An Asset and Activity Review Filter for Faith-Based / Ministry Enterprise

Context

Faith-based enterprises, or ministries, have the challenge of ensuring their activities and assets' viability, just as commercial enterprises do.

Ministries also manage the added complexity of not being driven by commercial goals. Consequently, commercial measures of viability fall short. A viable ministry will be an authentic expression of God's love or similar, and will sometimes be required to achieve a commercial measure of viability. A ministry which achieves the latter but not the former is not a viable ministry.

How then do ministry leaders adapt proven commercial methods for thinking about the viability of their activities and assets to also ensure their ministry imperative; the requirement to serve God, is prioritised and always met?

The Filter

Arkhart Advisory has pondered this challenge and developed a filter to help ministry leaders identify which assets and activities to prioritise. We started from an understanding that not all assets or activities may be equal contributors to ministry imperatives. We then moved to thinking about how to conduct an initial filter of the status quo, using it to sort existing assets and activities by their relationship to the ministry. We have captured our thinking in a four-pillar filter, with the point of priorisation being to assist leaders in understanding where to focus first.

1. **Assets and activities that are direct expressions of ministry.**
   An example could include direct care activities and the assets required to deliver these in an aged care ministry.
   - » The test of legitimacy for this category is the extent to which the activity and/or asset directly manifests ministry values.
   - » The question of how to pay for these activities and assets comes after the decision to commit to ministry. Success is measured in terms of ministry values maximisation followed by operational sustainability.

2. **Activities and assets required to enable ministry.**
   This captures those activities such as payroll, and many others, which are essential enablers of direct ministry activities, and the buildings and tools required to deliver those enablers.
   - » The test of legitimacy for this category comes through asking the question; what would be the impact on ministry if this activity ceased or asset was not available? Where the answer is the impact on ministry is negative, prima facie the activity/asset use is legitimate.
   - » Paying for enabling activities and assets is derivative of the solution to funding ministry. The performance focus for this category is good practice at minimum cost.

3. **Activities and assets that are compatible with ministry capabilities, and are engaged in for the purpose of making profit that can fund ministry activity.**
   - » Compatibility with ministry values and capabilities, and generation of profit drives the legitimacy of this category. Conflict with ministry values undermines ministry and must be avoided.
   - » Where ministry secular capabilities (skills etc.) can be leveraged at minimal risk without creating a drain on ministry, and provided the promised profit is delivered, the activity/asset's deployment for this category of use is legitimate.
   - » The strategic and financial focus for this category is delivery of profit directed to funding ministry, the absence of which is intolerable.

4. **A loose category of assets and activities, that are largely commercially motivated and engaged with opportunistically, perhaps for the purpose of providing a complete solution to a customer from category 3 or to prevent a commercial competitor from poaching a profitable category 3 customer.**
   - » The legitimacy of this category will/should always be contested as the potential for conflict with, or detracting from ministry is maximised. Legitimacy derives from the activity/asset being critical to defending a category 3 benefit.
   - » The strategic and financial focus for the category is protective. At worst tolerable financial outcomes will be break even, and the value of benefits protected will be greater than the value of risk generated by engagement in the category.

An obvious question arises about existing activities and assets that don't fit any of the four categories in the filter. At Arkhart we'd suggest the answer is another question equally as obvious as the first: why engage in activities and/or deploy assets that don't fit into one of the four categories, if those activities/assets are not contributing to the advancement of ministry. The answer to this second question will sometimes be legacy, where things are done/owned because one has always done/owned them and it's hard to stop, or perhaps things which once fit into one of the categories now no longer do. Once it was a profit generator which helped to fund ministry (cat. 3), but now it no longer makes a profit.

The four pillar filter represented graphically:

	Pillar 1: Ministry	Pillar 2: Enablers	Pillar 3: Profit Makers	Pillar 4: Defensive
Source of Legitimacy	Manifests the values of ministry in action	Essential for enabling ministry	Source of profit to fund ministry	Always contested
Strategic Focus	Live the ministry	Enable the ministry	Contribute to the cost of ministry	Commercial defence of cat 3 benefit
Financial Goal	Sustainabilty	Minimised Cost	Profit for ministry	At least break even

Applying the Filter

Arkhart advise faith driven leaders to apply the filter in the following ways:

- **When launching a review of existing activities and/or assets:**
  - » Apply the filter as step 1 in your review process. Application will require those involved to make subjective judgments. They will be asked to categorise according to their own thoughts and evidence to hand. Your job as a leader will be to ensure that subjectivity is robustly tested. If in doubt, ask more questions and don't approve until questions are answered and doubts resolved.
- **When launching a strategic rethink:**
  - » Apply the filter conceptually as step 1 of your strategic reflection. Where across the four pillars does your organisation need and want to focus? The answer for need and want may be different. You want to focus strategically on growth in ministry but to get there you need to tidy up a cluster of uncategorised legacy assets and improve the performance of existing pillar 3 activities, both so that your strategic goal is able to be funded.

Arkhart Advisory is available to assist faith-based organisations and leaders in the process of better understanding activities and assets, from high-level strategic application of the filter down to the fine-grained details of asset disposal/activity discontinuance.

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