task.

If you take the learning approach, it you will need to ensure that the consultant's brief, reporting and accountability requirements reflect this, with time and activities with relevant people allowed for during a consultancy contract (e.g. training in new processes, presentations of new information which influence development of a project or the organisation).

MOVING FORWARD

Thinking about all these issues will mean that you will have a clear idea of:

- ✓ The problem or issues you want to address
- ✓ The skill, knowledge and expertise a consultant will need to do the work
- ✓ Have clarified how much work you want a consultant to do with your organisation and its staff members rather than for you as a self-contained piece of work
- ✓ How much “challenge” you want from a consultant about the work you want them to do
- ✓ When the work needs to be done and who it will need to involve.

2. Preparing to work with a consultant

Selecting a consultant is very similar to recruiting a member of staff. What is wanted from them by a client and the process of selecting them has to be as clear as possible and fair.

But unlike a member of staff, a consultant is mostly working in an organisation for a short but intensive period. This means that whilst they are there, an organisation must be responsive to them and give them time and guidance. This ensures not just that they are making progress but that the best use is made of their time and expertise.

A piece of consultancy work may have far reaching implications for an organisation so it is important that the organisation employing them ensures before a consultant is selected that they take the following key actions:

EIGHT KEY ACTIONS

- 1. Inform the people relevant to the work (staff, volunteers, service/product users, members of governing body and any others) that a consultant will be doing and why it is being done.**
Why? This will help to build internal commitment and ownership of any changes or decisions that result from a consultant's work.
- 2. Agree who needs to be involved in preparing and agreeing a brief for the work of a consultant that sets out what is required from them and the criteria that will be used to select the**

consultant to deliver the work involved.

Why? This will help to ensure that the right people in terms of their stake in the outcome of the work are involved. This will also mean that their knowledge of the services/products and objectives of your project or organisation is captured to inform the selection of a consultant and the work they will do.

- 3. Determine what selection process will be used to assess consultants before making an appointment to do the work, and who will make the final selection of the consultant.**
Why? This will ensure efficient and effective planning of the process. The number of stages of assessment will drive how much time you will need to invest in selecting a consultant.
- 4. Decide who will be involved in assessing consultant proposals and interviewing if this is going to be part of the consultant selection process.**
Why? If people internal/external to your organisation need to work with the consultant and provide them with input, it will be important that they are available to do so and comfortable with a consultant's style of communication and confident in their ability to do the work.

- 5. Select the criteria that will be used to appoint a consultant.**
Why? This will directly influence the process of identifying consultants with relevant skills, knowledge and experience to invite to make proposals to do the work. In addition, people may have differing views on the importance of different elements of the work that is set out in the consultant brief. Agreement of the selection criteria and weighting provide an opportunity to build a consensus on this.

- 6. Plan for relevant people to meet with the consultant where necessary and appropriate whilst they are doing the work.**
Why? This can then be included in the brief for the work of the consultant in terms of necessary discussions of any outputs from the work at key stages of the consultancy and inform requirements on reporting and accountability.

- 7. Allocate a specific person the responsibility to communicate with the consultant and manage their contract.**
Why? Making sure one person is the contact for the consultant enables timely responses to issues/queries, saving time and preventing delays.

- 8. Decide who will be responsible for taking decisions on what will happen to outputs and deliverables from the consultancy.**
Why? To make sure any outputs/deliverables are efficiently fed back into the business.

These actions will ensure that as far as possible there are no surprises (both for the client and the consultant) whilst the work is being done which can result in delays, work that does not meet the client's needs and the breakdown of relationships and communication.

This may seem like a lot to do made on selecting and appointing a consultant. However a simple brainstorm can do this. Senior staff and Board members who know about the governance of the organisation, its finances, internal systems and processes can brainstorm to produce some proposals to take the eight key actions. These can be used to inform people about the work and facilitate discussion internally and externally before the detail is finally agreed.

This guide is organised to help with the detail of each of these actions so that you can do the preparation needed which keeps you in control of the process, select a consultant that is a "good fit" for the work and delivers what is needed to progress your project or organisation in achieving its objectives.

3. Defining the work of a consultant

Creating a brief for the work of a consultant involves setting out instructions as far as possible on what is needed from them, why it is needed, and how it is to be provided from the client's perspective.

Creating a brief for the work of a consultant involves setting out instructions as far as possible on what is needed from them, why it is needed, and how it is to be provided from the client's perspective. It can also include any ideas you may have already. The process of defining the work will force you to think clearly about your plans and needs, and consultants who get it will be able to ask important questions and ask you to consider other possibilities.

The brief is the most important document in any consultant commissioning process and will be drawn upon to:

- ▶ Identify consultants who can potentially do the work
- ▶ Help you set the criteria for selecting a consultant from a shortlist of those who submit proposals to do the work
- ▶ Be drawn on for the detail of elements of the contract for the work when a final consultant appointment is made

QUESTIONS TO CONSIDER

To explain the work that you need a consultant to do you should consider the following questions to help define the objectives for the work, what outputs and deliverables are required and the consultant skills or knowledge that will be needed to do the work:

- ▶ What is the problem/need and how does it affect you?
- ▶ What additional work needs to be done to fully define this problem/need and address or solve it? Is this something the consultant would do? Or should it be done internally first?
- ▶ What are the possible outputs or deliverables needed to solve this problem or address the need?
- ▶ What technical experience or qualifications are required to complete this work?
- ▶ What parts of the work need the input of your existing staff or board members?
- ▶ What parts of the work need to be done by the consultant?
- ▶ What resources are available for the consultant (fees, expenses, materials, venues) and staff time spent with the consultant on the work?

- ▶ How quickly does the project need to be completed?
- ▶ Are there any security, risk management (liability), or confidentiality concerns? How would they be addressed?

WRITING A BRIEF

Often new organisations or those embarking on a new venture do not know in detail what is involved. So they may not feel confident about how to communicate in a brief exactly what they want from the consultant and may fear that they have overlooked or missed something.

The Advice Notes, Checklists and Templates at the end of this guide set out some of this detail and can be used to better define what is needed under the areas of consultant skills, knowledge and experience that may be relevant:

- ▶ Building Design and Costing – Advice Note
- ▶ Business Planning – Advice Note
- ▶ Community/Stakeholder Engagement - Checklist
- ▶ Consultant Reporting and Accountability – Checklist
- ▶ Governance – Advice Note
- ▶ Funding - Checklist

These will not cover all circumstances but they can help you to tailor your requirements to your project and your organisation. To save time writing the brief, you could look at the ones which are relevant to why you need the consultant and to make sure you feel more confident about getting what you want and need.



3. Defining the work of a consultant

POTENTIAL OUTPUTS FROM CONSULTANTS TO INCLUDE IN A BRIEF

The checklist below will help to define what outputs and deliverables you should include in the brief to the consultant. People can mean slightly different things when they talk about business plans, budgets or proposals. It is important to be clear about what you want and need but to also ask consultants to make suggestions that you perhaps had not considered or did not think were relevant.

A brief which is detailed will mean that the work is likely to go well and earn a consultant a strong reference for future work.

Thinking about what is needed for the project in this way will help you to break down what is needed into tasks for a consultant and the order in which they may be needed. For example, a full business plan may be a deliverable but it may consist of several outputs, including market research into local competitors and their pricing for example. Similarly an architect and cost consultant may provide some outline options that are basic or high specification in terms of quality for discussion internally, but the deliverable is a detailed, fully costed design.

POTENTIAL CONSULTANT OUTPUTS

Consultant Skills/Knowledge/ Experience	Potential Outputs
Business Planning	
Business Plan Type – new product or service or re-design of existing product/service	Full Business plan including all elements below
Market research (Supply/Demand)	Report/database
Sales (Promotion/Communications)	Website, “app”, database, branding, advertising campaign, publicity materials (printed, online, video, photographs), social media set up, online users group
Finance and Funding	Loan applications, share issue documents, research to identify grants for which the project/organisation is eligible, business model proposal and delivery specification, Finance Strategy/Fundraising Strategy/grant application/crowd funding/sponsorship proposal
Community Stakeholder Engagement	Questionnaire/survey analysis, organisation of events and meetings and records/analysis of results
Building Design and Refurbishment	Plans and drawings, models, specifications for works and materials, cost estimates, planning applications and associated surveys (e.g. building condition, structural or asbestos surveys, electrical/mechanical surveys)
Internal Business Systems and Processes	Financial/Customer Relationship Management (CRM) software advice, written financial procedures, income and expenditure projections, VAT/Tax advice, internal/external communications proposals, stakeholder engagement proposals
Governance	Board meeting facilitation, away days for decision making on strategy, input to business planning, board skills audits, advice on policies and their implementation (e.g. membership, financial)
Legal	Creation/amendment of leases, licences, contracts, funding agreements. Legal compliance checks with relevant legislation (data protection, charity, premises law etc.)

