

BRINGING OUR GIFTS TO THE TABLE: CREATING CONDITIONS FOR FINANCIAL HEALTH IN THE CHURCH

National Leadership Roundtable
on Church Management Conference
at The Wharton School

JUNE 29–30, 2006
PHILADELPHIA, PENNSYLVANIA



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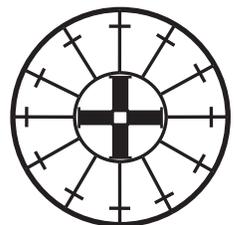


TABLE OF CONTENTS

Introduction 1
 Kerry A. Robinson, Executive Director, Leadership Roundtable

Opening Prayer 3
 Most Rev. Dale J. Melczek, Diocese of Gary

Welcome 5
 Kerry A. Robinson, Executive Director, Leadership Roundtable

Everyone Counts: Finding the Means for Ministry and Service 7
 Keynote Address: Dr. Francis J. Butler, President, FADICA

EXPLORING FINANCIAL CHALLENGES AND OPPORTUNITIES 13
 Moderator Most Rev. William B. Friend, Diocese of Schreveport
 Panelists Most Rev. Edwin F. O’Brien, Archdiocese of Military Services
 Most Rev. Michael J. Bransfield, Diocese of Wheeling-Charleston
 Plenary Discussion Highlights 17

EFFECTIVE DIOCESAN PLANNING 21
 Moderator Dr. Patrick T. Harker, Dean, The Wharton School
 Presentation James Lundholm-Eades, Director of Planning,
 Archdiocese of St. Paul & Minneapolis
 Plenary Discussion Highlights 25

**ESSENTIALS OF CHURCH FINANCIAL TRANSPARENCY:
 THE ARCHDIOCESE OF BOSTON TRANSPARENCY PROJECT** 29
 Moderator Rev. J. Donald Monan, S.J., Chancellor, Boston College
 Panelists John H. McCarthy, CPA, Senior Fellow, Hauser Center at Harvard University
 Dominic A. Tarantino, CPA, Retired Chairman, Price Waterhouse World Firm
 J. Malcolm Visbal, CPA, Retired Partner, Grant Thornton
 Plenary Discussion Highlights 35

THE VALUE OF EVALUATION IN THE CHURCH.....37

Moderator Mary Jo Moran, Executive Director, NACPA

Panelists Gerard Roche, Senior Chairman, Heidrick & Struggles
 Paul Reilly, Chairman & CEO, Korn/Ferry International
 Charmaine Williams, Director of Human Resources, Diocese of Fort Worth

Plenary Discussion Highlights43

**THE POWER OF ECONOMIES OF SCALE IN THE CHURCH
 (MULTI-PARISH/MULTI-DIOCESE)**47

Panelists Frederick Gluck, Former Managing Director, McKinsey & Company
 James Smith, CFO, Diocese of Tyler

LAYING THE FOUNDATION FOR SUCCESSFUL FUNDRAISING51

Moderator Kerry A. Robinson, Executive Director, Leadership Roundtable

Panelists Michael Hoffman, CEO and President, Changing Our World, Inc.
 Rev. Edward Malloy, CSC, President Emeritus, Notre Dame

Plenary Discussion Highlights55

Acknowledgments.....57

Appendix A: Renewal and Rebuilding in the Archdiocese of New Orleans.....59

 Frederick Gluck, Former Managing Director, McKinsey & Company
 Most Rev. Roger P. Morin, Auxiliary Bishop of New Orleans
 John Eriksen, Director of Research and Client Services, Leadership
 Roundtable

**Appendix B: Inaugural Best Practices Award:
 Archdiocese of Boston Financial Transparency Project**65

 Geoffrey T. Boisi, Chair, Leadership Roundtable
 Rev. J. Bryan Hehir, President, Catholic Charities of the Archdiocese
 of Boston

Appendix C: Update on the Leadership Roundtable71

 Kerry A. Robinson, Executive Director, Leadership Roundtable
 Michael Brough, Director of Planning and Member Services,
 Leadership Roundtable

Appendix D: Participants77

Appendix E: Conference Agenda83

Appendix F: Plan of Action87

INTRODUCTION

Kerry A. Robinson, Executive Director

The National Leadership Roundtable on Church Management grew out of an important conference held at The Wharton School in June 2004 called *The Church in America: Leadership Roundtable*. Hundreds of Catholic luminaries from the secular world and the Church, with high levels of executive experience, met to discuss, assess, and contribute substantively to improve the temporal affairs of the Catholic Church in the United States in order that the mission of the Church might be advanced more effectively. A seminal result of this gathering was a list of 48 recommendations for positively impacting the Church's management, finances, and human resources development at the local, diocesan, and national levels. It is notable that this effort, from its inception, has concerned itself exclusively with the management, finances, and human resource development of the Church, focusing solely on temporal affairs and is, in this focus, entirely non-doctrinal. Also notable is the strong emphasis on the positive, namely to identify what already works well in the Church and those examples of excellence in our Church that merit emulation.

In March of 2005, the National Leadership Roundtable on Church Management was incorporated, and on July 11 the Board of Directors met for the first time in Washington, DC. Three months later the Leadership Roundtable held its first annual membership conference, which many of its 180 members attended together with prominent U.S. bishops. Out of this conference emerged a Plan of Action for the Leadership Roundtable consisting of 21 specific objectives, informed by the original 48 recommendations, to be developed in service to the Church in the United States over the next few years.

The Leadership Roundtable's second annual membership conference was held on June 29–30, 2006, and the proceedings of that conference are provided in this volume. It is a testament to the constructive ethos of the Leadership Roundtable that everything that is developed is intended to be shared and disseminated openly and widely for maximum application. The conference focused on the broad theme of creating conditions for the financial health of the Catholic Church. Under that rubric five specific areas of focus were highlighted for further development in working sessions at the conference. They are Effective Diocesan Planning, Essentials of Church Financial Transparency, The Value of Evaluation, The Power of Economies of Scale, and Laying the Foundation for Successful Fundraising.

I hope that you enjoy these proceedings, but more importantly I hope that this serves to stimulate your own imagination about what is possible, and productive and beneficial to the Catholic Church in the

United States, especially in terms of your own parish, diocese, religious community, or Catholic non-profit. Our Church and its leaders deserve our support, expertise, insight, and participation to achieve excellence in management and mission.

OPENING PRAYER

Most Rev. Dale J. Melczek, Bishop of Gary

Before opening our session with a prayer, I'd like to express a word of gratitude to Geoff Boisi and Kerry Robinson and all of the other organizers of our conference. I also wish to thank all of you for your interest in the mission of the National Leadership Roundtable on Church Management, and for your presence today.



Bishop Dale Melczek

Everyone here has been generously endowed with many gifts, and has experienced much success in life. You could be using your talents and resources in other directions. I am truly edified that your love for Jesus and your love for the Church has motivated you to offer yourselves and your gifts on behalf of the Church. Within a sound ecclesiology of communion, I am confident that I speak for my brother bishops here in saying that we welcome what you will share by way of best practices and organizational standards of excellence in management, finances, human resources, and pastoral planning.

These are necessary supports for our mission of proclaiming the gospel and helping people live more completely in the life and love of the trinity, and helping them to share that life and love in right relationships with others. May God bless all that you do on behalf of the Church. And may all of our discussions serve to build up the Church for the transformation of the world.

Let us bow our heads in prayer. In the name of the Father, and of the Son, and of the Holy Spirit. Father, we gather in your name this day, deeply grateful for your love. We thank you for manifesting your love in the fullness of time through your eternally begotten son, Jesus. We thank you for calling us through baptism, to extend His living presence in the world, in and through the Church.

May we be worthy stewards of the gifts you have given us. Empower us with the gifts of the Holy Spirit to do our part in building up the Church so that it might transform the world. Unite us to yourself and to one another in the bond of love. Keep us faithful to all that is good and true. May we proclaim Jesus' gospel of hope, peace, justice, and love, as good and faithful stewards.

May our conversations during this gathering begin with your inspiration and continue with your divine help, in the service of your Church, for the building of your kingdom, and to the glory of your name. We make our prayer through Christ Jesus, our Lord.

WELCOME

Kerry A. Robinson, Executive Director, Leadership Roundtable

It's with delight and genuine appreciation that I welcome you to the annual membership meeting of the National Leadership Roundtable on Church Management. I want to thank Dean Pat Harker, our host and member of the Board of Directors, for extending his hospitality to us here at The Wharton School. It is beginning to feel like home.

Indeed, we last gathered here for our inaugural meeting nine months ago. A great deal has happened since then, and my hope is that before you leave tomorrow you will have a good sense of the progress and array of projects and opportunities we are committed to developing in service to the Church.

Our overarching theme for this conference is *Creating the Conditions for Financial Health in the Church*. It is our conviction that the closer to excellence we come in conducting our temporal affairs—whether as a parish, diocese, religious community, school, or Catholic charitable organization—the healthier our finances will be. And although positive revenue streams, endowments, and balanced budgets are not in themselves the mission of a faith community, they nevertheless have a profound positive impact on the effectiveness of the Church's mission. For where we find the discipline of best practices, a culture of excellence in temporal affairs, and healthy financial conditions, we also find without exception greater numbers of people engaged in deeper and more meaningful ways in the Church, actively witnessing and advancing its mission.

As an outgrowth of our conference in October, the Board developed a Plan of Action around more than 20 specific projects that have emerged from dynamic, thoughtful conversations among this membership. We have taken five of those themes to refine at this gathering: diocesan planning, financial transparency, evaluation of personnel, economies of scale, and fundraising.

Please note that Board committees are currently hard at work developing these themes and other projects in our Plan of Action, and we encourage the membership to become actively involved in these efforts. Your participation on these committees will be not only highly productive, but will also be inspiring and enjoyable.



Kerry Robinson

Speaking of membership, the National Leadership Roundtable now consists of close to 180 senior-level executives from the secular world and from the Church. We have also been developing relationships with 40 key bishops from all 14 regions of the United States, who serve on important administrative

It's a great sign of hope for the Church that people of your faith, conviction, expertise, and influence care so much . . .

committees and have expressed encouragement for our work and mission. They have agreed to be called on for advice and have, in some instances, invited us into their dioceses to tend to specific projects.

Finally, I am struck by how many of you I know well. I'm aware of the magnitude of your professional responsibilities; your presence today, your ongoing participation, your energy and focus in advancing the Roundtable mission to support the Church is truly commendable. We do not take lightly the sacrifice you have made. It's a great sign of hope for the Church that people of your faith, conviction, expertise, and influence care so much and are determined to make the greatest possible contribution to the Church we all love.

Thank you for your commitment and for your ongoing participation.

EVERYONE COUNTS: FINDING THE MEANS FOR MINISTRY AND SERVICE

Keynote Address

Francis J. Butler, President, Foundations and Donors Interested in Catholic Activities (FADICA)

We meet today just two weeks after the U.S. bishops began considering plans for a significant downsizing of the U.S. Conference of Catholic Bishops (USCCB). Archbishop Michael J. Sheehan of Santa Fe, New Mexico, has presented a proposal that would drastically reduce the number of both the Conference's permanent and ad hoc committees. The proposed changes are in part linked to a larger trend affecting a growing number of dioceses across the country whose financial difficulties are leading to significant cutbacks.



Frank Butler

This year's Roundtable conference will tackle the Church's financial challenges head-on. Thanks to my duties at FADICA, I am in regular touch with Church fundraisers and financial officers. But to prepare for my remarks, I sought out financial officers at several fairly typical and well-managed Sees, choosing a representative sample from among many. The findings are striking:

- Dioceses appear to be running through their reserves at an alarming rate. In the past eight years, one archdiocese experienced a 47 percent decline in unrestricted net assets—this value is probably the best barometer of financial health. This amounts to a decline of a whopping \$16 million per year. The reason for this is simple: the outflow of grants to sustain parishes is operating at a loss. In this particular large archdiocese, many parishes need help—some 190 of them. And, according to local church officials, the trend is likely to accelerate. If it does, this local church faces the prospect of depleting its net assets within the next four or five years.

- Another large, well-run archdiocese—boasting an impressive fundraising record in recent years—reports that those parishes that operate schools are mainly responsible for its deficit parish spending. The chief financial officer explains that impressive efforts to establish scholarship foundations as well as special diocesan campaigns to benefit inner-city schools are not sufficient. To keep parish-run schools afloat, the archdiocese is still forced to channel millions of dollars away from other essential ministries. What's more, operating costs are rising faster than tuition levels and are projected to grow even more dramatically in the years ahead. All this has resulted in numerous underfunded parishes and Catholic social services, leaving the archdiocese increasingly hard pressed to meet its payroll. For this archdiocese, sharply rising healthcare expenses are another burden.
- The financial officer for yet another archdiocese reports that taxes paid by parishes—in the form of a percentage paid of their weekend collections—do not allow the archdiocese to meet its obligations in a context of rapidly rising costs and stagnant parish contributions. Income from special archdiocesan appeals is diverted to help fund clergy pension funds, school scholarships, Catholic charities, and the running of the seminary. And still many needs go unaddressed, including a huge backlist of repairs and maintenance of parish facilities.

These are but some of the experiences of financial officers in what would be generally considered healthy and well-managed archdioceses. They are not bogged down in courtrooms, nor are they liquidating assets to meet legal settlements or fending off visits to bankruptcy court. Remarkably, even in the face of all the challenges just mentioned, these dioceses will not be closing any parishes or schools this year. They have not mismanaged their assets, nor have they suffered from any deliberate mishandling of funds. Although their investments generally have seen better days, they have avoided great losses and can claim balanced financial portfolios.

Indeed, these three examples illustrate a fairly common plight among dioceses across the country, which face:

- rising costs,
- diminishing reserves, and
- insufficient income—which is a result, in part, of increases in parish collections that are very modest and do not keep up with increases in costs.

Someday historians will benefit from the perspective of time to analyze the major causes of the Church's present economic straits. These causes will surely include the shift of the Catholic population to the Sunbelt, the Boomer retirement wave, the drop in Mass attendance, the Church's growing commitment to serve the poor, the huge loss of the human endowment once represented by men and women religious underwriting the work of the Church with their generous and essentially free labor, and the enormous and rising costs of salaries for laypeople taking their place. But if there's any opportunity to stem the tide of ever more schools and parishes closing their doors, qualified staff leaving to find

employment elsewhere, diminishing pastoral services, and a growing number of cases of outright insolvency, then we must seize it.

Simply stated, the time has come to engage the wider community of faith in an urgent discussion of the Church's financial plight.

Here is one more snapshot that drives that point home: the chief financial officer for a highly respected archdiocese in the West has enjoyed a doubling of revenues during the past eight years. Yet—citing depleted self-insurance reserves, the growing costs of supporting retired priests, and the maintenance of parishes serving the poor—he has been forced to make budget cuts each of the past four years.

If high-functioning archdioceses such as this one are dealing with these kinds of pressures, growing numbers of other Sees are undoubtedly facing financial worries and desperate measures that are crowding out a more evangelical and growth-oriented outlook.

. . . the time has come to engage the wider community of faith in an urgent discussion of the Church's financial plight.

It doesn't have to be this way. I say this confidently because there are examples of other dioceses and parishes that are reaping the rewards of having wholeheartedly embraced stewardship practices and policies. The Diocese of Wichita, Kansas, comes to mind, where Catholic school tuition is a thing of the past and where any child who wants to go to a Catholic school can do so, and where Sunday collections in many parishes are three times the national average.

There are many other examples of local churches and parishes operating with sufficient revenue. There is St. Michael's Parish in Olympia, Washington, where 2,700 parishioners have embraced a stewardship way of life. By donating more than 3 percent of their income to the Church, they've enabled the parish to sponsor 150 ministries in the community. In the Archdiocese of St. Paul-Minneapolis, the Church's community foundation has rallied 2,000 donors who have built up a fund of \$150 million. This sum's yearly earnings support parishes and schools with long-term needs, fund faith formation programs, and even serve the educational and social needs of the community at large. And in Pittsburgh, the Extra Mile Foundation in the diocese was able to spend \$23 million to subsidize Catholic primary school tuition fees in predominantly African American neighborhoods, and another \$5 million to send Extra Mile scholars to local Catholic high schools.

You have all heard the mantra that Catholics do not give as much as their Protestant counterparts. But take a close look at really successful dioceses and parishes and a different picture emerges—one of enormous generosity and a way of doing things that could and should be emulated across the board. When, in a matter of just a few weeks, charitable responses to humanitarian crises can yield hundreds of mil-

lions of dollars from parishes rich and poor across the country, one has to conclude that the capacity of Catholics to give is not only still there, but that it is greater than ever.

New affluence and the social mobility that accompanies it have meant that large numbers of Catholics occupy elite levels of American society. Catholics can be counted among the leaders of America's Fortune 500 companies in numbers disproportionate to their percentage of the U.S. population, and armies of their children fill the classrooms of increasingly well endowed Catholic universities, as well as the ivy-covered variety (20 percent or more of today's student body at Harvard, Stanford, Yale, and Princeton is Roman Catholic). Moreover, Catholics comprise a significant segment of beneficiaries in the wealth transfer that's underway among generations in America—estimated to total \$41 trillion in the coming half century.

Church leadership must make it crystal clear that each individual's gifts and personal involvement are . . . essential to the very life and mission of the Christian community.

With few exceptions, however, the growing super wealth and social standing of Catholics has not translated into a commensurate gain in funding Catholic institutional life. Experts in Catholic giving insist that three conditions must be met for the Church to draw effectively and successfully on its members' generosity. First, a vibrant theology and practice of stewardship must be in place. This means that the asking institution must not only educate the faithful about a Christ-centered life marked by a sense of gratitude and service, but must itself act as a responsible and accountable manager of resources. Second, the asking institution must present a goal that is clear, compelling, and strongly anchored in reality because the level of donations directly correlates to what people understand the need to be. (How many of us were shocked 20 years ago to discover that retired religious had no pensions, and how well the rank and file has responded since then!) Third, Church leadership must make it crystal clear that each individual's gifts and personal involvement are not only welcome, but essential to the very life and mission of the Christian community.

Clearly, these three dimensions are present whenever we find a spiritually thriving Church. Even in the Boston Archdiocese, hard hit by clergy sexual abuse litigation and forced into many parish closings, there are encouraging signs in the wake of last spring's financial disclosures. The local Church's more open policy is already making huge strides toward reuniting the community and rebuilding trust.

