

United Church of God, *an International Association*
Council of Elders Meeting Report
February 24 and 26, 2006 – San Antonio, Texas

Friday, February 24

Chairman Robert Dick called this session of the Council of Elders to order shortly after 9 a.m. today. In opening comments, Mr. Dick emphasized the importance of this series of meetings, during which the Council will prepare the Strategic Plan, annual budget and Operation Plan for the 2006-2007 fiscal year. The General Conference of Elders will be asked to review and ratify those documents at the upcoming annual meeting in Cincinnati, Ohio, in May.

Mr. Dick emphasized the importance and challenge of developing an Operation Plan that allows the use of a systematic method of assessment and accountability. He compared this approach to the early days of the Church when a tabulation department was established to track incoming mail to determine the effectiveness of specific radio stations.

The first order of business was to approve the secretary's minutes of the last Council session, from December 9-13, 2005.

Mr. Dick then introduced Clyde Kilough, Church president, for an update on his activities and a report on home office efforts since the last session.

President's Unified Report

Mr. Kilough started with a financial update, reporting that the income continues to be strong. He said there was an income surge at the end of 2005, and the pace of income continues to be ahead of the current budget. Based on the strength of the income for 2005-2006, the proposed budget for fiscal year 2006-2007 shows a larger increase than in the past few years.

Mr. Kilough turned his attention to activities in Media and Communications Services, quoting excerpts from a report by operation manager, Peter Eddington.

To date, 16 *Beyond Today* television programs have been recorded. He stated that we are still in the very early stages of program development, putting it on the air, building our list of stations and establishing an Internet presence. He commented that there is a need to establish a baseline that will allow us to analyze our progress. At this point the program is scheduled to air on 124 public-access stations. Some are still in a transition from the *Good News TV* program. Two of the larger markets, San Diego and Chicago, have not yet begun airing *Beyond Today*, but should soon. All of the stations should be running the program by the end of this month. During this start-up phase there were 63

responses to the program in December and 262 in January. February should show a steady increase as more stations come on board with the program.

Mr. Kilough stated there have been many positive comments about the program, especially from members, some of whom are broadcast professionals who have offered constructive technical input to help improve the program. Mr. Kilough also summarized an in-depth in-house review process that will be implemented to critically review each program and analyze how future programs can be improved.

The new www.beyondtoday.tv Web site had 13,115 visitors in January – up from 4,844 in December. Mr. Eddington commented that by comparison, in 1998 the www.ucg.org Web site averaged 9,000 hits per month. He also said that those going to the *Beyond Today* site have averaged 25 minutes per visit reading from the literature library, which would indicate that the program has piqued their interest in the subject matter.

Mr. Kilough pointed out that first-time Internet visitors are directed to Web sites for the television program or specific publications so they won't be overwhelmed by the amount of information available at the Church's primary ucg.org Web site. After becoming somewhat familiar with the Church, they can then explore the larger volume of information available at www.ucg.org. For example, traffic at the *Good News* Web site (www.gnmagazine.org) now averages 86,000 hits per month, a 405 percent increase over a year ago.

Mr. Kilough commented that in December 2005 the Church printed its 4 millionth booklet. In 2005, a record 740,000 booklets were printed. The previous high was 690,000 in 2004.

Mr. Eddington's report indicates that the average renewal rate for *Good News* subscribers is 25 percent. Those who initially subscribed as the result of a direct mail contact renewed at a 39 percent rate. Subscribers who responded to a space advertisement renewed at a rate of 37 percent; radio program listeners, 31 percent. The March/April 2006 print run for the *Good News* will be approximately 400,000 – of which 321,000 are U.S. subscribers. With a renewal rate of 25 percent, it is necessary to replace about 120,000 subscribers each year who do not renew. To attract new readers, print promotions for the magazine are going into 4.88 million homes this fiscal year (through June 30, 2006). Card-deck advertising, supermarket brochures and member participation programs are also in full swing. The overall cost-per-response is expected to be about \$4 for all of these projects. Much of the advertising is aimed at young families and first-time mothers, using card decks and subscription brochures. Mr. Eddington commented that it's encouraging to note that we are adding more than 100,000 new subscribers every year.

