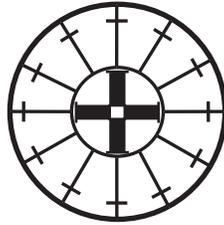


NATIONAL LEADERSHIP ROUNDTABLE
ON CHURCH MANAGEMENT

CONFERENCE
AT THE WHARTON SCHOOL

OCTOBER 13 AND 14, 2005
PHILADELPHIA, PENNSYLVANIA



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INTRODUCTION

Kerry Robinson, Executive Director, NLRCM

Welcome to the annual meeting of the National Leadership Roundtable on Church Management (NLRCM). I regard the formation of this organization as one of the clearest signs of hope for the Catholic Church in the United States today—witness the competence, intelligence, faith, and senior executive experience and leadership of those gathered for this conference. It is a testament to the importance of our organization's mission that nearly 150 Church leaders and senior executives—clergy, religious, and laity—have already accepted membership, and that number is climbing.



Richard Yanikoski, Kerry Robinson, and Michael Costello (left to right)

NLRCM was formed in March 2005 as an outgrowth of the Church in America National Leadership Roundtable held at the Wharton School in July 2004. From that conference emerged 48 wide-ranging recommendations for strengthening the managerial and organizational structures of the Catholic Church. The NLRCM builds on that mission and commitment. We are an organization of laity, religious, and clergy working together to promote a culture of excellence in the management, finance, and human resource development of the Church by drawing on the expertise of the laity. To that end, we are focused on spotlighting and actively promoting within the Church best practices that our members have observed—or have themselves developed—in the corporate, nonprofit, government, and Church sectors.

This Roundtable conference is another important step toward that goal. Over the next day and a half, we will be generating many practical ideas to help solve real problems that confront our Church. These discussions and findings will lead to a Plan of Action designed to provide further direction and purpose to the NLRCM in the period ahead. Just as importantly, this Plan of Action will help us to identify resources, develop programs, and work collaboratively with Church leaders at the diocesan and parish levels to bring meaningful improvements to the management and operations of the Catholic Church in the United States.

The participation of everyone here is a blessing, for which we are grateful. Our work reminds us that all we do is in God's name and for God's glory alone.

MESSAGE FROM THE CHAIR

National Leadership Roundtable on Church Management Conference at the Wharton School

Geoffrey T. Boisi, Chair



Jerry Filteau,
Archbishop Alfred C.
Hughes, Fred Gluck,
Kerry Robinson,
Bishop Dale J.
Melczek, Geoffrey
Boisi, and Francis
Butler (left to right)

Thank you all for being here and giving of your valuable time. Your willingness to offer your talents in the service of the Church at this particularly critical moment is truly inspiring. Your commitment is motivating to me personally; I believe it is equally encouraging to the many hopeful, committed Catholics who are watching our actions carefully and looking to us for help, guidance, and leadership. I feel truly privileged to be part of such a distinguished group of Catholic leaders.

Our success in this effort is dependent upon the development of a community spirit of “welcome” grounded in integrity, inclusiveness, openness, candor, collaboration, and genuine hospitality. I look forward to building this community spirit together with all of you. In many respects, it is a process that has already begun.

The Board asked me to share my perspective on a few key questions:

- Why have we come here?
- How can we best work together?
- What directions will we pursue?

I'm going to take these questions out of order—starting with “How can we best work together?”—because *how* we work together as a diverse group of leaders is absolutely critical to our success.

As we begin the Conference of the National Leadership Roundtable on Church Management, it's important to acknowledge the uniquely challenging nature of the work we are undertaking.

Anytime we get involved with matters relating to the Church, we encounter the complex yet complementary intersection of the Divine and the human. The same type of intersection is at the core of the Roundtable's mission: to promote excellence and best practices in the Church's organizational and management capabilities, especially those related to financial and human resource development, and to help reestablish a relationship of trust between the hierarchy and laity broadly defined.

This mission is far-reaching and ambitious. And as I'm sure all of us have come to realize, the intersection of the Divine and the human in this work presents us with a unique set of challenges to overcome and potential communication pitfalls to avoid.

To help us navigate through this complex but vitally important work, we will operate under three key principles:

- First, the NLRCM efforts are and will be grounded in Church teaching, recognizing that by virtue of baptism, lay people have both the duty and right to offer their gifts and talents in the service of the Church.
- Second, we will work in collaboration with bishops and Church leaders to foster dialogue and to utilize the unique gifts of all the faithful, both individually and institutionally, for the continuing benefit of the Church.
- And third, we will seek to address specific needs with specific, actionable plans in the areas of management, finance, and human resources by promoting, adopting, and applying best practices to ensure operational excellence so as to achieve God's mission for the Church.

With these principles guiding us, I'm confident that the leaders comprising the Roundtable can work together to rise above the obstacles and effectively address the challenges at hand.

This brings us back to the first question: “Why have we come here?” Or, put differently, *why you, why me, why do this?*

Jesus said, “Where your treasure is, there is your heart.” The Jesuits' interpretation of this is that when we discover what we treasure in life we also discover “our spirituality.”

As it has been for you, my faith has been a treasure to me, central to my spirituality . . . to my motivational biorhythm. This has been the case ever since I internalized the messages taught to me by the Sisters of Notre Dame in grammar school, the Marianist Brothers in high school, and the Jesuits in college.

My education has helped me strive to live by this set of core values:

1. God blessed each of us with unique talents that should be shared to enhance the greater good for the greatest number of people. In the act of giving of our talents, we honor and thank God for the gift of life and freedom to choose.
2. We should continually strive to develop ourselves into a “whole person”—body, mind, heart, and soul—to the best of our abilities. We should, likewise, strive “ever to excel” in the service of both God and humanity “for the greater glory of God.”
3. We should adhere to Christ’s golden rule of “love thy neighbor,” using as a guidepost the example of the Good Samaritan.

The Good Samaritan provides a particularly compelling and relevant model for our work. He approached his spirituality by

- seeing into the depth of a problem epitomized by an abandoned, wounded stranger;
- feeling true compassion by identifying viscerally with the stranger’s needs;
- using his practical capabilities and taking action by welcoming the stranger in, paying for his care, and taking responsibility by making him a cherished guest; and
- making sure that the Samaritan’s caring had a continuing impact, even after he left on his journey, by getting the innkeeper to take the stranger into the community.

The Good Samaritan personifies the core value of hospitality and represents the human capacity to be a true neighbor to one another.

The values instilled in me by the Church not only form the core of my spirituality, they compel me to act when the very institution that has so enriched my life is in distress. And I believe these values give direction as to how we should conduct ourselves as true hospitable neighbors to achieve the Roundtable’s mission.

Although it is my value system and spirituality that compel me to act at this time, this action takes an even greater sense of urgency when I view the situation from my perspective as an American citizen, a business person, and a parent.

As a citizen, I believe that the Church’s Voice in the Public Square is needed today more than ever. We need to regain our own footing to enable us to have the credibility of the moral high ground to influence positively our increasingly complex and materialistic culture.

I also see the Church as one of our most important social institutions, impacting more than 65 million Americans—roughly a quarter of our population—as members, and many millions more as beneficiaries of urgently needed social services.

It has become clear that this vital and pervasive institution is not functioning well. There are painful issues that must be dealt with, including

- morale and credibility problems,
- severe communication gaps that continue to create polarization,
- demographic realities that are upon us and cry out for emergency measures, and
- leadership challenges.

Together, these issues are having a negative impact on the Church's financial health. And when the Church's financial health is jeopardized, so are the vital services that impact so many lives.

The Church's issues influence society on broader levels as well. We live in an age in which many Americans are cynical about leaders in government and business. The problems within the Church have further fueled this cynicism, taking a severe toll on the spiritual and psychological health of our nation. Add to this the reality of terror threats to our physical well-being, and you get a picture of a society under great stress.

Now is our time to lead.

This spiritual and psychological distress jeopardizes the risk-taking mentality that drives innovation and growth within our economy. Put simply, there is a direct link between our nation's spiritual health and its financial health. As a business person, I know that our nation will suffer economically if we don't address the issues facing the Church.

Like many Catholic parents, I'm deeply concerned about the state of our children's religious training and spiritual development. Nearly 90 percent of Catholic students are in non-Catholic schools and colleges. We cannot afford to let generations of young people receive poor or no religious training. If our children can't pass on the faith effectively, then the very foundation of the Church in America is at risk. And that is the type of risk we cannot take.

Now that I've touched upon some of the reasons why we've come together, I'd like to turn to our third question, "What directions will we pursue?" Or, more specifically, "What will the National Leadership Roundtable on Church Management actually do?"

The short answer is right there in the name of this organization: leadership. We are here to provide the focused, committed leadership necessary to address the issues I discussed earlier.

This type of leadership will require

- taking responsibility,
- courage,
- rigorous analysis,
- creative problem solving,
- inclusiveness and cooperation, and
- action.

Now is our time to lead. We have the torch, and we cannot waste time blaming other generations or getting sucked into the quicksand of polarizing rhetoric. We cannot be distracted by those whose words and actions aid a brand of “clericalism” that would embarrass the Pharisees.

It is clear that what we have been doing is not working effectively. We need clarity of focus and we need to exercise common sense. We need to embrace change. We must get on with the work that Christ called us to, and live up to the standards of excellence taught to us in our youth by our Church.

