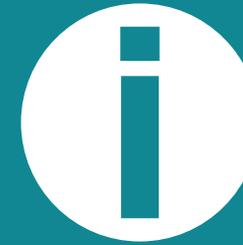


# Working with Consultants



## Introduction

Sometimes, when a group of individuals start a co-operative, it may be necessary for them to hire experts outside the co-operative sector to assist them (existing co-ops may also require specialized advice from time to time). Legal, accounting, business planning, financial and co-op structure are examples of areas where specialized advice may be required and cannot be found within the co-op. These experts are referred to as consultants and their relationship with the co-op is different than that of a regular employee.

Managing a relationship with a consultant is different than managing other types of work relationships. It is important for groups to know how to work with consultants so they can make sure that they get the results they need while both the group and the consultant are satisfied. There are things that a co-op can and should do to make the relationship with a consultant work well.

## Before Hiring a Consultant

Before hiring a consultant, there are a few things that a co-op should do to prepare and ensure that they have made an educated decision about how to proceed.

### Be Clear About What Is Needed

Before a co-op engages a consultant, it is a good idea for the co-op members to sit down and decide exactly what is needed. A co-op in a start-up phase is likely to need very different things than a co-op that has been operating for some time.

Certain activities should be completed before others are undertaken. For example, a co-op should not incorporate until the founders have determined if the idea and proposed structure for the co-op is feasible. (Groups are encouraged to review our website section on Starting a Co-op — [ontario.coop](http://ontario.coop) — to determine what stage they might be at and what types of work they need to complete).

Many consultants will provide a free initial session, where the co-op representatives can talk with them about their needs. The consultant may be able to offer suggestions

about a course of action or a general budget that can assist in narrowing down the available options. This type of meeting can serve two purposes: 1) helping a co-op determine what types of services they might need, and 2) presenting an opportunity to gauge their compatibility with and confidence in the consultant and his or her skill set.

## Research Available Options

There are many different types of consultants, all with different skills and experience. Different consultants will provide different types of services and have different specialities. If co-ops are looking for someone with specific experience, you may wish to look at the list of co-operative developers at the CoopZone national developer website ([coopzone.coop](http://coopzone.coop)) or contact OCA.

Questions that a co-op may wish to ask of a consultant before proceeding with hiring or with a plan of action include:

- Do you have experience working with co-ops?

- There are over 1,300 co-operatives, credit unions and caisse populaires incorporated and operating in Ontario, with 1,900 locations in 400 communities.
- In 2012 alone, 73 new co-ops incorporated in Ontario.
- Housing is Ontario's largest co-op sector (45%), followed by Financial Services (17%), Child care (17%) and Agriculture (6%).
- The co-operative sector in Ontario represents a very conservative \$30 billion in assets (2007).

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- Have you ever done this type of work before?
- Can you provide an estimate about how much this might cost?
- Can you provide us with some references of other people you've worked with?

### References

If a co-op has not worked with a particular consultant before, it may be a good idea to contact some of the other groups that the consultant has worked with. This will allow the co-op to get more information about how the consultant works and if others have been satisfied with the quality of the consultant's work. Sometimes this information will be available on a consultant's resume or website, and in other cases, they will have to be requested directly from the consultant. Co-ops should be wary of a consultant that is unwilling to provide references or discuss their past experiences.

### Hiring a Consultant

Once the co-op has decided to hire a consultant, there are a few things that the co-op should do before actually proceeding to engage them.

### Resources

Although there are some services available at little to no cost for co-ops to assist with basic questions and information, most consultant services cost money. Depending on the consultant, types of services, and location, hiring a consultant can cost anywhere from a few hundred to several thousand dollars.

For co-ops that are in a start-up phase and have not yet started operations, finding the financial resources to hire a consultant can sometimes be challenging.

Possible sources of funding can include:

- The individuals starting the co-op pooling their own money or obtaining personal loans or lines of credit.
- Grants or donations from community agencies (this may require partnership with a local charitable or not-for-profit organization).
- Grants specifically devoted to helping co-operatives.

Co-ops can contact the Ontario Co-operative Association to get information on co-op-specific sources of funding that may be available to assist a group in hiring a consultant.

In some cases, more general business advice may be available from business advisory services like a Small Business

Enterprise Centre, Community Futures Development Corporation or local Chambers of Commerce. One challenge with these sources of advice and information is that they are generally focused on non-co-op businesses like sole proprietorships, private incorporated businesses or partnerships. Since co-ops are a unique form of business enterprise that differs from both regular businesses and not-for-profit organizations, these sources of information may not be entirely accurate or appropriate.

### Contracts

A contract is an agreement between two or more people or organizations that outlines something that will be done (or things that will not be done). It is a good idea for a co-op to sign a contract with a consultant that clearly states what the responsibilities are for both the co-op and the consultant. Signing a contract provides some reassurance to both parties and also allows them both to be clear about what is expected and desired. It may also help to avoid conflict that would otherwise arise due to misunderstandings, incorrect assumptions or miscommunication about the work.

