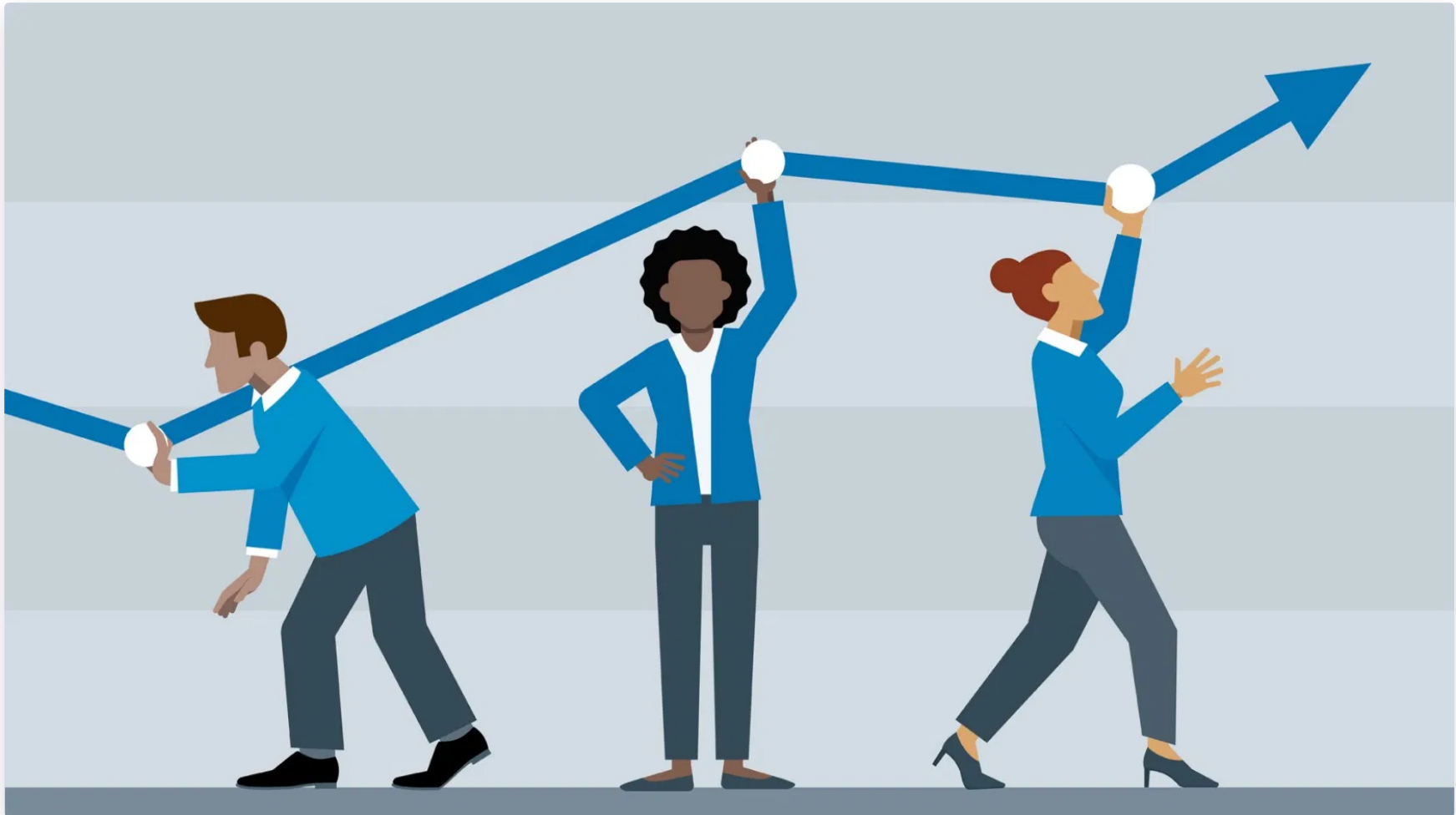


## How to Grow Your Nonprofit Consultancy

Over the next fifteen minutes we'll discuss proven and documented techniques you can implement to win business, grow your consultancy, and check all of those boxes off our original checklist (while still maintaining your sanity).



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## We feel your pain.