Gail Sheehy, the popular sociologist wrote:

If we don't change, we don't grow. If we don't grow, we are not really living. Growth demands temporary surrender of security. It may mean giving up familiar patterns; safe, but unrewarding work; values no longer believed in, and even relationships that have lost their meaning. As Dostoevsky put it, “taking a new step, uttering a new word, is what people fear—the real fear should be of the opposite course.”

The essence of the Roundtable’s work is to create a receptive environment for change. To accomplish that, we need to rebuild trust between the laity and the hierarchy (including the clergy) by developing an inclusive, collaborative, welcoming, hospitable community spirit.

Our plan for action and change includes these six strategic directions:

1. Focusing on nondoctrinal issues of effective organization, management, finance, and human resource development guided by the *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* developed by the Standards for Excellence Institute.
2. Bringing together two complementary groups of outstanding individuals:
 - a. A council of approximately 225 proven, accomplished, battle-tested leaders known for their competence, experience, influence, and reach, whose philosophies, functional capabilities, and backgrounds represent and reflect the diversity of both the Church and society.
 - b. A core group of 40 invited ordinaries and bishops who appreciate our mission and will act as liaisons with the 14 regions of the United States Conference of Catholic Bishops and relevant committees most affected by our areas of focus.
3. Developing a collaborative working environment that fosters creative problem-solving where fact-based analysis, candor, open-mindedness, sharing of relevant experiences, constructive debate, and 360-degree consequence evaluation is both respected and encouraged, and a litmus-test mentality is left at the door.
4. Identifying and being informed by best practices currently found within the Church as well as the secular world and other religious denominations that have faced similar issues.

5. Using the standing and ad hoc working committee structures similar to the Business Roundtable and Council for Foreign Relations to develop creative, actionable suggestions and game plans of quality. These structures and processes will help guide not only what we do but also how we do it, and will help us to develop specific strategies on “who” could optimally execute the time-targeted plan. We hope to have a dozen projects continually ongoing, focused on management, finance, and human resource issues influencing the parish, diocesan, or national level, but meant to include all Catholic organizations. We will ask each council member to commit to serve on at least one subcommittee.
6. Gaining respect and acceptance through the superior quality of our work product. We want our work to be seen as creative, thoughtful, professional, ecclesiastically sound, and practical. We will demand excellence from each other in an environment built on
 - commonsense transparency,
 - accountability, and
 - performance.

As we pursue these strategic directions, here are a few examples of projects that will be undertaken by the NLRCM:

1. **Reporting on Excellence:** Rather than reinventing the wheel, the NLRCM seeks to identify and disseminate “best practices” so that all Catholic organizations, dioceses, and parishes can benefit. An example would be creating a mechanism for sharing the growing film library of key Catholic leaders speaking on important issues. Another example would be an application of the “Standards for Excellence” ethics code mentioned earlier.
2. **Research and Study Papers:** The NLRCM will sponsor research in key areas that can help with Church management, finances, and human resources. An example would be conducting a study of successful human resources programs across the country that identify the key factors for success. The results of the research and specific recommendations will be made available via the World Wide Web so that all can benefit.
3. **Pilot Projects:** These are projects that would be undertaken in a limited number of locations, and replicated/disseminated nationally as warranted. Examples would be working with six dioceses to develop improved financial reporting processes or performance evaluation standards for diocesan staff.
4. **Targeted Projects:** These are projects targeted to address a specific geographic or functional area need. An example would be creating advisory management consulting teams to help interested dioceses work on a specific issue, such as the extreme challenges created by the aftermath of Hurricane Katrina. Another example: working with top business schools to develop a management training program for bishops, pastors, and lay ministers.
5. **Regional Gatherings:** The NLRCM could coordinate regional gatherings at the request of members and Church leaders in order to address issues that are of importance to that region. An example would be coordinating a meeting for a bishop and pastors who want to meet with local business leaders to strategize an optimal approach for diocese-wide fundraising.

6. **Website:** The NLRCM will share the results of its work—including research papers, pilot projects, and best practices—via its website, www.nlrcm.org.

In closing, this is a time of urgent need within the Church. God has blessed each of us with significant gifts and called us to leadership at this time in history. Jesus has given us clear direction in the example of the Good Samaritan on how to be a true neighbor by

- seeing the problem,
- feeling compassion,
- taking action with our capabilities, and
- making sure our impact continues.

St. Ignatius defined “community” as people working together for something that demands mutual trust, dedication, and a willingness to pass on to generations to come a “good” that they have received and enriched. That good is the treasure of our faith—our spirituality embodied in the Catholic Church.

Together, let’s rebuild the trust in this institution that is so central to our lives. Together, let’s lead the community to restore our Church to its rightful place in our hearts and society as the strong, powerful force for the good that Christ intended.

For our children’s children sake, the time to act is NOW.

Ad Majorem Dei Gloriam.

Thank you.

PLAN OF ACTION



National Leadership Roundtable on Church Management

The following recommendations are outgrowths of the two-day 2005 NLRCM Conference at The Wharton School. They reflect the knowledge, insights, and creative thinking of some of the country's top leaders from the corporate and nonprofit worlds, together with members of the U.S. Catholic Church hierarchy. Collectively, the Plan of Action is a recommended, initial course of action for the NLRCM over the next several years.

NLRCM PROGRAM PRIORITIES

The eight NLRCM Program Priorities refer to activities that can be developed and implemented by the NLRCM itself; each has the potential to affect the full range of Church business operations.

1. Establish and continually update a directory of leading professionals in the fields of management, human resources, and finance to serve as a valuable resource to dioceses and parishes. The NLRCM would identify and promote the competencies of these experts through its website (www.nlrcm.org).
2. Develop and publish a library of best practices in the areas of Church management, human resources, and finance. These best practices would be aimed at dioceses, parishes, religious communities, and other Church organizations and would be promoted through the NLRCM website (www.nlrcm.org) and other media.
3. Clearly define and adapt *The Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* for use by the Church. This activity would be carried out through “demonstration” dioceses, parishes, religious communities, and other Catholic organizations with the expectation of a national rollout by the end of 2007.
4. Establish an annual National Best Practices Awards Program as a way of recognizing, rewarding, and promoting excellence among dioceses and parishes in the areas of management, finance, and personnel.
5. Promote and disseminate NLRCM DVD sets for parishes and dioceses that allow local faith communities to assess the management, finance, and human resource challenges and opportunities, and work toward incorporating best practices in these areas.

6. Plan and sponsor an annual meeting of bishops and members of the NLRCM to discuss and thoroughly assess the temporal needs of the Church in the United States; develop creative, practical solutions to problems facing the Church; and set, monitor, and further refine the NLRCM Plan of Action in a way that provides maximum benefit to the Church.
7. Oversee the development of a long-term strategy designed to help the Church regain trust and credibility in the United States. This, in turn, requires actively promoting a culture of excellence and developing a comprehensive human resources program.
8. Provide experienced management counsel and assistance to those bishops who are working diligently to rebuild the Church infrastructure in Louisiana and Mississippi in the wake of Hurricane Katrina.

BEST PRACTICE DIOCESE/PARISH ACTIONS

The 13 Best Practice Diocese/Parish Actions require the active participation of the dioceses and parishes; each affects Church operations in the areas of management, human resources, or finance.

Management

1. Define and promote models of what constitutes clear and powerful strategic planning within the dioceses.
2. Develop the framework for a centralized diocesan database of skilled individuals and services that could be shared among parishes, particularly those lacking in these areas. This group would offer support in such areas as youth ministry, music, fundraising, insurance, and printing, as well as management, information technology, finance, and human resource development.

Human Resources

3. Create comprehensive job descriptions, performance metrics, and compensation benchmarks for every position within the diocese and parish held by Church leaders and professional laypeople. These parameters—designed to help foster a culture of excellence, accountability, and vocational development—would include mission, objectives, performance, compliance, outcomes, training, and motivational systems.
4. Develop models of a 360-degree Personnel Review System for employees of the diocese and parish. This system—which has become the gold standard in the private sector—would provide job performance feedback from peers, higher-ups, and others to whom employees and the Church are accountable. It should be focused on developing the skills and competencies of (a) bishops, (b) pastors, (c) diocesan staff, (d) parish staff, and (e) boards/councils. It should also be aimed at continuous improvement and positive reinforcement rather than on critical evaluation. A Personnel Review System that enjoys the support and full participation of the bishop in the diocese would be easiest to implement.

5. Identify and spotlight a system to review, enhance, and provide parishioner feedback on the quality of clergy preaching in the spirit of guidance and continuous improvement.
6. Adopt the concept of *lifelong* education for every Church employee, in accordance with the tenets of *The Basic Plan for Ongoing Formation for Priests* that was recently adopted by the United States Conference of Catholic Bishops. At higher levels, this learning initiative could be patterned after the executive leadership programs found at many of the nation's top colleges and business schools. Lifelong education should focus on strengthening critical skill sets in the general areas of administration, finance, and personnel management. Catholic universities with their tremendous resources could be an integral part of this training/formation program.
7. Create mentoring programs that help pastors and other Church leaders to handle better the complexities and, at times, the loneliness of their jobs by pairing them with experienced coaches or mentors.
8. Develop and promote education and training (both managerial and theological) for lay ecclesial ministers, religious, priests, and bishops.
9. Develop and promote thoughtful succession plans for priests and lay leaders.

