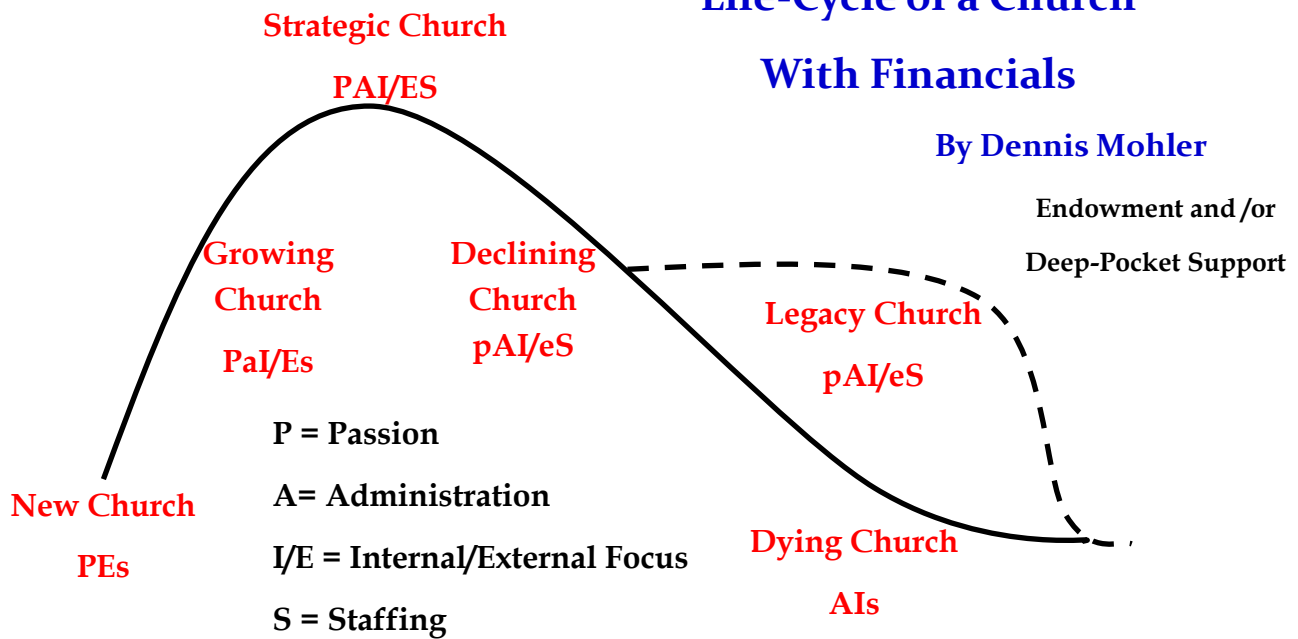


Life-Cycle of a Church

With Financials

By Dennis Mohler



Time-Frame	Characteristics	Staffing %	Admin. %	Program/ Mission %	Debt & Improvements %	\$/attende
New Church	PEs	55-60	20-30	5-10	0-20	\$500-1000
Growing Church	PaI/Es	50-55	20-30	15-20	25-35	\$1000
Strategic Church	PAI/ES	45-55	25-30	20-25	20-30	\$1000-\$1500
Declining Church	pAI/eS	55+	30-35	10-15	0-35+	\$1000-\$1500
Legacy Church	pAI/eS	60+	30-40	5-10	0-35+	\$1500-\$2000
Dying Church	AIs	65+	15-25	0-5	0-20	\$500

Studies have continued to show that congregations go through a 30-year life cycle that starts with growth and moves through plateau, decline, and eventually death. At each stage the church has an opportunity to recast its vision and move into new arenas of ministry, thus creating a new life cycle. If a church's vision is focused solely on itself, it will inevitably move to plateau and then on to decline. If you are able to locate yourself on the life cycle, you can investigate what steps to take to avoid decline or to move into rebirth.

Where is Your Church?



LIFE CYCLES OF THE CHURCH with FINANCIALS

Martin Saarinen first published his work on *The Life Cycle of a Congregation* in 1986 with the Alban Institute. He based his research on the work of Ichak Adizes, "Organizational Passages – Diagnosing and Treating Life Cycle Problems of Organizations." Adizes used the analogy of stages in human development to explain the rise and fall of organizations. There are several websites and leadership resources that still bear his name.

Saarinen focused Adizes insights on the health and life of a congregation. Since Saarinen's work, many others have substantiated and reconfigured his work in its application to the life of congregations. Some of the more notable are George Bullard, John Sweetman, and Paul Borden. If you would like to read further on the concept of life cycles in ministry leadership, check out the Ministry in Motion Ezine Archives for May 15 and June 15, 2005.

