



# THE UNITED METHODIST CHURCH

## Operational Assessment Project

### Report to the Call to Action Steering Team



**APEX HG LLC**

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June 29, 2010

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#### TABLE OF CONTENTS

Introduction	1
Methodology	4
Mission, Values, and Culture Findings	7
Mission	8
Culture and Values – A Vital Connexion for the 21st Century	10
Values Supporting a Vision of a Vital Connexion in the 21st Century	11
Culture and Values Findings	12
Trust	12
Inclusivity and Diversity – Mutual Respect and Civil Dialogue	13
Leadership	14
Accountability	14
Structure and Process Findings	15
<b>Reduce the “Distance(s)”</b>	16
Annual Conference and District Size	17
The General Church	17
The Jurisdictional Conferences	17
The General Church’s Program and Ministry Agencies	18
<b>The “Distance Equation” Link to Key Processes</b>	19
Strengthen the Key Organizations and Processes that	
<b>Drive the Church’s Mission</b>	19
General Effectiveness Elements	19
Leadership and Management	20
Clarity in Legislative versus Operating Entities and	
Reform Opportunities	21
The General Conference	21
The Jurisdictional Conference	22
The General Agencies	22

<b>Strengthening Key Processes that Drive the Church’s Mission</b>	<b>23</b>
<b>Managing the Church’s Pivotal Clergy Human Resource Asset</b>	<b>23</b>
The Call and Pre-Ordination Process	24
The Seminary Education Process	24
The Post-Ordination Process	24
The Research and Development Process of Creating Places of Worship Models	25
The Process of Managing the Trust-Held Real Estate Portfolio of the Church	26
The Process of Improving and Standardizing Information Reporting Systems and Related Management Processes	26
Strategic Planning Processes	26
Financial Planning Processes	26
The Process of Celebrating Success	27
<b>Opportunities for Shared Services – Improving Affordability and Effectiveness</b>	<b>28</b>

## Introduction

As students of The United Methodist Church (the “Church”) in the course of performing the Operational Assessment Project (the “Project”), we have come to understand the Church as a very complex “mechanism” structure. We have often thought of the Church’s structure as analogous to looking into the back of an open spring-wound watch with the connected turning gears, jewels and springs – somehow this amazing thing works but it is difficult to discern how from first looking at it. Our mechanism understanding comes directly from Jack Tuell’s helpful book, “The Organization of The United Methodist Church”. We thought one of the most insightful chapters was the Conclusion in which Mr. Tuell describes the Church as a mechanism of “doing” and as a complex human mechanism – “a great skein of human relationships”. Mr. Tuell provides an elegant dialogue of the age old argument of form versus function and which comes first. For our purposes in performing this Project, we believe they both come first.

We necessarily also have become students of Wesleyan teachings – especially the “connexion”. We have come to understand the Wesleyan notion of connexion – in our words – as the connection among people - both among “members” and among members and the people of the communities they serve - and as the connection to God. We have also come to understand the “connexion” in its intimate relationship with the Wesleyan notion of “disciples of Jesus Christ” and with the Church’s mission of “making disciples of Jesus Christ for the transformation of the world”. Most importantly for the purposes of our Project, we have come to understand the importance of a “vital connexion” in making the mechanism of the Church “work” in achieving its mission.

We performed the substantial Project work of the Environmental Assessment (see Appendix A), along with gathering input from the formal interviews, in order to create a context for undertaking the primary objectives of the Project focused on Church effectiveness, affordability and creating a vital connexion – all in pursuit of the Church’s missions. Our principal focus in creating this environmental context was to understand exactly what challenges the Church is confronting and, further, to understand the magnitude and urgency of the challenges. Our conclusion is that the Church is confronting a “creeping crisis” of both internal and external origin and that the crisis is primarily a crisis of “relevancy” – both internal and external. Although the crisis is being influenced by financial duress, it is not foremost a financial crisis. The implication of this conclusion is that the opportunities or “levers” that we sought to identify would likely be more about mission/values/culture - and the structure and process influencers of mission/values/culture - than about financial matters. Our conclusion is not intended to suggest that the structure and process findings of the Project relating to improving affordability are not important and essential to the Church’s mission – they are.

In fact, impending financial challenges may create greater impetus for change and thus present a crisis with opportunity. These financial challenges include the 2012 budget process as it affects the General Church’s need to prioritize its work and align/improve its resource effectiveness – given the size of potential budget reductions, this challenge is not about doing more with less but rather is about doing work completely differently, including decisions about “stop doing”. This budget opportunity ties to

many of the specific structure and process findings in this report relating to the General Church. From the perspectives of the Annual Conference and Local Church, financial challenges lead directly to a focus on clergy effectiveness and mission-appropriate economic models for places of worship – both topics of the findings in this report.

To review, the Operational Assessment Project objective is to 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; and
- Improve Affordability and Align Resources with the Determinants of Church Vitality and the Four Areas of Focus.

Further, the Project was intended to focus primarily on leadership and governance structures and processes of the Church. The findings of the Project were not to be specific structural recommendations but are intended to provide input and support to the Call to Action Steering Team which in turn has the 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.”

Following this Introduction, we review the Project methodology and then we launch into the three primary sections of the report, listed below. We begin with a deliberate focus on mission, values and culture findings for several important reasons. Foremost among these reasons, is the foundational nature of mission, values and culture forces within organizations. These forces, in their foundational capacity, both affect the functioning of structures and processes and are affected by the functioning of structures and processes. Therefore, our mission, values and culture findings carry over to the structure and process findings that follow.

- Mission, Values and Culture Findings;
- Structure and Process Findings; and
- Opportunities for Shared Services – Improving Affordability and Effectiveness.

The Appendices include the Environmental Review and Assessment (with an Executive Summary), the Project Interview list and protocol, the Summary Survey Findings and Summary Survey data, and a summary review of TUMC Constituent Entities and Governance Structures.

Before concluding, we would like to offer a few additional context comments. After having the privilege of interviewing many caring, thoughtful, introspective and highly intelligent leaders of the Church, we have noted the self-critical nature of much of the input that we have received – the natural tendency of the interviews was to dwell in the negative rather than the positive. The input that is summarized in this

report reflects this imbalance and we want to acknowledge this fact. Although much of the positive has been lost in the nature of the critical focus of the Project, we have seen and heard about many of the enormous and amazing contributions to “transforming the world” that the Church is making.

