Governance and Ministry: Rethinking Board Leadership

Dan Hotchkiss, senior consultant

For more information:

- Visit [www.alban.org/governance](http://www.alban.org/governance) for Alban’s governance-related services.
- Visit [www.congregationalresources.org](http://www.congregationalresources.org) and search on “Governance”.
- Find all Dan’s books and articles at [www.danhotchkiss.com/publications](http://www.danhotchkiss.com/publications).
- Contact Dan at [dan@alban.org](mailto:dan@alban.org).
Six Core Principles of Good Governance

In any polity, some core principles of governance apply:

1. **The congregation has one decision-making structure for governance and one for ministry, with a clear definition of which bucks stop where.** Governance bucks stop with the board, and Ministry bucks stop with the head of staff. All differences are reconciled directly rather than through third parties. Governance means “owning the place in behalf of the mission,” and ministry is the practical work of the church.

2. **Boards speak as a body, not as individuals.** Individual board members have no special authority outside board meetings. Board members often play program leadership roles as well, but need to always remember which hat they are wearing.

3. **Boards speak through written policies.** Like any human gathering, a board meeting is a cauldron of informal, nonverbal, and emotional communication. People come away from meetings with a “sense of the board” on any number of topics. Good boards make it clear that staff and others will not be expected to read the board’s mind, but must treat actions in the minutes as the final word.

4. **When delegating, leaders balance authority, guidance, and accountability.** Too often, congregations plug people into generic positions or point them in vague directions, then expect them to come back repeatedly to rehash each decision and appropriate each dollar. It is not fair to hold someone accountable for results when the results have not been specified, or to blame someone for violating an unstated rule. This principle applies when the board delegates to the staff, or when staff delegate to other staff or volunteers.

5. **Volunteers have the option to join a work crew without the risk of being trapped into a deliberative body, and vice versa.** Policy bodies should include a diversity of members; task groups should include only those who are in favor of the task. Once the direction has been set through proper process, someone should be charged with getting the job done.

6. **Staff and volunteers receive clear direction, clear limits, and maximum flexibility in choosing how to do their jobs.** Everyone deserves to grow into his or her maximum effectiveness, and effective workers do best when they and their work groups have the freedom to exercise independence, creativity, and choice.

Dan Hotchkiss, author of *Governance and Ministry: Rethinking Board Leadership* (Alban 2009)
## Board Time Analysis

In each box, enter your best estimate of the amount of time your board spends on each category in a typical meeting.

<table>
<thead>
<tr>
<th>Time category</th>
<th>Time in minutes</th>
<th>Percent</th>
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<tr>
<td>Prayer, meditation, ritual, personal check-in, and study of religious texts</td>
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<td>Presenting and discussing minutes, reports, and financial statements</td>
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<td>Discussion of additions or amendments to our written policies</td>
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<td>Choosing financial, program, and staffing priorities for coming years</td>
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<td>Learning together about new ideas and information</td>
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<td>Considering significant changes in the congregation’s future ministry or mode of operation</td>
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## Governance and Ministry: Action Plan

**Steps that need to be included in our governance review process:**

<table>
<thead>
<tr>
<th>Questions and concerns likely to be raised in our process:</th>
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| Governance ideas and practices |
|-------------------------------|-------------------|
| Comfortable/easy              | Uncomfortable/hard|

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<tr>
<th>Key people to report to:</th>
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| Key insights to report:       |
### Governance and Ministry: Action Plan (2)

For each piece the planning process you anticipate helping to lead, indicate an action, a timeframe. Say who will be responsible for taking action, and who needs to be involved or informed. Put an asterisk (*) next to any “next actions” that can be done right away.

<table>
<thead>
<tr>
<th>Action</th>
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<th>Who will do it?</th>
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Seven Ways to Improve Your Board

1. Start a board policy book (pp. 90–108)
   - Stop relying on your minutes to find out what your board has done.
   - Collect existing board policies into a book with sections.
   - “If it’s a policy, it’s in the book. If it’s not in the book, it’s not policy.”

2. Use a consent agenda (119–121)
   - The consent agenda contains actions the board will take without discussion.
   - The consent agenda and all reports go to the board in an advance packet.
   - At the meeting, any member may move a consent item to the main agenda.

