



Ambassadors
of
Reconciliation™

Policy-Based Board Governance in Lutheran Congregations

*A Discussion of Strengths and Weaknesses
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General Description

Many congregations have adopted a governance system that utilizes one main board (usually a board of directors or church council, hereinafter referred to as “board of directors” or “board”) and eliminates other elected boards. Board members are most often elected by the congregation in an annual meeting, and business affairs of the congregation are governed by the board and delegated to the staff through its chief officer, the senior pastor. The board’s direct supervision of staff is limited to the senior pastor, who supervises all other staff and is accountable for all staff-related work. Under this system, the board adopts policies to govern the organization and monitors staff reports, and the staff, led by the senior pastor, implements the policies and makes the vast majority of all business and ministry-related decisions.

Personally, I have supported the use of policy-based governance in several organizations. In addition to my degree in management, I have served in management or governing roles for more than forty different organizations, including for-profit corporations and partnerships, governmental agencies, non-profit non-religious organizations, and various levels of church or synodical organizations. I have also taught the basics of policy-based governance for use in scores of non-profit corporations and have written policy manuals for several organizations. Ambassadors of Reconciliation is itself a non-profit, religious-based corporation organized around policy-based governance.

Accordingly, I have seen many benefits of policy-based governance, and I have witnessed and experienced the limitations of such systems. Over the past fifteen years, I have provided reconciliation assistance for a number of churches in conflict where their organizational structures contributed to their disputes—including both traditional and board governance structures. Together with my colleagues at Ambassadors of Reconciliation, we have recognized both strengths and weaknesses of utilizing policy-based governance in Lutheran churches.

This discussion paper summarizes our observations and recommendations for congregations employing policy-based governance.

Strengths of Board Governance in Congregations

The board governance model can provide several benefits for a congregation, especially those with several staff members. Multiple boards, which often end up meeting primarily because the bylaws require it, are eliminated, freeing individuals for service on projects or by appointment as

necessary. Staff members experience freedom to manage their own ministry areas rather than waiting for boards to meet and make decisions. The senior pastor can depend more on delegating responsibilities to employed staff rather than board volunteers, who are difficult to hold accountable. Regular voters meetings, which frequently are poorly attended compared to the membership of the church, are eliminated in favor of well-attended annual or biannual congregational meetings where reports are received and board members are elected. Instead of voters meetings “rubberstamping” proposals made by boards and staff, the board of directors and staff are given authority and made responsible for designing and implementing mission plans. Such a system also minimizes the temptation by attendees of voters meetings to micromanage areas better delegated to the board or staff.

Results of Strengths

One of the greatest results of policy-based governance is the reduction of micromanagement in congregational meetings. In one of the first voters meetings I attended as a young man, I was amazed that more than 45 minutes were spent discussing and then deciding who was responsible for cleaning out a closet in the church. Although I was young and inexperienced in church leadership, I felt that was a total waste of time for the voters and for me. I wondered why some board or staff member wasn't delegated that responsibility. My next remembrance of inefficiencies was the cumbersome task of voting to approve payment of bills one at a time. Even as a youth, I thought that this was an awkward way to manage a church's business.

Eventually our congregation followed many others in Lutheran circles and adopted a governance system organized around several administrative boards and coordinated by a parish planning council. I was involved in helping write the new bylaws and standard operating procedures of our congregation, based on training our lay leaders received. One of the benefits of this system was to reduce micromanagement by the voters assembly by delegating certain responsibilities to various boards and staff members. The bylaws and operating procedures articulated authority and responsibilities for each board and senior staff member (some of whom were volunteer) so that many decisions once made in voters meetings could be made by smaller groups of people.

Over time, however, it became increasingly difficult to find enough people to fill all the boards' various positions. After each election where there was intentional turnover, new board members needed to be trained on how to manage their responsibilities, but eventually this required training was also neglected. New people with little training were elected to boards. Well meaning boards met whenever the bylaws required, whether they had work to do or not. They created ideas to present to the planning council (which had no decision-making authority) and then the voters assembly for approval. While not quite as detailed as in my early experiences, the voters assembly once again began discussing and either approving or changing proposals made by boards, often micromanaging areas better suited for staff or individual board decisions.