We want to express our full respect for the Church’s mission and for the caring, dedication and devotion of the people we have had the privilege to meet. We hope and wish that the Project contributes in some meaningful fashion to the continuing realization of the Church’s mission.

## **TUMC Operational Assessment Project Methodology**

The TUMC Operational Assessment Project (the “Project”) methodology included the following components which are summarized separately below.

### **I. Independent analysis of the Church’s leadership and governance structures and processes.**

Substantial documentation was reviewed in the course of this Project. Primary publication review sources included:

- Jack M. Tuell, “The Organization of The United Methodist Church,” 2009 – 2012 Edition, Abingdon Press.
- “The Book of Discipline of The United Methodist Church,” 2008, The United Methodist Publishing House.
- Russell E. Richey, “Methodist Connectionalism – Historical Perspectives,” 2009, General Board of Higher Education and Ministry.

**II. TUMC Environmental Assessment.** Substantial information was requested and provided through the General Council on Finance and Administration. The results of this work served to create a “context” for the Project and are provided in Appendix A.

### **III. Background financial and operations information interviews and information requests.**

Approximately 15 hours of informal interviews and related information requests were conducted to review the following areas.

1. Budget process and accountability structure – operating and capital.
  - General Conference level
  - GCFA level
  - Agency level
  - Annual conference level
  - Church/charge level
2. Funds Flow
3. Appropriation formula and process
4. Corporate organization and liability structure
5. Finance functions structure(s)
  - Reporting/financial controls/audit
  - General accounting
  - Treasury
  - Internal audit
  - Real estate
  - Payroll and accounts payable
  - Expense policies and management/accountability

6. HR functions structure(s)
  - Policies and benefits
  - Recruiting and retention
  - Orientation/training/development/engagement
  - Regulatory compliance
7. IT functions structure(s)
8. Legal functions structure(s)

**IV. Formal Project interviews.** Over 50 hours of interviews were conducted as a core component of the Project and were conducted in general accordance with a formal interview protocol. These interviews included US and Central Conference Bishops, leaders of COB, CT, and Judicial Council, General Agency Secretaries, Seminary leaders, District Superintendents, Annual Conference leaders, Pastors of local churches of varied membership size, active lay leaders and a few people selected for their broad and thoughtful perspectives. These interviews will form a core information source for the Project and are intended to provide an in depth complement to the Project survey. A primary goal of the interviews was to drill down several layers in understanding the structures, processes and culture of The United Methodist Church. Appendix B contains the interview lists and protocol that comprised the formal interview process. The interviews were conducted with deliberate confidentiality.

**V. Project Survey.** The Operational Assessment Survey was designed to provide a source of general quantitative feedback from the Church's broad leadership regarding environment assessment (understanding of the Church's environment and circumstances, need for change and change readiness) and an assessment of the effectiveness of the Church's structures and processes, both in general and in the context of "making disciples of Jesus Christ for the transformation of the world" and in the context of pursuing the Four Areas of Focus. The Survey was designed to complement an extensive formal interview process (referenced separately in this report) and independent analysis and review. The Survey was conducted with deliberate confidentiality. The Project Survey summary findings and data are included in Appendix C.

Our confidence level in the materiality, meaningfulness and validity of the Project Survey results is strong for the following reasons:

- Our overall survey response rate was 46% and role specific response rates were 36% or higher and our number of respondents was large (423). While acceptable response rates for surveys of this type vary substantially, a review of published literature indicates that a sufficient response rate is approximately 36% or higher (see Jack E. Edwards, et al, "How to Conduct Organizational Surveys," Sage Publications Inc., 1997). In addition, we were satisfied with our response rate given some of the forces which were working against us in the process of implementing the Survey, e.g., a short response duration time (three weeks), a relatively long survey length, and



the overlap of the Project Survey with a survey being conducted by the Vital Congregations Research Project;

- Although complicated by the fact that many of the Survey respondents serve in multiple roles, the Survey responses were relatively evenly distributed between those respondents with primary responsibilities at the General Church level and those with primary responsibilities at the Annual Conference/Local Church level.
- The Survey was conducted with a high degree of confidentiality to ensure that respondents could deliver honest and candid responses; and
- In our Survey findings, we focused largely on survey evaluations in which 50% or more of respondents delivered an evaluation in one of the three categories i.e., Above Average, Average or Below Average, thus providing a large cushion for margin of error.

# **Operational Assessment Project**

## **Mission, Values and Culture Findings**

## **Mission, Values and Culture Findings**

Mission, values and culture interact to create perhaps the strongest and most fundamental forces that define and drive organization purpose and identity. In a decentralized, “mechanism” structure organization such as The United Methodist Church, mission, values and culture are both the “catalyst” and the “glue” which give rise to organizational vitality and functionality.

In the findings of our Project work, foundational re-immersion, discernment and, perhaps, reformation and/or reinterpretation of mission, values and culture are a primary “lever” of opportunity. This primary lever will not only impact all other “lever” findings of this Study, but will have the most significant potential to “unlock” the Church from its so often self articulated malaise.

Extensive commentary about mission, values and culture permeated our formal (and informal) interviews and were central themes in the majority of our formal interviews. The discussion of mission arose primarily in response to questions about the most significant challenges facing the Church in the present and future. The mission findings which follow are drawn from this input. Values and culture comments also occurred throughout the interview process, but most often took place in the discussion of envisioning and describing “a vital connexion for the 21st Century” and in describing the values which would nourish and support such a vital connexion. In other words, what “could be” led to a discussion of current state values and culture. Hence, we will summarize and review input regarding the vision of a vital connexion as we frame our findings on values and culture.

### **Mission**

Mission themes covered many areas but the central focus was on a sense of loss of mission definition and relevancy and an accompanying sense of loss of identity. At the broadest level, the Church’s struggle for an identity as a global church was widely discussed. Diverse views were expressed on this topic – ranging from a viewpoint that the Church’s global nature is aspirational and not grounded in a real sense of purpose and goal setting to views that either too much or not enough of the Church’s identity and mission is global versus US focused. Most of the mission commentary was focused on the fundamentals of understanding, interpretation/emphasis and theology. We discuss these themes leading with theology input and interspersed with quoted interview comments.