3. Hold a regular “no-staff huddle” (121–123)
   - At the end of every meeting, excuse paid clergy and staff members.
   - Have a brief conversation about how the meeting went. Are there concerns that need to be raised with the clergy or staff? No action may be taken.
   - The chair or other designated leader immediately briefs the head of staff.

4. Write a board covenant (123–129)
   - Write your covenant, revise it regularly, and use it in recruiting new board members.

5. Appoint a board Governance Committee (128–129)
   - Maintains job description for board members, list of needed skills and qualities.
   - Works with nominating committee in recruiting new board members.
   - Leads annual board training session and review of board covenant.

6. Create a list of “open questions” (148–149)
   - For each of your key mission areas, identify the most important open questions.
   - Exclude yes-or-no questions and questions to which you know the answer.
   - Plan for a year’s worth of board conversation without expecting answers soon.

7. Host wider conversations. (154–155)
   - Ask for input before the board makes up its mind.
   - Use an iterative process: define the questions, seek input, narrow the scope, seek input, choose options, seek input, float a trial balloon, seek input.
   - Feed the conversation with information, resources, and outside perspectives.
   - Record what is said and feed it back in writing.
   - Reference the wider conversation when the board makes its decision.

From Dan Hotchkiss, Governance and Ministry (Alban 2009)
Patterns of Governance in Congregations
Dan Hotchkiss, senior consultant
The Alban Institute
A Map for Thinking about Governance and Ministry
Dan Hotchkiss, senior consultant
The Alban Institute
Congregation Size Differences

Family-size church (up to 50 adults and children at worship): A small congregation that operates like an extended family (and may in fact be a biological family network). Just as in the famous tavern from the television series Cheers, “everybody knows your name.” This church is organized around one or two anchoring figures called matriarchs and patriarchs to indicate their tacit authority in the system. Such congregations often have part-time pastors, and their clergy tend to adopt a chaplain role—leading worship and giving pastoral care. A pastor who challenges the authority of a patriarch or matriarch, or who presumes to be the primary leader of the congregation, generally will not stay long.

Pastoral-size church (51 to 150): A coalition of two or three family and friendship networks unified around the person and role of the pastor. Clergy time is largely taken up maintaining a direct pastoral relationship with each member, coordinating the work of a small leadership circle, personally conducting worship, and leading small-group programs such as Bible study. The governing board usually operates like a committee, arranging much of the day-to-day life of the congregation. Members recognize each other’s faces, know most people’s names, and will notice if someone new is present at worship.

Program-size church (151 to 400): Known for the quality and variety of its programs. Separate programs for children, youth, couples, seniors, and other age and interest groups provide entry points for a wide range of people. The pastor’s crucial role is to recruit, equip, and inspire a small circle of key program leaders—lay and ordained, paid and unpaid. This ring of leadership might include, for example, the choir director, the church school superintendent, the youth group leader, the coordinator of lay visitors, and the head of a committee that tracks new member incorporation. Working as a team with the pastor, they reach out to involve others as program participants and as leaders. Decision making is broadly distributed within the wider leadership circle (perhaps 50 people) and pastoral care is shared by laity.

Corporate-size church (401 to 1000): Known for excellence in worship and music, and for the range and diversity of its programs. Specialized ministries are provided for narrowly identified groups of people; several of these programs may be known beyond the congregation for their excellence. Often, distinct subcongregations form around multiple worship services. The senior pastor spends more time preparing to preach and lead worship than most clergy and must be skilled at working with a diverse staff of full-time professional leaders. Decision making is carried out by a multilayered structure of staff, boards, and committees. While clergy continue to provide pastoral care, especially in crisis moments, most members find their spiritual support in small groups or from lay visitors.

Source: Alice Mann, Raising the Roof: The Pastoral-to-Program Size Transition (Alban, 2001).
Family-size church: 0–50

Pastoral-size church: 50–150

Program-size church 150–400

Corporate-size church: 400+
Examples of Open Questions
from actual congregations

Whom are we called to attract and how shall we invite them?

What presence will this congregation have outside of our four walls (e.g., in the city and our denominational community)?

What is our “brand”? How do we wish to be known by the community?

