

Church Planting Strategy and Business Plan

Church Planting is a primary focus of Central Association in Phoenix, Arizona. Over the last five and one half years there have been over 56 new congregations birthed in the Association. Each of those new congregations was started with what is called a Partnership Agreement. Elements of each Partnership include a Sponsoring Church, Supporting Churches, Prayer Churches, Associations, Local and National Denominational Entities. The Partnership Agreement spells out the basic information about the field where the church is to be planted, the demographics and psychographics of the area, how the new congregation plans to reach the people, who the Partners are, what their responsibilities and commitments are to the other Partners, and a financial business plan. The following pages will give a description and an explanation of a Partnership Agreement and how it works.

- 1) Line 1 gives the **name of the New Congregation** that is being started.
- 2) Line 2 gives the **date** of this document. Also on line 2 is a **five-year breakdown** starting with the present year and moving forward five years.
- 3) Line 3 is simply the beginning of the **Assumptions** being made regarding the new work. Since the new congregation has no history there must be certain assumptions made to allow for accurate projections. Many of these assumptions are based on results from similar new church starts in areas like this one.
- 4) Line 4 is a place for **Attendance** assumptions. Many of the new church starts use the worship attendance rather than a bible study enrollment because many new congregations do not have space for bible study.
- 5) Line 5 reflects what the **average worship attendance** is to be in each of the five years. This number is what is possible if the church follows through on their vision and plan to reach the neighborhood where they are being planted.
- 6) Line 6 again uses **Attendance** figures for the churches using that for their projections.
- 7) Line 7 reflects the **per capita giving** projection for the congregation. The new congregation will have a given number of people in worship each week and the number here reflects what each person will give on average each week. This number includes all attendees including children and babies.
- 8) Line 8 gives the total amount to be used for **staff** for the new congregation. As the church grows the number of staff needed increases accordingly.
- 9) Line 9 shows that 65% of the staff compensation is in the area of **salary and housing**.
- 10) Line 10 shows that 35% of the staff **compensation** is in the benefits such as insurance, annuity, professional expenses, etc.
- 11) Line 11 reflects the total dollar amount **per month going for staff compensation**.
- 12) Line 12 reflects the total dollar amount per month available for **operations** and utilities. Operations could be anything such as supplies, literature, postage, etc.

- 13) Line 13 indicates how much **land** is to be acquired by the Partnership, what it will cost per acre and the total amount of debt incurred.
- 14) Line 14 indicates the **size of the building** to be placed on the property, the cost per square foot, and the total amount of debt incurred.
- 15) Line 15 gives a summary of the **total indebtedness**.
- 16) Line 16 shows a sample of the **debt retirement**, the percent charged, and the length of the note.
- 17) Line 17 gives the **capacity of the building** at 35 square feet per person at 80% capacity. At 80% capacity the building for all intents and purposes in full. We are able to grow beyond that by using the building multiple times.
- 18) Line 18 is a **projected growth percentage per year** that leads the church to self-support in less than four years.
- 19) Line 19 shows the total amount the new congregation will receive in tithes and offerings for the year. This number is arrived at by multiplying line 7 by line 5 and becomes the **new congregations' budget** for the year. The average attendance multiplied by the per capita giving results in the new congregations' available resources. This number is for undesignated receipts only.
- 20) Lines 20-24 are the **percentages the new congregation will operate from** as it carries out the mission and vision God has given them. It is vitally important for the new congregation to be healthy and grow symmetrically. These percentages help them stay on track as they grow to maturity.
 - a. Line 20 reflects **5% of the new congregations' undesignated receipts that the new congregation will give to the Cooperative Program**. The Cooperative Program is a method by which Southern Baptists fund worldwide ministries. Each new congregation, by their voluntary participation in this global missions effort, supports to some degree more than 10,000 missionaries, six seminaries, hunger relief, pastoral support, new church support and a myriad of other things that they could never be part of otherwise.
 - b. Line 21 reflects **5% of the new congregations' undesignated receipts given through Central Association**. This money goes to assist congregations with training opportunities, pastoral support, new congregational support, materials, training supplies, etc. By being a part of the Cooperative Program and the Association, the new congregation is giving 10% of their undesignated giving to missions to help others as they attempt to carry out their vision from God. As a member of the church gives their tithe the church has the opportunity to give outside itself to help others. That is indeed a healthy place to begin. 2% of this amount will go to the Loan Guarantee Fund.
 - c. Line 22 reflects **40% of the new congregations' receipts are used for staff support**. Obviously, in the beginning that is not enough to pay the pastor but that is all a church should be spending on staff compensation, so we ask the new congregation to set their discipline early in their life. The Partners will help make up the difference in what the church gives in their 40% and the total compensation.

