

Leading Through a Financial Crisis

James Braddy

Former Superintendent | Northern California & Nevada District
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When elected as Superintendent of the Northern California & Nevada District in 2004, I faced twin financial crises that threatened to bankrupt the District. That was shortly followed by a financial crisis with Bethany University, which was solely owned by the District. All in all, a potential debt of \$18 million dollars loomed on the immediate horizon.

How do you face a situation of growing financial distress? That question is rephrased now by individual churches in this time of crisis, as they close their doors and as many congregants are now unemployed and unable to give offerings. To offer some guidance, I'd like to share how the Northern California & Nevada District was able to navigate those murky and dangerous financial waters 16 years ago.

Be Honest with Your People

First, as a leader, I needed to be transparent and honest with both the leadership and the constituents of the District. This meant a thorough and complete examination of the District's financial state and a frequent and factual reporting to the District regarding the steps being taken to address the situation. People appreciate transparency and respect honesty. We did not "spiritualize" the problem nor did we cast blame on previous leadership. Instead, we made a commitment to regularly and openly communicate our status to the membership.

Review Your Mission Statement

In the midst of our financial crises, we also looked to our mission statement and purpose in ministry. Were we spending on the priorities included in our original mission? In order to dig deep into our budget, we needed to refocus on who we were as a District.

Two questions guided my decisions. What's our business? What's not our business? Our budget and spending should be directed towards our mission, and focusing on these questions helped us avoid random or haphazard cuts that would diminish our purpose in ministry.

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Reevaluate Your Budget

In looking at our budget, we first identified areas that were fixed payments — such as mortgage, insurance, payroll taxes, etc. However, even then, we underlined expenses with room for cuts or reductions. Then, line by line, we asked, “Is it necessary at this time to maintain the spending in this area?”

Payroll Costs

For many churches, salaries are a major expenditure. We asked ourselves if payroll could be decreased without jeopardizing our mission and were eventually able to limit the reduction of staff to only three employees and also temporarily reduce salaries, starting with the greatest cuts at the top. In addition, we lowered certain benefits that could later be restored.

Lenders and Suppliers

Beyond reducing our internal expenses, we also contacted lenders and certain suppliers and were able to negotiate reductions or delays in payments.

Ministry Programs

Perhaps most importantly, we identified certain ministry programs that were not central to our purpose and mission statement. After much discussion, we discontinued these ministries, even though two had been with the District for decades.

All in all, we reduced expenses by nearly \$300k for the year. In the next year’s budget, we cut costs even further.

Reassess and Report

Finally, we communicated. This process created an understanding that the District would consider and pursue difficult measures, some of which our churches were already practicing. We also quickly showed appreciation to those who sacrificially continued to support the District with their tithes. I am thrilled to say that once the crisis had passed, this honest approach to finances continued to guide the District under new leadership — even to this day.

In the same way, you too can survive this current financial and health crisis. In fact, I encourage you to consider this an opportunity for your church to take a whole new look at what is really important to fulfilling your mission in your community. ■