Although most theology commentary focused on the central theme of loss of Wesleyan theological focus and/or an imbalance of focus, a much more fundamental issue was expressed as follows.

**“Whose Church is this? Is it God’s Church or our Church? What is God’s stake in the Church?”**

**“The Institution has become about its own self perpetuation.”**

Most of the Wesleyan commentary was focused on “making disciples of Jesus Christ for the transformation of the world”. We received comments on this topic that ranged from a focus on

differences in definition and understanding to differences in interpretation and emphasis, including basic disagreement on what the Church's mission of "making disciples..." is or should be.

**"We need to reclaim our identity – defined in connection and making disciples."**

**"There has been an uncoupling of social holiness and vital piety - we need to focus all churches on both making disciples and transforming the world."**

**"There are three types of misguided 'mission' occurring: (1) churches overly focused on personal spirituality (2) churches overly focused on social action and (3) churches focused primarily on 'do what we want and take care of us'."**

**"The Church needs to balance the social justice gospel and the evangelical gospel."**

**"The Church needs to 'recapture the center' and celebrate common Wesleyan beliefs."**

There were many comments focused on relevancy, vitality, and connection.

**"The Church is losing its relevance and vitality – worship does not invite participation and clergy are not challenged to invite participation – there is too much 'wanting to play it safe and easy' – a safe church is not necessarily an inspiring church."**

**"We need to understand how to assure the Church's relevance to the communities it serves – being connected to people's life experiences in language, engagement and inspiration with spiritual basis."**

In addition, there were comments that focused on generational notions at both ends of the spectrum.

**There is a general lack of sense of mission – what was once a "society" church is now focused on poverty etc.**

**"Young people are attracted by the challenge of the Wesleyan combination of spirituality and social action."**

**"Young people want hope, challenge and relevancy."**

**"Young people are hungry for authenticity, truth and integrity - not becoming members of institutions."**

The root causes cited for lack of mission clarity/understanding/congruence were primarily attributed to leadership, language/communication and cultural issues that work against leadership, communication, discernment and civil dialogue. Specific leadership and cultural findings are discussed later in this section. On the language and communication front, some interviewees conveyed that the Church's

Page | 9

mission is not communicated in common script/language, is not articulated consistently, is too complex and ambiguous and is not communicated in an inspiring fashion. Communication was often cited as straddling paper and digital media and not functioning at the forefront of current social media and technology modalities.

Lack of mission/identity clarity and congruence in turn influences culture, leadership and the functionality of the Church's mechanism structures and processes. Furthermore, when lack of mission clarity occurs over a long period of time, there is a natural tendency for different groups within the organization to "fill the gaps" by creating their own mission interpretation which further undermines a clear common mission. Although these organizational dynamics are complex in their circular interdependence, our fundamental finding is that achieving common Church-wide mission clarity, understanding and congruence is a pivotal "lever" opportunity for The United Methodist Church.

### **Culture and Values – A Vital Connexion for the 21st Century**

Before we review our findings regarding the current state of culture and values in The United Methodist Church, we will summarize the vision of a vital 21st Century connexion and the accompanying values as expressed by our interviewees.

#### Vision of a Vital Connection for the 21st Century

Below we have paraphrased, sorted and condensed the interviewee collective vision of a vital connection for the 21st Century.

- A vital connection is achieved through carrying out the Church's mission.
- A vital connexion means "telling the story" of the global church work well enough to truly reach local laity and clergy in information, inspiration and spiritual connection.
- Bishops serve as "Chief Connectional Officers" in a vital connexion.
- Local churches create connections with one another and through their Annual Conferences – local church competition does not defeat connection.
- Every local church has a primary responsibility to know its neighbors in relational connection – "if poor are not visible then they are sought out and actual relational friendships are created – god is where the broken hearted are – vision of life is for salvation of all – compassion arises from relational connections."
- Vibrant venues for cross-cultural experience of worship are the norm, e.g. every 5<sup>th</sup> Sunday churches come together in region for joint worship session, pastors are assigned to neighborhoods, not churches - all churches have sister churches and share community leadership and resources.
- People behave ethically and morally.
- Trust is expected and is given.
- Decisions are made for the whole church and not out of self interest - people behave in a system of mutual support rather than as competitive and independent groups and, as such, are collaborative.

- There is a Church-wide recognition of mutual responsibility to mission and to each other in decisions and work is manifest in actions – for example, getting hands dirty, building relationships across geographic and cultural boundaries.
- The Church fosters an adaptive and learning environment.
- People behave with authenticity – i.e., the ability to express beliefs according to life experience and to act consistently.
- People live with differences and do not allow politicization of differences to block ministry work – there is an overarching focus on mission and vision – results are expected.
- A vital connection will require a loosening of the prescriptive rule-based environment of the Church – establish clarity of identity and clarity of boundaries and provide freedom of space in between i.e., simplify BOD allow for a more generative environment of ministry.
- The Church will allow for greater freedom to opt in and opt out – that would promote relationship-based giving and receiving in an open two way flow.
- The Church should emphasize special interests instead of forcing them to the edges and commensurately promote open development of networks of people with shared convictions – “you cannot put Humpty Dumpty back together again and should not try to”.
- There is Church-wide transparency.
- People come together in community of Wesleyan spiritual passion, care and growth - relationship building is the norm.
- Civil dialogue occurs even when there are fundamental differences – civility and “holy conversation” are possible – i.e. conversation that is thoughtful and prayerful.
- The Church fosters awareness (and measurement/evaluation) of who one is serving in various roles and how one is and/or should be serving – a serving philosophy.
- Effectiveness is an accountability – there is no confusion of intent with outcome, activity with results and speechifying with communication.
- Leaders lead by example.
- Communications are up down and across the organization.
- Results are recognized and celebrated.
- In a vital connection, the Church will be about Christianity rather than Churchianity.

#### Values Supporting a Vision of a Vital Connexion in the 21st Century

Below we have paraphrased, sorted and condensed the interviewee collective values which would support a vital connection for the 21st Century.

- Core values should be based in Wesleyan teachings – how people come together in community of spiritual passion, care and growth.
- Being a community entails sacrifice of personal interest and personal accountability for the interest of the community.

