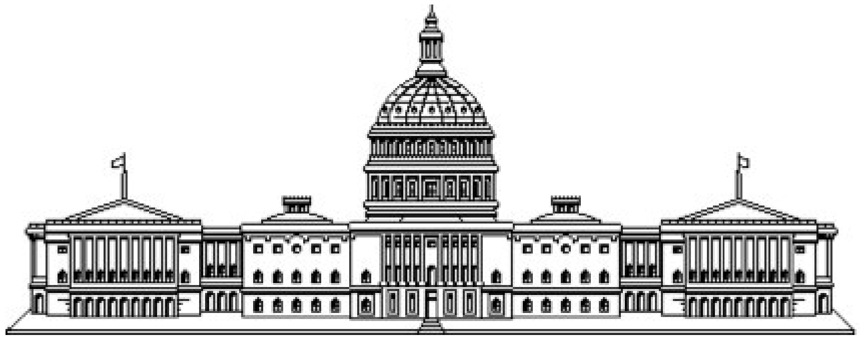

APRA-Metro DC Newsletter
June 2002

From the President:

Collaboration—it's a good thing! I was thinking about how fortunate we are in the Washington, DC area to have three APRA chapters in close proximity to one another, which gives us the chance to collaborate, especially for educational activities. I'm proud to say that APRA-Metro DC has had the opportunity to work with both APRA-MD and APRA-VA!

APRA-Metro DC and APRA-MD presented a joint program in May 2002 at the University of Maryland in College Park, Maryland. The speaker was Kathy Jankowski of Jankowski Associates. (See Program Notes for more details.) This particular program idea was launched when Nancy Cole (the president of APRA-MD at the time) called me during the summer of 2001, and suggested that our chapters hold a joint meeting. We talked about possible locations that would be accessible to members of both chapters, and decided that it should be an afternoon meeting. Since both chapters were holding one-day conferences in October, we agreed that we would look at spring 2002 for this activity.

I put the idea on a back burner until early this year, when I passed it along to APRA-Metro DC's Program Chair, Nicole Courey. I suggested the University of Maryland as a possible location, and we discovered that we had some new chapter members from the University. Nicole took this information and ran with it!

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Our chapter's collaboration with APRA-VA has been for the one-day conferences we held in 2000 and 2001. Members of both chapters were invited to attend at the member registration rate, and approximately 25 percent of the people who attended those two conferences were members of APRA-VA. Anne Rhodes (the president of APRA-VA) spent some time with me at the APRA International Conference in 2001 to help plan the one-day conference that our chapters held in October 2001. That conference constituted the fall program for members of APRA-VA.

On the whole, I would say that while collaborating with another chapter on a program or conference may take more time and effort, the benefits to our members make it worth our while. Thanks for the team effort!

Deborah Wallower

VOLUNTEERS NEEDED!
APRA's 15th Annual International Conference
August 14-17, 2002 in Washington, DC

APRA needs volunteers to stuff the conference bags for attendees in advance of the conference. During the conference, APRA needs volunteers for the conference registration desk, the hospitality desk, the resource center and as room monitors during sessions. If you would like to help, please contact the Dean of Volunteers for the conference: Shelly Pellish at the University of Virginia. Shelly prefers to be contacted by e-mail (sp4j@virginia.edu), but you also may reach her by phone at work (434-243-5337) or at home (434-984-1339). Thank you.

Suggestions for Setting Up A Research Consulting Business

By Waveney F. Mason
Consultant
Mason Research Services

1. Think of Yourself as a Business

Before I set up Mason Research Services in July 1997, I spent months researching how to set up my home based office. There were a lot of really great websites on the Internet that covered this topic and were helpful in identifying the issues I would have to address. For me, there were several areas I wanted to make sure I fully understood.

One area, for instance, was the tax implications of having a home-based business. After checking out the IRS website and various other sites that offered helpful tax hints, I was pretty up to date on the issues I would face. I also decided to invest in a good tax program such as TurboTax. I know a freelancer who uses an accountant, but I still think it is important for the research consultant to personally be aware of the tax laws that affect their business. For example, while talking to this freelancer about business deductions, I mentioned one in particular that her accountant had missed. The bottom line: even if you cede control to an outside accountant, it still behooves you to be aware of the specific tax laws that affect your home-based business.

I also wanted to make sure I understood my options regarding health insurance. Here again, I researched the topic on the Internet and found a solution that worked for me. I decided to use COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act, as long as I could. This is a wonderful law that allows an employee to retain their health insurance coverage under their previous employer for up to 18 months after the employee ceases to work for the employer, as long as the employee pays the health premium. After my 18 months were up, I did not have any problem securing health insurance because in the state of Maryland, where I live, health insurers who operate in the state have to offer sole proprietors health insurance. Without getting too technical and because it varies by state, the best place to start when you are trying to secure information is the insurance department of your state government.

