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The people of The United Methodist Church®

THE UNITED METHODIST CHURCH

Operational Assessment Project

Executive Summary Presentation



APEX HG LLC

**Prepared by APEX HG LLC
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INTRODUCTION AND REVIEW OF PROJECT GOALS

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Project Focus

- Leadership and Governance Structures and Processes of TUMC

Project Goals

- Identify primary opportunities or “levers” that will:
 - Support the attributes of a vital connexion for the 21st century
 - Improve decision making, implementation effectiveness, and accountability
 - Improve affordability and align resources with the determinants of church vitality and the Four Areas of Focus

In Support of

- The Call to Action Steering Team’s charge of “bringing forward a plan that will lead to reordering the life of the Church for greater effectiveness and vitality in (1) the mission of making disciples of Jesus Christ for the transformation of the world and (2) addressing the Four Areas of Focus as distinctive ways we live into that mission together.”

PROJECT METHODOLOGY AND APPROACH

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- Independent analysis of the Church's leadership and governance structures and processes.
- TUMC Environmental Assessment (Appendix A of Report).
- Background financial and operations information interviews and information requests.
- Formal Project interviews (Appendix B of report).
- Project Survey (Appendix C).

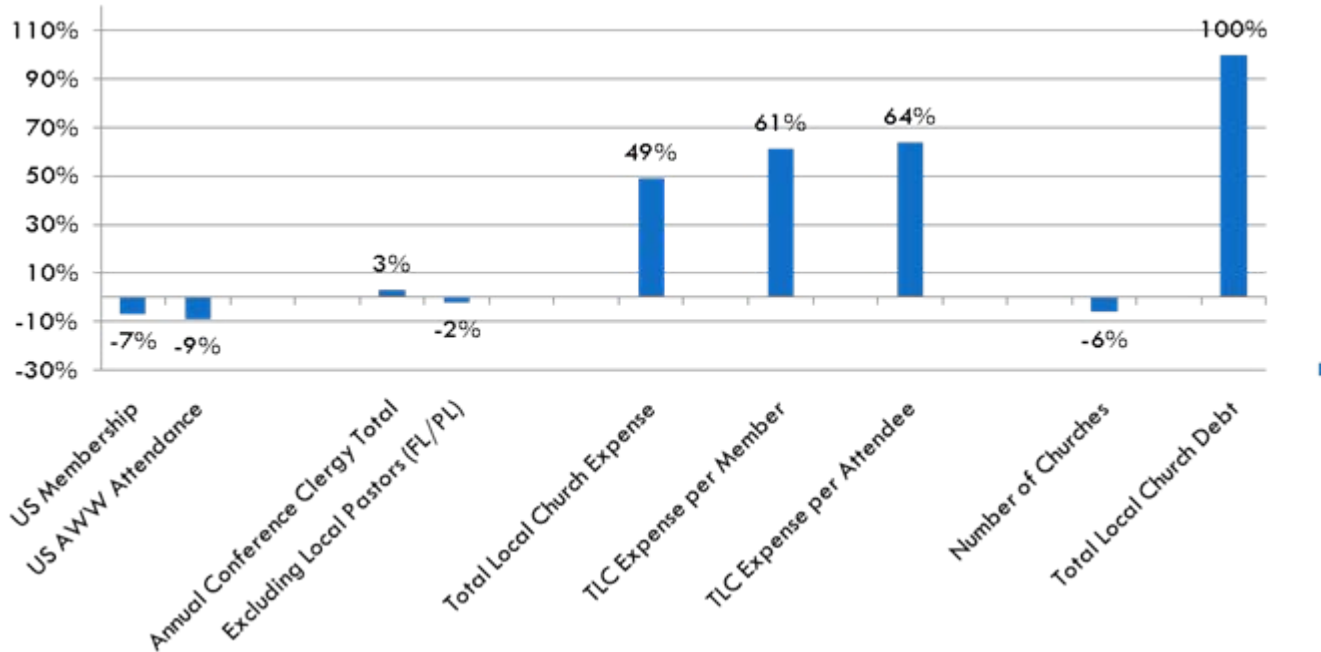
OUR ENVIRONMENTAL CONCLUSION AND THE CONTEXT FOR OUR ANALYSIS

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- The Church is confronting a **“creeping crisis”** of relevancy with an accompanying **acute crisis of an underperforming economic model.**
- Relevancy – Internal and External Signs of Challenge
 - Internal:
 - Sense of loss of mission/identity
 - Mission clarity and congruency
 - Struggle with “global church” identity and mission
 - Institution versus mission purpose
 - Values and culture manifestations
 - Structure and process manifestations
 - External:
 - Declining US membership/attendance trends
 - Generation bound demographics of membership and clergy
 - Difficulty of attracting “young” generation