3. Defining the work of a consultant

Although the brief is the main starting point for work with a consultant, organisations look for help because they need specific experience or capacity, or require an objective look at what is planned that may not be otherwise available to them.

The process of selecting a consultant provides an opportunity for a consultant to improve the brief you have issued to them. Consultants will be able to set out in their response to a brief why you need to do things differently based on their experience.

Providing an opportunity to draw fully on a consultant's experience is why information to consultants must include more than the brief description of works. Good information about your organisation will be needed. This is important for two reasons:

- ▶ It saves time and prevents waste - consultants will have fewer questions and will have more of the information they need to respond to a brief for work required so will not need to ask for it as part of the selection process or as they do the work
- ▶ It maximises the opportunity to get good value from a consultant and draw fully on their creativity, experience, knowledge, and skill before the work that is required is finally agreed in a contract.

The following Checklist of Background Information/Documents for a Consultant sets out the kind of information that may be relevant to your need for support from a consultant. Most of them should be easily available and collating the relevant documents into a pack will be helpful for inviting proposals from consultants, either at the request for proposals stage or on appointment.



CONSULTANT BRIEF CHECKLIST

For a brief to attract the right consultant with relevant skills, knowledge and experience it will need to include:

- ✓ Project objectives (What the project is to achieve and why)
- ✓ Description of the project stakeholders who are involved
- ✓ Reporting and accountability – what is needed from the consultant in the way of liaison with your organisation e.g. weekly update
- ✓ Selection process – an outline of the process you have agreed for selection
- ✓ Outputs and deliverables- what you expect the consultant to produce as outputs from their work (e.g. a policy, plan, system, procedure, report or other document) and what it will be used for
- ✓ Available budget inclusive of VAT * or proposed basis for submission of consultant time cost proposals e.g. fixed fee or daily/hourly rates for the work and an itemised estimate of expenses
- ✓ Constraints in relation to time (internal or external e.g. grant/loan applications, meetings and so on).

BUDGET DISCLOSURE

You may choose not to share the budget in a brief but to see instead the range of costs that are proposed when consultants submit proposals to do the work, especially as they are often negotiable. There are times when it makes sense to state the budget available and then choose the best value offer, and others (usually larger projects) when it may be better not to reveal it. The attraction of announcing a figure is that it encourages bidders to compete to offer 'best value' within a fixed budget. The danger of not revealing the budget is that all the bidders come up with tenders that exceed it, when it may be necessary for you to either re-draft the brief to reduce the amount of work required or allocate a bigger budget.

This will help consultants to determine - from their perspective and experience - whether the proposed work has been clearly defined, its context within the organisation, and enable them to set out an informed proposal on how they will carry out the brief for the work you want.

3. Defining the work of a consultant

BACKGROUND INFORMATION TO ACCOMPANY A CONSULTANT BRIEF

CHECKLIST OF BACKGROUND INFORMATION/DOCUMENTS FOR A CONSULTANT		
Potential Documents	Potential relevance to support type	Relevant to your support needs? (Yes /No)
Existing business plan	Business Planning Business Plan Type – plan for a new product or service or re-design of an existing product or service Market Research (Demand/Supply) Sales (Promotion and Communications) Finance and Funding: loans/grant agreements and share issue documents. Current Business Models, Pricing, Income and Expenditure projections	
Market research undertaken		
Current sales/promotion methods and data on their effectiveness		
Current financial commitments and projections with their related assumptions		
Board members' details	All	
Details of consultation done on business/project	Community/Stakeholder Engagement	
Details of Internal Business systems and processes	Current Finance and communications systems and processes	
Details of research undertaken on demand/supply for your proposed project	Business Planning Market research (Demand/Supply)	
Governing Documents (Constitution/memorandum and articles)	All	
Latest Accounts	All Internal business systems and processes	
Latest impact research data	Business Planning Sales (Promotion and Communications)	
Latest Management Accounts/Finance report to governing body	Finance systems and processes Business Planning	
List of current stakeholders/service users/ service delivery partners/funders	Business Planning Sales (Promotion and Communications) Community/Stakeholder Engagement Governance	

3. Defining the work of a consultant

CHECKLIST OF BACKGROUND INFORMATION/DOCUMENTS FOR A CONSULTANT

Potential Documents	Potential relevance to support type	Relevant to your support needs? (Yes /No)
Staffing Details (duties/responsibilities)	All	
Current lease/licence Proposed leases/licences	Building Design and Refurbishment	
Current Operator/Supplier agreements Proposed Operator/Supplier agreements	Business Planning Market Research (Demand/Supply) Sales (Promotion and Communications) Finance and Funding: loans, grants and share issues, Business Models, Pricing, Income and Expenditure projections Legal	
Fixed costs of current building - rent, rates insurance, electric, gas, water/sewerage, internet, licences, statutory checks (electric, gas, alarm intruder, alarm fire, portable equipment) Current prices	Business Planning Revenue Funding: Business Models, Pricing, Income and Expenditure projections	
Location map of building or land for development	Building Design and Refurbishment	
Plan of building or land for refurbishment or development	Building Design and Refurbishment	
Survey details (including photos) of existing building/land – condition/asbestos	Building Design and Refurbishment	
Current Loan agreements/funding agreements	Business Planning Finance: loans, grants and share issues Funding: Business Models, Pricing, Income and Expenditure projections Legal	
Current operator/supplier agreements	Legal	

4. Identifying consultants

Once you have drawn up a brief for the work of a consultant, you need to find someone to do the work.

WHO TO ASK?

Having a number of proposals to choose between from different consultants is highly recommended. It is tempting to stick with consultants who have worked with your organisation before but it is unlikely to uncover new ways of doing things, broader experience and more detailed knowledge. This does not mean that consultants who have been used before cannot be invited to submit a proposal in response to a brief for work, but it does mean that they have to be prepared to compete for work – they should be used to this. Consultants who are confident in their skills and experience will understand the need for this.

Finding consultants to ask to submit a proposal in response to a brief is sometimes limited by specific circumstances for your organisation or project. For example, some funders and investors may have requirements about the consultants that they expect organisations they have supported to use. In addition, they may require a minimum number of proposals from consultants that should be considered before an appointment is made. This is justified on the basis that there is a better chance of securing value for money and being aware of the full range of consultant providers who operate in the area of support needed and the different skills and experience they offer.

Once any constraints over use of consultants are known it is then possible to identify consultants that can be asked to make a proposal in response to your brief and background information on your project and organisation.

FINDING CONSULTANTS

Using the brief that you have prepared about the work needed you can identify a list of consultants that have the right skills and expertise to do the work so that you can send them a Request for a Proposal (RFP). You can draw up a list by:

- ▶ Contacting any relevant membership organisations that may have consultant databases or informal lists
- ▶ Contacting similar organisations to you and see who they have worked with.
- ▶ Asking funders/investors if they have lists of consultants working in your area
- ▶ Contacting professional associations of consultants with specific areas of expertise for a list of professionals in your area
- ▶ Ask your staff, volunteers, and board members if they know relevant consultants and post the announcement about your forthcoming RFP on your website in a way that it won't be missed

- ▶ Asking around – word of mouth across organisations with similar aims and objectives about which consultants have done good work in the past
- ▶ Check relevant professional bodies' websites and service provider marketplaces
- ▶ Ask a known consultant who has done a similar or equally difficult job or ask a consultant you trust for a referral
- ▶ Use lists of qualified experts – you can get these from professional organisations, colleges and universities, government agencies and volunteer groups
- ▶ Advertise in local or regional newspapers – briefly outline the job you want done, and ask consultants to reply if they are interested in receiving your full RFP
- ▶ Post your upcoming RFP on social media channels

Once a list of potential consultants is identified it is possible to select a number of consultants to send the Request for a Proposal. You can narrow them down by using general selection criteria (see section 6) that are related to all consultants who could do the work such as skill and knowledge, physical location, experience of working on similar projects. Other detailed selection criteria will relate to assessing their proposal and attending an interview – just like when employing a member of staff.



How many consultants the RFP is sent to depends on:

- ▶ The time available to research the consultancies that have been identified to see if they have the capacity to do the work, their expertise and knowledge and what other projects they have worked on.
- ▶ The time available to assess proposals received and follow up on references, if this is not done when a shortlist of consultants is drawn up to receive the RFP.

The aim should be to have at least five/six consultant proposals to choose between at the proposal stage and three to choose from at the interview stage if this is part of the agreed selection process.

