

by Ed Van Herik Added May 26, 2011

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About 18 months ago, Rev. Alfred Turley, executive pastor of Rock Bridge Community Church in Dalton, Ga., began outsourcing some maintenance work after years of relying on volunteers and staff. Almost immediately, his HVAC contractors found some potentially serious situations.

Turley wasn't surprised. "None of us have the experience to see if the bearings are going bad, or if the heat exchanger is going bad," he says. "It (the HVAC contract) is expensive, but it is cheaper than burning up a motor."

Ministers say they are experimenting with outsourcing tasks not related to ministry for a variety of reasons. Among them are the effects of a shrunken economy, a desire to focus more tightly on their core mission, and the need for more professional assistance in running sophisticated real estate complexes.

While the recent recession has caused donations to stagnate over the past few years at a number of churches across the country, many churches earlier had launched ambitious expansion plans that counted on growing membership and donations for financing.

"What I'm seeing is that churches are being forced to evaluate how their management functions across the board," says Bryan Miles, COO and founder of Atlantaarea Miles Advisory Group, a church management firm. Consultants say that outsourcing can stretch existing donations in several ways.

### Outsourcing to experts

To begin, an outsourcing firm can bring a higher, consistent level of expertise to the purchase and maintenance of building services than might be routinely available from volunteers.

Scott Renaud, a principal within the Orlando office of CNL Commercial Real Estate, which manages approximately 100 church facilities in 26 states, finds that churches can often be stymied when evaluating bids for large-scale projects.

"Sometimes, they just need help," says Renaud. "We recently helped a church that had seven bids to replace a roof. The quotes were not routine, and it was very difficult to evaluate them."

The bids came from several sources, and the ministry needed to determine the best proposal for the church, as well as evaluate the expertise of the contractors, some licensed, some not.

CNL called for a new round of uniform bids, bringing an experienced eye to the contract-review process; they also provided a buffer in dealing with a congregational member who was bidding on the job.

An experienced consultant will also ensure that maintained equipment will last for its expected lifetime, says Tim Cool, president of Cool Solutions Group in Charlotte, N.C., a church management firm that provides software to guide church facilities management.

Church leaders say that outsourcing tasks like maintenance, which is becoming more widespread, frees them from the need to keep abreast of facilities minutiae. "I don't need to know what kind of cleaning compounds are best," says Turley.

A facilities management firm will also keep track of work orders, ensuring that no task gets dropped, according to Christine Muszynski, executive vice president, principal and director of management operations with Chicago-based HSA Commercial Real Estate. They can also supply expensive specialized equipment and trained employees that a church may need for only a few hours per quarter.

Consultants generally audit a church's functions before offering specific recommendations, providing a "big picture" review of facilities' costs into the future, says Renaud. They are then able to help churches budget for big-ticket replacement items, avoiding budget-busting scrambles to pay for a new roof or fire prevention system, for example. A church's facilities need to be run cost effectively to ensure that more of the existing dollars can be devoted to the core mission of ministry, consultants report.

"Non-profits have to be profitable in order to fund their mission," says David K. Nielsen, president of Common Area Solutions, a Pensacola, Fla., property management firm that works with churches. "Church facilities should be run at the same level of efficiency as any other commercial for-profit property."

## **Personnel issues**

Kody Bybee, executive pastor of the Element Church in Cheyenne, Wyo., found that outsourcing has streamlined his employee-management process. The church's outsourcing firm, Miles Advisory Group, handled the initial time-consuming interviews when the church outsourced its office assistant position, Bybee says. That was six months ago.

"Our experience has shown us that an outsourced employee can complete their job in a fraction of the time that it would have taken an employee who was in our office setting," Bybee adds. "Right now, we are looking into outsourcing our accounting department and potentially our property management."

A key additional benefit to outsourcing is, according to Turley, that he no longer has to focus on developing and managing that employee or function day to day.

Still, a church needs to consider the fate of its current employees when it examines outsourcing facilities functions. When consultants conduct their surveys of existing operations, some employees may not still be needed or suitable under new management, they report.

In some cases, contracting firms have kept existing church employees on staff—either on their payroll or the church's. In others, a consultant will take over key tasks that require sophisticated experience like HVAC maintenance, while the church retains employees to handle lighter tasks like painting rooms or setting up auditoriums.

Still, in some cases, long-standing employees have been let go, a process that can be wrenching for parishioners and pastors alike.

### **What about cost?**

While ministers and consultants are mixed on the potential for short-term savings, all agree there are significant returns down the road.

Consultants point out that they are able to devote the time to planning the life cycle of church replacement costs—avoiding the short-term fix of deferring maintenance costs that can shorten equipment life and slam a ministry with a huge replacement bill years sooner than expected.

Muszynski, who has just finished working with HSA Commercial's first church, found that there were savings initially, until they began looking at the backlog of deferred projects.

"I'm a big believer that outsourcing will save money in the long term," says Turley. "It's less costly if equipment is kept up."

Cool concurs: "By ensuring that equipment is maintained properly, churches can extend [their] useful life by up to 15%, saving thousands in replacement costs."

It's even possible that short-term costs could rise, says Renaud. "But the long-term decrease is there," he says. It is more difficult to determine if simply replacing existing staff with a contract firm reduces costs. Cool reports that it is first necessary to consider the full cost of an employee—insurance, sick leave, paycheck, personal time and the need for supervision—when weighing expenses. When those costs are taken into account, outsourcing becomes very cost competitive, he points out.

"I feel the cost is cheaper in the long run," says Bybee. "We are paying a higher hourly rate, but we hired for less hours, no benefits, insurance or taxes. Our outsourced employees get more done in five hours than previous employees would get done in 10."

### **The bottom line**

For many considering outsourcing, the final question is simply: Where is a pastor's time best spent?

"There are only so many hours in the day," Renaud closes. "Sometimes a church needs to focus on ministry, not on real estate."

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