- “Relationship” is a value among people and communities – “a relationship church is a connectional church.”
- The core values are embedded and demonstrated in the journey of discipleship – moving from inward to outward focus.
- Trust vested in authority requires accountability.
- Mutuality (trust), support, and accountability.
- Get over issues as obstacles – if an authentic dialogue is not realistic, embrace/accept differences and work on things in common – celebrate achievements in common.
- It is critical to build trust in creating a vital connection – this will be achieved through respect, transparency, power sharing and accountability at every level.

### **Culture and Values Findings**

Culture and values are a potent organizational force because they guide and direct behaviors within an organization. Further, they have the power to “make or break” structure and process, so culture and values are central to creating a functional system of organization. Just as highly successful organizations constantly reground themselves in their missions, such organizations also constantly reinforce their culture and values system.

In general, interviewees felt that the current state of the Church’s culture and values has not reached the vision and values described above in the vision of a vital connexion for the 21st Century. Interviewees did, however, cite current examples where they felt that this vision of connexion is demonstrated. Examples included recent crisis responses to Katrina and in Haiti, the “Imagine No Malaria” projects and many “grass roots” efforts that are occurring across the Church. Interviewees distinguished the grass roots efforts as generally occurring outside of the formal processes and, often, structures of the Church. The implications of structure and process as they relate to mission, culture and values are discussed later in this report.

There were four central themes that developed in interviewee input on the current state of the Church’s culture and values: trust, inclusivity and diversity – mutuality of respect and civil dialogue, leadership and accountability. Each of these themes is discussed as follows.

#### **Trust**

General lack of trust within the Church was a pervasive and recurring theme in the majority of interviews. Lack of trust was expressed in many ways, for example, “between the pew and leadership”, personal distrust feeding institutional distrust and vice versa. Trust was cited as one of the most important challenges that the Church faces, it was cited as a force working against a vital connexion and it was cited as a root cause for under-functioning structures and processes of the Church. Sources of distrust ranged from “old wounds” to representative and/or protectionist behaviors and agendas that

were not putting the broad interests of the Church first. Lack of accountability was also cited as a root cause of distrust – when people are not accountable for their actions and behaviors, they cannot be trusted. Interviewees related that trust and good intent was not presumed in relationships and frequently the opposite was true. Trust was often mentioned as a leadership issue – particularly in the context of power and authority. People are not trusted with power so they are not given authority – they are not accountable so they are not trusted with power and authority. Often mentioned was the observation that leaders themselves frequently do not demonstrate trust behaviors.

General distrust is a significant cultural issue for the Church. Distrust is both a symptom and a causal factor in frustrating the Church’s ability to function more effectively. The Church’s decentralized “mechanism” organization structure inherently relies primarily on “collaboration” among entities and leaders to achieve the Church’s mission. Distrust is one of the root causes for the failure of collaboration (which will be discussed further in the Structure and Process findings of this report in later sections). The opportunity to create a trusting environment is another finding of the Project as a “lever” which will create a stronger vital connexion and allow for more effective functioning of Church structures and processes.

#### Inclusivity and Diversity – Mutual Respect and Civil Dialogue

The Church has achieved a great deal in promoting inclusivity and free expression and diversity. Interviewees described the many positive developments and accomplishments that are attributable to creating “the big tent” and also described some of the negative consequences that have occurred in parallel with American society, i.e. the increasing polarization in beliefs and on key issues – particularly social issues – many interviewees felt that the Church should be a model for American society rather than a mirror. Since the only Church entity that is empowered to make policy decisions is the General Conference which meets every four years and since there is no other leadership entity that is authorized to define policy and doctrine, the Church’s culture must provide a mechanism for constructive engagement on issues and beliefs under the “big tent” of inclusivity, diversity and free expression. Interviewees feared that in the absence of constructive engagement and the ability to find common, powerful and uniting beliefs, that the Church would gradually become congregational and lose its fundamental “United” connectional spirit.

Interviewees had many suggestions for approaching the “big tent” challenge which are summarized below.

- Clarify the Church’s mission to focus on fundamental and aspirational Wesleyan beliefs which are held in common – promote a culture of living with differences and focusing on the many spiritual and social challenges that are shared in common.
- Draw on the theological concept of prevenient grace – “should lines be drawn or should we allow for gates between connected pastures?”
- Develop discernment mechanisms and invest time and energy in discernment.



- Leaders should model civil and/or difficult dialogue better – “requires humility, civility and respect – when people avoid such dialogue out of ‘Church nice’, they go underground and seek others with their point of view and divisiveness grows”.
- Articulation and demonstration of the values of respect, integrity and authenticity.

The “big tent” challenge is a healthy cultural challenge for the Church and the Church’s success in dealing with this challenge is fundamental to the Church’s ability to function effectively and create a vital connexion.

## Leadership

The topic of leadership arose consistently throughout the interview process. Below is a summary of salient points.

- The Church has many talented leaders at all levels of the Church – leaders were consistently described as more effective as individuals than as a leadership group e.g. Council of Bishops, Connectional Table, General Secretaries Table.
- Effective leadership is poorly defined at all levels of the Church – lack of definition leads to lack of measurement and lack of accountability.
- Leadership development resources are plentiful – they are not aligned and they are not connected to an individualized assessment and development process.
- Lack of clear authority weakens leadership.
- Leaders are often not held accountable.
- The Church rewards administrative/maintenance behaviors – risk taking is neither encouraged nor rewarded.
- The Church’s rule bound and prescriptive culture was often cited as a root cause for lack of “leadership culture” i.e. risk taking, ability to make mistakes, innovation.
- A majority of interviewees expressed a hunger for courageous leadership.

The Church has a decentralized leadership structure. In such an environment, a culture of courageous leadership can help to overcome the inertia of “many leaders”. Leadership as a topic will arise again in the structure and process sections of this report.

## Accountability

Although accountability was represented to exist separately within various Church structures (e.g. the General Secretaries are accountable to their Agency Board), clearly defined broader accountabilities were often cited to be missing on a Church-wide basis. Just as important, interviewees often cited that the Church did not have a “culture of accountability”. This theme will continue to arise throughout this report. A culture of accountability would provide a significant opportunity for improving organizational effectiveness, creating a vital connexion, and improving the effective and efficient use of resources or “affordability”.

