

# STRATEGIC PLANNING FOR CHURCHES

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## ABSTRACT

*In recent years the field of strategic planning has expanded greatly, but very little has dealt with strategic planning for churches. The purpose of this paper is to examine strategic planning at the local church level. A business and church comparison is made identifying the similarities and differences between these two organizational forms and a strategic planning process that can be implemented by a local church is presented.*

## Introduction

Much has been written regarding strategic planning in recent years. Of this literature, little has dealt with nonbusiness organizations and very little has dealt specifically with churches. This is unfortunate because strategic planning can be as useful in a church setting as it can for other organizations. Most large businesses have recognized the importance of strategic planning and have implemented strategic planning systems. Research has shown that formalized strategic planning approaches do result in better performance.<sup>1</sup>

The purpose of this paper is to examine strategic planning at the local church level. First, the concept of strategic planning will be developed. Next, a comparison will be made of businesses and churches and finally, recommendations will be presented for using a strategic planning system in a local church.

## Strategic Planning

Strategy involves the match between an organization and its environment. Some environments change faster than others, but all organizations operate in a changing environment. As the environment changes, threats and opportunities are exposed to the or-

ganization. Strategic planning determines the course of action the organization follows. Hopefully these actions will achieve the greatest possible benefit from the opportunities while minimizing the potential harmful effects of the threats.

Strategic planning should not be thought of only in a long-term time frame. Many times strategies do take a long time to operationalize but sometimes threats or opportunities emerge that must be acted upon immediately. For example, an organization may discover it will have a 50 percent decrease in funding for the remainder of the year. This event clearly has strategic implications but action must be taken immediately to maintain the integrity of the organization.

All organizations have strategies, but these strategies are better managed in some organizations than in others. Some organizations put little effort into managing this strategic process while other organizations have a highly formalized strategic planning process. There are many benefits from implementing a formalized strategic planning process. Hofer and Schendel cite the following benefits:<sup>2</sup>

1. To aid in the formulation of organizational goals and objectives.

2. To aid in the identification of major strategic issues.
3. To assist in the allocation of strategic resources.
4. To guide and integrate the diverse activities of the organization.
5. To assist in the development and training of future managers.
6. To help forecast the future performance of the organization.
7. To help stretch the thinking of top management.

Strategic planning is a broader concept than setting goals and objectives. In dealing with the fit between the organization and its environment, strategic planning should specify the mission (purpose) and direction for the organization. With this clearly in mind, better goals and objectives can be set for the organization.

A formalized strategic planning process can aid an organization in the identification of major strategic issues. Having this formalized process forces the leaders of the organization to focus on the future and strategic issues the organization may face. Without this process, many of these issues may be overlooked until it is too late and the organization can only react to the issues rather than anticipating the situation and taking advantage of it.

Allocation of strategic resources can also be benefited by a formalized strategic planning process. Monitoring current and future strategic issues can result in a better allocation of resources. The efficient allocation of resources can be improved when allocating resources from one activity to another activity as well as allocating resources to a current activity while anticipating possible future activities of the organization.

Even in a church of modest size, there are many activities that take place and a formalized strategic planning process can guide and integrate these diverse activities of the organiza-

tion. With this process it is less likely that an organizational subunit's goals and objectives are being maximized to the detriment of the total organization's goals and objectives. Subunits may also perform better if they can understand their contribution to the total organization.

Church leaders who are involved in a formal strategic planning process are going to gain a better understanding of the entire organization. As those individuals perform other duties for the organization, they will be more knowledgeable because of their previous involvement.

Again, because of a focus on the future, a formalized process can help in the forecast of the future performance of the organization. A forecast of future performance can lead to a better current decision making as well as the potential to improve future performance by anticipating what to expect.

Finally, a formalized strategic planning process can help stretch the thinking of the church leaders. If people are not required to spend time on this endeavor they probably will not voluntarily allocate time to this because all their time will be spent on routine activities.

The strategic planning system must be more than just people thinking about strategic issues. To be successful it must also include a means for implementation. Fombrun states, "one major reason for the past failure of planning systems may have been their overwhelming stress on the formulation of strategy, with little systematic attention paid to its implementation."<sup>3</sup>

Thus, a formalized strategic planning system should determine the basic mission of the organization, as well as lead to an efficient allocation of resources. A strategic planning system should include, in general terms, the following steps:

1. An assessment of environmental threats and opportunities.
2. An assessment of the organization's strengths and weaknesses.
3. A resource allocation based on the organization's strengths and weaknesses given the organization's environment.

Business and Church Comparison

Many times the operation of a church is viewed differently from the operation of a business. This should not be the case. There are many similarities between any type of organization whether it be a business, a church, or any other type of not-for-profit organization. Whatever the form of organization, sound management should be followed in operating the organization.

