

# **MIPC Strategic Planning – 2010 Situation Analysis**

Purpose of this document: Describe the relevant circumstances facing MIPC that planning process participants and the congregation should have as a common understanding.

Note: References to “survey” and “norm” below refer to a survey of peer churches in the Seattle Presbytery, conducted by the MIPC Ministry and Budget Task Force in mid-2009.

## **I. External factors**

- A. Anxiety, uncertainty, and change continue to influence life in many parts of the world.
  - 1. continued presence of terrorism internationally
  - 2. economic uncertainty in the US as well as globally; US still recovering from a significant recession
  - 3. continued high unemployment locally and nationally exacerbates other problems
  - 4. relief efforts for disasters in many parts of the world over the last several years have put pressure on charitable organizations and charitable donors nationally
  - 5. rise of China in world stage has changed some international dynamics
  - 6. increased polarization in politics and religion nationally has impacted the ability to bring about meaningful change
  - 7. traditional ways of communicating and connecting with people may not be working as in the past
  - 8. changing cultural attitudes – increasing consumer mentality; reluctance to commit to organizations
- B. Mercer Island's population has grown over 4% since 2005 as a result of new downtown apartment/condo complexes (after having been flat since 2000). Future population growth is expected to be minimal or flat, as most expected new construction has already occurred.

## **II. MIPC church culture (broad characteristics of the church)**

- A. MIPC maintains a diverse, high level of programs and services compared to the norm. Accordingly, receipts from church programs (i.e., youth trips, Mexico mission, etc.) comprise a greater part of the recurring budget than the norm.
- B. MIPC's lack of debt is unusual compared to the norm. Most churches surveyed fund some level of debt service out of their budget, with half in the range of 8% to more than 20%.
- C. The % of budget devoted to mission support (direct payments to third-parties) is below norm, particularly in the most recent year.
- D. Tithing appears less prevalent at MIPC than churches surveyed.
- E. Congregational, staff, and community expectations/aspirations for church programs and services currently exceed the contributions pledged to fund those programs and services. We believe that, broadly, the congregation is not aware of this imbalance and does not therefore own the revenue deficit that it creates.
  - 1. lack of clear understanding as to costs vs. benefits and member vs. non-member participation
- F. Expectations for island-wide, non-member pastoral care and programs (weddings, memorials and related, counseling, children/youth involvement, etc.) have placed a largely unfunded need (or inadequately funded due to not asking for funding or not charging enough) on church resources, which has not been offset by member growth through community outreach.
  - 1. lack of understanding about non-member vs. member usage of programs and facilities
- G. Despite the facility remodel and growth in general MIPC population, membership and worship attendance have not increased in the last 10 years. New members have been added but this has been offset by losses of existing members.
- H. Worship attendance is low as a % of membership, compared to the norm. The addition of the third service has not increased total attendance, despite the growing popularity of this service.
- I. The % of congregation over age 65 is higher than the norm, although the age demographics of the congregation have become more balanced over the last 10 years.
- J. Limited church/spiritual commitment by many families due to limited time and competing interests, particularly time-intensive sports programs and other extra-curricular school activities. Church has not been as successful at finding ways to plug-in and connect sports-focused families with complementary church activities.

### **III. MIPC operates in an environment which drives higher personnel costs than many churches and trend has been increasing over the years**