ACUTE CRISIS OF AN UNDERPERFORMING ECONOMIC MODEL

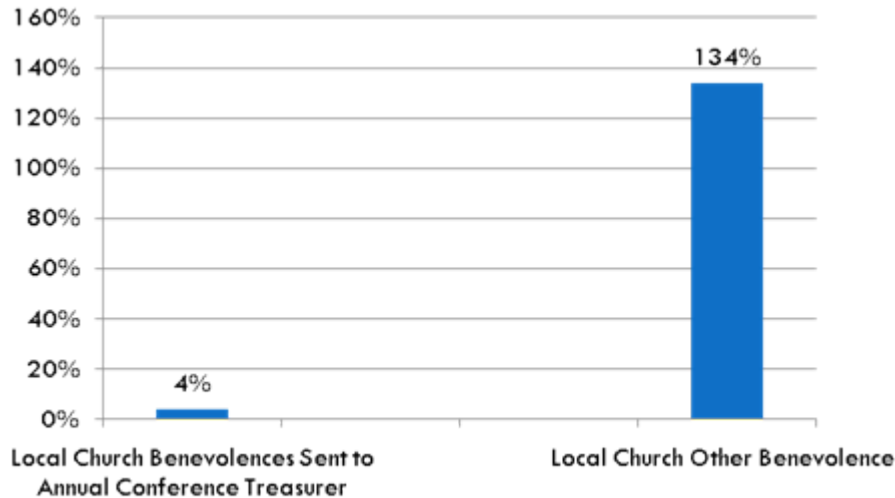
(US Only, Percent Change 1998 to 2008, Nominal Terms)



The economic model of the Local Church(s) has not been managed to harmonize the expense structure with the volume (membership/attendance) trends.

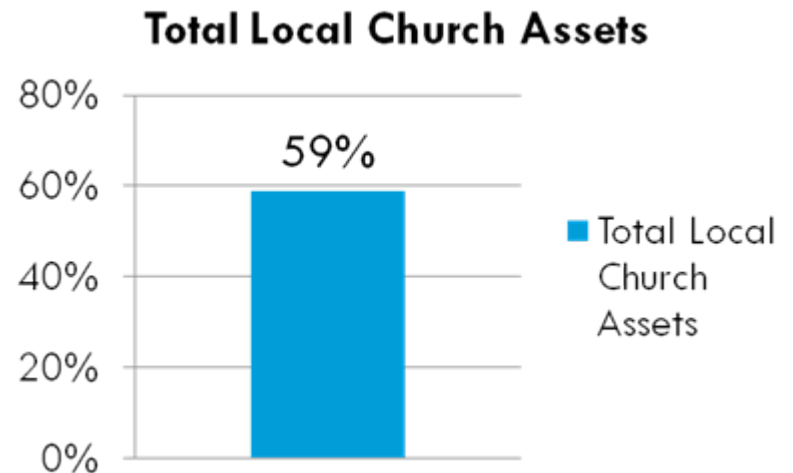
Approximately 70% of the estimated Local Church expense structure is clergy and lay staff and benefits, maintenance, buildings and improvements, and principal and interest.

ACUTE CRISIS OF AN UNDERPERFORMING ECONOMIC MODEL (US Only, Percent change 1998 to 2008, Nominal Terms) Con't



In spite of membership/attendance trend declines, giving increased nominally although the majority of increase was in “Other Benevolences”.

The Church has significant trust-held assets at the Local Church level, but the management of these assets as a whole is challenged by the local control structure.



THE CREEPING CRISIS OF RELEVANCY AND THE ACUTE CRISIS OF AN UNDERFORMING ECONOMIC MODEL

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- While the creeping crisis of relevancy appears to have a longer time horizon for solution, the acute economic pressures on the Church have the potential to create continuing fear and instability which will exacerbate the relevancy challenge.
- In the following presentation, we will focus first and foremost on catalytic and pivotal levers and then, briefly, on “enabling” and secondary levers.