Finance

10. Promote openness, honesty, and transparency in Church finances by publishing and disseminating to members an annual financial statement or report summarizing all expenditures and receipts, as well as describing the financial health of the diocese or parish. This document should be comprehensive (reporting on all Church operations, including schools, cemeteries, health facilities, and any other assets of which the bishop or his representative has titular control), and both backward- and forward-looking. In addition, it should be written in a *reader-friendly* way that is intelligible to Church members who do not have financial backgrounds. Reinforce this reporting system through periodic "town meetings" where parishioners are free to raise questions or express concerns they may have to Church leaders.
11. Employ economies of scale by establishing multi-diocese or multi-parish cooperatives for the purchase of goods and services. This concept of centralized purchasing has become standard operating procedure within the private and government sectors, and could potentially help the Church realize significant savings on its annual operating budget.
12. Improve productivity and cost-efficiencies by standardizing computer hardware and software platforms among parishes and Catholic schools, particularly in the area of accounting. One benefit is having access to information that allows finance personnel to spot and analyze potential problems and make appropriate adjustments.

13. Develop and promote a comprehensive and strategic fundraising approach for Catholic dioceses, parishes, religious communities, and other Catholic organizations that is mission-driven, financially transparent, and aspires to have a positive, transforming effect on the whole community. This approach should be grounded in Scripture and Catholic tenets, should understand donors as subjects rather than objects, should promote and celebrate excellence at all levels, and should inform and engage Catholics more deeply in the mission of the Church.

OPENING REMARKS

Most Rev. Dale J. Melczek, Bishop of Gary, Indiana

My brothers and sisters in Christ, we are a Pilgrim People. We are the Church of God, one family of believers united in the Lord. It is our love of the Lord and our love of the Church that brings us together today.

On the Feast of the Epiphany in 2001, Pope John Paul II closed the Holy Door of the Vatican Basilica to mark the end of the Great Jubilee. Following that ceremony, he signed the Apostolic Letter, *Novo millennio ineunte*, urging us to “put out into the deep” and face the challenges of the future with hope.

As a Pilgrim People, we are always pressing on, never satisfied with the status quo. We constantly invoke the Holy Spirit to show us how we might become the holy people the Lord desires, and transform the world as God desires.



Bishop Dale J. Melczek

Membership in the Church, in the Body of Christ, is a wonderful gift of God to you and to me. Through this gift, each of us already shares in the life and love of the blessed Trinity. Through this gift, we have

also been brought into communion with one another in and through Christ.

Every gift, of course, brings responsibilities.

Every gift, of course, brings responsibilities. Our first responsibility is to nurture the very life and love of

God within us, and to share the life and love of God with others. Together, as God’s holy people, we are missioned to transform the world with the values of His kingdom: truth, peace, justice, and love. Likewise, we are responsible to use our gifts and our talents to build the Body of Christ.

It is for that reason that we have come together for this day and a half.

You have much experience and have enjoyed much success as leaders in business, government, the non-profit sector, higher education, health care, and the ministry. Although the Church is not a democracy,

and it's not a business, it can and must be strengthened in the areas of management, human resources, and finances, and thus be better equipped to grow in unity and carry forward its mission in today's complex world.

In his Apostolic Letter, *At the Beginning of the New Millennium*, paragraph 45, Pope John Paul II quoted St. Paulinus of Nolas: "Let us listen to what all the faithful say, because in every one of them the Spirit of God breathes."

On December 4th, 2004, Pope John Paul II addressed the U.S. bishops from Kentucky, Louisiana, Alabama, Mississippi, and Tennessee about the gifts that lay men and women bring to the Church. In section four of that talk, the late Holy Father said, "In *Novo millennio ineunte*, I pointed to the importance of making our own the ancient pastoral wisdom which encourages pastors, without prejudice to their authority, to listen more widely to the people of God." He continued, "Certainly, this will involve a conscious effort on the part of each bishop to develop within his particular Church structures of communion and participation which make it possible to listen to the Spirit who lives in and speaks to the faithful."

We are a people of action. We are a people of passion. We are a people who desire to put our gifts at the disposal of the Church so that it may more effectively permeate our own society with the values of the Gospel, and bring to our fragile world the hope, peace, and reconciliation that Jesus suffered, died for, and rose to bring. May God enlighten us to render our service in such a way that Jesus' prayer to the Father at the Last Supper might be more fully realized: "Father, may they all be one as you are in me and I am in you, so that the world will believe that you have sent me."

PANEL DISCUSSION

A Call to Excellence

Fred Gluck (Moderator)

Charles Geschke

Most Rev. Dale J. Melczek

Charles Geschke

I'd like to talk about excellence as viewed through the lens of someone who had the opportunity to found and grow a company, Adobe Systems. I think that some of the concepts that were critical to making our company successful have broad applicability to any kind of organization, including the Catholic Church.

Neither my partner nor I had ever taken a business course. I still don't understand why balance sheets add up. But we were determined to build a company that had the qualities that would make us proud as employees—because that's in fact what we were. We just happened to be the first two employees.

So, without any more structure or thought, we set out to instill principles that we thought would make a great company. The first thing we had to recognize was that in our industry—software—our capital is people. We don't have storefronts or warehouses or factories or mining and mineral rights. All we have are ideas—and people who can take these ideas and develop them into products.

Given those dynamics, it's clear we have to hire the very best people we can find, irrespective of their gender, ethnicity, lifestyle, or anything else. We have to hire the most talented people from the broadest possible base. One of the concerns I have about the Church is that it has limited its recruitment of clergy to voluntarily celibate males. I don't know what percentage of the world's population



Charles Geschke

that is, but my suspicion is that it's in the single digits. And that's a problem. You would never build a company that way. It's an issue associated with excellence that the Church has to address.

We've also succeeded at Adobe by reinforcing the belief that you must have the self-confidence to hire people who are smarter than you. First of all, that exposes you to a much bigger talent pool. And second, when you have excellent people running the business, it allows you to take your responsibilities to the next level, and your organization can thrive.

Another factor that's been critical to our success is our ability to innovate. That means we have to continually invent new technologies, define new markets, and develop new products that can capture a majority share.

Taking that a step further, in order to be successful as innovators, you have to love change. If you don't, you certainly don't belong in Silicon Valley, or any other successful business, for that matter. And that's a big issue for the Church. I'm not talking about change in fundamental faith or values, but change in the way the Church organizes itself to get its message out to the laity, to people who are not yet members of the Church, and to the world in general.

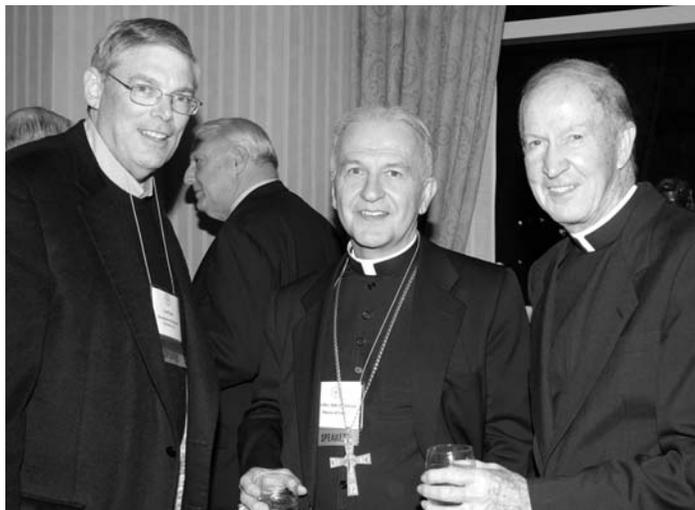
The best time to change, by the way, is when things are going well. Once you have a problem and it becomes critical, the changes you make are often not well received because you're under considerable pressure to do something.

... we can't so easily measure our success in changing human hearts ...

Bishop Dale J. Melczek

As Church leaders, we feel accountable for being good stewards. And so we are really expected to promote best practices—the standards of excellence—in management, finances, human resources, and pastoral planning. These are the supports for our mission, and they are also key areas where I think we could use some help.

We can measure our success in management, in finances, and in human resources. But we can't so



Geoffrey Boisi, Bishop Dale J. Melczek, and Father J. Donald Monan, S.J. (left to right)

easily measure our success in changing human hearts, in transforming our culture. I believe it was Mother Theresa who said, “We must strive to be faithful even when we’re not successful.” And so we understand that although we strive for excellence, we’re not always going to achieve it, and we have to stay the course.

I believe the style of pastoral leadership is linked to the vitality of the local Church and the excellence of the local parish. A parish or a diocese has a great deal of vitality when the pastoral leader is committed to collaboration and shared responsibility—approaches that are encouraged by the Second Vatican Council, by the code of canon law, and by our late Holy Father. Indeed, there are many occasions where Pope John Paul II encouraged bishops to acknowledge the essential and irreplaceable role of the laity in the Church’s mission today.

As a bishop, I would judge myself successful if I get all members of the Church—all of the baptized—to feel some responsibility, not only for growing in their relationship with the Lord and sharing that with others, but for transforming society with Gospel values. By the same token, I believe that a dynamic parish depends upon the commitment of priests, deacons, and lay ecclesial ministers to help the people discern their gifts, and to motivate them to use those gifts for transforming the world and building the Church. When the bishop, priests, deacons, and lay ecclesial ministers are committed to collaboration and shared responsibility—when they’re truly guided by the principles of transparency, openness, and accountability—then diocesan and parish pastoral councils can, and do, work well.

