

# Best practices are not always obvious in ministry

Guidelines for church leaders to help make sound financial decisions.

"As a ministry leader, what does God want from me as I make decisions in financial matters?" It's a seemingly simple question, but not always easy to answer. In consulting with hundreds of churches across the nation we have observed that ministry leaders often tend toward one end or the other of a spectrum that is anchored on both ends by principles found in Scripture.

"Walking by faith" is the best way to describe the approach some ministry leaders use when making decisions. They rely most heavily on their perception of where God is directing them. Others tend toward a "count the cost" approach, convinced that all issues and risks, both large and small, must first be carefully considered before deciding whether it's wise to move forward.

## It is rare that any project or ministry venture can be either risk-free or guaranteed to succeed.

Consistently operating at either of these extremes can be unwise. While both approaches have Scriptural foundations, it is a challenge for the ministry leader to fully embrace them simultaneously. However, a healthy tension can exist between walking by faith and employing sound business practices.

### Focus continually

What real "business" is your organization in? What is the desired result for your church? Can you articulate your ministry's specific mission and vision in just a few key sentences? It is astounding how many church leaders struggle to clearly identify or articulate these key objectives, which should inform all major decisions, financial and otherwise.

With mission and vision clearly identified the ministry leader or leadership team is able to align decisions to them. It is a best practice for church leadership teams to consistently ask themselves, "Does this next project, action, or decision help us to accomplish our specific mission?" On the financial side of ministry life, it is a wise leader who walks by faith toward the stated objectives but is willing to slow down enough to ask if the current path is

the best use of available financial resources.

Almost all ministries live in what would easily be termed an "opportunity-rich" environment. There are so many needs to meet and people to reach. Focusing continually on your church's mission and vision enables you to know when to say "yes" and when to respond with a sometimes difficult, "no, not now."

### Spend purposefully

The most productive tool to assist church leaders in purposeful spending is a budgeting process. Some ministries are resistant to budgeting, contending that a budget will somehow constrain their ability to step up to future ministry opportunities.

To the contrary, a well-designed budget process will actually increase your choices and enhance your ability to respond to unforeseen needs and opportunities. A well-constructed budget allocates funds for commitments and other foreseeable needs while allowing some cushion for the unexpected. A budget, however, is just a tool, serving as a guide to the leadership team. As such, it should be open to thoughtful, strategic revisions.

For years, many for-profit (and some non-profit) organizations have used a zero-based budgeting methodology. It may be a good idea for you to consider this approach and wipe the budget clean at least every few years, if not annually; then ask the tough questions:

- Does project A or ministry program B clearly align with the mission of the church?
- Will it bring the most possible impact in light of the expected use of people or financial resources?
- Will it truly take us where we want to go, or is it something we are doing simply because we have always done it that way?

Surprisingly, it often takes more courage to kill a ministry program than to start a new one. Ministry needs experience change over time; therefore, the way resources are invested should also be dynamic.

It is a best practice to continually compare actual financial results to the budget in a routine financial reporting process. Variances to budgeted income or expense should be evaluated to determine if they are one-time occurrences or indicative of a longer-term change. The goal of this kind of reporting and >>

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analysis is to allow the ministry to respond thoughtfully rather than simply react to unanticipated events.

While increasingly more ministries are engaging in some form of budgeting, far fewer are doing any kind of follow-up annual review of their various ministry programs. This type of review allows ministry leaders to increase overall ministry effectiveness by asking additional probing questions:

- Did we get the results intended?
- Would we do it again?
- Did the outcome align with our mission?

Risks are inherent in all ministry endeavors, but sometimes leaders fail to take prudent measures to reduce obvious, unnecessary risks. Examples of good stewardship and prudent risk management include common practices like developing a reasonable contingency plan as a part of a building project, purchasing appropriate amounts of liability insurance, or requiring dual controls in the handling of cash.

While risk must be acknowledged, the presence of risk should not necessarily prevent you from moving forward with a specific ministry initiative. It is rare that any project or ministry venture can be either risk-free or guaranteed to succeed. The ministry leader should not allow a passion for good stewardship to stifle pursuit of the church's vision.

### Understand risks

There is one particular risk that church leaders need to be especially sensitive to — the “too-good-to-be-true” investment

opportunity. The passion to grow God's Kingdom can sometimes prompt ministry leaders to take extreme risks based on the promise of huge returns on their investments. The anticipation of the good that could be done by doubling their invested funds has caused a number of church leaders to unknowingly invest in fraudulent schemes and ultimately lose most or all of their funds.

Since church leaders often lack the knowledge or expertise that's required to manage all risk intentionally, it is often wise for them to seek counsel from third parties such as attorneys, accountants, insurance professionals, bankers, and others. The ministry leader's goal should be to intentionally manage risk, not eliminate it entirely, while passionately pursuing mission objectives.

The tension between walking by faith and counting the cost can be a healthy one. Wise ministry leaders can embrace both principles fully as they pursue their ministry objectives. The best practices of focusing continually, spending purposefully, and managing risk intentionally can bring great value to a ministry leadership team and can result in more effective service to God and others. CE



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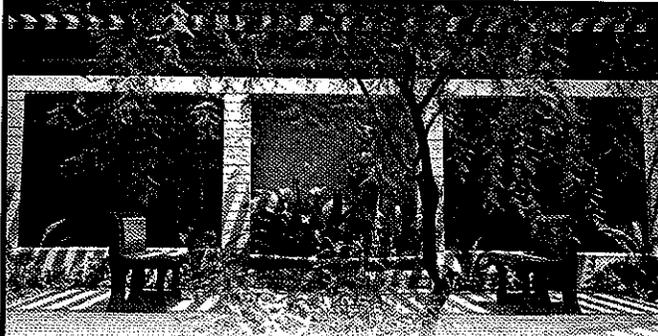
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