Dennis Mohler, one of our favorite personalities here at Ministry in Motion, has applied the theory of life cycles to another insight. Mohler is the first to apply the concepts to finances. His theory is that if we "follow the money," we can actually see how an individual church matches up in this life cycle theory.

Every writer using the life cycle concepts has tweaked the definitions. However, most have been consistent in using a capital letter to indicate this dimension is strong and healthy, while using a lower case letter to indicate this dimension is weaker and not influential. Here are the Mohler definitions:

DEFINITION KEY-

- **Passion**—Is there a strong active passion for the mission and call of God in the church [P] - or has the passion died to a low flame or ember [p]? New church starts or new ministry starts usually excel in passion. There is ample energy, enthusiasm, and excitement. The energy is contagiously shared by those who are captured by the vision they claim for their own.
- **Administration**—This is the internal work in keeping the church building and operation going. This certainly includes financial management, but also property and staff management. How well defined and rigid is the structure of decision making? How are leaders and officers recruited and elected?
- **Internal/External Focus**—Is your church focus in balance with its interest in taking care of internal church discipleship, Bible studies, programs, and needs versus reaching outside the building to meet the needs of the community or world? An Internally-focused church would be represented with an [I/e]; an externally-focused church with an [i/E]; and a truly balanced church with an [I/E]. Saarinen first saw this played out in the clarity of boundaries among defining who is in the group and who is not. Many churches play this out in defining membership and the requirements for membership. Another criteria is the measure of effort - financial, staffing, volunteer leadership, and other resources for internal functions and programs versus programs and ministries that primarily benefit the external community.
- **Staffing**—Generally, the largest expense of most churches is the employed staff. These staff initiate and manage ministries as well as oversee the administration of the organization.

As churches grow, they tend to add more specialized staffing to meet the ever-growing needs of the people. The benefit is that new ministries and programs emerge that further expand the influence and reach of the congregation.

In the typical progression of the life cycle, churches will pass through a peak period and begin to decline. Often, churches do not recognize their peak until later. During these transitions the ministry leaders may not be aware of the subtle changes taking place. If anything, the "feel" of the organization may become more comfortable. Instead of staff stretched thin with new and emerging responsibilities, they now are managing responsibilities that are routine. Time demands may lessen, and the reliability of experienced staff leads more easily with experience volunteer leaders.



As a church continues its decline, the church gets too comfortable with its former staffing levels and often fails to note the signals that a down-sizing is in order. There is nothing harder for a personnel committee than to let go a valued and appreciated staff person. Often it is put off until budget constraints demand it.

Studies show that typically no total staffing expenses (lay and clergy, salaries and benefits) should exceed 51% of the budget. This percentage will be higher in new churches, smaller churches, and dying churches, and smaller in large, strategic churches. When staff positions are protected-even as program and mission is being cut the leader has to ask the question: —Is the staff supporting the church, or is the church in fact supporting the staff? If your church has a strong staff presence you would represent that with an [S]; or if your staff consists of a pastor and possibly a secretary, you would use an [s].

Growing churches have often tapped the service and leadership of volunteers more effectively than declining churches. It makes sense. Churches on the upside of the life cycle have significantly more energy and enthusiasm. People are eager to share their gifts and graces in life-changing ministries. Consequently, the need for employed staff and the justification for the expenditures lags behind the growth.

□ **\$/Attendee** — People give to the church at varying levels of commitment. Typically, the average giving per worship attendee of the total budget would be roughly \$1000/attendee. This would vary greatly based on commitment, age of attendees, and longevity. This can range from \$500 to \$2500 in individual churches. Church endowments and large contributors would also tend to change the averages. This is not a hard and fast figure, but a rule of thumb to gauge your church. This also would be radically changed as capital campaigns or other specific fund-raising is included in the overall mix. In these cases a church may actually be funding up to 130% of their budget needs.

Other factors to be considered are denominational affiliation (Evangelicals tend to give more to local churches), geographic location, and leadership's attitude towards stewardship. Some denominations historically have higher rates of giving per attendee. Some regions of the country (we are thinking primarily of the US here) support the church more generously. Some churches have momentum of excellent stewardship training, while others overlook this need.

Debt and It's Influence on the Budget

During these days of uncertain economic indicators, church borrowing has been harder to get as banks are having to tighten the requirements for lending and the days of relaxing the standards for churches are pretty well gone. What are the standards for church debt? How much collateral should you raise? Have you adequately prepared for economic downturns in the future? These, and many other questions, need to be addressed before any thought is given to taking on any mortgage.

Some Maximum Safe Debt Limits for Your Church:

Debt-to-Income Ratio: No more than 2 to 3 times the previous year's income.