But there are many other structures that are important to building a viable and excellent parish. I’ll name just a few: Diocesan and parish education, or formation, committees. Diocesan and parish worship committees. Peace and social justice committees. Pro-life committees. Vocation committees. Program and budget review committees. Lay retirement committees. Clergy retirement committees. Health insurance committees. And so on.

In my judgment, a diocese or a parish is excellent when it’s doing all these things. And that underscores what I said earlier about our need to learn a lot more from the laity, and our need to implement a lot of changes aimed at bettering ourselves in the areas of finance, management, human resources, pastoral planning, and more.

We all appreciate that the Church is a gift from God. It’s a hierarchical Church. But what has often been understated is that all of the baptized are called not only to communion, but also to mission. And I believe that when all of us work together, as we’re doing now to try to achieve excellence, then it will be accomplished. And we will do a much better job at our mission.

PRESENTATIONS

A Call to Excellence

John Eriksen

Rev. Kevin McDonough

John Eriksen

Last summer I was asked by the National Leadership Roundtable on Church Management to begin to document existing best practices in Church management, finance, and human resources. One lesson I learned was that best practices look quite different in the Diocese of Ft. Worth than they do in the Archdiocese of St. Paul and Minneapolis or the Diocese of Albany, or a private sector company, for that matter. However, I also learned that despite these differences, each institution can learn from the others, and share best practices in areas such as the following:

1. **Accountability.** Dioceses, parishes, and schools that have inculcated a culture of mutual accountability, and that have established clear communication channels and policies in which accountability is stressed, consistently demonstrate best practices.
2. **Council design and usage.** Key councils within dioceses, parishes, and schools that are selected using a knowledge-based criterion founded on skills requirements for the organization, and that are educated and trained in the role of councils within the Church and the differences with respect to the civic council models, are consistently able to provide best practice advice and support.
3. **Data-driven planning.** Dioceses that undertake detailed quantitative and qualitative analyses, and that carefully follow the results in advance of major pastoral, development, and planning projects, are often considered examples of best practice.
4. **Senior management experience,** both inside and outside of diocesan operations. Dioceses and parishes that employ clergy, religious, and laity with diverse and wide-ranging experiences consistently produce examples of best practice.
5. **Metrics.** Successful dioceses continually seek not only to set goals, but to measure whether those goals are being met by developing and using appropriate metrics. This capability is absolutely essential to fostering a best practice environment.

6. **Networks.** Successful dioceses, parishes, and schools have created a culture in which employees are encouraged to look both inward and outward for support. Dioceses that encourage affiliations with professional societies, as well as conference participation, the use of consultants, and other networking opportunities, demonstrate best practices in multiple fields.

Rev. Kevin McDonough

There are four principles that underscore our fundamental commitment to leadership in the Archdiocese of St. Paul and Minneapolis.

The first is that the Archbishop clearly and consistently articulate a sense of mission. Archbishop Flynn's expression of mission is at once simple and memorable: "That the name of Jesus Christ be known and loved." He says it frequently, and illustrates it with stories. How does he assess our effectiveness in the archdiocese?

Archbishop Flynn practices "management by walking around." And the "shop floor" on which he walks around is not the archdiocesan office. Instead, he frequently spends Sunday afternoons making telephone calls to the homes of our sharpest critics. He hears them out, offering an apology or a different perspective as warranted, and usually wins over a new ally in the process.

Principle two is that the primary impetus and energy for pastoral care come from our parishes. Pastors are responsible for knowing their own parish, for choosing effective leadership, and for responding to pastoral needs that are consistent with the Archbishop's call to mission. Pastors are not expected to wait for the archdiocese to tell them how to pastor. In this archdiocese, when we announce a new initiative or program, each pastor has the right and the responsibility to implement it in a way that's most appropriate for that parish.

Under the third principle, the archdiocesan staff operates on the assumption that pastors and other parish leaders are intelligent, competent, and faithful. We do not believe that the Archbishop's staff is the repository of expertise in the archdiocese. Rather, we acknowledge that most of the relevant pastoral expertise either already resides in the parishes—or it ought to, and can. Our fundamental staff strategy is to provide forums that allow this expertise to be shared among peers.

The final principle is this: much of the higher-order work of the Catholic community is done through robust, autonomous allied institutions—not through the archdiocesan corporate entity and staff. The Archbishop retains certain reserved powers, but those powers exist only to ensure the integrity of the Catholic identity of the institutions. The Archbishop and his staff do not own, control, or manage those institutions. For example, as we were preparing for an archdiocesan capital



Fr. Kevin McDonough, Jonathan O'Herron, and William P. Frank
(left to right)

campaign, our major donors told us they were afraid we could not protect endowed funds given for the benefit of Catholic causes. So in 1993 we created an autonomous community foundation. The Archbishop guarantees the integrity of the foundation's mission through powers reserved for the corporate members, or "stockholders," but the remainder of the governance and administration of the foundation is truly independent of him. There is no question that donors now trust the foundation: it has invested \$150 million in funds and has another \$100 million in deferred gifts in the pipeline.

PANEL DISCUSSION

Forming Leaders to Serve the Church

Rev. J. Donald Monan S.J. (Moderator)

Most Rev. Joseph Sullivan

Lt. Gen. James Dubik

Paul Reilly

Carol Fowler

Bishop Joseph Sullivan

It's necessary to understand the nature of the Church to know what kind of leadership is appropriate. The Church is fundamentally a mystery; we use metaphors to gain insight into the mystery. Pope John Paul II, for example, stressed the image of the Church as a communion. "It is more," he said, "than an economic or sociological community, but one based on our supernatural relationships—rooted in our baptism. It is a communion that reflects the life of the tri-une God who is creative, who is redemptive, and who is loving. It is a communion that develops a spirituality through personal and communal prayer, especially the Eucharist."



Bishop Joseph M. Sullivan

Ecclesial leadership, then, should be collegial, consultative, and inviting. It should welcome participation. In essence, it is "servant leadership." Bishops and pastors are pastoral leaders. Their threefold function to teach, lead, and sanctify derives from the Sacrament of the Orders.

The laity in its own way shares in the priestly, prophetic, and kingly functions of Christ. The lay apostolate participates in the saving mission of the Church. Through their baptism and confirmation, all are commissioned to that apostolate by the Lord Himself. Furthermore, the laity by its

very vocation seeks the Kingdom of God by engaging in temporal affairs and by ordering them according to the plan of God. The laity must take on the renewal of the temporal order as its own special obligation.

Church structures are important to this participation. Sister Sharon Euart, in a paper she delivered to the bishops of Scotland, commented that the interaction of bishops and the faithful is not a rhetorical or a theoretical issue, but a practical one requiring that there be certain consultative structures in each diocese to assist the bishop in its governance. So it is we have synods, pastoral councils, parish finance counsels, and other structures established in canon law and encouraged by the Second Vatican Council. In fact, the number of potential consultative vehicles is limited only by our imaginations. The trick is to make them effective.

Bishops ought to encourage leadership structures at every level in the Church, rather than focusing on the boundaries or the limits of that leadership. Where there are problems or questions between

. . . we have to be astute in finding people who not only have the intelligence and competence to be leaders, but who also have the character for and commitment to the Church.

bishops and their people, those structures should provide an opportunity for meaningful dialogue that works toward a resolution of differences.

I will conclude by saying that I believe we can train effective leaders in the Church, be they clerical or lay. But I believe a large part of that process is selection; we have to be astute in finding people who not only have the intelligence and competence to be leaders, but who also have the character for and commitment to the Church. They have to be willing to be servant leaders.

Lt. Gen. James Dubik

I'm grateful for this opportunity to talk about the U.S. Army's approach to developing leaders and, in so doing, to provide a perspective that may be useful in forming leaders to serve our Church. I'll summarize our approach using five principles:

1. Leadership is values-based and an inherently moral affair. We expect our leaders to live by the following values: loyalty, duty, respect for others, selfless service, honor, integrity, and personal courage—physical and moral.
2. Leadership consists of character—in other words, what a leader should be, what a leader should know, and what a leader should do.

3. Leadership can be taught and must be modeled at every level throughout the organization. It follows that all of us have an obligation to transmit our culture of leadership to our subordinates. This obligation is exercised through institutional development (our formal school systems for officers and sergeants); organizational development (training and leader development programs conducted in our units); and personal development (we expect our leaders to read and to expand their minds and proficiencies on their own).
4. Leadership character, skills, and activities are tied directly to efficiency reports and, therefore, to promotion.
5. Leadership is the most important element of combat power.

Our leaders, of course, are like all other human beings: none are perfect. We've had very bright days and very dark days in the history of Army leadership. Following the Vietnam War, for example, we conducted two surveys that found that the level of trust in the Army chain of command had almost completely eroded. So we undertook in the early 1970s a 15-year program to rebuild both the officer and NCO corps by rededicating ourselves to our core values and to our institutional responsibilities for leader development.

One way to view the results is through the Harris Polls, which measure overall confidence in leaders of major institutions. In 1975 we ranked a distant sixth. By 1980 we were fourth, and by 1985 we were number one, where we have remained ever since.

We've managed to emerge from each of these [scandals] as a stronger institution, I believe, because of our core values and our firm commitment to leadership development.

Another way to evaluate our leadership development is to look at our consistency in handling scandals—of which we've had our share over the years. We've managed to emerge from each of these as a stronger institution, I believe, because of our core values and our firm commitment to leadership development. I sincerely believe that many elements of that program could be modified and adapted to help create a model for the formation of leaders in the Church.