Exercising good institutional stewardship, transparency, and accountability in an age of litigation and huge financial setbacks is not an easy task. Last year, U.S. dioceses reported that they paid out nearly \$400 million dollars to the victims of priestly sexual abuse, in addition to \$68 million dollars in legal fees. How painful it must have been for these Sees to make such facts public. It will also be painful to admit to the scope of other financial problems—a poorly managed portfolio, an underfunded pension

... we must also learn to tell more powerfully the story of the heroic service that the Church is rendering through its schools and its caring institutions.

plan, an operating deficit, the forced sale of Church property, declining contributions, mounting debt, and deferred maintenance. But we must also learn to tell more powerfully the story of the heroic service that the Church is rendering through its schools and its caring institutions, a story we often wrongly assume parishioners and the public-at-large take to heart. As the late Archbishop Thomas Murphy said many times, the Church's health and well-being are the responsibility of all its members. We are all stewards of this Church.

Church leaders should not be expected to carry all the burdens by themselves—leading the faith community, keeping its financial institutions healthy, and coping with enormous cultural and demographic change. Everyone should be involved. As the late Cardinal John Dearden, first president of the USCCB and an influential father of Vatican II, put it, “We bishops have at least learned that when we take the risk of listening and being open to our people, they demonstrate almost without exception a sensitivity to our feelings and a willingness to share our problems with us, if only we will let them.”

We begin this conference in a spirit of respect for the burdens of Church leadership today. Everyone in this room is convinced that every Catholic must become more involved in solving the problems Church leaders face. For those of us who are part of the Roundtable, we want to demonstrate by our presence here a willingness to devote our minds and our hearts to this challenge.

... when everyone counts—the Church is better able to fulfill its mission of giving witness to the reality of Christ's presence among His people.

In the course of the next day and a half, we will be examining in detail at the best practices in diocesan financial reporting, fundraising, cost control, and overall planning. We aim to demonstrate that when a diocese or parish is run in an authentic, widely participatory, and financially transparent way—in short, when everyone counts—the Church is better able to fulfill its mission of giving witness to the reality of Christ's presence among His people.

EXPLORING FINANCIAL CHALLENGES AND OPPORTUNITIES

Panel

Most Rev. William B. Friend (Moderator)

Most Rev. Edwin F. O'Brien

Most Rev. Michael J. Bransfield

Bishop William B. Friend

Our panel has been asked to explore financial challenges and opportunities from our personal experiences. So I speak for the Diocese of Shreveport, which covers 11,000 square miles and has approximately 50,000 Catholics, most of them in the metropolitan area. We have a rather static revenue stream despite serious efforts at stewardship. Part of our challenge is that the critical mass of Catholics is small and, for the most part, consists of middle-income, working folks, along with some professionals.



Bishop William Friend, Bishop Michael Bransfield, and Archbishop Edwin O'Brien (left to right)

Our area has a lot of poverty, mostly in the rural sections, and so we have the issue of limited capital. Our annual service appeal brings in \$308 per participant, which I understand puts us in the top 5 percent in the nation. That's kind of a frightening, when you think about it.

Another challenge we face—like everyone else—is increased operating costs, and the obvious one these days is insurance. Being in the state of Louisiana will mean for us a 41 percent increase in insurance premiums this coming year. We also have human resource needs: with so few Catholics in the diocese we are challenged when it comes to obtaining qualified people to serve in such jobs

as school principals, school teachers, directors of religious education, and so on. So we are educating them from within our own ranks, though that takes time.

Also in the human resources area, we're trying to fashion more precise job descriptions for our volunteers. We did a study of our volunteers recently, and they told us that they're looking for more precisely defined descriptions of their positions. They also want better orientation, improved support services, and the option of limited terms in their positions. We have an office of mission effectiveness addressing those challenges.

We're challenged, too, by the increasing complexity of government regulations. Those of you in business know it far better than me. There seems to be more and more intrusion demanding more and more of our time. It's frightening to me to think that the state of Louisiana can have at times a session introducing 4,000 bills. Thanks be to God they don't all make it through.

When it comes to grants, the challenge I've seen over the last 26 years as a bishop is that donors have come to expect—and rightly so—greater accountability and transparency. But when you're in a small missionary diocese, you don't always have the level of sophistication or the staff that knows how to be the perfect grant writer. And so many of the smaller dioceses are not, in my opinion, on a level playing field when it comes to competing for grants. Three basic sources—the Catholic Church Extension Society, the Committee for Home Missions of the Bishops Conference, and the Catholic Negro and Indian Mission Fund—pretty much keep us going. But as foundations and grant agencies go more for innovative and cutting-edge opportunities, we have to focus increasingly on how we can keep the grant doors open.

Our people like being actively involved. . . . They feel a real sense of the Church, and we get tremendous feedback from that dynamic.

And last, we're working hard to address the need for increased stewardship, which Frank [Butler] encapsulated so nicely. We're doing well, I think, on accountability. We have an open-ended process for planning, and for conducting and publishing annual audits with an independent CPA. Our people like being actively involved on both the planning and accountability/reporting sides. They feel a real sense of the Church, and we get tremendous feedback from that dynamic. Is it perfect? No. But we see the opportunities as awesome, and we'll continue to do our part to develop them.

Archbishop Edwin F. O'Brien

For the last nine years, I have been Archbishop for the Military Services in the United States. Since 1986, we have been a separate entity, no longer part of the Archdiocese of New York, as the Military Vicariate had been since 1917. We now live and work out of Washington, DC. There are three other bishops who work with me: a vicar general, a chancellor, and a judicial vicar, as well as other

clergy working in the diocese—all together about 30 full-time laypeople working out of Washington and our chancery.

We're responsible for all the men and women in our Armed Forces, including their families. We also have responsibility for all 175 of our veterans hospitals, and for any civilians working for our government overseas, whether they be construction workers in Afghanistan or diplomats in U.S. embassies. We figure we have about 1.5 million Catholics in our archdiocese spread all over the world, including about a quarter of a million in uniform.

Our ministry is focused on young adults 18 to 29, and my great concern is that we're just not reaching them.

Serving our Armed Forces are 325 uniformed chaplains, and about 100 chaplains working full-time in our veterans hospitals. We should have 800 uniformed chaplains, so obviously our needs are very great. My biggest concern is finding more chaplains. In fact, bishops usually run the other way when they see me coming at various gatherings.

Our ministry is focused on young adults 18 to 29, and my other great concern is that we're just not reaching them. Their generation is a tough one to reach under any conditions. They're called believers, but not belongers. They have religious instincts, or a spirituality, about them. But as far as linking up with a Church, an institutional commitment to faith is not their first option.

Faced with this challenge, we decided to begin a program called Catholics Seeking Christ, which is peer-to-peer ministry. It doesn't involve bringing in people from the outside, but instead involves reaching out to our young people in uniform and shaping them as evangelizers, as Catholic leaders. It's a tough task, but we've been at it for about a year and a half and have trained about a hundred leaders. One of our first sessions was in Washington, DC, at Trinity University; we have another team at Camp Pendleton on the West Coast with about 30 marines. Catholics Seeking Christ offers great hope. But it's very expensive, too. The program will cost us about \$4 million, of which a half million dollars has already been spent.

For this program and others—including refurbishing our new offices at the Divine Word Seminary building, which we just purchased—we have an \$8 million capital campaign. In addition, we have an annual budget of \$3.5 million, all of which we raise ourselves. We get no help from the government or from the central office of the U.S. Conference of Catholic Bishops, as we did at one time.

Where does our income come from? We have what's called an archdiocesan support fund, where we ask our installations four times a year to take up a collection. We take part in the combined Federal Campaign. We also rely on general donors and appeals to our chaplains, and have a direct mail pro-

gram that's been very successful. The remainder is raised from fees for documents and certificates that people request.

Most people know very little, if anything, about the Military Archdiocese and what we do. And so, what I'd like to ask the Roundtable is: how can we tell our story better? It has been suggested that we form a development committee made up of laypeople from around the country to provide direction. I'm convinced that if people knew more about us, we'd be better able to expand the good work we're doing.

Bishop Michael J. Bransfield

The Diocese of Wheeling-Charleston, which covers 26,000 square miles and has about 100,000 Catholics, is quite unusual in its demography. Wheeling is almost a suburb of Pittsburgh, and Charleston is a southern city in the true sense of the term. Moreover, there are parts of the diocese where there are hardly any Catholics, other parts where the Church is growing, and still other parts where it has a strong historical base. All told, we have 125 parishes and missions.

Coming into a new diocese [Bishop Bransfield was ordained and installed on February 22, 2006] gave me a fresh perspective, and one thing that struck me immediately was the shortage of priests we face. It's a difficult problem to solve because you don't like to "mission out" one parish to another. Several programs that have been helpful, though, are having pastors go out to various parishes, and maintaining permanent deacons in some of our parishes.

. . . audits are one of the most important processes that can occur within the parish and the diocese.

The other problem I noticed was transparency within the parishes and, more specifically, the aversion to audits that many people have. They think that others are looking over their shoulders or checking up on them. I've found, however, that audits are one of the most important processes that can occur within the parish and the diocese. And even though many people don't feel comfortable reading them, there are others who appreciate the opportunity.

Finance councils also help promote transparency. They are essential to the life of the Catholic Church in the United States, and the more they become part and parcel of helping our parishes and dioceses, the less people will see them as threatening. I think many of our dioceses have been forced just by the culture to have finance councils. But many of our parishes don't have finance councils—and need them. In the smaller parishes that can't afford the expense, we should help them pay for it, if we can.

I see a great sense of competency and opportunity when you bring the community in.

So, I think the important thing in keeping our dioceses and parishes transparent today is showing the people what's happening, especially when it comes to finances. It helps protect the Church. And in order to keep an eye on everything, laypeople inside the parish should be involved. I see a great sense of competency and opportunity when you bring the community in.

Plenary Discussion Highlights

Q. How helpful have you found the finance councils in your respective dioceses?

Bishop Friend

They are wonderfully helpful. However, they must be nurtured. So, we have two seminars a year for our councils, both pastoral and finance. And biannually we have a convention of councils that have really been useful because the participants get the chance to share ideas and resources among themselves.

Archbishop O'Brien

We have a finance council with some very competent and generous people in the Washington area, and we take them seriously. They know we depend on them, and they've given us some great advice.

Bishop Bransfield

We've had to reorganize our investment policies and change a lot of things, and there's no question that this change has been difficult in many ways. But the finance council has responded very well to the challenge, and I think that by next year things will be a lot easier.

Q. I've often thought that the Catholic Church in America has the largest unorganized philanthropic potential in the world. Is it possible to harness this force by having, say, a national collection the second Sunday of every month, and advertise it so that Catholics across the country know about it in advance?

Bishop Friend

If every Catholic gave 10 percent off the top before taxes to their parish, I don't think we'd have much of a financial problem. ... We have many Catholic entities that, you might say,

“raid” the Church’s efforts to raise funds for other legitimate purposes. I’m not complaining, but the fact is the Catholic faithful are being hit from all sides. So yes, I think a second Sunday collection, if we could narrow it to that, would suit pastors well.

Archbishop O’Brien

One approach we haven’t tried in many places yet is the credit card. Put this in the context of the fact many younger people don’t come in to Church today with a lot of cash. Another approach is one which our Jewish brothers often use: simply take the cost of operating the congregational ministries, divide it by the number of congregants, and send people a bill. If a parish did that, it would probably see a tremendous shift of people to another parish. But I think it’s worth a dialogue.

Q. How can the Roundtable as a group communicate better with your brother bishops in key areas such as systemically unleashing the giving spirit within the Catholic community?

Bishop Friend

One of the more successful ways would be to initiate pilot programs in a few dioceses that could provide models for bishops and pastors to follow. They watch—and want to know what works.

Bishop Bransfield

There are some pretty creative pastors out there whom the bishops should be hearing from. And we need to start building programs that can feed us information about the wonderful ideas these grassroots pastors have. I know a pastor in Washington, for example, who mails out a letter every Christmas to remind all his parishioners—not just the ones who go to church—how much they gave the prior year. He would couch it in such discreet language as, “Oh, you need this for your tax return.”

He also included an envelope they could mail in to catch up by the end of the year. And some of them did just that. Remember, you’re dealing with people who don’t go to mass as much as they should, or people who travel a great deal and don’t realize what they gave. So, I think there are many creative ways to fundraise. A reminder letter going out to every parishioner two or three times a year could have a great impact. Instead of being so defensive as a Church about the money we spend, we should be more aggressive about the programs we need in the parishes. I think a lot of pastors would be receptive to new programs if somebody would just help them.

Q. How do we increase contributions by the Catholic community in this country to get to the point of equaling our Protestant, not to mention our Jewish, colleagues? And is there anything the Roundtable can do to help?

Archbishop O'Brien

I think tithing, as Frank [Butler] suggested, is the only way to go. It's a great challenge, though, to convince people and to get the clergy behind you to accomplish that. It's a spiritual movement as much as a fundraising effort—even more so. The Diocese of Wichita is a great example of a diocese that tithes. And where we have chaplains who are very big on tithing and can remain on an installation long enough to convince the people to go along with it, you can see the difference immediately. I think we have a lot to learn and a lot to share in this area. And I hope the Roundtable can help us address that.

EFFECTIVE DIOCESAN PLANNING

Presentation

Dr. Patrick T. Harker (Moderator)

James Lundholm-Eades

James Lundholm-Eades

When he was ordained in 1995, Archbishop Flynn of St. Paul & Minneapolis faced several major challenges. One was the growth of the diocese in raw numbers and in ethnic and economic diversity, and the other was the need for new clarity and focus on the mission of the Church. No simple linear five-year plan could maintain its relevance for very long in that complex and dynamic environment. We needed new assumptions, models, and processes.



James Lundholm-Eades and Patrick Harker (left to right)

Consequently, we developed three core assumptions that would underpin our diocesan planning efforts. First was the assumption that the mission of conversion to Christ occurs in relationships nurtured at the parish, not the diocesan, level. Hence, any diocesan planning effort needed to be oriented toward parishes rather than the dioceses. The diocesan office needed an outward rather than an inward focus.

Second, we needed to assume that parishes are smart and capable, and that we could expect competence and responsibility on their part. Our experience has since proven this assumption valid.

... diocesan work should be focused on building the capacity of parishes to fulfill their mission.

And the third core assumption was that diocesan work should be focused on building the capacity of parishes to fulfill their mission. This included the ability to:

- assess their current reality so that the local church remained relevant,
- do adaptive planning based on that reality,
- lead in the presence of ambiguity,
- build a practice and culture of continuous improvement, and
- make decisions using transparent processes in a timely manner.

These assumptions, of course, carried structural implications for the diocese. They implied the demise of silos of specialization at the diocesan level, as well as a reorganization to match the parish reality. For example, the need to clarify the catechetical mission of Catholic schools led to graying of the boundaries between the offices of schools and catechesis, then to merging them.

These assumptions also meant building new staff capacity. We needed higher-order, strategic thinkers whose capacities were larger than their expertise in areas such as catechesis, liturgy, or educational administration. So part of the planning function has been to envision and predict new kinds of staffing needs, including systemic thinkers who could focus parishes and the diocese on what helps float all boats higher, and not just on individuals or parts of the organization. We found that not every content specialist at the diocesan level understands how healthy and vital parishes work, or can design processes that raise the capacity of parishes to be healthy and vital.

What's more, we needed diocesan staff who constantly tended to the quality of information flow across the diocese. The planning process meant pointedly asking the questions: who owns information and why do we collect it? As a result, we decided to collect information from parishes only if they needed it, and always to analyze what we collected and give pertinent information back to the parishes.

In this context, diocesan planning is the role of a higher-order strategist, a systemic thinker who has a whole system view of the culture, resources, and organization. It involves critical thinking and a broad background in change management, organizational design, finance, and human resources. Most importantly, the diocesan planning function needs a deep understanding of the traditions and culture of the Church.

What the diocesan planning role does not include is doing strategic plans for parishes. The diocesan planning role raises the capacity of parishes to do this for themselves. It advocates for clarity of mission, vision at the diocesan level, and strategic direction on behalf of parishes so they can do

their own planning. It provides the parishes with what they cannot cost-effectively provide for themselves in terms of effective planning, such as demographic mapping, analysis, and trend data.

In short, the diocesan planning role is about raising capacity, and about asking the right questions, such as:

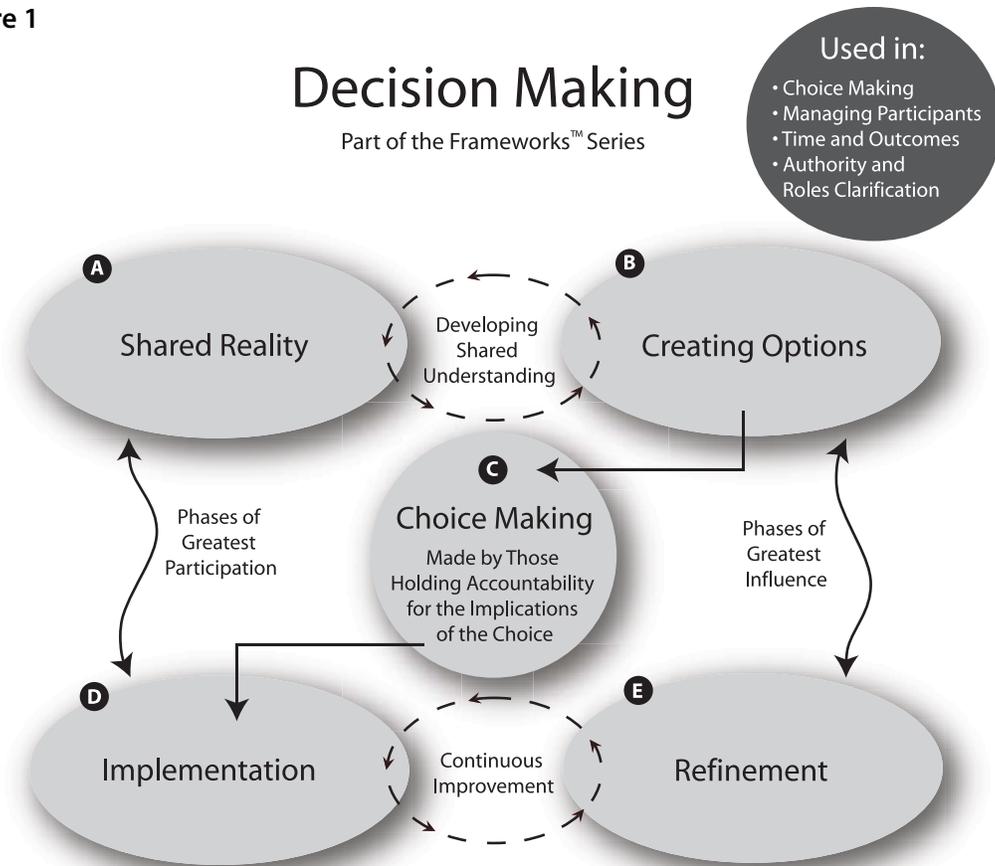
- Whom do we serve, how many do we serve, and where are they located? This gets to matters of scale, relevance, and resource distribution, and also adapting to future needs.
- What does a high-quality ministry look like in this context? This is a far more effective question for planning than beginning with a question about scarcity of resources. It forces us to focus on mission.
- What issues have an impact on access to our mission?
- What must be eliminated from our system, practices, or strategies at this time?