# **Operational Assessment Project**

## **Structure and Process Findings**

## **Structure and Process Findings**

After considerable review and analysis of the Church's complex structures and processes in the areas of leadership, governance and management and after incorporating the substantial input received from informational interview participants in the course of creating the Environmental Assessment, formal interview participants and Survey respondents, we have identified two major structure/process "levers" or opportunities to improve the Church's decision-making and implementation effectiveness, to strengthen the Church's connexion toward creating a more vital connexion, and to improve financial affordability. (Please see "Methodology" for a review of source information.) The first of these levers is to reduce the "distance(s)" between and among the Church's most fundamental units of the Local Church/Charge (the "Local Church"), the Annual Conference and the General Church. The second lever is to strengthen the organizations and processes that are "key" to achieving the Church's mission and values. Each of these major opportunities or "levers" provides a central theme with many sub-levers or opportunities for improvement. These findings are reviewed in detail as follows.

### **Reduce the "Distance(s)" Between and Among the Church's Most Foundational Units - the Local Church, the Annual Conference and the General Church**

Above all, the Church's complex "mechanism" structure is a mechanism of people bound by the Wesleyan notions of spirituality and "doing". As this mechanism has grown and evolved, its increasingly complex structures and processes have created a greater distance and thus a weaker connection between and among the people (members, attendees, pastors, and lay and clergy leaders). This "distance" is a function of (1) the number of organization layers in decision making and execution, (2) leadership ratios within units and (3) the complexity and leadership harmony within organization layers. The symptoms and evidence of the negative impact of this distance are found in formal interview input (loss of sense of mission and identity, loss of connection between the "pew and church leadership", and the values and culture findings cited earlier in this report) and in the Survey findings. The opportunity is to eliminate or reform structures and processes that increase distance without adding commensurate value for the "cost" of the distance – in other words to consciously evaluate the "distance equation".

In our review and analysis and guided by formal interview input, we have identified the foundational units – and therefore the focal points of the "distance equation" – as the Local Church, the Annual Conference and the General Church. Although there are leadership and "doing" at each of these unit levels, these units serve very different purposes. The Local Church is, simply stated, the "front line" of doing. The Annual Conference, which serves dual legislative and administrative roles, is the key point of connection for Local Churches (according to our interviewees), is the organization in which regional administration and Episcopal leadership come together and is the fundamental unit connecting the General Church and the Local Church. The General Church provides policy, judicial, administrative and spiritual leadership for the entire global Church and also, importantly, provides program and ministry expertise and opportunity to achieve greater scale of mission impact. Below we offer findings which support potential opportunities to evaluate the distance equation as it relates to these fundamental

units of the Church. In addition, we have described the distance equation link to evaluating key processes.

### **Annual Conference and District Size**

We received vocal and consistent input regarding the negative impacts of increasing Annual Conference and District sizes. At the District level, local church pastors were strong-voiced about the importance of their District Superintendent, not only in crisis but in consultation. In many cases, interviewees cited that at current District sizes, District Superintendents were only available in crisis situations. Further, it was cited that District Superintendents have a difficult time “knowing” their Local Churches given increases in size. This collective input suggests that increasing District sizes are weakening a key pastor connection as well as a local church connection point to their Annual Conference and its Episcopal leadership. At the Annual Conference unit level, the same pattern was voiced by interviewees regarding Bishop “visibility and knowing” of Local Churches when the numbers get too large. Further, some interviewees expressed concern about size of Annual Conferences in relation to their legislative roles – “1500 people cannot have an effective debate”. A finding of our report is that in evaluating the “distance equation”, smaller Annual Conference and/or District sizes may provide greater organizational (mission) value for the cost tradeoff.

### **The General Church**

In terms of the “distance equation” the majority of interview input along with our organizational analysis and review focuses on the Jurisdictional Conference and General Church Program and Ministry Agency units.

#### **The Jurisdictional Conferences**

The Jurisdictional Conference units were viewed by interviewees in the following ways.

- The Jurisdictional Conferences “are too remote to be effective – the meetings are too infrequent and people are not always informed”.
- The Jurisdictional Conference delegate selection process sometimes does not produce competent and informed delegates – delegates may not understand their representative accountability.
- The Jurisdictional Conferences have become distinct institutional cultures which have created further “distance” through lack of congruence among these sub-cultures.
- “The cost is not worth the value – we should find an alternate solution for carrying out their responsibilities.”

Survey findings (see Appendix C) were also informative regarding the Jurisdictional Conference structures. In their role as legislative bodies, over 50% of respondents evaluated the Jurisdictional Conference role clarity and goal clarity as Below Average. In their Jurisdictional Conference administrative roles, more than 50% of respondents evaluated the Jurisdiction Conference structure as Below Average in all survey measures of effectiveness – overall effectiveness of decision making, decision process effectiveness, degree of role clarity and degree of goal clarity.

Our finding is that the costs (in distance and in dollars) may not be justified by the “benefit” that is delivered by the Jurisdictional Conference structures.

#### The General Church’s Program and Ministry Agencies

Individually, the General Church’s Program and Ministry Agencies provide valuable leadership and expertise to the Church as well as the opportunity to achieve greater scale and hence greater value of mission impact. However, our finding is that due to their individual autonomy (i.e. independent boards and primary accountability only to their respective boards and to the General Conference) and their collective impact as a group of autonomous entities (i.e. the complexity and disharmony that this autonomy creates), the Program and Ministry Agencies add to the “distance” between the General Church and the Annual Conference and to the distance between the General Church and the Local Church, perhaps unnecessarily due to their autonomous structures. Much of the interviewee input was related to individual agency autonomy and the institutionalization of the Agencies in developing specific identities, missions and brands and the input also reflected the collective impact of this autonomy. Below is a summary of some of the recurring interviewee input.

- The agencies “dictate rather than serve”.
- The agencies are “sometimes not successful at the Annual Conference level because their programs are based on their own ‘portfolio’ strategies rather than the Annual Conference needs and goals.
- The agencies compete with the Annual Conferences.
- The agencies are a cacophony of voices – their “brands and communications compete with one another” and result in confusion and dilution of impact at the Annual Conference and Local Church levels.
- The agency missions are increasingly connected to and overlapping with the Church’s mission – yet issues of autonomy and lack of accountability get in the way of alignment.

