

INSIGHTS ON FAITH & GIVING



**William G. Enright, Ph.D.,
Director**

Lake Institute on Faith & Giving MISSION: to foster a greater understanding of the ways in which faith both inspires and promotes giving by providing knowledge, education, and training.

Indiana University School of Philanthropy MISSION: to increase the understanding of philanthropy and improve its practice worldwide.

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"If Philanthropy Is All About Relationships, Why Do Metrics Only Measure Money?"

Is it Time for your Congregation to Rethink its Business Model?

This sentence in a recent issue of Trusteeship Magazine snapped back my mind.

"Colleges and universities are thinking strategically about their business models. Reductions in state and federal appropriations, endowment volatility, fundraising uncertainties, and limits on tuition increases are creating persistent shortfalls in operating budgets."¹

Faith-based organizations and religious congregations are experiencing similar pain. Sadly, too few appear to be thinking strategically as to how they will respond to the challenges. I hear too many well-intentioned clergy say with wringing hands: "Oh, I just pray that God will provide!" Providence is a slippery slope albeit with a rich religious history. Providence, however, is best viewed thru the rear-view mirror of life and should never serve as an excuse for good planning.

Why may this be the time for congregations and faith-based institutions to rethink their business and fundraising models?

- The majority of American congregations are failing to keep pace with inflation. Over the last forty years (1971-2011) giving to religion has been the slowest growing subsector of charitable giving. The average annual rate of inflation has been 4.4 percent with religious giving increasing on average 1.4 percent.²
- There is a decided change in giving patterns. Church envelopes have long been the preferred way of giving but this practice is fading fast. Automatic banking, credit cards, church giving kiosks, and numerous forms of online giving challenge congregations to rethink their fundraising practices. In addition, amidst the current economic climate, many faithful members now do their giving via the performance of "in kind" services. Volunteerism is up!
- There is a cultural shift occurring; from systematized pledging to impulsive giving. Traditionally many congregations based their annual budget on the pledge promises of their members. How does a church budget for the many givers who do not pledge? Younger people are generous but often "impulsive givers" who rely on their hearts and the need of the moment to trigger their giving.

The need to change business models is not new for congregations. An insightful study of the First Reformed Church of Albany, New York chronicles the ways in which one congregation's business model had to be rethought and restructured amidst the economic



James M. Hodge, III, Vice
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currents of the 19th century. They dabbled in real estate development and rental property, they raised pew rents, restructured their benevolent giving and created a new board of managers (trustees) before moving to solicited donations.³ So, I ask: Is it time for your congregation or organization to rethink its business plan?

Insights of Dr. William Enright

¹ "Rethinking the Business Model: Responsibilities of Governing Boards." *Trusteeship*. 20.4(2012): p.11ff.

² *Giving USA: The Annual Report on Philanthropy for the year 2011* (2012). Chicago: Giving USA Foundation.

³ Klay, R. & Lunn, J. (2002). "Protestants and the American Economy in the Postcolonial Period." *God and Mammon*. Edited by Mark Noll. New York: Oxford University Press, p.43ff.

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Contact Us

[Bill Enright](#)
Director

[Aimée Laramore](#)
Associate Director

[Karen Stone](#)
Administrative Secretary

Email: lfi@iupui.edu
Phone: 317-278-9855
Address:
550 West North St, Suite 301
Indianapolis, IN 46202-3272

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