

# Practical Ways for Churches to have More Money

By Steve Law, Financial Leadership, LLC

## Spending Less

### **1. Invest in energy-efficient measures**

- a. Change T-12 lamps to T-8s (in a few years, once the price comes down, to T-5s)
- b. Remove 2x2 fluorescent fixtures and replace them with T-8 2x4 lay-in fixtures
- c. Replace all bulb lamps with energy-efficient lamps and/or fixtures
- d. Reducing the types of lamps reduces the variety of inventory needed
- e. Replace exit signs with LED exit signs which are more efficient and don't use expensive bulbs
- f. Replace older AC units with high SEER rated units
- g. Install high efficient gas boilers; old boilers are 60% efficient (meaning that 40% of the heat goes up the chimney) whereas some new boilers are 98% efficient
- h. Here are ways to make this happen financially:
  - i. Pay for the work from two fiscal years by having the work done at the end of one fiscal year but billed in consecutive months across fiscal years.
  - ii. Pay for the work out of two separate budget lines: the maintenance budget and the utilities budget. Since the utilities expense will be less, it is reasonable for the utilities to absorb some of the initial cost knowing that in subsequent years there will be cost savings.
  - iii. Do both of the above paying out of two fiscal years and two budget lines. That spreads the expense.
  - iv. Continue the above approach until all projects are done.

### **2. Install motion detectors**

- a. Dispensers in bathrooms for paper towels and soap
- b. For flush valves on toilets and urinals
- c. For lights in halls, bathrooms, classrooms, and offices

### **3. Pay bills by ACH and online**

- a. Pay bills without paper by using technology. Paper checks cost about \$1 each between the check stock, ink, envelope, and postage. Every ACH costs less than 30 cents. A few hundred checks a year paid online will save hundreds in time and money.
- b. Paying bills online also means the money remains in the bank account longer which means more interest income.
- c. Paying bills online also means that you can track your payments and be assured that the money actually reached the vendor and didn't "get lost in the mail."

### **4. Consolidate banking into one financial institution, preferably a local bank**

- a. Local banks have cheaper fees than national banks
- b. Consolidating assets is easier for the accounting department to reconcile bank statements and making transactions; it also eliminates transfers between banks

### **5. Use Email, Texting, Voicemail, and Social Media**

- a. Communication with members must evolve beyond letters and postcards
- b. Use email for:

- i. Quarterly gift statements to donors
    - ii. Weekly and/or monthly newsletters and bulletins
  - c. Use voicemail, text, or email for reminder messages about meetings
  - d. Use social media to announce events
  - e. Target your audience and use the appropriate communication method
  - f. To do this effectively, the church needs to have someone who handles all church communications in a comprehensive, coordinated, concise, and coordinated manner
- 6. Pulpit supply**
  - a. Use current staff as guest preachers. As staff members they do not require being paid additional compensation as a guest preacher, and many would love the opportunity to preach.
- 7. Use a rewards credit card**
  - a. Get a credit card which, after accruing points, can be redeemed for various things. This will enable the church to acquire things it needs and wants without spending any money.
- 8. Bid out contracts regularly**
  - a. Every 3 to 5 years put contracts out to bid. This includes EVERYTHING from the food supplier, elevator contract, dumpster, commercial property insurance, copiers, postage meter, financial audit, custodian supplies, etc.
  - b. Some companies are so hungry they'll cut prices to get enough business to keep their employees (so they don't have to lay off anyone). They know they won't make a profit but they will also retain good talent.
  - c. Some companies are willing to do anything just to keep good customers which could mean even revamping a contract halfway through the term.
  - d. In every instance, insist that the savings not affect the quality of service, for instance:
    - i. Copier contract
    - ii. HVAC contract
    - iii. Lawn care
    - iv. Insurance
    - v. Phone
    - vi. Postage meter
- 9. Health, Dental, Life, & Disability Insurance**
  - a. Combine as many as possible into one service provider so that you can use your leverage to get better rates. Some denominations require ordained staff to participate in the national program, but non-ordained staff can get equal yet cheaper insurance on the open market.
  - b. Alternative policies/products are available in the marketplace such as health savings accounts (HSA), dental policies, retirement plans, life insurance, and disability policies (AD&D, short-term, and long-term).
  - c. 2014 will be an interesting year for health insurance. Use 2013 to gain knowledge and prepare for opportunities available in 2014.
- 10. Use Dropbox instead of a server**

