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CHURCH BUSINESS ADMINISTRATION

A DISSERTATION
SUBMITTED TO THE GRADUATE FACULTY
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degree of
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BY
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Norman, Oklahoma
1966
FUNCTIONS OF MANAGEMENT ESSENTIAL TO
CHURCH BUSINESS ADMINISTRATION

APPROVED BY

[Signatures]

DISSERTATION COMMITTEE
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CHAPTER I

THE PROBLEM

Introduction

The role of the church has changed to the extent that church business management is discernible now as a major element of the operations of a church. This new development grew out of the need in many churches for constant attention to and supervision of the many complex details related to the business affairs of the church. The time a minister devotes to managerial duties and to business-related activities of a church lessens the amount of time available for other ministerial duties. In order to alleviate this situation, some churches employ full-time business administrators. The function of the business administrator is to relieve the minister of many business-related duties and to free him for the ministerial work for which he was particularly trained and is uniquely qualified. The non-ministerial responsibilities of the church are placed in the hands of the business administrator who has special ability and preparation to handle them.
The church business administrator serves as coordinator in matters of finance, management of property and office facilities, personnel supervision, public relations, and future development. Church business management has been defined by Humphrey as follows:

Church business management is the science and practice of administering church finances, property, staff personnel, and public relations. Implied in this definition are the concomitant management functions of forecasting, planning, organizing, delegating, controlling, evaluating, and reporting.\(^1\)

A job description applicable to a church business administrator indicates the extensive duties and areas of responsibility that may be involved in this relatively new kind of position. An example of such a job description is shown in Appendix A.

Some attempts have been made by various denominations to offer workshops, seminars, conferences, and counseling services for persons engaged in church business administration. The Iliff School of Theology in Denver, Colorado, and the Lutheran Lay Institute at Concordia College, Milwaukee, Wisconsin, have each conducted a short course in church business management. The General Board of Lay Activities of the Methodist Church has conducted an annual conference on Church Business Administration since 1954. The most recent conference was held at Lake Junaluska, North Carolina, in August, 1965. Seminars were conducted in the following areas:

\(^1\)Clyde W. Humphrey, "Church Business Management Defined," *Church Management*, XL (December, 1963), 7.
Literature describing the conference contained the following information:

This course is planned for and managed by that growing number of consecrated laymen, both men and women, who are dedicating their talents to the service of God and the Church in the field of business administration, who serve under such titles as business manager, church manager, administrative assistant, pastor's assistant, financial secretaries, and the like.¹

Further evidence is found supporting professional preparation in Church business management. The School of Business of the American University established a Center for Church Business Management in August, 1961. Church business management may be elected as a field of concentration for the degree of Master of Business Administration or the Doctor of Philosophy in Business Administration. Wesley Theological Seminary students may take church management courses for residence credit toward their degree programs. The first professional certificate in church business management was awarded to a Methodist minister, Rev. Herman Miller Elam, in August, 1965. Mr. Elam also received the degree of Master of Sacred Theology from the Wesley Theological Seminary, where he combined religious education with his studies in church business management. Non-credit institutes which have been offered by the Center relate

¹Literature received from Clyde W. Humphrey, Director, Center for Church Business Management, School of Business Administration, the American University, Washington, D.C., June, 1965.
to church finance, church property management, church public
relations, and church office management. ¹

The curriculum of studies pursued by ministerial
students is usually very narrowly defined. A perusal of the
catalogues of the six liberal arts colleges and the seminary
supported by the Church of the Nazarene indicates that none
require any instruction in business administration. Students
are permitted a small degree of flexibility in their choice
of elective subject matter, and, as a result, a very small
percentage of ministerial students get any preparation in
business administration. Grey found the typical education of
the average clergyman seldom includes any executive prepa-
ration.

Examination of the requirements for the Bachelor of
Divinity Degree at leading seminaries in the denomi-
nations included in this study reveals that all
require numerous courses in philosophy, history,
theology, and the art of pastoral counseling, but
none require extended instruction in the complex
skills of executive procedure. ²

It would appear, then, that if courses from the area of busi-
ness administration are to be added to the curriculum of
ministerial studies, these courses will of necessity have to
be highly intensive and concentrated. In all likelihood
ministers will continue to serve in dual roles as ministers
and church administrators within a vast majority of churches.

¹Ibid.

²Robert Nelson Grey, "An Analysis and Evaluation of
the Work of Church Business Administrators" (unpublished
Ed.D. Dissertation, Oklahoma State University, 1965),
pp. 20-21.
There is urgent need for courses incorporating business management as an area of study for ordained ministers, ministerial students, and others who may engage in the business-related functions of the church. Prentice-Hall, Inc., a publishing company, has developed a series of twelve books dealing with church business management. Six volumes are now available and six volumes are currently in preparation. Each volume represents management techniques which serve to develop competence on the part of the church worker. These and other materials are available for use in a course or in several courses in church business administration. Since they are extensive in scope, they could be used for collateral reading and as reference material.

Statement of the Problem

The problem of this study was to formulate a conceptual outline of subject matter pertaining to selected functions of management which are essential to church business administration. The emphasis was on the isolation and the definition of fundamental functions of management that are applicable to church business administration.

Limitation

The category of business-related activities was limited to the following areas: management of church funds, management of church facilities, and management of church personnel. Aspects of church business administration not included in this study are the administration and the
operation of the following: hospitals, schools, colleges, homes for the aged, recreational centers, youth camps, rescue missions, orphanages, and secular profit-making enterprises. The illustrative specific applications of church management in this study pertain most directly to the Church of the Nazarene.

Definition of Terms

Church administration is the distinct process of planning, organizing, actuating, and controlling the activities that are necessary to determine, establish, and accomplish the policies, procedures, methods, and objectives of a local church. This process may be performed either by one individual acting alone or by a group of individuals acting as a collective body.

A church administrator is an individual employed by a local church whose duties involve the management of finance, the management of physical facilities, and the management of personnel. The church administrator acts as coordinator of the business aspects of the church program.

A minister-manager is a minister regarded as the head of a local congregation whose primary role is spiritual leader of the congregation, yet whose secondary duties consist of those managerial activities necessary for effective administration of the business-related activities of a church.

A large church is a church whose membership exceeds 1,000 and whose annual budget is $100,000 or more. The large
church maintains a multiple-ministerial staff and a full-time staff of paid clerical and custodial workers.

A medium church is a church whose membership exceeds 100 but is less than 1,000 and whose annual budget exceeds $25,000 but is less than $100,000. A medium church may employ associate minister(s) and/or maintain a limited staff of clerical and custodial workers.

A small church is a church whose membership is less than 100 and whose annual budget is less than $25,000. A small church may be exemplified by that vast majority of Nazarene churches having an average membership of 50 and an annual budget of $12,000. The minister is the only paid full-time member of the church staff. A small church may employ part-time clerical and/or custodial workers.

The Manual of the Church of the Nazarene is the official publication of the denomination. It contains a brief history of the denomination, a summary of doctrine, standards of practical ethics, the outlines of the basic church organization, and the detailed procedures of church government. It is revised and adopted at each quadrennial general assembly of the denomination. In all subsequent references to this publication the abbreviated title, Manual, shall be used.

Sources of Information

The information for this study was developed from the following sources:
1. An analysis of textbooks, journal articles, and periodicals dealing with business administration and especially literature relative to church business administration.

2. Related information gathered from published and unpublished materials of the Church of the Nazarene (i.e., periodicals, district bulletins, church bulletins, and the Manual), and information gathered from various church groups which included the following: the American Lutheran Church, the Methodist Church, the National Association of Church Business Administrators, the National Council of the Churches of Christ in the United States of America, and the Southern Baptist Convention.

3. Information gathered from discussions with individuals associated with church business administration. The following individuals were included:

   a) Dr. Roy H. Cantrell, President, Bethany Nazarene College, Bethany, Oklahoma.

   b) Mr. Ralph Chaney, Church Business Administrator, First Christian Church, Oklahoma City, Oklahoma.

   c) Mr. Harper Cole, Manager of International Center, Church of the Nazarene, Kansas City, Missouri.

   d) Dr. M. Harold Daniels, Pastor, Bethany Church of the Nazarene, Bethany, Oklahoma.

   e) Dr. Donald R. Danskin, District Treasurer, Northwest Oklahoma District, Church of the Nazarene, and Professor, Business Administration, Bethany Nazarene College, Bethany, Oklahoma.

   f) Dr. Robert Nelson Grey, Church Administrator, First Methodist Church, and Professor, Business Administration, Phillips University, Enid, Oklahoma.
Procedure

The first step in this study consisted of a search of literature relative to the recent growth and development of the church and particularly church business administration in order to gain necessary background information on which to base the introductory and related research material.

The second step in this study consisted of a search of literature relative to the functions of management and to isolate and define those functions which are essential to church business administration. Also, to develop specific statements regarding the functions of management so that an understanding of the administrative process may be achieved.
The third step in this study consisted of the relating of the functions of management to three broad areas of church administration, namely: management of church funds, management of church facilities, and management of church personnel.

The fourth step in this study consisted of the formulation of content guide statements and the development of a course outline pertaining to essential functions of management developed from the administrative duties of the minister and emerging from steps two and three.

The final step consisted of the preparation of this research report.
CHAPTER II

THE CHURCH AS A BUSINESS INSTITUTION

A local church, like any business institution, operates in a highly competitive society. Churches compete with other churches for members and with charitable and educational institutions for funds. A church which hopes to survive must have a program of maintaining and recruiting members. A local church seldom limits its activities to religious worship only, but it encourages the formation of and maintains auxiliary organizations. Through the auxiliary organizations, new outlets and contacts are established whereby the church is able to obtain additional members. The growth of a church is often the result of an increase in Sunday school attendance, an increase in youth activities, a development of a church music program, or the establishment of a branch church. Furthermore, the influence and the outreach of a church in a local community are greater when it either owns and operates a hospital, a home for the aged, a nursery, a school, an orphanage or performs other similar services.

Collectively church groups make significant contributions to the national economy. This is reflected through
membership gains, the amount of contributions received by church groups, and the expenditures made by churches. Churches and church groups spend huge sums of money for real estate, church construction, and church furnishings. In many of the smaller American communities, the local churches are the principal property owners. This ownership represents church and parsonage property, and in some instances cemetery and recreational facilities. Quite often a church provides the largest auditorium available for public gatherings.

Currently, churches and church groups own and operate secular profit-making enterprises. The income derived from such enterprises is used to support pension funds, welfare activities, world missions, hospitals, schools, and other non-profit organizations. The profit of some church business enterprises either equals or surpasses that of large corporations. Existing laws regarding the taxation of church property and church income aid rather than retard the growth of church business activity.

Regardless of the size of the membership or the extent of the activities, a congregation will on occasion convene for the purpose of conducting some business. The pastor, as head of the local church, together with the church board, is responsible for the business affairs of the church. He may delegate some of this work to his paid staff or to competent volunteer lay workers. Because there
is a growing need for constant attention to and supervision of the many details related to the business activities of a church, a comparatively new development in Protestant churches is the increasing emphasis on church business administration.

Impact of the Church on the Economy

Information compiled from reports made by official statisticians of religious groups indicates church membership continues to increase each year. The most recent statistics reveal a total of nearly 120 million church members. The average membership per local church (parish, congregation) is slightly less than four hundred. An estimated 65 percent of the total United States population affirm membership in some religious organization. ¹

The total contributions received by religious groups have shown a steady increase, and per capita giving has also increased. The latest information from church statisticians indicates total church contributions approximated 2.75 billion dollars in 1962. This represents per capita giving amounting to about $70.² Currently, the total contributions to all churches for all their work is presumably well over three billion dollars.


²Ibid., p. 278.
Printer's Ink estimates that the Roman Catholic Church spends $4.5 billion dollars annually for construction, furniture, equipment, and maintenance.1 The Methodist denomination and the Southern Baptist Convention each have over ten million members, and their members have invested huge sums in hospitals, schools, colleges, and church property. Time estimates the capital worth of the Methodist institutions, including 79 hospitals and 105 colleges and universities, is more than $4.8 billion dollars.2 Collectively churches, synagogues, temples, religious schools, hospitals, and other church-related institutions represent a large institutional market for the promotion of goods and services. They are consumers of repair services; maintenance and operational items; office, kitchen, music, and playground equipment; food and petroleum products; and many other consumable supplies. Millions of dollars are spent annually on church activities.

Since World War II church construction has grown from 26 million to over one billion dollars annually. An additional $500 million dollars is spent for pews, organs, and church furnishings. During this time our postwar recessions have had very little effect upon this segment of the construction industry. There are several factors behind

the record church construction boom. Church membership has been gaining at a rapid rate, and increasing individual incomes and periods of prosperity have accounted for increased giving to the churches. Churches are among the first to build in new suburban areas and they are developing activities for every day during the week. Thus, they are better able to meet the changing needs and demands of their congregations.¹

The value of new, private, non-residential construction by religious groups exceeded the billion-dollar mark in 1960 but fell to 994 million in 1962.² Because the various religious groups define and interpret the word "construction" differently, discrepancies arise among reporting agencies concerning the total amount spent for church construction. In addition, many religious groups receive donated labor and materials; therefore, the actual dollars expended are much less than the total value of the buildings. For example:

The new buildings of Ephrata, Pennsylvania, Church of the Nazarene are valued in excess of $340,000 but were constructed at an actual cost of less than $240,000.³

Thus, the total value of church construction is much larger than actually reported.


Bell believes the tax policies of the Federal Government have encouraged individuals to make donations to churches, as well as caused churches to become massive property owners. Many churches would cease to exist if forced to pay property taxes on the assessed valuation of their property, and such a tax on the assessment would undoubtedly wipe out the benevolent giving to many churches. If the church is to remain an influential force for good, it must continually be aware of the economic facts of life and learn to use its limited resources to the best advantage.¹

One of America's smaller Protestant denominations maintains 219 organized churches within the state of Oklahoma. During 1964, these churches received contributions in excess of two and one-half million dollars. The combined value of church and parsonage property is over ten million dollars. The average membership per local church is 73 and the average annual budget approximates $12,000.² There are other church groups in America operating under similar circumstances. Within each group there are many local churches whose income and expenditures make considerable economic contributions to a local community.


²An examination of the Church of the Nazarene Annual Assembly Journals for Oklahoma, 1964.
The Church as a Profit-Making Enterprise

Churches, as well as other similar organizations, have long been granted tax-exempt status on property holdings when used as places of religious worship. Churches pay no inheritance tax and may own and operate an unrelated business enterprise which is also exempt from corporate income tax. Because of tax-exempt status, churches and church groups have found it profitable to engage in secular profit-making enterprises. Armstrong made a nation-wide study of many religious denominations and their subordinate agencies. He found that churches own radio stations, hotels, parking lots, office buildings, bakeries, mercantile establishments, and warehouses. In addition, they invest in stocks and bonds, speculate in real estate, operate farms, and maintain banking and financial enterprises.

Many denominations and religious groups have huge sums invested in publishing interests, and the sales of some publishing firms run well into the millions of dollars. Printer's Ink lists sixteen religious publications, members of the Audit Bureau of Circulation, which have a circulation of more than 100,000 each. Also, there are 33 non-member ABC

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publications which have a circulation of 100,000 or more.\footnote{Religious Market, op. cit., p. 293.} The Abingdon Press, operated by the Methodist church in Nashville, Tennessee, is the world's largest religious publisher. Its sales exceed 27 million dollars annually.\footnote{Methodists: The Challenge of Fortune, op. cit., p. 75.}

A local church is a profit-making organization even though from a taxable viewpoint it is regarded as a non-profit organization. In an accounting sense, the profit and the new worth of a church increase as the church acquires land, buildings, and other physical facilities. Although a church may operate with limited funds, it continually increases its physical and capital assets as it reduces property indebtedness and other liabilities. Additional factors which have a bearing on the profit position are the amount of contributions received by the local church and the amount of funds which are "plowed back" into the organization in the form of building expansion, remodeling, and up-grading of equipment.

A local church is a fundamental business institution and the profits that accrue are possible only because a church performs a service which is desired by individuals. The profit and net worth position of a church can be identified and clearly measured from an accounting viewpoint; yet from a taxable standpoint, a local church is regarded as a non-profit organization.
Financial Structure of a Church

Even the simplest church organization cannot operate without adequate financial structure and control. A church is not primarily a money-raising institution; financing is simply a means of aiding a church to achieve its objective. Financial plans and methods employed to raise church funds vary among churches, denominations, and purposes for which funds are needed. A plan widely used in rural America consisted of spontaneous giving by church members on a weekly free-will offering basis. The following statement illustrates this type of plan:

The brethren met at the Pennsylvania House on Tuesday afternoon, Dec. 11th, 1888, on financial and other secular business. Nearly all were present. The following resolutions were adopted: 1st Resolved, That two treasury (or collection) boxes be made and put up in the church house with lock on each and a small hole at the top to insert money by any one so disposed, which is to be used for any expenses pertaining to the church, or church house. 2nd Resolved, That if not enough money will be put in these boxes to pay expenses, special collections should be held (by the brethren only) until enough will be here to pay them.¹

A local church is a unit within a denomination and it has the responsibility of raising money for its own activities; but it must also contribute to the support of the general offices and world-wide projects of the denomination. Because of the extensive financial commitments of most churches, few, if any, can now rely upon the weekly

spontaneous giving of their members. Therefore, spontaneous collections have been replaced by fund raising and debt management. Churches now receive funds through weekly collections consisting of tithes and offerings, pledges, and annual subscriptions. Churches obtain additional funds through borrowing, through sales, through gifts and endowments, and, as stated previously, they derive profits from the operation of secular business enterprises.

As a church grows in size and the financial contributions and obligations increase, the necessity for fund management is more apparent. For example, in 1921 the Bethany Church of the Nazarene, Bethany, Oklahoma, had total receipts of $5,863.10. The church operated on a hand-to-mouth, day-to-day basis and had a balance of $2.59 at the close of the fiscal year.¹ The funds were handled by one individual designated as the church treasurer. During the church's 1964-1965 fiscal year, total contributions were $303,471.15. The excess of income over expenses was $16,122.82.² The funds are currently managed by a finance committee, a church treasurer, and a paid financial secretary. The financial secretary is a professionally trained accountant.

¹Examination of the cash book of the Bethany Church of the Nazarene, Bethany, Oklahoma, for the fiscal year 1920-1921.

A comparison of the 1926 and 1964 expenditures of the First Congregational Church, Waterloo, Iowa, is another example which reflects to some extent the progress toward fund management made by a local church during the past few decades. Examples of the budgets are shown in Appendix B. Budgets merely represent what the church board and finance committee regard as necessary to carry on properly the work of the church for the ensuing year. When pledges do not equal the budget amount, the budget must be revised downward.

The attitude of individuals toward church budgeting and spending of money has changed over the years. Leach believes church officials need training in the spending of money even though most individuals believe the church's greatest difficulty is in getting money rather than spending it. Yet men with good intentions have made mistakes in the spending of money. Funds raised for definite purposes have been spent for emergencies in another field, and bills have been allowed to lag until the church could not take advantage of the usual trade discounts.¹

Church financing and its relationship to fund management are similar in many respects to those of a secular firm; however, there are significant differences between the two. Daniel points out some of these differences as he relates

church finances to church management.¹ For example, the income of a business can be spent at the discretion of company officials. When a church receives designated pledges, these monies must be spent according to the wishes of the donors. A business firm may set aside certain reserves to establish an expansion fund. Many of the larger churches set up reserve accounts and establish funds for various purposes. However, these reserves are usually established through special offerings rather than taken from the general fund. In some instances when funds are transferred from the general account to a reserve account, members generally assume that contributions are no longer needed and collections decrease.

Business firms are reluctant to continue to serve a slow-pay or bad-debt account. Every effort will be made to collect the account before the firm terminates business relations. In the case of an unpaid church pledge, the church will continue to welcome members with unpaid pledges as part of the official church family. Although public announcements are made concerning the amount of pledges due or in arrears, few churches make any concerted effort to contact individual members holding unpaid pledge accounts.

A business firm will seldom continue to survive if it habitually adopts an unbalanced budget; however, the

adoption of an unbalanced budget in a church is quite common. Often church members rally to raise funds to meet the deficit in the adopted budget. Many businessmen have attempted to put church financing on a more solid financial basis. The prospect of ending a year with a deficit has caused them to despair of a congregation's sanity. The fact that churches often adopt unbalanced budgets should be considered a unique characteristic of church finance.

**Organizational Structure of a Church**

The organization of the early-day, rural American church consisted of the church laity with perhaps two or three members designated to act as deacons, elders, trustees, or stewards. Buildings were erected primarily for auditorium space for the congregation. The officials of the church were responsible for the maintenance of the church property and the benevolent needs of the members.

The relationship existing between the preacher and the church organization was a simple staff relationship. The literal meaning of "staff" conveys the idea of the use of a rod or stick which aids one when walking. The early-day preacher did little more than aid or serve the congregation. Brunner describes the minister of the rural church as follows:

*Men engaged in other occupations by which they eke out a mere pittance; these are so-called "toiler preachers" who are expected to devote no more than*
Sunday to the work of the church, and who generally receive only a nominal compensation for their work.¹

The minister in a typical city or urban church is considered the head of the organization and the overall management responsibility falls on his shoulders. The position of the minister is vividly portrayed by Cashman as follows:

I wonder if the young ministers realize how great a business opportunity is placed before them. A layman, for example, may work faithfully for years, and yet he may never reach the top of his profession; but a minister, even one just graduated from seminary, is placed at the head of a ready-made organization, with the assumption in advance that should it become necessary or desirable for him to move to another community, whether successful or not in his present field, his position of leadership will be renewed, and he will continue as the director of a promising, if not a thriving church business.²

In addition to his ministerial duties, the minister performs administrative and supervisory duties. He is responsible to higher denominational authorities, as well as to his own church board and congregation. Because of this, the relationship of the minister to the church organization is one embracing line authority. Churches tend to follow a pattern of line authority when it is necessary to delegate responsibility to others. The general principle involved is known as Jethroism, chain of command, or scalar chain, and is exemplified in the way Moses set up his administrative organization. This is explained in the Bible in Exodus 18:13-26.


Moses retained the leadership of the children of Israel; but upon the advice of his father-in-law, Jethro, he chose able and trustworthy men to look after the details. The authority of the minister actually comes from the will of the congregation. A procedure which tends to strengthen line authority, and has the appearance of delegation upward, occurs when the church laity and church boards have the authority to elect their own local ministers.\(^1\) Although the minister may receive his authority from the consent of the governed, Cashman believes he cannot require obedience. This, he says, is one of the great differences between the military, political, or business executive and the minister.\(^2\) The administrative duties of the church are carried out by the minister with the aid of boards, committees, and laymen of the church.

A relationship which is becoming prominent in church administration is known as line-staff authority. The line-staff relationship permits various members of the management team to enter into the decision-making process. The decision makers of a corporation are often referred to as "line executives" or "staff executives." The line executive operates in direct line of authority, and the staff executive serves primarily as advisor to the president or to the executive vice-president. Furthermore, there are specialists in a

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corporation who have managerial responsibilities. Examples of specialists include experts in accounting, law, purchasing, and personnel. A similar type of organization and authority relationship exists in larger churches where the senior minister is regarded as the head of the local church organization. He is assisted by a staff of advisors composed of a professional church business administrator and associate ministers. Since these individuals are specialists in church music, Christian education, church business administration, and ministry of youth, they serve in advisory capacities to the senior minister, to boards, to committees, and to department heads. The senior minister directly supervises the ministerial staff but acts as a staff advisor when coordinating and counseling with other administrative officials.

The church business administrator is responsible for the functioning of the church office. As he manages the office and supervises those individuals reporting directly to him, he exercises line authority; yet he is regarded as a staff officer in the overall functioning of church administration. There are occasions when junior ministers also occupy dual roles and serve both as line executives and as staff executives.

An individual minister may serve in a local church as a line executive, a staff executive, or in a line-staff

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executive relationship. It is important that ministers understand the types of authority relationships that exist in the various ministerial positions and how ministerial authority relates to the church board, to the congregation, and to the employees and workers of the church.

Summary

A local church is a "business institution." It operates in a competitive society and competes with other churches and institutions for members and funds. A church makes an economic contribution to the community in which it operates. This is reflected through the income and expenditures of the church, the property holdings of the church, and the number of personnel employed by the church.

The members of the congregation will, on occasion, convene for the purpose of conducting some business. The pastor, as head of the local church, together with the church board, is primarily responsible for the business affairs of the church. Examples of church business activity are buying and selling of church property, receiving and disbursing of church funds, and organizing and supervising church workers. Churches that own and operate secular profit-making enterprises engage in additional business activities.

Pastors and congregations have become increasingly aware of the large amount of time and energy that must be devoted to the administrative details and business affairs
of the church. Constant attention and supervision must be given to the many complex activities related to finance, insurance, maintenance of facilities, public relations, scheduling, staff supervision, and plans for future development.

Church administration is especially difficult in many churches because of the limited business preparation of the pastors. Also, inexperienced laymen are often in positions of responsibility in local church organizations.

