

January 15, 2020

## Policy Based Governance at Grace

### Policy Based Governance Overview

Policy Based Governance (PBG) is a system for organizational governance. It defines the relationships between the owners, the board, and the executive leader. The board is responsible to the owners and is given authority by the owners to govern the organization. The board writes policy to ensure that the organization advances its mission. The policies ensure that the board and executive leader conduct themselves appropriately, set goals & strategic direction, delegate responsibility, and are held accountable for performance.

The board's primary relationship is with the owners. The board links the owners with the executive leader. The executive leader, empowered by the board, manages the operations to advance the mission of the organization and serve the owners.

### Policy Based Governance in a Congregational Setting

PBG is a square peg in a round congregational hole. That does not mean that PBG in a congregational setting does not, and cannot work. It means that there needs to be a certain level of understanding that comes with utilizing PBG in a congregational setting.

### Terminology

In a congregational setting, where the conviction exists that the Scriptures are the ultimate authority, the Head of the ministry and congregation, indeed the whole Christian Church on earth, is the Lord Jesus Christ. It follows, then, that the **'owners'** are the congregational members and are, more properly termed **'stewards'**. They are stewards for the owner, the Lord Jesus Christ, who gives the Church and each congregation His mission. The Governing Board is the **'board'**. It can be called by many different names. The **'executive'** is the Senior Pastor. The Senior Pastor is not the CEO, but is the called leader of the ministry.

### Mission of the Congregation

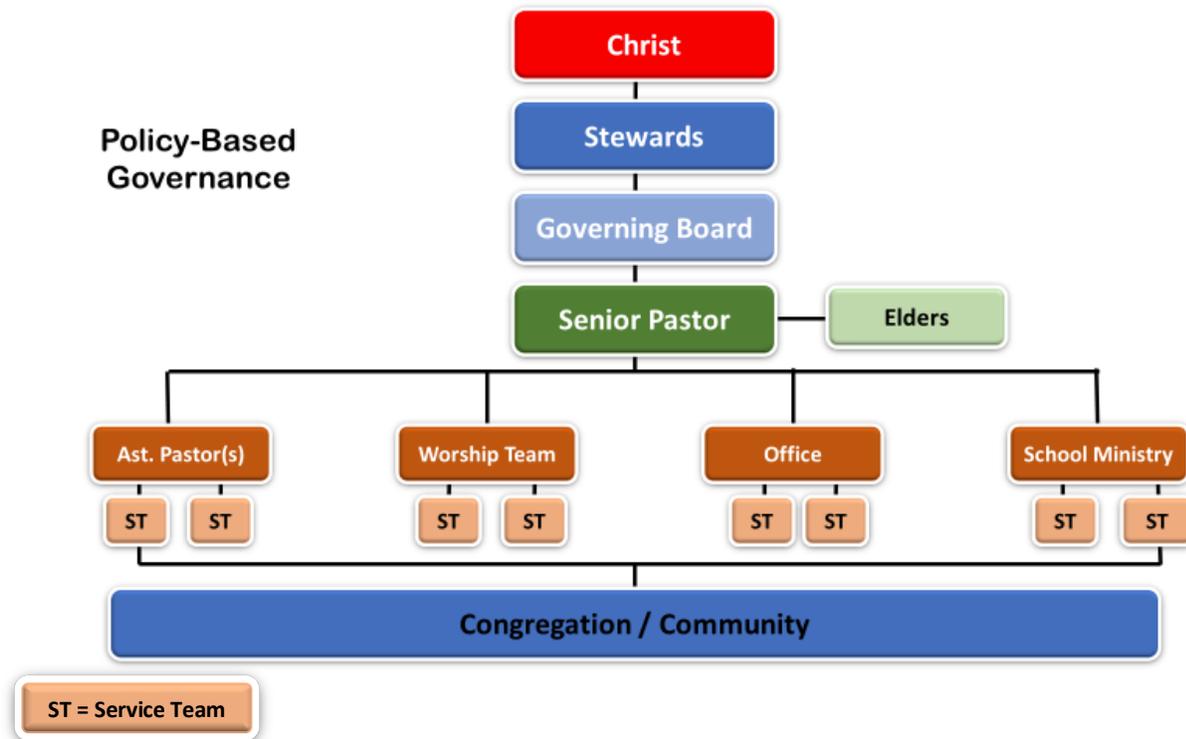
The Lord Jesus Christ provides the mission, found in Matthew 28:19-20. The stewards take that mission and set it in their particular context. The current state of the ministry, internal factors, external factors, and community demographics help nuance the mission for a particular ministry. The stewards commit to that contextual mission and advocate for it continually and fulfill it in deed.