5. Inviting consultants to work with you

ISSUING A REQUEST FOR PROPOSALS (RFP)

Most selection processes have two stages:

- 1. Submission of proposals** – This is the invitation you send to consultants for them to submit a proposal to do the work that is set out in the brief, which outlines what is required and background information about the organisation and/or project.
- 2. Interviews** - The submissions from the first stage are evaluated against the selection criteria to shortlist three to five consultants to attend an interview to both answer questions on their submission, to present their proposals and provide feedback on the brief that was issued.

It is possible to appoint a consultant on proposals alone if time is short and the people who need to be involved in the process are difficult to bring together. For many organisations however, it is likely that they will want to meet consultants face to face or speak to them as part of the selection process. This will enable them to check that the people who will do the work are suitable in terms of their communication style, approach to the work and understanding of the particular circumstances and governance arrangements of an organisation, particularly if it has charitable status, or is not for private profit or a cooperative.



Once you've identified a list of consultants to invite to submit proposals, it's possible to send it to them with a request for confirmation that they will be submitting a proposal so that you can plan the rest of the process in detail.

An RFP should include the following to make sure you are consistent and fair to those who submit a proposal, and to ensure that when you get proposals from consultants they will be straightforward for you to compare. It looks like a long list but you will already have made decisions about most of them when you addressed the "Eight Key actions" and prepared the brief for the work.

- ▶ The agreed Background Information considered relevant to the brief
- ▶ A timeline for the production of the outputs and deliverables required by the brief
- ▶ Proposed budget (optional), payment terms and timing
- ▶ The deadline for submission of proposals and the date on which a decision will be made to appoint OR interview
- ▶ Instructions on how to submit queries about the brief and background information before the deadline for submission of proposals. This is important since if any one consultant ask questions it will be necessary to circulate both the questions and answers to all consultants who have been sent the RFP. This will ensure that all consultants are treated fairly and have all the information that has been made available by you in the process.
- ▶ Required format or submission of costs to undertaken the work. This is important to ensure that when all proposal submissions from consultants have been received you can easily compare them on a like for like basis.
- ▶ Contract details – terms and conditions, ownership of materials and outputs from the consultancy
- ▶ Proposed dates and times for interview (if part of the process) and requirements for who should attend (e.g. the person who will actually do the work)
- ▶ Requirements in relation to the take up of references. For example, whether they should be available by telephone/email to speak with prior to a decision being made on appointment (if done by proposal only) or the dates for interview.

6. Selecting consultants

THE SELECTION PROCESS

Whether a two stage or single stage process is used to select a consultant, you should be clear about what criteria you will use to assess consultant proposals or their performance at interview. This is essential for two reasons:

- ▶ To develop consensus within the organisation looking for a consultant on the most important reasons why a consultant will be selected
- ▶ To enable those involved in assessing consultant submissions and interviews to consider them consistently and fairly

SELECTION CRITERIA, SCORING AND WEIGHTING

To agree on criteria with which to assess consultant proposals and interviews, the checklists below can be used to:

- ✓ Decide on the selection criteria that will be used to assess proposals
- ✓ Decide on the scoring weight that should be given to each criteria for assessment of submitted proposals and interviews
- ✓ Decide on areas for questioning at interview

SELECTION CRITERIA: CHECKLIST		
Selection Criteria: General	Is this criteria relevant to the consultant support the organisation/project needs?	
	yes No	or Comments about importance of the criteria (Nice to have/important/essential?)
Cost (Including expenses, disbursements and VAT where applicable)		
Insured (e.g. public liability, Professional Indemnity)		
Knowledge of the geographical area the organisation/project operates in		
Knowledge/Experience with the type of organisation/project		
Physically accessible to the organisation/project		
Professionally qualified (e.g. architects, accountants, lawyers, planners)		
References from previous clients with similar organisations/projects that the consultant has worked with		
Experience of working with non-professionals as clients		
Accessible communication style (written and verbal)		

6. Selecting consultants

SELECTION CRITERIA: CHECKLIST

Relevant Expertise needed for the project/organisation	Is this criteria relevant to the consultant support the organisation/project needs?	
	yes or No	Comments about importance of the criteria (Nice to have/important/essential?)
Business Plan Type – new products or services or re-design of existing products or services		
Business Planning : Business Models, Pricing, Income and expenditure projection		
Business Planning : Finance – revenue funding, loans, grant and share issues		
Business Planning Sales : Promotion and Communications		
Business Planning: Market Research (Demand/ Supply for the product/service)		
Community/Stakeholder Engagement		
Design and costing of Building refurbishments		
Design and costing of New Buildings		
Financial Systems and Processes (financial reporting, production of management accounts, invoicing, purchasing)		
Governance		
Legal: Leases, licences, funding agreements, building or operator contracts		

6. Selecting consultants

SELECTION CRITERIA: CHECKLIST

Selection Criteria: Consultant Submission	Is this criteria relevant to the consultant support the organisation/project needs?	
	yes No	or Comments about importance of the criteria (Nice to have/important/essential?)
Evidence in the proposal that the background information provided has been considered		
Approach to the Outputs and Deliverables in the brief and the methods proposed to produce them are clear		
The overall quality of the submission is good in terms of format, grammar, spelling and so on		
Costs and expenses are clear and address all outputs and deliverables in the brief		
Evidence in the proposal that the consultant wants to work collaboratively and flexibly if appropriate		
Expenses - This can include travel costs and other direct costs that have to be met for a consultant to do a job but are not part of the costs of their time Disbursements -This is money which a legal consultant has to pay to third parties to do their work, for example land registry documents, legal search costs		

Once you've chosen the relevant criteria for the work, you can work out a scoring system from whether the criteria is considered:

- ▶ essential (score 3)
- ▶ important (score 2)
- ▶ nice to have (score 1)

You can then allocate a weighting to submissions from consultants on the basis of the individual criteria as follows:

- ▶ that they do not support the criteria (score 0)
- ▶ they support the criteria (score 1)
- ▶ they meet the criterion (score 2)
- ▶ exceed the criterion (score 3)

This scoring system can be used to both select a consultant or to shortlist proposals for interview.

6. Selecting consultants

INTERVIEWS

Once you've selected a shortlist of consultants based on the assessment of proposals that have been submitted, you can arrange interviews. Consultant interviews commonly take the form of a presentation by the consultant followed by a question and answer session.

Interviews also provide the people conducting them with an important insight into each applicant's style and communications abilities. For this reason, the panel should request that all of the short-listed consultants send the key personnel who will be responsible for the work.

The following guidelines for interviewing consultants are suggested:

They should take no longer than 45 minutes

Adequate time should be scheduled for each presentation, the time slot for the interview should be pre-determined and fixed and timekeeping should be rigorous for all interviews.

The interview panel should be the same for all consultant interviewees.

INTERVIEW PRESENTATION

Ask each Consultant to prepare a presentation for the interview that is time limited but:

- ▶ Describes their relevant experience and gives examples of relevant work
- ▶ Presents a summary of their submission and highlights any particular challenges they feel are presented by the brief and background information provided in the invitation to submit a proposal.

The consultant presentation and answers to each question should be scored from 1-5 (with 1 being good and 5 being poor) and score sheets for interviewers should enable them to state why they have awarded that score. There should also be a general comments box so that interviewers can note general impression and observations.

INTERVIEW QUESTIONS

You should only ask three or four interview questions and each question should be asked by one person and that person alone should ask any relevant follow up question (to a maximum of two) related to the consultants' answer. This will prevent a general dialogue between interviewers and interviewees.

Interview questions should be formulated based on:

- ▶ Clarification or further information about the consultant's submission
- ▶ The specific selection criteria which are most relevant to the work being commissioned and the brief for the work - which should be the same for all interviewees.
- ▶ General questions to elicit their overall approach to the consultancy work. E.g. what was your least successful consulting experience and why? What would you need from our organisation to make this a successful working relationship and deliver what we need? What did you think of our brief for the work?

WHAT TO LOOK OUT FOR

The interview process provides an opportunity to observe a number of things about the interviewee and the content of their answers to questions for example:

- ✓ Does the candidate seem open-minded in his or her approach?
- ✓ Does the consultant give direct answers to the questions asked, or does s/he avoid them or try to steer the discussion?
- ✓ Does the individual seem more interested in potential future projects than in solving the problem at hand?
- ✓ How well has the consultant understood the brief and background information?
- ✓ Is the consultant a good listener? Does s/he ask relevant, thoughtful questions?
- ✓ What solutions does the consultant present, and how realistic are they?

7. Managing consultants

Once you have found a consultant who can meet your brief and selection criteria, you can employ them and manage the consultancy contract. You should define what they will deliver and when, how much it will cost, and how they will report on progress.

EMPLOYING A CONSULTANT

After the selection process is complete it will be necessary to create a contract between the selected consultant and you as the client. This can accommodate changes to the consultancy brief agreed by you which may have resulted from the selected consultant's proposal and interview about how they will carry out the work and provide outputs and deliverables.