- a. If your church is in an area with good internet access, consider eliminating your server for your files (Word, Excel, PowerPoint, Publisher, etc.) and just keeping your very large media files on the local server.
- b. Move all your document files to Dropbox, where individuals can have accounts with 2.5 GB for free and you can buy larger amounts of storage if necessary.
- c. Dropbox files take the place of folders on your local drive – you save your files directly to the Dropbox folder and the sub-folders in it rather than the folders and sub-folders on your C: drive or shared drive.
- d. For files and folders that need to be shared among all staff, Shared Folders can be created and specific users invited to access the folders or removed from accessing the folders.
- e. Dropbox is backed up so this eliminates the need, headache, and expense of planning a backup system or contractor.
- f. In some cases, using Dropbox can eliminate entirely the need for a server which costs several thousand dollars every time it is replaced.

### **Receiving More Revenues**

#### **1. Tell stories of how money is being used**

- a. Use offering time in worship more productively.
- b. Church contributors want to know how their money is being used but many, if not most, people do not have any idea what it is being used for. A financial statement, if available, doesn't tell the whole story. It is the responsibility of church leadership to tell people how their offerings are being used.
- c. Find 52 compelling stories and insert those in the offertory time. If the church doesn't have 52 stories, the church has bigger issues. Work with the worship leader to coordinate where in the worship the offering time will fall so that the offertory and its accompanying story add synergy to the service. Insert stories that relate to the sermon, to the liturgical calendar, to the school year, to seasons of the life of a church, etc. Make the story/offering time a key element of worship, not just a way to kill three minutes.
- d. Give every ministry a chance to be on the platform telling one (and only ONE) story. Tell the story about real people, real events. Give ministries time to announce an upcoming youth event, a mission trip, Vacation Bible School, small groups, Christmas, or Easter activity, etc. This time is a "thank you" time (not an announcement time).
- e. Tell the stories using different methods such as interviews, slide shows, testimonies, songs, handouts, etc. Be creative each time and vary the method the story is told from week to week.
- f. Here are some examples:
  - i. Thank you for your gifts which will enable us to send three kids to summer camp from our inner-city ministry. Your money will let Sam, Sarah, and Julie spend a week in the mountains - they've never seen a mountain! Thank you so much for your gifts.

- ii. I'd like for you to see what our youth did on their summer mission trip to Boston. Because of your gifts, 13 of our kids spent a week that will change their lives for the next 60+ years. Thanks! Roll it. (then comes slide show with cool music)
- iii. In two weeks, we're going to launch several new small groups. We want you to be in one of these groups. If you can't afford the book for the group, the church's offerings will buy you a book - we feel it is that important for you to get in a group that we're not putting up with any excuses. We'll even pay for babysitting so you can be there. And yes, thanks to everyone's contributions who are making this possible.
- g. Make each story compelling and have each presentation heart-touching. Soon, the offering time will be something people look forward to, not dread.

**2. Send out statements of contribution five times a year**

- a. Send out gift statements five times: the first week after each quarter ends plus an extra one the first week of December. A first statement in early December reminds people of how much they've given (or not given) to the church and provides a reminder to make a contribution. It will cost money to snail mail and email out the statements, but the church will get that cost plus lots more in return.
- b. Also, mailing offering envelopes once a quarter is good. Handing out or mailing offering envelopes just once a year means most people are aware of giving just once a year. Mailing envelopes means people get quarterly reminders and if they lose the envelopes, they'll get another pack in a few weeks.
- c. Five gift statements plus 4 mailings of offering envelopes = 9 times a year that members are being reminded to give.

**3. Have special offerings for specific issues**

- a. Have special offerings that don't affect your budget offering gifts.
- b. Announce that "On Sunday, May 16, there will be a special offering to help our Vacation Bible School. While there is money in the budget for VBS, we need additional monies to pay for additional supplies and events that are planned. The first \$16,000 given will go to the regular budget but all monies given over \$16,000 will go for VBS. Thank you for your generosity for our little ones."
- c. The \$16,000 figure needs to be whatever the treasurer feels is a regular Sunday offering - the amount that would normally come in that Sunday for basic operations.
- d. Promote that special offering for several Sundays before the date using the offering time to show slides of last year's event, interviewing kids about their experience last year, etc.
- e. Any money received over the threshold helps lower the budget cost of VBS. Any special offering funds not used for VBS can carry over to the next year.
- f. A church can only do two or at most three special offerings a year before hitting donor fatigue. Alternate what is done each year so there is variety and so these offerings don't get old.