In July 2005 some 200,000 *Good News* readers were offered the newest booklet, "Marriage and Family: The Missing Dimension." So far 20,000 have requested the booklet (10 percent response). Within the next couple of months a second letter will be sent offering another booklet or the *Bible Study Course*.

In April 2005 a letter was sent to 94,897 past non-renewed subscribers offering another subscription. As a result, 6,480 (6.8 percent response) are again receiving the *Good News* – an excellent result, considering there was no advertising expense.

Another encouraging trend is the steady increase in donors and coworkers. There are currently 7,414 donors on file (a 20 percent increase over January 2005) and 3,054 coworkers (a 14 percent increase over January 2005). Over the past eight years nonmembers have accounted for 11 percent of the Church's income.

Additional highlights from Mr. Eddington's report:

- Since March 2003, 18,000 *Good News* subscribers have signed up to receive a monthly e-mail update, providing a virtually cost-free way to stay in touch with our readers.
- As of January 31 we have 8,777 people enrolled in the *Bible Study Course*, and 1,704 graduates receiving the follow-up 12-month audiotope program (which will be discontinued when these graduates work through the program). There is a 35 percent response by graduates when, at the conclusion of their study, they are offered (1) a free subscription to *World News & Prophecy*, (2) details of the United congregation closest to them, and (3) the booklet *This Is the United Church of God*.
- The *Good News* radio program (which will now become *Beyond Today*, using the audio from the television program) has produced a total of 13,648 responses – generally averaging slightly more than 200 per month.
- The ucg.org Web site had over 359,000 visitors in January 2006, a 5 percent increase over last January. The highest number of visitors in a one-month period was 372,940 in September 2005.
- The print run for *Vertical Thought* is currently 22,500, a 32 percent increase over January 2005 – even though there has not been an advertising campaign to promote the magazine.
- *World News and Prophecy* circulation has increased 25 percent since last year and 83 percent over the last two years. The current print run is 40,000.

Jim Franks, Ministerial Services operation manager, reported on recent activities and plans. Mr. Franks stated that *Ministerial Quarterly* will become an electronic publication, continuing to provide journal-style articles as well as news and announcements relating to the field ministry. The plans are for an electronic version to be sent monthly, instead of a printed quarterly issue being mailed to each elder. Ministerial Services has begun working more closely with and coordinating the efforts of the senior pastors serving congregations in Africa. Mr. Franks is also working with Richard Pinelli as he moves into his new position of coordinator for ministerial development. Dave Register assists Mr. Franks as the director of education programs. Dave Johnson also now works in the Ministerial Services area, as well as serving as an Ambassador Bible Center instructor.

Mr. Kilough reported that the new ABC session, with a class of 54, is off to an excellent start. Students are very responsive and positive.

Mr. Kilough recently met with Dave Baker, Jeff Caudle and home office staff members regarding efforts to serve members in Asia. It has been very challenging for Mr. Baker and Mr. Caudle to serve this vast area with limited resources. There were discussions on organizational structure and suggestions for improving service to the area and the potential for developing manpower in the region.

A core group of those involved in the Church's education efforts met in January in the home office. The Church has been doing much in this area to serve the brethren, but there is a need to analyze how effective the efforts have been. Mr. Kilough emphasized the need to set specific goals, establish evaluation criteria and eliminate duplication of effort. Circumstances have changed since various programs were established some 10 years ago. We need to determine what the needs are and how to best serve them.

As an example, Mr. Kilough cited a recent survey that Mr. Register sent to the pastors to determine their view of which of the efforts they are most familiar with, which are most effective, of greatest value and most frequently used. An analysis of the results will help us make decisions about future programs and projects.