The objectives of a church, like those of a secular business organization, are achieved through the utilization of money, men, and physical facilities. It would appear, then, that certain functions of management which are essential to the management of a secular business organization would equally apply to the business administration of a church. Therefore, in the next chapter of this study the functions of management which are essential to effective church administration are considered. An understanding of the functions of management as they relate to the administration of a church should aid the church administrator to achieve better the goals and objectives of a church.
CHAPTER III

ESSENTIAL FUNCTIONS OF MANAGEMENT
IN CHURCH OPERATIONS

A study of the history of management reveals that several disciplines and accepted schools of thought have contributed to present-day management theory. Historians of management credit the scientific management movement in the United States to Frederick W. Taylor and Frank and Lillian Gilbreth. Haynes and Massie classify the following men, among others, as traditional or universal management theorists: Henry Fayol, Lyndall Urwick, William Newman, James Mooney, and Lelan Reilly. The disciplines of sociology and psychology have intermeshed to form a human-relations approach to management, and outstanding work in this area has been done by F. J. Roethlisberger and Elton Mayo. Additional contributions to present-day management theory have come from the behavioral-science approach, the quantitative approach, and the managerial-economics and accounting approach.¹ A brief review of the development of management theory reveals

that certain functions of management have been established and accepted by leaders and proponents of the various approaches to management.

Management activity is not exclusive to any one individual or head of an organization, but spreads throughout to all members of the organization. Management and managing have certain functions to perform and these functions are inherent, to a degree at least, in all types and forms of management. Such words as actuating, appraising, budgeting, commanding, communicating, controlling, correcting, decision-making, directing, evaluating, forecasting, improving, initiating, interpreting, leading, motivating, planning, organizing, staffing, and training are used in attempts to describe the functions of management. Various lists are found in management literature concerning functions and sub-functions of management. Although the lists contain certain overlaps as well as omissions, management writers are in close agreement concerning the identity of four or five of the major functions. Haimann designates the functions of a manager as planning, organizing, staffing, directing, and controlling. Terry combines the activities of organizing and staffing into one function which he prefers to call "organizing."

These four fundamental functions of management--planning, organizing, actuating, and controlling--

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constitute the management process. They are the means by which a manager manages. They are the distinguishing marks between a manager and a non-manager.¹

Jucius and Schlender identify the functions of management as planning, organizing, directing, and controlling.² Fox considers the three functions of management--planning, organizing, and controlling--as the "organic functions." He establishes directing, leading, and staffing as sub-functions of organizing.³ Koontz and O'Donnell make a distinction between the functions of management and operating tasks such as selling, accounting, and engineering. Although operating tasks may differ from one business to another or between a business enterprise and institutions such as a university or a church, the functions of the manager tend to be universal and common to all organized human activity.⁴ Sears made an exhaustive study of the administrative process with special application to public school administration. The functions of management which Sears identifies as characteristic of the

administrative process are planning, organizing, directing, coordinating, and controlling.\(^1\)

Haimann emphasizes the point that the managerial skills, principles, and functions are the same in each managerial position:

> It is of no importance if the enterprise be a business venture, a charitable or fraternal organization, or a government agency. The managerial principles have universal application. . . . All managers perform the same managerial functions regardless of their position in the managerial hierarchy.\(^2\)

With an awareness of the differences of opinion regarding the major classes into which the functions of management may be divided, this study is concerned with the functions of planning, organizing, actuating, and controlling as they relate to the management of church operations. The remainder of this chapter is devoted to discussions of each of the above functions with special emphasis placed upon the minister who fulfills the role of minister-manager.

**The Planning Function in a Church**

Planning is a fundamental process of church management. It is a process whereby decisions are reached in advance regarding what is to be done. Planning is best accomplished when the minister-manager asks a series of


questions, such as those designated by Terry as the "Five W's and the How" questions.

Effective planning involves the answering of these questions, and in turn these answers provide the basic ingredients to planning. These basic questions include:
1. Why must it be done?
2. What action is necessary?
3. When will it take place?
4. Where will it take place?
5. Who will do it?
6. How will it be done?

Wiest, writing in the area of church administration, has developed a series of questions very similar to Terry's list. Wiest states:

In developing a plan, it is well to ask and answer these simple but important questions: (1) What must be done? (2) How should it or how can it be done? (3) Where should it be done? (4) Who should do it? (5) When should it be completed?

In church administration, occasionally the answers to some of the above questions are readily apparent; however, the thoroughness of planning requires that all questions receive ample consideration.

A formal definition of planning has been established by Terry:

Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

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1Terry, op. cit., p. 228.


3Terry, op. cit., p. 184.
Koontz and O'Donnell define planning as follows:

Planning is a function of selecting the enterprise objectives and the policies, programs, and procedures for achieving them. Planning is, of course, decision making, since it involves choosing among alternatives.¹

Planning activity is intellectual in nature and is best performed when reflective thinking, imagination, foresight, and creativity are all brought into action. Planning is dealing today with intangibles that will affect operations tomorrow. Planning is mental work, and allowance for unforeseen circumstances must be made.

A minister who attempts to outline areas of future needs and make recommendations to his church members or church officials necessarily engages in the planning function. The preparation of recommendations for future needs and a plan of action is one of the most difficult and yet most important matters of church operation. It brings into play all departments, all activities, and all objectives of a church. The inability to visualize the results of planning may cause a minister to shun this important administrative function in favor of other less strenuous courses of action.

Haimann and Terry both agree that all managers, regardless of their rank in the managerial hierarchy, engage in planning.² Presumably, though, those at the higher

¹Koontz and O'Donnell, op. cit., p. 35.
²Haimann, op. cit., p. 66 and Terry, op. cit., p. 53.
managerial levels devote more of their time to the planning function than do managers at the lower levels of the hierarchy. It would follow, then, that planning is an activity engaged in by ministers at all levels of church operation. Some ministers tend to stress programs and procedures while others emphasize policies and budgets. Still other ministers spend a major portion of their time planning for objectives and standards (i.e., increase the Sunday school attendance, become a church which gives ten percent of its income to world missions, and the like). The type of plan employed and the amount of effort expended in the planning function vary from church to church. What may prove to be relatively ineffective in one church may turn out to be highly effective in another church.

Because planning is fundamental, it must be done before organizing and staffing are accomplished. It is difficult to see how a minister-manager could direct and control church activities without prior planning. Planning for long-range goals, commitments, budgets, and so forth is broader, more extensive, and more inclusive than is planning at the lower operating level (i.e., planning routine maintenance operations).

In summary, the minister-manager should possess sound understandings of the planning function, including among others the following: (1) planning is performed by all ministers at all levels, and the planning function should be
performed before other functions of management are carried out, (2) planning has an element of decision-making in it; futurity is its essence, (3) planning is intellectual in nature, mental in effort, and intangible in scope; and better progress can be made when ministers analyze and consider the solutions to basic problems in it, and (4) planning and the planning function increase in scope and importance as the local church increases in size and complexity.

The Organizing Function in a Church

Organizing is a function of church management which includes the activities of staffing. It is difficult to accomplish the directing function without prior planning and organizing. "Organizing helps in supplying the means by which people can work together effectively toward the accomplishment of specific goals."¹ It unites people in interrelated tasks. It helps a manager to know exactly what he does, to whom he reports, and who reports to him. It gives managers and non-managers alike a clear understanding of their job.² Haimann's definition of organizing is appropriate for church administration.

Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organizing function the manager defines, departmentizes, and assigns

¹Terry, op. cit., p. 303.
²Ibid.
activities so that they can be most effectively executed. . . . Organization means the determination and assignment of duties to people, and also the establishment and maintenance of authority relationships among these grouped activities.¹

It is apparent that any local church has a form of organization. This is exemplified by the presence of a church board, various committees, and auxiliary organizations of the church. Quite often these groups organize by electing officers and forming sub-committees. This phase of organizing is an on-going process and will continue regardless of the individual efforts and abilities of the minister.

Since organizing is performed by managers at all levels of the managerial hierarchy,² it is possible to adapt organizing to any size of church or to any level of local church organization. All too frequently, ministers limit the act of organizing to include only those activities which are necessary to organize the church board or the auxiliary organizations. Organizing in a church should be broader and more extensive than merely electing officers to serve in a local group. Haimann's definition of organizing implies that the church administrator should determine the relationships of the departments, the auxiliary organizations, and the individuals within the church; determine the jobs to be performed; determine which individuals are to perform the

¹Haimann, op. cit., p. 136.
²Terry, op. cit., p. 53.
jobs; determine the physical environment within which the activities will be performed; and determine the external relationships of the church. "Organizing must reflect the true functions of the church and be the tool, the medium, the means by which Christ's work in the world is done."\(^1\)

The organizational structure of a local church provides the framework within which individuals perform church activities. All church workers should become familiar with the organizational structure of the church in which they serve. This helps to minimize conflicts which may arise. Through the organization chart, the administrative structure of the church can be portrayed in graphic form. A primary purpose of the chart, from the worker's point of view, is to clarify channels of supervision, indicate authority relationships, and portray the important divisions of the local church. Thus, organizational charts help personalize the whole structure to the worker. They help each worker develop a sense of usefulness in the church organization.

Informal groups naturally evolve whenever people work together, and the church is no exception. Usually these groups are bound together by common social interests, common economic backgrounds, and common interests in the church. Acting as a group, the members of the church board may be "for" a proposition when it is presented at a board

\(^1\)Wiest, \textit{op. cit.}, p. 10.
meeting. However, when they vote as individuals at a church meeting, they may be "against" the proposition. The reason is not always clear; but it may be presumed that pressure from the informal group causes some members to switch positions.¹

The church organization is a social entity, and the minister-manager must develop the art of performing the organizing functions within social, psychological, and behavioral relationships. Quite often the work that is done in a church is performed in a manner dictated by custom. For example, the church board may be reluctant to appoint a committee of money counters, because the treasurer has always counted the money and the results have seemed to be satisfactory. Why change? Therefore, custom dictates the manner in which the money shall be counted. A minister must realize that custom, types of behavior, and culture patterns are vital in accomplishing the work of the organization. A church organization is an environment which creates behavior that either inhibits or encourages interaction among the members of the church organization.

¹Interview with Rev. C. L. Elston, pastor, First Church of the Nazarene, Enid, Oklahoma. During the spring of 1965, the members of the church board voted to relocate the church parsonage and build an educational unit to the existing church structure. Members of the congregation became dissatisfied with the action taken by the board; thus some of the board members changed their position regarding the feasibility of a building campaign. Although the board did not officially vote to drop the matter, in a few weeks the entire project was terminated.
Because organizing requires prior planning and mental effort and demands the time of the minister, the results to be derived from organizing may be either excellent, adequate, mediocre, poor, or almost non-existent. Some ministers devote more time to organizing than do other ministers. This may be due to such factors as the size and the complexity of the churches, the preparation and the background of the minister, his desire to perform the administrative process, and his understanding of the results which can be achieved through properly organizing.

In summary, the minister-manager should possess sound understandings of the organizing function, including among others the following: (1) organizing is performed by ministers at all managerial levels and should be performed before the directing and controlling functions are carried out, (2) organizing "sets the stage" for the performance of the actual work as developed in the planning function, (3) the conceptual framework of organizing includes developing an organizational structure, determining activities to be performed, assigning individuals to the various activities, and developing authority relationships that should be allocated throughout the church organization, and (4) there exist in all churches both the formal and the informal kinds of organization. The minister would do well to understand that either kind of organization may be either for, against, or neutral concerning the achievement of the church's objective.
The Actuating Function in a Church

The third fundamental function of management is referred to by a majority of management writers as directing or commanding. Directing implies that action is achieved through command techniques or authoritative instruction. Actuating implies that action results when an individual is either aroused, stimulated, or incited. Even though the minister is regarded as the head of the local church organization, he cannot ordinarily require obedience. Therefore, his relationship to the church congregation and methods of arousing action are unique. Because of this, the term "actuating" more accurately describes this third function of management than does either the term "directing" or the term "commanding." However, the terms are sometimes used interchangeably in this discussion.

The actuating function precedes controlling and is itself preceded by the planning and organizing functions. Actuating is the only function of management which deals exclusively with people. Actuating is a process whereby plans and efforts are put into action. Terry states:

Actuating is getting all the members of the group to want to achieve and strive to achieve the objectives the manager wants them to achieve because THEY want to achieve them.  

Haimann considers directing as the "spark" around which all performance revolves.

1Terry, op. cit., p. 465.
Comparison is often made with an automobile with its motor idling, where nothing happens until and unless the car is put into gear and the accelerator depressed. Without the issuance of directives, nothing, or at best very little, would be accomplished.¹

A minister-manager may plan and organize, but no tangible output will result until he implements action. The minister, like any other manager, implements action through purchase orders, contracts, agreements, instructions, written communications, and oral requests. Performing the actuating function is a continuous process, for the minister-manager continually guides, directs, instructs, and supervises the members of the church staff.

The importance of actuating is often underestimated because it is easy to overlook the fact that actuating occurs also with the non-paid staff and members of the congregation. While a certain amount of skill is required to understand and work with people, effective actuating can be accomplished only by getting things done through and with people. Thus, elements of leadership become important in many phases of actuating. The degree to which the minister arouses action is reflected through his leadership activities, his personal example, and his efforts to stimulate members of the congregation.

The goals established by the church board and the various interests of the church may not be shared equally by

¹Haimann, op. cit., pp. 408-409.
all members of the church group. Ministers usually prefer to secure obedience, discipline, and loyalty through the use of suggestive techniques rather than through command techniques. Therefore, the results from actuating are usually better when church workers are treated from a human-relations point of view. Inasmuch as the paid staff receives monetary incentives, banquets, recognition dinners, and announcements appear to be of great importance in challenging the non-paid workers of the staff to more effective action. The authority inherent in the ministerial position and the leadership qualities developed by the occupant of that position constitute the forces that set in motion the actuating function and cause it to weld the activities of the church organization.

Actuating is a function performed by managers at all managerial levels.¹ The amount of time and effort a minister devotes to the actuating function depends upon his managerial level, the number of subordinates he directly supervises, and the time he devotes to his other duties. During periods of either church building construction or a financial campaign, the minister may devote more time to this function than during other periods of church activity.

In summary, the minister-manager should possess sound understandings of the actuating function, including among others the following: (1) actuating is performed by ministers at all managerial levels, and actuating is the force that sets

¹Terry, op. cit., p. 53.
in motion the performance of the activities of the church, (2) actuating is the one function of management dealing with the human element; therefore, actuating takes into account the differences of individuals, (3) loyalty is an outgrowth of skillful actuating, and (4) authority and leadership are inherent qualities of the minister-manager without which the actuating function would fail to succeed.

The Controlling Function in a Church

Controlling is a function of church management which includes the activities of coordination and is accomplished with the aid of cooperation. Controlling is a follow-up process whereby the minister-manager performs activities which are essential in assuring that events and activities proceed as planned. Koontz and O'Donnell define controlling as follows:

The control function includes those activities which are designed to compel events to conform to plans. It is thus the measurement and correction of activities of subordinates to assure the accomplishment of plans. This formulation of the concept embraces the idea that planning must precede control and that plans alone are not self-achieving. They must be carried out and possibly modified by circumstances before objectives can be realized. . . . Thus, the control of things is achieved through control of people.1

Controlling determines what is being done, what accomplishments are being achieved, what mistakes are being made, and what corrective measures must be applied so that

performance takes place according to plan. Hence the controlling function is necessarily the last function to be performed. Regardless of the level of the managerial hierarchy, all minister-managers perform some aspects of the controlling function.

Among the types of controls established by business firms are advertising control, budget control, inventory control, maintenance control, salary control, and sales control. While the need of controls in a church differs from those found in business organizations, certain activities in the church lend themselves to control measures. For example, benevolences, church schools, salaries, and youth activities can be controlled with respect to cost. The number of inspections, the type of routine maintenance, and employee performance can be evaluated with respect to quality and quantity. The use of equipment, classrooms, and eating facilities can be controlled with respect to time allocations. "Any activity can be controlled with respect to any one of the following factors: quantity, time, use, and cost."  

It is recognized that much of the activity of a local church is directly dependent upon the financial status of the church. Therefore, the minister and members of the church board should be continually informed regarding the

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1 Terry, op. cit., p. 592.

2 Ibid.
receipts, expenditures, and commitments of the church. Because the management of funds is dependent upon the budgetary process, budgetary controlling appears to receive greater emphasis in church controls. Terry defines budgetary controlling as follows:

Budgetary controlling is a process of finding out what's being done and comparing these results with the corresponding budget data in order to approve accomplishments or to remedy differences by either adjusting the budget estimates or correcting the cause of the differences.¹

Budgetary controls serve as warnings to inform members when contributions become insufficient. They also serve as warnings to board members when expenses either approach or exceed the limits defined by the budget. Although budgetary controls are useful to a church administrator, he must not confine all control measures to this one activity. While a church may establish excellent budgetary control procedures, this does not lessen the need for evaluative measures and control efforts in other areas of church activity. Any type of control is ineffective unless it motivates and instills a desire to improve and is of little use unless corrective measures are implemented when the need presents itself.

Coordination is an integration of the efforts of individuals, and it is brought along as the minister-manager performs the functions of management. Planning and organizing are accomplished so that coordination can be facilitated. The

¹Ibid., p. 651.
personality of the minister, his leadership characteristics, and his ability to communicate are significant factors in his ability to achieve coordination. Remedial action brought about by controlling assists in acquiring coordination.¹

Coordination implies that the activities of one department of a church will not interfere with the activities of another department. Also, the individuals of a particular group coordinate their activities so that desirable results will be obtained. The decisions of the church board are frequently influenced by external agencies such as local authorities and denominational leaders. Consequently, as the minister-manager performs the administrative process, he attempts to coordinate all the activities of the various departments, groups, and individuals within the church both from an internal and external standpoint so that desirable results will be achieved.

In summary, the minister-manager should possess sound understanding of the controlling function, including among others the following: (1) controlling is performed by all ministers at all managerial levels and it is performed after the other functions of management have been carried out, (2) through the use of the controlling function, the minister-manager determines what is being accomplished; he evaluates the performance and applies corrective measures, and (3) the controlling function, as well as the other

¹Ibid., pp. 169-170.
functions of management, is facilitated by the element of coordination.

Management Functions in Nazarene Churches

An individual who serves as a minister in a local Nazarene church at one time or another performs acts which are distinctively managerial in nature. As chairman of the local church board, the pastor engages in planning activity which is directed toward the establishment of objectives, policies, procedures, and methods. As ex-officio head of all departments of the local church, the pastor engages in organizing which aids in developing work assignments, eliciting committee cooperation, delegating authority, and assigning individuals to various jobs. Through the application of the actuating function, members of the church are inspired to carry out their prescribed tasks enthusiastically and willingly. Inherent in the tasks of the minister are follow-up activities which are aided by effective controlling. Coordination of all activities is essential in order to obtain desired results.

The duties of the pastor of a Church of the Nazarene are stated in the church Manual. The duties relate to the performance of spiritual and ceremonial matters as well as to administrative duties relative to the business affairs of

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the church. Some of the administrative duties are specifically described, whereas others are defined in broad general terms leaving much to the discretion of the pastor (see Appendix C). The four fundamental functions of management--planning, organizing, actuating, and controlling--constitute the process by which the pastor performs the duties described therein.

The pastor as head of the local church organization, and as ex-officio chairman of the local church board, is in a position to give direction, leadership, and guidance in the establishment of a managerial attitude. The church board, as the official policy-making body of the local church, must set the stage, pattern, and environment whereby all procedures, policies, and methods emerge from a managerial atmosphere. Because of the unique position of a pastor, such an atmosphere can develop only as he exhibits leadership and lends direction and guidance in the establishment of the managerial attitude. The neglect or failure on the part of the pastor or the board to establish the proper managerial environment results in chaos and a breakdown of the administrative process.

The functions, to a degree at least, are performed by church administrators at all levels of the managerial hierarchy. This includes those ministers serving in small rural churches. There is a tendency to believe that only ministers in large churches and those serving on multiple-ministerial
staffs perform all the functions of management. Actually, the very nature of the pastoral office requires that some attention be given to each function of management. Although each function is a distinct entity, it is often difficult to draw a line of demarcation between them. The time that a minister devotes to the administrative process depends upon the size of the church, the complexity of church activities, the professional or lay help available to him, his preparation and interest in the administrative process, and the demands of other ministerial duties.¹

Ministers who are prepared in and understand the management process are better able to assume higher-level managerial responsibilities. For this reason, ministers who demonstrate executive ability and acumen are chosen as general superintendents, college presidents, and district superintendents in the Church of the Nazarene.

Summary

Management activity is not exclusive to any one individual or organization, but is found whenever men work toward the achievement of common goals. The universality of

¹Occasionally a minister prefers to resign a church rather than accept the added responsibility of a building program. The minister's attitude toward administration may be summed up by one who stated: "I loved my last pastorate but I didn't like the administrative details of the building program. I abhor administrative duties. I believe my dislike for administration was due to my lack of training for it."
the management process enables successful managers from the business world to contribute to the success of political, military, educational, charitable, religious, and other institutions and vice versa. Management and managing have certain functions to perform and these functions are inherent, to a degree at least, in all types of management.

Four functions of management—planning, organizing, actuating, and controlling—are especially applicable to church business administration. These functions are performed by all ministers who occupy positions in the managerial hierarchy. Because the minister occupies a unique position in a local church, he should give direction, leadership, and guidance toward the establishment of a managerial attitude, environment, and atmosphere. The success of a minister in a local church is often aided or imperiled by the extent of his ability to understand and perform the management process.

The next three chapters of this study deal with specific areas of management as they relate to church business administration. The management process is discussed in a manner which leads to the development of an outline of the functions of management pertaining to effective church business administration.
CHAPTER IV

MANAGEMENT OF CHURCH FUNDS

A local church, as a unit within a denomination, has the responsibility of maintaining its own services, as well as contributing to the financial support of the denomination. In fulfilling its local and denominational obligations, a church has certain legitimate and necessary expenses, and it should use approved methods of securing and disbursing its income. A church needs financial direction and management of its funds the same as any other business organization. Hewitt believes that neither the size of the church nor the fact that it is a non-profit organization minimizes the need for sound accounting practices and financial controls.¹

Larsen states:

Churches in the aggregate handle large sums of money. In several communities, they handle more money than any single business enterprise. Most of them totally fail to enjoy the benefits which can be obtained from good accounting records, internal control, or external audit.²


Because a church receives a major portion of its income from donors, it is under solemn obligation for proper accountability to those donors for the manner in which their funds are handled. A church has both an opportunity and a responsibility for establishing and maintaining proper and ethical practices in fund management. If a church is to carry out its total program effectively, its economic affairs must be competently managed.

The management of human and material resources depends to a great extent on the availability of financial resources and proper application of the administrative process. Planning and organizing are essential to church financing. Through these functions, the church budget is established and methods are developed for raising church funds. The actuating function initiates the flow of funds. Controlling, as another function of management, tends to keep the flow of funds within the limits established by the budget.

The overall administration of church funds is accomplished through the operational policies, procedures, and methods which are developed by those who have responsibility for the management of church funds.

It is recognized that the administration of funds must be under the direction of the board of trustees, or a similar board. . . . In Presbyterian churches, the session determines policy and the senior minister, as presiding officer of the session, is the administrative head of the church.1

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A local church is in a better position to perform its overall financial operations when it formulates a financial budget. Occasionally, a church obtains loanable funds for either capital improvement or current operations. In order to protect its investment and to prevent financial loss, a church shares its risk with insurance companies. An accounting system or a systematic method of record keeping aids and facilitates the management of all funds. The management of church funds involves the formulation of a budget, the use of borrowed funds, either the elimination or the reduction of risks, and the adoption of an accounting system.

The Church Budget

The first step in developing the financial program of any church involves the formulation and the adoption of the church budget. Even the small church with limited income will find that a budget is a useful financial aid to the management of its funds. As the small church increases its financial resources, careful budgeting becomes a necessity. In actual practice, the budget functions as a guide, as an authorization, and as a control device for raising and distributing funds.

The formulation of the budget should be the concern of the entire leadership of the church. Page declares:

The temptation arises, particularly in the smaller churches, but also in the larger organization
with a paid, full-time treasurer, to ask the church treasurer to compile the budget.¹

When the budget for the coming year is prepared by the treasurer only, it tends to become a summary of income and expense for either the current or the previous year. The budget is thus submitted with the expectation that future commitments will follow the trend of past experiences. The church treasurer plays an important part in budget formulation and should be asked to submit past figures of income and expense and other pertinent financial data. Then the church administrator, the pastor, the church board, lay leaders, and the treasurer, all working together, should formulate the budget. When numerous leaders of the church share in budget formulation, the budget more accurately reflects the goals, the needs, and the obligations of the total church operation. When budgets reflect needs, goals, and resources, they actually become resource programs of fund management. What actually occurs is a sequence of phases in budget development during which revised estimates of needs and estimates of resources are brought closer and closer together in an interplay of resource programming.