**4. List of Capital Investment Needs - items that the budget cannot afford**

- a. Make a list of capital items the church needs. This list should encompass all ministry areas and range from small amounts to very large amounts. Update the list every year, make the list dynamic, and make sure every item on the list supports the vision of the church.
- b. Publish the list and make it available to everyone. It will help members know that the leadership wants to invest in the facilities everyone uses. There is a chance someone will write a check for an item that appeals to them.
- c. Another source of capital is to use any funds leftover at the end of a fiscal year. Sometimes churches have more receipts and expenses. Use those funds for capital investment needs and let the church know how the money was used and how good the building is looking now.
- d. Some items are so expensive and/or extensive that funding must be done over several years. Just continue to fund the project and not quit halfway.
  - i. Put “eyes” on your list:
    - 1. itemize - make a list
    - 2. categorize - group them
    - 3. analyze - decide why this is a need
    - 4. monetize guesstimate the cost
    - 5. prioritize - rank it on the list
    - 6. publicize - tell people
    - 7. review-ize - update the list each year, and
    - 8. thank you-ize - tell people when things are completed.

**5. Develop a relationship with high-net-worth individuals**

- a. Every church has wealthy individuals. High-net-worth individuals talk about money without any reservation, but non-wealthy are uncomfortable talking about money. Pastors need to “get over it.”
- b. Every pastor should have a list of the top 10-20 donors to the church. Once or twice a year the pastor should have coffee or a meal with high capacity donors. They are accustomed to being solicited but pastors need to be pastors at the meeting asking about the individual and family. Pastors should NOT ask for money, just be a friend and pastor. That is a welcome change for the person.
- c. After a few meetings, the person will open up more and the pastor will get to know these potential large donors better. At some point, the donor will ask the pastor about giving opportunities to the church – all because the donor and pastor got to know each other as individuals, not as donor and done.
- d. When a church or pastor does not give high-capacity donors the chance to be generous, they are “robbing the rich” of the opportunity to share with others what God has blessed them with. Give the wealthy occasions to bless others.

**6. Updating Your Image**

- a. Within a few seconds after walking through the church’s door, all guests know if this is the kind of environment where they feel comfortable. Lobby furniture tells guests the kind of audience the church wants to attract and keep.

- b. If the furniture in the parlor is older than the church itself, it was probably donated by a well-meaning member. However, it tells everyone in that room the age bracket which the church wants to have: 70-somethings and older.
  - c. If you want the church to attract 20- and 30-somethings, then create an environment in which they feel comfortable and welcome.
  - d. Think about the restaurants you go to – what is the ambiance they create and thus what is the age of the clientele they are attracting?
- 7. Financial Peace University and/or Crown Ministries**
- a. Make FPU/CM part of the education program of the church and encourage people to go through the classes. FPU/CM will help people get their financial house in order so that they have more financial leverage in their lives and thus more disposable income to be generous with.
  - b. Hand out copies of *The Treasure Principle* by Randy Alcorn and/or *Fields of Gold* by Andy Stanley. Ask classes to read the books together and talk about them AND act on the principles listed in each book.
- 8. Make Generosity part of your DNA**
- a. Talk about generosity in small groups, Sunday mornings, Wednesday nights, etc. Make that word part of your culture AND your expectations of your members.
- 9. Endowment**
- a. Ramp up the planned giving program of the church. Be more intentional about working with potential donors and finding out what church activities really interest them and which they'd support.
  - b. Find causes/purposes in the church budget which the endowment can support financially each year from its corpus.
- 10. Online Giving**
- a. Initiate online giving. One of my clients, after several years, is seeing about 18% of the church's receipts come in online.
  - b. There are fees and commissions related to online gifts, but these need to be weighed against the steady stream of revenues.
  - c. I have done comparative studies and can refer you to the company which has the lowest fees and is best for churches to work with.