Our diocesan planning office has come to use a number of key frameworks, two of which originated with Dennis Cheesebrow of TeamWorks International, a very creative consultant with whom we have partnered in developing our new way of doing business.

. . . the diocesan planning role is about raising capacity, and about asking the right questions.

The first of those frameworks is **Decision Making**, which is focused on developing a shared understanding of the current reality in a highly participatory way (see figure 1). I'm sure it's no surprise to any of you that when it comes to diocesan planning, everybody has an opinion, and that the process can easily become politicized. We have effectively reduced that risk by developing a shared understanding of the current reality based on good data. Our mantra of *Mission Driven and Data Informed* is critical here. We often use demographic mapping that we provide to parishes at no charge. The impact over the last four years is that parish and diocesan leaders are asking very different questions. They are now asking for much more sophisticated analysis before they make decisions. The scale of planning decisions has also grown so that risk, which used to be counted in hundreds of thousands of dollars, is now counted in the millions. The level of sophistication at the parish level has similarly grown through the strategic use of data at the diocesan level, and making it available to parishes free of charge. Another risk mitigation strategy has been to set up the Catholic Finance Corporation, a legally and organizationally independent financial advisor, debt negotiation service, and mortgage broker for parishes. The rigor the Catholic Finance Corporation demands of those seeking to borrow money from the commercial markets has resulted in much smarter decisions and significant risk reduction across the diocese.

Figure 1



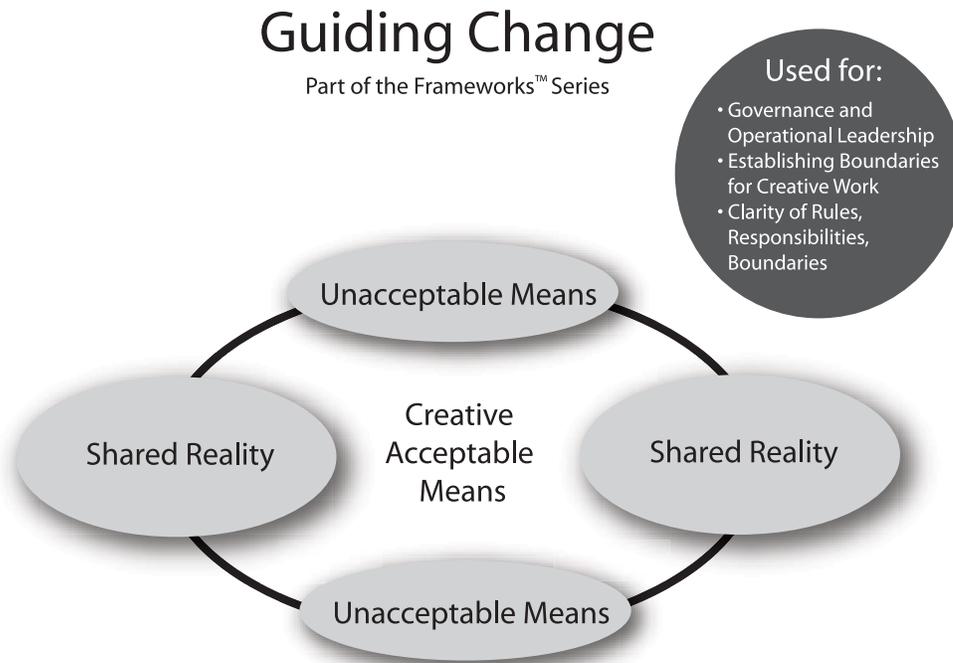
The second framework that our diocesan office uses is known as **Guiding Change** (see figure 2).

The operating environment for the diocese and its parishes is dynamic. Hence, any diocesan planning model must have the ability to adapt continuously. And that means everybody has to have a shared understanding of the current reality, as well as a shared understanding of the context of mission, vision, and values. There needs to be clarity about the end results and the means for achieving them. Here's an extreme example: if Planned Parenthood wanted to rent space in a parish-owned facility and so provide the parish with much needed revenue to fulfill its mission, that would be considered, in my diocese at least, an unacceptable means to increased revenue.

When it comes to implementing our plans, we use a very pragmatic process we call *roadmapping* in conjunction with our frameworks. While time doesn't permit me to explain it in detail here, suffice it to say that a plan without effective implementation and benchmarks for measuring progress is hardly a plan at all.

We must have the capacity to create in a way that mirrors the reality of the world in which we live.

Figure 2



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Plenary Discussion Highlights

- Q. Recent research in psychology shows that a group of well-informed, empowered people (for our purposes, at the parish level) often has the ability to make better decisions than any group of experts. What happens, though, if you have a pastor who doesn't want this group to be well informed, who limits their activities? How do you make the planning process work with an obstructionist pastor?**

James Lundholm-Eades

What we found is that when we go a parish and the pastor isn't on board, and has no intention of being on board, we simply move on. Through experience, we have a kind of "rule of three." If we can make something work three times in three different parishes, and make it work well, then it changes the culture of the dioceses because pastors talk to other pastors.

We've spent a lot of time changing the process of the Presbyteral Council—teaching its members how to engage in dialogue rather than just having positional interactions, and getting them to concentrate on things that really matter. Rather than play what I euphemistically refer to as “meeting-based trivial pursuit,” we want them to focus their agenda on the three or four things that can really affect the long-term effectiveness of the diocese.

We've also adopted what I refer to as “management by coffee.” Churches are very relational-based, and you can't overestimate the impact of sitting down and having lunch or coffee with a pastor. Nobody, after all, expects that pastor to be an MBA. And pastors shouldn't be MBAs. It's not their role. But they will trust people on a person-to-person basis, and be willing to try something out. So, the way we approach any resistance on their part is by leading with success, and influencing the leaders of the deaneries through the Presbyteral Council.

Q. How do you find people who are capable of strategic planning?

James Lundholm-Eades

Finding capable people has not been an issue. The assumption that people are not capable has been an issue. Here's a good example. I went to a parish one night and put out a set of demographic maps in front of the group that had been assembled by the pastor. And the pastor said, “Look, we don't understand this stuff. Just give us something useful.” And two of the people around the table raised their hands, and one of them said, “Well, I'm the chief demographer for the State of Minnesota.” And the other said, “I'm the strategic planner for the United Health Group.” The pastor had assembled exactly the right people without even knowing it.

I couldn't tell you all the cases I've seen of competence around tables in the consultative process. I've dealt with the broken part of the Church for a good deal of my working life, and I can tell you that 99 percent of pastors are just fine. There's a percentage for whom competency is an issue, as you'll find in any group. But my experience has been that pastors who have good information in front of them do the very best they can, and usually do a great job.

Q. In the course of your planning work, how do you define what constitutes an effective ministry?

James Lundholm-Eades

I don't have a good answer to that question, other than to say it's not my role to define effective ministry. It is my role, though, to help those at the parish level define what effective ministry is. It's different from parish to parish, and what I would do is challenge those

at the parish to answer the question. One process I've used with parishes is to put up sheets of paper around the room with headings like worship, pastoral care, financial management, and so on. I then ask the parish leaders to go to those sheets—we usually have eight or nine of them—and post comments on what they think the highest-quality ministry would be under each heading. We then start shopping around for best ideas, and that usually generates a lively discussion about what a high-quality ministry means in their parish. It's part of trusting the local parish—and expecting competence on their part.

Q. Catholics experience Christ through other types of Catholic institutions and communities, from hospitals to universities to nonprofit organizations like the St. Vincent de Paul Society. How does your work reflect the insights and power of these entities?

James Lundholm-Eades

Part of the diversity of the diocese is having relationships with these entities. The fact is, we've used our [planning] process with higher education, with social services organizations, with foundations within the diocese, and with religious orders (I've personally worked with two religious orders at their national levels). Assuming they're competent—which we know they are—we can use the same kind of capacity-building process with any of these institutions.

Q. How do you engage the diocese, the archdiocese, and pastoral councils in the planning process?

James Lundholm-Eades

When we look at the consultation in the Catholic Church it is a theological principle, not an organizational principle. So, consultation then is about a discernment of the will of God, and it uses a discernment process. The relationship between the archdiocese (the archbishop) and the pastoral council is based in that. The archbishop and the pastoral council together identify something that is a particularly significant issue, or, if you want, a strategic issue. It may be in the pastoral or the financial area; often it is in both. The main point is that it is significant enough for both the archbishop and the council to give it time and attention.

Then the archdiocesan pastoral council gets involved in discerning what's important. They use a discernment process to figure out what needs to grab the attention of the diocese and focus on that.

One example would be where we focused on the growing ethnic diversity in the parishes. This has changed dramatically in the last five years, let alone the last ten. It has particularly grabbed the attention of the pastoral council. And what they brainstormed on was discerning the will of God regarding access to the Church. They've done nothing but that for

the last couple of years. And it is good that they've engaged that deeply and been able to offer the archbishop deep consultation around that. But it's approached from a discernment point of view, not a democratic point of view. Not an organizational point of view.

Q. How do you realize synergies among all these planning entities?

James Lundholm-Eades

Synergy—the alignment of the system, in a sense—was very important to us from the beginning. And alignment really comes from keeping the messages simple—from having only one or two messages at a time. Another way of aligning the system is to downsize the central office. Having less is more. We are at this very moment engaged in reducing the administrative size of our archdiocese by 25 to 30 percent. We will be a different organization in three months.

We currently have mission and supportive parts of the office. The supportive part includes administrative functions such as finance and human resources—the people who deal with schools, parishes, clergy appointments, and so on. We're integrating this into just three departments. In effect, we're breaking up the silos and building feedback loops across the system. We're seeing a growing number of parishes integrating their ministries. For example, the different forms of pastoral care are no longer as separate as they used to be, nor are liturgical functions. We're paying attention to these trends, and want to design the archdiocesan office according to what we see in parishes. And that, of course, has implications at the national level in terms of integrating the various functional pieces of the Church.

ESSENTIALS OF CHURCH FINANCIAL TRANSPARENCY: THE ARCHDIOCESE OF BOSTON TRANSPARENCY PROJECT

Panel

Rev. J. Donald Monan (Moderator)

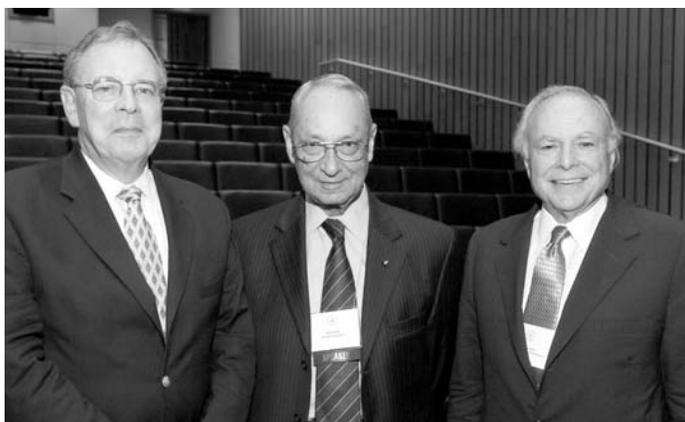
John H. McCarthy

Dominic A. Tarantino

J. Malcolm Visbal

Rev. J. Donald Monan

From the very beginning of the National Leadership Roundtable, one of our principal focuses has been on financial transparency and very complete financial reporting of our parishes and dioceses. Not that transparency is an end in itself, but it's certainly an indicator of sound stewardship on the part of our parishes and dioceses. It's also a genuine incentive to—and a basis for—trust on the part of the people of God in the Church, as well as a means for them to participate fully in resolving the challenges that sometimes appear only through transparent financial reporting.



John McCarthy, Malcolm Visbal, and Dominic Tarantino (left to right)

In our past meetings, we have talked frequently about the importance of financial transparency. We have not thus far examined a clear example of a transparent report, and the process by which it came about. That's precisely what we're going to do today with our remarkably talented and experienced panel.

John H. McCarthy

I'd like to describe for you what we did in the Archdiocese of Boston with the Financial Transparency Project.

As you're aware, we have a huge problem dealing with our sexual abuse cases. I think a lot of that is behind us, thanks to the arrival of Archbishop O'Malley, now Cardinal O'Malley. His first charge was to deal with the sexual abuse crisis, which he marvelously did. His "reward" was that he then had to deal with the financial crisis caused by many parishes not being able to support themselves. So the archdiocese went through a reconfiguration process, reducing its parishes to 303, and closing or combining 58 others. There was a lot of angst over this, and several parishes still have appeals before the Vatican to remain open.

The environment was further inflamed by proposed legislation that would have resulted in transparency far beyond what was already required of other nonprofit organizations. Fortunately, that legislation was never enacted.

In the mist of this dark and bleak period, then Archbishop O'Malley made an extraordinary three-pronged commitment to financial transparency. He promised a complete accounting of the sexual abuse funds, a comprehensive description of the archdiocese, and consolidated financial statements.

In order to honor those commitments, we put together a volunteer team that included people with a variety of backgrounds. I was able to entice several of my CPA brethren from major firms in Boston who were experienced in dealing with nonprofit organizations, as well as several academics, to join our committee. We also had several communications specialists who were hired by the archdiocese and, significantly, a number of pastors and parishioners.

We made it clear at the outset that this project would involve a very heavy time commitment. Indeed, it ended up being a lot more than any of us bargained for. But everybody stayed the course.

We had to coordinate all this, as you might well imagine, with the politics of the diocese and the Church. We also had to make sure that everybody was on board. That involved the archdiocese and the finance council; the pastoral council; the chancery financial staff (which had never been through an exercise like this before); and the communications department of the archdiocese, which was already on overload due to all the other issues I've described. It also involved the direct and heavy involvement of outside professionals—the auditors, lawyers, and public relations folks.

What we ended up collectively doing was actually much broader than just financial transparency. The archdiocese, under the old leadership, had followed practices that can best be described as secretive. That's not an uncommon word when you talk about Church matters. There just wasn't what I'd consider to be a full sharing of information; it was done on sort of a need-to-know basis.

So, the very first thing we did was to sit down with our central committee, as well as with the extended committee, including our professionals, and brainstormed a list of questions. We asked

ourselves, what are the questions that people sitting in the pews, or people who are pastors, or in the media, or disenfranchised members of our community, or the victims of sexual abuse, asking? We then put those questions into two categories: financial and nonfinancial.

Actually, this was probably the most important part of the process, and the reason I keep calling this largely a communications project. We really went out of our way to sort out the questions. Some of them were simple, even basic, like how much does the chancellor make? How long has so-and-so been with the diocese, and what kind of contract does he have? Other questions, of course, were much more substantive. People were anxious to know, for example, how much money had been spent on settling sexual abuse cases. And where did the money come from? Did it come from the parish collections? If not, from where?

. . . the archbishop had promised consolidated financial statements, sexual abuse settlement information, and a description of the organization of the diocese. But we decided that this was also a major opportunity for the cardinal to apologize once again for all that had occurred as a result, primarily, of the sexual abuse crisis. . . .

What we wanted to do was make sure everyone had an opportunity to learn from what we were about to disclose. So the next thing we did was to rethink just what it was that we needed to include in these reports. As you recall, the archbishop had promised consolidated financial statements, sexual abuse settlement information, and a description of the organization of the diocese. But we decided that this was also a major opportunity for the cardinal to apologize once again for all that had occurred as a result, primarily, of the sexual abuse crisis.

If any of you have gone on the web to look at this report, you'll see that it contains quite a bit of information. [This report is available on the Archdiocese of Boston's web site at www.rcab.org.] And if you read the letters that accompany each of the components of the report—including the transparency pamphlet, which I'll describe in a minute—you'll find that Cardinal O'Malley took every opportunity to express his apologies and his sensitivity.

But we also wanted to use this report to provide an objective evaluation of the diocese

But we also wanted to use this report to provide an objective evaluation of the diocese, and one of the tools here was a management discussion and analysis (MD&A) type of vehicle. Not quite what you'd find in a 10K report for a public company, but hopefully just as informative in that it provides information that's intelligible, and lets you walk away with a sense of what the condition of the archdiocese really is, what they own, and what the overall operations look like.

We also included audited financial statements for the first time. Indeed, we realized how critical it was in light of all the travails of the archdiocese to have information that somebody independent of this committee, and independent of the diocese, on which they had audited and issued a clean opinion.

. . . give them something relatively simple that answers some basic questions about what's going on in the diocese . . .

And last, one of the things the archbishop was really excited about was the idea of a pamphlet. The rationale behind it was that 90 percent of the people in the Archdiocese of Boston are not interested in reading an audited financial statement, or a management discussion and analysis, or even a whole bunch of letters. But if you give them something relatively simple that answers some basic questions about what's going on in the diocese, how it's being resolved, and how the diocese intends to continue to honor its commitment to transparency, that's something they can read—and appreciate—in 10 or 15 minutes.

And so on the Sunday after we presented our report, this pamphlet appeared in all of the Churches in the diocese, along with copies of *The Pilot*, our newspaper, in which was printed the entire management discussion and analysis. Parishioners had access to even more information on the web.

Speaking of presenting our report, the big day was April 19th. We started at 8 o'clock in the morning when we met with the cardinal, his cabinet, and all of the bishops of the diocese, and walked them through the report. At 9:30, we had a town hall meeting with the chancery staff and took them through the report. At 11 o'clock, we met with the media for a very heavily attended, two-hour press conference. This was followed by an hour-and-a-half presentation to 600 pastors and priests of the diocese at Boston College High School and, after that, by a short TV interview. Finally, what I thought was going to be the easiest part of the day, was the meeting with the pastoral council that night to take them through the report. As it turned out, they asked more difficult questions than the media.

It proved to be a grueling day, but by the time we were done, all of the major stakeholders had been advised. And by the weekend, our pamphlet was in the pews. So, in a period of basically four days, all of the information was out there. And, most importantly, it had the impact that all of us who had worked on this project for so long wanted it to have.

Dominic A. Tarantino

I want to review with you very briefly the impact on governance of the environment we've discussed quite extensively today.

... we must be good stewards of the gifts that donors entrust to us.