Formulation of the Budget

The formulation of a business budget usually begins with a forecast of sales and by subtracting therefrom the

estimated expenses the business firm arrives at a profit target. When estimated costs appear out of line, measures should be taken either to reduce costs or to increase sales.\(^1\) The methods and the procedures used in formulating the church budget vary from one situation to another; however, budget construction becomes much easier and more accurate if the church has previously used a budget and if adequate financial information is available. Linamen suggests that churches follow the procedure of estimating income, then estimating expenses, and finally submitting the proposed budget to the congregation for approval.\(^2\) If the church is to imitate the procedures of business and also Linamen's suggestion, then the first step in the formulation of a budget is to estimate anticipated income. The source and amounts of past income, such as loose offerings, tithes, pledges, gifts, special events and drives, and other miscellaneous income should be carefully analyzed. Income data should be collected for the preceding two to four years. Thus trends may be established to indicate a relationship between amounts pledged and income received. Consideration should be given to the factors which may be expected to affect the future income of the church. Economic factors such as local strikes, closing or establishing a defense installation, increased cost of living,

\(^1\)Daniel, op. cit., p. 21.

shifting of industry either into or out of the community—all have a direct bearing on the ability of church members to make financial contributions to the local church. An analysis of church membership, the effect of death and retirement of church members, and the nature of the stewardship program aids in arriving at a more nearly accurate estimation of church income. A listing of the sources and amounts of income should represent the total funds that will be available for the purpose of meeting the church's obligations.

The second step in budgeting is to identify each expense in terms of the anticipated needs of the congregation. This identification can be accomplished by asking the person responsible for each phase of the church's work to submit a detailed statement of the estimated cost of the items required to carry out his program for the coming year. Expense data should be collected from the preceding two to four years with comparative information showing the budget estimates and actual expenditures. Such data normally indicate trends in spending and suggest whether the proposed expense items are realistic.

An attempt should be made to classify expense items for identification and control purposes. The following budget of a small church indicates the extent to which a finance committee classified expense items.
# Proposed Church Budget for 1965

Our World and District Missions:

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Evangelism</td>
<td>$1,000</td>
</tr>
<tr>
<td>District Evangelism</td>
<td>350</td>
</tr>
<tr>
<td>Home Mission Evangelism</td>
<td>269</td>
</tr>
<tr>
<td>Specials, Alabaster, Deputation</td>
<td>163</td>
</tr>
<tr>
<td>Expense and Promotion</td>
<td>60</td>
</tr>
</tbody>
</table>

Our Worship Ministry:

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastoral Ministry</td>
<td>5,550</td>
</tr>
<tr>
<td>Pulpit Help</td>
<td>100</td>
</tr>
<tr>
<td>Evangelistic Ministry</td>
<td>720</td>
</tr>
</tbody>
</table>

Our Ministry of Music:

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>205</td>
</tr>
</tbody>
</table>

Our Church School:

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature</td>
<td>1,000</td>
</tr>
<tr>
<td>World Evangelism</td>
<td>30</td>
</tr>
<tr>
<td>Vacation Bible School</td>
<td>200</td>
</tr>
<tr>
<td>Postage</td>
<td>60</td>
</tr>
<tr>
<td>Bus Maintenance</td>
<td>900</td>
</tr>
<tr>
<td>District Allotment</td>
<td>41</td>
</tr>
<tr>
<td>Promotional Expense</td>
<td>50</td>
</tr>
</tbody>
</table>

Our Youth Program:

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Evangelism</td>
<td>30</td>
</tr>
<tr>
<td>District Evangelism</td>
<td>50</td>
</tr>
<tr>
<td>Local Evangelism</td>
<td>60</td>
</tr>
<tr>
<td>Junior Fellowship</td>
<td>30</td>
</tr>
</tbody>
</table>

Our Business Administration:

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Supplies</td>
<td>135</td>
</tr>
<tr>
<td>Literature</td>
<td>40</td>
</tr>
<tr>
<td>Postage</td>
<td>170</td>
</tr>
<tr>
<td>Printing</td>
<td>100</td>
</tr>
<tr>
<td>Benevolences</td>
<td>90</td>
</tr>
<tr>
<td>Delegates Expenses</td>
<td>80</td>
</tr>
<tr>
<td>Budget Promotion</td>
<td>200</td>
</tr>
<tr>
<td>Office Help</td>
<td>520</td>
</tr>
</tbody>
</table>

1Adapted from material received by means of a personal request to Rev. J. C. Andrews, Pastor, February, 1965.
Our Church Home:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities (Includes Bus)</td>
<td>675</td>
</tr>
<tr>
<td>Insurance</td>
<td>465</td>
</tr>
<tr>
<td>Improvements and Maintenance</td>
<td>900</td>
</tr>
<tr>
<td>Custodian Salary and Supplies</td>
<td>545</td>
</tr>
</tbody>
</table>

Our Debt Reduction:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage Company</td>
<td>2,400</td>
</tr>
<tr>
<td>Nicholson, Cramer and Miller</td>
<td>528</td>
</tr>
<tr>
<td>Bond and Note Retirement</td>
<td>205</td>
</tr>
<tr>
<td>Nazarene Ministerial Benevolent Fund</td>
<td>210</td>
</tr>
<tr>
<td>Bethany Nazarene College Allotment</td>
<td>359</td>
</tr>
<tr>
<td>Grand Total for the Year</td>
<td>18,490</td>
</tr>
<tr>
<td>Average Weekly Requirement</td>
<td>356</td>
</tr>
<tr>
<td>Daily Cost of Operation</td>
<td>51</td>
</tr>
</tbody>
</table>

When compared with the monthly income and expense statement, the budget serves as a control device and indicates whether the church is meeting its commitments. Supposedly, adjustments will have to be made in order to keep budgeted expenditures within anticipated income.

The final step in budget formulation is the adoption of the proposed budget by the church membership. Church members are better able to visualize budget needs and commitments when annual estimates are reduced to either monthly or weekly figures. The alternative to budget acceptance is either rejection or conditional acceptance subject to certain revisions.
Meeting the Budget Commitment

Nearly every congregation must face the annual problem of raising funds to finance the program of the church. As stated previously, churches receive income from several sources. However, "the largest single source of revenue or income for the typical church is derived from the pledges of individual members."\(^1\)

One of the most widely used and effective methods of securing pledges and raising income to meet budget commitments is by a process commonly known as "every-member canvass."\(^2\) The success of the every-member canvass financial campaign is dependent upon the selection of key personnel, extensive use of committees, scheduled meetings, proper instruction, adequate supervision, and effective coordination. All of this can come about only after the campaign has been well planned and organized. The major activity of the every-member canvass financial campaign consists of a team of canvassers who interview a predetermined number of church families. The purpose of the interview is to secure a pledge attested to by the signing of a pledge card. At the close of the campaign, the total of all pledge cards may indicate that sufficient funds will be available to underwrite the budget; in which case, the budget should be adopted. If otherwise, the budget should be revised downward.

\(^1\)Page, op. cit., p. 74.
\(^2\)Linamen, op. cit., p. 83.
The raising of income to meet local expenses within the Church of the Nazarene is somewhat different from the every-member canvass. Ministers, evangelists, and church literature continually attach much significance to systematic tithing and weekly offerings as a means of supporting the financial program of the church. The Manual reads:

We believe that the scriptural method of gathering money for the support of the church is by means of tithes and offerings. We urge that our people adopt tithing as the scriptural and satisfactory plan, that each member may do his minimum share in the support of the whole church, local, district, and general. And on the basis of the divine promises to liberal givers, we exhort our people, in addition to their tithes, to make freewill offerings as generous as circumstances will permit.

February is usually designated by the denominational leaders as stewardship month and pastors are urged to stress all areas of stewardship including stewardship of material possessions, stewardship of time, and stewardship of talents. During this period many pastors urge their members to make new commitments to the financial program of the church. The appeal is usually directed toward a commitment to adopt and practice systematic tithing rather than to a commitment of a specified numerical pledge.

Each pastor serving in a local Nazarene church is required to submit an annual financial report to the district of which he is a member. This report contains these three disbursement categories: local interests, district interests, district interests,

1Manual, p. 45.
and general interests (see Appendix D). The amounts to be paid on the district and general interests are assigned to the local church at the Annual District Assembly. The budget plan promulgated by denominational leaders suggests that each church adopt a ten-month basis on which to meet its district and general budget commitments. The method of raising the apportionments for these budgets varies from church to church. However, the general practice is to raise the major portion of the general budget through special offerings held at Thanksgiving and Easter. Some churches are financially able to meet their district budget commitments from regular sources of income. On the other hand, many churches must raise these funds through special offerings. While the major portion of the local church's income is raised through systematic tithing, quite frequently special offerings and pledges are received for revivals, benevolences, educational institutions, district home missions, and other similar causes.

The failure to handle local expenditures on a budget basis is a common weakness within the Church of the Nazarene. This is especially true in the smaller churches. Even though there may be some reluctance to conducting an every-member canvass to underwrite the budget, such a budget should be made available to the membership for their consideration and approval.
Borrowing

Most churches find it necessary to borrow money for capital expenditures such as church construction, land acquisition, and the purchase of expensive pieces of equipment. Even a church which is very adequately financed may, on occasion, borrow to meet their current operations or short-term commitments. Many lending institutions have in the past, as a matter of policy, avoided granting loans to churches. Linamen believes the limited negotiability of church property makes it difficult for churches to borrow funds.¹ Church buildings are constructed as single purpose units, and commercial institutions find it difficult and expensive to convert church property to other useful purposes. For this reason, church property may have a low loan appraisal. The leadership in most Protestant churches is subject to frequent change. Consequently, those individuals who applied for a loan in behalf of the church may not be the same individuals to guide the business affairs of the church throughout the life of the loan. Recently church groups have tended to construct adequate buildings on select sites and have used efficient and reliable methods of financing church construction. Church groups are continually raising phenomenal sums for church construction and, in some cases, debt repayment is ahead of schedule. As a result,

¹Linamen, op. cit., p. 101.
lending institutes are beginning to realize that churches are business institutions and are treating their loan applications from a profit standpoint rather than from a human-relations point of view. In making arrangements to borrow funds, the church administrator should consider the lending institution, the loan application, the size of the loan, and the cost of the loan.

The lending institution.--In evaluating the loan application of a church, the lending institution considers a variety of factors. Church groups must convince the lending institution that sound business practices are being followed by the minister and the lay leadership. Regardless of either the size of the church or the method employed in raising funds, the success of the fund-raising program depends upon the leadership ability of the minister.

A church's fund-raising program is always subject to close scrutiny by the lender. The key person here is the minister, for experience has shown the importance of his leadership in raising revenue. Bankers often urge the congregation to purchase additional insurance on the life of the minister equivalent to at least one year's debt service. Replacing a minister who has died or moved away nearly always slows fund-raising and may endanger the schedule of debt repayment.1

Loan officials usually request the financial records of a congregation for the previous four or five years to determine the budget conditions, the success of special drives, and the pledge commitments. Consequently, efficient management

1Harold L. Lunde, "Borrowing for Church Construction," Church Management, XXXVII (October, 1960), 27.
practices should provide for an efficient, complete, and orderly accounting system.

The time required to negotiate a loan can be reduced considerably if the church administrator has compiled the information requested by loan officials. Bramer and Linamen have each compiled extensive lists of information that a lending officer may request when a church applies for a loan. Following is a composite of the major items contained in their respective lists:

1. The amount of the loan.
2. The specific purpose of the loan.
3. The time of the loan and suggested payment schedule.
4. The names, addresses, and position of the minister(s) and lay officials.
5. The exact legal title of the church organization.
6. The denominational affiliation of the church.
7. Record of income and expenditures.
10. Outline of a program for liquidation of the loan.
11. A resolution from the church.
12. A copy of the by-laws of the church with amendments to date.
13. Court approval and legal opinion that the church is complying with all the conditions of the applicable state's non-profit corporation laws.
14. Description of property and proof of ownership.
15. An appraisal of the property.
17. A cost estimate, contractor's bid.

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18. Arrangements for paying taxes, insurance, and assessments.
19. Statement showing whether church has made application for loan elsewhere and whether or not the application was approved.

A church may borrow funds from a variety of commercial institutions; however, local banks have been used more frequently than other institutions because of their convenience and favorable interest rates. Additional lending sources are denominational loan funds, fraternal societies, insurance companies, private concerns, and private individuals.

The Church of the Nazarene operates a General Church Loan Fund through the Department of Home Missions, General Headquarters, Kansas City, Missouri. Loans are available only to churches which have been unable to obtain funds elsewhere and the loans carry favorable interest rates. Occasionally a large percentage of the total cost of construction can be borrowed. The disadvantage of such a source is the long waiting period required to obtain the funds. In addition, many of the districts within the Church of the Nazarene maintain District Church Extension Loan Funds. For the most part, these funds are available only for either establishing new churches or aiding the very small and financially weak ones. Finally, professional fund-raising agencies have been used successfully either to sell bonds and insurance or in some other manner to aid the church in fund raising.¹

Loan restrictions.—A church, the same as any other institution, will ordinarily be limited as to the amount of funds it can borrow. Therefore, planning and caution should be exercised to borrow only the minimum amount of funds necessary either to complete a particular project such as church construction or to purchase physical facilities. Specialists in church finance have various opinions concerning the mortgage value of a new building. There are several rule-of-thumb estimates which a church may follow in planning for fund requests. For example, a common loan maximum is based on 50 percent of the total cost of the buildings. Occasionally the total loan value is based on two and one-half to three times the annual budget or a maximum of from $200 to $400 per church family. Church loans are currently being made for from 40 to 60 percent of the value of the building or up to $500 per church family.¹

As with any loan, interest is the major and most important cost. The total cost of the loan may include such items as the commission to a broker, mortgage insurance, various fees and the services of an attorney. Thus, the cost may run from almost nothing to several hundred dollars. It is important for the church administrator to analyze all aspects of borrowing before entering into a contractual agreement.

¹Lunde, op. cit., p. 27.
Financial Risks

In managing the business affairs of a church, as in any other institution, a certain amount of risk must be taken. The chance or uncertainty of loss may take many forms, such as loss of life, loss of property, or loss of income. Because institutions and individuals are unable to predict when a loss may occur, they are constantly seeking methods of preventing and reducing their losses.

Church failure is essentially a financial concept. While the causes of failure may arise from non-financial sources, the disorganization of a church is usually determined on a financial basis. Broadly speaking, the task of the church administrator is to reduce as much as possible any loss or economic burden which may be caused by risk. A difficult problem in church administration and business administration is to determine how much risk is present and what risk-bearing plan is most suitable under the circumstances. Musselman and Hughes discuss five methods by which a business firm or an individual may handle risk and thereby reduce the chance for financial loss. The five methods they recommend are: remove the risk or eliminate its cause, establish a reserve fund in anticipation of loss, shift the risk by buying insurance, engage in hedging, and practice good management.1 Hedging is perhaps the only method of handling

risks not applicable to church administration. Shifting the risk through insurance and removing the risk or eliminating its cause are two methods of handling risks especially adaptable to church administration.

Necessary Precautions

An effective method of reducing financial loss is either to remove a risk or to eliminate its cause. This can be accomplished by building "fireproof" structures. They help eliminate loss from fire and reduce the resulting damages caused by smoke and water. Also, the installation of safety devices, warning signs, and hand-rails are precautions that should be taken to reduce accidents and losses. During the winter season, walkways and steps should be kept clear from ice and sleet. The custodian should continually be alert for foreign matter that might be found on the floor, especially in the eating and recreational areas. Also, he should watch for breaks or cracks in walkways, driveways, and stairways, for they may cause falls which could result in serious injury to a church patron.

Consideration should be given to the safekeeping and protection of church property which is of a non-insurable or irreplaceable nature. There are many kinds of records which are invaluable to the church organization. Records should be preserved and controlled in such a way that they
can be found when needed. The duplication of some records, if lost, may cost several hundred dollars.

Each department of the church maintains records and files peculiar to that department. For example, the church school maintains attendance and offering records, calling records, prospect lists, and membership files. The financial secretary maintains a list of contributors and amounts contributed. The church office maintains a list of church members, records of baptisms, and records of wedding ceremonies. Bassett, Agnew, and Goodman compiled a list of records which are commonly filed and retained by secular business organizations,¹ and Cashman compiled a list of materials which should be filed by a minister.² The following list is a composite of the above mentioned lists and indicates items of concern to church administrators:

1. All types of correspondence related to church matters.
2. Financial records: checks, statements, purchase orders, receipts.
3. Legal documents: contracts, agreements, deeds.
4. Personnel records: membership lists, baptisms, weddings, funerals.

²Cashman, op. cit., p. 13.
Although each department of the church maintains records peculiar to that department, one individual should be responsible for the safekeeping, arranging, and storing of all the records that are of permanent value to the church organization.

Record keeping in a local church should go beyond the minimum act of protecting and safekeeping legal documents and insurance policies. All valuable records should be filed for safekeeping. The filing system should provide a safe place for all materials related to the business affairs of the church. An efficient filing system eliminates unnecessary costs and wastes. In many instances, self-imposed preventive activities result in a saving of funds for the church organization.

In the Church of the Nazarene, the church board elects a secretary whose duty, among others, is "to hold in trust all papers, records, and legal documents, including deeds, abstracts, insurance policies, pertaining to the local church." The church board is thus responsible for providing ways and means for the church secretary to perform the above mentioned duty.

Manual, p. 81.
Insurance

One of the most acceptable methods of handling risks is through insurance. Church members develop a sense of security and peace of mind when they realize their church leaders maintain adequate insurance protection on all areas of church activity. Because of limited foresight regarding an insurance program, the total effectiveness of a church may be hindered. For example, during 1950 the church board of the First Church of the Nazarene, Topeka, Kansas, met to discuss financial matters. It was agreed by the board members to reduce the operational costs of the church. Therefore, the fire insurance coverage was reduced by $20,000 and a slight saving in the premium was obtained. Ironically, the church suffered a heavy fire loss within a few days. Needless to say, the added financial burden placed upon the newly elected pastor and the congregation during the ensuing months and years hindered the effectiveness of the local church.¹

Church authorities who fail to maintain an adequate insurance program violate a trust placed in them by the members of the congregation.

Those charged with the oversight of their church's business management are not only trustees of the church's funds, but also of its property. To have inadequate insurance protection for church property is to violate a trust. And so a well-planned, well-managed church insurance program is

¹Interview with Dr. Forrest W. Nash, former pastor, First Church of the Nazarene, Topeka, Kansas.
Planning is the first step toward a total program of insurance protection. Through planning, the church administration attempts to answer the following questions: Why should insurance be secured? What risks are involved and what risks should be insured against? When are the premiums due? Where is insurance coverage adequate? Who should be chosen as the agent to represent what company? The insurance program of a church should be organized and established so that all phases of the program undergo periodic survey and responsible review.

The type of coverage needed for each individual church depends upon a variety of factors, and very seldom will any two churches purchase identical coverage. Also more than one type of insurance protection may be needed to provide an adequate insurance program. The church administrator should have a working knowledge of the basic types of insurance coverage applicable to church funds, church property, and church personnel.

A new insurance program, called the Special Multi-Peril Institutional Program (SMP), has been developed for churches, schools, hospitals, and similar institutions. The single-package policy includes the mandatory coverages of fire, extended fire coverage, bodily injury, and property damage liability, and also provides a long list of optional

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1Bramer, op. cit., p. 104.
The program is now available from several insurance companies, and specific details about this new program are available from local independent insurance agents and brokers. A brief discussion of the types of single-peril coverages available for a majority of churches follows here. References for additional information concerning these and other types of coverages are listed in the bibliography of this study.

**Standard fire policy.**—The standard fire policy provides protection against fire for the building including all fixtures and equipment permanently attached to the building. Fire insurance protection should be provided to include contents of the building and personal property of all individuals when they are on church property. Extended coverage endorsements provide protection against loss resulting from smoke, water, windstorm, hailstorm, glass breakage, vandalism, mischief, and other additional losses. A floater clause may be included in the policy to protect against damage to equipment being used away from the church building.

**Public liability and property damage.**—As owners and tenants of property, churches should have adequate protection against bodily injury or damage to another's property. Many churches maintain gymnasiums, recreational centers, and youth camps, therefore, comprehensive coverage should be secured to

provide protection against loss which might occur away from the church proper. Although some individuals may hesitate to bring suit against a church, the possibility of liability suits and the financial severity of them are sources of major concern to all churches.

Churches have no immunity from this fact of life and no matter how unpleasant it is to contemplate facing suit for bodily injury or damage to or destruction of other's property, the issue must be considered when planning an effective insurance program.¹

Quite often churches own and operate automobiles, trucks, and buses. The basic automobile insurance coverage should include the following: bodily injury liability, property damage liability, medical payments, comprehensive physical damage, collision, and protection against uninsured motorists.

**Fidelity bonds.**--A church administrator should consider the various types of bonds which are available to cover loss of funds due to embezzlement or theft on the part of employees and those who handle money. A "position" bond covers any individual who may be serving a particular position, whereas a "blanket" bond covers all individuals who handle money.

**Burglary, robbery, and theft insurance.**--Because a church has limited activity during the week, it may be subject to greater exposure to risks involving the taking of property by unlawful means. A church should be especially

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interested in coverage which extends to the church parsonage and homes of the key workers of the church.

**Life and health insurance.**—Churches which maintain a full-time paid staff of workers should consider the various types of group life insurance, health insurance, and retirement programs for their employees. Occasionally churches purchase insurance against the loss of "key-employees" such as senior ministers. The First Christian Church in Oklahoma City maintained a $400,000 life insurance policy on its pastor, the late Rev. Bill Alexander.1

**Additional insurance.**—A church as an employer may be required to purchase workmen's compensation insurance. Title insurance may be secured as protection against default in title to real property. During periods of church construction, special fire insurance should be purchased. Also a performance bond should be required to insure the completion of the building on schedule.

The perils threatening financial loss are many. Ignorance and procrastination are both unnecessary and costly. Because each locality and each situation presents different needs and problems, competent insurance counsel should be

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1 Interview with Ralph Chaney, Church Business Administrator, First Christian Church, Oklahoma City, Oklahoma. The First Christian Church of Oklahoma City obtained a $400,000 life insurance policy on its minister, the late Rev. William (Bill) Alexander. This was done at the request of the lending agency with whom the church was negotiating for a sizeable loan. At the present time, the church does not carry "key-man" insurance.
sought by the church administration. Inefficient management and inadequate insurance can result in a major financial catastrophe for the local church.

**Accounting System**

The purposes of accounting in church administration, as well as in modern-day business, are to record and interpret financial transactions, to guide those responsible for the management of the organization, and to make possible the filing of reports. Walker believes that a church accounting system should meet three specific objectives:

1. To furnish complete, accurate, orderly and timely financial information to church fiscal agents necessary for the proper handling of receipts and expenditures;
2. to provide the official body of the church the records and reports needed for planning and budgeting the resources of the congregation; and
3. to keep individual members currently informed on the status of their financial stewardship and commitment.¹

Accounting procedures differ widely among churches, as well as among business institutions; however, the essential elements of accounting are similar. The small church, the same as a small business, may be able to meet its requirements through the use of a simple system. A large church or a large business institution may find it necessary to install a complex machine accounting system. Good accounting methods will result in a better ministry because they relieve the

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minister of unnecessary burdens that may be more effectively handled through accounting.

Accounting principles, methods, and systems applicable to church organizations and to business institutions have been set forth in accounting journals, textbooks, and other publications. Some of these sources are listed in the bibliography of this study. The purpose of this section is not to discuss general bookkeeping methods or accounting systems but to indicate those areas of fund management which are implemented by the administrative process and to discuss briefly various financial reports.

Implementing Accounting Procedures

A tendency exists in too many churches to assume a loathsome attitude toward the establishing of internal controls. Too often, the handling of money and accounting for it is delegated to one individual, usually the treasurer or financial secretary. Denominational discipline usually provides for a counting committee of two or more individuals to count and account for all receipts. All too frequently, this procedure is abandoned because ministers and local church officials hesitate to change methods that have been in practice for many years. To protect the individual,

1 Interview with Dr. E. S. Phillips, former pastor, Bethany Church of the Nazarene, Bethany, Oklahoma. As recent as 1950 one individual, a financial secretary, counted the church's financial receipts at "home." Although several board members voiced objections, it was agreed to
as well as the congregation, measures should be taken to avoid conditions which could arouse suspicion.

Those individuals responsible for the management of church funds should provide procedures for counting all receipts by two or more individuals. Methods for opening offering envelopes, counting, and recording the contents should be standardized for all money counters. Procedures should be established for recording special offerings, contributions received through the mail, and contributions which are designated for a particular fund. Consideration should be given to storing and safekeeping monies in the church and methods of depositing those monies in a local bank.