Contracts do not necessarily have to be long but they do need to be clear about the responsibilities of the client and the consultant and the way that the contract will operate. Having a legal contract will help to manage any difficulties or misunderstandings between you and the consultant and protect you both from surprises in relation to the costs and the expected outcomes from the work. You should always get a contract checked by a legal advisor, particularly if the costs involved are substantial.

A consultancy contract will have to be added to or amended to reflect the circumstances of your organisation and the work that has been agreed. It may also need to reflect the status of the consultant in tax terms (i.e.

not an employee of your organisation and responsible for their own tax, insurance and so on).

Many parts of the contract can be completed using the agreed consultancy brief and request for proposals used for consultant selection. This is especially the case in relation to reporting and monitoring, invoicing, outputs, activities and deliverables and so on. A consultancy contract should, as a minimum, contain the following:

1. Introduction and Background – the details of the organisations entering into the and the purpose of the work being undertaken
2. The name of the day to day contact for the consultancy work for both parties (if applicable)
3. Duration of the contract
4. The main outputs and deliverables and a timeline for their delivery
5. Assignment of the contract or sub-contracting work to other parties
6. Fees and expenses to be paid
7. Invoice procedure and timed schedule of payments

8. Reporting and Monitoring
9. Confidentiality, Intellectual Property Rights, Data protection
10. Indemnities
11. Conflicts of Interest
12. Contract Amendment/Variation
13. Termination of the Contract (circumstances when this may happen and rights for either side if it does)

MANAGING CONSULTANTS

Orientation and inception

If the consultant appointed has not met everyone to be involved in their work and reporting it is worthwhile facilitating this by having a meeting or a telephone conference to introduce them, provide contact details where necessary and go through the client brief and contract. This will enable everyone involved to ask for any extra information and clarifications.

Keeping in touch

Main elements of essential communication that are part of the work should be in the brief and contract (See Consultant Reporting and Accountability Checklist)

But it will also be necessary to “check in” with those involved to:

- ✓ Check that the consultants have all that they need to complete the work and ask if they are having specific difficulties

- ✓ Ensure that Staff/Board members are providing information or decisions that enable the consultant to proceed with their work to the timetable and deadlines in the brief.

DEALING WITH PROBLEMS

The extent to which you feel that there is a problem with a consultant or their work is a function of your expectations of them. Most of these expectations should be set out in the brief/contract but it is also important to understand that a consultant is not an employee. They may be working on a variety of other projects, may work unusual hours and may not always be in their office or at your site (unless this is specified in the brief/contract) and could just be getting on with the work if they are slow to respond to you.

Being alert to potential problems is one way to pre-empt problems and resolve them before they get unresolvable or affect the outcomes of the consultancy work and lead to contract termination. A number of proactive tasks can be undertaken by the individual(s) responsible for day to day contact with the consultant:

- ✓ Check that staff who are actively involved are providing feedback and are actively engaged with reports and information produced by your consultant during the process
- ✓ Review invoices to ensure that they correspond to the work that has been carried out and the expected outputs and deliverables

7. Managing consultants

- ✓ When consultants or others involved are not responding to communications or are unavailable to speak with, check the reasons for this
- ✓ If the consultancy work is falling behind scheduled deadlines take action to discover the reasons for this and make a judgement as to whether they are reasonable, whether a meeting is required to address this or an amendment to the contract is required
- ✓ During the process of the consultancy work being carried out issues may be uncovered that need further work outside the scope of the consultant brief and contract. Ensure that the consultants are re-focussed onto the work set out in the brief and contract to avoid “drift” of either the project scope or timeline.

The key to avoiding problems is timely communication and action.

TAKING FORWARD THE WORK OF THE CONSULTANT

Any consultant’s work should lead to a decision – to go ahead or not with a proposal, to start using the outputs and deliverables that have been produced. For most organisations, the completion of a consultancy contract marks the start of further work to take forward the outputs and deliverables that resulted from it.

As a minimum this will involve:

- ✓ Making decisions about how the work will be taken forward
 - ✓ Setting a review date to see whether the consultancy input was effective
 - ✓ Telling all the relevant people within your organisation and appropriate stakeholders that the work is complete and sharing with them (where appropriate) the outputs and deliverables that are relevant to them
 - ✓ Carrying out any training in new systems or processes that have been introduced as a result of the consultancy work that has not been part of the consultancy contract
 - ✓ Developing any recommendations from a consultant into a plan of action with relevant stakeholders in order to implement it
- ✓ Evaluation of the consultancy to improve your organisation’s future practice in terms of:
 - Did the work move our organisation forward to achieving our overall mission and objectives?
 - Did we carry out our own input to the consultancy well?
 - Is there anything we would do differently next time in relation to identifying, selecting or managing consultants for our organisation in the future?



Building Design and Costing

Advice Note



What to expect from the building design and costing process

Designing and costing building improvements or construction is a technical and specialised activity and most organisations hire professional consultants to do it.

If you want this process to be as cost effective and efficient as possible, you will have to think carefully about how you want your building to be used, and the combination of skills you will need to make decisions at every stage.

Designing and building your project may need a combination of professional skills including:

- ▶ Site and building investigations to test the feasibility of what is possible
- ▶ Architecture of buildings and landscapes
- ▶ Quantity surveying, which involves estimating and managing the costs of the project
- ▶ Engineering, mechanical and electrical services
- ▶ Interior design

As a design become clearer (e.g. costs and budgets available, timescales, and other potential technical restrictions) then the outputs from building consultants will become more detailed too. Design drawings will become technical as they start showing things like mechanical and electrical installation (e.g. where to put lights and air

vents), and costs will be broken down further into individual elements. Design and cost information will become more reliable for the organisation who will be responsible for their development, ownership and management – your consultant.

Picking the right design

The design may change both as a result of the costs to build, run and maintain them and the need, in the main, to keep costs low. A design professional can come up with different options for how to create improvements for an existing building or new ones – how the needs of current and future users can be met, how they look, how their running and maintenance costs can be reduced. Choosing between such options will involve knowing how much it costs to implement them, how much disruption their implementation will cause, how long it will take to design and build them, and their environmental impact.

Design is affected by cost limitations, which is why they are done together, except at the very early stages of conceptual design (the basic response to a client brief and proposed layouts).

HOW DO YOU WANT TO USE THE BUILDING?

All construction projects are different because they have to serve different needs, in different places. The relevance of this advice note will vary depending on the stage of your new build or refurbishment project.

To help you prepare your brief it is worth thinking about the following to provide potential content for it:

- ▶ Do some research on other buildings that are like yours (if you are planning to refurbish it) or visiting similar projects to the one you are planning if you want a new build
- ▶ Carry out your own audit of an existing building that you want to refurbish – what works well, what does not, what needs adding and so on (from your point of view and that of building users)
- ▶ Bring some key people together (staff, users, Board members) to discuss what background information should be provided as well as detail on what you want in design or cost terms.

WHAT TO INCLUDE IN YOUR BRIEF?

The following sets out a basic structure for deciding on requirements from building professionals to work on the design and costs of a new building or refurbishment and/or extension of an existing one. These can be included in a brief issued as part of a request for proposals from consultants who can come together (often under an architect) to respond

to your brief to ensure that the full range of skills needed by the project are included.

It will not cover all eventualities or circumstances, but provides a starting point for the client to work through, discuss with others, amend and add extra information where appropriate to the project and finally agree for inclusion in a brief.

1. GENERAL INFORMATION

This section should cover basic information about the project and the people promoting it and what you require from a designer/ architect/landscape architect/cost consultant and in what level of detail.

1.1 The project objectives

This should set out the project objectives that have been agreed by stakeholders. It could also include a vision for the project – this is a statement about the kind of feeling that the building(s) to be designed are to have to those who use it and visit it rather than a vision for what will go inside the building or on the land – so words like easy access, light, space, warmth, beauty, efficient, may conjure up an aesthetic that you are looking for to guide the design process. For example, refurbish the building to make the community café more accessible.

1.2 The site

Give the exact address of the site, what it comprises (e.g. the land or buildings, any special features), ideally with a map/location plan to give context.

Building Design and Costing

Advice Note

If the project is to improve an existing building, details of its condition (condition surveys of structure, electrical installations, asbestos) can be provided if available and photos. It is also worth describing how the building does not currently meet users or owners needs in terms of the spaces and in terms of running costs and facilities management operations like cleaning, access for maintenance. For example, the current building is badly insulated and running the building (lights, heating), uses up most of the maintenance budget.

1.3 The users and activities

You should first describe the types of user of the space/buildings and the kinds of activities they will be/are involved in. And also describe the types of spaces and facilities that are required to meet users' needs.

Then list what you need from the consultant.