Within that environment, the sexual abuse crisis has caused more and more concern about financial accountability. Initially, it was a question of where the funds came from to pay the costs growing out of that crisis. Later, of course, it became more an issue of how current diocesan appeals are being distributed. What it boils down to is that we must be good stewards of the gifts that donors entrust to us. We are all stakeholders in this enterprise.

Tied to the issue of accountability is the need for greater financial transparency. The government, the accounting profession, and others have been quite active in this arena. In 2002, the Sarbanes-Oxley Act, of which I'm sure you're well informed, was passed. Although it directly affects only public companies, many of its provisions are being implemented by both private companies and non-profit organizations. Some of the best practices incorporated into Sarbanes-Oxley have been around for a long time, but now they're trickling down to the private and nonprofit worlds. And that's a good thing, because no sector has a monopoly on irregularities.

One of the most important practices highlighted by Sarbanes-Oxley is the need to create independent audit committees. For purposes of the Church, these can be three- or five-member groups—preferably separate from the finance committee—with business, finance, and accounting expertise. I realize that the vast majority of parishes have finance councils, and that some carve out some small groups within their finance councils to serve as the audit committee. But their roles are distinct. I believe that finance councils should be focused on budgets, current operations, and increasing revenues, while audit committees should provide oversight on the adequacy of an entity's processes and controls, as well as oversight of its external audit. Management officials should not be voting members of the audit committee.

What's more, the audit committee should have a financial expert. Sarbanes-Oxley specifies it should be someone with the training and background of a public accountant, or auditor, or financial officer who has experience in preparing or auditing the financial statements of a comparable entity. So, when we started our audit committee at the University of San Francisco, I called on my colleague Mal Visbal. Although I'm a CPA and know the right questions to ask in an audit committee, Mal is a financial expert in dealing with the audits of educational institutions.

Audit committees should engage the independent auditors, meet with them at least twice a year, and approve any financial statements for publication and distribution. In addition, audit commit-

tees should evaluate whether there is a need for an internal audit function. I'm intrigued by something Jack [McCarthy] said earlier: that perhaps internal auditors should be used as the vehicle to create an audited statement at the parish level. I think that makes a great deal of sense.

In keeping with the theme of governance, I think the Church should also consider adopting whistleblower provisions. I know this may sound draconian to some of you, but as I said earlier, nonprofit organizations—even churches—do not have a monopoly on fraud. I wonder how many incidents of pastors or parish bookkeepers misusing large amounts of money have occurred that could have been prevented if some sort of whistleblower hotline had been available.

How would such a program work? Any employee, vendor, or volunteer who detects fraud or misrepresentation would be able to follow procedures the audit committee establishes for reporting and resolving such complaints. This function could even be outsourced to protect the whistleblower's confidentiality. Or it could be referred to the audit committee for resolution.

No less important is the need for adopting a strong conflict-of-interest policy, which could be part of a formal code of conduct. This would help govern activities between parties—parishioners and the parish, for example, or finance council members and the diocese, or investment committee members and the endowment fund. A conflict-of-interest policy should preclude questionable types of transactions or relationships, and require that transactions between so-called related parties are fully transparent to other disinterested parties.

. . . that's the reason why the Leadership Roundtable was itself created—to be a catalyst for change and for the sharing of best practices throughout the Church.

The suggestions I've just made are consistent, I believe, with the desire of the Church to develop a culture of excellence in fiscal matters. And not coincidentally, that's the reason why the Leadership Roundtable was itself created—to be a catalyst for change and for the sharing of best practices throughout the Church.

Malcolm Visbal

I'd like to reinforce several points that have been made. First is that transparency, a term that's being used a lot today, really involves more than just financial statements. And second, I can't stress enough the importance of communication skills in designing the types of reports you're going to prepare, particularly nonfinancial reports.

... there is no substitute for disclosing all of the important information.

Here are some thoughts, too, with respect to what other dioceses may or may not be doing. I'm sure most dioceses won't be involved in the arduous task that the Archdiocese of Boston went through with its broad array of disclosures. But the fact is, many dioceses are publishing financial statements. Maybe not as many as we'd all like, but they are doing it. And if they don't publish audited financial statements, many are preparing their own summaries of the audited results. In this case, it's particularly important to have somebody with communications skills who can tell you how to pare the information down. But the most critical piece of advice I can give to you is that there is no substitute for disclosing all of the important information.

Plenary Discussion Highlights

Q. After you presented your Financial Transparency Report, how, in your opinion, did the press portray it? And what mistakes, if any, do you think you made?

John H. McCarthy

Well, I'm sure we made mistakes. But even some of our most aggressive detractors have been complimentary, or at least silent, as a result of this exercise. I think our general assessment is that it was a very important step in the direction of rebuilding credibility for the archdiocese. It certainly isn't a step that by itself is going to accomplish that. But our commitment to continued transparency will help. I suspect the interest of the media won't be anywhere near as high next year when we do this again. But to date, the media reaction has been very positive.

Q. What would you recommend to other dioceses in terms of the clarity and comprehensiveness of information needed for financial disclosure?

John H. McCarthy

In terms of other dioceses, I don't think it requires an extraordinary effort. Most dioceses already do audits, and know what entities within their geographic confines also do audits. The only thing that's really incremental is the management discussion and analysis portion of the financial statement. And frankly, if the finance council is being given good information on a regular basis about what's going on, it shouldn't involve a great deal of additional work. It should be the kind of thing that you can institutionalize.

Q. After our board decided to require CFO or treasurer's financial statements, we've found that a significant number of parishes and schools are unable to comply because they either don't produce these statements, don't want to, or don't know what their asset base is because the information is controlled by the chancery. How does the Archdiocese of Boston enable its parishes to produce these audits, and who pays for them?

John H. McCarthy

Insofar as helping the parishes in Boston to comply, we have a standard format for all financial reports and for reporting monthly back to the chancery. For six years, I served as the finance council chair in my parish, and the reports that we made available to the full parish each year were pretty much identical to the reports we sent to the diocese. Now that there's an accounting manual and a recommendation that the parishes use Quick Books software, I think standardization will become even easier.

As far as the cost of the audit, I think there's always going to be push back when you tell a parish it needs to incur additional expenses. But there seems to be general agreement, based on the discussions we've been hearing, that audits done well and done in a timely fashion are extremely useful tools for ensuring credibility and that we're dealing with good information. And I think once we've made that case, the cost of audits will be viewed in the same context as turning on the lights and heating the building.

THE VALUE OF EVALUATION IN THE CHURCH

Panel

Mary Jo Moran (Moderator)

Gerard Roche

Paul Reilly

Charmaine Williams

Gerard Roche

The very definition of management is getting good work done through others. If you're a writer, dentist, golfer, or violin player, you're a virtuoso and you don't need to know this. But if you have people reporting to you, at whatever level, you're responsible for their professional performance and for developing them as managers. You can't dodge it.



Paul Reilly, Charmaine Williams, Mary Jo Moran, and Gerard Roche (left to right)

“Communication is the oxygen of management . . . the question becomes, communicate what?”

The number one vehicle for carrying out this function, of course, is communication. Communication is the oxygen of management, and if you don't use it, you shouldn't be a manager. So, the question becomes, communicate what?

Clearly, what should be communicated are mutually agreed upon goals, as measurable and as specific as possible. Put them in writing and then share them with the individual. If you don't know where you're going, any road will get you there. Second, evaluate performance against those pre-arranged and agreed-upon goals. It's that simple. But execution is often another story. What's the problem here? Well, it just isn't done enough, nor is it given sufficient priority. In my view, the higher you go up the management ladder—and that can include the management of GE, of Heidrick & Struggles, or the Catholic Church—the less likely you are to get good reviews. It's kind of looked upon as an HR thing—they're the ones who know how to do it. When I step into a situation where I'm asked to fill somebody's job, I typically ask to see a copy of their annual review. And the answer almost always comes back: "We don't do that at this level."

If you're ever going to let somebody go, it should never come as a surprise. There ought to be effective reviews leading up to it. And if the reviews aren't working, or the areas for development aren't working, then pull the trigger on them. But don't make people go away shocked.

What exactly are the rules for reviewing and evaluating individuals?

So, what exactly are the rules for reviewing and evaluating individuals? Number one, let the person know that this is a formal review. It's serious . . . it's me telling you what I think of you . . . it's the two of us sitting down and discussing how you're doing.

Number two, the evaluation should begin by comparing performance against the preset goals. "Hey, you think you're batting .310, well I've looked at the statistics and it's really only .220. So let's get to the why." Also set aside sacred time, as I call it, with no interruptions, no running clock, no limit to the discussions.

By the way, there are also continuous, informal reviews. As a manager, you shouldn't save up everything you have to say for once a year. First of all, it's too hard; and second, memories fade. So, as you go along during the year, you should be constantly coaching, cajoling, and communicating with your people.

Getting back to the ground rules of formal reviews: a priority should be establishing the essential components of the evaluation process. In judging someone's performance against goals, we naturally want to consider what the gauges on the cockpit dashboard have to say—the quantifiable, the measurable and, to some extent, the soft stuff. But there's another technique that I've used and found very effective. It consists of sitting down with someone and saying, "Before we get into the formal stuff, how do you think you're doing?" Sometimes people are tougher on themselves than you are, and able to come up with better suggestions for improvement.

Another important rule is to emphasize the positive. And that means building on the strengths of the individual, using specific examples whenever possible.

No part of the review is more important, however, than the discussion of areas for improvement.

No part of the review is more important, however, than the discussion of areas for improvement. What are the ways in which you can better your performance? Incidentally, it's very important not to discuss areas where the individual is deemed unimprovable. As St. Francis pointed out, "God give me the courage to change the things I can, the patience to accept the things I can't, and the wisdom to know one from the other." You don't want to detract from that person's sense of self-respect, or rake them over the coals. You're there to help them.

And the best way to solve a problem is to be aware of it. "Charlie, I think we have a problem and I want you to be aware of it. Straighten me out if I'm wrong, but let's talk about it." So awareness is the key thing you're driving toward. And that gets to one of the most difficult aspects of a review, the reason most people dodge them: the fact that reviews are, by their very nature, uncomfortable. Charlie doesn't want to hear about his warts. He wants to go back to his positive points.

This brings me to the last point I'd like to make about evaluations. Just as important as airing Charlie's problems is discussing a program for improvement. What can we do to help each other in the future? Approaches to improvement include coaching, special classes, changes in the work environment, hours at home, and some time off. I suggested to somebody the other day who was clearly burned out that they take a sabbatical.

To summarize, there are all kinds of evaluations at your disposal. It's not important what technique or process you use. Just pick something that works for you and that works for Charlie. And if it works, do more of it. If it doesn't work, do something else. But do something. You owe it to your organization, to your people, and to yourself.

Paul Reilly

The subject I've been asked to discuss is implementing a 360-degree evaluation system. It's clear that most people want to do better. They want to be a better colleague, a better employee, and they want to perform better. And that's the whole point of 360 reviews. They're not a penalty system. They're not designed to tell people what they're doing wrong. The purpose of 360 reviews is to communicate better with people so we can nurture them, develop them, and help them do better.

The purpose of 360 reviews is to communicate better with people so we can nurture them, develop them, and help them do better.

People often ask me why they should bother with 360-degree reviews. There are a number of reasons. First, we all have individual biases. I have great managers with whom I personally wouldn't be friends. We just don't click. But I don't want my individual bias to affect my rating of them. I have a responsibility to get a broader view of what people think. They could be very effective and very caring for people, but I don't see that from my seat.

Second, I often get insufficient data as a manager. I have an employee in Hungary, for example, whom I only see two or three times a year. So how do I get feedback? Well, a 360-degree review allows me to get input on that person from an assortment of their peers, colleagues, and others.

The downside is that 360 is a process most of us don't want to confront. We have relationships with people and we don't want to sit down and talk to them about sensitive issues or what they're doing that's having a negative impact on the organization. That fear is natural—but unwarranted. The 360 is a tool that forces us to talk about important issues. And when the person who's being reviewed gets the feedback, they usually steer the conversation in constructive directions because they want to learn and to improve from the process.

Finally, 360 is important because people manage differently. Some people may seem great to me, but when I get their 360s I find they're absolutely terrible with their colleagues—they're tough and unfair. Some people may love them, but others can't work with them. So, a 360 gives you a comprehensive view of how that person is behaving. Whether it's a company, a diocese, or a parish, you get a wide-angle perspective that goes well beyond what you would normally see.

What are the major issues involved in implementing a 360 program? One issue, which I alluded to before, is fear. Most 360 programs never get off the ground because people are afraid of them. They're afraid they're going to be embarrassed, or that they'll be used as a retribution tool. So, the first thing is make the purpose of the program clear. Make sure that people understand it's a professional development tool. Sure, issues will crop up. But it's designed to be positive.

Second, don't be in a rush to implement your 360 program. I've been at four companies—three of which I've led—that have put these systems in place. My current firm took four years to get it up and running. My advice is to take your time. Form a committee, get people involved in the process, and let them understand what you're doing and why it's so valuable.

Third, you should stress that the process is confidential, both in terms of the people who give feedback and those who receive it. In our organization, the only people who see the 360 feedback are those receiving it and their immediate bosses, or the people they report to. Confidentiality is impor-

tant for two reasons. First, colleagues and peers shouldn't have to worry about retribution and, second, the person getting reviewed shouldn't have to worry about being embarrassed by their colleagues.

The fourth issue is training. The reason it's taken our organization four years to implement a 360-degree review system is that people who haven't been through 360s don't know how to give 360s. One of the most important things they learn in training is that a 360 review always starts with a positive, like "Here's what you do well," or "People admire this strength in you." And then you should add, "What did you learn from this?" Usually the employee will bring up areas for improvement. You get into a very natural conversation.

Next is the need to screen comments. There are two types of 360s. One is "check the box, rate me on these." The other, which we use in our company, is more open, where people actually give comments—for example, here's what a person does well, here's what they could do better, here's what they should start doing to be more effective. These types of comments are much more personal, and need to be screened for two reasons. One is they could be discriminatory—whether it is a discrimination that is related to age or other issues—and may need to be removed. Second, they could be mean-spirited and simply have no place in a 360 system.

I believe one of the keys to installing an effective 360 program is to start at the top. When I came to Korn/Ferry, the first person to be evaluated by 360 was me. I had my global operating committee go through the process and give me feedback. Then we extended it to our global management team, our partners and, finally, every staff person in the company. To get an idea of how powerful this process can be, consider that 92 percent of our employees in a blind survey said they were going to attempt to change their behavior based on their 360-degree feedback.

It's not just a good business practice, it's practically a moral obligation. It's the right thing to do to help people be better.

The 360 review has been very powerful for me personally in the course of my career. But the goal is to make it a nurturing, positive system for everyone in the organization, whether that organization is a business, diocese, or parish. It's not just a good business practice, it's practically a moral obligation. It's the right thing to do to help people be better.

Charmaine Williams

My remarks are focused on what dioceses are doing in the field of evaluation, particularly the 360-degree review, and particularly for pastors and parochial vicars. Before I get into more detail, I'd like to tell you about a theory I have based on my work over the years with pastors in the Diocese of Fort Worth. It's that many pastors don't want to be the ones to give a review to their staff mem-

bers. Because many of them have never experienced a review themselves, they're hesitant to be the person conducting it.

That hesitancy is something that we need to overcome in the Church. And, fortunately, there are dioceses working on it. One of the advantages of the 360 review for pastors is that the folks who participate in it and give the feedback are, most of the time, parishioners-at-large. Parish staff is also part of that process, as are the folks who serve on the leadership committees, like the pastoral council and the finance council. Probably the most difficult group to get feedback from are peers of the pastor, since they tend to be other priests who don't really have the experience of seeing them in their pastoring roles.

Nonetheless, 360-degree reviews designed to help priests improve their performance have been around in some dioceses for a number of years. The Archdiocese of Chicago, for example, requires a review of every priest every five years. This review contains many of the components of a traditional 360 review process. The Office of Ministerial Evaluation is responsible for managing and implementing the review process in Chicago, with a developmental plan being one of the outcomes of the process. It includes goals to help the priest maintain and improve his strengths, and reduce or eliminate any problems.

Another very positive component of the Archdiocese of Chicago's program is the statement that appears in the parish bulletin letting people know that the pastor or the parochial vicar has participated in the review process. Sometimes the priest himself develops this statement, other times it's the regional bishop.

I've never met a priest who didn't want to do a better job and provide better service to the people he's leading.

In the Archdiocese of Baltimore, the review process is a function of the Office of Continuing Formation. Mandatory in the past, the 360 review fell out of practice there, but has been revived. Interestingly, it is today an Internet process, and the archdiocese works with an outside psychologist to assist each participating priest to develop a plan to address his strengths and weaknesses. The psychologist also serves as a coach for each of the priests. I'm told that some of the priests really appreciate the fact the coach is an outside party.

In the Diocese of Fort Worth, where I work, former Bishop Joseph Delaney led by example. The first thing he did was to bring in a priest—Father Bill Delaney— from the Continuing Formation Office of the Diocese of Cleveland to lead an evaluation workshop for priests of the Diocese of Fort Worth. Bishop Delaney urged the leadership, particularly the presbyteral council, to attend. At the workshop, Bishop Delaney agreed to participate himself in the review process, and asked all of the presbyteral council to do the same. It was his hope these leaders would have a good experience and

champion the review process. Unfortunately Bishop Delaney became ill, and without his leadership the program faltered. We have successfully introduced it, however, to our newly ordained priests.

There are other ways in which dioceses are introducing different components of the review process. The 360 review, or at least parts of it, are now woven into the pastoral year experience for many seminarians. The pastoral year is a period that seminarians spend working in a parish before ordination. So, in our diocese and others, we are beginning to expect that newly ordained priests will engage in 360-degree reviews. Some dioceses are even providing training or support programs in this field for the recently ordained. And that's a wonderful opportunity for introducing the 360 review on a permanent basis, and for making it part of the culture for young priests. Still other dioceses are using the review during times of transition, from parochial vicar to first-time pastor, for example, or any time a pastor moves from one parish to another.

As a concluding thought, I've never met a priest who didn't want to do a better job and provide better service to the people he's leading. And the same is true for bishops. That's why 360-degree reviews are becoming so important. They're enabling us to develop and institutionalize new processes with the express goal of measuring and then improving the effectiveness of our Church leaders.

Plenary Discussion Highlights

Q. From what you've observed in the business world, to what extent does 360-degree feedback impact the culture and effectiveness of an organization?

Paul Reilly

I'd say 360-degree feedback that includes our clients or customers has done more to transform the culture of our organization than anything else we've done. It's been a very powerful tool. We've gone from kind of a rough culture that dwelled on what people didn't do well, or what the firm didn't do well, to a culture that is much more inclined to talk about the value of people's strengths. And because of that, we're doing much more as a company to mentor and develop people, and to work together as a team.

