Churches dread giving pink slips: Tough-minded financial decisions

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As many congregations grapple with declining contributions, some faith communities are following the lead of cash-strapped corporations by laying off employees. But when you're putting someone's spiritual leader out on the street, the task is more difficult.

"Terminal niceness" keeps congregations from dealing honestly with unneeded or ineffective staff members, former General Electric CEO Jack Welch told 750 people attending a recent ministerial leadership conference at South eastern Univer sity in Lakeland, Florida.

Congregational leaders, meanwhile, say already-tough financial decisions can become excruciating when you are firing the man who performed your daughter's wedding or the woman who held your hand in the hospital.

"Terminating employees, in business or in churches, is never an easy task," said Phill Martin, deputy executive director of the Texas-based National Association of Church Business Administration. "It's tough when your core value is 'I'm here to minister to people' and you become the author of that pain."

Churches in financial crisis "get all flustered," said congregational expert David Odom, executive vice president of Leadership Education at Duke Divinity School in Durham, North Carolina. Congregations typically vacillate between attention to "cold, hard business facts and denial," he said.

So far, most churches report only a modest impact from the recession—6 percent have cut salaries and an additional 4 percent have cut staff, according to a recent survey by Southern Baptist–affiliated LifeWay Research. Another online survey, by NACBA, found that as many as 20 percent of churches have already cut some staffers loose.

But because churches historically feel the pinch later than the general economy—worshipers tend to cut contributions only after everything else—observers worry that many congregations are unprepared to deal with the worst church-budget crunch in almost a century.

“Every large church I know is trying to figure out how many people they can keep,” said Odom, founder of the Center for Con gregational Health in Winston-Salem, North Carolina. “Some churches, in order to keep all their staff, are deciding not to pay retirement for a year or shifting health insurance costs to employees,” said George Bullard, a church consultant in Columbia, South Carolina.

Other coping measures imposed by congregations include giving employees unpaid furloughs and shifting some staff to part-time status. But when firing em ployees finally becomes unavoidable, most churches are unprepared, the experts say.

Particularly when it comes to dismissing underachieving or ill-matched em ployees, churches are notorious about evading the obvious, said Welch, the ex-CEO of GE. But being a church is “not a license to be lazy” about handling people, he said.

“You have a mission not to burden your people with a bad manager,” Welch exhorted Christian ministers at the conference in Florida. “The idea you would run a nonprofit organization without the best people is crazy!” Welch counseled ministers and businesspeople to tell employees the truth—good and bad—about their value to the organization. “The cruelest thing we do to people is not tell them.”

Chicago-area megachurch pastor Bill Hybels, who appeared with Welch at Southeastern, agreed: “The kindest form of management is the truth.” Church leaders should “speak the truth in love,” added Hybels, senior pastor at Willow Creek Community Church outside Chicago. “You can’t brutalize people with the truth.”

Congregational consultants agreed, however, that what works for General Electric doesn’t always fit faith communities.

“Churches are incestuous cultures,” said Bullard. While a business may have stockholders, customers and employees, in a congregation “they’re all the same persons”—parishioners, ministers, fi nance committee members, baby-sitters, counselors and counselees. “There are so many layers of relationship,” Bullard said. It’s hard for a church member to accept a staff firing when it means “ending a

relationship with a person I love.”

While overlapping relationships give congregations their unique character, they pose risks when good personnel practices are not in place, said Martin.

Congregations that let relationships—not policies and performance—steer employment practices sometimes allow friendships to blur supervisory lines, for instance. Or, he said, they “see hiring employees as a ministry” and so hire people who have lost or can’t find a job, have relatives in the church or know certain people.

Sound personnel practices largely determine how well a church weathers a financial storm, advised Martin and others. Among those practices: clear job descriptions and lines of supervision, specific job expectations, and regular performance evaluations that are not tied solely to financial compensation.

“The systems and structures that produce strong churches in good economic times,” Martin said, “serve churches well in bad economic times.” –*Greg Warner, Religion News Service*