CONSULTANCY REQUIREMENTS

For example:

Two options for development proposals are needed illustrated by scaled drawings, including floor plans (views from above showing the layout of internal spaces), elevations (views of buildings from the outside) and sections (a slice through the building or site) and a model of the existing site.

We also require costings for each option based on an elemental analysis of the proposals (of different elements of the building – roof, walls, electrics, mechanical,

decorations and so on), and including VAT, professional fees and any exclusions or assumptions about the quality of the specification of materials and inflation.

2. DETAILED REQUIREMENTS

This part should set out in detail all the facilities needed for the project or which have been thought of as desirable. The sections set out below provide a base for most requirements and others can be added to define the specific requirements of a project. It has two sections:

- ▶ Scheme requirements that apply to the whole project.
- ▶ Specific space requirements, fixed equipment and decorative requirements which are specific requirements/ideas for each room/space proposed in the project. It is possible that some requirements can be defined in detail on a room by room/space by space basis using data sheets. If this is possible, describe the spaces (or changes to the spaces) in the general section below and add the room data sheet into the detailed requirements.

2.1 Scheme Requirements

Describe any need for the design, layout, and all general provision, to be finally agreed with the client and comply with requirements such as regulations and legislation in respect of escape, health, safety, and general welfare of the occupants/users.



Planning

Describe the need for every part of the proposal to be designed in accordance with relevant land use planning standards (e.g. parking, space sizes) and policies applicable in the area and reference them if possible (e.g. Local Plan document policies, conservation area status etc).

Insert here any requirements about the desirable relationship between spaces. For example:

Circulation - should some spaces/rooms be connected to others directly?

Common areas – are there special requirements for receptions/entrances/ location of WCs?

Should some rooms/spaces be completely self-contained/accessed? For example, if areas need to be occupied by tenants, used by children or staff only. This may include the need to provide separate utility supply so that usage can be metered and billed to individual occupiers.

External landscape/grounds and facilities – need for access, types of provision (play, seating facilities, garden, sports ground)

Accessibility

This section can set out any requirements for accessibility for proposed building users. For example, need to make the building more accessible for people in wheelchairs and elderly who are less mobile.

Building Design and Costing

Advice Note

Environmental and services design

This section should cover aspects of environmental performance, and electrical and mechanical services. For example:

- ▶ All aspects of the proposal should be designed to use energy and water as efficiently as possible and incorporate provision for rain water harvesting.
- ▶ Refuse storage/recycling provision should be included on site/within the building
- ▶ All spaces and rooms should have access to daylight with appropriate shade provision where necessary. Include general details or space/room data sheets for the lighting requirements for individual rooms/spaces.
- ▶ Display screen regulations in office areas.
- ▶ Ventilation required e.g. toilet areas, kitchens
- ▶ Drinking water must be available to all users.
- ▶ The acoustic design should take account of the variety of activities taking place and there must be adequate sound insulation between noisy and quiet spaces.
- ▶ Requirements for power, electric sockets and IT cabling can be set out here to ensure that there is adequate provision in the right locations and that it is suitable for building users.

Safety and security

This can set out any specific requirements for security and safety. For example, CCTV provision and monitoring, shutters, fencing, use of surfacing, surveillance of access and exit, gating, separation of parking and pedestrian areas.

Finishes and fixtures

Here requirements in relation to the following may be set out:

- ▶ Wall finishes (easy to clean, fitted with display boards/hanging strips?)
- ▶ Floor coverings (non-slip, carpet etc.)
- ▶ Window dressings (curtains/blinds)
- ▶ Colours/materials (ironmongery, doors and windows etc.)
- ▶ Ironmongery (locks, handles etc.) should be specified so that they are easy to source for replacements/repair

2.2 Specific Space Requirements

Here the requirements should be set out (if any) that relate to individual rooms or spaces and their specific features.

Business Planning

Advice Note



Business Planning

Advice Note

There are hundreds of easily available templates to create a business plan. But they will all need tailoring to suit your organisation's specific circumstances, whether you are developing a new business stream to add to your current operation, or are a new organisation starting from scratch.

This Advice Note will help you make straightforward decisions about what you need to include in your business plan, and how you can get the most from a consultant to ensure your plan is clear, workable and does the job you need it to.

The table below sets out the common elements of a business plan and the issues you will need to examine in order to prepare its content. Feel free to:

- ▶ Make it informal in style
- ▶ Make decisions about how much detail to include in the main document or include as supporting information and appendices
- ▶ Ignore issues in the table that are not relevant to your proposal or organisation
- ▶ Re-order and re-name the sections

But when you do this, make sure you know why you are doing it. You don't want a business plan that has gaps that generate questions or that alienates some readers due to its style. When briefing the consultant who is helping you develop the plan, make sure you are clear on how you want the plan to be used and the most important things it needs to cover. Some consultants will have a specific approach or business planning

format that they usually use. Make sure you ask about this when you're selecting who you will work with, and that their approach works for you.

Understand the risks to your business

A common pitfall is "optimism bias". This is when the people creating a business plan underestimate the likelihood they will experience adverse events in relation to their business. For example, the demand not being strong enough for the product/service for someone to pay for it, assuming timing of income and expenditure is correct and prompt, and assuming that technology, equipment or regulatory factors will be trouble free or stable over a period. That is why it is worth putting time into thorough research and consideration of all risks and spelling out all the assumptions you have made about your business and its operating environment. That way investors or funders can make calculated risks in supporting you (including when things do not go to plan) and everyone in your organisation is equipped to feel confident in embarking on the venture.

INITIAL CONSIDERATIONS

It is worth thinking about the answers to the following questions before you start to develop the content of your business plan or prepare the brief for help to produce or improve one:

Purpose – Is the document mainly to get support from an investor/funder or to build understanding and ownership of the plan by existing board members/staff and existing stakeholders? Or is it both?

This will affect the amount of detail you may need to include, both in terms of the background to the proposal and the research and evidence that is needed to underpin it.

Time period – Most business plans cover a three or five year period. You should choose the time period which fits your purpose, and how confident you feel about projecting income and expenditure into the future, if you feel the market for your business (and the revenue that it will produce) is difficult to predict for a long period.

Stand alone or linked – If you are part of a new organisation developing your first business plan then this is straightforward. You will need to cover all the business plan elements relevant to your proposal. If you are an existing organisation then you may need to link it to, or include it in a business plan that covers all aspects of your organisations activities.

This will be particularly important if you plan to use profit/surpluses from your business proposal to pay for other activities that you undertake which cannot be paid for

by from other sources. (e.g. managing and looking after a building or providing services at reduced rates for specific groups of customers/users of your services).

Research and evidence base – You will need to take a view about the size of the market your business proposal is relevant to (local, regional, national) and your research will need to match it. But don't go overboard - include what is relevant to the purpose of your business plan and the sector of business you are in (e.g. products, retail, workspace, venue hire) in terms of your prices and your competitors.

Do make sure that your evidence base is convincing to you and the audience for your plan. For both investors/funders and internal stakeholders this will build confidence and commitment to the plan. Working with a consultant who understands your business type, or the market you are trying to reach can strengthen the quality of your evidence base. A good consultant should be able to draw on some industry standards, national or regional trends, or comparison data that gives you a greater level of information for your future planning.

Business Planning

Advice Note

THINGS A GOOD PLAN SHOULD INCLUDE

You should be clear with a consultant from the outset what you expect the plan to cover, and the main issues that you want addressed. The best plans are written clearly, in plain English, avoiding all unnecessary jargon or buzzwords. They help you make decisions over the period they cover, help you explain what your community business is about to others and they set out clearly the main costs you face, and the main benefits you gain should be. Over the course of the plan you can test how well these match up with reality, and change how you operate if need be.