One way to instill this thinking in the leaders of the church would be to make a comparison of the similarities between a business and a church. This might be accomplished by drawing parallels between the different operating levels of the two types or organizations as is shown in Figure I.

FIGURE I

<u>Business</u>	<u>Church</u>
Parent Company	National Church Headquarters
Subsidiary Co.	Conference Headquarters
Division	Local Church
Division Manager	Minister
Divisional Top Management	Church Board
Employees	Volunteers
Shareholders	Church Members

Source: Adapted from Hussey, David E., "Corporate Planning for a Church," Long Range Planning, April 1974, p. 61.

The national church headquarters could be equated with the parent company of a business organization. The conference or regional headquarters of the church, may be similar to the subsidiary company of the parent organization. The local church, which is the focus of this paper, could be equated to a division of the subsidiary with the minister of the local church being the equivalent of the division manager. The elected lay governing body of the church, whether they be known as the board, trustees, or the consistory, would be the equivalent of the top management of the division. The many volunteers that work in the church, as well as paid employees of the church, would be the equivalent of the division's employees. And finally the church membership could be equated with the stockholders of the business organization.

It must also be kept in mind, that even though there are many similarities between a business and a church, there are also many significant differences. The following is a list of characteristics that are different between businesses and churches and these can have an effect on strategic planning (see Figure II).

FIGURE II

CHARACTERISTICS OF CHURCHES AFFECTING STRATEGIC PLANNING

1. No profit motive
2. Single-goal oriented
3. Traditions
4. Lack of competent staff
5. Method of funding
6. Many volunteer workers
7. Employees must believe in church's goals
8. Being successful is not always beneficial for the local church.

Perhaps the most obvious difference is that a church is a not-for-

profit organization and does not have a business' profit motive. The lack of a profit motive though, must never be taken to mean there should be no emphasis on the level of revenues and expenditures. A church as well as any other organization, must have their inflows exceed their outflows or they will cease to exist.

The most significant difference between a church and a business is that the membership of the church is single-goal oriented. Almost any other form of organization does not have as near unanimous agreement upon a single-goal mission as a church. This single goal may be broadly defined as serving God. But when the goals of a church become any more narrowly defined there may be not quite the unanimous support. Any time humans are involved there will be someone who favors their pet project over other projects of the organization.

Another important characteristic that must be kept in mind is the church's strong reliance on traditions. Many times change is even more difficult to bring about in a church than in other organizations because the members are unwilling to change just because it has always been done that way. Churches must be careful to not let tradition stand in the way of change when the church's operating environment is changing.

Lack of a competent staff is a problem more often faced by churches than by businesses. Compared to a business, many times a church has several restrictions (usually self imposed) placed upon their hiring of employees. For example, the church may require the employee to be a member of the church, to believe in the mission of the church, etc. This characteristic certainly can have an effect on the activities that are available for a church to pursue.

Another important difference is the method of funding. A church re-

ceives its revenues from the members of the organization, not from outsiders as is the case for a business. Because of this, before new policies or activities are implemented, there must be much thought given to the effect of these changes on the members of the church. If a member of the church is offended by some action of the church, that member may reduce their giving.

Most churches usually utilize many volunteer workers. This is a characteristic that a business usually does not have to cope with. The work load and time commitment that is being thrust upon a volunteer worker must always be kept in mind by the organization. Even though the volunteer may strongly believe in the church's goals, at some point an overworked volunteer may decide they are being asked to do too much and may cut back on their service to the church.

Another difference is that workers in a church (whether they be paid or volunteer) are expected to believe in the goals of the church. This can sometimes be a stumbling block in the church's ability to attract competent staff members to carry out the operations of the church. A business, on the other hand, usually places more emphasis on competence than on believing in the organization.

Finally, the activities that a church carries out will not always have a direct financial benefit to the local church. Usually part of a church's purpose will be to support foreign mission service or support hunger or shelter programs in the local community. Being successful in these areas does not increase a church's revenues. So, success will not always result in increased revenues as it usually would in the case of a business.

#### Implementation

Implementing a strategic planning system can be a major task for a church-

ch. When first implementing the system, the process can be very time consuming, much more so than in later years. Probably the best method to generate support for the program is to stress that a strategic planning system can improve performance of the church.

Implementation of a strategic planning system must be approached in a manner so as not to indicate this small group is taking over the church. It must be made clear from the start that the planning committee will work within the bounds of the elected governing body of the church and that all members of the congregation will have input into the system. Without the support of the congregation the process is doomed for failure.

