



# 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 INDEPENDENCE...

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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