BUSINESS PLAN ELEMENT	ISSUES TO ADDRESS
<p>Executive Summary</p> <p>Compelling text that sets out the main points of the plan</p>	<p>Who you are, what you want to do, how you intend to do it</p> <p>After reading it the reader should understand what the business is about and want to know more</p> <p>Usually written last</p>
<p>Your Organisation</p> <p>Description with details potentially in appendices</p>	<p>The vision, mission¹, and objectives of your organisation track record, partnerships, and people (staff and/or governing body members).</p> <p>How does your legal structure affect the plan? For example, if you have charitable status, you will have with significant tax benefits, but activity will need to be in line with your charitable objects/objectives. Some organisations are allowed to issue shares to members and pay interest, others are not.</p> <p>Quality control/standards or methods of impact measurement being used/proposed by your organisation</p> <p>Services and products offered</p>
<p>Market</p> <p>Text based on headlines of main research data that has been used to support what is in the text</p>	<p>What specific services or products are going to be sold?</p> <p>Who are they going to be sold to? e.g. other businesses or individual customers</p> <p>Describe your target customer in detail and what factors influence their choice of products/services</p> <p>Demand/need - what is the demand for each service/product and how does the proposed service/product meet it?</p> <p>Competitor analysis – who else is in the target market – why can't they supply what is being proposed? (This should inform your risk assessment)</p> <p>Who and where are competitors and how much do they charge? How will your proposed product or service compare to theirs?</p> <p>Pricing – how have charges for the new product/service been arrived at?</p>
<p>Promotion</p> <p>A description of how you will contact your customers and the methods that will be used.</p>	<p>What methods will you use to promote your products/services and why? e.g. website, social media, ads in local papers, radio ad, stories in press, open days</p>
<p>Risk Assessment and Mitigation</p> <p>A description of the main risks to your organisation or product/service and how you will address them</p>	<p>You should identify each risk, decide whether it is likely, assess what impact it might have and propose a plan to address it.</p> <p>You can use an analysis that looks at Political Economic Social Technical Legal Environmental (PESTLE) issues or Strengths Weaknesses Opportunities and Threats (SWOT) relevant to the organisation or business idea to identify risks for assessment</p>

¹ A vision statement expresses an organization's overall goal and reason for existence, while a mission statement provides an overview of the job it will do to realize that vision by identifying the service/product areas and target audience of the organization.

Business Planning

Advice Note

BUSINESS PLAN ELEMENT	ISSUES TO ADDRESS
<p>Strategy</p> <p>A description of who will deliver the business plan over its period and how</p>	<p>Work plans based on SMART² objectives for individual projects and services for each year of the business plan</p> <p>Consider and state how elements of the business plan will be monitored and reviewed</p>
<p>Resources</p> <p>Should include</p> <p>Cash Flow (for first year) of capital and revenue funds</p> <p>Income and Expenditure (profit and loss) for each remaining year of the period of the plan.</p> <p>Explanatory notes - should specify the assumptions on which projections are based and why. This should include assumptions about timing and levels of commitment for both income and expenditure.</p>	<p>Build up a profile of the volume and timing of capital and revenue expenditure by estimating the cost of what is needed in terms of staff (including Tax, National Insurance and pensions) and recruitment costs, equipment, materials and whether they will be provided in house or externally:</p> <p>Production</p> <p>How long does it take to make the products or to source what is needed to provide the service?</p> <p>What equipment, space and transport is needed to provide the product or service?</p> <p>What insurances and suppliers are needed?</p> <p>What statutory approvals and relevant fees are payable (planning, building control, business rates, legal, design/finance consultants, licensing, statutory checks (portable appliances, utilities)</p> <p>Delivery</p> <p>How long to deliver the product or services to customers and how will it be done? Is the cost of this included in the price to be charged?</p> <p>Payments</p> <p>When and how will payments for the product and service be paid? (e.g. Cash, cards, direct debits, online)</p> <p>How much will these methods cost in terms of your time or direct costs of others (e.g. banks charges)</p> <p>Tax and Interest</p> <p>Will VAT, Corporation Tax, Interest on loans be applicable?</p> <p>Build up a profile of the capital and revenue income by estimating the volume and timing of the following:</p> <ul style="list-style-type: none"> • Grants and donations • Loans • Crowdfunding • Share issues • Sponsorship • Space/Equipment Hires/rentals • Membership fees • Subscriptions • Activity Programme or contract fees/sales • Product Sales

²SMART stands for Specific, Measurable, Achievable, Realistic and Time bound

A NOTE ABOUT CASH FLOWS AND INCOME AND EXPENDITURE STATEMENTS

A cash flow is a detailed month by month estimate of when costs have to be paid and income arrives. Its purpose is for you to know when you are likely to go into deficit in cash terms (when costs exceed income in any one month) and may need extra funds to cover this gap. Although the overall income and expenditure statement may show a surplus over a year, during the year there may be a gap in cash terms due to timing. The cash flow shows when this might be.

Income and Expenditure/Profit and Loss Statements - These set out how much is spent and how much is received and the difference between the two over a year. It is less detailed than a cash flow and shows the overall surplus or deficit over a year. In an income and expenditure account (most often used for not for profit organisations) profit is shown as surplus, in a Profit and Loss account (most often used for private profit organisations this usually is shown as profit before and after tax).

Internationally Recognised Standards – The International Financial Reporting Standards Foundation (IFRS) has an independent International Accounting Standards Board (IASB) which has produced recognised standards and descriptions for financial reporting. Some investors and funders will require that your projections and reporting meets these standards – you can ask your accountant to advise you whether this is the case for you.

Community Stakeholder Engagement Checklist

Advice Note



Community Stakeholder Engagement Checklist

Advice Note

INTRODUCTION

Engaging with your stakeholders, including your local community, is worthwhile and necessary for most projects, but it is essential for businesses with a social purpose who want to provide community benefits and impact.

It can be difficult to balance the different interests within, and outside of, your organisation and poor communication can see falling support for what you are trying to achieve, if not outright opposition. This can be a risk for your business reputation.

It can also be a risk for your business success as, without having all your stakeholders on board, your engagement processes may be chaotic and unfocused.

The following questions can help you define what you want a consultant to do and the outputs and results you are aiming for to put into a brief to engage your community and stakeholders.

WHO DO YOU WANT TO ENGAGE WITH?

The more people and organisations you want to engage with, and the longer the time period, the costlier it will be. Being clear about who you want to talk to and their specific characteristics will influence how it can be done - the methods that are most appropriate and the time it will take. This will be a balance between the time and

resource available and may mean that some stakeholders will have to be prioritised over others.

You can prioritise people by who has a stake in what you are trying to do. Typically, stakeholders in a project or organisation are defined as:

- ▶ Those with relevant information (e.g. land/building owners, community/voluntary groups)
- ▶ Those with an interest in the issues (e.g. local residents, cyclists, amenity groups)
- ▶ Those with the ability to influence outcomes for the project/organisation positively or negatively (e.g. local authorities, investors)

You may also want to design stakeholders according to their location, if this is appropriate to your project. For example, families in your neighbourhood rather than your city.



Community Stakeholder Engagement Checklist

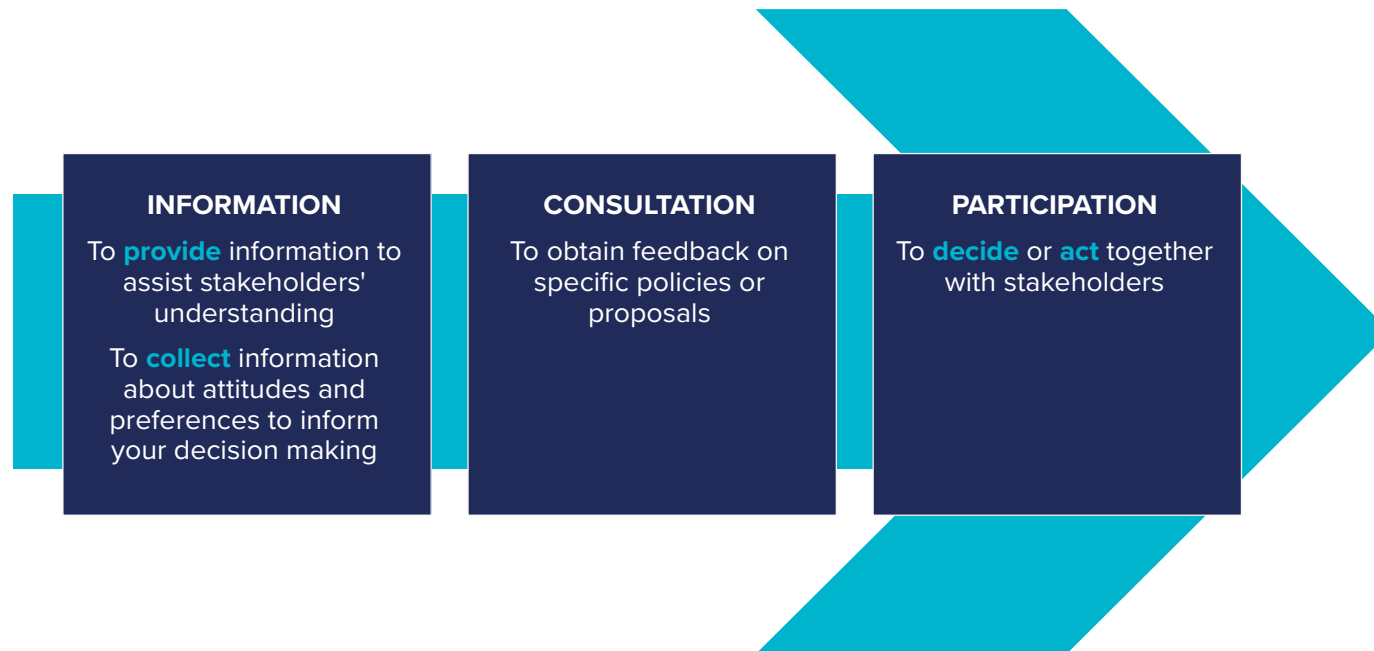
Advice Note

WHY DO YOU WANT TO ENGAGE WITH YOUR COMMUNITY/STAKEHOLDERS?