Tip #1
Save all receipts! Everything counts when it comes to tax time! Organize yourself so that you track every mile, phone call, big and little restaurant receipts, and of course all office expenses. Remember to include the less obvious expenses such as the fees you pay to subcontractors.
--Carla Goring-Madden
Research Consultant

Additionally, I wanted to make sure that I continued saving for my retirement. The vehicle I decided to use was a SEP Plan (which stands for Simplified Employee Pension Plan). Any sole proprietor can establish one, and I suggest you do your homework and investigate the different retirement options out there and their tax consequences. I chose to establish a SEP Plan because the contributions I make to the SEP are deductible, and more importantly, the SEP has higher contribution limits than an IRA.

I opted to go with being a sole proprietor for my own personal reasons, but I have colleagues who are incorporated. This is an individual choice and you should research the ramifications of the various types of businesses you can set up. Do your homework and find the best solution for your particular scenario. The state I live in happens to have great laws in place for sole proprietors. I highly recommend that if you are considering starting a freelance business that you check into the state laws that will have an impact on your business. For instance, I rent an apartment, and most renter's insurance does not cover business equipment. However, in the state of Maryland, renter's insurance does indeed cover business equipment up to a certain amount (and I pay what amounts to an additional few extra dollars so that ALL my business related equipment and furniture is covered). With my particular insurance carrier, it varies by state (and I'm sure it probably varies by carrier too).

Tip #2
Note that being a homeowner – versus renter – has different tax consequences if you have a home-based business and decide to take advantage of the "home office deduction."
--Waveney F. Mason
Consultant

From the very beginning I treated myself as a business. I gave up the security of a full-time job and plunged wholeheartedly into my new venture. This meant that I had to make it work because I had to eat and pay bills. Failure was not an option because I had no cushion to fall back on. I did my homework (relentlessly!), and after I made the tough decisions, I then made the easier/more fun ones such as purchasing equipment, furniture, and various vendor services; creating the documents I would need to market my services (resume, business description, fee structure, etc.); and contacting potential clients (i.e., I sent out a mailing to old bosses and former colleagues – those who controlled budgets and would be in a position to hire me – and followed-up with telephone calls).

> *Tip #3*
> Life changes when you make the decision to become a research consultant. You no longer have the cushion of a 9-5 pay check and every buck has to be earned and spent wisely. If you are able to use a college or university's library, or your local county library, do so. Remember also that with many libraries, you can get remote access so that you can use certain databases after hours. Research what the local library has to offer.
> *--Carla Goring-Madden*
> *Research Consultant*

2. Contracts/Get Paid for the Work You Do

Get it in writing! Once you and a client reach an agreement on what services are needed, write up a simple contract. There are lots of sample contracts on the Internet. I found several and from those created one that worked for me. I also had a lawyer buddy of mine (who happens to specialize in corporate/tax law) review it for any problem areas. And each time I am asked to modify it by a client in any way, I ask the same friend to go over it for me just to make sure I am still protected. Some clients have their own contracts that they use with subcontractors, and it is in your best interest to make sure you understand it before you sign it (and I will often ask the same friend her opinion before I sign such contracts).

> *Tip #4*
> If you are near a college or university with a law school, you might consider visiting their legal aid clinic to help you create a contract.
> *--Carla Goring-Madden*
> *Research Consultant*

I am a firm believer in contracts. Why? Over ten years ago when I had a full-time job but was doing consulting on the side, I was asked to identify the corporate boards a list of prospects sat on and then to get those board lists. This assignment preceded the Internet and the only way to do it was via a very circuitous route (remember those proxies on microfiche?). When I was done, I submitted my invoice and I got a call from the client's bookkeeper saying that they would not pay the full amount. Needless to say, I was highly annoyed because I had put all that time in the job and I was not going to be paid the full amount. However, I believe in choosing my battles wisely and this was not a client I wanted to burn a bridge with for several reasons. But above all I said to myself that I had learned an invaluable lesson – always make sure the client has an idea of what a job will entail and get it in writing. Since that day, no matter how large or small a job, I make sure the client has a good understanding of how much time a project will require before I proceed.

I am also reminded of a story a freelance researcher told me. She was asked to do a job involving creating profiles but it turned out that she was also making recommendations to the client on several internal matters. Since she had technically only agreed to do profiles, she never charged the client for the countless hours she gave in advice and making recommendations. She did not see it as part of the original job and did not bill for it. She realizes now where she erred – she thought of herself as just a freelance researcher creating profiles and not a research consultant. I make a clear distinction between the two because as a research consultant, my advice and recommendations are worth money.