The Survey findings support the interviewee input. In the Survey, respondents were asked to evaluate the General Church’s Program and Ministry Functions effectiveness as a collective group of entities (i.e., GBGM, GBOD, GBHEM, GBCS, UMCOM, GCUIC, GCRR, GCSRW, GCRR, GCSRW, GCUMM, UMPH) on a range of effectiveness characteristics as applied separately to “making disciples of Jesus Christ for the

transformation of the world” and the Four Areas of Focus. Decision-making effectiveness of the Church’s Program and Ministry Functions was evaluated as Below Average across all categories for both “making disciples...” and for the Four Areas of Focus – “making disciples...” had a consistently lower mean score than the Four Areas of Focus across all areas of evaluation. In “making disciples...”, the Program and Ministry Functions were evaluated by more than 60% of respondents as having Below Average accountability for outcomes – additional areas that were rated by 50% or more of respondents as Below Average included: decision-making effectiveness, ability to collaborate on making strategic decisions, ability to deliver results, ability to resolve conflict, competencies to deliver results and ability to lead in the effective and efficient use of financial and human resources. For the Four Areas of Focus there were two categories in which 50% or more evaluated the category as Below Average: ability to resolve conflict and accountability for outcomes. (See Appendix C for Survey findings and data.)

Our finding is that the autonomous organization structure of the General Church’s Program and Ministry Agencies has lessened the value contribution of these agencies as a collective group relative to the greater distance created by this structure and the higher cost of supporting it. Autonomy was cited in the formal interviews as a root cause for the failure of collaboration by creating organizational complexity, disharmony and “distance”. In the virtuous organizational cycle of culture, disharmony and distance come back around to create distrust which has also been cited as a root cause of the failure of collaboration.

#### The “Distance Equation” Link to Key Processes

The distance equation also applies to the effectiveness of key processes. By creating more effective process vehicles for the integration of goal setting, planning, information sharing, measurement and accountability, the Church can further reduce the “distance” among its foundational structures. These process opportunities are explored later in this section.

### **Strengthen the Key Organizations and Processes that Drive the Church’s Mission**

We have divided the findings in this section of the report into four areas – General Effectiveness Elements, Leadership and Management, Clarity in Legislative versus Operating Entities and Reform Opportunities, and Strengthening Key Processes that Drive the Church’s Mission. These areas are each addressed in further detail as follows.

#### **General Effectiveness Elements**

The primary elements that drive structure and process effectiveness are: clarity of responsibility (goal and role clarity), authority to carry out responsibility and accountability for results. In addition, basic competency, which is often assumed, is a key driver of effectiveness.

We have covered the Church's issues of mission clarity earlier in this report. Role and/or goal clarity was evaluated by Survey respondents as below average/mean score in all cases except for Annual Conferences in their legislative capacity and Local Churches as relating to role clarity about who makes what decisions within the Local Churches regarding the mission of "making disciples...".

In the words of one interviewee, the Church "has a systemic allergy to authority". We deal with this issue further in the findings related to Leadership and Management.

Accountability is a widespread culture, process and structure issue within the Church. In the Survey, 50% or more of respondents evaluated every measure of accountability to be Below Average except in the case of accountability of Local Churches for "making disciples..." which was evaluated by 45% of respondents to be Below Average. These Survey findings were reinforced on a consistent and recurring basis throughout the formal interviews.

Competency was evaluated in the Project Survey through the element of "right competencies to make decisions". For the General Church Administrative Functions and Program and Ministry Functions, "right competencies to make decisions" were evaluated as Below Average for both Church missions of "making disciples..." and the Four Areas of Focus. The District had the same Below Average results for both missions and the Local Church was evaluated as Average in "making disciples..." and Below Average in the Four Areas of Focus. (Note: the Annual Conference results were not included because of a language error in the Survey.) The Survey results suggest that competency is a central issue of organizational effectiveness and therefore an opportunity for improvement within the Church.

The finding here is for the Church to pursue mission clarity, role/goal clarity, accountability and competency as a fundamental means of becoming more effective within its current structures and processes – as with culture, this opportunity is foremost about "doing" and leadership.

### **Leadership and Management**

We covered much of this topic earlier under "Mission, Values and Culture." The fundamental issue – which seems to be well understood by the Church's leadership judging from the formal interview process – is that power and authority within the Church primarily resides in its legislative, overtly policy-making body – the General Conference – and that this body meets once every four years, resulting in "Church" decision-making vacuum between sessions.

This issue arose most vividly in the formal interview process when interviewees were asked "who is going to lead change within the Church?" The consistent pattern of response was an expression of uncertainty and skepticism. The opportunity here is for the Church to confront its long standing "allergy to authority". If the Church were to choose to pursue this opportunity, undoubtedly a lengthy process of creativity, debate and discernment would have to occur.

In the meantime, the Church has the opportunity to strengthen its existing leadership structures without altering power or authority. In our findings, the key structures that could be strengthened in order to better fulfill the Church’s mission would be the Council of Bishops and the Annual Conference. The Council of Bishops was identified as a key candidate for strengthening because of its broad leadership responsibility for the oversight of the spiritual and temporal affairs of the Church and, importantly, because of the role of the Bishops in the superintendency of the Annual conferences. The Annual Conference is singled out for its key role as the fundamental organizing unit of the Church. This strengthening could be achieved through renewal of purpose, goals and role clarity, better accountability, courageous leadership and better capabilities support resourcing. Strengthening Local Church clergy leadership is also identified as a key opportunity and is addressed under “Key Processes”. The Connectional Table was deliberately not included because, in our analysis, the Connectional Table would require an extensive and material restructuring in order to strengthen the Church’s leadership.

### **Clarity in Legislative versus Operating Entities and Reform Opportunities**

The Church has a consistent theme of mismatching form and function of legislative and operating entities with their respective governance structures. Some legislative entities (with legislative governance structures) are expected to function as operating entities and some primarily operating entities have heavily legislative/representative governance structures. Some of these mismatches are impeding organizational effectiveness. The structures most often mentioned by interviewees in this regard are the General Conference, the Jurisdiction Conference and the General Agencies. We cover each below along with our findings.