It is generally assumed by the members of the congregation that monies will be spent in accordance with the adopted budget. The system of maintaining records should give assurance that all expenditures reflect the wishes of the congregation. Expenditures should not be made without the authorization of the church board. Many items, such as salaries, utilities, and debt reduction payments, occur regularly and have standing authorization. Departmental expenditures such as church school supplies, maintenance items, and youth expenditures, which have been authorized establish a counting committee and to initiate better accounting procedures. This church was then and is now the largest church in the denomination. Other churches in the denomination continue to operate with antiquated accounting procedures.
by the adoption of the budget, may require an additional authorization from one individual such as the church administrator or department head. Expenses which occur irregularly should be evidenced by an invoice, purchase order, receipt of goods, and an indication that it is within the budgetary limits. The proper routing of invoices, the method of payment, and the filing of paid invoices facilitate auditing and lessen the chance that the invoice will be used to support additional expenditures. Expenses should be paid and recorded during the proper fiscal period and should not be postdated. Such practices leave the erroneous impression that all expenditures are within the limits of the budget. Expenditures over the budget should require special approval.

Churches and business firms follow the practice of making remittance by prenumbered checks, and often require two signatures on each check. However, control is lost and the practice fails to achieve its purpose if the checks are signed in advance by either party, or if either party merely signs his name without checking the invoice or appropriation. The signatures should indicate that both parties have approved the issuance of the check.\(^1\)

\(^1\)Interview with Dr. D. R. Danskin, Treasurer, Northwest Oklahoma District, Church of the Nazarene. All district checks are signed by two individuals even though four individuals are authorized to sign the checks. Frequently, checks are presigned because of vacation and business commitments. When this occurs, internal control and authorization are sacrificed for convenience and expediency.
The financial records of the church should be subjected periodically to examinations and properly executed audits. Such examinations should reveal whether the transactions have been handled properly and give assurance to the congregation that funds are disbursed according to their wishes. Church groups which frequently change treasurers have assurance through auditing that newly elected treasurers will not receive books that have been handled improperly. Also, periodic auditing relieves the treasurer from unwarranted criticism and suspicion. Because local officials believe strongly in the personal integrity and character of the individual selected to handle the finances, they may not recognize the need for auditing procedures. Therefore, they often fail to appoint auditing committees.

In the Church of the Nazarene audit controls could be initiated by the district assembly. The assembly should vote to require a statement by the pastor to the effect that the financial records of his local church have been audited. Such a statement should be incorporated in the report that a pastor is required to submit to the annual district assembly.

Financial Records and Reports

A major objective of maintaining an accounting system is to facilitate the preparation of reports and to render the reports more meaningful. Church accounting reports are
prepared at various times during the year and for different purposes. The official church board receives monthly reports from the church treasurer(s). Many of the decisions the church board must make are based on the relationship shown between collections and anticipated disbursements. The church treasurer prepares an annual financial report for the congregation. Church members are entitled to know the source and amounts of income and are entitled to decide whether disbursements are in accordance with their expressed desires. Individual contributors are entitled to receive quarterly and annual reports indicating their total giving through the local church. Creditors of the church and prospective lending agencies must have carefully prepared reports in order to make a proper and just evaluation of the church's credit worthiness. Churches which maintain a paid staff are required to submit financial information to governmental agencies regarding payroll, social security, and workmen's compensation liability. In addition, pastors submit financial reports to district and general officers of their denomination.

The financial reports of a majority of local churches consist only of monthly and annual summaries indicating sources and amounts of receipts and expenditures. Many church leaders believe such reports are sufficient to guide them in the business affairs of the church. Perhaps this is true, especially in small churches. Although financial reports and media vary from church to church, four basic
reports applicable to fund management are briefly discussed here.

The balance sheet.—The assets, liabilities, and net worth of a church are shown on a statement called a balance sheet. In actual practice such a statement reveals how much money the church has in the bank, the value of its land, building(s), and equipment, and its liabilities. The practical application of the balance sheet lies in its value to lending officers in appraising the credit worthiness of the church. However, its weakness lies in the fact that it tells little about the ability of the congregation to raise needed funds.

Statement of income and expense.—The usual income and expense statement reduces to an itemized list all of the receipts and the disbursements for a particular period of time. The income and expense statement should be used in conjunction with the budget. The statement compares income and expenses of the individual accounts over a period of time. Comparisons are usually made between the budget estimates and actual figures for the current period. For maximum effectiveness, the statement should show comparisons for the previous year's actual figures.

Denominational reports.—Nearly all churches are required to submit statistical reports to denominational officials. The basic data contained in such reports usually reveal membership statistics, amounts of income, property
improvements and indebtedness, and other specified expenditures.

**Bank statement and reconciliation.**—This statement is prepared primarily for the benefit of the treasurer. It permits him to verify the accuracy of his accounts with the bank accounts. It also aids the auditor in verifying the accuracy of the cash balances shown on the balance sheet.

A church may desire additional reports and a more thorough analysis of the church funds. For example, it may be necessary to provide the church administration with certain ratios such as per-capita-giving ratio, average pledge-to-collection ratio, and benevolent-giving ratio. Where trained accounting personnel are available, such analyses may be feasible.

**Unified Church Accounting**

The responsibility for the establishment of an accounting system and the designation of the proper individual to act as custodian of church funds in a local Nazarene church rests with the church board. This becomes apparent when a study is made of the duties and responsibilities of the church board as outlined in the Manual.1 A local church board is free to adopt any method of bookkeeping or any accounting system that will best serve the local church. As stated previously, the pastor submits

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1Manual, pp. 76-81.
annual financial and statistical reports to the district and
general officers of the church. These reports are standard-
ized and required of all ministers serving in local churches.

The local church organization is composed of several
auxiliary organizations, and each auxiliary organization has
its own treasurer. The pastor's annual financial report is
a compilation of the reports of the respective treasurers.
Because of this, he has the responsibility for the super-
vision and preparation of all statistical reports.

The Nazarene general church officers realize that
many of the local church treasurers and auxiliary trea-
surers are untrained in accounting procedures. Therefore,
the general church treasurer's office provides an accounting
system known as the Unified Treasury System. This system
facilitates the local accounting process and simplifies
statistical reporting. The local Nazarene churches are
encouraged and urged to adopt this system. The Unified
Treasury System is completely flexible in practice and is
suitable for the smallest or the largest church. This
accounting system meets all the purposes of good accounting
as set forth in this study.

The Manual provides for the election of the follow-
ing treasurers to serve in local Nazarene churches: the
local church treasurer, the Sunday school treasurer, the
Nazarene Young People's Society treasurer, and the Nazarene
World Missions Society treasurer. Under the Unified Treasury System, the local church treasurer serves as the "bank" for the auxiliary treasurers. All monies are deposited into one account by the counting committee. The local church treasurer issues receipts to the auxiliary treasurers for the amounts shown on the counting committee report form. In disbursing funds, the auxiliary treasurers issue requisitions to the local church treasurer who then makes remittances. The local church treasurer records only total receipts and total disbursements made for the auxiliary treasurers. Each auxiliary treasurer maintains a detailed record of receipts and expenditures, the same as if they operated independently of the local church treasurer. The auxiliary treasurers render both monthly and annual reports to their own organizations. The Unified Treasury System provides an official and accurate financial picture of all funds handled by the counting committee and respective treasurers of the church organization.

The Uniform Church Treasurer's Record is a compilation of the necessary forms and reports which are needed in order to record the financial transactions. The transactions are recorded in six basic divisions: the counters' report, the journals, the individual ledgers, the monthly reports, the annual reports, and the individual reports.

1Ibid., pp. 76, 83, 92.

The divisions are assembled in loose-leaf notebook form and together they constitute the Uniform Church Treasurer's Record. The entries to be made in each division are well explained and clarity is achieved because of the inclusion of diagrams, charts, and examples. Once the system is understood, the treasurer, with little or no accounting training, should be able to record the flow of financial transactions from receipt of funds to final report.

The counting committee report.--The counting committee is primarily responsible for determining how much money is received and to what organization--local church, Sunday school, Nazarene Young People's Society, or Nazarene World Missionary Society--the money belongs. The offering report blanks are in triplicate; one for the pastor, one for the local treasurer, and one for the counting committee. Space is provided to record the amount of currency and coins. Special offerings, gifts, checks and amounts can be recorded on the form. At least two members of the counting committee are required to sign the offering-record blank. The counting committee is responsible for recording the entries on the bank-deposit slip and for depositing the money in a local bank. The local church treasurer verifies the total receipts as shown on the offering-report blank with the deposit slip. The treasurer is then ready to begin entry transactions.
**Journals.**—The cash receipts journal is a chronological list of the deposits. It shows the total deposit and the amount to be credited to each account. This information is obtained from the offering-report blank. Entries are made each week or as often as an offering-report blank is received.

The cash disbursements journal is a chronological list of expenditures which are usually paid by prenumbered checks. A brief description indicates to whom payment is made and for what purpose.

**Individual ledgers.**—The individual account ledger sheets represent the various disbursement items which appear on the Annual Report of Pastor form (see Appendix D). Additional ledger sheets and subsidiary ledger sheets are provided for such disbursements as utilities, parsonage rent, flowers, office supplies, salaries, and advertising.

A vital obligation of any Nazarene church is the regular payments of the budget apportionments assigned at the district assembly. The individual ledger sheets provide a progress report of all budget commitments and thus serve as a warning device for the church administration when payments become either ahead of schedule or in arrears.

**Monthly reports.**—The monthly reports contain essential information for two types of reporting. First, the report representing each organization indicates total receipts, total disbursements, and balances on hand.
Secondly, the amount disbursed for each item which appears on the Annual Report of Pastor form is indicated. Thus, the pastor and the church board have cumulative totals for all items appearing on the Annual Report of Pastor to serve as reminders to the church board that the church is meeting its obligations and commitments.

**Individual records.**—The individual records contain information pertaining to weekly, monthly, quarterly, and annual contributions of individual contributors. Information can also be recorded as to whether the individual uses a numbered envelope, an unmarked envelope, or simply places a check in the offering plate. Also provision is made for recording all special offerings and gifts. Annual summary statements of total gifts are available to individuals.

There may be some resistance by groups within the church to the adoption of the Unified Treasury System. Thorough planning and organizing, therefore, must precede the introduction of the system. Then, adequate explanation and education are necessary to elicit cooperation in the adoption of the system. The attitude of the minister and members of the church board toward the acceptance of any accounting system could either aid or hinder the adoption of the system.

The general officers of the Church of the Nazarene have made an attempt to encourage improved record keeping,
accounting procedures, and fund management. The Unified Treasury System is only one method of achieving this goal. Ministers, lay workers, and board members perform a disservice to the local church if they continue to guide the financial affairs of the church and remain ignorant of the fundamentals of an accounting system.

Summary

The church board is that governing body which has the responsibility for managing the economic affairs of the local church. It has the opportunity and the responsibility for establishing and maintaining proper and ethical practices of fund management. The minister, as chairman of the church board, should establish the proper managerial atmosphere so that the administration of church funds can be accomplished.

It is essential that church members and members of the church board reflect through their thoughts and actions desirable attitudes toward fund management. A desirable attitude toward fund management can be developed only as church members and the church administrator acquire understanding of the administrative process. A concept of budgetary planning, for example, can only emerge from facts, knowledges, and understandings of planning, organizing, actuating, and controlling as they are related to the total budgeting process. Only as the church administrator is able
to express and reflect appropriate concepts as they emerge from his understanding of the administrative process will he be able to bring about desirable changes in the attitudes of church members toward fund management.

A local church, like any other organization, has certain legitimate and necessary expenses. Income is a fundamental fact of economic life and a church must secure income in excess of expenses if it is to survive and grow. Whether the church is small, medium, or large, a budget can be formulated. Certain benefits result from the use of a budget and these benefits can be readily identified. The methods for raising the funds necessary to fulfill budget commitments vary from church to church; however, the system adopted should be acceptable and understood by all members of the congregation.

In order to measure the flow of funds, churches establish accounting processes. Church accounting systems, accounting procedures, and a variety of financial statements have been developed by professionally trained accountants. The leaders of the Church of the Nazarene have developed the Unified Treasury System that is available to local churches.

A local church, as a business institution, establishes a financial reputation that can be evaluated for credit purposes. Regardless of the reason or purpose for borrowing funds, a lending institution usually conducts an
investigation to determine the ability of a church to repay. The information required by lending institutions should be in the records of a church. Therefore, a properly maintained record system simplifies the borrowing process.

The management of church funds is scientific in that methods have been developed whereby a church can reduce financial risks by shifting them to an insurance company. While the insurance needs of local churches differ, a church administrator should have a working knowledge of the basic fundamentals of the common types of insurance that are available and applicable to churches.

The management of church funds is an art in that the implementation of fund management is accomplished with people. Through the interaction and efforts of many individuals, budgets are formulated, financial campaigns are conducted, funds are received and disbursed, and the economic affairs of the church are competently handled. Because of this, the leadership of the church administrator plays an important part in bringing about desirable attitudes and behavior necessary for efficient management of all church funds.
CHAPTER V

MANAGEMENT OF CHURCH FACILITIES

The physical facilities of a church include its land, building(s), furniture, equipment, consumable supplies, and other miscellaneous physical elements. Specifically, the board of trustees is the governing body which holds title to church property and manages it as representatives of the local church, subject to restrictions established by denominational officials and members of the congregation.¹ The very nature of trusteeship implies that certain managerial responsibilities and activities are necessary to protect, preserve, and maintain church property. Effective stewardship, as reflected in the overall administration of a church, should provide in specific ways for the management of all physical facilities. As stated previously, the church board should establish the climate and formulate the operational procedures whereby desirable kinds of policies relative to the management of physical facilities may be developed and approved.

¹Manual, p. 81.
The members of the church board in general and the board of trustees in particular, and their designated representatives, perform acts collectively or individually which are distinctively managerial in nature. The process of managing the physical facilities of any organization revolves around those administrative actions necessary to acquire, maintain, and use facilities.

The purpose of this chapter is to relate the functions of management—planning, organizing, actuating, and controlling—to the managerial acts necessary to acquire, maintain, and use church facilities. An additional purpose is to point out desirable outcomes which result from the proper application of the administrative process.

Acquiring Church Facilities

A local church is an economic unit within a community, and it must acquire land, buildings, furniture, equipment, and supplies for its activities. In a secular organization, the acquisition of any physical facility results from action initiated by the governing board as that board exercises its administrative and managerial authority. Although the acquisition of church facilities results from the collective action of the church board, in many instances such action reflects the expressed desires of the major portion of the congregation. Property restrictions within the Church of the Nazarene are as follows:
The real estate of the local church shall not be mortgaged to meet current expenses. The local church may not purchase real estate, nor sell, mortgage, exchange, or otherwise dispose of real estate except by a majority vote of the members present at an annual meeting, or at a special meeting duly called for that purpose, and except upon written approval of the district superintendent. A local church contemplating the purchase of real estate, or the erection of a church building or parsonage, shall submit the proposition to the district superintendent and the District Board of Church Extension for their consideration and advice. No indebtedness shall be incurred in the purchase of real estate or the erection of buildings without the approval of the district superintendent and the District Board of Church Extension.1

Property ownership usually requires the expenditures of large sums of money. The church edifice and its contents represent the major investment of the congregation and it must be protected, properly maintained, and effectively used in order to produce the greatest possible return from the total church investment. Because buildings deteriorate, equipment wears out, and crowded conditions develop, a church may engage in a building program which may require long-term financing. In the process of developing and acquiring adequate facilities the church membership may continually burden itself with a mortgage indebtedness for many years. The day-to-day activities of a church require procurement of repair and maintenance items, consumable supplies, and services.

1Ibid., p. 75.
Long-Range View

Many factors point to the desirability of the long-range view when the church administration formulates plans, policies, procedures, and methods relative to the acquisition of property. The length of the planning period is usually determined in an arbitrary manner. Terry states, however, that:

Generally accepted practice is to regard any plan covering periods of two years or less as short-range, of five years and over as long-range. Plans dealing with over two years and less than five years are termed short or long depending upon the enterprise, but the designation intermediate-range planning might be more satisfactory.¹

A church board which neglects long-range planning may limit the general effectiveness of that church. In developing one-year, five-year, or twenty-year plans, the church administration should be aware of the economic conditions which affect present and future property transactions.

A church may be well-located today; but because of zoning changes, state and federal highway construction, urban renewal, and other circumstances, the location may be less desirable ten years hence. Any of the above factors could increase the value of the site and the church property. Church members are often content to purchase a minimum amount of land for present needs only to experience difficulty in getting more land later. In many instances, either additional land is not available or a premium price must be paid for that

¹Terry, op. cit., p. 262.
which is available. A church administrator may find, upon investigation, that it is economically advantageous for the church to dispose of an old parsonage, church building, and other property, rather than engage in either remodeling or expansion. Bell cites the case of a minister who persuaded his church board and congregation to engage in a twenty-year $250,000 program rather than a ten-year $100,000 one. Although it was profitable and economical for the church to follow such a plan, dissatisfaction among the members caused the minister to resign within a short period after the completion of the church edifice. It may be less expensive in the long run to lower the ceilings, to insulate the walls and attic, and to install modern heating and electrical systems than to continue expensive maintenance under obsolete circumstances. Failure to be forward-looking may prove costly to the church organization. By virtue of his position, the church administrator is expected to demonstrate leadership and give direction so that other church officials will be guided in their decisions.

In the past, relatively few church administrators, architects, or church boards regarded parking space as a prime factor when selecting the location of a church site. Consequently, many congregations built large, expensive structures on small building lots with limited parking facilities. Now several years later, some churches face the

Bell, op. cit., p. 10.
decision of either buying expensive, adjacent property for additional parking space, or selling present property. Morton believes that many church groups are ignorant about real estate holdings. They did not secure options or purchase property years ago when the opportunities presented themselves. Architectural planning regarding construction of buildings and efficient use of land have been neglected. Consequently, churches are performing at only a fraction of their potential service.  

As a means of preventing churches from drifting into similar circumstances, there should be periodic evaluations of all church facilities. Such evaluations may include present and anticipated parsonage requirements, recreational space, educational facilities, and parking space. The administrator should become aware of changes in zoning laws, building codes, property assessments, population shifts, and building trends in a locality. Then he may be able to assess more accurately building and financial requirements needed to meet the future activities of the church. Long-range plans and commitments are seldom complete unless adequate consideration has been given to methods for disposing of worn-out machinery, obsolete equipment, and any physical facility which is no longer needed. Periodic reexamination of the long-range policies, procedures, and methods should reveal the

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extent to which church goals, time schedules, and financial commitments are being achieved.

Elements of a Building Program

A building program usually requires extensive use of land, labor, capital, or a combination of these factors. The actions and procedures necessary to perform routine maintenance, repair, and minor alteration of church facilities are seldom complex, expensive, and time consuming. For these reasons, such action can be accomplished through normal managerial procedures. Church congregations usually organize a building program to accomplish one or more of the following projects: extensive remodeling; the construction of a building; the purchase of real estate; the installation of heating, air conditioning, or electrical equipment; the relocation of all physical facilities; and the reduction of property indebtedness. The fulfillment of any of the above projects usually requires thorough planning, extensive financing, and the cooperative efforts of many individuals in a unified organized fashion. The essential components of a successful building program are the whole-hearted cooperation of a major portion of the entire congregation, competent professional service, and adequate long-term financing.

Committee cooperation.—Because of the number of activities that must be coordinated and because large elements of the congregation must be informed, the committee
device is frequently employed. It is often difficult to
determine the number of committees needed and the number
of members to serve on each committee. However the following
may serve as a useful guide:

The committee's membership is supposed to repre­
sent all interested groups. Sometimes this is over­
looked with the result that some feel "left out" of
the committee. To expedite discussion and exchange
of ideas the committee size should be from three to
seventeen members as the most practical limits, with
perhaps three to seven as the preferred number.¹

A building committee is organized for the purpose of coordi­
nating all activities associated with a building program.
The size of the congregation and extent of the building pro­
gram are determining factors in organizing a building com­
mittee. A congregation considering either the relocation or
the construction of new facilities has many more problems to
solve and activities to perform than it would ordinarily
encounter if the building program were limited to the con­
struction of an addition to the building. When a church
engages in construction of new facilities, Linamen suggests
that the building committee should include many individuals.
He believes that the larger the number of individuals serving
on the building committee, the greater the chance it has for
success because no one will consider himself neglected.²
Leach believes that a building committee should be large
enough to include representatives of every group within the

¹Terry, op. cit., p. 411.
²Linamen, op. cit., p. 71.
church.\textsuperscript{1} In a large church, representatives might include individuals from the music, education, youth, adult, missionary, nursery, food service, and personnel departments. The reason for the committee's existence is probably more apparent during the planning stage than at any other time of the building program. During this period, decisions that are made will determine the course of action and the final outcome of the building program. With representatives from all departments of the church on the building committee, the desires and the wishes of the various factions within the church can be discussed. Thus, there is less likelihood of dissatisfaction with the building program.

Linamen would alleviate having either a building committee too large or too many duties to perform by organizing several subcommittees such as executive subcommittee, study subcommittee, and construction subcommittee.\textsuperscript{2} Because of the local fire and safety regulations, a local congregation found it necessary to organize an aisles and exits committee. The purpose of the committee was to study methods of egress and construction of aisles. The fire chief of the local community was chairman of the committee, although not a member of either the official church board or the building committee.\textsuperscript{3}


\textsuperscript{2}Linamen, \textit{op. cit.}, pp. 72-73.

\textsuperscript{3}Bethany Church of the Nazarene, Bethany, Oklahoma, committee organization for current building program, July, 1965.
A finance committee is often organized specifically for the building program to operate independently of the regular finance committee. The finance committee usually has the responsibility of analyzing the sources of funds, planning the promotion of the fund-raising campaign, enlisting the workers, and conducting the financial campaign. The number and the type of committees a church may organize during a building program should be determined by the needs of the local congregation.

Committees are organized on either a permanent or a temporary basis. A temporary committee has a specific task to accomplish; and when the task is completed, that committee should be terminated. Occasionally a committee organized on a temporary basis continues in operation and evolves into a permanent standing committee. For example, the building committee organized during a building program often becomes the permanent committee for church maintenance. Although membership of a permanent committee may change, the duties, authority, and reasons for its existence are relatively stable.

Professional service. Because legal elements are often complicated and legal preparation of most church administrators is limited, it is advisable for a church administrator to seek the services and opinions of an attorney when transactions involve abstracts of title, contracts to sell or purchase, deeding of property, and similar
legal aspects. "No steps toward church building construction should be taken without capable legal guidance."¹

Local churches are increasingly seeking professional architectural aid and the services of building consultants, especially when they engage in new construction. According to Linamen, the current trend is to employ an architect during church construction rather than to depend upon the limited architectural ability of the minister and lay leaders.² It may be necessary for an administrator to employ a real estate broker, property appraiser, surveyor, engineer, technician, or financier during a building program. The church may be fortunate enough to have these and other professional men represented in the congregation, and certainly the aid and advice of such men should be sought. However, when rendering services for remuneration, they should be considered equally with other men in the community and not shown preference because of their affiliation with the church.

The building program of a local church may be influenced by the expansion plans and policies of the denomination. Local congregations are sometimes assigned a home mission budget by denominational leaders.³ The finances received through home mission budgets are used to organize new churches.

²Linamen, op. cit., p. 76.
³This is one of the methods used to finance newly-organized churches in the Nazarene denomination. See Appendix D, Annual Report of Pastor, Item 11.
Occasionally an attempt is made to persuade church members to transfer to the newly organized church. Churches located in areas affected by population shifts, economic adversity, and economic prosperity may have to decide whether to divide and multiply or unite and concentrate. Therefore, it would appear, in developing plans and procedures for property acquisition, building programs, or changes in physical facilities, the church administration should take cognizance of these and other factors that might exist. Because a building program requires the expenditures of huge sums of money, an adequate, well-planned financial program is desirable.

Purchasing Procedures

As the church administrator organizes and develops a purchasing program, his actions are influenced by several factors, such as volume of purchases, financial budget, and the qualifications of the individuals serving on the church staff. An additional problem, organization-wise, is concerned with the proper degree of centralization of procurement responsibilities and authority.

Centralization implies that all the responsibilities reasonably involved in purchasing are delegated to either the church administrator or other major official. There should be a clear and definite understanding of his responsibilities and his authority.1 Throughout all procurement activities the

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spirit of cooperation and coordination is the key to a well-balanced, centralized purchasing program. Where purchasing is centralized under a competent church administrator and where full cooperation and coordination with all departments of the church are achieved, definite advantages follow. Centralized purchasing promotes buying economy by consolidating requirements and thus obtaining quantity discounts and reduced shipping charges. It permits setting up uniform policies and also prescribes procedures, records, and routines so that approval of purchases and payment for them is expedited. Feldman believes that a major advantage of a centralized purchasing program is that it promotes better use of staff personnel by freeing other individuals of the church from performing administrative details involved in purchasing. It also permits one individual to become a specialist in purchasing; thus better administrative controls are assured throughout the church. Although procurement may be centralized to the extent that responsibility and authority for coordinating all purchases are placed in the hands of one individual, certain elements of decentralization may exist. For example, the custodian may purchase routine cleaning agents, the dietitian may purchase regular amounts of dairy and food products, and the minister may make various purchases from his approved expense account. An essential

justification for centralized purchasing is the ability to obtain items of the proper quality in the right quantity at the appropriate time for the best price.