### God the Holy Spirit

Ultimately, the Holy Spirit moves and acts as He wills. He is not bound by contextual mission, Bylaws, governance models, Voters' Assemblies, boards, pastors, staff, objectives, strategy, or metrics. The advancement of the Great Commission is done by His work, even as He is committed to work through the people of God. God's true Church understands that PBG is a square peg in a round congregational hole. So, a better way to think of PBG in a congregational setting would be as an Accountable Leadership Model. The entire ministry is accountable to the Lord Jesus Christ. The Governing Board is accountable to the Lord and the Stewards (congregation). The Senior Pastor is accountable to the Lord and the Governing Board. The Staff is accountable to the Lord and the Senior Pastor.

## What Would PBG Look Like in A Congregation?

Below is an image of what the PBG Model would look like in a congregational ministry setting.



Christ is the Head of the ministry. The congregation - the voting members - are the stewards of the ministry. They elect the Board, who governs the ministry under the Lord Jesus Christ and on behalf of the congregation. The Board interacts with the Senior Pastor, who manages the ministry and the Staff. The Staff are responsible for various areas in the ministry, found in the image as "ST" ("Service Team"). The stewards are active and involved in Service Teams and the activities and events of the ministry.

### The Role of The Board of Elders

There are three ways that PBG describes the traditional Board of Elders:

1. The Board of Elders becomes a Stand-Alone Team/Committee in partnership with the Pastor (or Pastoral Team). *This is depicted above: see "Elders".*
2. Members of the Board of Elders become Advisors to the Senior Pastor, Pastoral Teams, and /or Senior Staff Members.

*Advisors are congregational members who provide wisdom and guidance to a person or team who is responsible for a particular area of ministry. They are not decision-makers, but are advisors only.*

3. The Board of Elders becomes a Ministry Team of the Pastor (or Pastoral Team).

*Ministry Teams are recruited to plan and/or serve in particular areas of the ministry.*

In the paragraph above "**God the Holy Spirit,**" it was noted that PBG in a congregational setting is putting a square peg into a round hole. The Board of Elders can be utilized to ensure the ministry is governed as a ministry and not as a business. The Board of Elders can provide voice and action that takes the following into account: the role of the Holy Spirit in the achievement or failure of fulfillment of

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the mission (or strategy, objectives, metrics, etc.); the proper adherence to God's order of creation; spiritual care of the pastor and the congregation; staffing that ensures the pastor functions as a pastor and other functions of necessity are properly staffed.

## Roles in the PBG Model

### Assembly of Stewards

- Approve the Annual Budget/Strategic Goals
- Elect the Governing Board
- Dispose of Congregational Assets
- Approve of Acquisition of Property or Indebtedness
- Amend Constitution and/or Bylaws
- Call or Remove Called Workers

### Governing Board

- Sets the Strategic Direction of the congregation
- Supports/Holds Senior Pastor Accountable for goals and policies adherence
- Oversees Fiscal Matters (Budget, etc.)
- Oversees Physical Plant (Buildings, etc.)
- Proactively Responds to New Opportunities/Realities
- Communicates regularly with Stewards

### Senior Pastor

- Influences the Ministry through Leading, Inspiring, and Directing Staff and Volunteers
- Implements the Ministry Plan for Achieving the Mission
- Reports to Governing Board regularly on progress towards goals

## What Is This Policy Manual?

As stated above, PBG is a system for organizational governance. The board writes policy to ensure that the organization advances its mission and that the board conducts itself appropriately, delegates, and monitors itself. The Policy Manual contains the policies. Policies are the boundaries, parameters, and limitations on the responsibility and the authority of the Board and the Senior Pastor. Policies are generally in one of the following four categories: (1) ends - objectives, strategic direction, etc.; (2) limitations - what one cannot do; (3) process - how governing happens; (4) relational - how Board and Senior Pastor relate. PBG, then, offers great freedom and flexibility while maintaining strong accountability. The Policy Manual is a living document that is constantly reviewed and revised as need arises.