You want to:

- Grow your consultancy;
- Smooth out the peaks and valleys associated with traditional contract work;
- Lengthen engagements with clients and retain them;
- Stay on the cutting edge;
- Garner better results for the organizations you partner with (so they'll refer you to others);
- Help your clients stay focused on what matters most (coach them to success);
- Etc, etc.

The million dollar question is... what's the silver bullet? How do you put a checkmark next to each of those items above while also maintaining a work-life balance? If only it were so easy...

There are the traditional approaches to building your consulting practice:

- Go to conferences and network;
- Speak and make presentations;
- Engage with folks in your community.

But, as with all things in life, the well-known and traditional ways of doing "it" aren't all they're cracked up to be. You go to a conference and quickly realize that everyone else is also trying to win business there. You speak and make presentations only to find that this is what your fellow consulting professionals are doing, too. And, you network at local events, but learn that other consultants have already established relationships with everyone there – you've got competition.

To put it bluntly, there is a price to following traditional way of doing things, not to mention the actual costs of acquiring business that way – paying attendance fees, travel, including wear and tear on a car, hotel rooms, *time*, etc. – it all adds up. While you can certainly gain new business this way, the hit or miss nature of this type of growth is not sustainable or scalable. And, truthfully, there are smarter, more efficient ways to do it.

How then are innovative and savvy consultants breaking through the noise to carve out their niche and grow their business? If I told you it was easy, I'd be lying, but I promise it isn't rocket science.

Over the next fifteen minutes we'll discuss proven and documented techniques you can implement to win business, grow your consultancy, and check all of those boxes off our original checklist (while still maintaining your sanity). If you're okay with the status-quo, don't read on – seriously, save your time and head to another networking event.

But, if you're up for something new, something innovative, something that can help you get to the next level, please continue.

## Why antiquated doesn't quite cut it

If everyone is doing it, you won't stand out. If you don't stand out, then you're less likely to get a prospect's attention.

Do you know how many fundraising consultants are in business in the United States? 5,000? 10,000? 15,000? A quick search on LinkedIn yields more than 25,000 results.

Turns out you have a lot of competition.

But...you didn't need me to remind you of that. You know you face competition from left and right. This is why antiquated and traditional approaches to growing your consultancy don't quite cut it anymore.

Before we get into what works more effectively than the traditional methods of drumming up business, we need to think of consultancies from a different point of view — a market-type perspective — to understand how to successfully break from the pack and stand out.

Fundraising consultancies (your business) are entities within an established market. There is an obvious need (nonprofit organizations require assistance raising more money, developing strategies and processes, etc.), and an army of ready and willing consultants are on standby to help. We have demand, and we have supply.

### **That is the definition of an existing market.**

Being in business within an existing market is great. Existing markets, unlike their counterpart, non-existing markets (yes, this is a real thing and we will discuss it), have something that any business requires to run: **people (or entities, i.e. organizations) who will pay you money to do things.**

### Do you remember the original smartphone?

Think about Palm phones for a moment. Do you remember those? The Palm Pilot was one of the first "smartphones" to ever exist. Do you know why you don't hear about the Palm Pilot nowadays? Because Palm launched the Pilot to a non-existing market. Consumers didn't know they wanted a smartphone at that time. Back then all they wanted was a phone.

Palm could have successfully launched their Pilot to this non-existing market if they had used the right strategy. You see, Palm executed on an existing market strategy. They thought that since they had the next best "thing" in phone technology, everyone would clamor to buy it. In an existing market you build awareness, drive your audience to convert (buy) and scale.

In a non-existing market, however, the roll-out is entirely different. All the money you spend on building awareness (billboards, tv commercials, etc.) is pointless. Why? Because no one knows (or cares) about what you are marketing, and better yet, they aren't sure why they even need it. (What's the value for them?)

[Read more on market-type philosophy here.](#)

When approaching a non-existing market, the primary objective during the roll-out phase is *education*. If Palm had spent millions of dollars educating people on the benefits of smartphones, they may have been able to build a market to capitalize on. However, Palm invested in traditional marketing. The end-result wasn't pretty.