In my work with congregations, I have become aware of many churches with multiple administrative boards and regular voters meetings who experienced similar situations. Voters meetings often “rubberstamped” ideas proposed by boards and councils, after much discussion and revisions by the large assembly. Often, a small group of active members attended many

meetings (monthly board meetings, council meetings, voters meetings, etc.) in addition to worship, Bible study, and other obligations. Because many of the church meetings often dealt with issues that should have been delegated rather than discussed in detail, attendance suffered in all meetings. Boards found it difficult to get sufficient members to attend, and voters meetings often represented only a fraction of the congregation. People felt that much of the meeting was a waste of time. Accordingly, it also became increasingly difficult to find enough bodies to fill positions.

Policy-based board governance attempts to address many of the concerns of these former systems. Rather than finding enough people to fill eight or ten large boards, the congregation elects only corporate officers and members for one board of directors. The board often organizes itself by delegating some of the previous boards' responsibilities to certain members or to church staff, who are authorized to make and implement decisions limited by policies and approved budgets. Thus, staff and individuals charged with responsibilities for designing and implementing ministry plans are no longer subject to waiting for a few months to get final approval from a small voters assembly that is tempted to micromanage.

The ability to implement plans more quickly is necessary in today's world. Fast changes in the environment give rise to great opportunities, but those opportunities quickly fade away if a church cannot act promptly. A policy-based governance board delegates decision-making to the lowest level necessary, meeting quick response needs.

In addition, the elimination of unnecessary bylaw-required meetings actually provides active members with more volunteer time to dedicate to special projects planned and led by well-organized leaders. Gone are the days where many board chairpersons start their reports with unimportant information, such as, "Well, our board met on last Wednesday, and these people were present, and..." or "We didn't have enough people to meet this month, so..."

The congregation identifies key lay leaders and gives them more authority to act as a church board than previous planning councils were given. Usually, those who are elected have some leadership abilities and are familiar with legal and financial affairs. Such leaders often draw upon management experience for delegating work to staff.

Under older systems, church staff often were accountable to more than one board, leading to conflicts over roles and authority. Under policy-based governance, the board delegates to one staff person, the senior pastor, who delegates his work to the rest of the staff. (In smaller churches, staff work is often done by volunteers, who are still accountable to the pastor and not one of several boards.)

When church members have suggestions or complaints, they have much less confusion about whom to talk to since there is only one governing board. They don't have to sift through a long list of boards trying to decipher who is most responsible. And the board members themselves have less misunderstanding in knowing whether or not they are the right party to address the concern.

Board members are elected by the congregation at an annual meeting. With annual meetings,

attendance is usually better since people are not attending so many meaningless meetings. Reports are received, a budget may be approved, and the election of officers and board members occurs. There is little time for micromanagement, and the decisions made are more important than the long list of decisions made by past voters assemblies. Church business typically is more effective and administered more efficiently in policy-based governance systems.

Weaknesses of Board Governance in Congregations

However, the use of such a governance model in the church often fails to separate the spiritual management from the financial and social ministry responsibilities. Because the board of directors is the only elected board of the congregation, the elected board of elders, which traditionally is responsible for spiritual leadership, is usually eliminated. (In some cases, a board of elders is appointed by the pastor to serve as advisors to the pastor. Nevertheless, their authority is essentially eliminated and the elders often become yes-men for the pastor. The lay leadership roles for overseeing spiritual matters in the church are lost.)

Because financial, business, and sometimes legal issues require so much attention, governance of spiritual matters is rarely attended to. In some situations, the board of directors has no authority or responsibility for spiritual leadership, delegating all of that responsibility to the senior pastor. Additionally, boards of directors fail to provide spiritual support and guidance to the senior pastor, and no other lay leadership is elected by the congregation for such purposes.