Factors that lead to decentralized purchasing within a local church are informality among members of the congregation, loose organizational structure, and the small size of the church membership. Proponents who argue for continued decentralization point out that a change would not be understood by those now doing some of the buying, that the effect on morale would be very unfavorable, and that purchasing has always been decentralized with no obvious losses and apparent misfortunes. Under a decentralized plan, numerous officials such as the pastor, the board members, the director of education, the individual teachers, the custodians, and others, have the authority to purchase items necessary for carrying out their tasks. Implied approval usually extends to consumable items only. However, occasional purchases of services and equipment are made prior to official administrative approval.

A pastor of a local Nazarene church is not "permitted" either to contract bills or to create financial obligations for the local church unless he be authorized and directed by vote of the church board or the membership at a church meeting. Some serious violations have resulted in strained relations between pastor and congregation; therefore, inasmuch

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as violations do occur, the church administration should develop specific policies regarding procurement.

The local church administrator should provide the guidance and coordination necessary to develop and maintain a sound procurement program. The purchasing program of a church should aid the church board in becoming a better steward of the physical facilities of the church.

Maintaining Church Facilities

The establishment of an effective maintenance program assures a continuation of church activities without fear of disruption. The board of trustees is under solemn obligation to provide economical means and procedures for maintaining all physical facilities adequately. Bramer states:

The church maintenance program should preserve the appearance of church property, provide for the safety and health of its occupants, and maintain the value of the total investment in the church plant. The program should be administered by a building and grounds committee of the board of trustees and implemented by a custodian.¹

A maintenance program can be well planned and organized and still never achieve results until and unless it is properly administered. Administering of the program is accomplished through the actuating function. Because actuating deals with people, the board of trustees usually designates some individual to be responsible for the day-to-day activities. The individual selected may be either the minister, the custodian,

¹Bramer, op. cit., p. 110.
or a full-time church administrator. Maintenance procedures range from a few simple actions in the case of a small church to a complex program for a large church. The essential elements of a maintenance program are inspections, records, and operational control.

Inspections

Inspections provide a means and opportunity for the church administrator to initiate, coordinate, and control maintenance action. Proper and effective maintenance results from an efficient inspection program. Taylor states:

The keynote of any maintenance program is inspection—an initial detailed inspection of the entire premises and its equipment to determine its condition and its immediate needs, a planned program of periodic inspections to discover new problems before they become major deficiencies and to check on the effectiveness of current maintenance, and such special inspections as may be dictated by unusual usage of the facilities or changes in routine maintenance procedures.

In developing an adequate and effective inspection program, the church administrator engages in both mental and physical activities. First, he must include all items of physical facilities that are to be included in the inspection program. Secondly, he must determine the kind and frequency of inspection each item is to receive. Thirdly, he must assign responsibility to those making the inspections. Finally, a follow-up procedure must be established to initiate and

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control action resulting from the inspections. The development, the progress, and the follow-up of an inspection program is largely based upon the solutions arrived at by the church administrator as he attempts to answer the questions: What facilities should be inspected? When should the facilities be inspected? Who should conduct the inspections? How should the inspections be made?

An alert maintenance employee should take advantage of the opportunity to make as many inspections as possible on a regular basis as he performs routine maintenance operations. It is relatively easy to notice a broken window, a cracked ceiling, and chipped or worn paint. However, termite damage, poor caulking, damaged equipment, or defective wiring is more difficult to determine and less likely to be noticed. A preventive maintenance program reduces the likelihood of incurring excessive damages to physical facilities. Such a program should provide for regular and frequent inspection of all physical facilities by someone familiar with the facility to be inspected. Because of the great complexity of modern-day church buildings with their mechanical, electrical, and technical equipment, it is imperative that responsibility for maintenance and continuity of inspections be established. Bauder suggests that a written checklist should be prepared and a regular inspection program established. The checklist should be posted and someone specifically assigned the
responsibility for making regular inspections of electrical, mechanical, and plumbing systems.\textsuperscript{1}

In actual practice, either the custodian, the minister, a board member, or a building and grounds committee usually has the responsibility for both routine and periodic inspections. Unless the church administrator requests reports from these individuals, there is a tendency for them to procrastinate and to "let George do it." Because of the tendency to procrastinate, inspections may be conducted only after external damage of physical facilities has been noticed.

Engineers, architects, technicians, and outside firms may perform inspection services for churches in areas unfamiliar to laymen and church administrators. Occasionally inspections are made by representatives from external agencies such as the city health, fire, and safety departments. Also manufacturer's representatives, personnel from lending agencies, and Civil Defense personnel may have occasion to inspect church facilities. Many inspections are conducted free for churches. Any inspection fee should be looked upon as an investment for the protection of church facilities rather than an expense that must be incurred. The findings of all inspections and evaluations should be incorporated into the official records of the church.

\textsuperscript{1}Paul D. Bauder, "Management of Physical Property," Church Management, XL (March, 1964), 22.
III
Records and Forms

The maintenance and the inspection of church property are made easier through the use of an effective, systematized record system. Maintaining a set of records is useless unless the records are used as a guide in developing and controlling maintenance operations.

Records should indicate the frequency at which certain operations have been performed, the cost of operation, the specific materials used and the quantities (if applicable), the name of the organization or contractor who was responsible, and other pertinent information for all recurring maintenance items.¹

Maintenance records originate from two sources: those furnished by external agencies and those implemented by the church administrator. The former includes guarantees, warranties, installation instructions, working drawings, specifications, and maintenance checklists. Maintenance records may be obtained from contractors, manufacturers, salesmen, and maintenance supply houses. Manufacturers of office equipment, music equipment, sound equipment, kitchen equipment, and the like provide advice, counsel, and instructions concerning proper use and care of their products. When properly used, these and other records serve as aids in maintaining proper care of church facilities.

Several publications are available with detailed periodic-maintenance schedules for public building care.

¹Taylor, op. cit., p. 8.
Taylor devised a simple church maintenance-report form to be used when making a visual inspection of the external surfaces of a room. The areas of the room to be inspected are floors and base, walls, ceiling, trim and sills, windows and doors, hardware, and light fixtures. Recommendations for maintenance can be indicated in a remarks column. Leach constructed a church maintenance checklist with suggested duties to be performed by the church caretaker and also areas for him to inspect as he performs his routine duties. The major categories of the checklist are as follows: outdoors (lawns, shrubs, walks), exterior of building, nave and chancel, the educational unit, fellowship unit, washroom and toilets, office and study, heating and air conditioning, parsonage, and fire safety. The major categories are divided into many sub-categories, such as sidewalks, walls, pews, pianos, towels, chimneys, wiring, exit doors, and rubbish facilities. The paid caretaker must be vigilant in watching for defects in the building and facilities. However, he is not usually responsible for making important repairs and alterations. Usually he passes on information to either a committee or the church administrator who is responsible for keeping the physical facilities in proper condition.

1Ibid., p. 13.

The church administrator, together with the maintenance personnel, may prefer to prepare maintenance checklists, inspection forms, and other records that may better serve the particular needs of the local church. Properly used, maintenance records serve as an important source for data in preparing a maintenance budget. Effectively administered, supervised, and controlled, maintenance records serve as a useful guide toward the attainment of efficient management of all church facilities.

Operational Control

Although the general supervision and administration of the maintenance program is the responsibility of the church board, the day-to-day supervision of the custodial staff usually falls under the auspices of either the minister or church administrator. The routine maintenance duties may be performed by either paid or volunteer workers. However, when the budget permits, the economical and advantageous method would be to recruit, hire, and pay individuals to perform the duties required of the maintenance program.

Presumably, in smaller churches the custodian is a member of the church and also a member of the official church board. Thus, an awkward situation presents itself during a board meeting when an individual attempts to point out deficiencies in the maintenance program. Also, board members may be embarrassed to discuss wages and unsatisfactory
performance of custodial employees. Because of this, paid staff members are often regarded ineligible to serve as members of the official church board. Furthermore there may be differences of opinion as to whether the custodian should be secured from within the church membership. Many church administrators believe that better supervision, administration, employee production, and satisfaction result when the custodian is secured outside the church congregation.

The minister usually has the responsibility for developing standards of performance and evaluative procedures with which to judge the custodial services. Standards of performance should be based upon the services rendered during a normal work day by a competent employee. Because most of the work performed by the custodian is operational in nature, little difficulty should be encountered in developing work standards. Work standards should include both quality and quantity of performance. In a majority of cases, the evaluative process consists of subjective judgment based upon a visual inspection of the work of the custodian. Church members are quick to complain when they become dissatisfied with the custodian's work. As a means of preventing the occurrence of unsatisfactory work, a checklist of duties to be performed may aid and guide the custodian as he performs his daily tasks.

Quite frequently maintenance requests are received from the various staff members. Such maintenance action may
include repairing a bookcase, checking an electrical extension cord, and painting a table. There is always the possibility that a breakdown in the plumbing, electrical, and other facilities may require immediate attention. Therefore, the administrator should develop a priority system and establish work-order procedures whereby maintenance requests can be fulfilled in a prompt and orderly fashion.

The local church board encounters unique circumstances when it attempts to plan and budget operating and maintenance costs. During a week in which normal church activity occurs, the entire structure may be in use an estimated six to eight hours; yet smaller parts of the structure are in use the remainder of the time. Few other organizations are required to maintain a comfortable temperature for the entire structure for such limited use and yet provide comfortable temperature to other parts of the structure the remainder of the time. In severe weather, the temperature must be maintained at a high enough level to insure protection to the building and the fixtures. During the summer months, many churches maintain a constant, cool temperature throughout the week. Prindle writes:

Many churches today spend several times as much money as they should, in keeping their entire church comfortable most of the time, even in extremely cold weather.¹

Based on floor space and time in use, the maintenance costs of the sanctuary may seem excessive when compared with the costs of the office, the kitchen, and other areas of the building.

Recently, churches have expanded their maintenance programs to include the selection, care, and treatment of lawns, shrubs, and flowers. Also, funds are being allocated for the building of attractive water displays, lighting displays, walkways and exits, and outdoor signs. In the normal course of events, the church board may contract for the services of plumbers, electricians, decorators, skilled technicians, nurserymen, piano tuners, office equipment specialists, and other workers so that proper maintenance of all facilities may be provided.

Using Church Facilities

The primary purpose of the church edifice is to contribute to an environment conducive to the act of worship. Secondary to the act of worship are all other activities of the church, such as Christian education, church music, youth recreation, and adult fellowship. Local churches are beginning to structure their activities to coincide more nearly with the free time available to their parishioners. Also, they are attempting to provide opportunities for all members of a family to become participants in some type of church activity. To accomplish these objectives, church
architecture is designed so that members can use and enjoy
the facilities seven days a week.

Because a local church is a social institution in the
community, church facilities are occasionally being used by
members of the community who are not members of the church.
Among the community activities that require the use of
church facilities are the following: weddings, funerals,
forum and discussion groups, classes in adult education,
musical recitals and plays, and youth recreation.

As stated previously, the church edifice may be used
either only a few hours per week or almost continually. The
kitchen and recreational facilities may be in use more than
either the classroom or the musical facilities. Individuals
show varying degrees of interest in church activities; there­
fore, they may use church facilities on either a regular, an
intermittent, or an occasional basis. During some periods
maximum church activity occurs and many facilities are in
use. On the other hand, at times church activity is nil and
many facilities stand idle. Because of the varying interest
groups that use church facilities and the time and manner in
which the facilities are used, there appears to be a need for
general policies concerning the use of church facilities.
Also, the facilities should be arranged, maintained, and con­
structed so that ease, comfort, safety, and pleasure may
result from their use.
Controlling the Use of Facilities

In a local church, a central point or office has the responsibility for scheduling the use of facilities and receiving requests for permission to use them. Either a minister, a church administrator, or a secretary may be responsible for maintaining such an office and for coordinating the activities of the church. In scheduling and coordinating church activities, an attempt should be made to answer these questions: What facilities will be used? Who will use the facilities? When will the facilities be used? Scheduling is an attempt to eliminate conflicts among various groups or individuals as they desire to use conference rooms, kitchen and dining facilities, recreational equipment, and other physical facilities.

One method of eliminating conflicts is through the use of a schedule chart. The chart should contain such information as room number, name of facility, time of day, date of month, and name of individual or group using the facility. Calendar-type charts for general use are available from denominational publishing houses. However, a church administrator may prefer to develop his own chart which may better serve the needs of the local church.

Churches usually grant permission to individuals to use church facilities in the order in which requests are received. It may be better to develop a system of priorities for requests whenever conflicts and emergencies arise and
necessitate either shifting, postponing, or denying requests. Such a policy should provide guidelines for decision-making and also minimize misunderstandings when refusals and changes are made.

Church members have long been granted the privilege of free use of the facilities of the church for weddings and receptions. In large churches, many weddings are scheduled annually and modern church chapels are increasingly being used by non-church members. The increased use of church chapels and related facilities by members, as well as non-members, has caused church boards to establish policies concerning fees to be paid to the church for the use of the church organist, the custodian, and the hostess, as well as for other incidental expenses incurred by the church. Because of the sacredness of the wedding ceremony, some churches prohibit the use of photographers during the ceremony and place restrictions upon the type of music to be used.

The trend in recent church property ownership is to provide separate facilities and locations for the church building and parsonage. However, many churches continue to maintain church buildings and parsonages adjacent to each other. In smaller and less formal churches, the parsonages are frequently used as gathering places for group meetings and as recreational areas for social activities. As a result of frequent and informal use of parsonage facilities, church
members occasionally become careless in the use of those facilities and ignore the rights of the occupant.

Church administrators serving in some of the larger churches have developed policy books. The books contain collections of the policy decisions of the various boards and committees regarding the use of church facilities, the lending of church equipment, and the fees to be paid to staff members for services on special occasions. The church administrator, together with the church board, should establish policies concerning the uses, the restrictions, and the requirements expected of those individuals who use church facilities.

Office Layout and Space Management

A common problem of church administration is that of having to lay out office equipment, kitchen and eating equipment, and other facilities in a building that was not tailored to fit the present needs of the church. In former years, a typical minister's study consisted of a small room either near the choir loft or in an unused portion of the church building. The minister's study served as a place for reading, sermon preparation, and occasional office use. Increased pastoral and administrative duties of the minister often make necessary the use of the minister's study as a counseling office, library, and general church office. More recently, churches have converted existing space to accommodate offices, kitchens, nurseries, and other needs.
Office layout and space management are closely related. Office layout is a practical arrangement of equipment and other physical factors considered necessary for the accomplishment of office work. Space management is the determination of space requirements that will yield maximum productivity and efficiency at a minimum cost.\(^1\) The benefits derived from effective office layout aid ministers and church administrators serving in small churches as well as those serving in large churches. A well planned physical arrangement of space and equipment facilitates the flow of work and contributes to employee comfort and satisfaction. A poor arrangement can seriously retard work output.

Layout planning and space management can be carried out most effectively when incorporated into the planning of a new building. Close cooperation among the architect, construction superintendent, and church officials insures better allocation of space for facilities desired by the congregation. Recent church architecture is designed to provide space for separate locations for the minister’s study, church offices, library, kitchen, and eating and recreational areas. Whether converting an old building or constructing a new one, the basic planning approach to office layout and space management is much the same.

The space to be allocated for a given quantity of work depends upon a number of factors such as the physical shape of the area, the type of facilities to be used, and the physical flow of the work. Terry cites the development of fairly uniform space standards for common office units such as desks, chairs, filing cabinets, and duplicating machines. For example, about 50 square feet is the desirable floor space to be allocated to a clerical employee who uses a desk 50 inches by 72 inches. Also manufacturers of kitchen equipment have devised minimum space requirements for such units as dishwashing machines, mixers, ice-making units, ovens, and work tables. Although certain guiding data are available, judgment, experience, and local circumstances must be used in determining the correct amount of space to be allocated for the various work units.

The equipment and the physical arrangement of the church office should present a clean, neat, and uncluttered appearance. The equipment should be arranged so that the fewest motions are necessary for satisfactory use. The types of office equipment required to accomplish effectively the work of the church office vary from church to church. The usual minimum facilities necessary for the operation of a church office include the following: a desk and chair, telephone, bookcase, filing equipment, typewriter, and

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duplicating machine. Additional items may include adding and bookkeeping machines, dictating and addressing machines, check protector and postage meter, storage facilities, machine accounting systems, and appropriate office furniture.

A church that attempts to maintain kitchen and eating facilities must consider solving a number of problems. Of major importance is the selection of a safe, simple, efficient method of preparing food and serving a large group of people. The task must be accomplished in a minimum amount of time, with the minimum number of workers, and at the lowest cost. The fellowship hall of most church buildings serves a variety of purposes and, for example, may be used as either a banquet room, a room in which to conduct a meeting, a recreational area, or a large classroom. If a meeting is scheduled in conjunction with a meal, the eating area usually must be cleared of dishes and converted into facilities appropriate for the occasion. The proximity of the kitchen to the fellowship hall is usually such that noise from the dishwashing and cleaning interferes with and distracts the proceedings of the meeting.

Churches have attempted to solve these and similar problems through various means. One approach is through a reorganization of the food-preparation, food-serving area for a scientific layout of equipment and facilities.¹ An

¹George D. Barton, "This Kitchen Serves 520 People in 20 Minutes," Church Management, XL (March, 1964), 11-16.
analysis of the food-processing methods may indicate that it could be departmentalized into such units as baking, cooking, salad preparation, serving, and dishwashing departments. An analysis of the floor plan aids in the determination of the space requirements for the kitchen area, the dishwashing area, the storage area, the dietitian's office, and the rest rooms. A detailed floor plan also indicates the placement of such items as a coffee urn, mixer, utility table, dish truck, preparation table, and ice station for easy access and efficient flow of work. Consultants from local equipment companies will offer aid and counsel in developing and planning the layout of the food-service area of the church.\footnote{Planning the Church Kitchen,\textsuperscript{1} Church Management, XXXIX (January, 1963), 20.}

When a church converts existing facilities to accommodate office, kitchen, recreational and other expansion, a degree of productivity and effectiveness is often forfeited. This loss may be minimized by seeking the advice and service of capable individuals and achieving a high degree of scientific layout and space management.

The occupancy of office, kitchen, and other space represents a definite cost. The ineffective use of space contributes to increased costs. Quite frequently, the daily loss of employee inefficiency may be small; but when considered from a long-range, managerial viewpoint, the importance of good layout and space management is brought into sharper focus.
Summary

The board of trustees is that official body of a local church that holds title to the church property and has the responsibility for the management of all physical facilities of the church. Trusteeship implies that certain managerial functions are necessary in order to acquire, maintain, and use church facilities.

Property ownership represents the major investment of the congregation. Prudent management of funds, physical facilities, and personnel is necessary if the congregation is to receive the greatest possible return from its investment. Many internal and external factors influence the outcomes of property ownership. To develop the best possible judgments and arrive at sound decisions, the church administration should consider all factors from short-range, intermediate-range, and long-range viewpoints.

A local church, like any other institution, must purchase furnishings, equipment, and consumable supplies. Efficient purchasing procedures have been developed by secular business organizations, and these procedures are applicable to church administration.

The church board should establish, finance, and maintain an adequate maintenance program. Included in such a program should be the provision for appropriate inspections, maintenance records, maintenance work schedules, and use of qualified custodial personnel.
An orderly arrangement of the equipment located in such areas as the church office, the church kitchen, and the church nursery facilitates the execution of required work. Attempts should be made to utilize effectively all space for maximum efficiency at minimum cost.

There is a growing tendency for church members and individuals of the community to use the facilities of the church throughout the entire week. Because of the increased use of church facilities by church members and non-members alike, some churches have developed policies that outline in detail the privileges and obligations of individuals who use church facilities.

The management of physical facilities is both a science and an art. It is scientific in that procedures, methods, standards, and controls have been developed for acquisition, maintenance, and use of church facilities. Professional fund raising organizations and financial institutions are now aiding local churches to raise the necessary funds needed for church construction, and/or other church operations.

The management of physical facilities is an art in that cooperation among individuals is necessary in order to acquire, finance, maintain, and use church facilities. Cooperation is achieved and strengthened through the use of the committee channel. A degree of coordination must exist among the auxiliary organizations of the church, as well as
between the church and the external organizations with which the church is affiliated. The leadership managerial ability of the minister-church administrator plays a significant role in achieving cooperation and coordination.

The management of physical facilities is the inherent responsibility of the church board in general and the board of trustees in particular. However, the general overall administration and the supervision of the day-to-day activities is largely the responsibility of the minister-church administrator. Therefore, he must develop desirable attitudes toward the management of physical facilities. Such attitudes can result only from his understanding of the administrative process. Then and only then, will he be in a position to establish a favorable managerial climate so that the members of the church board can initiate desirable actions that will result in efficient management of all physical facilities.
CHAPTER VI

MANAGEMENT OF CHURCH PERSONNEL

The staff of a local church ordinarily includes paid employees and numerous volunteer workers. The members of the staff must be managed. They must be recruited, selected, assigned, trained, motivated, and supervised. The productivity and the efficiency of the staff depend in large measure upon the training, skill, and motivation of each individual worker. To a great extent, the success of the local church is contingent upon how well its staff is managed.

Personnel management is the planning, organizing, directing, and controlling of those activities necessary to procure, develop, compensate, integrate, and maintain employees.\(^1\) Basically, the scope of personnel management in the local church centers in those activities necessary to acquire competent workers, to improve the performance of those workers, and to supervise them. The nature of those activities varies with each individual church organization. To this end, personnel management in the local church is similar to that found in secular organizations.

The establishment of a church staff is accomplished through a procurement process of selection, placement, and appointment. An induction and orientation process, a training program, and the use of work standards aid in bringing about improved staff performance. A program of compensation including monetary incentives, health and safety benefits, and personal recognition contributes to the motivation of staff members. The process of supervision should facilitate the development and the adjustment of each individual worker.

Procuring Personnel

The total church staff consists of those individuals who serve in executive-supervisory, professional capacities and in operational capacities. Individuals fulfilling either professional or operational responsibilities may do so on either a full-time or a part-time basis and may be either paid or nonpaid workers.

Included in the professional staff category are the minister, the minister of visitation, the minister of music, the minister of youth, the minister of education, and the church business administrator. Wilson's study of the church staffs of 148 large churches revealed that 80 percent of those churches had from three to five professional members on their staffs. Members of the professional ministerial

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1R. L. Wilson, The Church Staff, Urban Pamphlet #20 (Philadelphia: Board of Missions of Methodist Church, 1962), p. 27.
staff are usually required to meet stringent educational requirements for ordination. A majority of ministers are graduates of Bible schools and liberal arts colleges. Many have continued their professional preparation with either seminary or university education or both.

The minister of music, the minister of youth, and the minister of education have usually had professional preparation in specific areas of specialization. Many of these individuals who serve in the church on a part-time basis may be employed on a full-time basis in educational or related institutions. This fact is further evidence of the quality of preparation and professional background of the members of the professional staff.

The decision to employ an additional professional staff member can be made only in terms of local needs and after such factors as the ability to pay and the qualifications of the applicant have been taken into consideration. Moon found that the work-load in a church is usually sufficient to warrant the hiring of either an additional minister or a professional worker for every 500 members.¹

Examples of individuals who may serve in operational capacities are the church secretary, the receptionist, the typist, the stenographer, the bookkeeper, the custodian, the dietitian, the cook, and the groundkeeper. Although

¹Robert W. Moon, "The Minister As Administrator--Working with a Staff," Church Management, XXXIV (April, 1958), 25.
individuals serving in operational capacities may have formal academic preparation, they are usually regarded as members of the operational staff rather than the professional staff.

In all church organizations, staffs of lay workers devote time and energy to the advancement of church schools, youth programs, music programs, and other auxiliary organizations. Although the workers perform most of their services on Sunday, their duties demand considerable time throughout the week.

Wilson's study revealed that the senior minister occupies the key position on a church staff. He is responsible for the functioning of the entire program. To a degree, he sets the pace for the other staff members.\footnote{Wilson, \textit{op. cit.}, p. 7.} He must thoroughly understand the personnel organization of the church before he can identify position vacancies, determine manpower requirements, and begin the procurement process.

Determining Personnel Requirements

The first major step in personnel management is the procurement of personnel to execute the work of the organization. However, there must be some prior determination of the specifications of each job and the total number of individuals required for all the jobs. In many secular business organizations, this determination is a result of a carefully conducted job analysis program. A job analysis
program includes collecting and studying information relating to the operations and responsibilities of a specific job, the development of a job description, and the determination of the specifications for a job.¹

Basically a job description constitutes a record of existing and pertinent job facts. It should tell what is to be done, explain the relation to other jobs, describe the working conditions, identify the physical facilities to be used, and indicate the extent of supervision. A job description helps the employee to understand better what is expected of him. To aid an employee to adjust to his job, the church administrator should prepare a job description for every job within the church.

