

Business administrators uncertain where the recession is going

Roundtable sees this downturn as a time to thrive, not merely survive.

Many of us have grandparents — or perhaps great-grandparents — who lived through the Great Depression, and if you asked them what it looked like in 1930, they might have painted a picture that looked ominously similar to 2009: stock market plunging, consumer debt escalating and unemployment rising.

Fortunately, most economists don't think we're anywhere near a depression — nor are we heading toward one — but they also agree that this recession isn't going to improve any time soon. This means that church leaders have a greater burden than ever to guide their staff and people, many of whom are feeling the effects of this recession personally. And while answers to today's challenging financial questions aren't coming easy, there are some answers. Although we've experienced economic downturns in the past, this one seems different.

"One aspect of this recession is the emotional fear and anxiety that is playing into people's outlook on their life and their finances," says Paul Clark, executive pastor of operations for Fairhaven Church in Centerville, OH. "While that may be common to previous recessions, the overabundance of news and cable talk shows today has somewhat exacerbated the situation."



PAUL CLARK

Not knowing most difficult

Mark Jones, a former treasurer at Richfield Community Church in Yorba Linda, CA, and senior vice president at Evangelical Christian Credit Union (ECCU) in Brea, CA, adds, "What is difficult, at this time, is not fully knowing how much our ministry may be impacted by the economic downturn. It appears that we've not yet seen the bottom of this recession."



MARK JONES

Most churches have never experienced anything even close to this season, and it's affecting them in many ways. "The perception, attitude, and mood in our congregation seem very down financially," says Mark Davis, executive pastor at Calvary Chapel Fort Lauderdale, FL. "Everyone has stories of job losses, foreclosures, loss of retirement plans and home values. That creates greater uncertainty about the future

for all of us."

Some of these stories are being told by church staff members whose leadership has made difficult decisions regarding staffing and budgets. "Even though our income this year is not down very much," says Davis, "our trends for the past few years have been flat, which has created a need to prune expenses. We have been strongly encouraging our staff to not only do 'more with less,' which was our thinking in 2007, but now to cut some activities that are marginal and actually look at doing 'less with less.'"



MARK DAVIS

Examine every expense

This seems to be the norm with many churches. While some are laying off staff, more appear to be reducing expenditures by scrutinizing all expenses. "While we have not made any budget reductions thus far in 2009," Clark says, "we are making it very clear to our staff that every expense needs to be examined. We are encouraging them to ask themselves and their leaders the question, 'If budgets do need to be trimmed in the next few months, would the expenses I'm incurring today still be my highest priority?' The answer to that question helps them evaluate the criticality of each expenditure."

Some churches took a more proactive approach as the economy began to decline, like RockHarbor Church in Costa Mesa, CA. "We chose not to wait until 2009, when we may have been forced to react to the conditions," shares Bryan Wilkins, business director. "Rather, we made substantial budget reductions early on. We believe God honors those who get their financial house in order. Although God is sovereign and in control, there is a part he requires us to play. Our stewardship is two-fold: Taking the steps to ensure we are living within our means and equipping our church body with the tools to help them be faithful stewards."



BRYAN WILKIN

Clark concurs. "We enacted a formal budget reduction early in 2008," he says, "which positioned us well for the economic pressures that we experienced at the end of the year. In 2009, we are continuing that emphasis on reduced spending."

The silver lining

The picture isn't totally bleak. Rock Harbor is an example of churches that are actually seeing an *increase* in giving. "God's provision has amazed us," Wilkins says. "Despite the current economic challenges, we've witnessed many people give generously and sacrificially and others take the step of becoming regular givers." The economic downturn has also opened up new opportunities for churches to serve their communities.

Many leaders have launched ministries that provide counseling for those who have lost their jobs or homes. Fairhaven Church, for example, started a ministry called Community Care that Clark says "addresses the difficulties people are experiencing because of the economy. It connects individual's needs within our church community with those who can provide care, support, encouragement, and resources."

Stewardship training

Others, like Rock Harbor, have increased their benevolence funds to help church members. In addition, a greater emphasis is being placed on stewardship training. All of the church leaders we spoke with have implemented or increased programs, such as those from Crown Financial Ministries, to financially equip their staff and congregants.

Davis sees one of the more positive outcomes of the financial crisis as people beginning to rely on God more than finances. "We are seeing increased attendance and a lot of people responding to the Gospel because of the financial pain and uncertainty they are feeling," he says. "It is almost like the attendance spike after 9/11. Some people who are young in their faith are in a bit of a financial daze wondering what will happen next. Their confidence in Washington and Wall Street as well as Main Street is at an all time low, and thankfully many are putting their trust and confidence in the Lord instead of their fading riches."

So what can a church leader do to not only survive, but thrive through this

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crisis, however long it lasts?

Besides evaluating your budget and monitoring expenses, you may need to freeze salaries or reduce work weeks. One church that was considering an across-the-board pay decrease decided to talk with their staff about the idea. That conversation resulted in voluntary pay cuts based on what people thought they could afford. However you approach it, the starting point is to let your staff know about necessary reductions. They, too, may have some very creative solutions to reduce expenses.

Encourage ministry participation

A church might put off hiring additional staff members, which actually could turn into something positive. It could encourage greater ministry participation by the people in the church. Those who might not be able to give as much monetarily may be willing to volunteer in ways they have not previously. For example, there may be skilled individuals within your congregation who could volunteer to cross-train others who have lost their jobs.

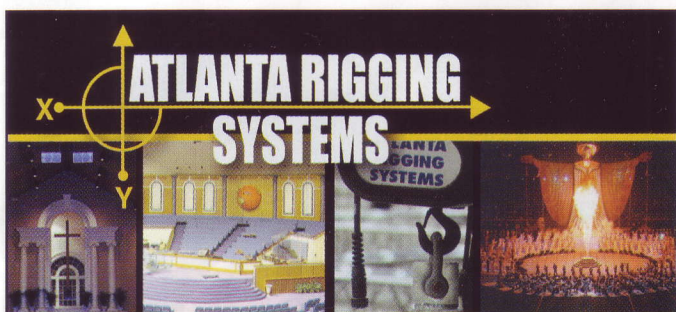
This is also a great time to look at your cash reserves and forecasting according to Jones, who has done extensive research on the importance of cash management for ministries. "Cash flow forecasting is critical," he says. "No one knows how long this will

last or how severe this recession will become. Forecasting can help you see the impact of the recession more quickly and allow you to act before it is too late." Having adequate cash reserves is also important. "Our church was fortunate to have had the foresight to ensure we had sufficient reserves," Jones says. "In 2008, we actually increased reserves to 94 days of expenses and believe we are well positioned to weather the economic downturn."

Church leaders also need to keep their fingers on the pulse of the emotional and spiritual well-being of their people. Clark says, "We can see that people are anxious about money. The church can play a role in helping them deal with both the negative emotions of the situation and the practical handling of their finances. The church needs to speak to the issues of the day — the issues that are impacting our people. We need to preach and teach on biblical and wise stewardship now more than ever."

"We have also learned that it is critical to not let our church body go into a mental or spiritual sense of depression," Davis says. "The church must continue to be a place of hope and optimism. Whether our income is down or not, we have to strongly believe that where God guides, he provides." CE

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