“HEADLINE” LEVERS OF OPPORTUNITY – CATALYTIC AND PIVOTAL LEVERS

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Mission, Values, Culture: The Catalyst and the Glue

Foundational re-immersion, discernment and, perhaps, reformation and re-interpretation of mission, values and culture are a primary lever of opportunity for TUMC.

Mission: “UNITED” in Mission

Achieving common Church-wide mission clarity, understanding and congruence is a pivotal lever for TUMC.

Culture and Values “Make or Break” Structure and Process

Strengthening the Church’s common culture and values is a pivotal lever for the Church through guiding and directing behaviors of “doing”.

“HEADLINE” LEVERS OF OPPORTUNITY – CATALYTIC AND PIVOTAL LEVERS

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Reduce Organizational “Distance” – People Mechanism Bound by “Spirituality” and “Doing”

A major “lever” to improve Church operational effectiveness is to reduce the “distance” between and among its foundational units – the Local Church/Charge, the Annual Conference, and the General Church.

Strengthen Leadership and Management to Drive Mission

Focus: General Conference, Council of Bishops, Annual Conference and, later, Clergy

Address Governance Structure Mismatch of Form and Function

Focus: General Conference, Jurisdictional Conference, General Agencies

Strengthen Pivotal and Catalytic Processes

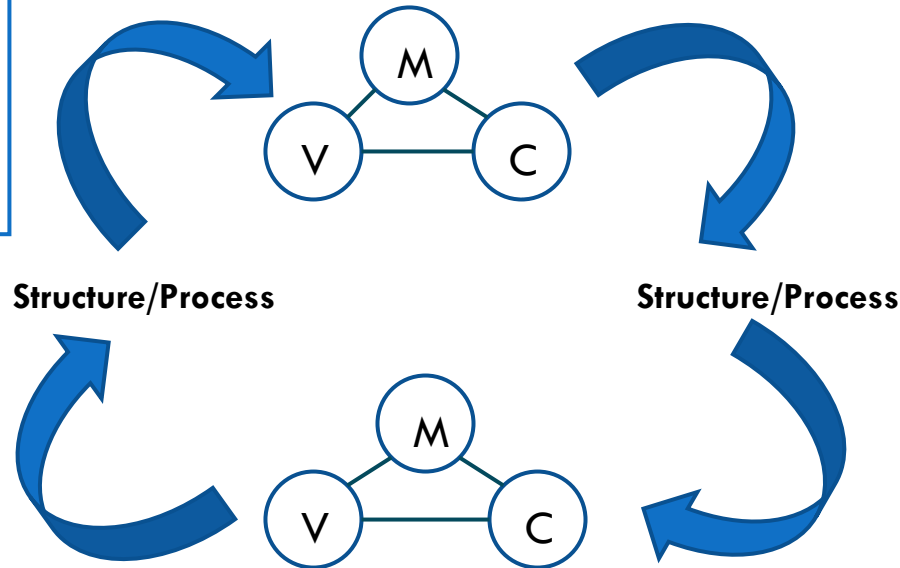
Focus: “Clergy process”, places of worship model(s), management of trust-held real estate assets

MISSION, VALUES AND CULTURE FINDINGS

A decentralized “mechanism” structure is heavily dependent on mission, values and culture forces for healthy and effective functioning.

Mission

- Guide
- Framework for values and culture
- Unifying force
- Higher purpose



The self-fulfilling cycle can work in either positive or negative directions.

Mission identity, clarity, understanding and congruence

- Common mission
- Global nature of Church
- Wesleyan theology – “making disciples of Jesus Christ for the transformation of the world:
- Institutional egocentrism

CULTURE AND VALUES FINDINGS

Culture and values guide and direct behaviors – pivotal to structure and process.

