



CONGREGATIONAL
STEWARDSHIP
WORKBOOK

Capital Funding



**Congregational Stewardship
Workbook 2000**

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Booklet design, layout and CDROM by Production Express, 810 Villa Gran Way, St. Louis, MO 63026.
Printed in U.S.A.

Capital Funding

Synopsis

First Lutheran Church and School approached a professional consulting firm to request assistance for a major building effort they hope to undertake to provide up-to-date facilities.

They were thinking of doing a major capital campaign to raise funds for their building program—a building program not fully agreed upon by the congregation. (In fact, many in the congregation wonder why leaders were talking about building.) They plan to borrow the rest of the money from a source they haven't yet identified. They think they will need to hire an architect to draw up the plans, but they haven't found one yet. One of the members has a cousin who is a building contractor. They might hire him to proceed with construction so they can dedicate and occupy the facilities as soon as possible.

But for now, they believe they ought to get someone to lead them in an effort to raise as much money as possible to meet their urgent need.

Like so many others, they believe they are ready to go!

This section will not deal with extended or multi-level campaigns with agencies or judicatories. It will focus on congregations and highlight the pre-campaign, campaign and post-campaign steps essential to conducting a successful effort.

How do you know when you are ready to do a capital campaign for building or renovating your facilities?

One of the simplest answers is to use the "Campaign Readiness Tool"



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available through Lutheran Church Extension Fund's (LCEF) Capital Funding Services unit (CFS). There are 15 direct questions to help bring things into focus (cf. Appendix A).

The more objective the responses, the more accurate the test of readiness. However, users can seldom be totally objective.

There is much more in a complete and preferred approach to expand your ministry and/or build a new structure than first meets the eye. That's why help is needed.

Take the example we cited at the beginning. The members of First Lutheran believed they were ready to proceed with a capital fund campaign even though they *had no clearly defined and widely owned mission*, nor any *defined focus* for their work *clarified* through detailed neighborhood *demographic studies* (age, employment, income, spending habits, ethnic makeup, etc. of a defined area; usually a census tract or ZIP code). They thought they could proceed even though they had *no favorable support from a preferred lending organization*. They had *not as yet selected an architect* and so had *not completed their "needs" analysis nor completed a master plan site review*. While a few of the leaders were in favor of moving forward, they had *no clear indicators of the level of support* from the vast majority of the congregation members, whose support would be vital if they were to succeed with the project.

To properly prepare for a major capital campaign, loan process and building effort, a congregation usually needs professional assistance. Selecting the proper consultant or firm to help direct a capital campaign is critical. See Appendix B for interview questions to select a consultant or firm.

The essential steps necessary to complete a successful campaign vary little. Any reputable consultant will follow this basic outline:

Nine Essential Steps

1. Visionary Leadership
2. Facility Plan and Needs Analysis
3. Developing a Fiscal Plan
4. Loan Application Process
5. Hiring an Architect
6. Information/Feasibility Study
7. The Capital Campaign
8. Preparing for Construction
9. Dedication and Use

1. Visionary Leadership

Begin with the pastor's leadership to cast a vision for the congregation's future ministry. That vision-casting is solidified with membership involvement, input and ownership. A facilitated process using current demographics helps members build consensus in discovering God's purpose for them and implementing a measurable strategy to fulfill it. The end result is a focused ministry with everyone



agreed on the major goals and preferred outcomes that the congregation can then prioritize.

A Mission and Ministry Planning Process includes:

Planning Team—For proper preparation and implementation.

Vision—Pastor, leaders and congregation representation.

Demographics—National Demographic Studies (available from LCEF) and Personalized Data in Graphics (available from CFS).

Ministry Plan Workshops include:

Preparation—by planning advocate and administrators

Biblical Foundation—planning from a biblical perspective

Mission Statement—(guiding principles, core values)

Critical Targets—(mission opportunities)

Congregational Goals—(outcomes)

Boards and Committees—strategize purposes, objectives, action plans

Implementation—Champions keep process active!

