



# A Church Extension Planning Guide

## Strategic Planning and the Congregation

**The rise of the Howard Johnson's restaurant chain was a typical American success story. The senior Howard Johnson bought a patent medicine and newspaper store in Quincy, Massachusetts, in 1925. It was located near a commuter train station.**

He quickly diversified, adding a soda fountain and "homemade" ice cream. The ice cream was a hit and resulted in his franchising it to restaurants at a time when franchising was not widespread. While he experienced some setbacks during World War II, he continued in the food service industry.

After the war, Howard Johnson, Jr. took over and the boom began. By 1965, Howard Johnson's exceeded the combined sales of McDonalds, Burger King, and Kentucky Fried Chicken. At that time, Bill Marriott, Jr., architect of the Marriott Corporation, said to his father, "I hope one day we can be as big as Howard Johnson's."

In 1979, the Imperial Group (a British financial company) bought the restaurant-motel chain for \$630 million, a profitable deal for the stockholders. How could the buyers go wrong with the purchase of one of America's best known consumer franchises? They did not know that HoJo's (Howard Johnson's) was already in decline.

In 1985, the Imperial Group dumped the Howard Johnson's organization for less than half of what it paid. It sold to the Marriott Corporation, which immediately shed 199 of the restaurants and all the motels, keeping 418 of the restaurants. The restaurants had sunk to last in the coffee shop-type restaurant business. The Marriott Corporation

had grown in sales five times the value of Howard Johnson's.

How could such a thing happen in 20 short years ... from the top of the heap to the bottom? People had quit going to Howard Johnson's. The world had passed it by. Food service had changed, people's habits had changed, but Howard Johnson's had not been able to change.

The conservative management of Howard Johnson's could not diversify and adapt to a changing market. It was so fiscally conservative that it was afraid of debt and skimmed on capital expenditures. A Forbes analyst said Howard Johnson's had no real marketing plan.

The company was run with the eye of an accountant rather than with the eye of an entrepreneur. Cost-cutting became more important than expansion. While Marriott and McDonalds showed capital expenditures exceeding operational income, HoJo's capital expenditures trailed operational income.

### Learning for Church Leaders

One may hesitate to compare the fortunes of a business to the life of the church, but there are some stark similarities to the decline of denominations and congregations and Howard Johnson's. There is, in some congregations, hesitant leadership unable to change strategy in a rapidly changing society. Some congregations deliberate over needed changes for 20 or more years before any concrete action is taken.

The analyst said HoJo's had no marketing plan. While more people

were eating out, fewer were coming to Howard Johnson's. A Gallup analysis of church attendance says that mainline congregations have failed at the job of inviting new members.

The fiscal conservatism of HoJo's led to cost-cutting emphasis instead of expansion. Regularly, when a congregation doesn't underwrite its budget the typical response is, "Where can we cut costs?" Some say we should not talk too much about money, ignoring the simple fact of life that unless we ask we will not receive. "Ask and you will receive, seek and you will find."

Congregations generally have a greater potential for resources than most of the members realize. Howard Johnson's was afraid of debt and lagged in capital expansion, a malady not uncommon in many congregations.

A congregation recently sought advice on how to spend \$100,000 it had received. After surveying its building situation, a Church Extension consultant stated that this was an excellent beginning for what the congregation needed to do.

But the congregation quickly proclaimed it was not going to ask the people for any money, nor would it go in debt. Johnson's management, like many of our church leaders, ran the business with the eye of an accountant (or church treasurer) rather than with the eye of an entrepreneur—seeking to grow and develop.

In a sense, HoJo's lost its direction of mission. It operated like we do in the church so often—concentrating on maintenance rather than mission. We know that every institution, secular or religious, has the strong tendency to

redefine its mission or purpose in terms of institutional maintenance and survival rather than on its mission to reach out and serve more effectively.