I should point out that 360 reviews also serve to push people out of the organization—which in many cases is not a bad thing. People who constantly receive negative 360-degree feedback might end up saying to themselves, "Maybe I'm not in the right place," or "Maybe I'm not the best person for the mission of this organization." In other words, 360-degree evaluations can be an eye-opener for some people.

Charmaine Williams

Here's a small example of the impact of 360 at the parish level. I know of some pastors who meet regularly with small groups of people—they kind of pick them randomly—after the

weekend liturgy in order to get feedback on their homilies. My sense is that these priests get a lot of good feedback about how they're helping others, and what they can do to improve. In fact, I've never heard a priest say the process was anything other than a good experience.

Q. Why do you think it's so difficult to instill a culture of shared responsibility and mutual accountability within the Church?

Charmaine Williams

Well, it just hasn't been a big part of our culture in the past. When priests are ordained, we pretty much say, "Okay Father, go to work," and we don't have much ongoing training for them. My sense is that not much time is spent in the seminaries, either, in this area. It's spent instead on preparing people to be priests, and the management side isn't a major concern given all the other responsibilities they have.

Q. I have a personnel committee that's made up of five priests with whom I consult extensively before making assignments from among a group of 60 priests for whom I'm responsible. But objectivity sometimes suffers given the familiarity of people in a relatively small group like this. Are 360 reviews the solution— will they provide objective evaluations of priests?

Paul Reilly

A 360 review is not meant to be a total evaluation, but in the case of a pastor it could provide a view of how he's doing as seen through the eyes of a wider audience: his parishioners, his councils, and maybe the diocese itself, as opposed to just the priests who interact with him regularly. The 360-degree process tells you what a broader group of people think, and that includes a person's strengths and weaknesses.

Q. One of the most important components of a Church minister has to be the depth and quality of his faith—how he lives that faith and how he expresses it to others. Does the 360-degree evaluation process take that into account?

Charmaine Williams

The evaluation processes that I spoke about before, particularly in the Archdioceses of Chicago and Baltimore, take into consideration everything that you're talking about. They're based on a plan for the continuing formation of priests, which is also based on a shepherd's care.

Paul Reilly

I think in a Church context, the number one thing you'd want from parishioners and the councils on any evaluation of the clergy is faith questions: do they practice and live their

faith. If you looked at my company's 360, you'd see that the first part is focused on values, the second part on how the employee treats other people, the third on how they represent the organization, and not till the fourth part do we get into some business issues.

THE POWER OF ECONOMIES OF SCALE IN THE CHURCH (MULTI-PARISH/MULTI-DIOCESE)

Panel

Frederick Gluck
James Smith

Frederick Gluck

Knowing I was going to talk about economies of scale today, I asked myself, “Is this an abstract concept?” And it occurred to me that our entire society is dominated by economies of scale. What do you think automobiles would cost if they were made one at a time? How about Boeing 747s? Being a mom-and-pop operation just isn’t a good idea today.



Jim Smith and Fred Gluck (left to right)

... our entire society is dominated by economies of scale.

Within the Church, many opportunities exist for dioceses or groups of dioceses to employ economies of scale, in areas that range from purchasing to investments to health care. Let’s consider investments for a moment. A study was done that shows the returns on investments as a function of the size of the portfolio, and it turns out that when you get to about a portfolio worth about \$1 billion, your returns really start increasing. So, those of you who are involved in Church

investments should think about your capacity to aggregate some very large investment portfolios. At the same time, you could attract some highly talented professional managers.

Economies of scale, I believe, have the potential to change the economics of the Church.

Economies of scale, I believe, have the potential to change the economics of the Church. But first, you need an understanding of the potential, and I don't think we have that yet. By "understanding" I mean taking the time to ask, what's practical? For example, what could you expect to save by having a general contract with one or more of the big auto manufacturers where every vehicle purchased by the Church goes through that contract? Rest assured, you would get a very major discount. And that extends beyond automobiles to goods and services of all kinds.

In addition to understanding the potential of economies of scale, you need an effective process, and you need leadership. I don't think you have either one of those now. You've got plenty of leadership, but none specifically in this area. And that's unfortunate because the potential savings is enormous: \$100 billion is spent each year by Church-related organizations, including hospitals and schools.

What can we learn from the experience of Texas in applying economies of scale to the purchase of healthcare insurance? The biggest lessons are that it can be done—and that the payoff can be enormous. But it takes courage and determination, and no one is better qualified to tell that story than Jim Smith, as we're about to hear.

James Smith

Let me start by taking you back to 1989, when a group of us in the Diocese of Fort Worth got together to begin discussing the possibility of having a common health plan for all of the dioceses in the state of Texas.

That's right, 1989. We don't necessarily move fast, but more important is that we weren't afraid to move slow. In 2004, the Catholic schools in the state sent a letter to the bishops of Texas, through their school superintendent, asking if they could get a common health plan for all of the Catholic schools in Texas. The bishops thereupon appointed a committee of three bishops and three finance officers—of which I was one—to revisit the issue and renew discussions.

As background, Texas has a population of about 23 million, including roughly 1.6 million Catholics. We are divided into two archdioceses and 15 dioceses across the state, and have approximately 11,000 employees. Nine of those dioceses have a total of just over 2,800 employees. Taking it down to the grassroots level, the Diocese of Tyler under Bishop Corrada covers 25,000 square miles in east Texas. We have 17,000 registered Catholic families spread across 68 parishes and

missions. Serving our diocese are 242 employees, 91 of whom are priests. We are a very small diocese, even though the geography is very large.

Putting together a healthcare plan that incorporated the appropriate PPO and other types of providers across Tyler's 25,000 square miles was extremely difficult. But putting together one for the entire state of Texas was even more challenging. Because the numbers of employees in 9 of our 15 dioceses were so small, and because we were self-insured, we had to maintain a very low stop-loss threshold. We couldn't even buy stop-loss insurance. Plus, we had virtually no negotiating power.

In the Diocese of Tyler, we were fast reaching the point where we could no longer afford to provide health insurance benefits to our lay employees. And if we took lay employees out of the mix, health insurance costs for ordained priests within the diocese would certainly have reached—pardon the pun—heavenly levels.

So, in 2004, we formed a select committee and sought the buy-in of all 15 bishops in the state of Texas. We got the attention of all of them, but not necessarily the buy-in.

We also realized that our skills and experience were such that we could not manage a project as enormous as this by ourselves. So we looked around and contracted with a professional firm called the Godly Group to serve as our consultant. Along with hiring a consultant comes cost, of course. We were very blessed that the Kennedy Foundation, of which many of you are aware, stepped forward to share the cost of our study and the development of the process.

Crucial to that process was establishing timelines and getting participation from all 15 dioceses. Although we didn't get buy-in from everyone, we did get their participation. That proved important when we put out data requests to each diocese. Here we found some of the biggest stumbling blocks to be the turf issues within individual dioceses. For example, most dioceses have a definition of "employee," and you'd think that would be pretty standard. But it wasn't. They also had different stop-loss levels and different benefits packages. Some dioceses offered very generous benefits; others didn't.

That gives you some idea of the complex issues our committee had to wrestle with. As a result, the Godly Group and I started meeting with every bishop in the state and every chief financial officer to try and understand what the individual issues and problems of each diocese were, and what common ground existed.

The collection of claims data in particular was a challenge. To do our job, we had to have good claims data from all of the dioceses. You'd think just asking for it would be simple. But it was extremely difficult because of the expiration dates of policies. From some dioceses we got just 3 months worth of data, from others 12 months. Further complicating matters was the fact some of the dioceses had recently changed carriers, so we got short data. In cases where we couldn't get 12 months worth of good data, we had to take what we could and actuarially project it out.

Within the state of Texas, the total cost of health insurance was running around \$43 million a year for all of the dioceses. We found—and this gets to the turf issues I mentioned before—vastly different styles of managing these health benefits. I'm sure no one in this room would have a \$43 million business that couldn't be effectively managed. But that's exactly what was happening within the Church.

So, it didn't take long for us to see that the so-called law of the large numbers was going to work for us. . . .

So, it didn't take long for us to see that the so-called law of the large numbers was going to work for us—that by building a single Catholic benefits group we could, as originally predicted, realize a significant financial advantage. Conservatively, we projected the savings to all 15 dioceses—if they decided to participate—and their 11,000 employees to be \$6 million. We also found that by coming together as a group we could purchase higher stop-loss levels, eliminate brokerage fees (which in some dioceses were very high) by being able to negotiate directly with providers, and consolidate administrative services for all of the plans.

But our work was hardly over. We now had to take the vast array of benefits plans throughout all the dioceses and come up with what I began to refer to as a “benefit mutual position.” This platform blended the best of this diocese and the best of that into a common benefits package upon which all of the participants could agree. We then developed a request for funding and sent it out to six insurance companies, four of whom submitted bids.

In the end, we selected Mutual of Omaha as the vendor for our new Catholic Employee Benefits Group. We initially have 1,100 lives, including dependents, covered, and a number of dioceses are expressing an interest in joining the program once their current policies expire.

Just as with any new venture or operation, we're going to experience some growing pains. Because we know problems and issues are going to arise, we've set up a framework to deal with them effectively. We've also asked each participant for a three-year commitment; four dioceses to date have agreed. Based on my experience, I believe those commitments will be renewed at the end of the three years. And within five years, I think at least 11 of the 15 dioceses in the state of Texas will opt to become members of the Catholic Employee Benefits Group.

LAYING THE FOUNDATION FOR SUCCESSFUL FUNDRAISING

Panel

Kerry A. Robinson (Moderator)

Michael Hoffman

Rev. Edward Malloy

Kerry A. Robinson

Permit me to offer a few reflections on a subject about which I have unwittingly and gratefully become passionate. I've spent my entire adult life in the world of formal Catholic philanthropy through my membership in the Raskob Foundation for Catholic Activities and FADICA. For nine recent years, I served as director of development for Saint Thomas More, the Catholic Chapel and Center at Yale University. That experience changed the course of my life and in many ways prepared me to appreciate the potential the Leadership Roundtable has to transform the Catholic Church in the United States.

I've been surprised at how mysterious philanthropy seems to fundraisers, and fundraising seems to philanthropists. Indeed, I've long advocated for internships and experience in both realms to foster a better understanding of each. I believe that fundraising for the Catholic Church is fundamentally about vision and confidence and passion, and bringing those qualities to bear on developing a faith-filled, expansive ministry.



Kerry Robinson

Money follows mission. . . . Keep in mind that donors are subjects, not objects.

Money follows mission. And fundraising is successful when the vision is compelling and the program aspires to be comprehensive, excellent, and always open to creative new initiatives. Keep in mind that donors are subjects, not objects. They are members of our faith community who contribute more than money, and have the right to be engaged in a successful expansion of ministry. As Frank Butler said in his keynote address, “Everyone counts.”

If you want to be successful at raising money, here are some lessons I’ve learned over the years:

- Be a ministry, parish, diocese, or organization worthy of generosity.
- Be transparent, accountable, grateful, and trustworthy.
- Understand that donors are sophisticated investors, but also capable of ever-increasing levels of commitment, engagement, and generosity.
- Alter your perception of fundraising so you see it as a ministry, as a means for evangelization, and as a constitutive responsibility as members of this faith community.
- Commit to heart that people invest in relationships, in competencies, and in success.
- Never be stagnant; always be receptive to change.
- Discomfort with fundraising—or even talking about money—is no longer an acceptable excuse for anyone who cares about their ministry.
- Resist cynicism and negativity in all its insidious forms.
- Be joyful and hopeful, and have confidence in the future, as people of faith, who trust in providence, are called to be.

Remember, finally, that nothing succeeds like success. Hold up your ministry, celebrate it, do everything possible to ensure it is excellent, well-managed, financially transparent, accountable, and just. Once you’ve achieved this mission, I can assure you the money will follow.

Michael Hoffman

By way of introduction, I am the founder, chairman, and CEO of Changing Our World, a leading philanthropic services consulting firm. Changing Our World specializes in major gift and capital campaigns, fundraising, capacity building for nonprofits, and corporate and private philanthropy. Our clients include the Archdiocese for the Military Services, the Archdiocese of New York, the Archdiocese of Boston, the Saint Vincent Catholic Medical Centers, and the Memorial Sloan-Kettering Cancer Center.

I'd like to describe for you three case studies that I believe illustrate some of the essential elements for successful fundraising today. Common to each of these cases, as you'll see, are:

- leadership, hard work, and a positive attitude;
- financial transparency; and
- a strong, strategic case for financial support.



Michael Hoffman

The first case involves the Twin Towers Fund, which Mayor Giuliani of New York set up to assist the families of uniformed rescue workers who lost their lives on 9/11. The mayor asked our firm to work on the Fund pro bono, which we did for two years. Because of Mayor Giuliani's leadership, the clear focus of the Fund, and his passion for complete transparency, over \$216 million was raised from 200,000 donors around the world, and distributed flawlessly.

First, don't be afraid to ask for assistance.

The second case takes us back to the fall of 2005, when I gave a talk to the Archdiocese of New York's Association of School Development Professionals. In my talk, "Successful Fundraising in Today's Changing World," I emphasized the importance of financial controls and financial transparency, particularly good strategic planning. I also pointed out that Catholics today want to support their local parishes and schools, but first they want to know where the money is going, and they want to know that it's being spent strategically. I ended my talk by telling the many elementary and high school principals and development directors in the room that people are available to help them with their fundraising. The catch is this: they have to take the initiative and ask for it.

The third case involves the Archdiocese of Boston, which asked our company about a year ago to work with it on a philanthropic strategic plan, and to ensure that this plan supported additional work the archdiocese had undertaken on a financial strategic plan and a schools strategic plan. Not only are these plans interconnected, but they share a common trait: very strong and influential volunteer leadership. As for the philanthropic report that we are currently implementing, two key recommendations are:

- The archdiocese must build a coordinated but decentralized fundraising/philanthropy operation that is based on influence and trust.
- The archdiocese and its various entities must have access to and share world-class resources.

There are several overarching lessons I believe we can learn from these three cases. First, don't be afraid to ask for assistance. People want to help. Second, leadership, hard work, and positive attitude are essential to your fundraising endeavor. And finally, a strong strategic case based on financial transparency is pivotal to any successful effort.

Rev. Edward Malloy

With the help of anecdotal bits and pieces, I'd like to talk about the role that leadership can play in both mobilizing personnel resources for fundraising and in appropriately celebrating and thanking those who have been generous to the institution.

But to say that I raised the money would be foolish . . .

In the course of my professional responsibilities with Notre Dame, I was involved in one way or another with raising about \$1.5 billion. I was understandably delighted that we achieved those results. But to say that I raised the money would be foolish, because I was surrounded by and worked with some very talented, energetic, and committed people. So, in a sense, one of my responsibilities was to make sure that we had theorized properly about how to be effective in fundraising, that we had put together the right kind of staff to make it happen, and that we were tending to the thanking and celebration functions with as much enthusiasm for the thousand-dollar benefactor as for the multi-million-dollar benefactor.

In the field of higher education fundraising, the dynamics are such that momentum builds, research gets done, and successful fundraising begets more successful fundraising, especially if it looks as though the money is being used for good purposes. The key question in much of Church-related fundraising is, how do you get that momentum going? It seems to me that in a lot of Church settings, because of the limitations of personnel and the means for large-scale fundraising, outside expertise will have to be brought in, just as you do for other activities within the diocese. And although it would be unusual, based on my experience, for multiple dioceses to try to raise money together, if a diocese is quite small, I see no reason why it couldn't coordinate that function with neighboring dioceses, or even with regions of dioceses. It's an idea certainly worth further reflection.



Father Edward "Monk" Malloy

I've often been asked in interviews what percentage of my time is spent on fundraising. My answer is: "On one hand, very little, but on the other hand, most of my time." That's because almost everything I did in that role was connected in some way to effective fundraising, even if actual focused events comprised a much smaller portion of my time. I think that should be true at the diocesan and parish levels as well. We need to be comfortable with the task, even if it doesn't come to us naturally. Our skills can be refined through both hard work and outside expertise.

It's not a burden...it's an opportunity.

There is no shortage of opportunities for us to pursue as fundraisers. Many of the people I know who are very, very wealthy would love to leave their mark. And many of them are committed Catholics who believe deeply in what we're trying to do. They truly want to support the Church. We simply have to find the most effective ways to reach them, and be willing to commit ourselves to the task with great enthusiasm, learning from other institutions that have known a level of success in fundraising. It's not a burden...it's an opportunity.

Plenary Discussion Highlights

Q. Are there any new and innovative fundraising techniques the Church could use to get beyond the "80/20" principle, where 80 percent of the gifts come from 20 percent of the people?

Michael Hoffman

A lot of people are now making their gifts online, as we saw following the tragedies of 9/11, the tsunami, and Katrina. For many of these individuals, it was the first time they had ever made a charitable contribution to anything other than their church. Because they're new givers, the issues of how professionally they're handled and how sincerely they're thanked will determine whether they remain givers.

The challenge for all of us is that there's a tremendous number of young Catholics who are either wealthy or going to be wealthy. They may be totally focused now on their jobs and their families, and may not even go to Church. Nonetheless, we have to make a conscious effort to find them and get them to become active in the Church, to join our boards and committees, for example. We then have to educate them about the gift of philanthropy.

Q. You talked about wealthy people wanting to leave their mark. Has the Church progressed to the point where it's able to speak to these people about the responsible use of this wealth?

Rev. Malloy

My experience has been that there are people who look to me, and others like me, to help them think about what they can do with the wealth they've accumulated—whether it's inherited, earned, or they happened to get lucky in life. Think of all the ways they could squander that money. Our objective is to tap into their desire to make a difference so they see the outcome for themselves.

Q. Can you expand on the importance of not just cultivating gifts, but also recognizing and celebrating them?

Rev. Malloy

Those of us in the higher education community have what you might call a *cycle of thanking*. If you have people at a certain level of giving, or people who make annual unrestricted gifts, it's an excellent idea to bring them together once a year, perhaps at a dinner, to thank them formally. They often feel good being in the company of others who believe in the same things they do. It reinforces for the future. If somebody gives a much smaller gift, how do you thank them? Sometimes it's just a letter or a handshake or some other form of special recognition. The thing to remember is that if you get to the point where you stop thanking people because their gift is not big enough, then I think you've lost the integrity of the whole process.

... if you get to the point where you stop thanking people because their gift is not big enough, ... you've lost the integrity of the whole process.

Q. How can the Roundtable help the Church with its fundraising effort?

Rev. Malloy

The Catholic community needs world-class talent when it comes to fundraising and philanthropy. So I think the Roundtable can help by putting together a cadre of such talent—perhaps in the form of a special committee whose resources people within the Church could share.