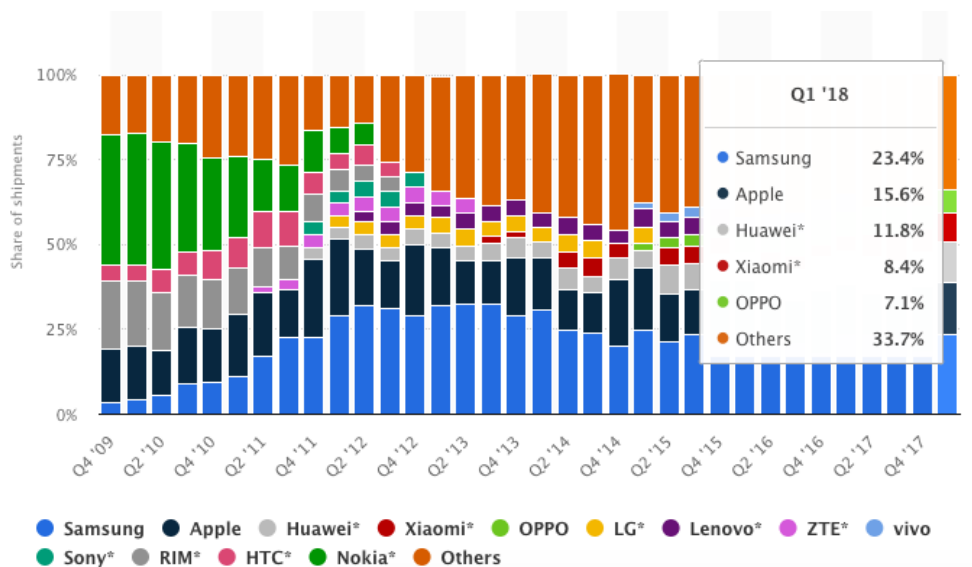
Now, think about your business for a moment. You're a consultant and you're in an existing market. Unlike Palm and their Pilot smartphone, your prospects know they want your services. Your prospects know they need you. Think of it this way—you're selling a flip phone to a group of people who simply want to make a call. This is good news.

But, there is a downside to being in an existing market—it already exists and other entities know about it too, which means it breeds competition. Why? Because there are people willing to pay money for services. As word gets out that there is demand, supply will naturally increase. And, as supply increases the ability make money decreases. This is when resegmentation occurs.

Think back to our smartphone example once more.

It is obvious to us today that eventually consumers did want smartphones. Apple and Samsung were in prime position to take advantage of this back in 2012.

As these two firms developed the market and exposed how lucrative it was (and still is), other firms came into the game. Take a look at marketshare among major smartphone players today:



The orange “others” segment is most compelling. It represents other manufacturers (not Samsung, Apple, Huawei, Xiaomi, or OPPO), and as you can see it has grown substantially. It illustrates how more and more companies are joining the existing market.

Over time many more corporations have developed smartphones, and now the market is firmly considered “existing.” You could even make the argument that it is saturated with too many competitors. The market wasn’t there when Palm entered and failed, but now it is, and dozens of businesses are profiting.

Maybe it’s hard to think of your consulting business in the same vein as a mega-corporation producing smartphones, but bear with me for a moment here. Would you rather be Samsung, or Blackberry? One is a profit-making machine, the other went bankrupt.

Of course you’d rather grow your firm, so how do you do that in an existing market? How did Samsung do it? How have powerhouse consulting firms like CCS, BWF, and others done it? It wasn’t with antiquated approaches to sales and marketing. It was with resegmentation — doing something new.

You see, there are two ways to win in an existing market:

1. **Resegment the market.** The market wants something and you provide something similar, but with a twist. That twist could be a cut in price (resegmentation on the low end), or by feature (resegmentation by niche).
2. **Develop a new (non-existing) market.** Provide something revolutionary and new to people that they don’t know they need/want (requires investing heavily in education).

From the example above, it’s clear that we don’t want to create a new market (imagine you are Palm, if you miss the timing by even a few years you can miss out on millions (or billions)), not to mention that you would need an enormous investment to educate your non-existing market consumers. Developing a new market is a high-risk high-reward strategy, plus it takes many years to come to fruition. Instead, in order to grow in our crowded, existing market, we’ll resegment to win.

