

FINANCING YOUR MINISTRY IN TOUGH ECONOMIC TIMES

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How big is your church? The size of your overall giving base has a big impact on which options might be available to you. A church of less than 50 people, say 12 households, and a single staff person will have fewer ways to cut costs than a church of 4,000 people with 60 staff.

First thing to do – and to do again throughout the process – is PRAY! A LOT!!!!

Start with a plan! Don't build an annual budget, build an annual resource plan. Base your plan on core mission and strengths. Get lots of involvement from ministry leaders, volunteers and staff.

If you are a staff-led church, build the plan first then consult with board members and get their final approval after discussions. If you are a board-led church, get the board members involved earlier in the process.

Prioritize your ministries and activities. Use a rating system with at least three tiers. For example, you might use "mission critical," "missions advancing," and "mission relevant" or something along those lines. Base the rankings on your mission statement (or if that doesn't work, change your mission statement). If there is a need to cut, this ranking will prove invaluable.

Use your core values in assessing ministries and activities. DO your choices in cutting reflect who you are as a church? For example, are foreign missions the first thing to go, or among the last? The answer depends on your values under the calling God has given your church. These decisions are not easy, but they ultimately define us.

Understand your "hedgehog," or what you are really, really good at. Keep what you're good at, not what you're not.

In a downsizing process, use the ideas of your best people, whether staff or volunteers or board members. Have a plan in mind to bring in the right people at the right time. Don't wait for the crisis, plan ahead. The goal here is no big surprises – for anyone! A downside case (and an upside case!) should be part of your annual plan adopted each year.

Develop some ability to predict what's going to happen. Understand your donor base. Where do they work? Are those businesses likely to be affected by a downturn? How many families give? How dependent are you on just a few families? If half your income is given by 20 or fewer families, you might want to involve them in the conversation early. Be professional and frank in these discussions. Talk honestly about plans and options with them. A "donor meeting" can be risky, though, if you leave out the wrong people.

Understand your local economy. Go to Chamber of Commerce meetings. Read the financial page.

Go after operating costs first: advertizing, leasing, energy bills, maintenance and service contracts, postage, event costs, internet, phone, insurance, custodial.

Personnel costs are tougher, especially if you don't have personnel! Personnel costs tend to range around 50-60% of total costs for churches of more than 500. For smaller

churches the percentage is often higher, particularly if the church has little in the way of property or assets. If the staff is bi-vocational, the percentages will shift lower again.

There are lots of angles to personnel costs in addition to direct compensation, such as reimbursed expenses, benefits, indirects like computers and cell phones, and others, all of which can be reviewed.

Two important items to remember when dealing with personnel costs: nothing will be more emotional, and productivity must INCREASE through the process!!!! Being professional, inclusive, and honest are critical. Vision is more important at this time than ever, so repeat it a lot. Communicate, communicate, communicate, with staff, board, and congregation. Share plans and rationale behind them. Use charts, pictures, photos, re-visit the vision again and again.

Last thoughts: refinance or restructure debt (now is great time); sell assets; turn off the lights; avoid borrowing as part of the solution; consider charging for activity costs; build towards a future with more lay (volunteer) involvement; and above all – bring God an effort He can bless.