- d. Line 23 reflects **20% of the new congregations' receipts going for operations**. That could be postage, advertising, literature, and any number of other things. The church is asked to limit the expenses in this category to 20% of their undesignated receipts.
- e. Line 23 reflects **30% of the new congregations' undesignated receipts being set aside for debt retirement**. That could be rent in the beginning and a building payment later. At no point should the church spend more than 30% for land and buildings.

If a church does not follow this formula they could easily find themselves out of balance very quickly. Some new congregations try to spend all their money on a pastor and have nothing left for ministry. Others spend all they have on buildings and cannot support the staff adequately. By following these disciplines early the church is “programmed” into a healthy and symmetrical growth.

- 25) Line 25 indicates the beginning of the breakdown of the financial business plan. Lines **25-32 deal with Personnel**.
- 26) Line 26 indicates the **New Congregations' portion of the staff compensation**. Taking 40% of line 19 and dividing it by 12 determine this figure. In other words, 40% of the church's income would be set aside for staff compensation.
- 27) Line 27 indicates the **amount per month the Sponsoring Church will contribute** to the Partnership over the five years.
- 28) Line 28 indicates the **amount the Supporting Churches will contribute** to the Partnership over the next five years.
- 29) Line 29 indicates the **amount the Association will contribute** to the Partnership over the next five years.
- 30) Line 30 indicates the **amount the State Convention and the North American Mission Board will contribute** to the Partnership over the next five years.
- 31) Line 31 indicates any **other Partners** who might contribute to the Partnership.
- 32) Line 32 gives the **total amount for staff compensation from all Partners**. As is shown here the church gives only their 40% and the Partners make up the difference. This allows the new congregation to utilize their resources according to the healthy ratios mentioned in lines 20-24.
- 33) Line 33 indicates the **breakdown for the Operations** and Utilities section of the new congregations' budget.
- 34) Line 34 indicates the **New Congregations' portion of the Operations** and utilities. The new congregation contributes 20% of their undesignated income to this item. Taking 20% of line 19 and dividing it by 12 determine the amount shown in this line item. In other words 20% of the church's undesignated giving would be set-aside for Operation and Utilities.
- 35) Line 35 reflects any **other partners needed** to meet this need. In most cases the new congregation is able to handle this portion on their own. To spend more than the 20% would be to leave something else wanting.
- 36) Line 36 gives the **total monthly need for Operations** and Utilities.

- 37) Line 37 indicates the **breakdown for the Building/Property/Rent** section of the new congregations' budget.
- 38) Line 38 indicates the **New Congregations' portion of the Building/Property/Rent section**. The new congregation contributes 30% of their undesignated income to this item.
- 39) Line 39 indicates the **amount the Sponsoring Church will contribute to the Building/Property/Rent**.
- 40) Line 40 indicates the **amount the Supporting Churches will contribute to the Building/Property/Rent**.
- 41) Line 41 indicates the **amount the Association will contribute to the Building/Property/Rent**.
- 42) Line 42 indicates the **amount the State Convention and the North American Mission Board will contribute to the Building/Property/Rent**.
- 43) Line 43 gives the **total amount needed for Building/Property/Rent** and the amount available from all Partners.
- 44) Line 44 gives a **breakdown of the Income vs. Expenses**
- 45) Line 45 shows the **Income Needed in (\$00) and the Additional Income Available without \$00**.
- 46) Line 46 **indicates a monthly shortfall () or surplus in the Personnel area**.
- 47) **Line 47 indicates an annual shortfall () or surplus in the Personnel area**.
- 48) **Line 48 indicates a monthly shortfall () or surplus in the Operations area**.
- 49) **Line 49 indicates an annual shortfall () or surplus in the Operations area**.
- 50) **Line 50 indicates a monthly shortfall () or surplus in the Debt Retirement area**.
- 51) **Line 51 indicates an annual shortfall () or surplus in the Debt Retirement area**.
- 52) Line 52 is blank
- 53) Line 53-55 would indicate any **outside income to reduce debt**
- 56) Line 56 would refer to any **start-up budget** available
- 58) Line 58-60 would indicate the **amount of Loan Guarantee needed** to make this business plan viable. Loan Guarantee is just what it sounds like, an amount of money available to make up any shortfall in making the loan payment. Whether a church raises this or receives it as a grant it is utilized on an as needed basis to guarantee the loan and for all intents and purposes guarantee the business plan.