## Must Haves for Congregations Moving To PBG

Jim Galvin, an organizational consultant who specializes in governance among other things, lists the following four prerequisites for LCMS congregations considering or using PBG:

1. A Senior Pastor with Proven Leadership Gifts
2. Board Members Who Want to Do Board Work
3. Board Members Who Want to Stay Out of Staff Work
4. One or More Board Members with Knowledge and Expertise in PBG

## Resources

[www.carvergovernance.com](http://www.carvergovernance.com)

[https://en.wikipedia.org/wiki/Policy\\_Governance](https://en.wikipedia.org/wiki/Policy_Governance)

Ted Kober, "Policy-Based Board Governance in Lutheran Congregations."

[https://9a24ed0d-542b-4333-9b05-88a881d1d3a7.filesusr.com/ugd/44f895\\_4d24a4f4f76d41f9bb1da5efdfbd26a8.pdf](https://9a24ed0d-542b-4333-9b05-88a881d1d3a7.filesusr.com/ugd/44f895_4d24a4f4f76d41f9bb1da5efdfbd26a8.pdf)

James C. Galvin, "The Five Types of Governance in the LCMS."

<https://galvinandassociates.com/wp-content/uploads/2016/03/The-Five-Types-of-Governance-in-the-LCMS.pdf>

## Policy Based Governance at Grace: FAQ's

### 1. What is Governance?

A: Governance is the term for the way a group of people, such as a church congregation, do things. It is the way rules, norms and actions are structured, sustained, regulated and held accountable.

### 2. What is Policy Based Governance?

A. It is a system for organizational governance that defines, guides and aligns the mission and strategic direction with the operations. It is a design that emphasizes values, vision, and empowerment of both the board and the staff.

### 3. What's wrong with the way things are now at Grace?

A: The Transforming for Mission report dated Jan 2017 identified the following concerns which can be addressed by PBG:

- a. weak administrative systems
- b. lack of robust financial resources
- c. lack of a culture of invitation
- d. lack of vitality in worship

The ability to implement plans more quickly is necessary in today's world. In Policy-Based Governance, the Governing Board delegates decision making to the lowest level necessary meeting quick response needs. Our current governance model forces the Council to be overly involved in micro-decisions that would be more efficiently and effectively addressed by staff. This would also build a higher level of trust between senior staff and leadership. The empowerment of the Board and Staff are maximized in the PBG model.

### 4. Why are we moving to this model of Governance?

A: PBG will help address the concerns previously stated through:

- Greater clarity about our purpose and strategic direction
- Greater clarity about roles and responsibilities
  - Stewards (congregation)
  - Governing Board
  - Senior Pastor
  - Administrator / Superintendent
  - Staff (paid and volunteer)
- Greater accountability
  - Board accountable for governing policies and establishment of ENDS to be achieved
  - Senior Pastor and his team accountable for organization's performance in achieving ENDS
  - Administrator / Superintendent and his team accountable for organization's performance in achieving ENDS

In a letter from Vicar David to the congregation in January 2019, he wrote: *"Our church will live or die based on our ability to shift from an internally focused church to a missionally focused church. In this new vision, the role of the senior pastor will change to that of a missional leader – one who can motivate and mobilize the people of God around the mission (Our Why). Going into the ministry as a vicar, I would never have imagined how critical the structure of church governance could be in carrying out the mission."*

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**5. Have we made the decision to move ahead with PBG? Who is involved in this decision?**

A: A final decision to move to PBG has not yet been made.

We have invested over a year of time, energy, and resources, exploring, defining, and socializing this model for governance with the congregation. Each step of the exploration has included iterative decisions to continue to move forward. A consultant was retained to educate and guide our journey.