Before you engage a consultant, you need to understand why you want to engage with your community/stakeholders. What are you trying to find out, and how will your findings, and the view of those you engaged with, influence the way you conduct your business?

Over time this may change but the levels of community/stakeholder engagement shown below give you an idea of the main reasons why you may want to engage with them. Which level you decide upon will drive who you engage with and how, and provide the basis for clearly setting out for a consultant what you want them to deliver in terms of activities and outputs from their work.

LEVELS OF COMMUNITY/STAKEHOLDER ENGAGEMENT



Community Stakeholder Engagement Checklist

Advice Note

HOW DO YOU WANT TO ENGAGE WITH YOUR COMMUNITY/STAKEHOLDERS?

How communities and stakeholders are engaged is a function of their specific characteristics and capabilities (people with language issues, no online access), what kind of stakeholder they are (a council official as opposed to a local business for example), and why you want to engage with them.

Most consultants will have a view about and experience of a range of techniques which are effective and you could leave them to propose what methods would be best suited to the stakeholders involved.

The table below gives an idea of the techniques which are commonly associated with different levels of involvement. You can decide whether you want to specify which ones are used in a brief for a consultant.

You may want to use a mixture of approaches. For example, using short or shallow approaches across large numbers of people, with more involved and detailed work with stakeholders whose views will most influence what you do next.

You can ask a consultant to advise on how you build these sorts of approaches into new proposals or into your business in the future through activities like customer feedback systems or regular consultations.

LEVEL OF INVOLVEMENT	POSSIBLE TOOLS AND TECHNIQUES
Information giving and collecting	Advertising Cloud and online information sharing and collection Conferences Exhibitions Film, video, media briefings Leaflets Newsletters Presentations at meetings Seminars Surveys/Interviews (doorstep/online/postal) Consultative meeting/ panel of stakeholders Stakeholder focus groups Surveys/interviews (doorstep/online/postal)
Consultation	Deciding together Citizen panels Participative workshops Planning for Real (a place based tool based on working around a model of an area or site/building with follow up for deciding on what to do)
Participation	Acting together Campaigning Establishing partnership structures with terms of reference

Consultant Reporting and Accountability checklist

Advice Note



Consultant Reporting and Accountability checklist

Advice Note

Once you have a clear agreement about what your consultant will produce, you should arrange how they will report to you on progress, and ask your views to make decisions at different stages of the project. This makes them accountable to you for what they do, and can help you manage the progress of the project.

Unlike internal meetings with staff, volunteers or board members, reporting and accountability requirements from a consultant add to the costs of employing them. The logistics and administration involved in organising meetings and circulating information is often underestimated. So planning reporting as part of your consultancy project will help to reduce the time needed from the consultant (which keeps costs down) and make sure people are available to make decisions. This will ensure that you know what is going, and can control cost better.

As part of your preparation to work with a consultant you will already have considered who needs to be involved in the consultant's work and at what stage. You should also have allocated a specific individual to be responsible for day to day contact with them.

You should also consider:

- ✓ The details of reporting arrangements to include in a consultant brief and contract, and the time needed for you and your consultant make the necessary preparations. For example, producing a lengthy report could take a week or two.
- ✓ The details of who the consultant will be accountable to for their work including via the main named individual, plus any other people who need to be involved. For example, they will be accountable to the business development manager, but also to the communications manager.

Reporting Arrangements

Most people prefer face to face meetings to communicate. It may, as a result, be tempting to just put into a consultants brief a series of meetings to catch up on progress and discuss their work. But face to face meetings can be time consuming and expensive, so it's important to think about a mix of reporting options.

Think about the purpose of communication between you and the consultant before deciding what requirements go into their brief/contract. This can then drive the best method of communication and take into account who needs to be involved and how often you need to communicate.

You can also decide whether the communication will be with your named contact for the consultant's work or needs to be with a wider group of people like a project panel or sub-committee. The Checklists below can help you to do this.



Consultant Reporting and Accountability checklist

Advice Note

WHAT COMMUNICATION IS NEEDED?	NEEDED NOT NEEDED
To introduce consultant staff or client-side stakeholders in the consultancy project to each other	
Present/provide information	
Discuss outputs/deliverables	
Provide feedback/comment on outputs/deliverables	
Make decisions on the direction and content of future work contained in the brief	
Report progress on activities and programme (timeline)	
Others relevant to the consultants work?	

COMMUNICATION METHOD OPTIONS	APPROPRIATE NOT APPROPRIATE
Email	
Face to face meeting	
Telephone call	
Telephone conference (if you have the right equipment)	
Video conference (if you have the right equipment)	
Collaboration platform e.g. googledocs, dropbox, basecamp	

FREQUENCY OF COMMUNICATION	NEEDED NOT NEEDED
Weekly	
Monthly	
Quarterly	

Consultant Reporting and Accountability checklist

Advice Note

Accountability arrangements

Although it may be easy to nominate an individual to take responsibility for being the day to day point of communication and contact for a consultant (defined here as the project manager) it will be important to define their role in doing so and the extent of the decisions they may take on behalf of your organisation whilst working with the consultant.

In addition, for larger projects with potentially significant impacts on the organisation, it may be important to have a wider group of people involved (in a panel or sub-committee) who need to take the most important decisions about the consultancy work and to whom the person taking day to day responsibility can report. This may be particularly the case if the consultancy involves a capital project like a new building or refurbishment or commissioning of new equipment or systems

which will be implemented as a result of the consultant's work and may involve them in continued work in future stages.

The checklist below can help you to define both the work of an individual who can manage the consultancy work for your organisation and/or a panel, project team or sub-committee set up for the consultancy project. It may be necessary to add further responsibilities tailored to your own

organisations needs and the work of the consultant. In particular, you will need to think about how the project fits into your organisation's governance arrangements for board member involvement and delegation of decision making or financial issues to a panel/project team/sub-committee. The checklist is organised into the main functions of management: planning, organising, leading and controlling.

PROJECT ACCOUNTABILITY: RESPONSIBILITIES CHECKLIST

Responsibility	Tasks	Project Manager yes /no plus comments on detail	Project Panel or Sub-committee yes /no plus comments on detail
Planning	Identify, review and manage any risks throughout the project		
Organising	Maintain and distribute all project documents and records where appropriate		
	Schedule and convene meetings between the consultant and the project team/panel/sub-committee (e.g. agreeing agendas, circulating papers, taking minutes)		
	Schedule and convene meetings of the project panel (e.g. agreeing agendas, circulating papers, taking minutes)		
Leading	Prepare progress reports for the panel to highlight main areas of progress and any areas that significantly vary from the agreed consultancy brief and contract. Highlight any decisions that may need to be made by the project panel/sub-committee.		
Controlling	Agree amendments to the consultant brief and contract when necessary		
	Monitor the budget for the consultancy and authorise spending/invoices (set maximum limit for expenditure)		
	Monitor and evaluate the consultancy contract		
	Ensure that the client organisation adheres to their responsibilities in the contract		

Governance

Advice Note



INTRODUCTION

Governance refers to how a business is managed and run. Good governance is essential to any organisation and its operations. It helps secure financial support and investment, retain its staff and service/product users and stay viable (able to pay its bills) and sustainable (able to operate itself) into the future.

Development of policies and procedures is a key element of good governance which can prevent confusion, avoid conflict, improve accountability and ensure that a board is operating within the law.

As an organisation changes, it may be necessary to re-visit governance processes. The business' supporters may even require this to continue to support its work e.g. investors.

TYPES OF SUPPORT TO IMPROVE GOVERNANCE

A consultant supporting any aspect of your organisation's work will need to understand its governance. For example, a consultant supporting your business planning will need to have board member involvement in its development, understand their interests and gain their approval of any final outputs and deliverables.

Alternatively, you may need support with to make your board of directors more effective or to check that existing governance arrangements and board functions are operating properly and efficiently.

Like any group of people, board members can experience difficulties in their relationships and how they work together. As organisations grow they can realise that they need to attract new board members with different skills, knowledge or experience.

Consultants can offer an outsider's view of how an organisation's governance is working, as well as drawing on knowledge or experience of different types of governance arrangements to help with the production of appropriate policies and procedures.