A church should prepare a job description, a staff guide, or an outline of responsibilities--call it what you will--for each person, professional or volunteer. Some large churches having sizeable multiple staffs report that they have no job description to guide them, or that, sensing a need for such instruments, they are now being prepared.²

The specifications for a job are usually in the form of a statement that indicates the minimum acceptable human requirements and qualities necessary to perform a job properly. For example, attributes such as age, sex, education, training, and experience are almost always included in the specifications for a job. Others ordinarily included

¹Flippo, op. cit., p. 117.
are physical strength, dexterity, conversational ability, adaptability, appearance, and personality. A listing of the specifications for a job aids the church administrator to more capably select church workers.

Occasionally an instrument combines the essential elements of both a job description and the job specifications. Shaw prepared such an instrument that contains the title of the job, the qualifications necessary for the job, the duties to be performed, the hours to be worked, the compensation, and the supervision expected. Job analysis information, job descriptions, and the development of specifications for jobs are tools that aid the church administrator to perform better the selection process.

Selecting Personnel

The personnel department of a large secular business organization recruits, interviews, and selects individuals for that organization. In the smaller firms, the manager may perform these activities. In large churches, the duties associated with procurement are performed by a personnel committee working with the minister and/or church administrator. In smaller churches, the minister recruits, interviews, and selects those individuals whom he presents to the church.

\[1\] Arthur W. Shaw, "Job Description for a Custodian," Church Management, XLI (May, 1965), 14.

\[2\] Flippo, op. cit., p. 115.
board for consideration. When recruiting for the professional staff, church boards prefer to interview individuals from colleges, seminaries, and churches that are supported by their denomination. Because of the close association and the congeniality and rapport among the members of the professional staff, the recommendation of the senior minister is ordinarily tantamount to an appointment to the professional staff.

The selection of individuals to serve in clerical, custodial, and other operational positions presents different problems from those encountered in selecting professional staff members. While the members of the professional staff are almost always members of the denomination and the church in which they serve, there are differences of opinion regarding whether other employees should be secured from the church membership. As stated previously, some churches hesitate to employ custodians from the church membership. Also, "Some churches have a policy of refusing to employ any clerical staff member who is presently a member of the church."¹

While differences of opinion vary, "Some clergymen prefer that the secretary not be a member, not take an active part in church affairs."

²Lois Balcom, "Her Job Is People," Today's Secretary, LXVII (May, 1965), 35.
An employee of a church should not be selected from the membership of the church solely on the basis of either personal interviews or personal acquaintances. The establishment of objective judgments eliminates much of the hurt feelings and resentments on the part of those church members who may be denied opportunities to serve on the church staff. Therefore, insofar as possible, the selection of all members of the church staff should be made on a basis of job analysis information, qualification standards, and objective methods of evaluation.

There are times when work in the church goes undone, and a person who is willing to serve goes without a job, for the simple reason that the church administrator does not know all the talents and interests of the available people. To bring qualified workers and jobs together, some churches have developed inventory files of the work capacities of their members. The Christian Service Inventory developed and used by the First Presbyterian Church, Corpus Christi, Texas, contains several general areas of interests. All adult members of the church are requested to complete one of the inventories. Suppose, for example, someone is needed to help in the library; the names of all prospective workers can be checked from the Christian Service Inventory records and the screening-selection process can begin.¹ An example of a

similar inventory used by Bethany Church of the Nazarene, Bethany, Oklahoma, is shown in Appendix E.

A minister of a local Nazarene church nominates to the church board all persons who are to be paid employees of the local church. All members of the professional staff must also be approved by the district superintendent who exercises jurisdiction over the local church. Such a procedure assures the denomination that local churches are more likely to engage the services of an individual whose spiritual experience and theological beliefs are in harmony with the doctrine of the denomination. Also, the minister has a voice in the nomination of all members of the volunteer staffs of the various departments of the local church.

Although the members of the paid staffs of local Nazarene churches are employed on year-to-year basis, their employment may be subject to sudden termination. Whenever pastoral relations are terminated, all other members of the paid staff are required to submit their resignations to the church board. Continued employment is contingent upon review and recommendation of the new pastor, approval of the district superintendent, and a favorable vote of the church board. Perhaps there is some merit in the above procedure regarding the members of the professional ministerial staff.

\(^1\textit{Manual}, \text{p. 61.} \quad ^2\textit{Ibid.}, \text{p. 79.}
\(^3\textit{Ibid.}, \text{p. 62.} \quad ^4\textit{Ibid.}, \text{p. 97.}
However, it seems unwise, from a managerial and personnel point of view, to require the resignation of efficient clerical, musical, and custodial employees even though continued employment is virtually assured. Because of this, a sense of job insecurity may be experienced by individuals who serve on the paid staffs of local Nazarene churches.

**Improving the Performance of Personnel**

The performance of an individual worker is closely related to the orientation process and the training program that exists in an organization. "Industry has found that many new employees do not return on the second day or even after the lunch period on the first day." An organization which is employee-oriented makes an effort at least to provide the information and the opportunity needed by all new employees to help them become satisfactorily adjusted to the work.

Because in many instances all the workers of a local church are also members of that church, it may be wrongly assumed that a process of orientation is not needed. However, the local church is an organization whose workers can profit from a good orientation and training program, the same as in a secular business organization. The fact that many of the workers of a church are volunteers does not lessen the

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need for adequate orientation procedures nor training programs.

Basically the objectives of any orientation program should be to provide each employee with facts about the organization and his job, to build confidence in the employee, to help him feel that he "belongs" in the organization, and to engender confidence in his ability to do the job.¹ During the orientation process, the terms of either employment or volunteer service should be defined. The worker should become familiar with all the requirements of his job. The worker should understand his relationship to the job and his relationship to the overall organizational pattern of the local church.

The induction and orientation programs of secular business organizations emphasize the physical and economic security of the individual. Jucius identifies physical security as those things that constitute the physical environment, the physical facilities, the variations in working conditions, and the safety and health conditions.² Economic security includes the benefits that are available to the employee during periods of reduced income. The income of an employee may be either reduced or completely


terminated because of either disability accidents, impaired
health, or old age.

The procedures for introducing a church secretary to
her job and the church custodian to his job are different.
While the orientation process will vary with the type of job,
each employee should have a clear understanding of the pol­
icies, responsibilities, rules, benefits, and working condi­
tions associated with the job. The American Lutheran Church
has developed an Agreement of Service Letter to serve as a
guide in securing the services of church lay workers. The
letter also forms the basis for the induction-orientation
process. It is a good example of what a local church can do
to supply information of immediate concern to the new church
workers. An example of this letter is shown in Appendix F.

Training the Worker

It is not unusual to find local churches using machine
accounting systems, modern office and maintenance equipment,
and up-to-date kitchen equipment. Office procedures, too,
have changed; thus old methods are being replaced by new tech­
niques in church offices. Whenever an organization attempts
to increase the ability of an individual to produce—whether
through the use of new machines, equipment, or improved tech­
niques—there exists a need for a training program. A
training program should increase the knowledge and skills of
those who use machines, equipment, and methods, as well as
those who supervise such workers.
Churches are often plagued with a relatively high turnover of volunteer workers. Therefore, a less obvious but equally important reason for justifying a training program in a local church is to maintain a group of individuals qualified to fill vacancies on the volunteer staff. Howse believes:

Every church needs trained members led by dedicated, trained, and experienced leaders. The environment for learning and the materials for study are important, but the most important factor in learning is the person who guides the learning process. The number of inexperienced leaders and the rapid turnover of elected leaders are two of the greatest problems in Southern Baptist churches.¹

To develop informed and dedicated church members, denominational groups conduct training courses for their members and prospective members. For example, one of the auxiliary organizations of the Southern Baptist Convention is the Training Union. The purpose of the Training Union is to provide comprehensive courses for training large numbers of church members. Specialized training is also given to local church leaders to prepare them more adequately for their specific responsibilities in the auxiliary organizations of the church.²

The training program of a local church should include instruction for the professional staff member, the operative employee, the occasional lay worker, and the church member.

¹W. L. Howse, "Developing and Promoting a Comprehensive Study Course Plan in a Church," Church Administration, VI (September, 1964), 35.

²Ibid., p. 36.
Each type of training need requires a specific instructional method. The in-service training of the professional staff member may include attendance at conferences and seminars. The training programs for operative employees may be conducted through on-the-job training experiences and by means of classroom lecture-type presentations.

The demonstration method of teaching is used either to teach an individual a new skill or to increase the operative or manipulative skill of an individual. An operative skill may be very simple, such as filling out a Sunday school class attendance report form, or it may be of a more complex nature, such as operating a duplicating machine or operating maintenance or kitchen equipment. The demonstration method of teaching is basically a process that includes presenting the operation, providing an opportunity for the trainee to perform, and evaluating that performance.

The lecture method of teaching is frequently used when training large numbers of church members. It is often used when training workers for assignments on the voluntary staffs of the auxiliary organizations of the church. It requires intensive preparation on the part of the lecturer, and effective teaching depends upon the extent of genuine communication between the lecturer and the student.

Formal evaluative procedures are seldom used in church training sessions; however, subjective evaluation by department heads, supervisors, and the church administrator
should be a continuous process. The training program is not complete until each trainee is performing on his own and a follow-up evaluation process indicates satisfactory performance.

Motivating Performance

The proper selection, placement, and training of individuals for church work is important. However, once a worker is placed in a job, the church administrator should devote a portion of his time to supervising and motivating that employee to attain satisfactory job performance. Individuals seek employment in a secular business organization because they are motivated to satisfy the material needs of human life. Wiest identifies the basic needs of the church worker more specifically as recognition, security, opportunity, and belonging.¹

The material benefits provided by a secular business organization may fulfill the basic physiological needs of the individual workers. However, those same workers may devote many hours to the church in an attempt to satisfy their need for self-realization. Incentives serve as a stimulus in motivating individuals to attain job satisfaction. Because a majority of individuals serve the church for reasons other than material gain, incentives other than wages appear to be of greater importance.

¹Wiest, op. cit., p. 24.
Remuneration.--The primary moral obligation of the local church should be to the financial support of the pastor.\(^1\) The church board should not enter contractual wage agreements with other employees until a satisfactory means of financial pastoral support is apparent. Some of the factors that influence wages and salaries are the ability of the church to pay, the preparation, background and experience of the applicant, and the prevailing community wage rate.

The salaries of church secretaries are often low as indicated by Balcom:

Salaries in church jobs are lower than in comparable positions in the business world. \(...\) This condition is deplored by executives as well as by secretaries and a real effort is being made in some instances to upgrade matters.\(^2\)

It is important to determine in an equitable and objective manner the amount of compensation each employee should receive. It is also essential for a local church to have an effective payment system so that each employee receives the correct amount of payment at definite, stated intervals. Properly administered, a wage and salary schedule stimulates the employees of the church to render greater service to the local organization.

Security.--Security in one's job may come from the knowledge that an individual will be protected against loss

\(^1\)Manual, p. 65. \(^2\)Balcom, op. cit., p. 35.
of income due to illness, accident, and retirement. Ministers and other church workers should receive benefits comparable to those available in local business organizations. The common economic-security benefits that should be available to church employees are vacation periods, sick leave, insurance coverage, a retirement plan, social security, and allowances for continuing education and in-service training. Individuals who are reasonably secure in their jobs are in a better position to direct their energies toward the achievement of the goals of the church.

**Participation, praise, and recognition.**—As a motivational tool, participation includes the opportunity for workers to take part in meetings and in conferences for the purpose of making decisions and formulating policy. Employee participation in decision making, as viewed by Flippo results in better managerial decisions, readier acceptance of the manager's orders, and a feeling of importance on the part of the employee.¹ Other management writers state: "Participation is recognized as one of the best incentives for stimulating employee production and for providing job satisfaction."²

Group procedures involving employee participation in making decisions and formulating policies take considerable time. Although there is always a chance for misunderstanding

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¹Flippo, op. cit., p. 78.
²Chruden and Sherman, op. cit., pp. 229.
and disagreement among the members of the group, better results are achieved when employees share in this experience.

When people are involved in the development of plans, they are more willing and ready to give time and effort to seeing the plans carried through.\(^1\)

In the same frame of reference, Powell states further that:

There is an essential relationship between group procedures and the nature and work of the local church. Group procedures are not elective for church leaders; they are necessary.\(^2\)

The ability of the church administrator to achieve a high degree of teamwork and worker acceptance of his leadership is dependent upon his ability to understand, initiate and participate in group procedures, and to stimulate management-worker participation.

**Supervising the Workers**

The pastor, as head of the local church organization, has responsibility for the supervision of all paid employees of the church.\(^3\) In many instances the pastor supervises all the workers of the local church, including the members of the volunteer staff. In some churches, there is a division of administrative-supervisory authority. This is pointed out by Owens:


\(^2\)Ibid., p. 17.

\(^3\)Manual, p. 61.
Every person on a church staff should be responsible to one person. This is true whether the number of church employees is one or fifty. In the large church, the pastor is the chief administrator. There will be those working with and under him who in turn will have direct supervision over other employees. Not all will be responsible to the same person. If there is an office manager, all general office personnel will be under the supervision of one person. Not even the pastor will override the office manager's authority. Where the staff is small, all employees will be directly responsible to the pastor.1

Important factors affecting the degree of supervision are the type of work, whether routine, repetitive, or homogeneous in nature; the number of workers reporting to one supervisor; the ability of the workers to perform satisfactorily; and the degree of cooperation present in the organization. In order to facilitate the process of supervision, it may be necessary to organize the staff along departmental lines with further sub-divisions of sections and units. Thus, appropriately designated supervisors would be responsible for the supervision of the different levels of work.

The findings in Wilson's study imply that the minister should develop the attitude that he is the "coordinator" rather than the "boss" and that all members must realize that he is the "director" of the staff and should become fully aware of the authority in his position and the responsibility to exercise it.2 The minister has many opportunities to do

1M. O. Owens, Jr., "You Can't Serve Two Masters," Church Administration, VI (September, 1964), 18.

2Wilson, op. cit., p. 8.
and say those things that encourage either good will or dissatisfaction within the staff. The most effective minister-supervisor is one who exhibits qualities of leadership and views his subordinates from a human-relations approach.

In every organization, some individuals emerge as leaders and others remain as followers. Followers are essential to leadership, because without followers there can be no leaders. In a local church organization, the minister is immediately looked upon as the leader of the congregation. Even though he may be ill-prepared for a managerial-leadership role, he may succeed in the pastorate if he has capable laymen who can share this role with him. Within a church organization, there are certain individuals, by virtue of election or appointment, who are expected to take initiative and participate in leadership activities to a greater degree than the average member.

In a church organization, individuals voluntarily choose to work with a leader. Therefore, a church administrator should attempt to secure loyalty through praise and recognition rather than through this-is-the-way-it-is-going-to-be or a bull-of-the-woods type of operation. According to Powell, church leaders tend to adopt one of the following styles of leadership: firm leadership, firm-friendly leadership, shared leadership, and free leadership.¹ Thus, the

¹Powell, op. cit., p. 137.
actions of a minister may vary from one who is an absolute ruler to one who delegates all power of decision to other church workers.

McCall refers to the pastoral leadership in a church as either pastor-administrator (democratic) or administrator-pastor (autocratic). In discussing the characteristics of such leaders, he states:

You never hear about the generally able pastor-administrator. You hear about the minister of education, the Sunday school superintendent, the chairman of the board of deacons in these churches. You hear about this pastor as a pulpiteer, a real pastor of the people, or simply as the man everybody likes.

The administrator-pastor is always a candidate for the scapegoating characteristic of human nature. When giving to the church drops, he is to blame even if there is a national economic recession.1

Usually a minister is identified by the characteristics that he exhibits. Because of his particular characteristics, members of the congregation and the staff either follow and support his actions or tend to "work against him." The minister who desires the best results should develop a style for himself that is a composite of the best characteristics of several types of leadership.

Supervision is often an avenue through which the worker becomes adjusted to his working environment. An important factor in the supervisory process is the ability of the church administrator to establish a favorable climate

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1Duke K. McCall, "Should the Minister be the Administrator?" *Church Management*, LX (November, 1963), 52.
for the church worker to adjust to the administrator's method of supervision. Regardless of all that is done by the administrator to provide the right climate and establish the proper working conditions, some individuals will continue to experience difficulty in the adjustment process. This difficulty may be due to the manner in which a supervisor relates himself to his subordinates.

People are not machines which can be manipulated with push buttons, nor can they be made to do what we want them to do. They are not vending machines which respond to the deposit of a coin and the turning of a lever. Neither can we create "instant" faith, love, Christian character, or service from a human being by adding boiling water to a teaspoonful of ingredients.1

The relationship between a church administrator and a church worker should not be impersonal. The administrator who relates himself to his workers on a personal, human-centered basis tends to supervise them as individuals who have needs that can be met, hopes and joys that can be realized, ambitions that can be stirred, fears and sorrows that can be challenged, and pride that can be hurt, rather than as "things" that operate typewriters, floor polishers, and duplicating machines. When the church administrator views all workers from a personal, human-centered approach, he is better able to guide them into becoming well-adjusted, job-satisfied workers. When this occurs, the goals of the organization are more nearly attained.

Summary

The management of personnel in the local church is a result of the planning, organizing, actuating, and controlling of those activities necessary to acquire, train, and supervise employees and lay workers. In all local churches, there are two distinct staffs--the paid staff and the volunteer staff.

Primarily the minister is responsible for the recruitment, the selection, the training, and the supervision of staff members. The selection process is apt to be better and of a more scientific nature if he makes use of job descriptions and job specifications when filling vacancies on the staffs. The training of church workers must be performed in such an atmosphere that desirable changes in behavior takes place. A manager must strive for the proper degree of subordinate supervision. Some managers tend to oversupervise their workers while others tend to undersupervise them. Either of these circumstances can be alleviated in part by an understanding of the span of control principle and proper assignment of personnel to the tasks that must be accomplished.

Material benefits, security, participation, praise, and recognition are incentives that serve to motivate workers in both secular and church organizations. The desires to belong, to serve, and to achieve spiritual benefits are also strong incentives which serve to motivate church workers.

The minister-manager in a local church, the same as in any secular organization, must work with individuals,
boards, committees, and groups in order to accomplish the church's objectives. To this end, he displays characteristics that identify his type of leadership. The type of leadership that he exhibits determines in part the policies, the methods, and the climate that affect the church workers.

The personnel management program in a church requires the minister-church administrator to perform acts that are distinctively managerial in nature. Basically, plans must be formulated and a personnel organization must be developed, directed, and supervised. There should also be an evaluation of the work performance, progress, and accomplishments. The church administrator can hope to bring forth desirable changes in the attitudes of his workers, only as he understands and applies the administrative process to his everyday affairs.
CHAPTER VII

APPLICATION OF MANAGEMENT FUNCTIONS
IN CHURCH BUSINESS ADMINISTRATION

In this chapter is presented the material which constitutes the outcome of the overall research investigation that was involved in reaching the solution to the problem of this study. It is a conceptual outline of the functions of management pertaining to specific administrative areas essential to church business administration. In terms of its purpose, it is an outline of the instructional content of church business administration. As material of use in facilitating the preparation of church business administrators, it is subsequently presented in five sections. Each section begins with a guide statement designed to establish in a general way the purport of that particular portion of the total outline. Following the guide statement for each section, there is presented a relatively concise outline of significant elements pertinent to the section topic.

The total outline emphasizes selected functions of management which are essential to church business administration. It does not include all that the minister-church
administrator should know about management in general and church business administration in particular. It does emphasize those managerial activities that are closely related to the business administration of a church and the managerial activities with which the church administrator should be concerned.

The first two sections are introductory in nature and could be eliminated from a short course of study, such as either a conference, a seminar, or a ministerial workshop. The last three sections are divided in such a manner that each section could be treated as a separate study program. Either of the first two sections could be used as an introduction to any of the last three sections. Such a division allows for either separate treatment of any section or combined treatment of all sections in an integrated study program. Because of this method of dividing the sections, there is a slight overlap of material in some areas of the total outline.

There are areas in the outline where specificity is desired and emphasized. When this occurs, specific reference is made to the Church of the Nazarene. However, the total outline may have equally appropriate application to other church denominations. With this outline, a detailed pattern of church business administration can be developed and many of the specific elements can be established in scope and sequence.
The major sections of the outline, which include brief but specific considerations of the functions of management, relate to: (1) the nature of the church as a business institution, (2) the functions of management in a church, (3) the nature of the management of church funds, (4) the nature of the management of church facilities, and (5) the nature of the management of church personnel.

Outline of Instruction in Church Business Administration

Section I. Nature of the Church as a Business Institution

Guide statement.—A local church is a service-producing organization. Because of the quality, uniqueness, and diversity of its product, individuals affiliate with and support the churches of their choice. The internal organizational structure of churches follows a basic pattern of divisions, departments, and auxiliary organizations, and this pattern facilitates the development of additional church activities.

The authority relationship flows in an upward direction from the congregation to the governing board, and then to the minister. Because of this unique characteristic, the head of the organization cannot demand obedience.

In effect, individuals "purchase" services from the church and pay for them through financial contributions. However, the income of a church must be disposed of in
accordance with the wishes of the donors, the purchasers. Several changes in church financing have occurred during the past few decades. Spontaneous giving has largely been replaced by pledging, and budgeting has emerged as fund management.

A church that is able to survive and grow becomes a "profit-making" organization even though from a taxable standpoint it is regarded as a "non-profit" organization. Churches and church groups have invested sizable funds, an accumulation of profit, in profit-making enterprises. A local church is now similar in many respects to a secular business organization. Because of the growing complexity of business-related activities of churches, new concepts in church management are emerging.

A. Business impact of the church.

1. Church activity is a multi-billion dollar business and, as "big business," contributes in a significant way to the Gross National Product and to the general economic growth of the nation.

a. Contributions received by churches, non-taxable income, exceeded three billion dollars during 1962.

b. Inasmuch as churches spend hundreds of millions of dollars for furniture and furnishings, office equipment, kitchen equipment, recreational equipment, and consumable supplies, they represent a vast market for the promotion of goods and services.

c. Although the amount of cash expended for church construction exceeds one billion dollars annually, the actual cash value of church construction is much greater because of the added value reflected in donated materials and labor.
2. Collectively, denominational groups and churches make significant economic contributions to the states and communities in which they operate.

3. Because of the size of its income, the amount of its expenditures, the number of individuals on its payroll, and the extent of its property, a church is often the largest business institution in a community.

B. Organizational structure of a church.

1. The managerial structure of a church is the base on which authority and responsibility are established and from which flows administrative action.

   a. A local church is subject to the direction, guidance, and supervision of a governing board whose members are elected by the congregation of which they are a part and in which they have a voice in the outcome of the election.

   b. The governing board is responsible for the general administrative affairs of the local church, and also has the specific responsibility for the management of church funds, the management of church facilities, and the management of church personnel.

   c. The board, acting as the managerial body of the church, is responsible for establishing and maintaining a managerial climate so that desirable kinds of managerial activities can take place.

   d. Although the board develops broad, general plans, procedures, methods, policies, and controls that affect the total operations of the church, the members of the board primarily perform the managerial functions of planning and organizing.

2. The auxiliary structure of a church is the framework on which the various activities are established, thereby enabling church members to engage in a variety of activities in the fulfillment of religious objectives.

   a. The basic auxiliary departments of a church are the department of education (church school), department of youth, department of missions (benevolences), and department of church music.
b. Each auxiliary department is usually under the general administrative direction and supervision of a board (cabinet, council) of lesser rank than the governing board of the church.

c. The work of each department is accomplished through its organizational structure, consisting of the departmental officers, committees, members of the church staff, and lay workers.

3. The external structure of a church is an invisible framework consisting of laws, regulatory agencies, organizations, and denominational leaders within which the church must control and coordinate its activities.

a. Many of the activities of a church must be coordinated with the activities of the denomination and with other churches and organizations in the local community.

b. The activities of the church must be in conformity with the laws, rules, and regulations as established by regulatory agencies.

c. Frequently, the official action of the church board is subject to the approval of the denominational officials exercising jurisdiction over the local church.

C. Types of ministerial authority.

1. Line authority implies an establishment of clear and definite lines of authority beginning at the top, the ministerial position, and descending to the lowest level.

a. Because a minister traditionally serves as the senior line executive officer in a local church, his position requires that he engage in the managerial functions of planning, organizing, actuating, and controlling.

b. The line authority inherent in the ministerial position is a unique one embracing internal relationships with the church board, committees, and church workers, and also embracing external relationships with higher denominational officials.
c. As senior line executive officer of a church, the minister should have the right to make decisions and require obedience from subordinates who are charged with carrying out those decisions; but because delegation of authority is in an upward direction, the minister is limited in decision-making and he cannot ordinarily require obedience from the members of the non-paid staff.

d. Because the philosophy of line authority, in a church, is based on the assumption that the way to get work done is to put more people to work, the committee channel is the medium through which the cooperation of lay workers is obtained.