With resegmentation there are two options;

- Resegment on price (low-end)
- Resegment on features (niche)

For the remainder of this article we’re going to focus on resegmenting on features to develop our niche. When it comes to services (consulting), lowering price is not for the faint of heart (or those who want to make an actual and sustainable living). If you decide you’d like to win business and grow your practice by dropping your prices, it could force you to take on more work than you can manage and end poorly.

Instead, we’ll focus on resegmentation by features. Let’s answer these questions; How can your consultancy find its niche? What are existing niche markets you could pivot towards? And, most importantly, how can you successfully pivot without hurting your bottom line?

## Resegmentation options

When it comes to choosing how you will resegment the market, you don't have to think too far outside the box. You're more than welcome to, but be careful. You may end up developing a whole new market, and remember going into a new market is expensive, time consuming, and has incredibly high risk.

Instead, let's focus on a few more obvious resegmentation opportunities. There are two we'll review here; technology enabled consulting and data-driven consulting. Each are influenced by current and ongoing market trends. Each represent a resegmentation opportunity for you and your firm.

## How technology is changing the game

Why are you in business? Is it because you'd rather not work for someone else? Is it because you enjoy being able to work from home and set your own schedule? Or, is it that you realize being a consultant positions you in such a way that you can have the biggest, and most meaningful impact on organizations you care about?

Consulting is challenging work. Owning and operating your own consultancy is even more difficult. Not only do you work day and night to serve your clients, but you also manage every aspect of operating a small business (accounting, finance, etc.). Being a consultant isn't for everyone.

Why then do 25,000+ people do it? Yes, it could be in part due to the allure of setting your own schedule or being your own boss. But in my four years interviewing and talking with fundraising consultants, it is overwhelmingly because they see the biggest impact they can have on organizations they know and love coming through their consultancy.

If helping your clients grow and fulfill their mission is what drives you, then the question becomes: **how can I support that even more than I currently am?** In today's landscape there are a few options, but one stands out from the rest... Technology.

As organizations grow (regardless of if they are nonprofit, for profit, governmental, etc.) they increasingly need more assistance in managing the process (i.e. how do we grow sustainably, effectively, profitably). Technology, and specifically the easy and seemingly constant access we have to computers (and the internet) facilitates this. Useful technology should support an organization in multiple ways including, but not limited to; increasing efficiencies, reducing menial tasks, optimizing parts of a process, and more.

Why then do the clients you serve (and strive to serve) lag so far behind their for profit peers in terms of technological adroitness? It turns out that it isn't their fault (and it isn't yours either). Nonprofits lack the tools that their for profit peers have access to. It isn't a staff problem (it's not that for profit employees are better than nonprofit employees), it isn't a time problem (it's not that for profit employees have more hours in the day than nonprofit employees), instead, it is a tooling problem. Nonprofits simply don't have access to (or at a minimum are not marketed to) the same powerful technology. This then becomes the responsibility of an outside consultant to help address.

As we resegment the market, you'll quickly realize that your clients will look to you to make them aware of, and leverage existing technologies and tools. Simply because our sector tends to lag behind for profit corporations is not an excuse to turn a blind eye to resources that do exist. In our resegmented market, as a consultant, it is your

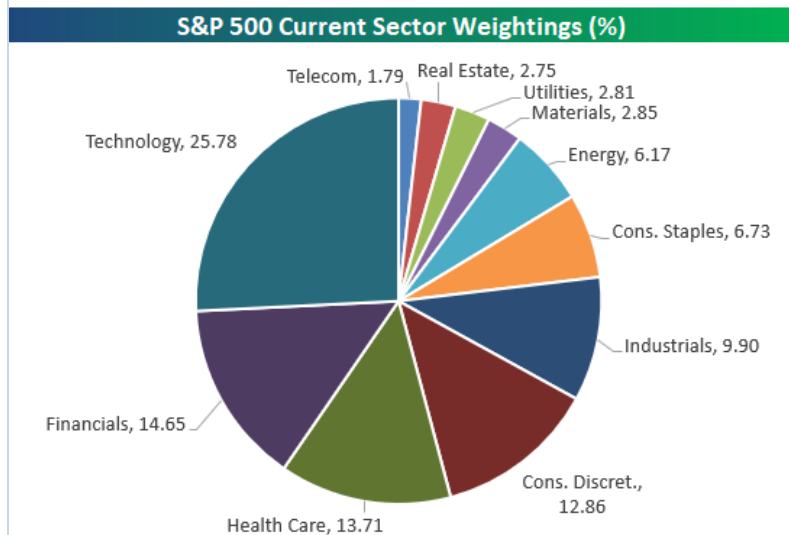
responsibility to be aware of these tools and provide them (when appropriate) to your clients and prospects.