Paul Reilly

When it comes to Church leadership today, it's important for us to ask: Who do we have? How do we train them? and How do we make them better? The truth is, we haven't done a very good job within the Church of providing leadership, finance, or administrative skills.



Josephine Mandeville, Paul Reilly, Francis Butler, and Margaret O'Brien Steinfelds (left to right)

So, another question we must ask ourselves from a human resource standpoint is, How do we leverage the people we have? There are many examples of other religions that do a much better job than we do of leveraging lay and outside people to ease some of the administrative and business burdens. Hospitals afford a good example. They used to be run by physicians but today are typically run by professional administrators, letting the physicians focus on the mission of the hospital.

I think we should look at some of these solutions within the Church. God has given all of us all gifts and talents, and the question is, How do we develop and deliver those on behalf of the Church?

To that end, I'd like to talk about two tools that are used in the private sector. The first is known as Assessment Methodology. It involves an equation that takes someone's aptitudes, including their knowledge and behaviors, and multiplies it by their motivation, including their values, to determine their success.

An article early this year in *The Harvard Business Review* talks about Assessment Methodology. And what it says is that we can actually measure leadership skills and styles, and plot the right skills levels for a given job. Let's take the job of priest. You can take the ten best pastors, have them take an assessment test, and get a baseline that says, These are the skills that make these people very successful. Using Assessment Methodology, you can then compare everyone else against this model and determine where the gaps are.

The even better news is that most of the requisite skills can be taught through good coaching and training. In other words, once we've established the benchmarks for success, we can help people who have weaknesses in certain areas to become better leaders.

A second tool used in the private sector for developing leaders is evaluation systems that measure and rank performance. And one of the most powerful of these is 360-degree reviews, which not only evaluate people from all corners of the organization, but provide them with positive feedback as well.

I've put 360-degree review systems into three companies I've run.

It's not an easy job, but what I've found is that even when people are afraid of these systems initially, they usually embrace them over the longer term. They become part of the culture. People often don't realize that some of their behaviors can have a negative impact on their leadership, or the perception of their leadership. Once they're made aware of this, however, they typically have a strong urge to improve.

Carol Fowler

I'd like to talk about performance management or personnel review systems for the Church, as well as lifelong education, which I refer to as *ongoing formation*.

A good personnel review system needs to be implemented for everyone on the Church staff, including clergy and lay employees. It also needs to recognize that performance reviews are the right of each staff member. One of the biggest problems I believe we have in the Church is that people don't get any feedback. They particularly don't get what I call "institutional positive feedback." This is something you hear all the time from priests—the only time somebody at the pastoral center calls me is if something's wrong. Nobody calls to say, "Gee, I saw you did a really terrific job."

Specifically, we need to have 360-degree review systems where we get feedback from our peers, our colleagues, those we serve, and those to whom we're accountable. These performance review systems need to be developmentally focused: *How do I grow in my position?* They also need to reinforce accountability so that I'm held responsible for what I do, and how well I do it.

Any personnel review system should also reinforce your mission, goals, and what you're trying to accomplish.

Any personnel review system should also reinforce your mission, goals, and what you're trying to accomplish. In Chicago, for example, we have a new pastor placement process that will produce its



Nancy Ambrose, Thomas Healey, and Carol Fowler (left to right)

Moreover, such a system needs to feed information back to the system. We had a performance review system for clergy in our archdiocese for many years that was strictly developmental; the information we gained did not go back into the personnel placement system of the Episcopal vicars, the regional bishops, or the cardinal. We've since changed that system.

first placements next July. Meanwhile, we're undertaking a major shift in our performance management process for clergy so that it fits with this new system.

I'd also like to talk a little bit about lifelong education, or ongoing formation. *The Basic Plan for Ongoing Formation for Priests*, which was recently adopted by the United States Conference of Catholic Bishops, is an excellent document that talks about formation as being human, especially in the terms of capacity for relationships; intellectual, especially in the area of theological updating; and pastoral, embracing the skills and competencies for pastoral work, for administration, and for spiritual formation.

Unfortunately, given the financial struggles of dioceses and archdioceses, ongoing formation is sometimes the first thing to go. In my view, the best way to kill an organization is to not develop its people. Leaders don't happen accidentally, and if we leave the formation process to chance, we're going to have major problems. That's an area where I think the National Leadership Roundtable on Church Management could be especially helpful. We should also look at executive management programs that could provide ongoing formation models for us, like the Harvard University program for new university and college presidents.

At this stage, the Church seems to be in a survival and maintenance mode, simply because that's all we have the energy for. This will never suffice, however. If we aren't training, if we aren't doing ongoing formation for vision and goals and leadership, then we simply aren't going to have a successful organization.

PRESENTATIONS

Forming Leaders to Serve the Church

Thomas Groome
Rev. Don Senior

Thomas Groome

What kind of leaders do we need for the Church?

The best leaders for any enterprise are those who empower the people involved, who engage and enable all to contribute their gifts and *work well together*. Ironically, that is the original meaning of the word *hierarchy*. We now take *hierarchy* to mean a pyramid of top-down power, with each level exercising authority over the one beneath.

Six different times Jesus warned disciples that they must not “lord it over” anyone; instead, they should be *servant leaders*. I’m told that the business world is shifting to encourage collaborative leadership, to engage and maximize the gifts of everyone involved in an enterprise. Apparently it’s more productive than top-down management

The Church should have better reasons for partnership than increased productivity—though that wouldn’t be a bad reason. St. Paul’s riveting image of the Church as the Body of Christ calls for all

the parts to make their contribution, to work together. The Church needs leaders who can elicit and employ the time, talent, and treasure of the whole community. We don’t need leaders who do it for us or who do it to us, but leaders who can help us to do it *together*.

We don’t need leaders who do it for us or who do it to us, but leaders who can help us to do it *together*.

But how to educate such leaders? The Catholic programs that prepare people for formal ministry, both seminaries and pastoral

institutes, have a noticeable tension among them, and even within their faculties—a tension between theory and practice. Some emphasize instruction in the scriptural and theological foundations of ministry; others emphasize training in the needed pastoral skills.

Years ago, a young Jesuit philosopher was troubled by this separation and went back to reread Aristotle, who was often cited for putting it in place. But he found that Aristotle intended no such dichotomy; on the contrary, Aristotle argued that public leaders especially must know *what* to do for the common good, *why* to do it, and *how* to do it.

Some years later I too reread Aristotle for my dissertation, and I had the same insight. For over 30 years now, I've worked to implement such an integrated education at Boston College's Pastoral Institute. Except for us, the goal is spiritual wisdom, and to unite theory and practice we fashion a pedagogy that encourages people to bring their lives to their faith, and their faith to their lives.

So our students, currently some 400, receive a scholarly education aimed at ministerial practice and are required to practice ministry with scholarly reflection—all undergirded by the spiritual formation they will need to stay the course. We don't do it perfectly, I'm sure, but by that old Gospel criterion—"to measure by their fruits"—the quality of leadership rendered by our 2,000 graduates throughout the world, and the integrity of their lives, indicate a significant measure of success, by God's grace.

Oh, the name of that young Jesuit philosopher? J. Donald Monan.

Rev. Don Senior

For some priests, their declining numbers seem to put a question mark alongside the role and value of the priesthood. The scars of the sexual abuse scandal are deep and fresh, eroding the moral authority of the Church and putting strains on the relationship of many priests with their bishops. A lesser-known concern is the intergenerational tension between older priests formed in the days of the Second Vatican Council and the more recently ordained. Some older priests think the young are reactionary, overly rigid, and conservative, and that they discount the experience of their elder brothers. Some younger priests think the previous generation is too lax, not orthodox enough, and has lost the zest for its vocation.

This tension makes the issue of the ongoing leadership development of priests especially important. What should be the focus of this formation?

In *Pastores Dabo Vobis*, Pope John Paul II singled out four dimensions essential to priestly formation:

1. Theological formation: a priest has to be intellectually alert to current theology and aware of the Church's rich tradition.
2. Pastoral formation: a priest must know how to exercise leadership in dealing with individuals and groups.
3. Spiritual formation: a priest must nourish an authentic life of prayer and reflection.
4. Human formation: a priest must be able to relate to people in a healthy way—a dimension the Pope singled out as crucial to all the rest.

The modalities for ongoing formation are many, and require creative thinking about how best to design programs that are accessible, attractive, and effective. I think the four areas identified above provide an overall focus for any ongoing formation program, whether it be for seminarians or priests already in the field.

Priests are a most valuable resource for the Church; every survey taken shows people appreciate them. The responsibility for the ongoing formation of priests for their unique pastoral leadership within the Church certainly belongs to priests themselves. But they cannot do it alone. They need to receive the systemic support of the bishops and the encouragement of the laity.

PANEL DISCUSSION

Current Needs and Future Goals: Stewardship and the Church

Betsy Bliss (Moderator)

James Kelley

B.J. Cassin

Peter Flynn

James Kelley

As Charles Zech states in his book *Why Catholics Don't Give and What Can Be Done About It*, the best thing the Church could do if it is serious about increasing giving among Catholics is to instill a sense of stewardship among its members.