Shall we welcome /make room for new members? What are the planning implications on the physical plant & staff?

What special efforts shall we take to reach groups we are not now reaching?

Is this church ready and willing to undergo a significant size transition? If so, how shall we build enthusiasm, and plan for, such a transition?

How shall we change the lives of those who walk the journey with us?

How shall we design experiences and services to meet a variety of spiritual and social needs while maintaining congregational unity?

How shall we change our infrastructure to accommodate recent and anticipated numerical growth?

How shall we make room for more people?

How shall we meet the needs of the current congregational members while trying to achieve our new goals?

How shall we identify the needs of the people of the 500 new homes in our community, and determine how to serve those needs?

How shall we fully integrate children, parents & families into all aspects of congregational life?

How are we to be in ministry to people outside the walls of our church?

What are the core values for which we would sacrifice unity?

Whom do we mean to invite to join us as worshippers, and how do we mean to change their lives?

What are the core values that will shape our stewardship of money, and how shall we express those values in our future budgets?”

What might God be calling us to risk? to lose? to gain?

What is our ministry in the community?
# Governance Change Process Timeline

| Year 1 | 1 | Appoint retreat planning team |
|        | 2 | Leadership retreat on governance |
|        | 3 | Appoint governance working group (GWG) |
|        | 4 | GWG listening process with congregation |
|        | 5 | GWG presents governance vision to board for endorsement |
|        | 6–11 | GWG engages in "iterative process" of policy writing: |
|        |   | GWG drafts a group of policies |
|        |   | Board reviews and affirms policies |
|        |   | GWG seeks board input on an open question |
|        |   | GWG seeks wider review and input |
|        |   | GWG revises policies, repeats the process |
|        | 12 | Board adopts proposed policy book for the trial run |

| Year 2 | 1–2 | Trial run begins |
|        | 3–4 | Periodic evaluation and review |
|        | 5–6 | Possible tweaking of policies |
|        | 7–8 | Leadership retreat: vision of ministry & open questions |
|        | 9  | Evaluation of trial run |
|        | 10 | Set vision of ministry and staff goals for Year 3 |
|        | 11 | Approvals to make the new structure permanent |
|        | 12 | GWG disbands |

| Year 3 | 1–3 | Board governance committee takes over monitoring |
|        | 4–9 | Continuing self-evaluation and review |
|        | 9  | Routine annual evaluations as required by new policies |
|        | 10–12 | Set vision of ministry and staff goals for Year 4 |

| Year 4 | | Continue the new structure and process |

Goal-setting and evaluation

- Planning retreat
- Vision of ministry
- Mission statement
- Open questions
- Staff team goals
- Budget
- Board agenda & goals
- Board meetings
- Review of ministries
- Routine reports
- Town meetings
- Board inquiries
- Board & head of staff evaluation
- Individual staff goals
- Staff work
- Board self-evaluation
- Staff self-evaluation
Who Owns the Congregation?
By Dan Hotchkiss, Senior Consultant, Alban Consulting

I sometimes ask church board members, in my work as a consultant, to tell me what their job is. I hear a variety of answers:

“We represent the members of the congregation. They elected us, and we should do what they would do.”

“Our job is to give the members what they want.”

“We are ministers alongside the pastor.”

But these responses, while sometimes meaningful, useful concepts in themselves, miss the mark. A board is not simply the sum of its members. Board members need to know with some precision what role they are to play and what results they should produce.

Sometimes when I ask, “What is the board’s job?” someone (often a lawyer or banker) uses an obscure word that speaks rather deeply to the nature of the board’s role: “The board is a fiduciary.” Many people connect this word exclusively with money, but the concept actually is much broader. A fiduciary (in Latin, fiduciarius, “trust,” from fides, “faith”) is anyone whose duty is to act in faithfulness to the interest of another, even at cost or peril to himself. A parent, for example, is a fiduciary for his or her children and must care for them, no matter how much sacrifice that might require. The board of a business corporation holds the corporate assets as fiduciary for the stockholders. Since the stockholders’ main interest, ordinarily, is to make money, the duty of a corporate board is to increase stockholder value.