Let's revisit our "why are you in business" question from above. You're in business because you realize that the biggest and most meaningful impact you can have on organizations you love and care for is through your consultancy, correct? If that still holds true, then you would agree that providing the right resources and tools to your clients is paramount to their success. Empowering an organization with the right tools is 10x more meaningful than conducting some research and providing a report. By coaching staff on how to use exceptional tools you can help both the organization and its individuals grow.

This is our first niche of potential resegmentation – technology enabled consulting.

### Technology enabled consulting

Are you familiar with the stock market? Have you ever heard of the S&P 500? The Standard & Poor's 500, often abbreviated as the S&P 500, or just the S&P, is an American stock market index based on the market capitalizations of 500 large companies in the United States. Why is the S&P 500 important in the context of growing your consultancy business? For a few reasons, but one in particular; **it's indicative of the way our economy is evolving and changing.**



There are 11 industry groups within the S&P ranging from financials and health care to telecoms and utilities, but the group with the largest representation, by far, is technology. Tech companies account for more than a quarter of the 500 largest organizations in the United States.

This is important for a few reasons:

1. It highlights organizations and individuals growing need and reliance on technology;

2. It represents a huge growth opportunity for businesses of all shapes and sizes (to become technology companies);
3. It provides a natural resegmentation opportunity for your service based business.

A technology enabled consultant focuses more on coaching and empowering clients. She spends less time conducting feasibility studies and engaging in traditional fundraising consultant work. Instead, her clients are empowered with new tools and optimized processes. A consultant that resegments the market with technology is one that recognizes the true impact technology can have (i.e. making someone's life easier and more efficient). This type of consultant enables her clients to leverage relevant tools and provides the expertise to recommend, implement, and support their adoption.

As you can probably tell, this type of consultant doesn't sound or act like your typical fundraising consultant, and that's the truth. If you choose to resegment the market by focusing on technology, you'll quickly notice that your engagements are more aligned with that of a coach and less of a consultant. Sure, you're still trusted council, but instead of conducting capital campaign interviews you'll be equipping the staff at the organization with the tool to conduct those interviews themselves. You're an enabler, not a do-er.

This person is an implementer, a systems thinker, and a process maven. They know how to leverage tools to build scalable infrastructure and, they're adept at coaching others on how to best use them.

A technology enabled consultant is able to provide massive ROI to their clients because they help individuals at the organization grow personally and professionally. Instead of coming in and completing a series of tasks, a technology enabled consultant comes in and recommends a system, process, and tool to allow staff to accomplish their goals on their own. There's a difference there.

Resegmting by technology does not mean you build and write code for your own tool or application – not at all. Instead, you partner with software companies to negotiate discounts for your clients, learn their in's and out's, and figure out how to best implement their systems (and in what use cases they are most beneficial). You coach and teach your clients how to properly deploy and leverage new resources, and you make recommendations for technology that suits specific needs and use cases.

A technology enabled consultant is doing less task related work and more process designing. This is beneficial because their impact can be magnified by benefit it provides to all members of the team.

## **Evidence based practice**

Most nonprofits (and quite a few for profits) operate on a series of hunches. Whoever is the decision maker may have a "gut feel" or "sense" to take action and that is how decisions are made. We'll call this hunch-based decision making. More frequently though, our sector is beginning to be exposed to another form of decision making – evidence based.

Evidence based practice is the process by which you pose questions, test their validity, and measure the results. For years, evidence based practice has been neglected because "we don't have the staff for it," or "no one is trained on it." But as a consultant, you can position yourself to provide this very necessary methodology and expertise.



With the right equipment you can transform an organization from operating on hunches to being evidence based. And, as we discussed earlier, by implementing this change you have great potential to alter the trajectory of your clients growth and ultimately the delivery of their mission.

Both technology enabled consulting and data-driven consulting support evidence based practice. Why? Because technology enabled consultants and data-driven consultants both recognize the power that numbers have on delivering success at nonprofit organizations, and because evidence based practice tells us that measuring the outcomes of our decisions is paramount to identifying what the best next step to take is.