ACKNOWLEDGMENTS

The National Leadership Roundtable on Church Management owes the success of its 2006 conference to the dedication and commitment of many people. We would most especially like to thank the bishops for taking time out of their enormously busy schedules to lend their insight and leadership to this critical dialogue.

We gratefully acknowledge the members of the Conference Planning Committee for their constant support and thoughtful planning: Pat Harker, Mary Brabeck, Fr. Don Monan, Frank Butler, and Thomas J. Healey.

We would like to thank the speakers and panelists for their insightful comments, the moderators and scribes for facilitating the breakout sessions, and event coordinators Lauren Roth and Susan Hernandez. We would also like to thank the Leadership Roundtable staff: Michael Costello, John Eriksen, and Michael Brough for their hard work in organizing the conference.

Our profound gratitude goes to the philanthropic foundations that have generously supported the National Leadership Roundtable on Church Management since its inception and helped to underwrite the costs of this conference. They are the Amaturio Family Foundation, AMS Fund, Boisi Family Foundation, Cassin Educational Initiative Foundation, Cushman Foundation, Healey Family Foundation, Elizabeth and Frank Ingrassia Foundation, Frank J. Lewis Foundation, and the Raskob Foundation for Catholic Activities.



Kerry Robinson and Geoffrey Boisi

APPENDIX A

RENEWAL AND REBUILDING IN THE ARCHDIOCESE OF NEW ORLEANS

Frederick Gluck

Most Rev. Roger P. Morin

John Eriksen

Frederick Gluck

Many of you will remember that at last year's Roundtable conference, Archbishop Hughes from New Orleans gave a very inspiring talk about what had happened in the wake of Hurricane Katrina and, more specifically, the role the Church was playing in the city's recovery. A few of us had dinner that night with Archbishop Hughes, and we came up the idea that perhaps the Roundtable could be instrumental in getting McKinsey & Company to assist the Archdiocese of New Orleans.



Fred Gluck

Well, a year has gone by, and after much discussion and interaction between Kerry Robinson, Geoff Boise, John Eriksen, and Archbishop Hughes, we've developed a project. We're going to help the Archdiocese figure out a plan for its school system, with McKinsey kindly offering its heavily discounted services. That effort begins on July 21.

Bishop Morin is here to tell us a little bit about the current situation in New Orleans. He'll be followed by John Eriksen, who will provide further details on the project we're envisioning, which is a joint effort of McKinsey, the Roundtable, and the Archdiocese.

I have a long list of the accomplishments of Bishop Morin, but suffice it to say here he's most proud of the extraordinary pastoral and social work he's done in New Orleans. Right now, he's the auxiliary bishop of New Orleans, the vicar general and moderator of the curia, and he was the executive director of the Department of Community Services. It's an honor for me to introduce Bishop Morin.

Most Rev. Roger P. Morin, D.D., V.G., Auxiliary Bishop

Archbishop Alfred C. Hughes has asked me to bring his greetings to all of you. He has fond memories of his visit with you and of his follow-up meetings with members and staff of the Leadership Roundtable. He's grateful, too, for the Roundtable project about to be undertaken as a study and consultation to assist the parochial school system in the Archdiocese of New Orleans.

You already know that there is a tremendous amount of post-hurricane recovery work to be done in metro New Orleans. I wish to offer a quick recap of where we stand in our recovery efforts. Out of 142 parishes, 112 are up and running. With the announcement of a new pastoral plan in mid-March, six parishes were permanently closed and there are 24 parishes in what we call a state of delayed reopening. The reason for the delay is that some neighborhoods are so devastated that there are very few people living in those areas right now.

The plan will unfold over an 18-month

period. A set of criteria will be developed to help measure future viability based on the repopulation of the neighborhoods around those 24 parishes. In the interim—the delay period—the pastoral care of any people returning to those areas has been given over to the pastors of neighboring parishes that are already up and running. As for our Catholic school system, 83 out of 107 schools are now open throughout the Archdiocese. We are educating 80 percent of the total number of students who were in the system before Hurricane Katrina.



Bishop Roger Morin

There have been tremendous shifts in location of the New Orleans population as a result of Hurricane Katrina. Of the people displaced by the hurricane, less than 50 percent have been able to return to their homes. Current totals indicate that roughly 210,000 people out of an original population of about 450,000 have returned home. Recently conducted surveys evidence that 90 percent of the displaced people say they want to come back to New Orleans. The same surveys show that none of these individuals have received any of the federal grant funds appropriated for rebuilding homes. Moreover, the insurance companies rigidly distinguish between damage from high winds and damage from flood damage. People made homeless by wind and water damage want to return home, but, right now, they do not have the resources to return and rebuild their homes.

Not only the Archdiocese of New Orleans, but neighboring dioceses as well have been overwhelmed by the huge number of evacuees and homeless people seeking assistance. Catholic Church agencies in southeast Louisiana and southern Mississippi have been able to provide help to evacuees and displaced persons with funds provided by the collection of the U.S. Bishop's Conference (USCCB), which is being administered through national Catholic Charities (CCUSA).

A major new initiative in the Archdiocese of New Orleans involves the construction of individual homes and apartments under the aegis of an entity called “Providence Community Housing.” This new collaborative is made up of seven Catholic Church–related groups that have some expertise in housing development. The plan is that, over the next five years, the collaborative will be involved in producing 7,000 housing units, either individual units or apartments, including the restoration of pre-existing apartment complexes for senior citizens. We are very enthusiastic and hopeful for significant results from this initiative.

Less encouraging, though, is the Archdiocese’s own financial condition as a result of Hurricane Katrina. We still have all these many parishes on the books with receivables for their share of administrative expenses, ongoing insurance costs, and clergy personnel expenses. Since some of them—24—are not really functioning, there’s no cash flow from these parishes. We have the fiscal impact of the numerous priests whose salaries and benefits had to be maintained through those months following the devastation caused by the hurricane. The archdiocese is looking at an operating deficit for the fiscal year ending June 30th [2006] of around \$7 million, which is actually less than we thought it would be. It is anticipated that there will be a similar deficit in the following fiscal year.

We have significantly reduced our administrative operations and the number of people working in all of our departments. You know that you can only reduce personnel so much before you wind up with seriously diminishing returns. It reaches the point where you cannot do the important work that needs to be done in ministry to God’s people.

The 24 parishes that are shuttered were the most seriously damaged, with losses of around \$70 million, most of it uninsured. The Archdiocese, with the leadership of Archbishop Hughes, is conserving some resources from the national donations so we don’t spend all available resources on the parishes that are now open. We have pledged to the other 24 parishes that we are going to be able to help them when the people from their areas are able come back home.

The other new development I would like to tell you about is the start-up of central schools in the Archdiocese of New Orleans. The plan, ultimately, is for six central schools to serve children not only from the parish where the school is located but also to serve the children from the parishes that are not up and running. A central school in a deanery might have children from six, seven, or eight neighboring parishes. Our consultants are going to help us work out the governance and the finances of this project.

We believe that the Church is an essential fiber in the fabric of the local community. The history of the Church in New Orleans places it among the eldest dioceses in the country. The Church is not simply going to close down and go away. We will continue to be present for our people and the wider community. We will do all we possibly can do to help the people in their hour of great need.

In his statement on March 15th announcing the pastoral plan to priests of the archdiocese, Archbishop Hughes offered these words, which deeply touched me: “God is calling us to live simpler, less materialistic, less comfortable lives, but nonetheless, lives shaped by a robust faith, an

earnest hope, and a sacrificial love. We will all need to sacrifice some personal preferences for the sake of the common good. We will have to channel limited resources into making the most responsible pastoral response we can at this time.”

There truly has been a sense of deepening spirituality of the priests, the clergy, and the religious, who have experienced Hurricane Katrina and its aftermath. When we visited the shelters, people would look at us and say, “Father, I lost everything, but thank God I’m alive. Thank God my husband or wife, my son or daughter, is with me.”

Some theologians say that faith that has not been tested by doubt isn’t as strong as faith that has been tested, and survived. If Katrina has been the test, the people have proclaimed their faith by saying: “Thank God I’m here.”

John Eriksen

On behalf of the Leadership Roundtable, I’d like to express thanks to Bishop Morin and Archbishop Hughes for the great invitation they extended, and the wonderful and generous opportunity it opened up for us to serve you. I’d also like to extend warm thanks to Fred Gluck, who vastly understates his role in facilitating this project. The other person I want to recognize is Gino Fernandez, who is leading the initiative on behalf of McKinsey. He is a former seminarian with numerous years of experience in the Church, and a partner at McKinsey with excellent management consulting skills.



John Eriksen

As this project unfolds, a group of us will be spending eight weeks in New Orleans—though that’s not really representative of the overall effort. While it involves three people in New Orleans, it also draws on 20 people on the Roundtable Board, another 175 or so Roundtable members, and thousands of the faithful across the country who are helping out. Indeed, the number of people we’ve consulted and talked to about this initiative to serve the Church and the Archdiocese of New Orleans goes on and on. It’s really taking capacity that already exists—whether it takes financial, human capital, or some other form—and marshalling it in an effective way to serve the Church.

At the heart of this project are five specific goals Archbishop Hughes has set forth. The first is to develop a set of viability metrics by taking a close look at the new reality of the city of New Orleans and the Archdiocese, and answering the questions: what will constitute a healthy Catholic school and what will constitute a sustainable Catholic school going forward? Second, Archbishop Hughes has asked us to look at developing processes and templates to support the schools that are continuing to operate, and those that are going to be rebuilt.

The third goal is to take the first two points I talked about and make them transparent and open to everyone so they can see how their contribution—financial, human, or whatever—is being spent. Fourth involves the certainty that the New Orleans that exists today will not be the New Orleans that will exist in three years, six years, or nine years. And we should embrace that as an opportunity to look at processes whereby we can plan and be flexible in order to meet the needs of the parishioners. Finally, there are some specific questions with respect to archdiocesan high schools that Archbishop Hughes has asked us to consider.

So, those are the five objectives that will guide our core team, which consists of myself, two consultants, one engagement manager, and one associate of McKinsey. As I noted before, we'll spend an initial eight-week period learning more about the archdiocese. I've found that members of the Roundtable have much to offer, and what we can offer goes up exponentially according to what we're able to learn. So, the more we understand New Orleans and its needs, the better equipped we'll be to serve.

Which brings us to a question I think is pertinent to this discussion, and to our overall project: why focus on the Catholic schools in New Orleans? That may seem self-evident to you, but a statistic that Bishop Morin cited before bears repeating. He said that 83 of 107 Catholic schools are open right now. That means the institution is growing—and that this represents a wonderful opportunity to feed, nourish, and strengthen it so it can play a vital role in the turnaround of New Orleans.

The second point is that, if you look at most dioceses and archdioceses, the 800-pound financial gorilla in these places is the schools. They generate the most salaries, the greatest healthcare expenditures, and so on. The Roundtable would clearly be remiss in its service to the Archdiocese if it didn't look closely at the schools and try to develop the most effective and efficient way to use this resource.

Another thing I want to touch on is that anybody who's familiar with New Orleans knows that the heart and soul of the educational establishment there is not the public schools, it's the Catholic schools. They were the anchor before the hurricane, and if New Orleans is to prosper, they will have to be afterwards. I read an article recently by two economists about rebuilding in the wake of a disaster. And one of the things they pointed out was that wherever an institution goes, people will follow. So, in a very real sense, being smart about where we rebuild and how we rebuild will be critical to the long-term success of New Orleans.

Finally, we often use the term "best practices," though I'd be just as happy to say, "What works best in the Church and how can we spread it around." As we learn more about New Orleans, I'm confident that a lot of really good practices employed by dioceses and parishes down there will stand out. And as they do, the project that the Roundtable is undertaking along with the archdiocese and McKinsey will be a chance for New Orleans to give back in a meaningful way to the Catholic Church across the United States.

APPENDIX B

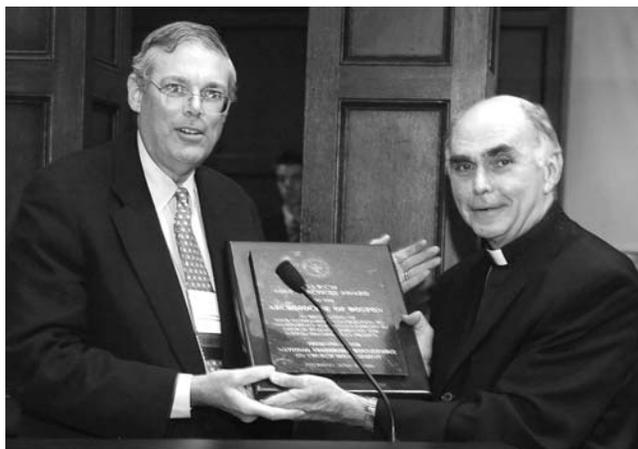
INAUGURAL BEST PRACTICES AWARD: ARCHDIOCESE OF BOSTON FINANCIAL TRANSPARENCY PROJECT

Introduction: *Geoffrey T. Boisi, Chair, National Leadership Roundtable on Church Management*

Remarks: *Rev. J. Bryan Hehir, President, Catholic Charities, Archdiocese of Boston*

Geoffrey T. Boisi

Our mission at the National Leadership Roundtable on Church Management is to promote excellence and best practices in management, human resource development, and finances by capitalizing on the talents of all members of the Church. This is evident not only in our members who are leaders in the Church, but also in those Catholic leaders who hold very significant positions in all sectors of our economy and our country. It is a very impressive group of people, and I cannot tell you how proud I am to be affiliated with each and every one of you.



Geoffrey Boisi and Rev. J. Bryan Hehir (left to right)

Tonight, the Leadership Roundtable inaugurates what we intend to be an annual event: the Award for Best Practices to recognize institutions and individuals who, through their actions and words, have strengthened the Catholic Church. Indeed, one of the most important services the Roundtable can provide is to identify, honor, and support those who selflessly strive to strengthen the Church for the benefit of all. By shining the spotlight on those who perform acts of excellence, we inspire each other to do our best to advance the mission of the Church and further spread the Gospel.

I was thrilled when the Board started to focus on our inaugural honoree, for it is an institution that has had a profound impact on my life. As many of you know, I am a proud son of Boston College,

and during my four years there I was a parishioner in this wonderful archdiocese. College years, of course, are a period of questioning and testing one's faith, and I can tell you that I did that from every angle. The Jesuits at Boston College were critical to my formation, but so was the Archdiocese of Boston through the parishes in which I attended Mass, the hospital chapels where I would go, and the friaries affiliated with the diocese that I would visit. At a point in my life when I was asking myself tough questions and searching for meaningful answers, these institutions were very important to me through their sound advice and sacramental comfort.

Some might describe the challenges and turmoil that the Archdiocese of Boston has endured over the past five years as the perfect storm in this historic faith community. So, I'm ecstatic to be able to help celebrate some truly good news—something that I believe is an act of courage, that recognizes that true relationships are built on a foundation of trust, and that represents a real turning point. The only way to achieve that trust is to take a risk and be purely honest, forthcoming, and transparent.

For those reasons, we recognize tonight the Archdiocese of Boston for its Financial Transparency Project. This extraordinary initiative, along with others underway in the Archdiocese, has significantly enhanced the institution's ability to achieve long-term fiscal health by providing a clear and consolidated view of its financial position. At the same time, we understand that the long-term fiscal health of the Church in Boston or, for that matter, in any diocese, is not an end but a means. As Cardinal O'Malley said in his release of the project's report, "The numbers on these pages are meaningful only when they are put within the context of ministry . . . within the mission of spreading the Gospel."

In that same vein, my good friend and mentor Father J. Donald Monan often remarks that financially healthy and well-run Catholic institutions—whether they are dioceses, hospitals, or universities—are fundamentally better positioned to spread the Gospel. They heal more patients, teach more students in the faith, and minister more effectively to the needs of their parishioners. This is why we honor tonight the Archdiocese of Boston—because it elected to do what was right in extremely trying circumstances. And, because of this, the archdiocese has strengthened its ability to spread the word of Christ.

Earlier today we were treated to the details of the Boston Financial Transparency Project by Jack McCarthy, its point person. He certainly deserves our respect, admiration and gratitude.

One of the things that makes the Archdiocese of Boston's project exceptional is that it brings together clergy and members of the laity with expertise in finance who also share a commitment to the Church. It is a local expression of what the Leadership Roundtable is trying to promote nationally.

There is something noteworthy and special about our unanimous decision to honor Boston, for this faith community has suffered so much financially and spiritually in recent years. But we are all part of the body of Christ, and all of us share in that suffering. By the same token, all of us can share

tonight in celebrating this landmark step toward healing and reconciliation, toward transparency and the restitution of trust.

I'd be remiss if I didn't acknowledge there are other dioceses and Church organizations that annually create financial reports, although perhaps not as extensive as Boston's. These dioceses and organizations should also be commended for their efforts in producing documents that we believe will become the bedrock of the Church's long-term financial health.

We honor the Archdiocese of Boston not only for its model report, but for preparing it in extremely trying circumstances. They have demonstrated great leadership in this effort and we hope other dioceses will emulate them. We hope we will start to see many more informative, comprehensive, and user-friendly financial statements, strategic plans, and reports on how each of our parishes and dioceses is achieving its mission.

And so it's my pleasure and honor to present the National Leadership Roundtable's Award for Best Practices to the Archdiocese of Boston in recognition of its outstanding contribution to transparency and accountability in Church finances. Accepting this award on behalf of Cardinal Sean O'Malley is Father J. Bryan Hehir, President of Catholic Charities of the Archdiocese of Boston. He is among the Cardinal's closest advisors and one of the most respected churchmen of our day.

Rev. J. Bryan Hehir

Let me begin by expressing the thanks of Cardinal O'Malley to Geoff and the National Leadership Roundtable on Church Management for this award. On his behalf, I convey regrets that he cannot be with us tonight, and the profound gratitude of the Archdiocese of Boston, including Cardinal O'Malley personally, and all of us who seek the successful return of the Archdiocese of Boston to its historic place.

This is a very meaningful award both symbolically and substantively, and I want to add my voice to the chorus of praise that has been heaped upon Jack McCarthy. There are enough people in this room who know you don't simply lead, you have to drive a project like this. Jack led it, drove it, inspired it, and left his imprint on it—and all of these pursuits served to enhance this highly technical, highly precise project. He deserves every bit of credit he has received. As Geoff said, people like Jack and Joe Finn, a parishioner of mine who has labored for years on the finance committee, are blessed with precisely the kinds of skills the archdiocese will have to rely upon in the days ahead.