- A. The Co-Pastor model at MIPC is unique among churches surveyed.
- B. Personnel cost as a % of budget is higher than the norm. Contributing factors include:
  - 1. Island demographics (see below)
  - 2. Island-wide, non-member pastoral care leadership and expectations
  - 3. Recurring program expectations
  - 4. Lower levels of lay leadership and participation (in light of current level of programs and services)
  - 5. Lack of debt service compared to many churches (personnel expense is a higher percentage of the total budget because there is no debt service inflating the overall budget as in many churches)
- C. The church remains staff-driven in most areas; a shift toward more lay-driven areas would be necessary to reduce personnel costs meaningfully.
  - 1. Island demographics seem to contribute to greater demand for a staff-driven church (affluent, highly educated, highly-scheduled people, with more expectations/aspirations and limited time for commitment to church activities; high expectations of clergy).
- D. The % of full-time vs. part-time staff is higher than norm, and this contributes to less staffing flexibility and higher employee benefit costs.
- E. The church has been unable to consistently grant staff raises in the past to keep up with cost of living and merit increases, and is outside the norm in this regard.
- F. Clergy and staff, although experienced and hard-working, are working significantly longer hours than scheduled to meet all program and service expectations. The furloughed days granted as part of the salary reductions for clergy were not being taken routinely due to workload. Clergy work consistently on days off, and average 55-60 hours per week, with more than one-third of weeks measured in excess of 60 hours.
  - 1. Little tracking of and poor understanding by congregation as to where and how time is being spent
- G. Our clergy lack adequate administrative or lay support to meet expectations for current level of programs, due either to lack of resources or inadequate communication of needs
- H. The Co-Pastor model has many advantages as well as disadvantages that make it administratively more difficult and a bit more expensive than a senior pastor model; the model is due for re-evaluation during the strategic planning process.

### **IV. Although recent improvements have been made, MIPC continues to operate in a tight financial situation with little margin for error or contingencies**

- A. Repeated borrowing from restricted funds to fund operations was outside the norm, but has been stopped
- B. Lack of a reliable, consistent contingency fund is outside the norm, however funding for this has been started
- C. In the past, the lack of a treasurer and/or finance committee has made fiscal responsibility challenging and has affected the perception of financial stability. This has been addressed over the last year.
- D. Stewardship
  - 1. Pledging statistics (each family is one pledging unit):
    - a) there are currently approximately 525 total pledging units in the church
    - b) 50 families (9.5%) contribute 49% of total pledges
    - c) 150 families (29%) contribute 82% of total pledges
    - d) 169 families (32%) make no annual pledges
  - 2. Dollars pledged per member is lower than norm (particularly when Island demographics are considered), however dollars pledged compared to attendance (at church services) is higher than norm.
  - 3. Issues which may contribute to lower giving include:
    - a) Lack of common vision
    - b) Too many requests from too many sources (lack of focus)
    - c) Economic downturn
    - d) Donor fatigue over the last few years from many competing needs outside as well as inside the church
    - e) Past history of emergency funding requests
    - f) Lack of knowledge among the congregation as to facts/figures, fiscal situation, mismatch between expectations and resources; perhaps some issues with respect to trust and transparency
    - g) Focus on funding many needs with fully or partially designated funds (this competes unfavorably with the funding of general operations)
    - h) Congregation is disconnected from a sense of urgency related to stewardship needs and timing
    - i) Lack of spiritual commitment and church connectedness for many families

- j) Prevailing belief that “someone else” will come through with funding if need is dire enough
- k) Major donors being conditioned that they may be asked to help in times of crisis or to fund special programs (may give less knowing they’ll be asked to give more later, or may not be as motivated to give to the general budget)
- l) Feeling that we should try to reduce spending instead of focusing on giving

## **V. Status of 2005-2006 Strategic Plan**

- A. MIPC has made good progress in most areas identified in the prior strategic plan; lagging areas include:
  - 1. Lay leadership development
  - 2. Creation, communication and promotion of common vision within congregation (inadequate focus/follow-through subsequent to planning; need for continual reflection back to and vetting against mission, vision, and strategic focuses)
    - a) Inadequate time for clergy/leadership/staff to focus on this
  - 3. Follow-through on size transition issues (transition from small-church to our current size)
  - 4. Adult ministries – much progress has been made, but there is still room for improvement in broad levels of participation and commitment
- B. Based on the current level of programs, services, and expenses, and based on the cuts in program expenditures that were a part of the 2009 budget, staffing at or below current levels makes full achievement of the 2005 existing strategic plan difficult in many areas.