2. Facility Plan and Needs Analysis

Once a focused ministry/strategic plan is adopted and priorities identified, the congregation should seek help to further define a profile of needs.

A member of the national Standing Committee on Architecture should be invited to the church for an advisory session. Contact this committee through LCEF at 1-800-843-5233. A visit will prove invaluable to the congregation as it probes such concerns as site development and master plan potential.

At this initial stage, the objective is to seek and obtain architectural advice on the options that can be considered.

Such an initial contact could lead to an architectural hire at a later date in order to further define the needs and possible answers for the congregation's consideration.

3. Developing a Fiscal Plan

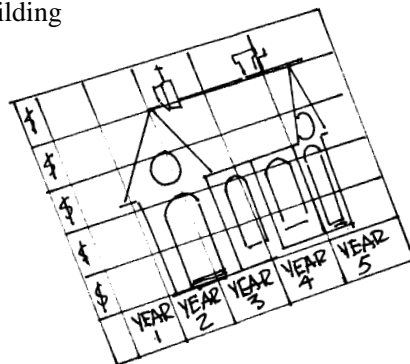
Before an architect can be hired, the congregation properly budgets for initial expenses related to a conceptualization of facilities needed. To fulfill that budgeting process realistically, it is advisable to detail a three- to five-year fiscal plan.

Developing a fiscal plan is more than a construction budget. It should include as income:

- Previously dedicated funds for building
- Capital campaign receipts
- Future operating gifts

As the fiscal plan is developed, the planners need to include in their expense budget:

- Loan payment and debt servicing
- Increased facility expense



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- Additional staffing needs

Most congregations expanding facilities and ministry can anticipate:

- Increased worship attendance
- Increased commitment from members
- Greater operating efficiency

Congregations should assume indebtedness by the following standard:

- \$3,000 per worship attendee.
- Maximum debt service at 30 percent of operating budget.
- Debt no more than three times the budget.

4. Loan Application Process

NOTE: The following assumes LCEF is the source of funding. A similar process takes place if funds are sought through commercial lending institutions.

About this same time, congregation leaders will talk to the LCEF district vice president about a loan application. This logically leads to a number of questions as the process unfolds.

A. How is an LCEF loan approved?

- The loan application is sent to the LCEF vice president in the congregation's district office.
- The LCEF vice president recommends approval based on LCEF guidelines.
- With recommendations of the LCEF vice president, the loan is approved by the district.
- The LCEF vice president notifies the congregation of loan approval. LCEF issues a loan commitment letter and assigns a loan officer from the national office.

B. What are the loan terms?*

- Interest Rate
 - Cost of funds plus 2 percent
 - Rate can be adjusted (annually or monthly—depends on size of loan)
- Amortization up to 25 years
- 1 percent Loan origination fee
 - \$5,000 maximum on permanent loans
 - \$10,000 on construction loans

* (All numbers listed above are subject to change. Check with your LCEF vice president.)

C. What about loan follow-up?

The LCEF vice president and loan officer will work with the congregation throughout the construction process, culminating in dedication and occupancy.

5. Hiring an Architect

Architects should be interviewed and hired at this time. The architect

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The proper approach in a capital campaign is to base your effort on sound biblical and ethical stewardship principles. The Word of God and the

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Gospel witness of fellow Christians move your members to joyfully and willingly give sacrificially to your clearly defined goals.

Foundational Biblical Principles:

- A vision for stewardship—Prov. 29:18
- Giving is voluntary—2 Cor. 8:11-12
- Gospel moves us to sacrifice—Mark 12:43, 14:3-9; John 6:1-15
- Gospel moves us to commitment—2 Cor. 8:3-5; Luke 6:38
- Gospel moves us to witness—Acts 4
- Gospel moves us to involvement—Ex. 35:4-36:7

Members who are moved by the Holy Spirit through the Word of God to seize the opportunity placed before them bring a sacrificial (over and above regular tithes and offerings) gift of love (given over a three-year period) to support their congregation's worthy cause and expand the Kingdom of God.



