



The Business Case for Pro-Bono Consulting

...or How to Benefit From Doing
the Right Thing

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Agenda

- The need
- The pitch
- What's in it for you
- Making the most of what you have to offer
- Managing liability
- Choosing the right recipients
- Getting others involved
- Tips and tricks
- Questions and answers



The Need

- Money (!!!)
- Exposure
- Knowledge
- Expertise
- Moral support
- Small organizations need the same things as large organizations



The “Morals” Pitch

- We have a duty to help those less fortunate, in proportion to what we have and they do not.



The “Ethics” Pitch

- Individuals and businesses must not profit from the community without giving anything back. We collectively have a responsibility to better the communities from which we derive our revenues.



The “Business Case” Pitch

- It’s the right thing to do, from a business perspective. There are tangible and intangible benefits to pro-bono consulting that exceed the required investment.
- Since it’s the right thing to do anyway (from a moral and ethical perspective), that there is also a business case just makes pro-bono consulting a “no brainer”.



What's In It For You

- Tax benefits
- Free (almost) marketing
- Contacts, contacts, contacts
- Employee and client satisfaction



Tax Benefits

- Cash and cash-equivalents donated to eligible charitable non-profit organizations are tax-deductible dollar-for-dollar
- Goods donated to eligible charitable non-profit organizations are tax-deductible at your cost or fair market value depending on the circumstances
- Talk to your accountant



However...

- The value of your time, and that of your employees, is not tax-deductible
- Any out-of-pocket expenses can be deducted at actual cost
- Talk to your accountant



Free (almost) Marketing

- Sponsor/donor recognition in publications, press releases and at events
- Branding opportunities
- Garnering the interest of the press



Contacts, Contacts, Contacts

- Charitable non-profit organizations have benefactors and boards of directors
- Usually comprised of wealthy and influential individuals
- Such individuals usually are consummate networkers
- Providing for the organizations they care about creates instant rapport



Employee and Client Satisfaction

- Your employees and clients have favorite charities and causes
- By supporting those charities, you support your employees and clients
- Happy employees = productive employees and increased retention
- Happy clients = improved relationships and greater fee opportunities



But What Can I Do?

- Everyone has something to offer
- Management consultants have more to offer than most



What Every Business Person Has to Offer

- Business expertise
 - Board
 - Operations
 - “Smart People”
- Arms and legs
- Contacts
 - Funding sources
 - Potential partners and beneficiaries



What Consultants Have to Offer

- Your hourly rate
- Objectivity and independence
- Strategic thinking
- The same expertise you bring to paying clients



Maximizing the Value of Your Hourly Rate

- Many grants require matching funding by the recipient organization
- Gifts in kind, or donation of goods and services, often count towards matching funding requirements
- What's your published hourly rate?



The Value of Objectivity...

- Charitable non-profit organizations frequently suffer from tunnel-vision
- Those close to the cause often are unable to look at broader issues
- An outside party without material interest in the organization or its mission can bring a valuable, independent perspective
- The challenge is getting the point across while still remaining objective



The Big Picture...

- Charitable non-profit organizations often lack the skills to think strategically
- Thinking strategically is what management consultants do
- Significant value can be delivered by identifying out-of-the-box opportunities and making them relevant to the charitable non-profit organization



It's Not Less Valuable Because It's Free

- The needs of most charitable non-profit organizations are often the same as their commercial counterparts
- The products and services you offer on a paid basis will often be of equal value to charitable non-profits
- Offering to do it pro-bono simply makes it accessible



Engagement Ideas

- Quick and easy
 - Mission / vision statement review
 - Board meeting facilitation
 - Operating expense review
 - Key process assessment / improvement
 - IT usage assessment
 - Marketing / communications audit
 - “Program in a box” deployment
- Fundamentals
 - Key Performance Indicator definition and reporting
 - Board restructuring
 - Board conversion to Policy Governance™
 - “Program in a box” development
 - Employee / volunteer skills assessment
 - Compensation analysis