2. The establishment of staff authority occurs in churches that maintain multiple-ministerial staffs or that have lay members who are professionally trained and are willing to serve in advisory capacities.

a. Staff authority implies that an individual who occupies a position on the professional church staff is a specialist in a given area, and because the church administrator has the availability of specialized service, aid, and counsel, his work is facilitated.

b. An associate minister (director of religious education) is an example of a staff specialist who renders specialized assistance, advice, and counsel to the senior line executive officer and aids in decision-making and policy formulation.

c. A lawyer, an insurance executive, an accountant or a banker is an example of a lay member who is often available within a church and who serves in advisory capacity to the church administrator.

3. An extension of line and staff relationships is the line-staff authority relationship that implies a minister serves in dual capacities exercising direct lines of authority and also serving as a staff specialist.

a. Although the senior minister in a medium or a large church occupies a position of line authority in relation with the professional staff, he occupies a position of staff authority in relation with the church business administrator and other administrative personnel.
b. An associate minister, a specialist in a given area, occupies a position of staff authority in relation to the church administrator and simultaneously exercises line authority over a department and/or auxiliary organization.

D. Financial structure of a church.

1. Church financing embraces the concept of fund management that implies an analysis of income and expenses, budget formulation, and appropriate accounting procedures.

a. The typical early-day American church received income from spontaneous collections and disposed of that income according to the needs of the church and the parishioners.

b. Today a church must finance its own activities and assume its share in financing the projects of the denomination even though this may result in the establishment of competing churches and a loss of members and income.

c. Even though a church receives its income from well-defined sources and from individuals who have good intentions, an imbalance in the budget may result because of negligence on the part of contributors, economic factors, or unwise spending policies.

2. Fund management includes those activities necessary to plan, organize, actuate, and control working capital, fixed capital, and borrowed capital, and considerations for short-term, intermediate-term, and long-term financial goals and commitments.

E. The church as a profit-making organization.

1. A church that is able to survive and grow becomes a profit-making organization even though from a taxable viewpoint it is regarded as a non-profit organization.

a. Favorable income tax provisions allow individuals to make contributions to churches, and both individuals and churches benefit from such provisions.

b. Favorable property tax exemptions enable churches to become massive property owners.
c. A church strengthens its profit position by reducing its liabilities or by increasing its assets.

d. As a church increases its membership and income, its financial position continues to remain non-taxable and its profit position becomes increasingly favorable.

2. Churches and church groups own and operate profit-making enterprises that are regarded as non-profit organizations and that enjoy certain tax-exempt status.

F. Professional management of churches.

1. The position "church business administrator" is a new staff development that is becoming increasingly important in local churches because of the many business-related activities of the churches and/or the increased administrative burdens of the ministers serving in those churches.

   a. The church business administrator serves as coordinator in matters of finance, management of property and office facilities, personnel supervision, public relations, and future church development.

   b. Implied in the duties of a church business administrator are the concomitant management functions of planning, organizing, actuating, and controlling.

2. Denominational leaders, colleges, universities, and the National Association of Church Business Administrators seek to improve the managerial competency of ministers, church administrators, and others who may serve in management positions of churches by sponsoring seminars, conferences, and training programs, and by publishing literature relative to church business administration.

Section II. Functions of Management in a Church

Guide Statement.—The role of management in a church organization is to associate positively the traditional, social, and scientific elements of management with a
human-relations approach and thereby enable a voluntary association of individuals to accomplish common goals. A degree of management activity exists in all churches, and there are certain acts that are distinctively managerial in nature. Management and managing have certain functions to perform, and the functions are found in the various patterns of management that exist in local churches. When the functions are properly applied to the machinery of church administration, they serve as a lubricant and facilitate the work of church administration. The fact that the management process has been identified and has universal application is of far-reaching significance and should be an encouragement to individuals who desire additional knowledge and understanding of the functions of management and the administration of church activities.

A. Identifying the functions of management.

1. Management activity is not exclusively the minister's but spreads throughout to all members of the administrative team, and those individuals who are responsible for the administrative affairs of the church perform the functions of planning, organizing, acting, and controlling.

2. Management activities that attempt to correlate and facilitate the functions of management are identified as appraising, budgeting, communicating, coordinating, correcting, decision-making, evaluating, forecasting, improving, initiating, interpreting, leading, motivating, reporting, staffing, and training.

B. Essential functions of management.

1. The planning function includes the selection and relating of facts that pertain to church operations and the attempts to project those facts into a
visualization of the future in order to arrive at recommendations for present action or future needs.

a. Planning activity is mental in nature and intangible in scope; futurity is its essence.

b. Planning brings into focus all objectives, auxiliary organizations, funds, facilities, and personnel of the church.


d. Planning is performed by ministers, associate ministers, church business administrators, and others who share in the responsibility for the administrative affairs of the local church.

e. Although planning should be performed before the other functions of management, it is often performed simultaneously and in conjunction with the other functions of management.

2. Organizing is the function through which the activities of a church are defined and grouped and authority relationships are established whereby individuals can be assigned to tasks within the organization.

a. Because organizing includes the determination of jobs or activities to be performed, and the recruitment, selection, and assignment of individuals to those jobs, organizing is sometimes referred to as staffing.

b. Every church organization has a definite formal organizational structure through which authority relationships and channels of supervision are established, and these relationships can be identified and graphically portrayed on organizational charts.

c. In all local churches there are informal groups that may be for, against, or neutral with respect to the church administrator and administrative plans and actions.

d. When plans and objectives are formulated, then organizing, the second distinct step in the administrative process, can become a reality.
3. The actuating function is a continuous process whereby plans and efforts are put into action; it is the force that supplies the power whereby the action as conceived in the planning function begins to take place.

a. An administrator's planning and organizing may be ineffective unless he initiates action whereby members of the church and staff are aroused to be of service because they want the church to achieve its objectives.

b. Because the actuating function deals exclusively with people and is dependent upon the leadership ability of the administrator, possession of favorable leadership characteristics aids the church administrator to obtain the loyalty and support of church workers and church members.

c. The actuating function is a shared process whereby members of the church staff suggest, guide, direct, instruct, and supervise employees, lay workers, and members of the congregation.

d. Authority in a managerial-supervisory position is a necessary ingredient without which the actuating function would fail to succeed.

4. The controlling function is a follow-up process whereby the activities conceived in the planning function are measured, evaluated, modified, or corrected in order to assure the accomplishment of plans and objectives.

a. Through controlling, the administrator determines what is being accomplished, he evaluates the performance, and he attempts to compel events to conform to plans.

b. Budgetary controlling serves to keep costs, expenses, and benevolences within the defined limits of the budget.

c. Inspections, maintenance procedures, schedule charts, and specifications are controls which tend to keep physical facilities within the confines of time, use, quality, and quantity.

d. Personnel controls such as manpower quotas, job descriptions, work standards, vacation schedules, and training programs aid in maintaining a qualified and satisfactory work force.
e. Because controlling is an evaluation of how well the other functions have been performed, it is the last function to be performed.

5. Inasmuch as coordination is an integration of the efforts of many individuals within and without the church organization, it is the unifying element common to all the functions that keeps the performance of the functions within proper perspective.

C. Management functions in Nazarene churches.

1. The church Manual implies that both the minister and the church board, separately and collectively, engage in performing the functions of management as they perform their managerial responsibilities.

a. The role of the minister is a unique one in that he is regarded as the spiritual leader of the people as well as the head of the local business organization, and in both capacities he performs acts which are distinctively managerial in nature.

b. Although the individual members of the church board are seldom prepared in the administrative process, they are called upon to assume responsibilities and perform managerial acts which may affect the present and future status of the local business.

2. Ministers who are prepared in and understand the administrative process have better opportunities to be selected for higher-level administrative responsibilities in district, general, and other offices of the church.

Section III. Nature of the Management of Church Funds

Guide Statement.—Every activity of the local church is related in some measure to the financial success of that church. Adequate financing through fund management and control is an integral part of management. Fund management can only emerge from an understanding of the administrative process. Without planning, organizing, actuating, and controlling, there
is no basis on which to formulate fund management policies and procedures.

Accounting records should provide the church administration with dependable information that reflects the ability of the church to receive income and to meet its financial commitments. The accounting system serves as the internal "credit office" which silently promotes better individual stewardship through the effective means of helping people remember their "good intentions." It is thus the unwritten "collection letter," the "final notice;" yet, the recipient is never regarded as a "bad-debt" account. As individuals establish reputations for meeting their personal stewardship obligations, in like manner churches also establish financial reputations. The financial reputations of individuals and that of churches often move in similar patterns and can be evaluated for credit worthiness.

Unusual relationships exist in the church organization between the ownership and use of physical facilities and other assets. Because of this, the church administrator has unique obligations for establishing procedures to eliminate risks or to compensate for monetary losses. The church administrator who maintains a control over the financial activities is in a better position to make intelligent decisions regarding the operation of the business phase of church activities.
A. Basis for fund management.

1. A local church is a business institution whose existence depends upon its ability to receive income, to meet its financial obligations and to manage competently its economic affairs.

   a. Because a church receives a major portion of its income from donors, it is under solemn obligation for proper accountability to those donors for the manner in which their funds are handled.

   b. Because the administration of funds in a local church is under the direction of a board, the membership of which is often transitory, heterogeneous, and untrained in managerial techniques, there exist greater obligations to establish sound policies and procedures relative to the management of all material resources.

2. The functions of management are the resources through which a fund management program is developed, and when properly executed, they enable the church administration to better manage all material resources.

   a. Planning is a process whereby financial goals of the church and methods of achieving them are formulated, developed, and adopted.

   b. Organizing is the medium through which the individuals of the congregation are united in their efforts to obtain the necessary funds to meet budget commitments.

   c. Actuating is a day-to-day process of supervising and directing the necessary details relating to the receiving and disbursing of church funds.

   d. Controlling tends to keep the flow of funds within the limits defined by the budget.

B. Elements of fund management.

1. A financial budget represents the church's plan for the coordination of resources and expenditures; thus, it acts as a guide, as an authorization, and as a control device for fund management. In essence, it is the map of the road over which funds are routed; without it certain detours may lead a church into financial difficulty or insolvency.
a. When budget formulation is shared by numerous leaders of the church, it more accurately reflects the goals, the needs, and the obligations of the total church organization.

b. Budget development is a sequence of events during which revised estimates of needs and revised estimates of resources are brought closer and closer together in an interplay of resource programming.

c. Budget estimates more accurately portray the economic position of the church when internal records are available and consulted and when external economic factors are considered.

d. Budget acceptance must become a personal reality in the lives of church members to the extent that the concept of the budget becomes "our budget," "our obligations," "my budget," "my obligation."

2. Because financing the budget incorporates the various methods whereby a church receives income with which to meet its financial obligations, the budget is in actual practice the sales-marketing program of the church.

a. The largest single source of income in a local church is derived through contributions that are represented by tithes, pledges, and offerings, and the most widely used method of securing contributions is by a process commonly known as "every-member canvass."

b. Churches increase their financial positions by borrowing funds for long-term capital expenditures and, on occasion, may borrow funds to meet current obligations or short-term commitments.

c. Churches receive income from the sale of real estate and physical facilities or through a variety of other selling activities such as bazaars, bookroom sales, and suppers.

d. Important sources of income, yet ones which are rarely predicted or predetermined, are gifts, endowments, and wills.

3. Because the accounting system adopted by the church board serves as the medium through which the financial transactions are recorded, it should result in
better record keeping and facilitate the interpretation of all financial transactions.

a. The accounting system of the church should provide the official board with complete, accurate, and orderly records and reports needed for budget development, resource programming, and fund management.

b. When the accounting system provides individual members and donors of the church with accurate periodic statements regarding the status of their financial commitments and/or stewardship, it serves as a control reminder and helps to prevent individuals from becoming negligent in their commitments.

4. The measurement of the flow of funds is accomplished through the use of financial records and reports and reflects the ability of the church to control the funds as conceived in the planning function.

a. Accounting reports are prepared at various times during the year for different purposes, for boards, and for individuals.

b. Major objectives of fund management are to facilitate the preparation and the interpretation of the following reports: the balance sheet, the statement of income and expense, denominational reports, and other local internal reports, and to render them more meaningful.

c. Individual donors, as well as those who handle church funds, are entitled to periodic examination and properly executed audits.

C. Protection against church failure.

1. Church failure is essentially a financial concept and usually results from loss of income, property, or personnel; therefore, risk management and insurance are the avenues through which churches reduce or share their risks in order to prevent financial loss.

a. Self-imposed measures are actions or methods initiated by the church to reduce the presence of risk and include construction of "fireproof" structures, installation of safety devices, efficient housekeeping, and the maintenance of an effective, safe, and adequate storage system
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to prevent loss of records which may be non-insurable, expensive to duplicate, or which are of permanent value to the church organization.

b. Shifting the burden of risk to others or sharing the risk with insurance companies minimizes fears and anxieties, and church members are able to realize more fully the benefits of church activities.

2. Through the design and sale of many kinds of protection, insurance companies have made it possible for a local church to enjoy continuous financial stability during economic loss of life, income, or property.

a. The major types of insurance protection available for local churches are standard fire protection, public liability and property damage, burglary, robbery, and theft, life, health, and accident, fidelity and performance bonds, and additional miscellaneous coverages.

b. Through a special multi-peril policy, churches may obtain insurance protection against loss resulting from a variety of causes.

D. Facilitating fund management in Nazarene churches.

1. The Unified Treasury System is a uniform church accounting system developed and provided by the general church treasurer's office; thus, its purposes are to facilitate local accounting processes and to simplify statistical and financial reporting.

a. The Unified Treasury System is completely flexible in practice and is suitable for all Nazarene churches regardless of the size of the memberships or the size of the budgets.

b. The Unified Treasury System is an accounting system whereby all monies are deposited into one account and all disbursements are made by one treasurer; furthermore, it provides an official, financial picture of all funds handled by the church organization.

2. The Uniform Church Treasurer's Record is a compilation of the necessary forms and reports which are needed to record all the financial transactions of a church.
a. The basic financial records peculiar to the Unified Treasury System are the counting committee report, the journals, the individual reports, the monthly reports, the records of contributors, and the annual report of pastor.

b. The financial statements which are included in the Unified Treasury System, together with the balance sheet, the income and expense statement, the church budget, and other selected financial statements, provide sufficient information whereby church boards, church treasurers, ministers, church administrators, and others can plan, initiate, promote, and control an adequate program of fund management in Nazarene churches.

Section IV. Nature of the Management of Church Facilities

Guide Statement.—The physical facilities of a church constitute the physical environment and contribute to the proper climate whereby the objectives of a church can be realized. The ownership of physical facilities implies that certain administrative actions are necessary to acquire, to maintain, and to use those facilities. Prudent management of all physical facilities is desirable if the congregation is to receive the greatest possible return from its investment. The management of physical facilities is inherently the responsibility of the church board in general and the board of trustees in particular. The managerial responsibility should be clearly established and thoroughly understood by all who share the responsibility for the administrative affairs of the church.

The members of the congregation are in fact unique owners of church property, and admittance to ownership is
based solely on a voluntary association with the church rather than because of financial investments (contributions). Although all members share equally in the ownership of the facilities, they do not share equally in the financial support of the facilities. In case of liquidation, bankruptcy, or the sale of property, the owners do not share in financial distribution of assets.

The use of church facilities is also unique. The church edifice represents the major portion of the investment and usually occupies the largest amount of total floor space that is available for use. However, this portion of the total church plant is used less than other areas or facilities. Individual members of the congregation use the facilities for different purposes, and the amount of time they devote to church activity varies considerably among the members. The facilities of the church are frequently used for community purposes, and modern church chapels are increasingly being used by non-members for weddings and funerals. Thus, a church as a business institution often develops a favorable public relations image.

The pastor's study is usually the "head office" of the church corporation, and the church edifice represents both the "manufacturing plant" and the "retail outlet." It is here that the product is manufactured or assembled and placed on display. Effective management of the office, the plant, the cafeteria, the parking area, and other church facilities can
come about only as the church administrator understands the administrative process. Proper application of modern-day management techniques to the management of church facilities effectuates an efficient, profitable church organization.

A. Managerial responsibility for physical facilities.

1. The church, acting as a corporate form of organization, delegates responsibility and authority to the elected board so that general overall managerial jurisdiction of church facilities can take place.
   a. The board of trustees (presbyters, elders, deacons), as a specific element of the church board, has the responsibility for holding title to church property and for proper maintenance of all physical facilities.
   b. Trusteeship implies that the board of trustees should provide economical means and procedures whereby all physical facilities are properly acquired, adequately maintained, and effectively used.

2. To implement its managerial decisions, the church board shares or delegates administrative responsibility, thereby facilitating the end operational processes.
   a. A committee (maintenance committee, building and grounds committee) composed of members of the church board usually has the responsibility for initiating the managerial decisions of the board relative to physical facilities.
   b. The minister, church administrator, or other individual designated by the church board performs the day-to-day managerial-supervisory duties pertaining to the operational phase of the maintenance program.
   c. The operational phase of the maintenance program is accomplished through the actuating function and implies that the church administrator directly supervises the custodial staff as well as other aspects of the program.
B. Types of physical facilities.

1. The land and buildings represent the home office, the manufacturing plant, and the retail outlet of the church business organization; therefore, a good site location and a well-maintained physical appearance of those facilities contribute to a favorable public relations image.

a. Because a proper and adequate site location is a significant factor for the continual development of the church complex, foresight, prudent judgment, and wise choices are essential in the acquisition of church property.

b. The church site and the church edifice represent the major investment of the congregation, and the investment must be protected through proper and adequate maintenance procedures, including effective measures to eliminate loss of deterioration due to the presence of risks.

c. Attractive church signs, adequate parking facilities, well-maintained lawns, trees, shrubs, flower beds, and water and lighting displays serve as an attraction for church visitors and prospective members (customers).

2. Equipment and furnishings are the raw materials which enter into the production process and make possible the development of the church service (product).

a. The furniture and interior furnishings of a church are designed to contribute to a specific mode of worship, a specialty product, and, because of this, they often have little resale value.

b. Churches spend huge sums of money to acquire, to install, and to maintain air-conditioning, electrical, electronic, heating, and sound equipment; consequently, churches make it easier for members of the congregation (customers) to participate in, benefit from, and enjoy the services (products).

c. Churches represent a large institutional market for office, music, kitchen, playground, and recreational equipment.

3. Consumable supplies such as standard maintenance, repair, and operational items make it possible for
ministers and laymen to serve their congregations and thus develop better church services (products).

a. Although a major portion of the consumable supplies are purchased by the local church, occasionally supplies which are used by the church school, the youth department, and the missionary department are donated by members of the church.

b. A church as a charitable organization may purchase government surplus commodities at greatly reduced prices; thus, its competitive position with secular business organizations improves.

C. Characteristics of property ownership.

1. Buying and selling of real property must be accomplished within the restraints established by denominational leaders and the members of the congregation; thus, property transactions within a church organization are often unique and time consuming.

a. A church organization can only purchase or sell real property as agreement exists among the members of the church board and members of the congregation.

b. The church board should secure permission from denominational officials exercising jurisdiction over the local church before property transactions can take place.

c. The church edifice is usually constructed as a single purpose unit, and, because of this, it is a specialty item with limited market demand; consequently, it may often sell for less than appraisal value.

d. Occasionally church members refuse to dispose of church property even though from an economic standpoint it should be sold and from a marketable standpoint it could be sold.

2. The expansion of the physical plant or the improvement thereof is often necessary because of crowded conditions, deteriorating buildings, or obsolete equipment; failure to expand or improve facilities places a church at a competitive disadvantage in the struggle for church members (customers).
a. Planning forces the church administrator to visualize continual development of the church site and facilities necessary to meet the changing needs of the congregation, and enables the church to maintain a competitive position.

b. A short-range view and a long-range view bring into proper perspective the many factors needed to appraise present and future property development.

c. Because the building program depends upon the willingness of church members to support it financially, a high degree of cooperation and coordination among church members is necessary to insure successful property development.

d. Eliciting cooperation and coordination of all members of the congregation is usually accomplished through the committee channel.

3. Professional personnel are being used increasingly by churches during a building program, and their advice, counsel, and services have resulted in better and more efficient construction of church plants.

a. In the past, churches generally relied upon the skill and knowledge of its laymen to guide them through a building program; however, because of the limited architectural, engineering, and legal knowledge of most ministers and lay members, churches are now employing the services of professionally trained individuals.

b. A local church, as a charitable organization, often receives professional advice and services from individuals or firms on a free or greatly reduced fee basis; such service would normally cost managers of secular firms significant sums of money.

c. Actions relative to a building program which usually require specialized assistance are agreements to purchase or sell real estate, appraisal of property, title, abstract and deeding of property, liability relating to dangerous premises and risks, contractual relationships, and employer-employee relationships.
D. Characteristics of purchasing in a local church.

1. A local church purchases goods and services in order to develop or improve its product; and even though the goods may be used, enjoyed, and consumed directly by its participants (customers) they are rarely purchased for eventual resale; hence, because it is difficult to recover their cost, efficient purchasing procedures and buying economies must result.

   a. A decentralized purchasing program implies that the church board exercises major responsibility for procurement of all church facilities and seldom makes any concerted effort to consolidate and coordinate buying practices.

   b. Under a centralized purchasing program, the church board designates one individual to be responsible for coordinating all procurement activities; consequently, standardized purchasing procedures and the pooling of orders result in better economy and monetary savings for the church.

2. A church school class, a ladies group, or an individual frequently purchases an organ, a set of dishes, a piano, a bus, and the like, and donates the same to the church for the church's use and disposition.

E. Elements of a maintenance program.

1. Inspections provide the means whereby the church administrator initiates, coordinates, and controls the maintenance activities that are necessary to effectuate a safe and desirable work place that contributes to the proper atmosphere of the church product.

   a. In a unique sense the church is a social institution that offers its product (service) to the general public, representatives from various external agencies make periodic inspections of church facilities.

   b. As a means of actuating and controlling maintenance activities, the results and recommendations of all inspections should become a part of the records of the local church.

2. Because the end-performance of the custodial-maintenance personnel often aids or hinders in the public relations image of the church, caution should
be exercised when selecting individuals for this work and procedures should be established whereby the performance can be accomplished and evaluated.

a. The size of the church plant and the limitations of the budget are factors that determine whether the custodial-maintenance duties are performed by the minister, by volunteer lay workers, and by paid employees.

b. The development of maintenance checklists, work schedules, job descriptions, and priority requests facilitates the performance of the day-to-day maintenance activities.

c. Failure to finance adequately a maintenance program may result in excessive future costs to the church.

F. Using church facilities.

1. The primary purpose for using church facilities is to facilitate the act of worship (the end-product of the church); however, individuals may use church facilities for activities of social gain or prestige; because many of the activities of a church are business related, some of the facilities are used strictly in a business nature.

a. Members of the church, their families and friends often use church facilities (the church edifice, kitchen and eating facilities, recreational facilities, music facilities, parking facilities, and, in some cases, tools and equipment belonging to the church) seven days a week.

b. Because a local church is a social institution within a community, the facilities are often used by members of the community (non-members of the church) for the following reasons: weddings, funerals, forums and discussions, classes in adult education, musicals and plays, and youth and adult recreation.

2. Controlling the use of church facilities prevents unauthorized use of those facilities and minimizes negligence and damages which may occur; thus, controlling serves to maximize church profits through the minimization of losses.

a. The use of a schedule chart reduces conflicts that may arise among different groups who seek to use
facilities and minimizes the possibility that a facility will be used by unauthorized or incompetent individuals.

b. An establishment of policies enables members and non-members to become aware of their rights and obligations when they use church facilities and eliminates much of the frustration and hurt feelings that may arise when individuals are denied the use of church facilities.

c. Scientific controls such as office layout and space management aid in the flow of work by eliminating fatiguing and wasteful motions.

d. Because office management and space layout results in better and more efficient use of facilities, increased dollar savings are realized.

e. Controls bring about the establishment of safety and health measures that reduce the presence of risks and hazards.

Section V. Nature of Church Personnel

Guide Statement.—The staff of a local church consists of both paid employees and volunteer, non-paid workers. The workers of the church engage in the production process of developing a service (product) which is sought and desired by church members (customers). A factor that significantly affects the degree of success of the church is the relationship that exists between the church members and the church staff. The members of the staff typify, in part, the public relations image of the church, and that image either attracts or diverts prospective members (customers).

In a religious sense, the workers of the church perform tasks that aid the participants of church activities to achieve spiritual goals. However, in a rather unique sense,
the workers in the church are the direct recipients of their labors. It appears that individuals serving on the church staff receive benefits in greater proportion than other church participants.

Fundamentally, good personnel relations consist of gaining the cooperation of staff members and members of the congregation, getting them to work harmoniously, treating each worker as an individual, and motivating each worker to attain satisfactory job performance. Personnel involvement in a church organization entails an intermingling of individuals and the development of a spirit of togetherness.