In thinking about what to say tonight, I decided to turn the camera around . . . and see what the Financial Transparency Project has to say about the National Leadership Roundtable on Church Management—the role it has played and the role it can play.

I think there are three characteristics of the Transparency Project that help us to better understand the potential of the Leadership Roundtable. First, the project responded to the fundamental problem of trust that the Church faces. Second, it was a lay-led project. Third, it allowed the teaching Church to become a learning Church. If you take these three characteristics and then look at the

Roundtable, they speak directly to the accomplishments and the potential of this organization—an organization that Geoff Boisi lifted off the ground by willpower, generosity, and skills, and that has been carried forward by my colleagues on the Board, and by Kerry Robinson and others.

Let me first address the issue of trust. I'm a priest of the Archdiocese of Boston. I went to Washington to assume the presidency of National Catholic Charities on the weekend that the *Boston Globe* broke the story on the sexual abuse crisis. My new job has meant traveling from diocese to diocese, and what became clear to me throughout 2002 was that there is no place in the United States where the Church has not been touched by the sexual abuse crisis, and by the loss of trust.

The question of trust is twofold. There is ecclesial trust—how the people of the Church think of the Church. And there's public trust—how the rest of society thinks of the Roman Catholic Church.

A very heartening development was the study within the last month by the Center for Applied Research in the Apostolate (CARA), which found that trust and faith in the Church have rebounded significantly across the country to pre-crisis level. I think we ought to rejoice in that, but be careful about it too, because the problem is so deep and so complex we wouldn't want to say too quickly, "Problem solved." The question of how one ultimately rebounds from a loss of trust, it seems to me, will require two things: first, good, solid pastoral care within the Church to respond to the ecclesial loss of trust and, second, a public presence for the Church in the United States that makes it a strong voice and an effective agent to support and protect the dignity of the human person, particularly those who are poor and vulnerable.

The work of the Transparency Project is of a different nature. It's about the internal life of the Church—its fiscal structure and its efforts to be trustworthy as judged through the lens of fiscal accountability. It's not the way we typically respond to the question of trust, but it is still an important way. The focus of the Leadership Roundtable is on responding to both levels of the loss of trust. Or, to put it another way, the Leadership Roundtable is focused on *regaining trust within the Church and within society*.

Certainly, the broader trend in the nonprofit community, of requiring higher standards of accountability, is an important part of the story. We would have had to face this issue anyway. Now, though, we face it in an atmosphere in which there is deeper, more profound scrutiny of *any* nonprofit organization.

The Leadership Roundtable is a long-term process to enhance the Church's ability to be seen as a trustworthy agent of financial accountability in American society. Second, it is a lay-led project, as is the Boston Financial Transparency Project. To appreciate the significance of that, we should remember that we have just passed the 40th anniversary of the closing of the Second Vatican Council. One of the most noteworthy things about the Second Vatican Council is that it provided a clearer, broader, and deeper definition of the role of the laity in the Catholic Church than we had seen for centuries.

A great author of multiple texts of Vatican II was the French Dominican, Yves Congar. Twenty years before the opening of Vatican II, Congar had written a book called *Lay People in the Church*. In the opening pages of this book, Congar remarked that the lay person usually has two postures in the Church: on his knees before the altar and with his hand in his pocket at the beginning of the collection. Vatican II provided a very different definition of the role of the laity in the Church. The people of God really *are* the people of God. The first thing we say about ourselves, as the document on the Church says, is that we are a community of equals, made so by our baptism. We then become a structured community in terms of the different roles in the hierarchy of the Church.

Even though the theology of the laity was developed with new breadth and depth and insight, many have commented on the fact that we have never been able to fulfill the promise of that Council in terms of mobilizing the role of lay people in the Catholic Church. Another great name from the Council gives us a hint of why that has not yet happened. That name is Father John Courtney Murray, the American Jesuit who basically authored the declaration of religious liberty.

After the Council was over and shortly before he died, Murray gave a talk in which he described what he thought the fundamental challenge would be for the Catholic Church in the post-conciliar era. Murray said the problem is that we have talked about Vatican II as a council of renewal and reform. But, he added, we fail to understand the difference between those two terms, indeed, the tension between them. He said that renewal is an affair of the mind. It is about ideas, vision. It is the way we see things. Vatican II unleashed a great wealth of ideas and vision. Reform, Murray argued, does not have the atmosphere of the library about it. Reform has the atmosphere of the political arena about it. If renewal is about ideas, reform is about institutions. And, Murray said, the challenge we live with in the post-conciliar Church is that our vision of renewal will run ahead of our capacity to create institutions to put the vision into practice.

To be sure, our theology of the laity is ahead of our institutional practice of engaging the lay community. In American Catholicism, that has a particular edge to it. The edge is that this is arguably the most well educated generation of Catholics the Church has seen in its 2,000-year history. The question of how one mobilizes the resources of this extraordinarily talented community is precisely what Murray was talking about. How do you build the institutions that channel the energy, guide the projects, and capitalize on the outcomes that this community is capable of producing?

Once again, the lay-led Financial Transparency Project highlights the ability of a group like this to embody what the Council calls the “charism” of the laity. Charism is a word we use in American popular culture all the time. It has a more technical meaning in theology. Charism is a grace given to a person for the sake of others, not for themselves. The Council talks about the charism of the laity as the capacity to enter the world, shape it, and change it in a way that brings to bear secular knowledge on history.

The Leadership Roundtable tries to bring to bear a very specific set of secular skills in the world of management, finance, and human resources. The Church needs much more than that. It needs theology, philosophy, and social policy, witness and saints. And they aren’t all necessarily embodied in one person. This is not to disparage good solid financial knowledge. To harness that and to make it

available to the Church is precisely the kind of institution-building that Murray said we need in order to allow theology to live.

Finally, the Financial Transparency Project and the Leadership Roundtable allow the Church to show a different side of itself. We talk about the Catholic Church all the time as being a teaching Church and, indeed, that is a great gift of what it means to be Catholic and to be guided by an intellectual tradition grounded in the Scriptures and articulated in philosophy, in theology, and in all the human sciences. That is a key characteristic of what it means to be Catholic, to struggle with 2,000 years of thinking about problems, not always being right, but always being serious that faith and reason are complementary and not contradictory.

The teaching Church is clearly one of our treasures. It is important for a teaching Church to also be a learning Church, a Church that knows what it does know, and has a sense of what it may not know. Murray, in one of his characteristically sharp moments, said that Catholicism sometimes sacrifices understanding on its way to certitude. That is a bit of a warning that the long slow road to reason is necessary even when one is trying to understand the Holy Spirit. So once again, the Transparency Project is precisely the way we learn what it means to be a qualitatively organized and managed institution.

What's being celebrated in this project is really one of the early seeds being brought to fruition—a seed that the National Leadership Roundtable can hopefully now bring to the entire Church.

Thank you very much.

APPENDIX C

UPDATE ON THE LEADERSHIP ROUNDTABLE

Kerry A. Robinson, Executive Director

Michael Brough, Director of Planning and Member Services

Kerry A. Robinson

I want to take this opportunity to update you on the work of the Leadership Roundtable.

The seeds for the Roundtable were planted nearly four years ago. It is fundamentally a community of faith—a group of thoughtful, honest, committed, and exceptionally skilled men and women who responded to the increasingly pressing needs of the Church by coming together and asking a simple question: what can we do for the Church that has helped form us, the Church that we love?



Kerry Robinson, Dominic Tarantino, and Charles Geschke (left to right)

We have recruited close to 180 senior executive leaders from both the secular world and the world of the Church. We're working with approximately 40 bishops, representing all 14 regions of the United States, who serve on important administrative committees. The relationship and trust we're building with these key bishops and the larger episcopacy is constantly improving, and remarkably positive.

Our 25-member Board, which met for the first time on July 11, 2005, is extraordinary. Every member brings a breathtaking level of senior executive insight, skills, and commitment to the Church. Despite having many professional and personal responsibilities, they come together four times a year and serve as chairs of many of our committees.

I want to draw attention to three programmatic committees that correspond to our core areas of focus: management, finance, and human resource development. Under each of these are several projects the Roundtable has identified and is working to develop. Some require a shorter timeline; others require years of ongoing formation, training, and restoration of trust. In addition, there is a Research and Best Practices Committee that undergirds much of the work we do, and a Communications Committee that is spearheading projects such as the development of our web site, the dissemination of our DVD project, and the determination of how to best promote and share the products we're developing and the research we conduct. Finally, there are the standard committees of the Board: the Executive, Development, Finance, Audit, and Membership Committees.

The nerve center for much of this activity is our headquarters in Washington, DC, which we formally opened on July 11th, 2005. We are happy neighbors to FADICA, the consortium of Catholic philanthropic foundations, with whom we share some communal office space. I think it's evident by now how complementary the missions of these two organizations are. I invite all of you to visit our new offices in Washington, right on DuPont Circle.

Since we started the Leadership Roundtable, 11 foundations have come forward to provide financial assistance. They are the Amaturo Family Foundation, the AMS Fund, Betsy Bliss, the Boisi Family Foundation, the Cassin Educational Initiative Foundation, the Cushman Foundation, the Healey Family Foundation, the Elizabeth and Frank Ingrassia Foundation, the Frank J. Lewis Foundation, and the Raskob Foundation. One other foundation has asked to remain anonymous. We are particularly grateful to these foundations, which had faith in us from the very beginning, when our ambitious plans were nevertheless still inchoate.

We have published two reports based on the proceedings of our gatherings in the summer of 2004, and last October's inaugural membership meeting. In addition to edited transcripts of the seminal discussions and observations from many of you, these conferences led to 48 recommendations from the Roundtable for improving the management, finance, and human resource development within the Catholic Church at the parish, diocesan, and national levels.

Last October's conference was even more focused, resulting in the identification of 21 specific projects and themes. After adopting them, the Board incorporated them into a Plan of Action and committed to developing them over the next few years. Committees have been formed at the Board level to work on these specific projects.

Another important activity is bringing the Leadership Roundtable to New Orleans. We've been engaged by the Archdiocese of New Orleans to take part in the reconstruction of the Catholic school system there in the wake of Hurricane Katrina. We'll be working with McKinsey & Company to develop specific metrics, processes, and templates designed to help restore the school system to sound health. We also have an evolving relationship with the Diocese of Paterson, New Jersey, to bring some of our expertise and best practices to bear on its operations.

Recognition is increasingly important to what we do as an organization, and we took pride in announcing at last night's dinner the inaugural Roundtable Award for Best Practices. As you know, the recipient was the Archdiocese of Boston for its groundbreaking Financial Transparency Project. Following the dinner, you were given copies of the seminal product of our DVD set. We encourage you to view it and provide us with feedback as we take steps to unveil these best practice videos on a regional and then a national basis.

I'd like to take this opportunity to also comment on three characteristics or *charisms* that define the National Leadership Roundtable on Church Management.

First, our fundamental role is to emphasize the positive. We're committed to identifying what works well and what best practices already exist in the Church—and then celebrating and promoting them. I think it's a mistake and a disservice to the wider Church to hide these helpful best practices in the name of humility. We should be properly proud of those parishes and dioceses that do exceptional work, and the Roundtable's mission is to recognize them and hold them up as models we should all try to emulate.

Second, efficiency is behind everything we do. We don't want to re-create anything that already works well within the Church. All we want to do is identify it and enhance its capability. Third, we take pride in how catalytic this effort can be. We want wonderful ideas to emerge from the kinds of discussions we had yesterday and today. It is our intention to capitalize on the extraordinary capability, experience, insight, and expertise of you, our members, for maximum service to the Church. I truly believe that the Holy Spirit breathes through everything we do at the Roundtable.

Finally, I'd like to introduce my full-time staff at the Leadership Roundtable. I love the fact that its members are young. I think it's a great sign of hope for the Church that there are young adults who are very well informed about their faith and conversant in Catholic theology and discourse, who are committed and highly professional and want to bring these gifts to the Church.

The Roundtable staff includes Mike Costello, our director of operations. He enables everything to flow smoothly, has impeccable organization skills, and is a trained accountant and auditor on top of that. We're very blessed to have Mike. Another great blessing to the organization and the Church is John Eriksen, our director of research and client services. It almost seems that he's been with us for years, but in fact John started in a full-time capacity earlier this month. An even newer addition to the staff is Michael Brough, our director of planning and member services, who comes to us from RENEW International where he was executive director for eight years. He brings exceptional leadership skills and insights, and loves the Church.

At this point, I'd like to ask Michael to describe some of the activities of the Communications Committee, which he staffs.

Michael Brough

It's a great privilege to be working with Kerry, John, and Mike, and with members of the Board of Directors. My job, essentially, is to assist with the communication flows so that we all know what each other is doing, and we don't wait for the next gathering in 12 months to be updated on the various projects underway.

We have great potential sitting in this room. And it's really exciting for me to hear conversations at this conference like, "This is an experience I have to bring to others," "This is what worked for us in our diocese," and "Here's how we can share that with other people." We also have a mission that's very powerful, clear, and succinct, and an Action Plan to take us through the period ahead. It's all very positive.



Michael Brough

Moreover, we're now just reaching the point with our DVD and new services down in New Orleans where we're able to go out to people and say, "We are here at the service of the Church. We want to bring our gifts, we want to bring our skills, and we want you to network with the extraordinary caliber of people and talent we have assembled so we can be of even greater service to the Church."

Let me say a word, too, about the DVD, one of our premier projects. You received it first as our so-called beta testers, and we look forward to your feedback. We encourage you to use it in your parish or your diocese, and for you to be part of the roll out so that any feedback is coming directly from a Roundtable member. Also, use it with any board you're a member of, or with your diocesan, pastoral, or finance council. We plan to take the DVD to the bishops for implementation at both the diocesan and parish level.

Going forward, a lot of our communications will be electronic. That's the only way we'll be able to stay in touch with all of the different committees, and with all the different members spread across time zones, travel schedules, and businesses. A vital communications tool will be a bi-monthly members' newsletter on our web site, which is about to be redesigned. It will have links and clicks to take you directly to those areas of interest to you. You'll be able to find out who's heading up a project, for example, or share with a nationwide audience a program in your parish or diocese that you feel really good about. It could even be a study you conducted, or the findings of a task force, or a good article in your local paper. If you think it's something that members of the Roundtable need to hear about, then I encourage you to send that information directly to me, and I'll make sure it gets distributed.

I'd also like to encourage each of you to be an ambassador for the Catholic Church, as well as an ambassador for the Leadership Roundtable. Talk to people. You'll be amazed at the number of people in your company or your organization who will be interested in what we're doing. And we could use their expertise, since we're looking to include outside experts on our committees.

The final point about being ambassadors is that we're trying to make sure we have a good geographic spread from the Leadership Roundtable so that when we offer our services to the dioceses—as we're starting to do—we've got local people on whom we can call. So please, continue to seek out others to help us build that geographic diversity. It will make for a stronger Leadership Roundtable—one that's fully prepared to make an impact.

APPENDIX D

PARTICIPANTS

Bishops

MOST REV. J. KEVIN BOLAND is the bishop of the Diocese of Savannah, GA.

MOST REV. MICHAEL J. BRANSFIELD is the bishop of the Diocese of Wheeling-Charleston, WV.

MOST REV. MATTHEW H. CLARK is the bishop of the Diocese of Rochester, NY.

MOST REV. WILLIAM B. FRIEND is the bishop of the Diocese of Shreveport, LA.

MOST REV. DALE J. MELCZEK is the bishop of the Diocese of Gary, IN.

MOST REV. ROGER MORIN is an auxiliary bishop of the Archdiocese of New Orleans, LA.

MOST REV. EDWIN O'BRIEN is the archbishop for the United States Armed Services.

MOST REV. JOSEPH M. SULLIVAN is a retired auxiliary bishop of the Diocese of Brooklyn, NY.

Clergy, Religious, and Laity

MR. RICHARD A. ABDOO is the retired chairman and CEO of the Wisconsin Energy Corporation.

MR. JAMES ALPHEN is the executive director of the National Organization for Continuing Education of Roman Catholic Clergy (NOCER-CC).



James Davidson, Bishop William Friend, and Fred Gluck (left to right)

MS. NANCY AMBROSE is the executive producer and writer for the National Leadership Roundtable on Church Management DVD project.

MR. HAROLD ATTRIDGE is dean and Lillian Claus Professor of the New Testament at Yale Divinity School.

MR. WILLIAM BAKER is president and CEO of ThirteenWNET.

MR. THOMAS A. BAUSCH is a professor at Marquette University.

REV. JOHN P. BEAL, J.C.D. is a professor in the School of Canon Law at the Catholic University of America, Washington, DC, and a member of the board of the National Leadership Roundtable on Church Management.

SR. MARY E. BENDYNA, RSM, PH.D., is executive director of the Center for Applied Research in the Apostolate (CARA) and a member of the Buffalo Regional Community of the Sisters of Mercy of the Americas.

MS. DEE BERNHARDT is the chair of the Catholic Campus Ministry Association.

MS. BETSY BLISS is a managing director for Bear Stearns and Company and a member of the board of the National Leadership Roundtable on Church Management.

MR. GEOFFREY T. BOISI is chairman and senior partner of Roundtable Investment Partners, LLC and the chairman of the National Leadership Roundtable on Church Management.

DR. MARY BRABECK is the dean of New York University's Steinhardt School of Education and a member of the board of the National Leadership Roundtable on Church Management.

MR. MICHAEL BROUGH is the director of planning and member services for the National Leadership Roundtable on Church Management.

DR. FRANCIS J. BUTLER is president of Foundations and Donors Interested in Catholic Activities (FADICA) and a member of the board of the National Leadership Roundtable on Church Management.

MR. PAUL BUTLER is the director of Global Organizational Learning and Development for Gillette.

REV. WILLIAM BYRON, S.J. is past president of Loyola University in New Orleans, LA.

MR. JOHN CARON is the former president of Caron International.

MR. MICHAEL D. CONNELLY is president and CEO of Catholic Healthcare Partners in Cincinnati, OH.

MR. MICHAEL COSTELLO is the director of operations for the National Leadership Roundtable on Church Management.

MR. JOHN P. CURRAN is a trustee for the John P. and Constance A. Curran Charitable Foundation.

MS. BARBARA ANNE CUSACK is the chancellor for the Archdiocese of Milwaukee.

MR. JAMES DAVIDSON is a professor of sociology at Purdue University.

MR. J. HUGH DEVLIN is the founder of Tritar.

MR. JAMES DONAHUE is the president of the Graduate Theological Union.

MS. ELIZABETH DONNELLY is a member of the Mary J. Donnelly Foundation and FADICA.

MS. HELEN DOORDAN is the president of the Raskob Foundation for Catholic Activities, Wilmington, DE.