Managing Liability

- The law is on your side
- A little extra protection never hurts



The Volunteer Protection Act of 1997

- Provides immunity from lawsuits filed against a volunteer
- Qualified immunity that protects the volunteer only against claims of negligence
- Does not cover gross negligence, willful or criminal misconduct, reckless misconduct, or conscious, flagrant indifference to rights or safety
- Talk to your legal counsel about qualifiers and limitations



An Engagement Letter is an Engagement Letter

- Your current template engagement letter for paying clients probably includes indemnification and liability-limitation language
- It is not unreasonable to ask a pro-bono client to sign a similar agreement
- This is absolutely necessary if you are to be reimbursed for direct expenses
- Talk to your legal counsel about appropriate language



Choosing the Right Recipients

- Nonprofit does not always mean charitable
- Intent versus action
- Throwing good money after bad
- Bigger does not always equal better
- Not helping those who seek only to help themselves
- Dig into the numbers



Charitable Nonprofit or Not?

- Section 501(c) of the Internal Revenue Code defines 22 types of nonprofit organizations
- Many, but not all, 501(c)(3) organizations have charitable missions
- The remaining 20 types run the gamut from companies that rent poles for stringing electrical wire (12)(d) to funeral homes (13)



What They Say Versus What They Do

- Mission and vision are wonderful, but it's results that matter
- Testimonials
- Press coverage
- Case studies
- References



Not Having Resources Versus Not Using Them Effectively

- Endowments
- Other recurring sources of funding
- Where the money goes
- “Operating ratio”
- The costs of fundraising



Big Organizations versus Small Organizations

- The difference between “big” and “small” is:
 - How much money they have
 - How well they use it
- Small organizations, with proper guidance, typically make more of what they are given



Fund Someone's Dream, Not Their Retirement

- Small charitable non-profit organizations with highly salaried executives and employees = RED FLAG
- Expensive perks for executives = RED FLAG
- Fair compensation and some fundraising-oriented perks for executives and employees are not unreasonable



Getting Down to Brass Tacks

- Ask for copies of historical profit and loss and cash flow reports showing line-item detail
- Ask for line-item budgets
- Ask for a history of endowment or trust fund balances
- Look at how the money was (and will be) spent
- Let good business sense be your guide



How Do I Get Started?

- Create a Charitable Mission Statement
- Set limits for what you can do
- Be ready to say “no”
- Get others involved



Create Your Charitable Mission Statement

- Whom you prefer to support
- What you are prepared to offer... and what you are not
- What you expect in return



For Example...

- I volunteer approximately 100 hours of operations-improvement consulting assistance free-of-charge to charitable non-profit organizations that:
 - assist persons in need (rather than focus on political or environmental issues);
 - are legally registered as non-profit organizations in the United States; and,
 - may benefit from professional consulting services but are not in a position to afford them.
- My focus is on stretching the value of every dollar spent.
- While much of what I do supports fundraising, I do not engage directly in fundraising activities.
- I do not limit my assistance to charitable organizations associated with any particular religion or denomination. Without exception, I will not provide assistance to any organization advocating hatred, discrimination or violence of any kind.



Demand Will Exceed Supply

- Do what you can, but don't feel compelled to do more
- Use your Charitable Mission Statement to guide whom you choose to support
- Get your employees involved in the process
- If you can't help... perhaps you know someone who can



Getting Others Involved

- Prove it to yourself, and then prove it to others
- More people = more resources = more results
- A conversation starting point with anyone
- Share your accomplishments, and others will strive to duplicate them



Tips and Tricks

- Be prepared to have to “sell” pro-bono work – a new concept for most
- Treat pro-bono engagements in the same manner you treat paying engagements – professionalism and ethics are no less necessary
- Resist the urge to “up-sell” – you will have no shortage of requests for additional help
- Never try to sell paid work through pro-bono engagements – it destroys credibility



The Business Case for Pro-Bono Consulting

- It's the right thing to do
- Financial benefits
 - Tax deductions
- Intangible benefits
 - Marketing
 - Contacts
 - Employee satisfaction
- But mostly... it's the right thing to do



Questions? Ideas? Suggestions?

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