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Four Themes: A Summary

Trust

- ❑ Both a symptom and causal factor
- ❑ Root cause for under performing structure and process, collaboration and conflict resolution
- ❑ Related to autonomy, independent agendas (protectionist behaviors)
- ❑ Not always demonstrated by leaders
- ❑ Related to accountability

Inclusivity and Diversity – Mutual Respect and Civil Dialogue

- ❑ Success in creating “big tent” – healthy challenge
- ❑ Mutual respect and civil dialogue – common ground – Wesleyan teachings
- ❑ Leaders must model/create processes/forums for civil dialogue

Leadership

- ❑ Leaders model culture and values for better or worse
- ❑ Culture of courageous leadership versus rule bound, prescriptive culture
- ❑ Link to authority
- ❑ Link to accountability
- ❑ Leaders as individuals versus in groups – whole is less than sum of parts

Accountability

- ❑ Is a culture attribute and can be an overt one
- ❑ Exists inconsistently and separately
- ❑ Related to trust

REDUCING THE DISTANCE BETWEEN AND AMONG THE CHURCH'S FOUNDATIONAL UNITS

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Distance Equation

When Distance is increased or decreased, is the cost (in distance and dollars) justified by the benefit?

Distance Themes in Summary

Annual Conference and District Size

- ❑ Reduce Annual Conference and District Sizes
- ❑ Improve Bishop and District Superintendant leadership ratios

Jurisdictional Conference Structure

- ❑ Benefit does not appear to justify the distance cost

General Church Program and Ministry Agencies

- ❑ Distance rooted in autonomy and failure of collaboration
- ❑ Related to accountability
- ❑ Recognized value to Church's mission with alignment
- ❑ Related to General Agency governance findings

STRENGTHEN KEY ORGANIZATIONS THAT DRIVE MISSION

LEADERSHIP AND MANAGEMENT

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Leadership and Management

- ▣ General Conference: challenge of addressing vacuum between sessions
- ▣ Council of Bishops: oversight for Church spiritual and temporal affairs and Bishop superintendancy of Annual Conferences
- ▣ Annual Conference:
 - Fundamental unit of Church
 - Connection to economic model
 - Constitutional role
 - Connection to General Church

STRENGTHEN KEY ORGANIZATIONS THAT DRIVE MISSION

GOVERNANCE STRUCTURE

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Mismatch of form and function of legislative and operating entities with their respective governance structures is “blocking factor” in achieving greater organizational effectiveness.

General Conference

- ❑ Mismatch of legislative structure with operating responsibility by default
- ❑ Management through legislation - increasingly rigid and rule bound culture during time of transition

Jurisdictional Conference

- ❑ Mismatch of legislative and operating responsibility
- ❑ Redundancy in operating responsibility
- ❑ Alternate pathways to fulfill legislative responsibility?

General Agencies

- ❑ Primarily operating entities with mix of legislative and operating governance structures
- ❑ General Agency Boards are too large – 24 to 89 members – and meet too infrequently
- ❑ Relationship to “distance” findings, accountability findings
- ❑ Relationship to trust, protectionism

STRENGTHEN KEY PROCESSES THAT DRIVE MISSION

PIVOTAL AND CATALYTIC PROCESSES

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The process of forming, developing and managing the Church's Clergy Human Asset

- ❑ No central place of accountability for whole process
- ❑ No holistic linkages and alignment
 - e.g. setting common expectations for what defines “effective clergy”
- ❑ Relationship between mission clarity, congruency and clergy role/effectiveness
- ❑ Pivotal human asset – importance and fragility

R&D – Creating places of worship models

- ❑ Local church expenditure structure
- ❑ Models for new churches and for evaluation and adaptation of existing churches

Managing the Church's trust-held real estate assets

- ❑ Portfolio redeployment and demographic changes
- ❑ Decision and control structure
- ❑ Relationship to Annual Conference strengthening

STRENGTHEN KEY PROCESSES THAT DRIVE MISSION “ENABLING” PROCESSES

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Improving and standardizing reporting systems and management process

- Accountability and quality access to information/transparency
- Management process

General effectiveness elements

- Clarity of responsibility (role and goal clarity)
- Authority to carry out responsibility
- Accountability for results
- Competency

CELEBRATE SUCCESS!

STRENGTHEN KEY PROCESSES THAT DRIVE MISSION

SECONDARY LEVER PROCESSES

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Church-wide planning – cascading planning process

- ❑ Strategic planning
- ❑ Financial planning
- ❑ Relationship to resource stewardship accountability
- ❑ Relationship to mission, values, culture
- ❑ Relationship to distance

Shared services

- ❑ Observations/findings
- ❑ Potential
- ❑ Relationship to distance, trust, accountability, competency