## Growth of a Congregation

Lyle Schaller, in his book, *The Reflections of a Contrarian*, lists 10 variables that influence the growth of a congregation. These, he says, are more important than population growth—a factor that is usually placed high for the potential for growth. The 10 variables are:

- The age of the institution is the single most important factor in predicting congregational growth. New congregations grow the fastest. Those more than 25 years old show little or no growth. Denominations with the fastest growth have at least one fifth of their congregations established in the past 15 years. Relocation often brings renewal. The ability to change and refocus on mission is a key.

- The ethnic mix of the population is second. Anglo congregations in areas of Hispanic, African-American, or Asian growth will experience decline. Community change here is a key.

- The larger the congregation, the more likely it is to grow. Congregations with more than 300 in worship are the most likely to grow—they have more entry points and a broader program to attract and serve.

- Quality and quantity of program is important. Some would place it first. Preaching, ministry of music, and religious education are central. The Gallup Poll said religious education of children is a principal concern for parents.

- Competence, gifts, and vision of the pastor are critical. The proper match of pastor and congregation is important.

- The basic orientation of the congregation is critical. Congregations that allocate most or all of their resources to the care of current members are not growing like those that allocate major resources toward identifying, reaching, attracting, serving, and assimilating new members. (Mission versus Maintenance and Marketing Plan)

- The availability of off-street parking should not be minimized. (Capital Expansion)

- Staffing must be considered. This includes the match between pastor and parish, as well as the staff orientation

toward evangelism rather than institutional maintenance. It includes competence and productivity of the staff. (Management and Mission)

- The adequacy of physical facilities must be evaluated. (Capital Expansion)

- The geographical orientation of the parish is a factor. The congregation that concentrates on serving its members who live within a mile of the building, will have less growth than one seeking to reach people in a 10- or even 20-mile radius. (Marketing)

Schaller's points, like those cited in the Howard Johnson's decline, have a number of common elements. These elements are related to the ability of the congregation to renew its sense of mission, to make changes to help it fulfill its mission, to gain an understanding of what is happening around it, to have a plan for growth and service, to provide forward-looking leadership, and to be willing to make capital improvements to enable it to serve its members and its community. All of these are related to the congregation's need for systematic planning for the future, which is the main point of this presentation.

## Strategic Planning

Intentional planning is important for more than the next program or fiscal year. Whereas one cannot accurately predict what might be possible for 10–20 years, one can set some goals and a strategy for the next 3–5 years. While planning for buildings is specialized, experience proves that if a congregation develops some goals and strategy for 3–5 years in building improvements, its goals are usually accomplished.

The task of strategic planning helps do several things:

- re-evaluate our mission.
- see our strengths, opportunities, and obstacles to service in our particular community.
- focus on a future orientation.
- lead to development of operational goals—goals that define a specific task or target, are measurable and will include a timeline with evaluation points.

The failure of leadership may be the most frequent case of unfulfilled goals. We must begin with the most competent leaders in our congregations as the vanguard for change and planning. In some instances committees charged

with planning are never able to agree on a course of action and nothing is ever proposed to the congregation.

In other instances the leaders are fearful of telling the story to the congregation or do not give the congregation the opportunity to wrestle with the issues. Members are not properly trained. It requires patience and persistence. The minister cannot carry the burden of leadership alone, but the minister's vision and leadership are crucial.

Over the years, Church Extension's approach to capital improvement projects has been to advocate a study of the congregation's mission and program as the preparatory step to building planning. This involves gaining an understanding of community changes, the congregation's resources and programs, staffing needs, and then setting some specific goals and a schedule for accomplishing those goals. These are the same elements involved in strategic planning today, not for building alone, but for the total life of the congregation.

Currently we have workbooks, along with staff assistance, on strategic planning and building planning for the established and new congregation. We continue to encourage congregations to periodically (perhaps every three to five years) engage in such a study.

## Planning Guide

Strategic Planning  
and the Congregation



**Additional Planning Guides  
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