



8 COSTLY CHURCH BUDGET MISTAKES

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CHURCH BUDGET MISTAKE #1: THE BUDGET DOESN'T REFLECT THE CHURCH'S VISION

Just as our personal bank statements reveal a lot about our own priorities, a church or organization's budget truly speaks to its overall mission.

Does your budget reflect your mission and vision? For example, if your vision is to reach your surrounding community, but your budget for community outreach events is low or nonexistent, are you truly equipping your staff to live out your vision? It's easy to state a church's mission, but the church's budget will ultimately tell you what the church's priorities really are.

Take some time to re-evaluate your church's vision and how you are resourcing it. Perhaps that means allocating additional resources to your community outreach, creative arts, or children's ministry line items.

Ask your team: Does our budget need to be adjusted in order to truly live out what we say is our mission?

CHURCH BUDGET MISTAKE #2: THE BUDGET IS TOO HEAVY IN STAFFING EXPENSES

Our team wrote an article called, "Is Your Church Lean?" that details the budget-related struggles churches can encounter with extra staff labor. Being too heavy in labor expenses is problematic because it can lead to unnecessary budget constraints in the future.

(<http://vanderbloemen.com/insights/church-staffing-check-up-is-your-church-lean>)

While every church is unique, a good benchmark you can use is that your staffing expenses should fall between 40-50% of the entire budget. If your staffing budget exceeds that percentage, we suggest engaging an organizing to conduct a compensation analysis for your church staff to determine where you might be over (or under) budgeting.

One reason some churches are heavy in staffing expenses is that they are not utilizing their volunteer ministry as well as they could and end up paying for it in extra labor costs. Volunteering is very often a “win-win” opportunity for churches, being a fantastic work resource for the church and a great opportunity for the congregation to get involved and serve the Kingdom.

Evaluate where your church can afford to hire outside help and where it may be possible to seek the help of volunteers in the church, because this could make a very large difference in the overall budget.

Ask your team: Are we being good stewards of our staffing budget, and how can we better recruit volunteers to help serve our mission?

CHURCH BUDGET MISTAKE #3: THE BUDGET IS TOO LIGHT IN STAFFING EXPENSES

On the flip side of having too many people on your church staff’s payroll, it’s also possible to not have enough staff to meet your church’s needs. If your payroll is less than 40-50% of your overall budget, you might be understaffed.

While it’s always a good idea to have a lean staff of high-capacity team members, be careful of hiring too slowly. If you’re understaffed, your team may feel overworked and have higher chances of experiencing burnout. We often see this in churches that are growing rapidly or are transitioning from the church plant stage to its next growth stage.

What should your next hire be based on your church growth? Contact us. We’d be happy to help.

Ask your team: Is our staff exhibiting any symptoms of being understaffing and overworked? Do we have a plan in place for our next strategic hires?

CHURCH BUDGET MISTAKE #4: THE BUDGET ISN'T FLEXIBLE

Have you looked at the ebb and flow of both the giving and the spending throughout the year? Cash flow can be a major issue for churches and organizations. Being open to flexibility in the church's budget can prepare you for both seasons of larger and leaner giving. For example, if you notice that your giving seems to slump in the summer months, have you planned ahead to cover your expenses during that time?

Communicate to your staff (and church) that the budget is a spending *guideline*, provided that the funds are there. This means that it may have to be adjusted and is not set in stone. This will help avoid any future confusion in the church regarding availability of funds throughout the year. This also gives your leadership team the freedom to reallocate spending throughout the year if a new outreach opportunity comes up that your team wants to pursue.

Ask your team: Have we assessed the ebb and flow of giving in our church, and does our budget need to be adjusted accordingly?

CHURCH BUDGET MISTAKE #5: THERE IS NO DIVISION OF RESPONSIBILITIES

On your church leadership team, it's important to separate the decision makers from the financial task managers. Both are vital to have on an effective team, but there should be clear distinction between the two.

Seen much too often is the church treasurer who also makes all the decisions regarding the church's spending budget. Regardless of the moral integrity of your team, there needs to be a system of check and balances in place to ensure that there is never too much power in any one person's hands.

An individual handling the accounting of a church budget should not also be making the decisions with how it is spent. Conversely, the person designated to handle the spending should not be in charge of the accounting side. Keeping a well-balanced team will facilitate trust, responsibility, and effectiveness on your church staff.

Ask your team: Does everyone on our staff or leadership team clearly understand the vital and distinct roles they play in the decision-making and financial-stewarding?

CHURCH BUDGET MISTAKE #6: THERE IS NO ROOM FOR SPONTANEITY

If possible, set up a “discretionary” fund for any unforeseen opportunities that your church may encounter. This will substantially improve your church’s morale both on staff and in the pew. Working in ministry, most leaders understand that opportunities for spending can sometimes present themselves unexpectedly, and it’s on the church’s leadership team to decide whether they act on it or not. Having a certain amount “put away” for such occasions can give the church an opportunity to grow together as they participate.

Having a budget that is too tight leaves no room for creativity. When a church staff brainstorms and presents ideas, but only hears in response that you can’t afford to do something, it squelches creativity and blue sky thinking. The best church staffs have agility as a core value, meaning that within reason and when needed, they are able to pivot and go in a different direction than may have originally been planned.

Ask your team: Do we have any contingency budget set aside for emergencies, flexibility, or new opportunities?

CHURCH BUDGET MISTAKE #7: THEY DON’T SEEK OUTSIDE, OBJECTIVE COUNSEL

A significant mistake churches can make is leaving it up to their own staff to handle all of the financial matters. Something we suggest is hiring an outside Certified Public Accounting (CPA) firm to go over the church financials every year. This can build trust between the church and the leadership team, and it also can result in better practices and more accurate budgeting for the upcoming year.

We also recommend that every 2-3 years, you conduct a compensation analysis for your leadership team. Vanderbloemen conducts customized compensation analyses for their clients to help ensure they are paying their staff properly and that their staffing budget is healthy for their church size and geography. Email info@vanderbloemen.com for more information on what a customized compensation analysis would look like for your staff.

Ask your team: Do we regularly have an objective eye assess our budget and financial practices to ensure the best stewardship of our resources?

CHURCH BUDGET MISTAKE #8: THEY DENY RESPONSIBILITIES TO DEPARTMENTS

One of the biggest mistakes church leaders can make is failing to financially recognize all departments on staff, no matter how small. You can avoid this by providing the leaders of each of your ministries with some sort of budget, even if it's small. Set up short, monthly budget meetings to discuss their specific responsibilities and how their department is handling them. This will further the development of skills and ministry leaders, which will serve you as the ministries grow. You might just be amazed at the innovation your team will exhibit when given the responsibility of a budget, even if it is a very conservative budget.

Ask your team: Are we equipping our ministry leaders with control over their own ministry's budget and meeting with them regularly to check in on the development and growth of that ministry?

It is more important than ever to budget for the development of your church. With so much readily accessible information available today, it is important that your church is equipped with best practices to avoid making these common budget mistake

Vanderbloemen Search Group is a retained executive search firm that helps churches and faith-based organizations find great staff. If you are interested in conducting a compensation analysis for your church, consulting about your staffing or church development, or hiring us to find your next team member, contact us at info@vanderbloemen.com.

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