#### **The General Conference**

Interviewees made the following observations about the General Conference with respect to its legislative versus operating role.

- “Legislative behavior is not leadership behavior.”
- “You cannot manage through legislation – mandates every four years are too infrequent given the pace of change in which the Church is operating.”
- “Managing through legislation ends up having declining marginal value and just makes the Book of Discipline more complex and burdensome.”

More than 50% of Survey respondents evaluated the General Conference structure as Below Average in all areas except meeting frequency of every four years – effectiveness of decision making leading to best outcomes, process effectiveness (process of producing legislation), decision results effectiveness (right balance between policy and administrative action) and financial stewardship effectiveness in fulfilling its financial responsibility through the budget process and use of financial resources.



Our finding is that the Church's reliance on management through legislation is leading to an increasingly rigid and rule bound culture during a period of time when the Church is attempting to adapt to a changing environment and accomplish the transitioning of its generation bound structure from the older to the younger generations. In the lexicon of the Operations Assessment Project, this phenomenon is a major "blocking force" which is not only frustrating the Church's overall mission effectiveness, connectional spirit and affordability, but also its relevancy.

### The Jurisdictional Conference

Much has already been said about the Jurisdictional Conference, but bears repeating in this context. The Jurisdictional Conference is a legislative body at most and, as an administrative or operational body, its functions are redundant with both those of the General Church and the Annual Conference, hence leading to the "distance equation" question of benefit versus cost.

### The General Agencies

The General Agencies have the purpose of operating entities but the governance structures of a mix of legislative (representational) and operating (stakeholder and competency) structures. We have included a summary of the Church governing structures for reference in Appendix D.

Because of this governance mix, the General Agency Boards are very large and meet approximately once per year at substantial cost. In some cases, the General Agency Board members out-number the staff of the Agency.

Standards of "best practice" for not-for-profit organization boards, including faith-based boards, are boards of approximately 12 to 24 members. These boards are often constituted with the goals of assembling the competencies, diversity and stakeholder perspectives that the board has determined are important to its mission and oversight responsibilities. In the cases of smaller boards, the challenge is to assemble a multi-faceted group of individuals, many of whom will satisfy multiple objectives relating to competency, diversity and stakeholder perspective. These boards typically meet four times or more per year.

Of the 13 General Agency Boards, two have 24 and 25 members, one has 28 members, and the remaining boards have a membership which ranges from 32 to 89 members. As was mentioned above, the Boards generally meet once a year.

Our finding is that the Agency Boards are generally too large and meet too infrequently to most effectively fulfill their duties of strategic, fiduciary and generative oversight. They are also a significant

expense according to input from our formal interviews. In addition, as was covered previously, the Program and Ministry Agency autonomy and institutional identity add distance to the relationships among the General Church, Annual Conference and Local Church structures at a cost (of autonomy) that may not be necessary. Moreover, Program and Ministry Agency autonomy and independent accountability are cited by interviewees as primary root causes for lack of Agency strategic, operational and resource collaboration and alignment.

### **Strengthening Key Processes that Drive the Church's Mission**

We have identified four core processes that, when strengthened, will significantly amplify and improve the Church's operational effectiveness, affordability and the vitality of the Church's connective spirit.

These processes are:

- The process of forming, developing and managing the Church's pivotal clergy human resource;
- The research and development process of creating "places of worship" models;
- The process of managing the trust-held real estate assets of the Church; and
- The process of improving and standardizing information reporting systems and related management processes.

We have also identified three broad processes that have great potential to enhance the Church's realization of its mission. Two of these processes may require some level of prerequisite structural change, but the third can be undertaken immediately. These processes are:

- Strategic planning;
- Financial planning; and
- Celebrate Success!

All of the above process findings are discussed as follows.

#### **Managing the Church's Pivotal Clergy Human Resource Asset**

The Church's clergy are its "front line" in achieving its mission – they are also one of the most fundamental and important points of vital connexion and leadership within the Church. In spite of the pivotal importance of this group, the Church lacks holistic process linkages and alignment from the beginning to the end of the processes of clergy formation, development and management. Further, there appears to be no central "place" of accountability for the entire process. We have somewhat arbitrarily broken up the holistic "clergy" process into call and pre-ordination, seminary and post-ordination for discussion purposes.

## The Call and Pre-Ordination Process

Our findings in this area, based on interviewee input, are as follows.

- The Church does not have culture of call where people come from – the challenge is to create “call birthing places”.
- The process of ordination is too long – the process is particularly deterring younger people who are seeking more immediate ministry engagement – one seminary leader said that although the Church is seeing growing seminary classes of under age 30 people, more than half are choosing pathways other than ordained ministry – the length of the process along with the process of ordination were identified root causes along with generational attributes.
- Boards of Ordained Ministry have a high variation in practices – sometimes they think their role is to be an advocate and sometimes an adversary of candidates. They often select people like themselves – many second career people. They lack clear candidate skills and leadership criteria for candidate assessment. The Board members themselves are not appropriately selected and/or trained. Bishops and District Superintendents thought that they should be active participants in the Board process.

## The Seminary Education Process

- There were many comments on the education requirements for ordination. They ranged from the Central Conference perspective of the most educated in their communities having a high school diploma and the challenges that creates for ordination to the perspective there should be shorter education alternatives that would meet the requirements.
- Seminary leaders felt that seminary education is not in close connection with the local church/Annual Conference - Church structures “jealously guard ordination responsibilities”. These leaders cited great opportunity for synergy in seminary church connection e.g. strengthen internship programs and shorten apprenticeship portion of ordination process – create common and consistent proficiency measurement – link mentoring processes – joint development of continuing education and assessment etc.
- Seminary leaders noted an improving focus on leadership course training in the Seminary.

## The Post-Ordination Process

- There were many interviewee comments citing a need for reforming the system of equitable clergy compensation.
- Many interviewees cited that clergy suffer from lack of clarity of mission – “District Superintendents expect clergy to grow churches, seminaries expect clergy to preach theology, members expect safety and comfort – chaplaincy. There are too many expectations and not enough clarity, clergy cannot please anyone – clergy are trapped between “system” and congregation.”