That's been my experience, too, in over 20 years of working with the Church and more than 70 dioceses across the United States. The focus in stewardship is more on the individual's need to give thanks than on the Church's need to receive. People give of their time, talent, and treasure out of gratitude for all the blessings in their lives. And because the focus is on spirituality and conversion, stewardship-driven parishes have a much higher



James Kelley, Peter Flynn, and Kerry Robinson (left to right)

The focus in stewardship is more on the individual's need to give thanks than on the Church's need to receive.

weekly income and more lay involvement than parishes that don't concentrate on stewardship. In fact, most of our strong stewardship dioceses average over \$600 in annual parish offertory per household, with some averaging as high as \$1,500 per household. Those without a strong stewardship focus average \$200 to \$400 per household.

Unfortunately, only a few of the Church's largest dioceses are considered leaders in development and stewardship and in getting effective results. One of those diocesan leaders is Detroit, which raises \$28 million in annual funds from 320,000 households; another diocese three times Detroit's size raises only \$21 million. Stewardship parishes have their parishioners much more involved in parish and community activities, in spiritual practices, and in the workings of their parish. It is not uncommon for a stewardship parish to average one volunteer for every two households.

Because stewardship parishes have much greater lay involvement, the need for donor relations is even more vital. We need to communicate more often with these parishes about their mission and activities through face-to-face meetings and through written materials such as annual reports. For example, our diocese [in Charlotte, NC] publishes a 20-page annual report in our diocesan newspaper that goes to each registered Catholic household. We also try to involve the parishes more in the strategic planning process by seeking their input on what we need to do, and how we can do it better. We offer assistance and direction to our parishes' planning efforts through our diocesan planning office, as a number of other dioceses do. The only reason my office and offices like mine exist is to serve the parishes and their people.

We need, too, to focus more at the diocesan level on planned giving through people's estates. Some planned gifts will be given as cash to our Catholic entities, though most will go to parish, school, agency, and diocesan endowments. According to one university in Boston, more than \$41 trillion will be transferred from parents to children over the next 20 years. Although the Church in general is not geared to benefit from that transfer, some dioceses are.

The International Catholic Stewardship Council (ICSC) reports that 60 of the country's 195 dioceses have a regular planned giving/foundation e-mail exchange program to share ideas and serve as a resource for each other. We know, for example, that a person most likely to leave an estate gift to the Church is not a major donor, but a consistent donor of any amount over 10 or more years. So, in developing mailing programs, we should focus first on the consistent giver.

I'd like to conclude with this point: our diocesan stewardship and development offices are seriously understaffed compared with our Catholic college and university colleagues. My office, serving 55,000 households, for instance, has just six staff members. Dioceses need to expand their development offices if they are to significantly increase both giving and involvement by parishes and parishioners.

B.J. Cassin

The focus of my talk is how secular world experiences can strengthen church budgeting, auditing, and the stewardship process. And the context will be my experience over the last five years working with some wonderful mission-driven religious and lay partners determined to expand and bring Catholic education to economically disadvantaged people.

This has been accomplished through two basic models. For high schools, the Corporate Work Study Program is the key to the financial sustainability and long-term success of the rapidly growing Cristo Rey school network. The Work Study Program enables students to earn up to 70 percent of

their tuition costs by working in job-sharing teams, Monday through Friday, 40 hours a week, for local companies.

At the middle school level, the model is the Nativity/Miguel schools' 11-month learning program, which also features a summer camp. School runs from 7:30 in the morning until 5 p.m., and provides students with two meals daily and intensive study time.

In 2001, there was one Cristo Rey high school in the entire country. Today there are 11, with 6 more scheduled to open in 2006 and 2007. In 2001, there were 21 Nativity/Miguel middle schools. Today there are 59.

Against that backdrop, I'd like to discuss what business practices and approaches I've found to be successful in building the infrastructures that allow for the sustainability of these schools. These include planning, feasibility studies, partnerships, and training.

In the area of planning, each school in these two models is required to do a feasibility study. In the Cristo Rey network, a grant is made for a full-time local coordinator. A committee is then formed that includes religious and lay representatives from any religious order that may be interested in serving as sponsor, and people from the business community. We require members to go to local businesses and secure at least 25 letters of intent for entry level jobs for students. These jobs may be with law firms, accounting firms, hospitals, government agencies, and more.

We then require that the committee do the appropriate financial analysis, including expense budgeting for five years and capital planning. And, not insignificantly, they are required to identify a facility and location where the feasibility study shows a school is urgently needed. Fortunately, the Catholic Church has a lot of real estate that is either closed or being used for other purposes. Before a school can open, we require sponsorship by either a diocese or a religious order. The feasibility study then becomes the business plan for launching the new school.

In addition to planning, partnerships are critical to the success of the model schools. In the case of the Cristo Rey schools, 425 professional businesses employ our students. And the job retention

rate is 92 percent across all the schools. Foundations are also very important partners from a financial standpoint. The Bill and Melinda Gates Foundation, for example, was intrigued by a school we opened in Denver, and

The last subject is training, training, training.

awarded a grant of \$9.8 million to help start up 16 additional Cristo Rey schools.

The last subject is training, training, training. I said it three times because that's how important it is. Training starts with 15-year-old freshmen entering high school. They attend a three-week "boot camp" where they learn to look people in the eye, shake a hand firmly, and acquire the confidence to be able to say, "I understand this," or "I need help with that."

The training includes not just students, but school principals and development directors. Indeed, when we open a new school, we take the three development directors and give them intense training. Moreover, all the development directors for the Cristo Rey schools get on a conference call every month to share ideas with one another. This “best practices” approach is an important part of Cristo Rey’s formula for success.

Peter Flynn

I’d like to tackle a subject that I’ve grown particularly close to in my job as CFO for the Diocese of Fort Worth [Texas]: accountability.

The bishops once issued a pastoral letter called *Stewardship: A Disciple’s Response*. It defined a Christian steward as one who receives God’s gifts gracefully, cherishes and tends them in a responsible and accountable manner, shares them with justice and love for all, and returns them with increase to the Lord.

There are a lot of important words there. But probably the most important is that they tend them with *responsibility* and are *accountable* for those gifts. The Church—through its parishes, schools, and diocesan agencies—needs to be a good steward of the gifts that people entrust to it.

... the entire parish leadership is responsible for accountability and for reporting gifts gratefully received from members.

I term this *corporate stewardship*. Not the pastor, but the entire parish leadership is responsible for accountability and for reporting gifts gratefully received from members. They are responsible

for telling members what happened to those gifts, in accord with the aforementioned bishop’s pastoral letter, which said that the “pastor and parish staff must be open, consultative, collegial, and accountable in all their affairs.”

Our late Bishop Delaney once said to me, “Openness, honesty, and transparency are the keys to sharing ownership with the members of our Church.” There is indeed no better definition of corporate stewardship.

What, then, is *accountability*? Webster’s defines it as “an obligation or a willingness to accept responsibility for one’s action.” In the case of stewardship, it means being regular, systematic, and complete in how we report to people about what we did with their gifts to the Church.

Some dioceses exercise that accountability by publishing an annual report. Others say, “We can’t afford to do that—it costs \$16,000 to print the report and send it out to every household.” My answer is, “That’s money well spent.”

There are, of course, many styles of reports. There is the written report, or you can simply report to people verbally. And, today, we need to be looking at new reporting techniques, such as the Internet.

Regardless of style, there are several prerequisites for any annual report. Such reports need to be open, honest, clear, and comprehensive so that, as Bishop Delaney once said, “people can understand what you’re saying and internalize it.” And when that happens, people will continue to invest in you. The annual report, on the diocesan level, must also contain an audit and must account for every penny the diocese receives, invests, and spends. Moreover, it must come from the top. In other words, the bishop has to be the one who calls for—and signs off on—the annual report.

Distribution of the annual report must be as widespread as possible. It can be published annually through the diocesan newspaper, as we do, and should also be available through your website. We send ours to all the bishops in Texas, and are available to answer any questions.

Creativity can be a valuable asset. We have a school, for example, that does an annual report on the back of a poster. Kids take it home to proudly show mom and dad. We also have a parish that does its annual report in the form of a PowerPoint presentation that is available for viewing before and after mass.

In any type of financial reporting, it’s important to remember that you have to talk about the good as well as the bad. Successes have to be heralded. For example, we had the largest single Sunday collection in the history of our diocese—over \$1 million—the week after Hurricane Katrina struck. People need to hear that message, and we’ve begun using the Internet to disseminate it. We post weekly reports on the status of the Katrina relief effort both inside and outside the diocese.

PRESENTATIONS

Current Needs and Future Goals: Stewardship and the Church

Richard Burke
Kathy McKinless

Richard Burke

Since 1973, I have led a company that has been privileged to provide consultative guidance exclusively to Catholic elementary and secondary schools in the United States and overseas. We have had a remarkably successful track record of keeping Catholic schools open and viable against the trend of significant closings.

Statistics show that today there are fewer than 8,000 Catholic schools in the United States, educating just over 2.4 million students. That's less than half the numbers enrolled in 1964–65.

The causes for this disturbing trend are many and varied. They range from demographic shifts and declining numbers of religious available for staffing and administering schools to significantly rising costs. The failure of diocesan administrators to recognize the need to effectively market Catholic schools for image, enrollment, and financial resources—particularly when their existence and enrollment were no longer mandated by the bishops—also played a very significant role in the overall decline.

What, then, are the structural and systemic issues that need to be addressed if Catholic schools are to both survive and flourish?