Personnel management in local churches, the same as in secular organizations, is the planning, organizing, acting, and controlling of those activities necessary to acquire, to train, and to supervise employees and lay workers. The ability to obtain and maintain enthusiastic, competent church personnel often constitutes the church administrator's most challenging problems.

A. The church staff.

1. The members of the professional staff occupy executive positions in the church corporation; they serve as decision-makers and, through their leadership and guidance, direct the business affairs of the church.

   a. Individuals serving on the professional staff are usually professionally prepared in various areas of specialization and, because of their preparation, background, experience, and position, enjoy a high degree of prestige, and their decisions and actions are generally regarded as authoritative.
b. The minister, as chairman of the board and senior executive officer of the church corporation, establishes through his actions, attitude, and leadership ability the managerial climate that in effect determines the course of action the church pursues.

c. Included in the professional staff are the minister, the associate ministers, and the church business administrator.

2. The members of the operational staff perform the routine operational duties associated with church activities; they constitute the work force through which managerial plans and actions are accomplished.

a. Included in the operational staff are the clerical and non-clerical workers, and they represent a variety of degrees of skill and preparation needed to accomplish the business aspects of church activities.

b. The members of the operational staff may be either paid employees, volunteer, or non-paid workers, and they may work either on a full-time or part-time basis, depending upon the extent of church activities.

3. In a church organization volunteer lay-workers devote their talents, time, and energies to the advancement of the church school, the youth program, the music program, and the auxiliary organizations of the church.

B. Characteristics of personnel procurement.

1. The process of recruiting and selecting individuals to fill vacancies on the church staff remains largely the exclusive function of the minister (church administrator); therefore, the development of a capable church staff and the ultimate success of the total church program depend upon his choices made in the selection of personnel.

a. A job analysis program, job descriptions, and job specifications aid in the proper identification of the personnel requirements of the organization; thus, guesswork is replaced with modern managerial techniques and such procedures assure the ministers of the best selection processes.
b. The selection of staff workers by the minister together with a personnel committee reduces the element of poor choice and increases the willingness on the part of the church members to accept such individuals as members of the church staff.

c. Because a local church is basically constituted as a voluntary institution with the rendering of service regarded as a privilege of each member in accord with his abilities, the staff members and lay workers of the church are often selected from within the congregation.

2. Individuals who serve on the church staff are often appointed to their positions on a year-to-year basis, and because of this, an element of employee-worker turnover is a built-in factor which significantly affects the quality of the end-product of the church.

a. Where the members of the professional staff terminate relations with the church when a change in the senior ministerial position occurs, a church corporation may suddenly suffer the loss of its entire executive force, and such a loss could have adverse effect upon the future status of the church.

b. Although the members of the volunteer staff are appointed to their positions on a year-to-year basis, many serve the church year after year; however, resignations, transfers in memberships, illness, vacation schedules, and other causes introduce an element of worker turnover in the church corporation, and because of limited, qualified workers, the church product often suffers.

C. The need for a training program.

1. The church membership consists of individuals with varying socio-economic backgrounds, skills, and abilities. From this group emerge the lay workers and lay leaders of the church, many of whom require additional training in the church discipline and/or who may need an upgrading or retraining in the basic occupational skills.

a. An established training program provides the means by which lay leaders are developed and also serves as a continual source for qualified lay workers.
b. A training program aids the church to achieve its basic objectives: to gain new members and to develop informed and dedicated church members.

c. Because the business affairs of a church are often conducted in modern, well-equipped offices, church workers may need retraining in order to increase their knowledges and skills so that increased productivity may result as they use machine accounting systems, modern office equipment, and improved office procedures.

d. A training program for non-clerical workers is often a necessity in order to familiarize the workers with modern kitchen and maintenance equipment.

2. A program of induction and orientation, that is designed to familiarize the workers with all the requirements of the jobs, including those things that constitute physical and economic security, reduces the length and the cost of a training program.

a. An induction and orientation program that builds confidence in the church workers reduces employee turnover.

b. An induction and orientation program benefits church members who volunteer for lay services in that misunderstandings are minimized and an understanding of the policies, responsibilities, rules, benefits, and working conditions is maximized.

3. The facilities of the church serve as the classroom, the laboratory, the simulated on-the-job experience; therefore, the method of instruction should correspond with the physical environment, and together they facilitate the learning process.

a. As a means of increasing the operative skills of individual workers, the demonstration method of teaching is often used in a simulated on-the-job training experience; and because of this, workers have less difficulty in making the adjustment to the actual working conditions.

b. The lecture method of teaching is often the most economical and feasible method of meeting the needs of a large number of individuals, especially
when the goal is to develop informed church members.

D. Elements of motivation.

1. A church administrator must devote a major portion of his time in supervising and motivating workers to attain satisfactory job performance; failure to achieve satisfactory job performance results in the production of an inferior product and frequently the loss of a potentially good employee.

   a. Because lay members of the volunteer staff usually serve the church for reasons other than material gain incentives other than wages appear of great importance in motivating those church workers.

   b. Wages appear as strong incentives to motivate paid staff workers; however, because remuneration for church workers is usually lower than in comparable positions in industry, the church administrator must substitute equally motivating incentives in order to maintain an efficient, capable paid staff.

2. The desire to be of service is an inherent characteristic of church members; therefore, group procedures involving member participation achieve a willingness and an acceptance on the part of church members to strive toward the development of the end-product of the church.

E. Essentials of supervision.

1. The minister is the head of a business organization and, on the basis of his position and authority, has the responsibility for managerial-supervisory activities of the organization.

   a. The minister must develop the attitude that he is the "coordinator" rather than the "boss," and he must secure obedience through requests rather than by command techniques.

   b. When individual workers are responsible to only one boss, misunderstandings and friction are lessened and worker efficiency increases.

   c. Because supervision is often the avenue through which workers adjust to their working conditions, the minister must be careful not to do or say
those things that would hinder the workers from making satisfactory job adjustment.

2. The goals of the church can only be achieved through loyalty to and support of the leader of the organization; therefore, in order to develop the best product for the market, a church administrator should develop those leadership characteristics which elicit loyalty and support from the members of the congregation and the church staff.

a. The administrator-pastor (autocratic leader) tends to exhibit leadership characteristics that cause individuals to "work against" the good of the corporation, and, as a result, the end-product of the church suffers.

b. The pastor-administrator (democratic leader) exhibits characteristics that develop favorable relationships within the organization, and as a result a better service (product) is produced and the competitive position of the church enhanced.

c. A senior executive officer who develops favorable employer-employee relationships from a human-centered approach is able to better guide the workers into becoming well-adjusted; consequently, they strive to produce the best possible product.

Recommended Use of the Outline of Church Business Administration

The applications of the foregoing outline to instruction in church business administration may be as varied as are the circumstances that surround the instruction of ministerial students, ministers, and others who participate in the various types of educational programs relative to church business administration. It is not possible here to indicate all the ways in which the outline may be used. The examples indicated are merely illustrative.
Perhaps the maximum use of the outline can be achieved through the development of a subject matter course containing the content of the entire outline. Such a course could be incorporated into the curriculum of ministerial students at either the undergraduate or the graduate level of instruction. Also, each section of the outline may be used individually as a distinct subject matter area to be developed for a ministerial workshop, a conference, or a seminar. The three major sections may also form a three-cycle unit of instruction for presentation at alternate workshops and conferences. Selected elements of the bibliography may form the required reading content for church treasurers, church administrators, assistant ministers, and others who are responsible for the administrative affairs of a local church. In some denominational groups, ministers are ordained only after the successful completion of specified academic work that must be pursued either under formal educational auspices or in a home-study situation. The outline, with appropriate selected readings from the bibliography, could become a part of the requirements for ordination.

The outline might also be used in conjunction with courses in accounting, business law, church administration, finance, management, religious education courses, and other related areas. It may be especially valuable in religious education and/or church administration orientation courses, which serve to acquaint students with the many aspects of
church administration. Students specializing in business administration may desire some emphasis in church administration, and such a course may orient them to the characteristics of church business administration.

Effective use of the outline might be made by an instructor as a supplement to textbooks or lecture material. Specific areas of instruction may be strengthened and developed by utilizing the outline as lecture notes, blackboard notes, or for use in overhead projectors. Individual items could serve as topics to be developed through classroom discussion and interpretation by the instructor.

The outline may be used as a guide by ministers and lay workers currently serving in local churches. It might provide the groundwork for improved managerial techniques and efficient handling of church business. The outline might also be used by denominational leaders to evaluate the practical aspect of local church administration and may point to areas of weaknesses and strengths in local churches.
A local church serves primarily as a religious institu­tion. Yet, to fulfill its purpose, the church must also function as a business institution. As a religious institu­tion, a church engages in those business-related activities that are necessary to maintain financial solvency, to acquire and maintain physical facilities, and to utilize effectively all the personnel of the organization. The local church, operating as a business institution, requires in its minister and/or administrator the possession of knowledges, understandings, abilities, and skills relating to the management and the administration of the church's funds, facilities, and personnel. The task of "managing" a church requires either the minister or the church administrator to develop a basic knowledge and understanding of the concomitant managerial functions of planning, organizing, actuating, and controlling.

The departments of religion in colleges and semi­naries traditionally place great emphasis on the professional preparation of ministers in the areas of theology, pastoral counseling, and religious education. Although ministerial
students are placed at the heads of "ready-made business organizations" immediately upon graduation, they seldom receive preparation in church business administration and executive procedures. The literature on which this study was based indicates that ministers and laymen need preparation in church business administration. Also, denominational leaders, ministers, and professional lay workers are now attaching much significance to church business administration. The general consensus among church leaders is that ministers should obtain preparation in church business administration.

Restatement of Problem

The problem of this study was to formulate a conceptual outline of subject matter pertaining to selected functions of management which are essential to church business administration. The emphasis was on the isolation and the definition of fundamental functions of management that are applicable to church business administration. No attempt was made to deal extensively with all areas of church business administration. However, the content guide statements and the outline provide the framework for better understanding of the administrative process as it facilitates the administration of a church.

This study consisted of four major phases: (1) a comprehensive study and analysis of the literature relative
to the recent growth of the church and particularly church business administration, (2) a comprehensive analysis of the literature relative to the functions of management with particular application to church business administration, (3) the development of understandings relating the functions of management to the administrative duties of the minister-church administrator, and (4) the development of content guide statements and a conceptual outline of the functions of management pertaining to church business administration.

In the course of this study, interviews were held with ministers, church business administrators, and with individuals who are responsible for the academic preparation of ministerial students. Thus, insight was gained relative to the practicality of the functions of management in church administration. Ministers, church business administrators, and laymen should find this study a ready reference for additional consideration of the broad area of church business administration.

Major Considerations

The primary objective of this study from the beginning was to prepare a functional outline of the elements of management applicable to church business administration. Thus, it was obvious that detailed and numerous findings would not be developed as the basis for specific kinds of conclusions. The objective of this study, however, has been
accomplished. An outline was developed and it is presented in Chapter VII of this report.

On the basis of experience gained as a teacher of business subjects relating to business administration in general and ten years of lay activities serving in local and district church offices, the author's comprehension of church business administration with its many ramifications has been broadened. Upon completion of the extensive background study required and the work done in isolating, defining, and developing the functions of management, the content guide statements, and the functional outline, the author was able to synthesize certain points of view to the extent of arriving at a few broad statements.

1. The duties of a minister and church administrator in a local church require that he possess knowledges, understandings, and skills associated with the administrative process. Many of his acts are distinctly managerial in nature and preparation in significant aspects of church business administration is appropriate and profitable.

2. Some of the fundamental elements of church business administration may be appropriately dealt with by means of integration into general instructional phases of the curriculum of ministerial students. However, there remains a substantial body of knowledge that probably can be satisfactorily handled only in courses appropriate to what should
be designated as the "church administration" phase of the curriculum.

3. There remains that vast group of ministers who have already completed their formal academic preparation, who are now serving as ministers-church administrators in local churches, and who can profit by a study of the administrative process.

It is the sincere hope of the author that educators, particularly those associated with the preparation of ministers, will make use of the Outline of Instruction in Church Business Administration to bring about improvements in the preparation of their students, regardless of the levels at which their programs of instruction are now being conducted. It is further hoped that ministers, board members, and others who serve in administrative capacities in local churches will avail themselves of every possible opportunity to study the administrative process as it is developed in the outline.
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APPENDICES
Appendix A

SUGGESTED JOB DESCRIPTION

Title of Position
Church Business Administrator

A church business administrator may be known in some congregations by another title, such as: business administrator, financial secretary, finance director, assistant to the pastor, coordinator, or executive secretary.

Typical Responsibilities

Finance--Budgets

1. Acts as director of the annual every-member canvass (visitation).

2. Acts as director for any special appeals to the congregation.

3. Processes all offerings following services, including supervision of counting, auditing, and depositing of all funds of the congregation.

4. Supervises accounting of all funds and prepares the financial reports of the congregation.

5. Meets with all committees involved in finance decisions.

6. Attends meetings of the church council and/or governing boards.

1Prepared by the Certification Committee for non-ordained Church Staff Workers of the American Lutheran Church, Board of College Education, Minneapolis: American Lutheran Church, 1964.
7. Receives financial reports of all organizations and may exercise audit supervision.

8. Consults and develops the budgets, meeting with committees and boards involved and prepares final drafts for council and congregational approval.

Property Management

1. Acts as purchasing agent for the church, for all supplies and equipment and makes recommendations relative to such purchases.

2. Supervises all maintenance, care and repairs of church properties, including parking lots.

3. Keeps inventories of supplies and equipment as directed by the board.

4. Keeps insurance up-to-date.

5. Directs the scheduling of use of the church, parish house, and other properties.

6. Supervises food services including kitchen, purchases, equipment and supplies, when such services are a direct staff responsibility.

7. Makes recommendations for new furnishings, building remodeling or additions and any other improvements pertaining to real property, furnishings, and supplies.

8. Processes all contracts that may be entered into by the church officials for final signature.

9. Maintains office equipment.

Personnel Supervision

1. Acts as personnel director for the staff including the selection and supervision of certain lay staff positions as directed by the council or the board.

2. Terminates the services of lay staff personnel as directed by the church council or board.
3. Enlists, trains, and supervises members for volunteer service in the church's program, as directed by the church council.

Office Management

1. Supervises the keeping of the records of the church.
2. Is responsible for all office procedures.

Public Relations

1. Supervises all printing.
3. Supervises all arrangements relating to the use of the church or parish house by outside groups.
4. Interprets the church program, the financial structure, the budget procedures and any other matters that are of concern to the congregation.

Future Development

1. Works with committees that may be charged with future developments and makes recommendations concerning properties, including land, buildings, parking lots, etc.
2. Confers with architects in developing of plans for new facilities.
3. Confers with contractor during actual time of construction or remodeling.

Program

1. May be given program assignments.
Appendix B

PROPOSED BUDGETS

Part I
Proposed Budget of the First Congregational Church,
Waterloo, Iowa, for 1926

Part II
Proposed Budget of the First Congregational Church,
Waterloo, Iowa, for 1964
FIRST CONGREGATIONAL CHURCH
WATERLOO, IOWA

Proposed Budget for 1926

This is merely a "proposed budget." It represents what the Trustees and Finance Committee regards as necessary to properly carry on our work during the coming year. If the full amount is pledged this Budget will be accepted. If the pledges do not equal this amount this Budget will be revised.

Minister's Salary .............. $ 5,000
Secretary and Parish Visitor .... 1,200
Custodian ..................... 780

Publicity ..................... 250
Weekly Bulletin
Printing Monthly Pastoral Letter
Special Correspondence

1. Music ...................... 1,300

2. Office Supplies ............. 300
Fuel ......................... 550
Water, Gas, Power, Phones, Light .... 250
Insurance .................... 250
Church School and Young People's Work .. 500
State and National Convention Expense .. 100

3. Interest and Amortization of Debt .... 1,500
Incidentals .................. 100
Benevolences ................ 2,500

Total .................... $14,900

1. Includes organist, quartet, and sheet music.
2. Includes new typewriter and duplicator. If these are procured the printing bill will be substantially decreased.
3. Money has been obtained at the banks to pay for extensive repairs on the building and the installation of a new heating plant.

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FIRST CONGREGATIONAL CHURCH
WATERLOO, IOWA

Proposed Budget for 1964

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. ADMINISTRATIVE:</td>
<td></td>
</tr>
<tr>
<td>Minister's Salary</td>
<td>$11,000</td>
</tr>
<tr>
<td>Secretary and Office Expense</td>
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<tr>
<td>II. DEPARTMENT OF RELIGIOUS EDUCATION:</td>
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<tr>
<td>Salary and Supplies</td>
<td>6,000</td>
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<tr>
<td>III. OPERATING EXPENSE:</td>
<td></td>
</tr>
<tr>
<td>Power, Water, Gas, Phones</td>
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<tr>
<td>Music</td>
<td>3,600</td>
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<tr>
<td>Organ and Piano Expense</td>
<td>500</td>
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<tr>
<td>Conference and Association Dues</td>
<td>500</td>
</tr>
<tr>
<td>Custodian Supplies</td>
<td>4,800</td>
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<tr>
<td>Fuel</td>
<td>2,500</td>
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<td>Minister's Annuity</td>
<td>900</td>
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<tr>
<td>Minister's Auto Expense</td>
<td>1,200</td>
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<tr>
<td>Flowers, Altar Expense, Dinners</td>
<td>600</td>
</tr>
<tr>
<td>Social Security</td>
<td>900</td>
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<tr>
<td>IV. MAINTENANCE:</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>2,000</td>
</tr>
<tr>
<td>Parsonage</td>
<td>1,000</td>
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<tr>
<td>Church Building</td>
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<tr>
<td>Interest on Building Loan</td>
<td>1,000</td>
</tr>
<tr>
<td>Building Mortgage</td>
<td>5,000</td>
</tr>
<tr>
<td>V. BENEVOLENCES:</td>
<td></td>
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<tr>
<td>State, National, World.</td>
<td>5,000</td>
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<tr>
<td>Inter-Church Cooperation.</td>
<td>200</td>
</tr>
<tr>
<td>The Chicago Theological Seminary.</td>
<td>500</td>
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<tr>
<td>Mayflower Home</td>
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<tr>
<td>TOTAL PROPOSED BUDGET</td>
<td>$59,100</td>
</tr>
</tbody>
</table>

¹A copy of the church budget sent by the pastor on personal request, September, 1964.
Appendix C

A PARTIAL LISTING OF THE DUTIES OF THE PASTOR

A pastor is an elder or a licensed minister who, under the call of God and His people, has the oversight of a local church. The duties of the pastor are:

1. To preach the Word.
2. To have care of all departments of local church work.
3. To supervise the preparation of all statistical reports from all departments of the local church, and present promptly all such reports through the district secretary to the District Assembly.
4. To give leadership to the evangelism, education, devotion, and expansion programs of the local church in harmony with the district and general church promotional goals and programs; in his annual report to the local church he shall include a report on the status of the local church and its departments; he shall also outline areas of future needs with recommendations for reference by the church to any of its officers or departments for study and/or implementation in future steps for growth and progress.
5. To submit a report to the annual church meeting.
6. To see that all general budget funds raised through the local missionary society are remitted promptly to the General Treasurer; and that all district budget funds are remitted promptly to the district treasurer.
7. To nominate to the church board all persons who are paid employees of the local church, and to have supervision of the same.
8. The pastor, together with the church board, according to plans adopted by the General Assembly and agreed to by the District Assembly, shall arrange

¹Quoted from the Manual, pp. 59-62.
for the raising of the apportionment of the General Budget funds and the apportionment of the district budget funds made to the local church of which he is pastor, and shall raise these apportionments.

9. The pastor shall be, ex officio, president of the local church, chairman of the church board, and head of the church schools, the Nazarene Young People's Society, the Nazarene World Missionary Society, and all other subsidiary organizations in connection with the local church.

10. The pastor shall have the right to a voice in the nomination of all heads of all departments of the local church.

11. The pastor shall not contract bills nor create financial obligations for the local church of which he is pastor, unless he be authorized and directed by vote of the church board or by action of a church meeting; and such action shall be duly recorded in the minutes of the church board or of the church meeting respectively.

12. The pastor shall always show due regard for the united advice of the district superintendent and the District Advisory Board.
Appendix D

ANNUAL REPORT OF PASTOR

RAISED FOR ALL PURPOSES

PAID ON LOCAL INTERESTS

Buildings and Improvements
Indebtedness on Church and Parsonage Property
Pastor's Salary and Cash Benefits
Local Church Expenses
Local N.Y.P.S. Expenses
Local N.W.M.S. Expenses
Other Benevolences (local)
Total Paid Local Interests

PAID ON DISTRICT INTERESTS

District Budget
District Home Missions
District Center
District Church School Expenses
District N.Y.P.S. Expenses
District N.W.M.S. Expenses
Schools and Colleges
Other Benevolences (district)
Total Paid on District Interests

PAID ON GENERAL INTERESTS

General Budget
Approved Specials
N.M.B.F.
N.W.M.S. Relief and Retirement
Other Benevolences (general)
Total Paid on General Interests

GRAND TOTAL PAID FOR ALL PURPOSES

Appendix E

OPPORTUNITIES FOR GROWTH IN A GROWING CHURCH

Realizing that Christ's commission applies to all Christians, and knowing that my own spiritual growth will depend largely on my concern for others, I conscientiously commit myself to the reading of this questionnaire and to applying my talents and time to the fulfillment of God's will in this church.

Education and Outreach

I am interested in teaching a Sunday school class.
I am willing to substitute for a teacher whenever needed.
I have taught a Sunday school class.
I have been a substitute teacher in a Sunday school class.
I am interested in working with the Juniors on Sunday evening.
I am interested in working with Nazarene Teen Fellowship on Sunday evening.
I would enjoy a responsibility in the Young People's Society.
I would like to help with Caravans on Wednesday evenings.
I would like to help in Wednesday night Teen Discovery.
I am available for a special calling assignment when needed.
I would like to help when needed in distributing literature.

Music

I am interested in singing in the Adult Choir.
I am interested in singing in the Men's Choir.
I am interested in singing in the Women's Choir.
I am interested in singing in the Youth Choirs.
I am a parent with children whom I would like in the Children's Choirs.
I play an instrument, which is ____________________.
I would be willing to be used as a pianist.

1Adapted from material received from John Clark, Minister of Education, Bethany Church of the Nazarene, Bethany, Oklahoma, August, 1965.
Transportation and Auxiliary

My auto is available for use whenever possible. The most convenient time to use my auto is as follows:
Sunday a.m., ___ Sunday p.m., ___ Wed. p.m., ___
I can help occasionally in baby-sitting and care of children.
I am willing to help in the kitchen in culinary work.
I am willing to help in banquet planning when needed.

Nursery

I would be willing to help in the Church Nursery.
I would work during Sunday school.
I would work during church service.

I hereby make a covenant with God that I will do my best to fulfill what He lays upon my heart, and be faithful in every possible way.

Name ________________________________________________________________
Address _____________________________________________________________
      Street                   City
Phone number _____________________________ Age Group__________
Appendix F

AGREEMENT OF SERVICE LETTER

TO:____________________________________________________________________

By the guidance of God's Holy Spirit, you have com-
mitted yourself to service in His kingdom. You are hereby
invited to serve as: name of position ______________________
in________________________ congregation, at ______________________
address__________________

In this position you will be required to devote your
services to the work of the congregation in the areas of:

____________________________________________________________________

Specific duties will be outlined by, and thoroughly
discussed with the pastor, administrator, and church council,
and/or respective boards, and periodically reviewed and
evaluated. A copy of the personnel policies of the congre-
gation is enclosed.

You will work in Christian harmony with the pastor
and other staff workers, under the direction and guidance of
the pastor. You will be expected to witness to the Christian
faith through your daily life, and to serve the Lord in a
spirit of love, obedience, and joyful submission to the
requirements governing the position.

The congregation will afford you the respect, love,
good will, and cooperation due your position.

The congregation will pay you a beginning salary of
$______ per year, to be paid on a ________________ basis.
In addition, transportation allowance of ____________
(amount or mileage, etc.) will be made. Both items will be
reviewed annually by the congregation.

1Adapted from material received from Loren E.
Halverson, Office of Church Occupations and Lay Training,
the Board of College Education, the American Lutheran
Church, Minneapolis, Minnesota, November, 1964.
You will receive additional benefits as follows:

1) Social Security (current percentages being paid by the employer and employee).

2) Lay Worker's Pension Plan of the American Lutheran Church (9% to be paid by the congregation and 3% by the lay worker).

3) Vacation of ________ weeks, time to be decided in consultation with the pastor or administrator.

4) Sick leave of ________ days during the calendar year.

5) Allowance for continuing education (conferences, workshops, retreats, seminars), or in-service training will be granted, by agreement, under the following conditions:

__________________________________________

Your working hours will be from ________ to ________ on the following days: ________.

In addition, if assigned, you will be expected to attend meetings of committees, organizations, etc., pertaining to your particular areas of work (if work other than the regular hours is required, time off during the week or added compensation is the rule).