A congregation’s board is a fiduciary, also. Like a for-profit board, it controls property on behalf of its real owner. But who is the owner? Who owns a church? Or a synagogue? Often board members answer this question too quickly: “The members are the owners!” And the owners’ interest? Satisfactory worship, education, social action, and so on.

The fiduciary duty of a congregation’s board, in this view, is to know what the congregation wants and to provide it—a concept not so different from the political and commercial concepts of the board suggested at the beginning of this article. This way of thinking sometimes produces good results, but it is based on a false assumption. A congregation does exist to serve its owner—but the members of a nonprofit corporation do not “own” it as stockholders own a business. Corporate stockholders can vote to liquidate the corporation’s property, pay its debts, and divide the proceeds among themselves. A congregation—or any other nonprofit—that did likewise would be violating several state and federal laws.

The most fundamental legal principle of nonprofit corporations is that they must
use their resources exclusively for the specific purposes for which the state has chartered them. In the case of congregations, the charter purposes are relatively broad. For that reason, and because a congregation is exempt from many of the tax reports required of other charities, it is easy to forget that there is any limitation at all. But a congregation may not distribute its resources for the “personal benefit” of anyone—especially an officer or board member—except as reimbursement of expenses or fair compensation for services provided. For-profit corporations are required to benefit their stockholders, while nonprofits are forbidden to benefit their members. To call the members “owners” under these conditions stretches the idea of ownership quite far.

The mission has the moral right to control the congregation’s actions and to benefit from them.

Who, then, is the owner of a congregation? Who plays the role of the stockholders in a business? Not the members. Not the board. Not the clergy or the bishop or the staff. All these are fiduciaries whose duty is to serve the owner. Symbolically, we might say God or the divine is the owner, and that might be the correct interpretation. But this concept is too big to guide decision making helpfully. The “owner” that the board must serve is the congregation’s mission, the covenant the congregation has set its heart to and the piece of the Divine Spirit that belongs to it. Or to put it differently, the congregation’s job is to find the mission it belongs to, the real owner for whose benefit the leaders hold and deploy resources.

Any effort to improve the governance of a congregation begins by recognizing that its primary measure of success is not the balance in the bank, the shortness of board meetings, or the happiness of congregants. A congregation’s “bottom line” is the degree to which its mission is achieved. The mission, like stockholders in a business, has the moral right both to control the congregation’s actions and to benefit from them. Because the match between a congregation’s mission and a corporation’s stockholders is so close, it seems to me helpful to say that the owner of a congregation is its mission.

An interesting corollary of this line of thought is that when members of the congregation vote, they, too, are fiduciaries for the mission. When a member’s interests conflict with the congregation’s mission, the member’s duty is to vote the mission. Like the board, each member has a duty to make sure the congregation serves its mission—to vote as a fiduciary for the owner—even if that goes against the member’s private preferences or wishes.

And what is the mission? The great management consultant Peter Drucker wrote that the core product of all social-sector organizations is “a changed human being.” A congregation’s mission is its unique answer to the question, “Whose lives do we intend to change and in what way?” A congregation that limits its vision to pleasing its members falls short of its true purpose. Growth, expanding budgets, building programs, and such trappings of success matter only if they reflect positive transformation in the lives of the people touched by the congregation’s work.

Adapted from Governance and Ministry: Rethinking Board Leadership by Dan Hotchkiss (Alban Institute, 2009). Dan can be reached at dan@alban.org.
What is the Mission of “Missions”?
By Dan Hotchkiss, Senior Consultant, Alban Consulting

Most congregations engage in some form of social ministry—or believe they should. Some call it missions, others outreach, social action or benevolence. From relatively modest actions like collecting canned goods for the local food bank to major projects like building a house in partnership with Habitat for Humanity, the collective contribution of churches, mosques, and synagogues to the welfare of the needy is enormous. By contributing, they set an example of generosity and faithful stewardship.

But why do they do it? If the question seems impertinent, let me rephrase it: Why, exactly, should a congregation feed the hungry, clothe the naked, heal the sick, or free the oppressed? For Christians, I have almost answered my own question: in these words Jesus taught that service to “the least of these” was necessary for salvation. He was not saying anything especially original: For Jews, charity (tzedakah) is a basic part of being a good person. In these traditions, as in others, it is pretty clear that individuals ought to help others.