Another concern raised by members is that less people are involved in lay leadership. A small group of lay people (compared to the membership) carries the authority and responsibility for governing the entire organization. Staff members often make decisions concerning issues in which the laity used to be more involved. People who were once able to serve on a board find themselves not needed. In addition, many members express frustration that there is limited ability for them to provide input for ministry and business decisions.

Results of Weaknesses

Under board governance, the senior pastor is accountable to the board of directors for all church business and ministry. The senior pastor continues to be responsible for all teaching and preaching in the congregation as well as the administration of the sacraments and spiritual care ministries, but he is also accountable for all of the financial forecasting and reporting, social ministry functions, management of all property, human resource management, risk management, legal issues, and more. In effect, the senior pastor becomes the Chief Executive Officer (CEO) of the corporation, responsible to the board of directors for the results of the work of the congregation. While the senior pastor delegates much of the responsibility to his staff, many of whom he directly employs, the senior pastor is ultimately accountable to the congregation, through its board, for all church activity.

However, most pastors are not trained for CEO management skills, including financial prowess, human resource management (such as the recruitment, selection, and employment of staff, as

well as working knowledge of human resource laws and processes), business contract law education and experience, property management background, and more. In contrast, pastors are specifically trained *and called* to preach sermons, administer sacraments, teach Bible studies, counsel people biblically, provide spiritual care for people with various life needs, and other ministry relating to Word and Sacrament.

When boards of directors and pastors find themselves in roles designed for corporations, policy-based governance can provide multiple benefits and efficiencies compared to more traditional models. Nevertheless, a church with such a system can experience several weaknesses. If the board and senior pastor place their primary focus on end results, measurable numbers may overshadow the spiritual life of the staff and members. In addition, lay leadership often neglects the spiritual care of their senior pastor and other staff.

A corporate mentality in church governance may contribute to less than godly values in caring for the spiritually weak or for those who express strong disagreement. For example, in some churches with such leadership models where Ambassadors of Reconciliation has worked, we heard from members and leadership a philosophy adopted from the business world regarding employees and customers who don't agree with management's direction: "If you don't like the direction the bus is going, then get off the bus." This paradigm was applied throughout the church to staff and to members who expressed disagreement with the senior pastor or his leadership team, and people were encouraged to leave the church or were neglected if they simply stopped attending.

It is easy to understand how finances, worship attendance, youth activities, and other measurable means of outward growth take priority over caring for small numbers of people who leave the church for unknown (or known) reasons. Lay and pastoral leaders can quickly agree with the philosophy that in order to accomplish aggressive goals such as church building programs or numerical growth, it is inevitable that several people will end up leaving. ("If they don't like it, they can just leave.") It is viewed as a cost of doing business, an acceptable loss. As long as the losses are less than the gains, the leadership, including the pastor, does not concern itself with people leaving.

This attitude contrasts sharply with what Scripture teaches about those who leave the flock. In Ezekiel 34:7-10, God judges the shepherds of Israel for not searching for those who have strayed. In Matthew 18 and Luke 15, Jesus teaches through parables the importance of proactively seeking souls who have wandered away. Even one person who leaves is important: "Does he not leave the ninety-nine in the open country and go after the lost sheep until he finds it?" (Luke 15:4). Nowhere in Scripture is the philosophy encouraged, "If you don't like the direction the bus is going, then get off the bus," as it relates to organizational leadership decisions in Christ's church.

Watching numbers and setting measurable goals is not unimportant in church leadership. Monitoring numerical results is necessary for good stewardship in the church because we need to be accountable for our work. Church membership, worship attendance, Sunday School and Bible class attendance records, giving trends of individuals and groups, and other measuring tools can together provide indications of the results of our investments of time, talent, and money and can

help us identify *symptoms* of growth or concern. Financial viability requires accountability. These measuring tools have been used for many years as an aid to health management in our churches.