## **VI. Strengths**

- A. Diverse, high-level of program offering in many areas:
  - 1. 3 unique worship services with complementary music offerings to appeal to a wide variety of congregants
  - 2. large, strong children/youth programs
  - 3. successful, well-developed preschool
  - 4. well-developed prayer and caring ministries, pastoral care focus
  - 5. continuing progress on diversity
  - 6. diverse local and international mission activities, many high-profile programs
  - 7. well-developed new member program
  - 8. music ministries with talented leadership and members/outside professionals willing to participate
- B. Talented, gifted staff
- C. Diversity in church membership and worship services contribute to uniquely inter-generational flavor for many events and offerings
- D. Attractive, flexible facility serves diverse program needs well; outstanding location; drive-by visibility
- E. Reputation for spiritual leadership in local community and schools
- F. Talented, gifted, affluent membership has high potential for lay ministry and high potential for funding mission and church programs
- G. Diversity in pastoral staff appeals to a wide variety of congregants
- H. Significant progress and achievements in the following areas
  - 1. growth and offerings in adult ministries and adult education
  - 2. church-wide communication infrastructure with talented staff – well-developed website, Bridges emails
  - 3. administrative management and human resource capabilities

## **VII. Areas for improvement**

- A. Flat or declining membership; flat attendance, inability to capture growth
- B. Tight finances, tight budgets, small contingency funds
- C. Increased lay participation and lay leadership; broad participation and commitment from the congregation could be improved
  - 1. need for lay leadership development and support
  - 2. lack of time/focus/resources to nurture lay participation and leadership
  - 3. need to inspire and equip lay people and leaders to live their faith “outside the church doors”
  - 4. pastors spending time on administrative functions that might be better handled by lay people
- D. Spiritual development and maturity of broad membership
  - 1. “country club” mentality re: church activities (just another activity and thing to belong to)

2. stewardship challenges
  3. lack of clear understanding as to spiritual needs of church and broader community
  4. need to understand how to be relevant as a church in the 21<sup>st</sup> century
- E. Declining mission funding due to tight finances
- F. Diversity of worship services has caused same level of attendance to be split between 3 services which can sometimes lack critical mass; can promote disconnectedness within congregation
- G. Staff-driven church leads to overworked clergy, burnout of key volunteers
1. personnel costs as high % of budget
  2. even with high personnel costs as % of budget, adequate administrative support is lacking
  3. disconnect between pastor/staff time available vs. what is necessary to run current programs and meet expectations for pastoral care
- H. Unfunded drain on church resources from high expectations for island-wide, non-member pastoral care
- I. Greater focus on preaching style and content to make worship more valuable for a greater number of people and to reduce member losses or disconnectedness due to discontentment with preaching.

### **VIII. Opportunities**

- A. Creative ways to fund community/school leadership and non-member pastoral care or generate new membership (e.g. Covenant church partnering with MI community for walk, partnering with Island Books to bring authors of spiritually meaningful literature, etc.)
- B. Leverage the following:
1. diversity in worship services, pastors
  2. time and talents database
  3. preschool/children/youth programs
  4. untapped congregational potential
    - a) financial resources
    - b) leadership
    - c) talent
  5. electronic tools – website, email
  6. our community image, once we clearly understand it
- C. Maintaining connectedness and involvement of new members
- D. Continue growth in adult ministries; consider additional small group activities and support
- E. Untapped un-churched population
- F. Economic recovery could aid finances
- G. Fresh start after Dale's retirement = excuse/requirement for trying new things
1. Transitions and tight finances force change, which could be good
- H. Opportunity to deepen spiritual maturity among broad congregation

### **IX. Challenges**

- A. Manage potential impacts of Dale's retirement
1. losing people
  2. losing funding
  3. lack of clarity about leadership changes
  4. doing more (or the same) with less
  5. staff/volunteer burnout
- B. Better understand what contributes to membership losses
- C. Congregational fatigue – transitions, too much at once, etc.
- D. Continued impacts from the economic recession
- E. Unfunded pastoral care and community/non-member expectations
- F. Fostering higher level of commitment among broad congregation; finding additional ways to keep parents and families connected when kids graduate
- G. Busy-ness has increased as a result of economic stress, people have even less time
- H. Should we/can we continue 3 services