- A fundamental message is that clergy lack clear criteria on which they are evaluated, they lack a related performance measurement and evaluation process, and they lack a development assessment process that is linked to mentoring and development training and education - “lifelong ministry requires lifelong learning”.

Our key finding regarding the “clergy process” is that although there are discreet opportunities for improvement in the related processes that form, develop and manage clergy, the greatest opportunity is in the potential synergies that can be achieved through a holistic and participatory study and evaluation of the larger process. In reality, this holistic connection is critical to guiding the discreet process opportunities as well.

We would be remiss in not addressing the topic of guaranteed appointment as there was much discussion, energy and input around this area in the formal interview process. Interviewee sentiment was heavily in favor of eliminating guaranteed appointment. We offer a few observations and some independent advice on this topic below.

Our first observation is that there are two central circumstances that appear to be true. First, a large portion of the Church’s clergy has performance effectiveness issues and, second, the clergy is the Church’s primary front line human resource asset in realizing its mission. The combination of these circumstances suggests that a thoughtful, calm and reasoned solution be developed and, particularly, a solution which does not further erode an already fragile human asset. Many of the clergy who we interviewed were in favor of eliminating guaranteed appointment with one key proviso – the prerequisite of creating a clear, objective and transparent performance measurement and evaluation process for clergy. Those clergy who opposed elimination of guaranteed appointment were most often concerned about political, racial and sexual discrimination in the absence of an objective and transparent evaluation system.

#### The Research and Development Process of Creating Places of Worship Models

Both the Environmental Assessment data and the input from the formal interview process suggested the need for more work, analysis and innovation regarding appropriate models for places of worship given different membership and attendance sizes. These places of worship models would explore various clergy and lay staffing structures and different real estate models for geographic locations with varying membership/attendance sizes and trends. The object of the research and development would be to create alternative approaches to creating affordable places of worship that meet the Church’s mission objectives. More fundamentally, this work could be used both in establishing new places of worship and in adjusting the Church’s existing places of worship portfolio to more appropriately match membership/attendance levels with cost structure in a mission compatible fashion.

## The Process of Managing the Trust-Held Real Estate Portfolio of the Church

For many historical and legal reasons, the Church's trust-held real estate assets are controlled at many different levels in the Church. If the demographic and membership/attendance trends in the US continue, the Church will eventually have many real estate assets to redeploy – the challenge is to address the question of whether to do this proactively or reactively and, in either case, to address how this redeployment should best be done to further the mission of the Church. The value of the Church's trust-held real estate holdings can offer the Church a substantial opportunity to resource its mission.

## The Process of Improving and Standardizing Information Reporting Systems and Related Management Processes

Earlier in this report we have focused on the importance of accountability and mutual accountability. These accountability goals require transparent, consistent and robust information systems in order to be realized. At a minimum, Annual Conferences and Local Churches should be operating with common financial reporting and business intelligence software systems. In addition, many other systems could also be used in common to facilitate better access to information and greater transparency. The Church also has the opportunity to share best practices more widely and standardize management process around performance measurement, evaluation and accountability. These opportunities will not only improve mutual accountability but will also create a stronger and more vital connexion.

## Strategic Planning Processes

The lack of a Church-wide strategic plan or Church-wide strategic plans focused on the Church's mission objectives are a symptom of the structures and cultural behaviors that "get in the way". Many interviewees expressed frustration on this topic. Although structural change may be prerequisite to broader strategic planning, best practices at the Agency, Annual Conference and Local Church levels could at least be shared and disseminated.

## Financial Planning Processes

Financial planning processes are in generally a similar state as strategic planning. The Sustainability Advisory Group Final Report (May, 2010) contains a variety of planning recommendations to which we would refer the reader. In addition, the General Church budget process was a focus of critical commentary in the formal interview process. Specifically, the four year budget interval was thought to be "impractical and unrealistic". This was supported by the Survey finding that 51% of the respondents evaluated as Below Average the General Conference "financial stewardship effectiveness in fulfilling its financial responsibility through the budget process and use of financial resources".

## The Process of Celebrating Success

As much as we often encountered the self-critical nature of the Church in the course of this project, we have also had an opportunity to learn about the many amazing accomplishments of the Church which are “transforming the world”. Very clearly in our observation, success is under-celebrated within the Church. This was confirmed by interviewees consistently.

So our final finding is the “lever” of celebrating success – **CELEBRATE SUCCESS!**

# **Operational Assessment Project**

## **Opportunities for Shared Services – Improving Affordability and Effectiveness**

## **Opportunities for Shared Services – Improving Affordability and Effectiveness**

A significant finding of the Project, reflected in feedback from both formal Project interviews and informational interviews, are potential opportunities for improved affordability and effectiveness in consolidating select support services and, in some cases, standardizing systems infrastructure. Potential benefits include not only lowering costs and improving service quality, but also creating transparency of information to support improved measurement and accountability systems.

Potential shared services opportunities cited in the interview process included the following: financial accounting and reporting services and systems infrastructure, human resources services and systems infrastructure, investment management, health benefits contracting and management, communications, certain publishing infrastructure services, certain aspects of fund raising development, leadership training and development, information technology infrastructure and services, research and data/information collection and management, and interpretation/translation. These opportunities were cited for the General Church, Annual Conference and Local Church areas of the Church.

The primary goals of creating “shared services” is to create economies of scale and improved quality at the support service level, not the decision making level. Creating shared services is often viewed misguidedly as a threat to autonomy, but when well designed, planned and implemented, shared services offer improvements that sometimes preserve the ability to maintain intentional autonomy. In some cases, shared services will require a mandatory “opt in” in order to achieve optimal economies of scale and, in other cases, opting in may be “optional”.

Shared services can be created by consolidating services in an existing organization entity or new structures/entities can be created to provide the shared service. Successful shared service organizations create a “customer” relationship between the entity that purchases the services and the shared service provider. Even though these entities are part of a common organization, there is frequently a formal shared service contract that specifies shared service pricing and performance metrics so that the shared service organization is accountable for “serving” its internal customers.

From a process standpoint, creation of shared services begins with a feasibility study or analysis to assess cost and quality opportunities. Pending the outcome of this assessment, a shared service implementation plan – with participation requirements articulated – is normally created with process and outcome measurement milestones.