But numbers alone do not tell the whole story. First, while our actions as leaders affect the health of our congregations, we must be careful to not claim total responsibility for numerical growth or decline, since the true church is invisible and since conversion is the work of the Holy Spirit. Second, we must concern ourselves with spiritual growth of existing church members (making and teaching disciples) in addition to those outside our congregation. Well-meaning Christian leaders can make numbers so important in their monitoring that they can lose sight of the total spiritual health of a congregation. While the senior pastor and board of directors rightly should be concerned about monitoring numbers, the leadership must also interpret their numerical reporting with other evidence of spiritual health. A weakness in the policy-based governance model reveals itself in boards and pastors who depend too much on reporting numbers and taking credit for numerical successes, especially in cases where the final count is more important than a small number of souls who have left the church or when growth in spiritual maturity is neglected.

In the corporate world, if the CEO or the organization as a whole does not meet the board's expectations, the board terminates the CEO and employs a new one. In the church, however, the senior pastor is not an employee who can be terminated for just any reason, and he cannot be terminated by the board. He is a called worker, who only can be released from his call by the congregation for limited reasons.

Thus, a governing church board is faced with a challenging dilemma when their church is not realizing expected goals or the senior pastor not meeting expectations. Can they fire the senior pastor for poor performance? Should they recommend to the congregation that his call be rescinded? Or should they quietly undermine his ministry until he feels forced to leave? These are some of the actual issues that arose in discussions between representatives from Ambassadors of Reconciliation and board members of conflicted churches with policy-based governance.

Another effect that we at Ambassadors of Reconciliation have observed is a lack of spiritual guidance and support from lay leadership for the senior pastor. While not every traditional board of elders fulfills this function properly, most elder boards are given the authority and responsibility to provide spiritual care for their pastors and their families, as well as other called workers. Because the elders' roles are focused on spiritual matters, they can spend more time studying God's Word together, praying together, and providing spiritual care to the congregation's called workers and their families.

Boards of directors may have a brief mention of this responsibility in their bylaws, but the reality of managing all the business of the church squeezes out the time available for board spiritual development and spiritual care. Our experience in working with multiple congregations is that boards of directors simply do not understand and prioritize the importance of providing spiritual care for their workers. Accordingly, they do nothing to meet this need. When the senior pastor does not receive spiritual care from lay leaders, and when he is not held accountable for his own

spiritual life, he walks dangerously alone and is more open to temptations of seeking control, misusing power, and losing focus on what is most important as a pastor and even as a child of God.

We have witnessed how CEO-type pastors became consumed with expanding church properties and programs, with major focuses on the financial health of the organizations. Their aggressive goals may lead them to become controlling authoritarians, running the church as a corporation built to succeed for its shareholders. In one case, the pastor indicated to his assistant pastor that his success at that church depended on his building of a new sanctuary, and nothing would stop him from accomplishing his goal. He viewed the congregational president as an impediment to *his* ministry (rather than serving God and God's people) and avoided being accountable to the president and board of directors.

In another congregation, the pastor was viewed by staff and lay leadership as a controlling dictator who pressed the church into buying his new building program and supporting it. In a different case, the senior pastor determined whom the congregation could call and which called workers should be terminated. The board and the congregation were manipulated into being rubber-stamps for the pastor's hiring and firing of church workers, ignoring the church body's doctrine and practice of the call. In all three cases, the boards of directors found themselves in difficult situations, unable to terminate the pastor or hold him accountable. Further, they had insufficient authority or knowledge to provide the spiritual care their senior pastors needed.

Scriptural Guidance

The Bible does not prescribe the specifics of what church governance should look like. Congregations may choose different forms of governance to achieve their purposes. However, we can learn from the Apostles about prioritizing and separating responsibilities as a church grows and its needs for good management increases. The early church fathers made specific choices to separate Word and Sacrament ministry from social and material ministry.