SR. KARIN DUFAULT, SP, PH.D., RN is the executive director of the Supportive Care Coalition.

REV. ROBERT DUGGAN is a researcher for the Catholic University of America.

MS. CYNTHIA EGAN is executive vice president of special projects for Fidelity Investments.

MS. ELIZABETH EGUIA-GARCIA is the development director for the Mexican American Cultural Center.

MS. MARILOU ELDRED is the president of the Catholic Community Foundation of the Diocese of St. Paul and Minneapolis.

MR. JOHN ERIKSEN is the director of research and client services for the National Leadership Roundtable on Church Management.

MR. JOSEPH F. FINN is a member of the Order of Malta and a financial advisor for the Archdiocese of Boston.

MR. PETER M. FLYNN is the CFO for the Diocese of Fort Worth, TX.

SR. SEAN FOLEY is the president of Glencara, Inc.

MR. DOUG FORD is the former chief executive of refining and marketing for British Petroleum and is a member of the board of the National Leadership Roundtable on Church Management.

MS. CAROL FOWLER is director of the Department of Personnel Services for the Archdiocese of Chicago and is a consultant to the board of the National Leadership Roundtable on Church Management.

MS. ZENI FOX is a professor at Seton Hall University.

MR. WILLIAM P. FRANK is a senior partner at the law firm Skadden, Arps, Meagher & Flom LLP, New York, NY.

MR. THOMAS GROOME is the director of the Institute of Religious Education and Pastoral Ministry (IREPM) and professor of Theology and Religious Education at Boston College.

DR. CHARLES GESCHKE is the chairman of the board of Adobe Systems, Inc. and is a member of the board of the National Leadership Roundtable on Church Management.

MR. FREDERICK W. GLUCK is the former managing director of McKinsey & Company, Inc. and a member of the board of the National Leadership Roundtable on Church Management.

MS. CHANTAL M. GOETZ is the executive director of the Fidel Goetz Foundation.

SR. DORIS GOTTEMOELLER is the senior vice president of Mission and Values Integration with the Catholic Healthcare Partners.

MR. MICHAEL J. GUERRA is the past president of the National Catholic Education Association.

MR. KENNETH HACKETT is the president of Catholic Relief Services.

DR. PATRICK T. HARKER is dean of The Wharton School and the Reliance Professor of Management and Private Enterprise and is a member of the board of the National Leadership Roundtable on Church Management.

MS. SUE HARTE is the campus minister at the University of Pennsylvania.

MR. THOMAS J. HEALEY is a retired partner of Goldman, Sachs & Co. and currently a senior fellow at Harvard University's Kennedy School of Government. He is a member of the board of the National Leadership Roundtable on Church Management.

REV. J. BRYAN HEHIR is the president of Catholic Charities of the Archdiocese of Boston.

MR. JAMES HIGGINS is a senior advisor for Morgan Stanley.

MR. MICHAEL HOFFMAN is the chairman and CEO of Changing Our World, Inc.

MR. DEAN R. HOGE is a professor of sociology at Catholic University in Washington, DC.

REV. DENNIS HOLTSCHNEIDER, CM is the president of DePaul University in Chicago, IL.

REV. THOMAS IVORY is the pastor of the Church of the Presentation in Upper Saddle River, NJ.

BR. THOMAS JOHNSON is the executive director of the Christian Brothers Conference.

SR. CAROL KEEHAN is president and CEO of the Catholic Health Association and is a member of the board of the National Leadership Roundtable on Church Management.

MR. JOSEPH KELSCH is the director of business operations for St. Anne Catholic Community.

REV. EUGENE LAUER is director of the National Pastoral Life Center in New York.

MR. WAYNE LECHASE is the chairman and CEO of LeChase Construction Services.

MR. GERRY LEE is the president of the Maryknoll Lay Missioners.

REV. PAUL LININGER, OFM CONV, is the executive director of the Conference of Major Superiors of Religious Men.

REV. PAUL LOCATELLI, S.J. is the president of Santa Clara University.

MR. T. MICHAEL LONG is a partner at Brown Brothers Harriman.

MR. JAMES LUNDHOLM-EADES is the director of planning for the Archdiocese of St. Paul and Minneapolis, MN.

MR. FRANK J. MACCHIAROLA is the president of St. Francis College in New York.

MRS. MARY MACCHIAROLA, observer.

MSGR. JAMES MAHONEY is the vicar general and moderator of the Curia for the Diocese of Paterson, NJ.

MS. KATHLEEN MAHONEY is the president of the Humanitas Foundation, New York, NY and a member of FADICA.

REV. EDWARD A. MALLOY, CSC, is the president emeritus of the University of Notre Dame and a member of the board of the National Leadership Roundtable on Church Management.

MR. ALFRED MARTINELLI is the former chairman of Buckeye Pipeline Company.

MR. JOHN MCCARTHY, CPA is a professor at the Kennedy School of Government at Harvard University.

MS. ELIZABETH MCCAUL is a partner at Promontory Financial Group and partner-in-charge of the New York office.

MS. KATHLEEN MCCHESENEY is vice president of Walt Disney Company and is a member of the board of the National Leadership Roundtable on Church Management.

MR. OWEN MCGOVERN is the executive director of Catholic Press Association of the United States & Canada.

REV. JOSEPH MCSHANE, S.J. is the president of Fordham University.

SR. PATRICIA MITCHELL, SFCC, is the director of the Office for Parish & Planning for the Diocese of San Jose, CA.

REV. J. DONALD MONAN, S.J. is the chancellor of Boston College, having served 24 years as its president, and is a member of the board of the National Leadership Roundtable on Church Management.

MR. MICHAEL MONTELONGO is the senior vice president of Strategic Marketing for Sodexho, Inc.

MR. PAUL M. MONTRONE is the chairman and CEO of Fisher Scientific International Inc.

DR. CAROL ANN MOONEY is the president of St. Mary's College in South Bend, IN.

DR. MARY JO MORAN, PH.D. is the executive director of NACPA.

REV. ROBERT NIEHOFF, S.J. is the president of John Carroll University.

MR. JONATHAN O'HERRON is a partner at Lazard Freres, trustee emeritus of Middlebury College, and a trustee of the American Red Cross in Greater New York.

SR. CATHERINE M. PATTEN, RSHM, is the coordinator for the Catholic Common Ground Initiative at the National Pastoral Life Center in New York.

MR. FREDERICK PERELLA is executive vice president of the Raskob Foundation for Catholic Activities, Wilmington, DE.

MR. PETER R. QUIRK is the executive director of the Catholic Foundation for the Archdiocese of New Orleans.

MR. PAUL REILLY is the chairman and CEO of Korn/Ferry International and a member of the board of the National Leadership Roundtable on Church Management.

MS. KERRY A. ROBINSON is the executive director of the National Leadership Roundtable on Church Management.

MR. GERARD R. ROCHE is the senior chairman of Heidrick & Struggles, New York, NY.

BR. ROBERT SCHIELER is a provincial in the De La Salle Christian Brothers.

REV. JOHN SIVALON is the superior general of Maryknoll Fathers and Brothers.

MR. JIM SMITH is the CFO for the Diocese of Tyler, Texas.

REV. THOMAS SMOLICH, S.J. is the president of the Jesuit Conference USA.

REV. LARRY SNYDER is the president of Catholic Charities USA.

MR. ANTHONY SPENCE is the editor-in-chief of Catholic News Services.

BR. STEPHEN SYNAN is the president of the Religious Brothers Conference.

DR. RICHARD F. SYRON is the chairman and CEO of Freddie Mac and is a member of the board of the National Leadership Roundtable on Church Management.

MR. DOMINIC A. TARANTINO is the retired chairman of Price Waterhouse World Firm.

MR. J. MALCOLM VISBAL is a retired partner with Grant Thornton.

REV. JEFFREY P. VON ARX, S.J. is the president of Fairfield University.

MR. DON C. WATTERS is the former director of McKinsey & Company, Inc.

MR. JOHN A. WERWAISS is the CEO of Werwaiss & Co., Inc.

MS. CHARMAINE WILLIAMS is the director of human resources for the Diocese of Fort Worth, TX.

SR. SUSAN WOLF, SND is the executive director of the Paulist National Catholic Evangelization Association.

DR. CHARLES E. ZECH is the director of the Center for the Study of Church Management at Villanova University.

REV. CHARLES ZLOCK is the chaplain at the University of Pennsylvania.

APPENDIX E

BRINGING OUR GIFTS TO THE TABLE: CREATING CONDITIONS FOR FINANCIAL HEALTH IN THE CHURCH

National Leadership Roundtable on Church Management Annual
Membership Conference

CONFERENCE AGENDA

WEDNESDAY, JUNE 28, 2006

6:00–8:00pmWelcome Reception*Huntsman Hall, The Wharton School*

THURSDAY, JUNE 29, 2006

7:30am.....Continental Breakfast*Huntsman Hall, The Wharton School*

8:00am.....Registration

8:30–8:45am.....Opening Prayer

Most Rev. Dale J. Melczek, Bishop of Gary

Welcome and Introduction

Ms. Kerry A. Robinson, Executive Director

8:45–9:00am.....**Everyone Counts: Finding the Means for Ministry and Service**

Dr. Francis J. Butler, President, FADICA

9:00–10:00am.....**Exploring Financial Challenges and Opportunities**

Most Rev. William B. Friend, Diocese of Shreveport, *moderator*

Most Rev. Edwin F. O'Brien, Archdiocese of Military Services

Most Rev. Michael J. Bransfield, Diocese of Wheeling-Charleston

- 10:00–10:30am.....Plenary Discussion
- 10:30-10:45amBreak
- 10:45–11:45am.....Effective Diocesan Planning
Mr. James Lundholm-Eades, Director of Planning,
Archdiocese of St. Paul & Minneapolis (video in break-out sessions)
- 11:50–12:20pmPlenary Session Report Back
Facilitated by Mr. James Lundholm-Eades, Director of Planning,
Archdiocese of St. Paul & Minneapolis, and
Dr. Patrick Harker, Dean of The Wharton School
- 12:30–1:45pmLunch
- Renewal and Rebuilding in the Archdiocese of New Orleans**
Mr. Frederick Gluck, Former Managing Director, McKinsey & Company
Most Rev. Roger P. Morin, Auxiliary Bishop of New Orleans
Mr. John Eriksen, Director of Research and Client Services
- 2:00–4:00pmEssentials of Church Financial Transparency:
The Archdiocese of Boston Transparency Project
Rev. J. Donald Monan, S.J., Chancellor, Boston College, *moderator*
Mr. John H. McCarthy, CPA, Senior Fellow, Hauser Center at Harvard University
Mr. Dominic A. Tarantino, CPA, Retired Chairman, Price Waterhouse World
Firm
Mr. J. Malcolm Visbal, CPA, Retired Partner, Grant Thornton
- 4:30–5:30pmCelebration of the Eucharist*St. Agatha & St. James Catholic Church*
Celebrant: Most Rev. Edwin F. O’Brien, Archdiocese of Military Services
- 6:00–7:00pmCocktails.....*Houston Hall, Hall of Flags, 3417 Spruce Street*
- 7:00–9:30pmBanquet*Houston Hall, Hall of Flags, 3417 Spruce Street*
Most Rev. J. Kevin Boland, Bishop of Savannah, Invocation
Award presentation—Geoffrey T. Boisi, Chair
Honoree: Archdiocese of Boston

FRIDAY, JUNE 30, 2006

7:30am.....Continental Breakfast

8:15–10:00am.....The Value of Evaluation in the Church

Ms. Mary Jo Moran, Executive Director NACPA, *moderator*

Mr. Gerard Roche, Senior Chairman, Heidrick & Struggles

Mr. Paul Reilly, Chairman & CEO, Korn/Ferry International

Ms. Charmaine Williams, Director of Human Resources, Diocese of Fort Worth

Plenary Discussion

10:00–10:30am.....The Power of Economies of Scale in the Church (Multi-Parish/Multi-Diocesan)

Mr. Frederick Gluck, Former Managing Director, McKinsey & Company

Mr. James Smith, CFO, Diocese of Tyler

10:30–10:45am.....Break

10:45–11:30am.....Breakout Session

11:45–1:15pmLunch

Update on the Leadership Roundtable

Ms. Kerry A. Robinson, Executive Director

Mr. Michael Brough, Director of Planning and Member Services

1:30–2:30pmLaying the Foundation for Successful Fundraising

Ms. Kerry A. Robinson, *moderator*

Mr. Michael Hoffman, CEO and President, Changing Our World, Inc.

Rev. Edward Malloy, CSC, President Emeritus, Notre Dame

2:30pmSummary and Next Steps

Mr. Geoffrey T. Boisi, Chair

3:00pmAdjourn

APPENDIX F

PLAN OF ACTION



National Leadership Roundtable on Church Management

The following recommendations are outgrowths of the two-day 2005 NLRCM Conference at The Wharton School. They reflect the knowledge, insights, and creative thinking of some of the country's top leaders from the corporate and nonprofit worlds, together with members of the U.S. Catholic Church hierarchy. Collectively, the Plan of Action is a recommended, initial course of action for the NLRCM over the next several years.

NLRCM PROGRAM PRIORITIES

The eight NLRCM Program Priorities refer to activities that can be developed and implemented by the NLRCM itself; each has the potential to affect the full range of Church business operations.

1. Establish and continually update a directory of leading professionals in the fields of management, human resources, and finance to serve as a valuable resource to dioceses and parishes. The NLRCM would identify and promote the competencies of these experts through its website (www.nlrcm.org).
2. Develop and publish a library of best practices in the areas of Church management, human resources, and finance. These best practices would be aimed at dioceses, parishes, religious communities, and other Church organizations and would be promoted through the NLRCM website (www.nlrcm.org) and other media.
3. Clearly define and adapt *The Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* for use by the Church. This activity would be carried out through “demonstration” dioceses, parishes, religious communities, and other Catholic organizations with the expectation of a national rollout by the end of 2007.
4. Establish an annual National Best Practices Awards Program as a way of recognizing, rewarding, and promoting excellence among dioceses and parishes in the areas of management, finance, and personnel.

5. Promote and disseminate NLRCM DVD sets for parishes and dioceses that allow local faith communities to assess the management, finance, and human resource challenges and opportunities, and work toward incorporating best practices in these areas.
6. Plan and sponsor an annual meeting of bishops and members of the NLRCM to discuss and thoroughly assess the temporal needs of the Church in the United States; develop creative, practical solutions to problems facing the Church; and set, monitor, and further refine the NLRCM Plan of Action in a way that provides maximum benefit to the Church.
7. Oversee the development of a long-term strategy designed to help the Church regain trust and credibility in the United States. This, in turn, requires actively promoting a culture of excellence and developing a comprehensive human resources program.
8. Provide experienced management counsel and assistance to those bishops who are working diligently to rebuild the Church infrastructure in Louisiana and Mississippi in the wake of Hurricane Katrina.

BEST PRACTICE DIOCESE/PARISH ACTIONS

The 13 Best Practice Diocese/Parish Actions require the active participation of the dioceses and parishes; each affects Church operations in the areas of management, human resources, or finance.

Management

1. Define and promote models of what constitutes clear and powerful strategic planning within the dioceses.
2. Develop the framework for a centralized diocesan database of skilled individuals and services that could be shared among parishes, particularly those lacking in these areas. This group would offer support in such areas as youth ministry, music, fundraising, insurance, and printing, as well as management, information technology, finance, and human resource development.

Human Resources

3. Create comprehensive job descriptions, performance metrics, and compensation benchmarks for every position within the diocese and parish held by Church leaders and professional laypeople. These parameters—designed to help foster a culture of excellence, accountability, and vocational development—would include mission, objectives, performance, compliance, outcomes, training, and motivational systems.

4. Develop models of a 360-degree Personnel Review System for employees of the diocese and parish. This system—which has become the gold standard in the private sector—would provide job performance feedback from peers, higher-ups, and others to whom employees and the Church are accountable. It should be focused on developing the skills and competencies of (a) bishops, (b) pastors, (c) diocesan staff, (d) parish staff, and (e) boards/councils. It should also be aimed at continuous improvement and positive reinforcement rather than on critical evaluation. A Personnel Review System that enjoys the support and full participation of the bishop in the diocese would be easiest to implement.
5. Identify and spotlight a system to review, enhance, and provide parishioner feedback on the quality of clergy preaching in the spirit of guidance and continuous improvement.
6. Adopt the concept of *lifelong* education for every Church employee, in accordance with the tenets of *The Basic Plan for Ongoing Formation for Priests* that was recently adopted by the United States Conference of Catholic Bishops. At higher levels, this learning initiative could be patterned after the executive leadership programs found at many of the nation's top colleges and business schools. Lifelong education should focus on strengthening critical skill sets in the general areas of administration, finance, and personnel management. Catholic universities with their tremendous resources could be an integral part of this training/formation program.
7. Create mentoring programs that help pastors and other Church leaders to handle better the complexities and, at times, the loneliness of their jobs by pairing them with experienced coaches or mentors.
8. Develop and promote education and training (both managerial and theological) for lay ecclesial ministers, religious, priests, and bishops.
9. Develop and promote thoughtful succession plans for priests and lay leaders.

Finance

10. Promote openness, honesty, and transparency in Church finances by publishing and disseminating to members an annual financial statement or report summarizing all expenditures and receipts, as well as describing the financial health of the diocese or parish. This document should be comprehensive (reporting on all Church operations, including schools, cemeteries, health facilities, and any other assets of which the bishop or his representative has titular control), and both backward- and forward-looking. In addition, it should be written in a *reader-friendly* way that is intelligible to Church members who do not have financial backgrounds. Reinforce this reporting system through periodic “town meetings” where parishioners are free to raise questions or express concerns they may have to Church leaders.
11. Employ economies of scale by establishing multi-diocese or multi-parish cooperatives for the purchase of goods and services. This concept of centralized purchasing has become standard operating procedure within the private and government sectors, and could potentially help the Church realize significant savings on its annual operating budget.

12. Improve productivity and cost-efficiencies by standardizing computer hardware and software platforms among parishes and Catholic schools, particularly in the area of accounting. One benefit is having access to information that allows finance personnel to spot and analyze potential problems and make appropriate adjustments.
13. Develop and promote a comprehensive and strategic fundraising approach for Catholic dioceses, parishes, religious communities, and other Catholic organizations that is mission-driven, financially transparent, and aspires to have a positive, transforming effect on the whole community. This approach should be grounded in Scripture and Catholic tenets, should understand donors as subjects rather than objects, should promote and celebrate excellence at all levels, and should inform and engage Catholics more deeply in the mission of the Church.

These proceedings are part of a series of publications on the Church in America:

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