This model and the change in governance has been shared with Council, Elders, Senior Staff, and other interested congregational members at open meetings and forums. At each step of the process there has been consensus to move forward with the next step. There will be a voters meeting in April/May to approve adopting PBG, which will include the constitutional and bylaw changes needed.

The team working on the PBG exploration is Jack Anderson, Kevin DeCew, Pastor Aaron Smith, Bob Glaser.

**6. What about our Constitution and Bylaws? Will we still need them / adhere to them?**

A: Yes, we will still have our Constitution and Bylaws, but they will need to be amended. A revised Constitution and Bylaws that support the Policy-Based Governance model will be developed and approved by voting members at a Voter's Meeting. *(see Implementation Timeline below)*

**7. Will we still have Elders and a Council in PBG? What will the roles be?**

A: Regarding Elders - As the ministry belongs to the congregation, not the pastors or staff, there will always be a need for Spirit guided servant leaders from the congregation. Under Policy-Based Governance, the only elected positions are members of the Governing Board. Elders are not considered a governing body, but a group with a passion for pastoral ministry and an extension of the pastoral office under the direct authority of the Senior Pastor. We will still have Elders, but they won't be 'elected'; and they may not be called 'Elders'. This will be at the discretion of the Senior Pastor. The current Board of Elders support the move to PBG.

Regarding Council – This group will be renamed the "Governing Board". The 'Assembly of Stewards' (voters) will nominate and elect this board. There will be seven (7) members of the Governing Board, including the Senior Pastor. Six members will be elected by the voting members.

**8. Who / how will we maintain our distinct LCMS doctrine, teachings, etc.? Who will look after that?**

A: Governance is not about doctrine. The Senior Pastor and the extension of the Pastoral Ministry (Elders) are responsible for doctrinal concerns and spiritual leadership.

**9. What is the role of women in PBG? Can a woman be President of the Board since they are responsible for holding the Senior Pastor accountable and conducting his performance review?**

A: The role of women in PBG would have to be consistent with the theology and doctrine of Grace Lutheran Church. Both our Confessional Standard and our Synodical Membership are outlined in the current Constitution (see Articles 3.0 and 9.0). Bylaw 5.1 restricts the Board of Elders to "men." Currently, there is no prohibition in either the Constitution or Bylaws that prevents women from serving as an officer of the congregation (President, Vice-President, Secretary, or Treasurer). Therefore, aligned with current practice and documentation, a woman could be President of the Board. A change in governance, then, would not necessarily bring about a change in practice.

**10. Are there other LCMS churches using PBG? Which ones? How much experience have they had with it and what are their outcomes?**

A: From the Vicar David letter of January 2019, he writes: *"I visited Christ Greenfield in Arizona and spent time with pastors Tim Ahlman and Jake Boessling. I was surprised how they engaged me in conversation about governance. They strongly advocated for the need for churches to operate under this methodology."*

Other LCMS churches utilizing this form of governance are:

- St. Paul Lutheran, Merced, CA.
- Shepherd of the Valley Church, Moreno CA.
- Faith Community Lutheran, Las Vegas, NV.
- St. Paul's Lutheran Church and Schools, Orange, CA
- Prince of Peace Lutheran Church, Springfield, VA

Both Pastor Aaron and Ben Elliott have experience in ministering within a Policy Based Governance setting. Pastor Pete Alexander also had experience serving in PBG governance congregations.

**Listen to Interviews about PBG by selecting the link below:**

Mike Gibson, LCMS Pacific SW District President

Pastor Nate Schaus, Summit Community Church, Buckeye, AZ

Pastor Tom Meyer, Circuit Visitor LCMS

Gary Norton, Revitalization Ministries, LCMS Pacific SW District

Pastor Jake Boessling, Christ Greenfield, Gilbert AZ

Pastor Tim Ahlman, Christ Greenfield, Gilbert AZ

<https://www.youtube.com/watch?v=yTk2M0kCNy0&feature=youtu.be>

**11. How does this align with the Transforming for Mission Report?**

A: Refer to Question #3 & #4

**12. How will the congregation be involved and able to influence decisions/direction?**

A: The stewards provide direction to the Governing Board regarding the vision, mission, and strategic goals of Grace.