If you're a consultant in our existing market, resegmenting towards evidence based practice is one of your best bets to differentiate and grow your business. Your clients and prospects understand the importance of being data-driven and measuring outcomes, but they simply cannot implement best practices on their own. This is an organic shift in thinking that is currently underway at organizations globally, and as a consultant you can position yourself to take advantage of it.

As a new generation of leaders take ownership of their organization's strategy and vision, we'll see a growing demand for data-driven decision making and results focused investment (ROI). The existing market for consultants isn't going anywhere, but it is naturally shifting towards this evidence based approach.

When you consider the different resegmentation options it's worth keeping in mind that this particular segment has some natural market growth, unlike others that may be a few years away.

## Resegmenting by data

Google search "big data," and you should expect big results.

Do you see what I see? 403,000,000 possible links to click on.

Wow.

"Data" as a concept is like a black hole. Where do you even begin? It's no wonder nonprofit professionals get intimidated by the numbers. Fundraisers are trained and equipped with tools that help them build relationships, establish compelling cases for support, and ultimately further their organization's mission — they're certainly not data analysts.

However, similarly to technology, data is a "hot" topic. Our second resegmentation option comes in the form of leveraging data. Just like technology, there is an organic market shift towards leveraging big data. Leaders of nonprofits far and wide are attending conferences, discussing with peers, and reading white papers on the importance of data health, data continuity, and business intelligence.

Data. Data. Data.

It's everywhere, and it's an opportunity for you to resegment the consulting market.

How can your consulting practice leverage this natural shift in the market? It isn't easy, but the resegmentation opportunity is obvious.

Most nonprofits don't have the budget to hire a data analyst. This is where you come in. As a consultant you can position your firm to be a fractional analyst. Organizations of all shapes and sizes have data, but almost universally they struggle to comprehend what it all means. As a fractional data analyst you can swoop in and help an organization understand what's going on under the hood.

Aside from the obvious benefit of measuring metrics, you also now have access to your clients data. With this information, and your analysis, you're well positioned to make data-driven recommendations to the organization. Framing recommendations around your data analysis builds a compelling case for support. You can cross-sell more traditional services after developing a data-focused relationship with the client first.

Becoming a fractional data analyst for an organization may seem intimidating, but don't let it overwhelm you. It doesn't need to be as complex as it seems at a first glance. There are tools out there to help you crunch numbers quickly and provide insight to your clients:

1. Fundraising Report Card Pro
2. Tableau
3. SAP Crystal
4. Zoho Reports

Plus, many universities offer certificates in data analysis. For a few thousand dollars you can make an investment in yourself and your firm at the same time.

## **Bringing it all together**

Resegmentation is a risk. A risk worth taking.

If you strive to grow your business, provide exceptional value to your clients, and stand out from the crowd, resegmentation is a must.

We've discussed two "hot" resegmentation opportunities; technology enabled consulting and data-driven consulting. Both are options you should consider for you and your firm.

The existing fundraising consultancy market is highly competitive. Traditional and antiquated approaches to growing your consultancy will not cut it for much longer. With a new wave of leaders coming into the fold, repositioning your firm in one of the two ways we discussed above will prove fruitful.

Avoid resegmentation on price. If you strive to grow a sustainable business you'll quickly realize that lowering your rates won't cut it. Acquiring new clients may be exciting, but at what cost?

Resegmentation on features is your best bet, and there are many other opportunities outside of the two we discussed today.

In terms of resources and continued readings, I have a few suggestions:

- My firm, MarketSmart offers quite a few resources for consultants. You might be interested in; [How I Built my Fundraising Consultancy](#), [Fundraising Report Card](#); and [DAFwidget](#).
- Read more about market type philosophy in Steve Blank's books, [The Four Steps to the Epiphany](#). The book is essentially Steve's notes from Stanford's business school. It's a worthy read.
- For resources regarding data certificates and higher education, [look here](#).

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#### **Author: Zach Shefska**

I oversee the Fundraising Report Card, a division of MarketSmart. The Report Card is a free tool that empowers fundraisers to make data-driven fundraising decisions. It's pretty neat.

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