Indeed, the financial viability of Catholic schools throughout the country is tenuous at best. Average Catholic school endowments on a per-pupil basis are well under \$3,000, and even the most well endowed Catholic secondary schools average under \$100,000

per pupil. By contrast, private independent schools typically hold endowments in excess of \$100,000 per pupil, while several of the old line private independent schools boast endowments approaching a quarter of a million dollars per pupil.

Research shows very clearly that the teaching/learning process in Catholic schools is sound and effective. Students across all demographic profiles appear to show significant academic achievement in Catholic schools at all grade levels. What, then, are the structural and systemic issues that need to be addressed if Catholic schools are to both survive and flourish?

The following imperatives—which I believe can also be applied to Church dioceses and parishes—apply:

- A clear and relevant statement of mission.
- Restructuring the ownership/governance model to empower board members. Boards, commissions, and councils that are purely advisory or consultative should be replaced with boards of limited jurisdiction with clearly delineated reserve powers held by the “owners” (be they pastors, bishops, religious communities, or religious community superiors). Of course, appropriate training needs to be provided for board members.
- Collaboratively developed, and continually updated, strategic plans.
- Effective and comprehensive communication programs to inform as well as to market these schools for image, enrollment, and resources.
- Comprehensive development programs that coordinate fund-raising efforts and ensure effective programs of annual and planned giving.
- Good business management, including:
 - long-range financial plans,
 - annual operating budgets that are realistic and appropriately developed,
 - monthly budget monitoring and financial management procedures,
 - annual audits,
 - compliance with the appropriate financial accounting standards and board rules, and
 - publication of comprehensive annual reports.

None of this is rocket science; much of it can be applied directly to diocesan and parish management. I sincerely believe that the National Leadership Roundtable on Church Management can help dioceses, parishes, and schools with more sophisticated training, software, and hardware to assist in the marketing effort. It can also help them to effectively track infant baptisms, market share for Catholic schools, and student retention and attrition rates. In addition, Roundtable leadership can assist dioceses with establishing and maintaining effective websites and database management systems. Perhaps most importantly, the Roundtable can assist in the development of long-range financial plans and appropriate budgeting processes, resources, and timelines.

Kathy McKinless

I come to you wearing a variety of hats, including auditor, consultant, board member, and audit committee chair for many types of businesses and nonprofit organizations. Based on that experience, I'd like to focus today on three important financial management areas: budgeting, auditing, and financial transparency.

Let's start with budgeting. No, let's back up and start with strategic planning, since that's really where a good budget starts. Before you can decide how best to spend the resources of the entity—whether it's a parish, social service agency, diocese, or religious institute—you first need to have a good idea of where you are going and what you want to accomplish.

At the Archdiocese [of Washington, D.C.] and at many of the nonprofits I audited, the biggest part of the budget was for salaries and benefits for the people doing the work that accomplishes the mission of the organization. Thus, a good place to spend time during the budgeting process is on what these people are doing: do their activities represent the best use of their time in light of the entity's mission and goals?

After aligning people and programs, other direct costs need to be addressed. Some people recommend building the budget from scratch, but I believe there are times when last year's actual expense plus a 3 percent cost of living increase can be appropriate for budget items that will be similar in scope to the prior year. Clearly, it is important to take into account other factors, such as expected increases in utilities costs or savings available by communicating electronically instead of incurring printing and postage costs.

After expenses have been estimated, revenues also need to be projected. Revenue projections cannot be based on wishful thinking or on what it takes to balance the budget, but rather on what is reasonable and achievable.

Just as important as formulating a budget that supports the mission and goals are the next steps—deciding priorities when there is not enough money to do everything that the plan calls for, reviewing the budget, and, finally, monitoring budget against actual results. This is where a budget committee can be invaluable. At our archdiocese, we have a subcommittee of the finance council that reviews the budget in detail, provides counsel to management on priorities, acts as a sounding board on the assumptions used in constructing the budget, and reviews reports during the year comparing the budget to the actual results.

Next, I'd like to address auditing. I believe an audit generally provides a prudent and necessary extra level of control. How the auditors are selected is important—the firm should understand the industry being audited. As audit committee chair, I always asked the proposed engagement team about their specific knowledge of accounting for donor-restricted gifts or expenditures of federal awards, or whatever the specific risks were to the entity. As an audit committee member, I wanted to help control risks for the entity, and choosing the right auditor was one important way to do that. Meeting with the auditor at the end of the audit and understanding the required communications and the comments in the letter on internal control was also very important.

Finally, let me turn to the issue of financial transparency. I have a friend on a capital campaign solicitation committee who was asked what you say when someone asks, "How much should I give?" She answered, "I tell them to give enough so they care how the money is spent."

In the not-for-profit world, donors have the ability to ask for copies of the annual reports on IRS Form 990, or to view 990s at Guidestar.org to see how the nonprofit is spending donor funds.

Canon law 1287 says a pastor is to “render an account to the faithful concerning the goods offered by the faithful to the Church.” Generally in a parish, this is accomplished by publishing annually in the bulletin the actual versus budgeted results. Many dioceses publish financial results in the diocesan newspaper, or make their financial statements or financial summaries available on their websites. In Washington, we do both. There is no consistent mandate on how financial statements should be presented, though the goal should be for the financial information to be available and understandable, so that donors can see how their contributions are being spent.

ACKNOWLEDGMENTS

The National Leadership Roundtable on Church Management owes the success of its 2005 conference to the dedication and commitment of many people.

We would most especially like to thank the bishops for taking time out of their enormously busy schedules to lend their insight and leadership to this critical dialogue.

We gratefully acknowledge the members of the Conference Planning Committee for their constant support and thoughtful planning: Geoffrey T. Boisi, Francis J. Butler, Michael Costello, John Eriksen, Thomas J. Healey, Rev. Eugene Lauer, and Kerry Robinson.

We would like to thank the speakers and panelists for their insightful comments: Betsy Bliss, Geoffrey T. Boisi, Richard Burke, B.J. Cassin, Lt. Gen. James Dubik, John Eriksen, Carol Fowler, Peter Flynn, Charles Geschke, Frederick Gluck, Thomas Groome, Thomas J. Healey, Archbishop Alfred Hughes, James Kelley, Rev. Kevin McDonough, Kathy McKinless, Bishop Dale J. Melczek, Rev. J. Donald Monan, S.J., Paul Reilly, Kerry Robinson, Rev. Don Senior, and Bishop Joseph M. Sullivan.

We would like to thank the moderators and scribes for facilitating the breakout sessions.

We gratefully acknowledge Dean Patrick Harker of The Wharton School and his staff for hosting this event; Lauren Roth, Joanne Bohan, and the entire staff at Impact Productions; and Michael Costello, Lorraine Russo, and Kelly Tedesco for their efforts in planning.

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Finally, we gratefully acknowledge the skillful editing of Randy Young and those who helped create this report, including Geoffrey T. Boisi, John Eriksen, Thomas J. Healey, Ha Nguyen, Kerry Robinson, Hope Steele, and Kelly Tedesco.

APPENDIX A

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APPENDIX B

CONFERENCE AGENDA:

National Leadership Roundtable on Church Management

Conference Goal: To produce *actionable* next steps from NLRCM recommendations.

THURSDAY, OCTOBER 13

2:30–3:15pmREGISTRATIONHuntsman Hall, The Wharton School

3:15pmWELCOME and INTRODUCTIONS

Ms. Kerry A. Robinson, Executive Director, National Leadership
Roundtable on Church Management
Most Rev. Dale J. Melczek, Bishop of Gary
Mr. Thomas J. Healey, Treasurer, National Leadership Roundtable
on Church Management

3:30–4:15pmOPENING PANEL

A Call to Excellence

Moderator: Mr. Fred Gluck, Former Managing Director, McKinsey
& Company

Panelists: Most Rev. Dale J. Melczek, Bishop of Gary; Dr. Charles D.
Geschke, Chair of the Board, Adobe Systems, Inc.; Dean
Carolyn Woo, Dean, Mendoza College of Business,
University of Notre Dame

4:30–6:00pmBREAK-OUT SESSION

Presentations: Mr. John Eriksen, Staff, National Leadership
Roundtable on Church Management; Rev. Kevin
McDonough, Vicar General, Archdiocese of St. Paul-
Minneapolis

(cont'd.)

6:30–9:15pmBANQUET.....The Inn at Penn

6:30–7:15pm Cocktails

7:15–9:15pm Banquet

Bringing Your Gifts to the Table: Toward a Welcoming Church Community

Geoffrey T. Boisi, Chair, National Leadership Roundtable on Church Management

Introduced by Mr. Thomas J. Healey, Treasurer, National Leadership Roundtable on Church Management

FRIDAY, OCTOBER 14

7:30–8:00am.....CONTINENTAL BREAKFASTHuntsman Hall, The Wharton School

8:00–8:50am.....MORNING PANEL

Forming Leaders to Serve the Church

Moderator: Rev. J. Donald Monan S.J., Chancellor, Boston College

Panelists: Most Rev. Joseph M. Sullivan, Diocese of Brooklyn; Lt. Gen. James M. Dubik, U.S. Army; Mr. Paul C. Reilly, Chairman & CEO, Korn/Ferry International; Ms. Carol Fowler, Director of Personnel Services, Archdiocese of Chicago

9:00–10:30am.....BREAK-OUT SESSION

Presentations: Mr. Thomas Groome, Director, Institute for Religious Education and Pastoral Ministry, Boston College; Rev. Don Senior, President, Catholic Theological Union

10:45–11:30am.....REPORTING BACK TO FULL GROUP

Reports from Thursday afternoon and Friday morning break-out sessions

11:40am–12:30pmLUNCH

The Aftermath of Katrina: Bringing the Gifts of Leadership, Initiative and Imagination to the Task of Rebuilding

Most Rev. Alfred C. Hughes, Archbishop of New Orleans

12:40–1:30pmAFTERNOON PANEL

Current Needs and Future Goals: Stewardship and the Church

Moderator: Ms. Betsy Bliss, Managing Director, Bear Stearns

Panelists: Mr. B. J. Cassin, Cassin Educational Initiative; Mr. James Kelley, Director of Development, Diocese of Charlotte; Mr. Peter Flynn, CFO, Diocese of Fort Worth

1:45–3:15pmBREAK-OUT SESSION

Presentations: Mr. Richard J. Burke, President, Catholic School Management, Inc; Ms. Kathy McKinless, Consultant to the Archdiocese of Washington D.C.