Specific steps should be followed to complete a successful campaign:

- Preparation—A consultant will need to meet with congregation leaders to identify major donors for the campaign; define the most appropriate plan for the campaign—depending on the church; and nominate and recruit appropriate leaders and workers to move the campaign forward successfully.
- Orientation—The congregation members need to be introduced to the entire campaign process in order to understand how they will be involved. Membership involvement is one of the keys to a successful campaign.
- Training—Every successful campaign has well-trained leaders and workers to carry out tasks with diligence and skill. A good consultant will provide that training and skill development, so all members are enlisted, trained and work together as the Body of Christ in Christ-glorifying action.
- Cultivation—A very critical step in every campaign is to produce excellent information/promotion tools in order to cultivate member ownership and support. This includes video, printed material, open forums, nurture events, prayer chains/walks/vigils and personal visits.
- Reflection—Time for prayerful/biblical reflection on the blessings God has given each household is essential to every campaign process. Members hear the Word of God in Bible study and sermons in order to put everything into proper context and respond from God's gracious providing with generous and sacrificial gifts.
- Commitment—Someone said: "There's a difference between interest and commitment. When you are interested in doing something, you do it only when it's convenient. When you're committed to something, you accept no excuses, only results." People do what they truly intend to do. We pray God's people will take their commitments seriously and seek the Lord's help to fulfill those

commitments over a three-year period of giving. While not everyone can give the same amount (which is not expected), everyone can bring a God-pleasing/glorifying sacrifice to the Lord that will empower the church to move forward in mission.

- **Fulfillment**—A successful campaign is never completed until the giving phase is finished and all the contributions are received. To ensure this will be more likely to happen, a strong follow-up effort is essential. A good consultant will provide the necessary counsel and training to make sure a fulfillment committee does its job. Without follow-up work, a congregation can expect that from 25 percent to 30 percent attrition will occur during the giving phase. The goal should certainly be 100 percent plus on actual receipts vs. commitments.

The right team of consultants can lead you through this entire process providing you with excellent personal, caring, experienced service that will satisfy your needs.

8. Preparing for Construction

With the campaign completed and pledges made, an accurate fiscal updating can be obtained. This is critical to the remaining steps. Once the campaign pledge total is known, actual dollar amounts can be estimated for construction and permanent loans. Then it is time for:

- A. The architect's detailed drawings for construction.

The architect needs to be re-engaged at this point to complete the blueprints and firm up the project's total cost.

- B. City, county and other officials need to be contacted.

Appropriate community officials need to be informed of your organization's plans so that timely building permits can be obtained.

- ### C. Congregation approval to proceed with building.

With the architect's plans in place and all civic requirements satisfied for building, it is necessary to secure the affirmation of the congregation to proceed.

- #### D. Selecting the builder.

Since it is vitally important that the right people build your structure, seek your consulting team's advice when interviewing accomplished, reputable builders.

- E. Final loan closing.

At this point in the process, check with your funding source (such as LCEF) to secure the loan.



9. Dedication and Use

The dedication day marks the climax to the process. Leaders, members, campaign consultants, loan officers, architects and builders are all present to celebrate the event. All of

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them have helped you “*MAKE YOUR VISION A REALITY*”!

Consider the Lutheran Church Extension Fund or Capital Funding Services (CFS) to receive excellent leadership and service in all the steps outlined in this section. Call 1-800-THE LCEF [843-5233] and ask for Capital Funding Services (CFS).

Resources for Further Study

Seymour, Harold J. *Designs For Fund-Raising*. Rockville, Maryland: Fund Raising Institute.

Berendt, Robert J. *How to Rate Your Development Office*. Rockville, Maryland: The Taft Group.

Dove, Kent E. *Conducting a Successful Capital Campaign*. San Francisco, Calif.: Jossey-Bass Publishers.