3. Payments

My contracts usually contain a paragraph on payment terms (usually within 10 business days of receipt of the invoice). When I originally started, I required payment within 30 days which I understood to be the general acceptable term. But I learned the hard way that slow paying clients can cause endless havoc with your finances (i.e., your bills still have to be paid in a timely manner). After I realized that some clients did not pay in a timely manner (and probably never would), I changed my payment terms. And I modify them even further for certain really slow paying clients.

Moreover, with large contracts, I require a percentage up front before I will begin. When the bulk of your incoming money is earned from just one client within a given month and they are late in paying you, you too will realize the value of getting a percentage up front.

I know some freelancers who tack on late fees on their invoices but this is just something I decided not to do. I much prefer to bill in a way to avoid the situation of late payments altogether (which is not always possible). However, in so far as possible, I structure my payment requirements (and the way in which I work) in such a way that it has a minimal effect on my ability to pay my own bills in a timely manner.

4. Working with Clients/Consulting Firms

As a research consultant, I view working with clients and consulting firms as a constant educational experience – it is my responsibility to provide the client/consulting firm with a clear understanding of how I do my job and what it will cost to do my job. They can then give me the tools I need to do my job as accurately and efficiently as possible.

With clients that I work with directly, I make sure beforehand that they understand the process I will use and how much time it will take. This is much easier with straightforward profile creation but it gets a little trickier when doing a prospect screening. But even in the case of doing a prospect screening, I typically outline the exact strategy I will use and I usually discuss this with the client beforehand. For instance, we will agree on five sources and if I find information in those sources, I will pass the information found along to the client. I will not deviate in any way from those five sources. If however, the client wants more information, I will check additional sources as necessary; but this will be accounted for in my contract budget (by additional time, usually with a cap). I can't stress enough the importance of determining EXACTLY what the client wants before beginning a job. This should then be covered in your contract with the client so there are no surprises in the middle of a job. Be as precise and concise as possible when putting it in writing!

I was lucky enough to partner with several fundraising consulting firms soon after I set up my business. These firms feed me clients without my having to market my services. However, you should be aware that they will usually pay you only a percentage of what they earn from the client (which is totally understandable and acceptable).

I work with the principal of a consulting firm that I have known for over 10 years. I never have to worry when she submits a bid on a project that includes an estimate for research. Why? She has such a clear understanding of what I require to do my job, especially in terms of time. On the other hand, I have a relationship with another firm that I work with that is not always as smooth. For instance, if the firm submits a bid on a job that includes a research component but there is not enough time in the research budget to get the job done, I am stuck swimming against the tide in trying to get the assignment done within the approved guidelines. As much as possible, I try to make it clear that I should be consulted before a bid is submitted. It is up to me, as the research consultant, to make sure that the fundraising consultants I work with have a clear understanding of how I do my job and the time it requires to do my job.

Recently, a friend who is a freelancer called me about an incident which happened to her. She was asked to screen about 100 prospects for a client, and about half way through the project, she realized after interacting with the client that they actually also wanted her to conduct research on the prospects. This would mean that the original budget she submitted was going to be way off in terms of both cost and timeframe (because as we all know, there is a big difference between screening a list of names and actually researching a list of names). She was concerned that the client would not understand why her budget was now going to be off. My advice to her was to explain as succinctly as possible why the original budget was no longer applicable and I suggested she take the client on a step-by-step example of the difference between prospect screening and prospect research to demonstrate why the budget would be off. I mention this incident to show the importance of working with a client to iron out details before a contract is signed. In her case, she was hired by a fundraising consultant to do the screening and submitted a budget without the benefit of interaction with the actual client. If she had had initial interaction with the client, she would have realized immediately that they wanted more than just a prospect screening. This scenario is not unheard of and we do not always get a chance to interact with a client before a contract is signed. However, it is up to us to be vigilant in educating the fundraising consultants we work with.

> *Tip #5*
> A word on prospect screenings. Screening jobs are particularly tricky so even if you do not have direct interaction with the client you still need to make sure that the fundraising consultant who is hiring you has given the client an accurate picture of what the client can expect.
> *--Waveney F. Mason*
> *Consultant*

5. Subcontractors

When I originally started my business, I sought freelance researchers to help me accommodate larger contracts. I requested resumes, writing samples and a list of their resources, but I still managed to get burned twice.

On one of the very first jobs that I subcontracted out, I gave the subcontractor several specific directives which were not followed. Consequently, the work they did for me was unacceptable and there was no time to work with them to get it corrected. I stayed up all night and got the job done for the client (and did not use the subcontractor's work at all). I contacted the subcontractor and explained why I was dissatisfied with the job they had done and why I would not be paying them. Even though I felt justified in doing what I did, something still bothered me about the way I handled it. Also, I did not want to get a reputation for hiring people and then not paying them. I decided from that moment forward I would ALWAYS pay a subcontractor no matter how good or bad a job they did BUT I would never work with them again if the job was inadequate.