A contract should be in writing, and both the consultant and representatives of the co-op should sign copies. In the case of a co-operative, it is generally the senior staff person or the president of the board of

- **Three recent studies demonstrate that co-operative enterprises have significantly higher survival rates than other business corporations. In fact, a co-operative is twice as likely to be in operation after 10 years.**
- **Ontario co-ops employ and provide benefits to 15,500 people (greater than the total number of Ontarians employed in production of goods).**
- **1.4 million Ontarians are members of a co-operative, credit union or caisse populaire (more than 10% of the population).**

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directors that sign on behalf of the co-op. Both the co-op and the consultant should have copies of the contract. Co-ops should be wary of consultants that indicate that they do not want to sign a contract or say that a contract or work plan is not needed.

Contracts can take different forms, but there is some basic information that should be included in a contract. Consultants may have sample contracts that they have used before that could be used as a template, or different co-op federations or associations may also have sample contracts that a group could make use of.

### Basic Information

The contract should indicate who the parties are (the consultant and the co-op), use their legal names and include the full contact information for each party. There should also be a place on the contract that indicates the date that the contract is being signed, and a place for both parties to print their names (and title) and also a place for their signature.

### Expected Outcomes

These are sometimes called deliverables and can refer to the materials that will be produced or the completion of certain tasks.

For example:

- Completion of a business plan which will be presented to the Board of Directors.
- Completion of three focus group meetings and the preparation of a summary report.

A contract can also include a more detailed work plan or list of activities that the consultant will undertake.

### Roles and Responsibilities

- Will the co-op have to provide any information to the consultant to allow them to do their work?
- Will co-op representatives need to make themselves available to the consultant during this process?
- Is the consultant responsible for submitting reports or dealing with other organizations on behalf of the co-op?

These types of issues should be addressed in the contract.

### Timelines

- Is there a final deadline for the work to be completed?
- Do the co-op and consultant need to set up regular meetings to discuss the project?

- Will the consultant be expected to submit regular progress reports to the co-op?

Both the consultant and the co-op should be clear in the contract about the deadlines for the work to be completed. Discussing timelines with the consultant ahead of time will ensure that she or he is aware of the co-op's deadlines and that the co-op understands the time required for the consultant to complete the work.

### Payment

How much and when will the consultant be paid?

Consultants are often paid in instalments or otherwise staggered payments. For example, a co-op can agree to provide 50% of the consultant's fee upon signing of the contract, with the other 50% to be paid upon satisfactory completion of the work.

Consultants can be asked to provide a quotation on a particular piece of work that outlines how much it will cost. This information can be used by the co-op to make a decision about how to proceed, and it can also be worked into the contract. The contract can also include phrases or wording that outlines what will happen if the consultant needs more time or underestimates the amount of money that was required to do the work. Co-ops should avoid paying the entire amount of the

- **There are some 49,000 co-operative volunteers across Ontario, including over 10,000 board members who are actively involved in governing and leading co-ops, credit unions and caisse populaires in Ontario.**
- **World-wide, co-operatives operate in over 90 countries, employ over 100 million people and are supported by over 1 billion members.**

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contract upfront (before any work has been completed).

### Disputes and termination

The contract should also address how to sever the relationship between a co-op and a consultant if it is necessary. It is also a good idea to indicate how disputes between the co-op and the consultant will be handled. No one wants to enter into a professional relationship with a consultant thinking about ending it or that conflict will occur. However, taking the time to think about and discuss how to deal with these types of situations before they occur may save a lot of problems in the long run. It is better to have the situations covered in the contract and not need to refer to it, than to experience a negative situation and not have it covered in the contract.

Normally, a contract will state that either party can end the relationship if they provide sufficient notice in writing. The contract should also indicate how any disputes between the parties will be addressed if they arise—arbitration is one method that is frequently used. Arbitration is a process where a third party settles the

dispute between two people. The third party must be agreed to by both of the disputing parties, and they have to be neutral, independent and knowledgeable.

### What if Things Aren't Working Out?

In some cases, it is possible that the relationship between the consultant and the co-op will experience problems or conflict. If not handled well, this can result in bad feelings on the part of one or both parties, wasted time, effort or money, incomplete work, or in some extreme cases, legal action. Relationship problems can result from a variety of factors including different working styles, miscommunication, not living up to the obligations that the parties agreed to, or personality differences.

It is much easier to spend time upfront doing the necessary research and communication in order to avoid conflict than it is to have to deal with correcting a negative situation. For example, taking the time to discuss each party's understanding of what the final products will include may save time and hurt feelings at the

end of the contract if the consultant produces something that the co-op was not expecting.

Although many issues can be avoided or mitigated by doing some research before hiring and using a contract, sometimes it is not possible to avoid conflict. If at any point, a co-op is not satisfied with the actions of the consultant or the outcomes, they should speak directly with the consultant to address the issues.

In some cases, a conflict will get to the point of requiring arbitration or legal action. If this occurs, co-ops should consult the appropriate legal advice to assist them.

### After the Work Is Done

Once the work is completed, the co-op may wish to have a final conversation with the consultant to evaluate the process. Evaluation can be a useful way for both sides to get information about how they can improve for future contracts. If the resources to hire the consultant were provided by an outside source, it may be necessary to prepare and submit a report of some type to the funder.

### FOR MORE INFORMATION, CONTACT

Ontario Co-operative Association  
30 Douglas Street  
Guelph ON N1H 2S9  
Phone: 519.763.8271  
[info@ontario.coop](mailto:info@ontario.coop)  
[ontario.coop](http://ontario.coop)

**More resources are available at:**  
CoopZone Network  
[coopzone.coop](http://coopzone.coop)

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