Kallestad, Walther P. *Turning Financial Obstacles Into Opportunities*. Burnsville, Minn.: Prince of Peace Publishing,

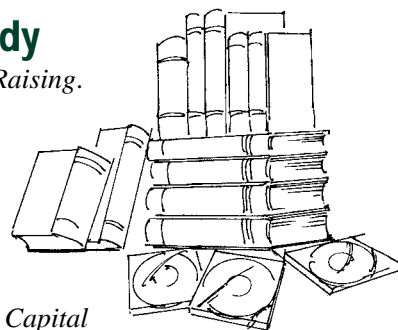
Hale, Ashley. *The Lost Art of Church Fund Raising*. Chicago, Ill.: Precept Press Inc.

Callahan, Kennon L. *Giving and Stewardship in an Effective Church*. New York, N.Y.: Harper Collins Publishers.

Broce, Thomas E. *Fund Raising*. Norman, Okla.: University of Oklahoma Press.

Greenfield, James M. *Fund-raising*. New York, N.Y.: John Wiley & Sons Inc.

Lindahl, Wesley E. *Strategic Planning for Fund Raising*. San Francisco, Calif.: Jossey-Bass Publishers.



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CURRENT CAPITAL FUND CONSULTANTS/FIRMS (in addition to LCEF/CFS)

Note: This information does not constitute endorsement of any listed individual or firm. Changing area codes may render phone numbers obsolete in the future.

Aaron Associates Limited
5N 541 Carriage Way Drive
Bartlett, IL 60103
(708) 837-4396
FAX (708) 837-4326

American City Bureau
1721 Moon Lake Blvd.
Hoffman Estates, IL 60194
(708) 490-5858
FAX (708) 490-5860

Capital Fund Developers
Walter Kayser
11013 W. Royal Road
Stanwood, MI 49346
(616) 972-7329
FAX (616) 972-8709
Michael Fuchs
4205 Shadow Ridge Drive
Colleyville, TX 76034
(817) 427-2723
FAX (817) 427-2724

Cargil Associates
4701 Altamesa Blvd.
(Box 330339)
Fort Worth, TX 76163-0339
(817) 292-9374

Community Counseling Service Inc.
8750 W. Bryn Mawr Suite 510
Chicago, IL 60631
(800) 832-3214
New York # (212) 695-1175

Congregation Resource Service
Dr. Kenneth Carlson
Michigan District—LCMS
3773 Geddes Road
Ann Arbor, MI 48105-3298
(313) 665-2121
(313) 665-3791

Ketchum Inc.
Chatham Center
Pittsburgh, PA 15219
(412) 281-1481

Kirby-Smith Associates
Karl Frick
5 Fawn Drive
Quarryville, PA 17566
(717) 284-3100
(800) 762-3996

Lutheran Laity Movement
Evangelical Lutheran Church of America
8765 W. Higgins Road
Chicago, IL 60631-4181
(312) 380-2700
(800) 638-3522, Ext. 2780

Marts and Lundy
Meadowlands Corp. Center
1200 Wall St., West
Lyndhurst, NJ 07071
(800) 526-9005

Reinke Associates
Harbor Square, Suite 202
180 W. Dayton
Edmonds, WA 98020
(206) 771-7001

Resource Services Inc.
12770 Merit Drive
Dallas, TX 75251
(800) 527-6824

C.W. Shafer and Co.
654 Madison Ave., Room 2009
New York, NY 10021-2009
(212) 753-9125

Ward, Dresham, Rinehard
Box 488
Worthington, OH 43085
(614) 888-5376

Also see the Maryland State web site at <http://www.sos.state.md.us/sos/charity/html/psfrelist.html>

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APPENDIX A**Are You Ready for a Capital Campaign?**

Welcome to the Campaign Readiness Rating System provided by Capital Funding Services (CFS).

As the only official LCMS campaign consulting organization, CFS has helped hundreds of the Synod's congregations raise "over and above gifts" to ...

...construct, renovate and expand facilities

...upgrade programs and equipment

...add staff for mission and ministry

...reduce burdensome debt

In the process we have been privileged to help these LCMS congregations commit more than \$100 million to God's glory.