Debt Payment-to-Income Ratio: No more than 25 to 35% of the previous year's income.

Debt-to-Collateral Ratio: You should never borrow more than 75% of the appraised value of the project.

Obviously, Church borrowing for new buildings or renovations requires additional monies to be raised in order to achieve these goals. Often times some monies get diverted from General Fund to a Building Fund or Campaign by donors, while later on in the repayment stage, the monies collected are not sufficient to make payments and General Fund monies must be used to pick up the difference. The key thing to be looked at when this happens is where does the money get diverted from? Does it come from staffing? More than likely not. Does programming or outreach get reduced? Do other projects get delayed or cancelled and how will that ultimately effect the primary vision?



FOLLOW THE MONEY

While previous writers have identified a church's place on the life cycle through diagnosing criteria such as programs, outreach, energy, etc. Dr. Mohler suggests that money may be a key indicator of a church's health and future. As a District Superintendent, he has observed that money and budget issues can be a fairly accurate predictor of future challenges.

Of course, students of life cycle concepts will recognize that the purpose of Adizes and Saarinen was to help leaders recognize the opportunities to relaunch a new life cycle in an organization. Death is only inevitable for the inattentive and unaware. Ministry leaders work with a God who specializes in new starts-but it isn't always easy.

Plateau and decline are natural aspects of every church's life cycle. Ideally, a church that has been growing and sees itself starting to plateau has time to redefine or realign their vision and strike out on new life cycles with very little pain.

Declining and Legacy Churches have a much more critical task to redirect their inevitable decline. They need to redefine their purpose and aggressively pursue a new vision and direction that must be outwardly focused and reaching out to the specific needs of those being ministered to. This takes a lot of energy and visionary purpose and may take 1-2 years to start a new upward life cycle. The Legacy Church is especially fragile at this point in their decline. When endowments start to dry up and/or the loss of one or two highly generous givers, the situation instantly becomes critical and strong measures need to happen immediately or it may be too late.

Dying churches (those who have been declining for a long time and whose main actions are to keep the doors open (maintenance mode), need a total rebirth. Rebirth will involve a different purpose or ministry. It is not just doing the old thing differently; it is doing a new thing, and, perhaps in a different place or with different people. Rebirth happens when a church seeks God with all its heart to recapture its first love, and then takes a fresh look at all it does in order to effectively reach the people who now live within the sphere of its influence or, even moving out to new and creative ministries. To rebirth means to start totally over from the beginning and build a new visionary foundation to grow on.

What about death? Death happens. In some cases a ministry has reached such a stage of decline in which the energy and/or desire has reached a point that death is the best option. Instead of pouring in the time, energy, and finances to keep it alive, the greatest form of stewardship may be to let it go and put those resources to use in building up the Kingdom through another ministry.

So where is your church on this Life Cycle? Do you see how you got there? Can you see the writing on the wall? Are you ready to shake some things up for the Kingdom? It is never too late to reverse a downward trend. We serve a God of miracles who has made the lame – walk; the blind - see; and the dead – become alive! Will God do anything less for those who truly seek him?

{Partially excerpted from articles appearing in Ministry in Motion E-Zines, written by Tom Hanover.}

Life-Cycle of a Church With Financials

Worksheet

Average Worship Attendance _____ {A}

Total Budget _____ {B}

Total amount dedicated to Staffing (include all lay and clergy salaries and benefits)
_____ {C}

Total amount dedicated to Program/Mission (include all monies spent of programming, missions, and apportionments) _____ {D}

Total amount spent on Administration (Maintenance/Utilities/All Infrastructure costs) _____ {E}

Total amount spent on Capital Improvements or Debt _____ {F}

- Staffing % $(\{C\} / \{B\}) = \underline{\hspace{2cm}} \% \{G\}$
- Program/Mission % $(\{D\} / \{B\}) = \underline{\hspace{2cm}} \% \{H\}$
- Administrative % $(\{E\} / \{B\}) = \underline{\hspace{2cm}} \% \{I\}$
- Debt/Cap. Improvements % $(\{F\} / \{B\}) = \underline{\hspace{2cm}} \% \{J\}$
- \$ per Worship Attendee $(\{B\} / \{A\}) = \underline{\hspace{2cm}} \% \{K\}$

• PASSION High (P) _____ Low (p) _____

• ADMINISTRATION High (A) _____ Low (a) _____

• INTERNAL/EXTERNAL FOCUS

Stronger Internal (I/e) _____ Stronger External (i/E) _____ Balanced (I/E) _____

• STAFFING High Staff (S) _____ Low Staff (s) _____

• Are there other things to be considered that would further explain the results of this study for your church?

Where Is Your Church?

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