The main functions of a governing body are outlined below and will help you to define:

- ✓ The necessary involvement of governing body members in any consultancy work being commissioned by your organisation
- ✓ Which function of board effectiveness or improvement you are looking for help with from a consultant, along with relevant consultant activities that may be applicable.

Governance

Advice Note

FUNCTION OF GOVERNING BODY	POTENTIAL ACTIVITY/OUTPUT/DELIVERABLE TO BE PRODUCED BY A CONSULTANT
Determine the mission and purpose of the organisation	Independently facilitated board/staff strategic review and resulting action plan/recommendations for consideration/implementation
Select the Executive (the most senior member of staff)	Recruitment process and policy
Support the Executive and review her/his performance	Development of policy applicable to the Executives role and remuneration e.g. an overall “Rewards Policy”
Ensure Effective Organizational Planning – establish policies and procedures that ensure that the organisation is compliant with the law	Policy and standards audit and update –what do you need to have? What is missing? Develop new policies and standards for adoption Training in the application of policies with relevant Board members and staff Development or amendment of Board Committee structures, delegation of powers Board reporting and accountability to external stakeholders and members of the organisation (if any)
Ensure Adequate Resources to cover the operations and activates of the organisation	Approaches to financial risk and its mitigation Financial planning
Manage Resources Effectively – to avoid waste and ensure the objectives of the organisation can be achieved	Review and amend financial procedures and processes Financial Systems health check Ensure financial reporting is clear and enables effective decision making
Determine and monitor the Products and Services of the organisation	Business Plan Development for the whole organisation or a specific project/service/product
Enhance the organization’s public image and reputation	Communications Strategy – stakeholder research and consultation, staff and customer surveys Training in public speaking or dealing with the media
Serve as a Court of Appeal – for disputes internally	Development of policies for employment of staff and grievances and discipline External stakeholder or service/product user complaints
Assess Its Own Performance – to ensure that it has the right skills to operate effectively	Skills Review, Board membership renewal and recruitment, Board development and training/coaching

Finance and Funding Checklist

Advice Note



Finance and Funding Checklist

Advice Note

INTRODUCTION

The funding and finance needed for your organisation will vary according to its stage of development (start up, surviving or growing). In addition, the kind of help you may want from a consultant depends on the problem or issue you need help with.

The following are common areas where community businesses find they need a consultant's skills in finance and funding. They may be needed either alone or in combination:

- ▶ Finding resources for investment in capital equipment/buildings or time for staff to develop a new product, service or project
- ▶ Scoping the costs involved in setting up and/or running a new service or product
- ▶ Setting up, or strengthening procedures for reporting, monitoring and controlling financial transactions. For example, spending authorisation, delegated budget holding
- ▶ Reviewing the price of products and services to cover costs and make a surplus/profit
- ▶ Setting up or changing IT systems for implementing and monitoring financial transactions to reduce time spent on administration. For example sales invoicing and purchases from suppliers

- ▶ Advice with preparing or auditing formal accounts when an organisation is first incorporated, or to respond to a new regulatory body (for example after registering with the Charity Commission)
- ▶ Support and advice with financial strategy and types of finance and funding available for your type of organisation and product/service
- ▶ Support with providing financial information for a business plan or funding proposal that is clear and accurate
- ▶ A general 'Health Check'. Some consultants offer to look over your accounts and financial position and draw comparisons with typical organisations of your size or type.

When defining the work of your consultant and the type of experience, skill and knowledge they will need to do the work, it will be important to first think about the following key questions and consider some of the options available for you to finance and fund your organisation and its activities.

KEY QUESTIONS

- ▶ What financial question do you want an answer to? What new information do you need to have after the consultant's work is finished?
- ▶ Why are you starting this work? Is it a result of a specific request or requirement (e.g. from a regulator, from a funder, from your bank?)
- ▶ Are you looking for funding or finance (see Glossary) support from a consultant? Is it for a specific project, product or service?
- ▶ Is there a problem that you are worried about (e.g. is there a problem with cash flow, are you facing a rise in the costs of running your building)? Be clear with the consultant about this problem, including how urgently you need an answer.
- ▶ If you are a start-up organisation or are starting a new product or service have you identified the specific initial costs associated with it?

You may need general advice on the overall package of finance and funding you need, appropriate for your organisation and its governance and ownership structure. Alternatively you may need to define the detail of what you want, for example to identify prospective sources of grant making trusts for your project or to produce a share issue proposal.

HELP WITH UNDERSTANDING AND ALLOCATING YOUR COSTS

One of the most common areas that community businesses want help with is understanding where the main costs of their business lie and how to keep them manageable.

Fixed costs

Some costs in an organisation must be paid on an ongoing basis, no matter how many customers you have, or how busy you are. These are the 'fixed costs' of the business. The table below helps you assess if these fixed costs are relevant to your project.

Finance and Funding Checklist

Advice Note

FIXED COSTS		NEEDED NOT NEEDED
Examples	Comments	Relevant to your project? Yes /No ?
Rentals/loan repayments	To a bank or other investor, property landlord or equipment lessor	
Business rates for premises	Payable by the occupier of the premises. If there are sub leases for space in the premises these rates are paid by them as an occupier and the landlord only pays rates for the common areas depending on their type and whether the main leaseholder is eligible for reliefs (based on charitable status or size)	
Insurances	Public liability, building, professional indemnity, building contents, employees, equipment breakdown	
Statutory testing	These are annual costs for checks that are required for a building/equipment to be legally compliant and for insurance to be enforceable e.g. fire alarms or detection, heating plant, portable appliances and so on	
Licences, (TV, PRS, PPL, other equipment)	May be spread over the year	
Burglar/Security systems contracts	For buildings or to protect products and services	
Cleaning	For premises or equipment	
Cleaning Materials	For premises or equipment	
Utilities: Water standing charge	Some of these costs, depending on who is the supplier may include consumption of the energy or water too (which is a variable cost)	
Utilities: Electricity standing charge		
Grounds Maintenance	For premises if there are external grounds/gardens, car parking and so on	
Refuse	Includes sanitary disposal	
Repairs & Maintenance	For repairs to existing equipment and building facilities, internal decorations and specialist cleaning. These will depend on the terms of any lease	
Capital Improvements and Equipment	For new equipment and replacement of existing or new building facilities	
Building Fund	To be set aside for future large building improvements - floor, roof, heating, windows	
Governance Costs	Included because an organisation may not be able to operate without them. May include accountancy audit, accreditations, professional subscriptions and direct costs of strategic planning and expenses for Board meetings	

Finance and Funding Checklist

Advice Note

Variable costs

Other costs may also have to be paid which are not directly associated with the production and sale of products or services (reception staff or administration costs are an example). These are called overheads. Some overheads are also classified as variable (such as office supplies which may vary with volume of activity).

Variable costs are those that change according to the volume of services or products being produced by an organisation.

Understanding your costs

Decision on fixed costs, overheads and variable costs are extremely important for determining an organisation's finance and funding needs and projecting income and expenditure for a business plan (See Business Planning Advice Note). They will also be influenced by the kinds of products and services your organisation is providing.

Being clear about costs is critical for a business, especially a start-up or one which is providing community benefits. But it can be difficult to get a clear picture, especially when you are at the early stages of taking on a new building or starting a new project.

A good financial consultant can help you dig into your costs, and build a model that helps you predict likely costs from month to month, depending on how busy your service is or the level of sales. They can also help you set your prices accurately, to make sure they cover the costs of doing business.

This is particularly the case for an organisation that is using capital assets like property or equipment to generate income as many of the costs associated with this are fixed as the table below illustrates. But for any organisation who wishes to enlist the support of a consultant on funding and finance looking at these issues will be important in order to define the brief for their work effectively.



Finance and Funding Checklist

Advice Note

OPTIONS FOR FINANCE AND FUNDING FOR YOUR ORGANISATION

A consultant can help you identify which finance and funding options will be appropriate and feasible for your organisation and its products and services. The checklists below set out some of the options that they could help you consider:

TYPE OF FINANCE		RELEVANT TO YOUR PROJECT? YES /NO ?
Loans	Money that is to be paid back with interest and will also attract arrangements fees and legal costs (for associated agreements)	
Equity	A financial investment in your organisation in return for shares in its ownership by individuals or organisations	

TYPE OF FUNDING		RELEVANT TO YOUR PROJECT? YES /NO ?
Grants from charitable trusts	For a specific purpose, not repayable but will need reporting	
Grants from government programmes	For specific purpose, not repayable but will need reporting	
Donations from individuals	Crowd funding, capital appeal, fundraising events	
Sales of products and services	May take the form of: Contracts to provide services over a specified period Hires/rentals of space/equipment to individuals or organisations Membership/subscription payments for products or services Price for individual products or services from individuals or organisations	
Sponsorship	Some of your organisations costs (For services or equipment) may be provided by others in return for publicity or other benefits	