In Acts 6, Luke records that the number of disciples was increasing and conflict arose between differing groups on how widows were being cared for in the daily distribution of food. "So the Twelve gathered all the disciples together and said, 'It would not be right for us to neglect the ministry of the word of God in order to wait on tables. Brothers, choose seven men from among you who are known to be full of the Spirit and wisdom. We will turn this responsibility over to them and will give our attention to prayer and the ministry of the word.' This proposal pleased the whole group" (v. 2-5, NIV). The text identifies those chosen. What happened next is reported in verse 7: "So the word of God spread. The number of disciples in Jerusalem increased rapidly, and a large number of priests became obedient to the faith."

Certainly the church operates somewhat differently today than in the first century. Our congregations are not organized to live in communes or share all the assets of their members equally with each other. Yet, can we learn from how the Apostles prioritized their ministries? Can we apply those principles to our church systems today?

Note that all ministries of the church are deemed important and that different members are given different gifts in order to serve the body (see 1 Corinthians 12). As churches grow and separation of duties is necessary, the church needs to take appropriate actions to govern its work more effectively. Godly Christians qualified for differing positions need to be appointed according to their abilities and vocations. It was important to the early church that in the distribution of food (a social ministry), men who were not called as apostles be chosen for this position. Each one was “known to be full of the Spirit and wisdom.” The primary qualification for those carrying out the social ministry aspect of the work of the church was still spiritual maturity (v. 3). And yet, the Apostles limited their own responsibility to the “ministry of the word of God” so that their main purpose would not be neglected. They desired to focus their attention to “prayer and the ministry of the word.”

Recommendations for Today’s Congregation

Governance by policy provides some great advantages over some of the traditional models of the past, especially in larger churches. However, Christian congregations should strive to distinguish the differing roles of leaders to help provide the best qualified management for each major area of ministry. An organizational model that works well for secular and other non-profit corporations may be helpful, but it should be adopted in such a way to maintain our priorities in Word and Sacrament ministry.

For congregations organized around policy-based governance, Ambassadors of Reconciliation has recommended two major structural changes. We have suggested that the congregation establish a congregation-elected board of elders to provide lay leadership in the spiritual care of the pastors and their families as well as the general spiritual care of the membership. We also have recommended that the senior pastor devote his primary energies to the spiritual leadership issues of the congregation, with administration of financial, property, and legal issues governed by the board of directors and administered by another qualified staff person.

The responsibilities for the board of directors should be adjusted, moving issues of spiritual care to the board of elders. The board of elders’ responsibilities include those areas traditionally assigned to them, including spiritual oversight of what is taught and preached in the congregation, and providing for the spiritual care of the called workers and their families and the members of the congregation. Accordingly, the senior pastor should be accountable to the congregation through the board of elders. He should also provide regular reports to the board of directors, but the board’s concerns about the senior pastor’s work should be communicated to the board of elders.

We have suggested that the elders should be reelected every so often but not have term limits, since leaders with strong spiritual maturity may develop respect and relationships with members over time that would suffer with frequent turnover in this position. The board of elders should devote much of its meeting times in Bible study and prayer for congregational members, make shepherding calls on members under the supervision of the senior pastor, and provide group and individual spiritual care for the pastors and their families.

The senior pastor's responsibilities should be adjusted to remove duties for general administration of legal and financial affairs and other responsibilities not directly tied to the ministry of the Word. His responsibilities should focus on preaching, teaching, administration of the sacraments, vision-casting for spiritual care and mission work, and providing shepherding-type care ministries to members and non-members. For example, the oversight of other staff members responsible for spiritual care or education, hospital visits, counseling ministry, preparing budgets for his direct ministry responsibilities and other similar areas should remain his responsibility.

However, other areas involving social ministries, financial management (accounting, financial reports, total budget areas, financial controls, audits and government reports), human resource management, legal affairs, and maintenance and protection of all assets of the church (financial, real estate, personal property, risk management, etc.) should be administered by someone else who is trained and experienced in administration. We recommend that the church appoint or employ a church administrator who is held accountable for such functions by the board of directors.