And we have celebrated with them as they saw their visions become reality, their members more committed and their ministries expanded.

We would like to help you make your vision a reality as well. This tool will help you determine your readiness for a major capital campaign at your church. Please take a few moments to complete it. Afterward, give us a call. We would be happy to talk with you about the results and how we might help you make your vision a reality.

Call us at 1-800-843-5233!

The Rating Rules

[Note: This instrument will produce the most meaningful results when completed by a small group that well represents the various groups (staff, lay leaders, parishioners) in your congregation.]

For each of the 15 questions, assess your congregation's status and write in your rating. Ten is the highest possible score; one the lowest.

Where you believe your congregation deserves a top rating, give the item a 10. Where you feel there is room for improvement, make an assessment of how serious the deficiency is and determine the rating.

- 10 — Best possible rating
- 9 — An excellent level, but not perfect
- 8 — Very good, but requires some attention
- 7 — Good, but needs improvement
- 6 — Satisfactory, but not good enough to do the job
- 5 — Less than satisfactory, needs serious work

4 and below — Unacceptable, needs correction

Are You Ready for a Capital Campaign?

1. How long has the pastor been with the congregation? Grade this "10" if your pastor has been with you for at least 36 months. Deduct a point for every three months less than 36 months.
2. How long has the staff been together in the congregation? Grade this a "10" if the staff has been together for at least 12 months. Deduct a point for every month less than 12 months.

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12. Can the project be financed only by funds raised in the capital campaign, or will you need to borrow additional funds and carry a mortgage? If you have developed a carefully planned budget and have projected that after the project is completed, sufficient income will be available to support both building costs and long-term financing, give yourself a "10." If the project cannot be fully financed, lower your score accordingly. If your campaign includes funds for endowment, increase your rating.
13. Do you know who the next 20 of the total expected givers are—the ones you'll receive another large percentage of the goal from? If you have identified and listed these givers who are most likely to provide large gifts for your program, give yourself a "10."
14. Have you communicated with your top prospects during the last year? If you have maintained a written plan to actively cultivate these sources during the past 12 month, and have made significant contact with each prospect at least twice during the year, give yourself a "10."
15. Are there competing campaigns underway or being planned in the community? There should be no campaigns in your service area being planned for the same time period that will cause a serious conflict. If you do not anticipate a conflict, give yourself a "10."

Campaign Readiness Scoring

Place your subjective rating in the first column. Ten is the highest possible score, one the lowest.

Each item has been given value. The higher the value, the greater the consequence of the criterion for the success of the campaign. Most have been measured carefully for their significance.

Readiness Factor	Your Rating	x	Numerical Value	= Total
1. Pastor	_____		x 2 =	_____
2. Staff	_____		x 1 =	_____
3. Board Support	_____		x 1 =	_____
4. Case Statement	_____		x 5 =	_____
5. Valid Need	_____		x 4 =	_____
6. Leaders/Staff agree	_____		x 3 =	_____
7. Top 11 gifts	_____		x 4 =	_____
8. Lead Team	_____		x 3 =	_____
9. Annual Support	_____		x 3 =	_____
10. Balanced Budget	_____		x 3 =	_____
11. Two Times Income	_____		x 3 =	_____
12. Pro forma Budget	_____		x 3 =	_____
13. Next 20% of Givers	_____		x 3 =	_____
14. Written Plan	_____		x 4 =	_____
15. No Conflicts	_____		x 3 =	_____
			TOTAL=	_____

Are You Ready?

400 to 450 points:

You're ready. What are you waiting for?

350 to 399 points:

A successful campaign is almost a certainty. Take time to correct the few deficiencies you may have.