The stewards nominate and vote for Governing Board members and hold the Governing Board and Senior Pastor accountable for implementing the policies to achieve the goals of the congregation.

The main responsibility of the governing board is to represent the stewards of the Congregation. They do it in two ways: 1) listening to the stewards – the Board shall listen to the ideas, concerns, and values of the stewards. It shall use a variety of methodologies such as mail, phone, surveys, and focus groups to seek out the desires of the stewards. 2) reporting to the stewards – the Board shall keep the stewards informed of its progress towards the strategic goals. It shall use a variety of methods for this reporting such as reports, webpage, surveys, meetings, and email.

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# Policy-Based Governance Implementation Plan:

## Introduction

Grace Lutheran Church Council/Elders/Pastors/Staff made a decision early in 2019 to explore moving to a new governance model that aligns with our “Why” and supports our vision of becoming a strong missional church in the future. A brief description of the Policy-Based Governance model and the implementation process we are following, are outlined below.

This update describes a carefully thought out iterative and inclusive process that includes many opportunities for; congregational understanding, feedback to the Steering Committee, and the appropriate approval points that are required for implementation and adoption.

## PBG Implementation Schedule

### Step 1: Launch Meeting **(Completed)**

- Steering Committee meets ½ day with consultant to plan implementation
- Church Council and Senior Staff 1-day meeting with consultant to review implementation plan
- Town Hall Introduction

### Step 2: Drafting of Policy Manual **(Completed)**

- Steering Committee meets 1-day with consultant to work on initial draft of a Governance Policy Manual
- Steering Committee works to finish the draft (30 – 45 days)
- Steering Committee meets with consultant to review the draft and make final revisions to the Governance Policy Manual

### Step 3: Presentation to the Church Council **(Completed)**

- 1-day meeting with consultant to introduce Church Council, Pastors, and Sr. Staff to the Governance Policy Manual. (Decision to move ahead was approved 9/2019)

### Step 4: PBG Education and Consensus Building to Move Forward (January – March 2020)

- Information Sessions will be held January 19 & 26, 2020 to continue to educate, answer questions, and get feedback on the change to PBG.
- Steering Committee considers/addresses feedback received from congregation.
- Town Hall Meeting will be held March 15, 2020 to take a consensus vote from the voting members as to whether we move forward or not with implementing PBG. If “yes” we move to Step 5.

### Step 5: Reworking of the Constitution and By-Laws

- Steering Committee appointed by the Council President does this work with the consultant available for calls / questions.
- Finalize the revisions to the Constitution and By-Laws, and meet with the Church Council to obtain feedback and final approval to present to the congregation

### Step 6: April 26, 2020 Congregational Assembly Votes to approve changes to the Constitution and By-Laws

- Revised Constitution and By-Laws are presented to the Congregational Assembly for a vote of approval.
- If approved, the nominating process for the Governing Board members will begin.

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#### Step 7: Nominating Process and Election of Governing Board

- Dates / Timeline to Be Determined
- Stewards / Voting Members nominate candidates for Governing Board
- Stewards / Voting Members elect six Governing Board Members
- Revised Bylaws and Constitution will define parameters for the nomination and election process.

#### Step 8: Transition to New Governing Board

- A plan will be developed to transition from the current Council to the New Governing Board within the parameters of the revised Constitution and Bylaws
- Dates / Timeline to Be Determined

#### **Closing Thoughts**

Questions and concerns from those being asked to change are an important part of any change process. Our goal is to surface and address, as best we can, your questions and concerns. We hope this document provides the information you need. If not, please contact a member of the team (Jack, Bob, Kevin, Aaron)

There's no perfect system of governance. Our goal is to bring some new thinking and solutions to Grace in order to build a strong, healthy body of Christ ready to serve and take the whole Word to the whole world.

Jesus was the biggest change maker of them all!

*"For as in one body we have many members, and not all the members have the same function, so we, who are many, are one body in Christ, and individually we are members one of another. We have gifts that differ according to the grace given to us: prophecy in proportion to faith." Romans 12: 4-6*