The church administrator and the senior pastor must work closely together, and we believe that the senior pastor should have direct input into the hiring of the church administrator. To help meet these objectives, we suggest that the senior pastor be a member (voting or non-voting) of the board of directors, and that the senior pastor must be given opportunity to concur with any candidate for church administrator. With this provision, the senior pastor can effectively veto any candidate with whom he does not concur (based primarily on the spiritual qualifications of the candidate). The church administrator must work together with the senior pastor, but he is accountable to the board of directors. Since the administrator is not called but employed, he can be terminated at any time by the board of directors.

If the congregation operates a Christian school, a third board should be elected. The school board would be organized in similar fashion to the board of directors, with responsibilities for the general governance of the school. Overlapping responsibilities between the board of directors and school board must be decided upon, so that one board has final authority and responsibility (e.g., the maintenance and protection of school buildings and equipment). The school board would govern by policy and not make decisions that are better delegated to the principal. For example, the board may develop policy on what should be included or not included in curricula, but the principal makes the final decisions on what specific curricula will be implemented.

Can Such Recommendations Work in a Large Church?

Some have questioned whether dividing the governance of the church into social/material administration and spiritual administration can actually work. The concern raised is that in the traditional management model, one employee should be responsible for all the work of the organization.

The Lutheran Church–Missouri Synod (LCMS) is a large multi-billion dollar corporation with some 50 sub-corporations, and yet it is designed similarly to the model suggested in this

discussion paper.

The President of the LCMS is elected by synod in convention every three years. His election is considered a call, and he is responsible in general for the ecclesiastical supervision of all called workers in synod. While he provides significant leadership roles in the synod, he must be a pastor in order to serve, and much of his work is centered on theological (spiritual) leadership.

The LCMS Board of Directors is primarily responsible for the legal and financial affairs of the synod, and the board has no authority in theological (spiritual) leadership. The President is a voting member of the Board of Directors. The Board hires and supervises the Chief Administrative Officer (CAO), who implements the budget and other decisions made by the board through the synod's various agencies, boards, and employees. In addition to providing input as a voting board member, the President must concur with the appointment of the CAO.

The Board of Directors does not have supervisory authority over the President and cannot appoint or remove him. That responsibility belongs to the synod in convention.

The President does not have supervisory authority over the Board and cannot appoint or remove members of the board. That responsibility belongs to the synod in convention.

While the synod does not have a board similar to elders, the Board of Directors has no responsibilities for synod's theological issues. However, the synod does have a Commission on Theology and Church Relations that operates on behalf of the President and synod in articulating what the synod teaches theologically and assisting the president on other theological matters.

The LCMS system of governance does not work perfectly, but it has served the synod well for decades. It maintains balance between clergy and lay, and it requires continual partnership among the various people and entities in leadership. The system separates spiritual matters from legal and financial (including social ministries). If such a system with checks and balances can work for an organization as large as the synod, it certainly can work for large congregations.

Summary

Since congregations are comprised of people who are all saints and sinners at the same time, no church governance system will be without conflict. Nevertheless, we ought to strive to govern our affairs in such ways as to serve our Lord's purposes in the best way possible, especially through careful focus on Word and Sacrament ministry.

At Ambassadors of Reconciliation, we support the general concept of reducing the total number of lay leadership boards in favor of policy-based leadership, which then delegates the implementation of mission and policies to appropriate staff members. However, we have observed in many cases where policy-based governance models were adopted with the senior pastor taking on a CEO-type role, that spiritual leadership issues were not clearly distinguished and separated from material and social ministry leadership issues. We believe that the combination of spiritual and material ministry administration contributed to the spiritual

weaknesses of leaders and congregations as exhibited by their significant conflicts. Without a change in priorities, we predict that such systems will continue to experience spiritual weakness and/or serious conflicts in the future.

Thus, we offer our suggestions as ways to improve upon the governance structures being implemented by many of our larger churches today. To that end, may this discussion paper aid our churches to “go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything [Jesus] has commanded [us]” (Matthew 28:19-20).