

A Blueprint for Change

By Thomas J. Healey
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For two extraordinary days in the summer of 2004, 175 religious and lay leaders gathered in Philadelphia to wrestle with the future of the Catholic Church in this country. The site of the conference—the Wharton School of the University of Pennsylvania—could not have been more appropriate, given the conference’s intense focus on ways to improve finance, management and human resources at all levels in the church. Indeed, helping to frame the discussions was the knowledge that the Catholic Church in the United States, with its more than one million employees and operating budget of nearly \$100 billion, is comparable in size and scope to some of the nation’s largest corporations. The magnitude and complexity of its operations pose many of the same problems that modern management principles and techniques have been developed to resolve.

During the Church in America Leadership Roundtable 2004, participants from the corporate, nonprofit and religious worlds shared ideas on how the church could effectively address the complex challenges breaking around it. Their suggestions led to a bold but achievable set of recommendations for change that drew heavily on the business acumen of the assembled leaders—as well as on their faith and love for the church.

A new organization, the National Leadership Roundtable on Church Management, was established in March 2005 to implement the Wharton recommendations and, in the spirit of collaboration, a special bishops’ advisory group under the leadership of Bishop Dale Melczek has been named to work closely with the N.L.R.C.M.

The recommendations—which have been presented to the U.S. Conference of Catholic Bishops—provide a roadmap for strengthening the organizational, financial and managerial structures of the church at three fundamental levels: national, diocesan and parish.

National Level

Roundtable participants were firm in their belief that at a time of greatest need, the church lacks effective management systems and controls in the areas of governance, human resources and finance. While acknowledging that the church is not a corporation, there was a consensus that church leaders can learn a great deal from the way leading businesses face up to—and solve—problems in these three critical areas.

As an important first step, the conference recommended that the U.S.C.C.B. encourage each bishop to conduct every five years, in conjunction with his *ad limina* visit to Rome, a comprehensive self-examination of the diocese, redefining its goals and the means it

employs to reach them. Building on insights from the re-accreditation processes used in higher education, it was also suggested that this document serve as the basis for a consultation and report to the bishop by a team of lay persons with managerial backgrounds, complemented by a number of experienced pastors or other bishops.

A persistent theme throughout the conference was the critical role the laity should play in helping to inject responsible governance and management into the operations of the church at all levels. As Pope John Paul II told the U.S. bishops in September 2004, “A commitment to creating better structures of participation, consultation and shared responsibility should not be misunderstood as a concession to a secular democratic model of governance, but as an intrinsic requirement of the exercise of episcopal authority and a necessary means of strengthening that authority.”

Like any complex enterprise, the church must draw upon the best human talent, creativity and professional know-how. Consistent with this idea, the Leadership Roundtable called on the U.S.C.C.B. to strengthen the National Advisory Council by giving it the power to initiate as well as react to proposals before the conference; provide it with a permanent staff; have it meet regularly with the conference’s executive committee; publicly report its views and recommendations to the conference; and publicly promote its work. Catholic colleges and universities began integrating lay members into their boards of trustees more than 30 years ago, when it became clear they needed a broader base of practical wisdom to manage institutions that were changing rapidly. As a result of this change, which at the time was considered radical, lay members now predominate on most Catholic college boards. Academics, financing and Catholic character are stronger than ever at these schools.

The roundtable also recommended significant improvements in the process by which bishops are selected. While recognizing the primacy of the Holy See, it is suggested that the process for choosing bishops be supplemented with the help of human resources professionals aware of successful models from other major nonprofit institutions that choose leaders, such as universities, foundations and hospitals. These additions could include a clear definition of qualifications (managerial as well as spiritual), face-to-face interviews and a wide-ranging process to identify the best possible candidates.

In the financial arena, the conference also urged significant reforms designed to improve transparency and accountability. To that end, it suggested that the U.S.C.C.B. help each diocese publish annually a certified and reader-friendly financial statement, as well as an approved budget and strategic plan for the coming year. The conference also urged Catholic funding agencies, as well as private and community foundations, to collaborate in developing a system of accreditation and reporting aimed at ensuring that dioceses have adopted, and are in full compliance with, the national budgetary, auditing and operating standards of the U.S.C.C.B. Independent professionals should be used to implement this system, which should include publication of a report card on each diocese.

At a time when its traditional sources of revenues are drying up, the church should re-examine its fundraising processes at all levels, the roundtable recommended. The church should focus on developing a better national coordination of appeals, more complete accounting (particularly to parishioners) of the allocation of funds and new methods of fundraising beyond the standard collection basket.