But why congregations? When other social agencies exist to help the needy, won’t they usually have more expertise and skill? Why not simply encourage members to give time and money to the best nonprofits in each field of service? Some congregations take a sort of clearing-house approach: they collect money and write checks and recruit volunteers but do not organize outreach ministries of their own. By soliciting their gifts and passing them along, the congregation sets a good example and guides its members’ stewardship of time and money.

Most congregations, though, feel called to organize for service on their own. Instead of—or in addition to—relying on other charities, they claim some piece of the action and engage directly. The Salvation Army puts service to the poor at the top of its priority list each day—and attains a level of professionalism rare in a church.

Why, exactly, should a congregation feed the hungry, clothe the naked, heal the sick, or free the oppressed?

Typically, though, congregations cast a wide and shallow net: a soup kitchen downtown, a mission trip to Haiti, socks for servicepeople, quilts for hurricane survivors, plus a contributions budget dispensed to many worthy causes local and denominational. A few brave congregations go beyond helping individuals and families and advocate changes in government or corporate policies that are among the causes of the suffering they see.

Why do they do it? In budgeting and planning for this work, most congregations say their mission is to help others. That’s a good answer. For many congregations, though, a better answer is to say the purpose of social ministry is instead to change the lives of its own members.
The mission of a hospital is to heal the sick. I am suggesting that for many congregations, a better analogy would be a medical school, whose mission is to train doctors and nurses. Medical schools (and their associated teaching hospitals) treat lots of patients; you can’t train doctors without giving them a chance to practice. The purpose of the medical professions is to heal. The purpose of the school, though, is not to heal but to create healers.

Some of my church clients have found it fruitful to reframe their social mission from “We serve the needy,” to “We transform our members into Christian disciples who live lives of service.” It is a small but important shift. Some existing outreach ministries continue without change. But the criteria for initiating, evaluating, staffing, and funding social ministry change quite a bit.

For instance, if our main goal is to change our members’ lives, we will not be satisfied to write a check from the church treasury. We would prefer to send some of our people along with it so they can engage in the kind of service that may change their lives.

Few visitors arrive at congregations’ doors hoping to be transformed—least of all to be made generous. But most do have at least a vague desire to be of service. Once they are surrounded by people for whom generosity with time and money have become a way of life, in a congregation that offers manageable entry-point opportunities to serve, the transformation comes.

Many congregations already act as though the mission of their missions program is to change their member’s lives. They send people of all ages overseas on mission trips. Usually the work accomplished by the missioners does less good than a good agency or local leaders could do with a check for the cost of the trip. But the trips continue, largely because of the testimonies of those who return: “My life was changed.” How would the trip be different if transforming the participants were the congregation’s primary goal rather than a side-effect?

In congregations that see social ministry this way, I see a greater emphasis on personally connecting with the “beneficiaries” of the work, person to person. Several congregations, for example, have built ongoing relationships with villages in Latin America, including mission trips, sustained financial support, and even pen-pal relationships between members and the people of the village.

If our goal is to change our members’ lives, we will not be satisfied to write a check from the church treasury.

When congregations focus on transforming their own people into servants, they may find ways to link their social ministries to members’ work lives.

By linking social ministry to members’ work lives, congregations can provoke reflection on how work itself might be transformed into a social ministry. Transformation becomes more than a change of heart—it extends into the economic sphere where a changed heart can sometimes find its greatest point of leverage.

Congregations can and do make a difference to the lives of those they help through the outreach ministries they sponsor. But they make an even greater difference in the lives of their own members. In planning outreach ministries, it is important to remember that the lives we can transform the most may be our own.

This article originally appeared in the Clergy Journal, and is copyright 2006 by the Alban Institute. Dan can be reached at dan@alban.org.
Green Eyeshades and Rose-Colored Glasses
By Dan Hotchkiss, Senior Consultant, Alban Consulting

Congregational budget-makers frequently divide into two camps that approach the task in different ways. The first camp is likely to include children of the Great Depression, experts in finance, elementary school teachers, and persons anxious about their own money situation. Their first priority is to make sure that the budget balances and that the congregation makes no plans or commitments it is less that 100 percent certain it can meet. They squint over budget sheets like bookkeepers of old with their bright lamps and shoulder garters—I call this camp the Green Eyeshades.