3:30–3:45pmREPORTING BACK TO FULL GROUP

3:45–4:10pmSUMMARY and NEXT STEPS

4:30pmCELEBRATION OF THE EUCHARIST

St. Agatha & St. James Catholic Church, 38th and Chestnut Sts

Hosted by the Newman Catholic Student Community at the University of Pennsylvania

APPENDIX C

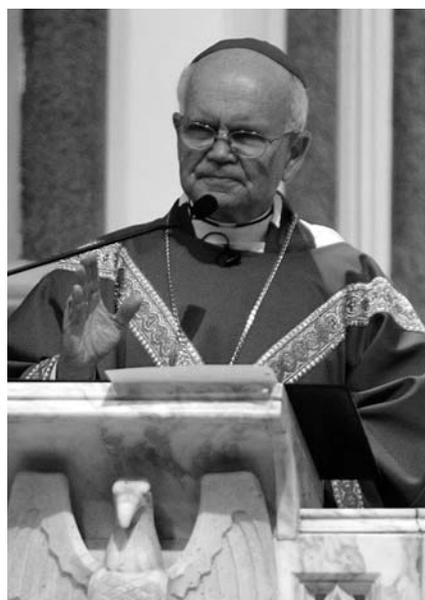
LUNCHEON REMARKS:

The Aftermath of Hurricane Katrina: Bringing the Gifts of Leadership, Initiative, and Imagination to the Task of Rebuilding

Most Rev. Alfred C. Hughes, Archdiocese of New Orleans
Oct. 14, 2005

We recently experienced in New Orleans a human tragedy of very significant proportions. We're approaching 1,000 official deaths, with many others unaccounted for. And the homes of hundreds of thousands of people throughout the city were destroyed.

The first focus for our archdiocese was—and still is—humanitarian aid for the people. We worked closely with the search and rescue effort to try to identify where people might be who needed to be rescued. And then, together with Catholic Community Services in Baton Rouge, Catholic Charities USA, Catholic Relief Services (responding for the first time to a domestic disaster), and the Red Cross, we provided food, water, and shelter and tried to help people re-connect with one another who had become separated in the process of evacuation. In the month of September alone, Catholic Charities of New Orleans distributed 10 million pounds of food. We were also able to re-activate in less than a week a very extensive food bank operation that we were already running in Baton Rouge.



Archbishop Alfred C. Hughes

I must salute the Baton Rouge community. They received about 220,000 evacuees, many of them into their own homes. They welcomed us—mostly strangers—with open arms. And they also enabled the Archdiocese of New Orleans to set up an administration-in-exile.

I had personally evacuated just before the storm at the urging of public officials who said it was important for me to be outside the city, poised to assist in responding. They also wanted me to serve as a signal to the public that the evacuation was serious, and needed to be embarked on by all. I chose to go to

St. Joseph Abbey, just north of Lake Ponchartraine, where we were locked in for about 24 hours. We had to literally saw our way out of the property and go across fields before we finally found our way to a highway that made it possible for us to get to Baton Rouge.

I consider it providential that Bishop Muench of the Diocese of Baton Rouge grew up in New Orleans, and that God had asked me to serve as Bishop of Baton Rouge before going to New Orleans. There was a natural affinity and spirit of cooperation, and we shared office space for the first couple of weeks with the Baton Rouge Diocese until we were able to set up our own operations in leased space at a nearby business center.

We turned our efforts to being pastorally present for the people—especially the poorest of the poor who ended up in shelters. They didn't have the resources to evacuate on their own, nor did they have anywhere to go. Our priests were assigned to the shelters. They also accompanied the rescue workers and went to the morgues to meet with families as they came to claim the bodies. And we established a pastoral liaison with dioceses in states where the largest numbers of evacuees had relocated, including Louisiana, Texas, Mississippi, and Georgia. Their responsibility was to assist the local bishops in reaching out to and keeping contact with evacuees in those areas.

One of the most difficult decisions we had to make was with respect to Church personnel. A task force from the archdiocese had set up to look at the financial realities we were facing—for the first month we had no revenue at all—concluded that we had to cut our personnel costs. That was particularly difficult because a number of the people impacted by those cuts had also lost their homes.

Painful as that was, we tried to stay focused on one of our highest priorities: getting children back into the Catholic schools. This was particularly critical since the City of New Orleans had announced there would be no public school education for the remainder of the year.

Pre-Katrina, we had approximately 32,000 students in 82 elementary schools, and 17,000 students in 25 high schools. Forty-two days after Katrina—October 10th—45 percent of our schools were back in operation. What's more, 60 percent of our students were in Catholic schools in the archdiocese, while an estimated 20 percent or more were in Catholic schools in other dioceses. Baton Rouge alone absorbed close to 10 percent of our Catholic school students. I consider that an extraordinary accomplishment, and a huge step forward.

We also adopted a policy of tuition following students wherever they went. Tuition was rebated to parents and they were free to use it at any other school. We also pledged that we would accept into our school system any student—not only those currently in Catholic school but any public school student who wanted to attend a Catholic school—and that we would accept them whether or not they could pay the tuition. We're taking a huge chance here because we don't know yet whether FEMA money will be available to assist in that effort.

So, we're offering to provide education to all displaced children, and to take our chances on reimbursement. In addition, we have our own estimated loss of \$60 million in textbooks, supplies, furniture, technology, musical instruments, and the like. And to date, we have no clear reading on whether we'll be able to get FEMA help with that, either.

Catholic Charities USA, which is not normally a first-response organization, has been right on the front line this time. They've committed \$600,000 toward the cost of evacuating our residential programs and continuing to administer them in other locations. Overall, this effort is expected to cost the archdiocese \$1.25 million. We run residential programs for troubled boys and girls, physically and mentally handicapped children, battered women and children, and emotionally troubled adults who can't live on their own. We also maintain two nursing homes.

The archdiocese offered direct humanitarian aid of \$600,000 in the first three weeks alone following Katrina. Since it may take as long as ten years for some people to get back on their feet, it's hard to project what the final cost might be. One estimate is \$30 million. We're hoping to get continued assistance from Catholic Charities USA, as well as from dioceses across the country that have taken up special collections. Perhaps half of what we're going to need for long-range humanitarian aid may be provided through those channels.

Currently, we're engaged in a series of pastoral planning efforts. Within the 12 deaneries of the archdiocese, 7 have been very seriously impacted. I've been meeting with the pastors in those deaneries, talking about what it means to be co-pastors of "virtual" parishes, since their people are scattered in so many directions. And we're developing various techniques to try to stay in touch, such as using websites. I've sent to bishops throughout the country a letter, along with a parishioner response form, that I've asked them to distribute to evacuees or to make available anywhere they believe evacuees are located. And in that form, which is also available on the website, we ask respondents to identify who they are, where they're currently living, what church or parish they came from, and, if they have children, whether they've been able to place them in schools. We also ask them what their greatest need is at the moment, and whether they intend to come back to be part of the city's renewal.

We hope to soon have a rebuilding master plan for the archdiocese that parallels what Mayor Ray Nagan is doing for the City of New Orleans. He has formed a 17-member commission of people from different walks of life and different leadership roles in the community—but outside the political structure—to come up with a master plan for rebuilding the city. The mayor has asked me to serve on that commission.

The archdiocese has taken what we believe is an important step toward bringing the city back. To make it easier for people to return to the community while they decide whether to rebuild or restore houses that were damaged, the archdiocese is making available Church property for their temporary housing.

That is as complete a picture as I can paint for you at this time. In closing, let me recount a very dramatic moment that occurred in the re-opening of St. Louis Cathedral. The Cathedral is located in the French Quarter on some of the highest ground in the city, so although it suffered wind and rain damage, there was no flooding. The trees in the garden behind the Cathedral were all felled by the storm, however, and the 82nd Airborne Division volunteered to come in and clean up the damage.

As it turns out, one of the trees had broken off the fingers of the Statue of the Sacred Heart that stands in the garden. The volunteers from the 82nd Airborne found the fingers, and presented them to Archbishop Hannan, who was Chaplain to the 82nd Airborne during World War II. He's now 92 years of age. At the conclusion of the Mass for the re-opening of St. Louis Cathedral, I told the story about

the broken fingers, and vowed that we would not reattach them until the Church in New Orleans is fully restored. I could sense the determination and the spirit of everyone in the Cathedral as I went on to say that the Statue of the Sacred Heart is inviting all of us to experience God's faithful love. Even more, it's inviting us to be His fingers by working with Him to restore our Church.

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