Mr. Franks commented on the need to develop a master plan for the education program. He said that Mr. Register will work to develop a comprehensive plan and timeline, which he will present to the Council in the meetings in May.

Mr. Kilough then summarized the results of a January 24-25, 2006, meeting with managing editors of our larger publications, television program and Web sites to discuss ways to assess and improve the Church's media efforts. The agenda centered around key sections of the Media Philosophy statement, addressing such questions as, "How do we assess our effectiveness? How do we improve?" The meeting resulted in a number of suggestions that will lead to improvement of the publications, upgrading of the skills of the writers and continued efforts to evaluate the results of our efforts.

Concluding his report, Mr. Kilough commented briefly on a trip he and his wife took recently to visit the churches in Germany and Italy. He stated that the trip was very important in terms of building bridges and establishing a relationship with those working in international areas. He commented that the members and office staff, directed by Paul Kieffer (Germany) and Carmelo Anastasi (Italy), are dedicated and hard-working and carefully manage their financial resources. He summarized that the members gave him and his wife a warm reception and were upbeat and supportive.

Review of Proposed Budget for 2006-2007

Mr. Dick again reminded the Council that these meetings afford the Council their greatest opportunity to practice their governance responsibilities. During these meetings

they will have the opportunity to engage the operation managers in discussions of the components of the planning documents for the coming fiscal year. He emphasized the importance of the Council finding the balance between the two ditches of “micromanagement” and “rubber-stamping.” The goal of the Council is to stay in the middle road, providing careful input and direction in the discussion of the annual budget, Strategic Plan and Operation Plan.

Mr. Dick then introduced Tom Kirkpatrick, Administrative Services operation manager and Church treasurer, to lead the Council in discussion of the proposed budget for 2006-2007.

Dr. Kirkpatrick began by stating that the year-to-date income for the current fiscal year is encouraging, running slightly ahead of what had been budgeted for income and, with just one or two exceptions, right on target for expenses, as well. Expenses that are somewhat over budget are due to the change in administration and relocations. Overall, he said that the finances are in good condition and he anticipates finishing this fiscal year 1 or 2 percent ahead of the budget.

Dr. Kirkpatrick commented that he had already sent the proposed budget to the Council, allowing them time to review it prior to these meetings. He summarized his general approach to developing a budget, noting that the coming year will continue to emphasize the efficient use of the financial resources God makes available to the Church. As in previous years, this budget is characterized by stable, modest growth in income and conservative budgeting and spending. He stated that the Church has experienced income growth of 2 to 4 percent per year for the last few years and will continue to plan and budget within the limits of what God provides. Working within an environment of a 2 to 4 percent income growth requires that we decide which activities and expenditures are most important to our mission.

Based on current and anticipated income trends, Dr. Kirkpatrick presented the Council a proposed budget of \$21.3 million for fiscal year 2006-2007, a 4.9 percent increase over the current fiscal year. Dr. Kirkpatrick discussed the specific allocations for each area of the budget and then invited comments from the Council. Mr. Franks and Mr. Eddington fielded questions regarding Ministerial Services and Media and Communications Services, respectively. At the end of the day, there was still need for more time for discussion of the proposed budget, which was tabled until the meetings resume on Sunday morning.

Mr. Dick adjourned Friday’s meeting at 4 p.m.

Sunday, February 26

Mr. Dick opened today’s meeting at approximately 9 a.m. He introduced Dr. Kirkpatrick, who completed the review of the proposed budget. The Council went into executive session to discuss certain aspects of the budget. When open session continued,

Aaron Dean reviewed the proposed Strategic Plan. The final business of the meeting was discussion of two of three sections of the draft of the Operation Plan

Conclusion of Budget Discussion

Dr. Kirkpatrick discussed the specific allocations for remaining areas of the budget, inviting comments and questions from the Council. It was necessary for the Council to go into executive session for the rest of the morning to discuss certain details of the budget.

Review of Strategic Plan

Mr. Dean, chairman of the Strategic Planning and Finance Committee, distributed copies of the proposed Strategic Plan for the 2006-2007 fiscal year. The Council reviewed the entire document. Edits were suggested to reflect the ongoing status of some of the strategies and clarify or strengthen the wording in others.

Mr. Dean suggested that the Strategic Plan would be a more useful tool in the development of the Operation Plan and budget if it were considered earlier in the planning cycle. Mr. Dick concurred, saying that the Council is still working with the same basic Strategic Plan developed some 10 years ago, tweaking aspects of it each year. He commented that in a corporate setting a Strategic Plan has a three-year lifetime. Mr. Dick urged a complete revamp of the Strategic Plan, identifying key issues the Church will deal with between now and 2010.

Victor Kubik suggested presenting a Strategic Plan that would emphasize more of an urgency and excitement about what the Church wants to accomplish. Larry Salyer pointed out that the Strategic Plan is a bridge between governance and administration – it communicates to the administration what the Council wants to be done. But he also emphasized that it should not be too detailed so that it not become a micromanagement tool.

Mr. Dean concluded the discussion by suggesting that the Council approve the Strategic Plan as proposed and edited for the upcoming fiscal year and remand responsibility to the Strategic Planning and Finance Committee to develop next year's plan earlier in the cycle and look into presenting it in a different format. Mr. Dick said that a resolution to that effect would be made before the end of this session of meetings.

Review of Operation Plan

Mr. Dick opened the discussion of the Operation Plan by reminding the Council of their commitment to the General Conference last August to present them with an Operation Plan that included specifics by which results can be measured.

Mr. Dick cited the parable of the pounds, which illustrates the principle of using available resources to produce results. In the Church's case the "pounds" represent our

budget and personnel; we must “occupy” (make ourselves active, be busy using our resources) to produce an outcome. As the parable illustrates, simply holding onto the resources without producing an outcome is a condemnable offense. Those servants who had something to show for their time and effort were deemed profitable. The Operation Plan is the administration’s vehicle for communicating to the Council and the General Conference what accomplishments are planned.

Mr. Dick suggested that the Council review the plan section by section with an emphasis on determining how well the document will serve as an assessment tool to measure what is actually accomplished.

Mr. Kilough then took charge of the meeting to guide the Council through the draft of the Operation Plan. He also emphasized the spiritual principle of self-evaluation to assess our own personal growth. In a similar way, evaluating and assessing the results of the Church’s efforts to preach the gospel will help the Church be more effective.

He pointed out that from an administrative point of view, the suggested revamping of the Strategic Plan will help lead to suggested modifications to the Operation Plan. Effort has already been put into writing this year’s Operation Plan with the intent that it reflect measurable outcomes by which the success of the administration’s efforts can be evaluated.

As Mr. Kilough read through specific plans proposed by Ministerial Services, the Council asked questions to clarify the specifics, which led to a more general discussion of what the Council is looking for in the Operation Plan.

Mr. Dick commented that in dealing with changes to the planning effort, the Council is addressing multiple major shifts simultaneously, and it will take two or three years to complete the transition. He suggested that the first step for this year’s Operation Plan be that each project include a description of who is going to do the task, what they will do, who it will serve and when it will be completed. Ongoing tasks that do not have a timeline for completion should be described separately.

Mr. Kilough compared the changes to the planning process (including Strategic Plan and Operation Plan) to turning a tanker ship around in the ocean – it’s not something that can be done quickly. This year’s Operation Plan will reflect changes that were discussed today, but other aspects will have to be incorporated over time.

By the end of the afternoon, the Council had reviewed the Operation Plans for Ministerial Services and Administrative Services, leaving the discussion of the plan for Media and Communications Services for the Monday meeting.

Mr. Dick adjourned today’s meeting at 5 p.m.

Don Henson

-end-