I also modified the way in which I retained subcontractors. Now I not only ask for resumes, writing samples and resource lists, but I also ask them to do a profile (and I pay them for their time). Why? Because I had learned that even though I had chosen subcontractors who were "heads" of their departments, this did not guarantee that I would get the quality of work I was expecting. And it seemed to me that requesting a subcontractor provide a profile based on a name I supplied would better allow me to judge their research skills.

The second and only other time I got burned by a subcontractor was when I was in desperate need of additional help to get a job done and I got the go-ahead from the client to pay whatever it would cost. I decided to go with a research firm and the particular consultant I hired assured me that she had experience with the subject I needed researched. I even made the job very simple for her by providing her with (1) a specific list of websites that would have the information and (2) the strategy for the general search engine. She returned a list to me that had only 4 or 5 examples of the information the client was looking for; and when I queried her on this (because I knew there had to be more examples and the client was paying me to find ALL possible examples), she never responded to my message. No problem, I paid the bill and once again I did the job myself (and found over 50 examples of the information the client was looking for). Needless to say, I will never use her or her firm again. I also learned another valuable lesson; that is, do not take any researcher at face value (no matter how many years they have in the business or their assurances). I erred by not testing her out before I passed along the assignment.

One last word of caution with using subcontractors, ALWAYS check their work because the client will come back to you for answers (as they should) if something is not correct. I always divulge to clients when I am using subcontractors or when I am personally doing the work; but the bottom line is that I am still responsible if something I submit to a client from a subcontractor is wrong in any way. One of the reasons I only use subcontractors for profiles and research is that I do indeed check their work fairly carefully and I can usually catch any mistakes. I do not, however, under any circumstances, ever subcontract out any screening type of jobs (because there is no way to check a subcontractor's work without in essence doing the screening all over myself).

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I hope those researchers considering starting a research consulting business will learn from the few suggestions outlined here (and avoid some of the mistakes I made along the way). Good luck!

Program Notes
By Deborah Wallower

APRA-Metro DC and APRA-MD were delighted to present a joint program on May 29, 2002 at the University of Maryland in College Park, Maryland. The speaker was Kathy Jankowski, the president of Jankowski Associates, a leading customized research firm that Kathy formed in 1989. Ms. Jankowski's 16-year research career has been marked by its focus on expanding the information and resources available to nonprofit organizations.

Kathy's presentation was entitled, "Get Connected to Online Grants Research and Grantsmanship Tools," and she focused on setting up a framework for foundation, corporate and government grants research. She gave the group an overview of the types of research required to support fundraising from institutions, shared some interesting research strategies, and introduced the group to a wide range of resources and information available on the Internet, which should enable the attendees to become more proactive researchers. I certainly learned about some new Websites!

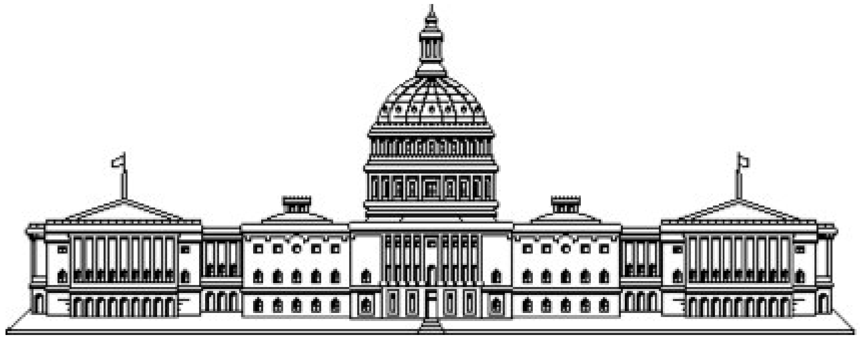
One of the resources that Kathy talked about was the Form 990-PF and the wealth of information that it contains. She gave an example of how she discovered that a foundation that she was researching had purchased an airplane. First she saw that one of the top officers was a pilot, and then she found some information about the airplane in the section on depreciation of assets. She reminded the group that May 15 is the IRS deadline for filing Form 990-PFs and said that the Guidestar Website usually starts posting new Form 990-PFs by mid-July.

I want to thank Nicole Courey of APRA-Metro DC and Paula Whisted of APRA-MD for arranging this terrific program, and Anissa Holmes at the University of Maryland for serving as our host.

Submissions Welcome

Have an idea for an article for the APRA-Metro DC Newsletter?

Please contact Cindy Granger at cgranger@gwu.edu



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Chapter membership provides you with the following benefits:

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