

The logo for CGS, consisting of the letters 'C', 'G', and 'S' in a stylized, rounded, orange font. The 'C' and 'G' are connected, and the 'S' is separate. The background of the entire image is a photograph of a cracked asphalt road.

CGS

The financial ticking time bomb...

deferred
maintenance

Don't Ignore It!

There is a crisis unfolding in many churches today and most leaders are totally unaware of its harmful significance.

This ticking time bomb is known as deferred maintenance. Leaders may occasionally glimpse the tip of this dangerous iceberg, but most are unaware of its devastating sub-surface potential to sink church finances, or even worse — the survival of the church itself!

So, what is deferred maintenance? It is simply **the process of delaying needed improvements to your facility infrastructure beyond its normal life cycle.** Deferred maintenance consists of two major categories — systems (think broken AC unit) and aesthetics (think 1970s threadbare carpet and pews). A lack of attention to either category can lessen your ministry's impact.

The fact that leaders don't typically see the problem is a big part of the real problem! Deferred maintenance is like high blood pressure — it is invisible until it nearly kills you. Air conditioning units limp along held together by your creative maintenance team. The roof leaks are repeatedly patched. The carpet is cleaned, but it still screams of the 1970s.



To further emphasize the problem, consider these four sobering statistics from Smart Church Solutions a premier church facility consultant:

Every \$1 of deferred maintenance costs \$4 of capital renewal needs in the future. In other words, the compounding factor of not spending one dollar today can grow fourfold as the deterioration continues — coupled with the future value of time and money.

If a necessary repair is deferred and allowed to remain in service until the next level of failure, the resultant expense will be 30 times the early intervention cost.

A church needs \$2-\$3 per square foot in order to keep up with the real cost of lifecycle planning. Capital replacement is not an "if" consideration, but rather a "when" and "how much".

Deferred maintenance, left unaddressed, compounds at an exponential rate and can be a drain on the church's budget in future years. In addition, churches without a proactive capital reserve and lifecycle plan face large future expenditures that can cripple many churches financially."

www.smartchurchsolutions.com

The Problem of Deferred Maintenance and Aging Facilities...

The problem of deferred maintenance and aging facilities is compounded by aging populations in many congregations — it's a double whammy! In many smaller churches, the long list of accumulating deferred maintenance projects often reaches such critical mass that it financially crushes the dwindling population of seniors with the inevitable result — **the church is permanently closed.**

If the problem is well-defined and progressively growing more serious, what's the solution? As with most things in life, **solutions generally fall into one of two major categories:**



1. Proactive (*preferred solution*) :

This is always the preferred strategy, but normally it's the exception, not the rule. It would consist of establishing a deferred maintenance reserve account upon the installation of every new capital asset. The maintenance reserve would be funded annually with the appropriate amount designated as a line item in your general budget.

2. Reactive (*most likely solution*) :

This mode is straightforward — you don't deal with the issue until some intervention causes you to react. Maybe you read a compelling article or hear a "horror story" from a fellow pastor. More than likely, the "reaction" is caused by a significant failure of your facility systems that has caused a major inconvenience or even embarrassment.

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What Are Your Options?

For church leaders who have adequately addressed your deferred maintenance needs with the proactive strategy — take a bow, you are the exception to the rule, and keep up the good work! However, our anecdotal experience suggests that most congregations are unfortunately faced with reacting to serious, immediate deferred maintenance needs. If that is your situation, what are your options?

When deferred maintenance projects can no longer be deferred, most churches have **three basic options** to fund them:

1. **A general budget surplus**
2. **Raise funds through a capital campaign**
3. **Borrow necessary funds**

Many churches don't have a general fund surplus (*they should*), but even so the amounts are usually modest. Raising new funds for a capital campaign is an option, but most leaders aren't sure how to begin.

So, often the default strategy becomes to borrow to do the repairs — it's relatively quick and easy. However, doing so only exacerbates the financial need — now you will pay for the repairs plus the accruing interest on the loan.

Is it possible to raise major capital funds for a deferred maintenance project? Over the years, we have helped churches successfully raise millions of dollars for projects like:

- **1 mile (5000 feet!) of failed boiler piping**
- **Water coming through the sanctuary walls.**
- **Huge stained glass window frames ready to collapse.**



A project list for things such as air conditioning unit upgrades, roof replacements, and updating threadbare carpeting grows very quickly. Are these projects inherently exciting? No! But with hard work and creativity, church leaders can develop a compelling message and a campaign strategy that will elicit sacrificial generosity.

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Capital campaigns for deferred maintenance projects have some inherent challenges as well as opportunities. Here are a few of the major ones...



The Challenges

Vision Casting

Casting vision for a new kid's wing is relatively easy — you have an architect's "pretty picture" and lots of kids climbing the walls. Vision casting for broken air conditioning units — not so much.

"It's Good Enough"

This idea relates more to the aesthetics component of deferred maintenance. Church leaders and committed Christians can easily become desensitized to the slow aging of finishes and décor in a church they have attended for years. There's a reason that successful businesses regularly update their interiors — the public takes notice! In the church world, however, we are often prone to say, "it's good enough".

The "Domino" Effect

Many times we've seen a project simply start with a need to "fix the restrooms". It suddenly morphs into a gigantic major project due to the domino effect of "well while we are at it, we should also fix ____". The challenge becomes knowing how much to pursue i.e., what can we afford as well as defining the maintenance priorities that must be addressed. It can be overwhelming, so most church leaders get that "deer in the headlights" feeling and do nothing.

The Opportunities

Develop a "Package" Approach

Normally church leaders deal with deferred maintenance issues by playing "whack-a-mole" — as one isolated system fails, it is quickly addressed, only to be immediately followed by the next crisis to pop up. By packaging all your deferred maintenance issues into one comprehensive project and related capital campaign, you can more effectively cast a vision for financial support. You can then focus more on ministry than monitoring a never-ending list of things to repair.

Create a Compelling Word Picture

It's very hard to create an exciting metaphor if you are only fixing the toilets. However, if a package approach has been taken (see above), you can create a word picture for your capital campaign theme that inspires support. A great example that we've seen used is the metaphor of "Company's Coming". It suggests we want to get God's house ready for expected important guests!

The Stewardship Appeal

Most church members seek to be good stewards (caretakers) of their personal residences. Should we have any less care or concern for the condition of God's house? 3 "Then the LORD sent this message through the prophet Haggai: 4 "Why are you living in luxurious houses while my house lies in ruins? 8 Now go up into the hills, bring down timber, and rebuild my house". (Haggai 1:3-4, 8 NLT)



Take Action:

Do you have a deferred maintenance project that needs funding? Receive your **FREE** professional financial analysis to see how much you could raise for your project. The analysis includes a detailed 3-page report plus a complimentary 30-minute Zoom with our consultant to review content and answer questions.

Don't let that long list of simmering deferred maintenance projects reach the boiling point. You have options to effectively address them in a comprehensive way. The professionals at CGS have the experience and knowledge to create a path that will lead you to success.

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