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249 to 349 points:	You're close. You still have some work to do before you can be assured of success. Begin now to make the necessary changes.	
248 points and under:	You're not ready, not nearly so. You need to spend time improving the critical areas that will determine your ability to reach the goal.	
As you evaluate your score, take into consideration the following points relating to the survey questions:		
1. Pastor	Does he have a good knowledge of: <ul style="list-style-type: none"> - Future vision for the congregation's mission and ministry? - Internal operation? - His own plus volunteer leadership? - Community needs? 	
2. Staff	Do they have a good knowledge of: <ul style="list-style-type: none"> - Congregation members? - Community needs? - Development issues and procedures? - Parish stewardship education and nurture? 	
3. Board Support	Your boards should: <ul style="list-style-type: none"> - Have Great Commission outlook - Demonstrate interest, involvement, commitment - Set a leadership example - Enhance congregation's stature/visibility in the community - Understand and practice Christian stewardship 	
4. Case Statement	It should answer the questions: <ul style="list-style-type: none"> - Where have we been? (History) - Where are we now? (Current activities and strengths) - What stands in our way? (Challenges) - Where do we want to go? (The vision) - How are we going to get there? (The plan) 	
5. Valid Need	Does your project have a: <ul style="list-style-type: none"> - Sense of urgency? - Relevance to the congregation's ministry? - Spiritual benefit for your membership? 	
6. Leaders/Staff Agree	Do your leaders and staff members enhance: <ul style="list-style-type: none"> - Homogeneity? - Degree of participation? - Ownership? 	

FINANCES

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|------------------------|--|
| 7. Top 11 Gifts | <p>Please note:</p> <ul style="list-style-type: none"> - Campaigns are based on major gift development - Second and third level gift will fall in line |
| 8. Lead Team | <p>Do these individuals:</p> <ul style="list-style-type: none"> - Reflect strong support of the “case”? - Exhibit a willing service attitude? - Practice exemplary giving? |
| 9. Annual Support | <p>Annual contributors can:</p> <ul style="list-style-type: none"> - Identify campaign leadership - Help determine campaign financial capability |
| 10. Balances Budget | <p>Does your congregation demonstrate:</p> <ul style="list-style-type: none"> - Financial stability? - Confidence? - Managerial credibility/accountability? |
| 11. Two Times Income | <p>Keep in mind:</p> <ul style="list-style-type: none"> - A realistic potential |
| 12. Pro forma Budget | <p>Does your project include:</p> <ul style="list-style-type: none"> - Gift Planning Counsel - Endowment - Long-term financial accountability |
| 13. Next 20% of Givers | <p>Compiling a list of these givers will:</p> <ul style="list-style-type: none"> - Build network for campaign leadership - Satisfy second phase of campaign objective |
| 14. Written Plan | <p>Active, effective prospect management and cultivation:</p> <ul style="list-style-type: none"> - Enhances chance for immediate leadership recruitment - Maximized chance for larger personal gifts |
| 15. No Conflicts | <ul style="list-style-type: none"> - Leadership is a premium - Major gift support is required |

Whatever your readiness score, CFS is here to help “...make your vision a reality”!

Call us: LCEF Capital Funding Services at 1-800-843-5233!

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6. What appeals like this one have you conducted?

7. What unique qualities would you bring to this appeal?

8. Describe your approach on pacesetting/major gifts:

9. Do you accompany clients on major gift visits?

10. Describe how you would staff the appeal and how you would handle complaints about the performance of your employees:

If we request dismissal of the director/consultant, would you comply?

11. Will you give us references on the person you select as director/consultant? _____

12. In a case where a campaign turned out to be less than successful, what do you consider the contributing factors in its lack of success?

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13. What mistakes do professional firms most often make in serving their clients?

14. What new approaches and/or innovations has your firm instituted in the past two years?

15. What new approaches and innovations are you considering?

16. What difficulties do you perceive for us as we begin this appeal?

17. What do you perceive are our strengths?

Briefly, how would you use them in this appeal?

18. Who would have ultimate responsibility in your firm for our appeal and the relationships between your staff and our workers and leaders?

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19. Describe the follow-up program, including the pledge-redemption system, that you envision for our appeal:

20. Please discuss your fee structure for both the feasibility study and the appeal itself:
