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PRE-CAMPAIGN STUDY
EXECUTIVE SUMMARY

prepared for

St. Peter Lutheran Church & School

Hemlock, MI

August 9, 2021

Foreword

St. Peter Lutheran Church contracted with The Timothy Group to conduct a Congregational Readiness Review in preparation for a planned church and ministry expansion. Church leaders believe that a successful church-wide stewardship campaign would be part of the funding plan. The total projected cost of the expansion project is \$8.0 million.

Following the analysis of information from personal interviews with selected individuals, focus group responses, and mail/online surveys, we have prepared this report.

This report compiles information about St. Peter Lutheran Church and examines the fundamental factors involved in the congregation's readiness for a capital stewardship campaign. Especially insightful in a study of this type are the narrative comments that go beyond multiple-choice answers to questions.

These comments do not always relate to the questions asked, but often reflect compliments or concerns. Each comment reflects the response of one person. If more than one individual responds with the same or similar comment each comment is included.

Introduction

OBJECTIVES:

There are four objectives for conducting a Congregational Readiness Review:

1. To gain an understanding of the attitudes and opinions of individuals/families of St. Peter Lutheran Church regarding the church's current ministry and leadership.
2. To gauge the level of urgency in the congregation regarding the proposed ministry expansion plan as described in the Case Statement.
3. To evaluate the readiness of the congregation to contribute financial support for the church's ministry expansion project.
4. To identify volunteers within the congregation who will serve in a capital stewardship campaign.

METHODOLOGY:

Before launching the readiness review, a number of pre-planning meetings/discussions were held between Kent Vanderwood, TTG Vice President, Pat McLaughlin, TTG President, and Eric Hagenow, spokesperson for the Long-Range Planning Committee of St. Peter Lutheran Church.

Following these discussions, we implemented the following steps in this Congregational Readiness Review.

1. St. Peter Lutheran Church representatives and The Timothy Group established a timeline for the Congregational Readiness Review.
2. A Case Statement was drafted by The Timothy Group and modified with direction from St. Peter Lutheran Church's leadership. This document articulated the church's purpose, present ministry, future challenges, and ministry expansion plans.
3. A questionnaire was drafted by The Timothy Group with proposed changes and final approval by the church leadership. It inquired about the attitudes and opinions of the church community relative to these three topics: a) music needs, b) facility expansion, and c) the willingness to participate financially and/or as a volunteer in a capital stewardship campaign.
4. Participants and responses:
A total of 143 individuals/families participated in the study.
 - a. 32 participated in a personal interview conducted by either Kent Vanderwood, Jim Johnson, or Pat McLaughlin of The Timothy Group.
 - b. 19 participated in one of two focus groups conducted by The Timothy Group Consultants and completed the survey.
 - c. 92 participated by mail (78) or online (14).
5. The Timothy Group analyzed the responses and formulated observations and recommendations concerning the next steps St. Peter Lutheran Church should consider.

CURRENT ENVIRONMENT

IT IS IMPORTANT TO REVIEW THE CURRENT ENVIRONMENT AT ST. PETER CHURCH WHEN CONSIDERING MINISTRY GROWTH AND EXPANSION

St. Peter Lutheran Church is located in Hemlock, Michigan. It is a member of the Lutheran Church Missouri Synod (LCMS) and also operates a day school for grades K – 8. The mission of the church is, “to proclaim the gospel of Jesus Christ to the unchurched and nurture the faith of our members through the word and sacraments.” Over the past year, a Long-Term Planning Committee has been working on a Master Plan that addresses the congregational needs and prepares them for future ministry within the church and throughout the community. This plan was presented to the congregation on January 25, 2021. The proposed plan addresses the needs of the music ministry through a new organ and new space, fellowship hall and kitchen, classrooms, a new narthex, and entry space and other auxiliary spaces. The total cost of this expansion is estimated to be \$8 million. St. Peter Lutheran has received a generous matching fund offer of \$2.5 million to support half of the building and organ projects up to a \$5 million or greater project.

SUNDAY MORNING WORSHIP: St. Peter Lutheran Church currently offers two services; one on Thursday night and one on Sunday morning. That will return to a Saturday night/Sunday format in the fall. Attendance is currently averaging below 200, although it was closer to over 250 Pre-Covid. The church counts 1,270 people on its membership roll. There is currently a lack of young families in the church, which leaders are addressing. In the readiness review, 89% strongly agree that worship services are meaningful to them. This meets our normal church benchmark.

Annual giving from St. Peter families, as reported by the church, is as follows:

Last fiscal year:	\$1,166,828
Budget this year:	\$1,331,655
Projected next year:	\$1,311,195

Giving appears to be relatively stable from year to year based on these numbers.

Giving Units: The number of identified (potential) “giving units” or families equals 781. The number of **active** “giving units” last year was 423. We spoke with approximately 143 of these giving units in the course of this Congregational Readiness Review.

Other considerations: St. Peter has no current debt. They have over \$2,000,000 in an endowment fund and \$340,000 in their building fund, which can be used for expansion projects.

Key Findings

FACTORS SUPPORTING A SUCCESSFUL CAPITAL CAMPAIGN:

Every campaign is influenced by positive and negative factors. The Congregational Readiness Review assesses the congregation's attitude toward the campaign, so that the positives can be amplified, and any negative factors can be addressed.

1. Enthusiastic Response

One way to determine congregational buy-in is to notice how eager people are to participate in the Congregational Readiness Review. People were very interested and engaged in the process. We are pleased that 143 total individuals or families participated in the process by completing the survey

2. High Confidence in Church Leadership

Church members expressed confidence in church leadership. In response to the statement, "I have confidence in the leaders of my church," 42.25% answered, "strongly agree" and 38.03% answered, "agree." This combined response of 80.28% meets our normal benchmark for church studies. Sample comments can be found in the Tabulated Responses section of this report.

3. Strong Support for the Overall Church Direction

When asked if they agree with the overall direction of the church, 38.30% answered, "strongly agree" and 43.26% answered "agree." This positive response meets our normal benchmark for church studies. In addition, 86.62% of the participants answered "significantly" or "very much" regarding their spiritual needs being met at St. Peter. Sample comments can be found in the Tabulated Responses section of this report.

4. Good Communication

Communication can be a problem in churches, but overall survey participants had no major concerns with the church's communication channels or content. Yet, communication is an ongoing challenge and some helpful suggestions were shared. Sample comments can be found in the Tabulated Responses section of this report.

5. Positive Environment for Financial Support

77.27% of the participants were open to considering a commitment to the campaign over and above their current giving.

- 38.64% want to see more finalized plans before making that decision.
- 11.36% will consider within the next six months.
- 27.27% are ready to make a 36-month commitment now.

St. Peter is clearly a "giving church." When asked if the church overall understands and practices biblical stewardship (giving of time, talent and treasure), 36.88% strongly agreed and 51.06% agreed. This 87.94% combined is a strong indication that the congregation is ready for a campaign. That said, there will still be room to communicate and further this commitment to biblical stewardship to a greater level through this campaign.

Survey participants shared gift indications totaling \$1,315,500 from 96 different individuals who indicated a giving estimate. This reflects a positive response from those interviewed.

FACTORS LIMITING A SUCCESSFUL CAPITAL CAMPAIGN:

While St. Peter Lutheran Church has many positives that support a successful campaign, we did uncover a few concerns which should be addressed in order to gain broad-based congregational support for a capital campaign.

1. Low opinion of some ministries and programs

In a congregational readiness review, we seek to measure the “vital signs” of the church as the congregation currently views them. Although many of these scored high, there was a definitive concern that the youth ministries, children’s ministries and, to a lesser degree, the adult ministries are not currently meeting the needs of St. Peter. On a rating of 1 to 5, with 1 being “strongly disagree” and 5 being “strongly agree,” the following stood out:

- Only 19.57% strongly agree or agree that the Youth Ministries are currently meeting the needs of the youth of the church.
- Only 45.59% strongly agree or agree that the Children’s Ministries are currently meeting the needs of the children.
- Only 54.38% strongly agree or agree that the Men’s and Women’s ministries are meeting the needs of the adults.
- Only 45.71% strongly agree or agree that the congregation is concerned about reaching unchurched people.

In comparison, all of the other vital signs were ranked at 70% or higher as strongly agree or agree, with most above 80%. The many comments listed in the tabulated data section of this report will further define these concerns.

2. Some concerns with the overall project

Two questions on the congregational readiness review seek to discover the level of support for the planned project overall. The responses will generally speak to their opinion about the Master Plan that has been developed.

- On whether or not the case statement is the right next step for St. Peter Lutheran Church, only 48.59% of the participants responded “yes,” while 16.90% said “no,” and 34.51% said “unsure.” In a readiness review, we like to see the positive response at two-thirds or higher and the unsure category under 20%. What this tells us is there are a lot of congregants still on the fence. It should be noted that this question was asked of the overall plan, not its individual components. When you read the responses following this question, you will realize that some parts of the plan are considered highly and others a bit more tepid.
- The second question asked was how vital this initiative is in helping St. Peter fulfill its stated mission. Only 22.30% consider it “essential” and 30.22% consider it a “high priority.” Again, we would prefer to see these two responses combine for two-thirds or higher. 7.19% consider it “not important.”
- In summary, the Long-Term Planning Committee will need to provide further education and rationale for why ALL of the projects outlined are important for St. Peter at this time. That should be possible in one-on-one encounters and small vision casting meetings.

3. Size and scope of the campaign

In response to the size and scope of the campaign, 52.94% of the survey participants said, “there is a need and the plan is good.” In comparison, 36.03% said, “there is a need however the plan is too aggressive.” We call this “sticker shock.” Church leadership must keep this in mind when they put together the final project and costs. It may become necessary to consider offering the plan in some type of phased approach.

4. A mature congregation

St. Peter has been around 140 years and has a large number of loyal and committed families. We met with several of them throughout the course of this readiness review. Many were second and third generation (or more). Overall, 54.23% of those who participated have been attending St. Peter for 40 years or more. Another 23.94% have been a part of the church for 21 to 40 years. We are certain there are younger families joining, but we did not talk to many of them.

It is also noteworthy that 59.57% of those we heard from are 65 years or older and another 16.31% is between 56 and 64. That is a combined 75.88%, which, if reflective of the congregation overall, could be an indicator of the future. Who will provide the finances to keep up on the facilities and programs after this generation is gone? Although easier said than done, St. Peter should develop strategies to reach out and bring in younger families to the church.

RECOMMENDATIONS:

The Timothy Group offers the following recommendations to the leadership of St. Peter Lutheran Church regarding moving forward with a stewardship capital campaign. They are based on objective analysis of the results of the study and draw upon the professional knowledge and experience gained by our company while working with churches and other nonprofit ministries over the years.

1. **Pray.** The St. Peter leaders have invested much prayer in seeking God’s wisdom for this project, but much more prayer is needed. Brainstorm about the most effective ways to engage the entire church family to pray for the building project and campaign. Consider a weekly email that includes brief information and a few requests. This will keep the congregation informed and encourage prayer.
2. **Communicate.** Information is key to a successful campaign. Consider all the communication channels and assign a point person to promote the campaign. This could be done electronically, as well as through newsletters, small groups, pulpit announcements, and “town hall” meetings. Early in the process, give people more opportunities to share feedback regarding the floorplans and room usage. The campaign should organize a communications committee that will be responsible for campaign messaging, emails, materials, announcements, etc.
3. **Determine the Campaign Scope.** The building plans are in the early stages, but as you move forward with the campaign, the plans and the estimated costs will need to be more defined. The Case Statement outlined at least 10 areas or projects to be addressed. Will they all be done at once or in phases? If the church considers phases, they will need to formulate clear definition for each campaign phase.

- 4. Consider the Campaign Goal.** There are two different ways to project a campaign goal. First, based on our experience and industry guidelines, a healthy church can support a stewardship campaign in the range of 1.5 to 2.0 times its annual operating income. The national average is 1.7 times. Based on your giving history and budget of \$1.33 million for this year, and applying the campaign potential ratio, the recommended goal range would be \$2.0 to \$2.6 million. This would not include the potential matching gift.

Another way to project the campaign goal is to use the results of the readiness review along with known leadership pledges made in advance of the study. We found approximately \$1.3 million in “giving estimates” from approximately 96 giving units in the study. It was since discovered that approximately one-half of this amount will come from known leadership gifts. This amount also does not include the potential matching gift offer of up to \$2.5 million. We believe a realistic breakdown of funding would look as follows:

Study participant estimates plus additional congregational giving.	\$1,200,000
\$1,200,000 of the \$2.5 million matching gift offer (if not fully matched).	\$1,200,000
Leadership Pledges (four parties each doing \$100,000 per year for five years.)	\$2,000,000
Early commitments reported to the organ purchase and existing building fund.	\$600,000
TOTAL (this could go higher if more of the matching gift is applied)	\$5.0 million

Because of the positive responses from this survey, pre-commitments from generous leaders, and the potential matching gift, The Timothy Group recommends a campaign goal of \$5.0 million. To reach a higher goal will require 4 or 5 additional six-figure gifts and/or a higher level of giving from the congregation to increase the size of the matching gift.

5. **Develop The Campaign Timeline.**
 - a. **Preparation Phase.** The success of the campaign depends on a clear understanding of the scope and estimated costs of the projects. This does not require working drawings, but you need the various questions answered that were raised in the survey. If we can quickly answer these questions, we can move forward with this timeline. Significant delays may force us to move to a spring campaign.
 - b. **Long Term Planning Committee Meeting.** August 9.
 - c. **Special Voter’s Meeting.** August 29.
 - d. **Ministry Partner (Leadership) Phase** – October – November 2021
 - e. **Congregational Phase.** January – February 2022
 - f. **Fulfillment Phase.** December 2021 – December 2024

6. **Recruit Campaign Team Members.** We will need a core group of leaders and many volunteers to help us organize and promote the campaign.
 - a. **Committees**
 - i. Prayer
 - ii. Communications
 - iii. Ministry Partners
 - iv. Events
 - b. **Recruitment**
 - c. **Training**

7. **Create Campaign Materials.** The first items to develop are the campaign brochure, FAQ sheet, pledge card, and the sermon series.

8. **Include All Giving Options.** There are many ways to give in a capital campaign: cash gifts, gifts of appreciated assets, gifts of tangible property, gifts of real estate, charitable IRS rollovers, and making a bequest of cash or property in your will or trust. The church should prepare to promote and receive all types of gifts.

Study & Analysis

This Congregational Readiness Review seeks to answer three major questions regarding the church’s ministry expansion plan:

1. *How is the present ministry of the church perceived?*
2. *What is the congregational level of support for the campaign projects?*
3. *Are people motivated to make a campaign commitment over and above their current level of giving to church operation and volunteer in the capital stewardship program?*

Questions Asked - Questions in each category were developed to gather data appropriate to the basic question: “Does St. Peter Lutheran Church have the internal organizational readiness, the congregational human resource, and the financial resource readiness to successfully launch a capital stewardship program?”

Question I – How is the present ministry of the church perceived?

Based on the analysis of data gathered in the Congregational Readiness Review, it is our opinion that the present ministry of the church is perceived favorably overall.

A series of questions were asked regarding the present ministry and programs at St. Peter Lutheran Church. The following table outlines the responses that were given. The highest response to each question has been highlighted.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	No Opinion
I agree with the overall direction of our church’s ministry.	38.30%	43.26%	13.48%	2.13%	1.42%	1.42%
I have confidence in the leaders of my church.	42.25%	38.03%	15.49%	2.11%	0.70%	1.41%
Worship services are meaningful to me.	53.52%	35.21%	9.15%	1.41%	0.70%	0.00%
Our youth ministries are meeting the needs of our youth.	5.80%	13.77%	23.91%	18.12%	16.67%	21.74%
Our children’s ministries are meeting the needs of our children.	12.50%	33.09%	22.79%	8.09%	5.15%	18.38%
The men’s and women’s ministries and small groups are adequately meeting the needs of the church adults.	15.71%	38.57%	22.86%	8.57%	0.71%	13.57%
Our congregation is concerned about reaching unchurched people.	10.71%	35.00%	29.29%	12.14%	3.57%	9.29%
Our congregation is a friendly place where visitors are welcomed and feel at home.	32.14%	40.71%	20.71%	4.29%	2.14%	0.00%
Our church understands and practices biblical stewardship (giving of time, talent, and treasure).	36.88%	51.06%	7.80%	2.84%	0.71%	0.71%

Question II – What is the congregational level of support for the campaign projects?

Based on analysis of data gathered in the Congregational Readiness Review, it is our opinion that some of the projects are well received. Others will require additional education and vision casting.

When asked is this project the right next step for St. Peter Lutheran Church, respondents answered as follows:

	Total Percent	Response Count
Yes	48.59%	69
No	16.90%	24
Unsure	34.51%	49

With regard to their general reaction to the proposed expansion plan, participants felt:

	Total Percent	Response Count
The plan is good.	52.94%	72
The plan is too limited.	2.21%	3
The plan is too aggressive.	36.03%	49
I/We do not see a need for the proposed plan.	8.82%	12

Question III – Are people motivated to make a campaign commitment over and above their current level of giving to church operation and volunteer in the capital stewardship program?

Based on analysis of data gathered in the Congregational Readiness Review, it is our opinion that sufficient financial and volunteer support exists for a stewardship campaign.

We asked participants to indicate their willingness to consider additional financial involvement over and above their current giving to St. Peter Lutheran Church ministry operation. Participants indicated:

	Total Percentage	Response Count
Ready now to consider a 36-month commitment over and above current giving for church operation.	27.27%	36
Open to making a commitment to increased giving within the next six months.	11.36%	15
Open to considering a commitment, but will want to see more finalized plans before that decision.	38.64%	51
Not able to make a commitment over and above current giving for church operation.	22.73%	30

We asked participants if they would be willing to serve as a volunteer for a capital campaign or assist in some other capacity. They responded:

	Total Percentage	Response Count
Yes	29.31%	34
No	70.69%	82

Of those who answered “yes,” we asked what activity area in which they would like to serve:

	Total Percentage	Response Count
Event Planning	31.03%	9
Communications	17.24%	5
Prayer support	93.10%	27
Small group presentation	17.24%	5
Other		7