The second camp typically includes young clergy, upscale decorators, Baby Boomers, college professors, and commission salespeople. They firmly believe that with God (or even without God) all things are possible. They say, “We are a congregation, not a business.” This camp can be identified at budget meetings mostly by their absence. When shanghaied into talking about money, they glaze over. Staring at a distant sunrise, they float over the surface of numerical reality—I call them the Rose-Colored Glasses.

The budget process often sets up friction between the Glasses and the Eyeshades. Typically the word goes out for each program unit to request a budget for next year. Knowing how these things work, program committees (full of rosy thinkers) ask for more than they expect and then some. A finance committee (strapping on their eyeshades) puts all of the requests onto a spreadsheet as a “dream budget.” Usually even the dream budget gets trimmed quite a bit, making it resemble the Green Eyeshades’ own, fiscally-sound dreams.

The fund drive naturally falls short of the “dream” goal. How could it not? Calling a goal a dream almost guarantees that you’ll fall short. The finance committee sharpens its pencils and begins grinding the dream down to a practical nub.

The program people rise up, asking “How can we say we can’t afford what God has called us to accomplish?” The finance people answer, “Good stewards live within their means.” The Green Eyeshades with their pencils and their spreadsheets go to battle with the Rose-Colored Glasses, armed with blunt-end scissors, opera glasses, and pink feathers. It is not a pretty picture.

The fund drive naturally falls short of the “dream” goal. How could it not? Calling a goal a dream almost guarantees that you’ll fall short.

Sometimes the Roses win the day until they’ve run up deficits and the Greens come like an exasperated crew of parents to clean up after them. If the Greens win too consistently, the Roses trade their glasses in for blinders and quit dreaming. Sad.
Nothing can do away with the division between Green and Rose; it is too deeply rooted in the temperaments and histories of the players. But if we can’t change human nature, we can at least stop setting up the budget process to bring out the worst in us. Here is a budget process that can help narrow the divide:

Instead of starting by inviting program units to submit budget requests to the finance committee, this process begins with the governing board. Their first task each year is to define not a budget but a statement: a Vision of Ministry. The Vision is a short list of the new and different ways this congregation plans to transform lives over the next one to three years.

Why a short list? Because if you have a long list of priorities, they are not priorities! The fact that something does not make the list does not mean that it won’t happen. The Vision is a short list of things the board means to accomplish no matter what. While creating it, the board will bank a number of ideas for the future: pieces of a long-term vision to which the board is not prepared to make an iron-clad commitment this year.

**Why a short list? Because if you have a long list of priorities, they are not priorities!**

The board may create the vision by itself. Or, better, it may ask a varied group, including staff and clergy, to join them in creating a statement for the board to authorize. The Vision of Ministry confronts directly the question that most budget debates are about indirectly: What aspects of our mission will be our top priorities?

The board votes a new Vision of Ministry each year. It also adopts, and less frequently revises, written Budget Policies defining the core principles that will guide budgeting each year. The principles will likely include fair compensation, adequate building maintenance, a financial audit, adequate insurance, and a strong mandate to maintain high standards of health, safety, and accessibility.

After the board adopts the Vision of Ministry and the Budget Policies, these form the basis for the annual call for budget proposals from the program units. The request is not for a “dream” budget but for a budget that will accomplish the Vision and comply with the Policies. The board, not a finance committee of Green Eyeshades, determines the actual proposed budget.

The annual fund drive, then, communicates the Vision of Ministry over and over again. Contributors are asked for amounts which, if about half of them say “yes,” will make the Vision possible. The board, clergy, and staff make it clear that the Vision is not something the congregation plans to shoot for but that it intends to accomplish. Year after year, the people learn that when this congregation asks for gifts, it means it. If they give what is asked, the results promised come to pass. Over time the fund drive becomes easier, more pleasant, and more popular.

One reason for this is that the division between Green Eyeshades and Rose-Colored Glasses, while it never goes away, is addressed in creating the Vision of Ministry. The fund drive comes, not in the middle of the argument, but after it has been resolved.

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