Another way to increase support for the strategic planning system is the use of consensus decision making rather than using voting. Voting on issues tends to divide the congregation rather than unite the congregation over the issue. Voting forces individuals to argue and to try to convince others. Consensus decision making fosters working together and can lead to increased cooperation among the members of the congregation.

A possible stumbling block to a successful strategic planning system is reluctance to change by the church congregation. No benefits can be derived from brilliant strategies unless they are implemented. One way to increase the chances for acceptance of change may be to introduce change more frequently for relatively less important matters. For example, change the starting times for services at different times of the year, vary the order of the service, rearrange the seating (if possible) for some programs, etc. Then, as change becomes more commonplace, if the strategic planning process purposes change it may be more readily accepted.

One possible example of the steps to be followed in implementing a stra-

tegic planning system is presented in Figure III. This is not the only sequence of events to be followed but is to indicate one possible method of implementation.

The first steps in the process are carried out by the planning committee. They are to define the mission (basic purpose) of the church and to define possible objectives to be followed to achieve the mission. This is a difficult project and will not result in a finished product but only serve as a starting point. This may be accomplished by referring to official policies of the denomination, personal experiences of committee members, or a questionnaire sent to the church members. These preliminary documents should then be approved by the church board to indicate the process is operating within the guidelines of the church leadership.

Then the planning committee begins the next phase of the process. This involves analyzing the church's strengths and weaknesses, an environmental analysis, and analyzing the church's current programs in relation to its objectives. An insight into a church's strengths and weaknesses could be gained by examining the church's past, its current membership, its financial position, its faculties, its location, etc. An environmental analysis consists of studying the growth patterns of the surrounding community, the local economy, average age of the community, average age of the church members, programs offered by other churches in the community, etc. The final step in this phase compares the church's current programs to the stated objectives. This should determine if there are gaps that need to be filled or duplication that should be eliminated.

At this point or at various points during the process, progress reports should be made to the board as well as the total church membership. This is to keep the committee on track by generating input from the church mem-

FIGURE III

STEPS IN THE STRATEGIC PLANNING  
PROCESS FOR A CHURCH

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<u>Planning Committee</u>	<u>Church Board</u>	<u>Church Members</u>
1. Define mission		
2. Define objectives		
	3. Provisional approval of objectives	
4. Analyze church's strengths and weaknesses		
5. Environmental analysis		
6. Analyze church's current programs in relation to objectives		
	7. Progress report to board	
8. Prepare presentation to church members		
		9. Study and adopt objectives
		10. Compare current programs to objectives
		11. Identify programs to be offered
		12. Set-up work groups for new programs
	13. Recommendations approved	
		14. Implementation
15. Monitor progress		

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Source: Adapted from Hussey, David E., "Corporate Planning for a Church," Long-Range Planning, April 1974, p. 62.

bership and to keep the process out in the open so everyone feels a part of it.

The final part of the process involves a meeting or meetings with the church membership. This should begin with a presentation by the planning committee covering the mission and objectives statements and all the analysis the committee has done. This information should be studied and a final objectives statement adopted by the membership. Then the church's current programs should be compared to the final objectives statement to determine what changes are indicated. Next, potential programs should be studied that could meet these needs. Finally, work groups could be organized to develop the new programs or modify existing programs.

The proposed changes should be approved by the church board before implementation begins. At this point, the purpose of the planning committee is to monitor the progress of the chan-

ges and to receive feedback from the congregation on the process and changes.

### Conclusion

A formalized strategic planning system can be a powerful tool for a church. It provides a way for a church to achieve a better match between its strategies and its environment. A planning system can provide a way for a church to determine where it's currently at, where it wants to be, and to help formulate the necessary changes so the church can achieve its objectives.

A church must be cognizant of the fact, though, that a strategic planning system does not provide the answers to all the questions for a church. It does not provide "the plan" that will insure the success and prosperity of the church. What a strategic planning system does is to provide a church with a workable plan to keep a match between the church's strategies and its environment.

### FOOTNOTES

1. For example see Thune, Stanley and Robert House, "Where Long Range Planning Pays Off," Business Horizons, (August 1970); Herold, David M., "Long-Range Planning and Organizational Performance: A Cross Validation Study," Academy of Management Journal, (March 1972); and Karger, I. W. and F. A. Malik, "Long Range Planning and Organizational Performance," Long-Range Planning, (December 1975).
2. Hofer, Charles W. and Dan Schendel, Strategy Formulation; Analytical Concepts (St. Paul: West Publishing Company, 1978, pp. 5-6.
3. Fombrun, Charles, "Strategic Management: Integrating the Human Resource Systems Into Strategic Planning" in: Robert Lamb (ed.), Advances in Strategic Management, Volume 2 (Greenwich, Connecticut: JAI Press, 1983), p. 192.