Good Intentions Alone Do Not Make for Financial Success

In reflecting on the 2013 Congregational Economic Impact Study I am impressed by the selfless sense with which clergy and congregations make financial decisions. Most put service to others first and prioritize outreach programs designed to meet community needs as well as those of their congregants by helping with "utility bills, rent, etc." One respondent noted, "We now give all our Sunday plate collection to local organizations in need." As faith-based institutions, the financial psyche of many congregations is driven by a vibrant "trust in God" and anchored in the belief that "God will provide!"

Laudable, even enviable, but good intentions no matter how spiritually motivated do not necessarily nurture savvy financial acumen nor make for financial health. Consider the following observations based on what we learned from our survey.

- **"Let it be":** US congregations appear to have a more laissez faire approach to economic issues. In an era in which many are choking in consumer debt only about a third of the congregations offer programs in personal finance. Amidst the challenges of the Great Recession only four in ten congregations (41.7%) said their clergy began to talk more about faith and giving.

- **Overly Optimistic:** Most congregations appear to be overly optimistic as to their financial situation; 73.9% said that they fared well or very well during the recession. However, the financial data they provided does not warrant such unvarnished optimism. Like it or not, the church is a small business and money matters; without it programs are cut, services eliminated and church doors shuttered.
Inflation: 60% of respondents noted that between 2007 and 2011 their revenues did not keep pace with inflation. A congregation's failure to keep pace with inflation poses a long term threat for the financial wellbeing of that congregation. From 1971 thru 2011 giving to religious organizations increased on average 1.5% each year; inflation increased on average 4.4% each year. A three percent loss in one year may be lived with but not a fifteen percent loss over five years. As the buying power of the dollar decreases so too does the ability of a congregations to properly care for staff and provide attendees with the programs and services they desire and need.
Figure 3: Percentage of Congregations Reporting Changes in Revenues Between 2007 and 2011, Compared with Inflation

- **Clergy Awareness:** The majority of American clergy continue to be uninformed as to the giving patterns and financial details of their congregation supporting the findings of two earlier studies. Does this reflect a leadership issue? From a donor's perspective leadership matters! Philanthropist Laura Arrillaga-Andreessen advises donors to "think twice" before funding an organization in which the executive cannot "tell you what success looks like for that organization." Leadership guru Patrick Lencioni writes: "The single biggest factor determining whether an organization is going to get healthier is the genuine commitment and active involvement of the person in charge. For the company that's the CEO...for a church, it's the pastor."

Amidst the swirl of economic challenges, inflation and the fear of money-talk, religious fundraisers must learn to make their case and tell their story. Congregations must demonstrate that they are worthy of receiving gifts from their members by building trust, demonstrating transparency and being versed in the financial details. Increasingly savvy donors want to know that their gifts are appreciated and will create lasting change. What are you doing to foster a culture of generosity within your congregation or organization?

**Insights of Dr. William Enright**


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WORKSHOP

"The Great Recession and its Implications for the Future of Congregational Life in America"

Congregations are invited to explore the findings, data and implications of the 2013 Congregational Economic Impact Study. This one day workshop is presented by Indianapolis Center for Congregations and Lake Institute on Faith & Giving.

May 15, 2013 in Merrillville, IN
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