Diocesan Level

Because of their dominant role in each diocese, bishops should play a central role in triggering improved church management. Each diocesan bishop should, the roundtable suggested, appoint a chief administrative officer (if the function does not already exist) with managerial training and experience. The bishop should then establish a management advisory council of experienced lay professionals to assist him and the chief administrator in the evaluation and improvement of management practices in the diocese. The bishop should invite leaders from Catholic universities and health care organizations—as well as other institutions with managerial, theological and cultural resources—to participate on this council.

Drawing again from their collective experience, roundtable participants urged the dioceses to spotlight “best practices” in their own diocese and in other dioceses for all to adopt in areas like planning, personnel evaluation, pastoral and finance councils, training and financial information and budgets. Outstanding success models (like Harvard Business School’s published case study on the Roman Catholic Diocese of San Jose, Calif.) should be publicized and studied by other dioceses as examples to follow. The roundtable also urged adoption of a version of the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector—developed by the Standards for Excellence Institute to promote the highest standards in nonprofit governance, management and operations—as the performance benchmark for pastoral and finance councils as well as other church-affiliated oversight entities.

Another recommendation directly addressed what was generally perceived to be the common absence of an effective human-resource management system. The Leadership Roundtable called on the bishops to create a strong performance review program for priests, religious brothers and sisters and lay ministers. The program would draw heavily from the business world by incorporating job descriptions, agreed-upon goals, constructive coaching and formal “360-degree” feedback as part of an annual review. Furthermore, the conference urged, a centralized personnel recruiting function should be created in each diocese and offered as a service to the parishes as they struggle with a rapidly changing workforce. This should include recruitment at colleges and universities as well as national advertising for lay ministers. As the work of lay ministers grows in importance, the church could also benefit from a diocesan-level program of mentoring and formation that is theologically sound and pastorally effective.

The church was advised, further, to strengthen its paradigm of leadership by changing the expectation that only priests can be parish leaders. Instead, the church should assign all ministers on the basis of talent and ability to meet the needs of the

parish and should actively seek candidates for ministries (priests, religious and laypeople) on a broad, systematic basis.

Parish Level

For their part, parishes can improve efficiency significantly by taking advantage of economies of scale, including collective purchasing, and by broadly collaborating with other parishes to share administrators, youth ministers and many other vital resources. In addition, the Leadership Roundtable proposed that parishes that are wealthier in managerial, financial and programmatic resources be paired with needier parishes within the diocese, so the former can counsel and assist the latter.

As in the case of dioceses, parishes that are large and complex were urged to appoint a chief administrative officer with managerial training and experience to assist the pastor. Regardless of their size, parishes should develop a five-year strategic plan that includes an intensive self-examination and review of the parish's ministry and operations. A peer-review process using pastors and laypeople from other parishes could also prove useful.

The earlier recommendation that each diocese promote greater openness by publishing annual financial statements and approved budgets is critical for parishes as well. Parishes should also periodically provide forums for members where financial planning, methods of fundraising and other internal church operations can be openly discussed.

Next Steps

A critical step in the improvement process was the creation of the National Leadership Roundtable in Church Management, made up of lay people, religious and members of the clergy working closely with church leaders for the good of the church. This nonprofit organization, based in Washington, D.C., is committed to promoting excellence and best practices in management, finances and human resources within the church by more fully incorporating the talents and expertise of the laity (www.nlrcm.org). Attentive to the cultural and demographic composition of the church in the United States, the N.L.R.C.M. intends to interact with bishops from each region of the country.

Far from duplicating the work of existing Catholic organizations like the National Association of Church Personnel Administrators and the Diocesan Fiscal Managers Conference, the roundtable fills an unmet need by assembling a cross-section of leaders who provide a powerful shared perspective, along with effective best practices.

The new organization recognizes that although the problems of the Catholic Church are formidable, there are many encouraging examples of excellent practice in all areas of finance, management and human resources. The roundtable intends to spotlight such practices in hopes that they will be widely embraced.

Underlying the group's mission is a fundamental challenge to the church and its leaders not to fear change, but to embrace it. As the U.S. bishops themselves stated in their pastoral letter on stewardship of November 1992: "Because its individual members collectively make up the body of Christ, that body's health and well-being are the responsibility of the members—the personal responsibility of each of us. We are all stewards of the church."

The outlook is thus hopeful: with a firm commitment now by leaders to rethink and restructure the operations of the Catholic Church in the United States—while welcoming the laity as knowledgeable and creative partners in that process—the church can not only survive, but thrive, in the years ahead.

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