



MULTI DIMENSION IMPACT ACCOUNTING (MDIA)

The Purpose of Church The Enviro-Socio-Economic Dynamic of Church

January 2015

PREAMBLE

This essay on the Purpose of Church and the Enviro-Socio-Economic Dynamic of Church is part of an initiative to design and deploy a system of measurement that will be more effective in the support of decision making in the immensely complex enviro-socio-economic system that we all live with in the 21st Century.

Thinkers have been concerned about limits to growth for a very long time, and it is clear that there have always been limits on what can be accomplished. The characteristics of these limits has changed over time, and in this century the big question is how to balance quality of life for people with the carrying capacity of the planet and all its natural resources.

How the issues are framed is not the concern of this initiative. This initiative is merely concerned with the design of a system of measurement that will be effective no matter how people, business organizations, institutions and civil society choose to organize themselves. The data architecture, the analysis and the reporting all have to be independent of the structure or framework that gets used to organize all the pieces.

The starting point for the design of this system of metrics is conventional double entry money accounting, and the concepts of balance sheet accounts (state) and profit and loss accounts (flow). The goal is to remove the boundaries of conventional accounting so that what has become part of a very powerful management system within a business can be applied not only to the business organization but to all aspects of the enviro-socio-economic system.

A weakness of the thinking in this version of the essay is that the time dimension has not been integrated into the framework in a coherent way. This has still to be done.

This essay is a work-in-progress ... nothing more than a part of a road map that enables the framing of the system of metrics ... nothing more.

Peter Burgess
January 2015



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Introduction

Leadership of the modern economy has a singular focus on everything that we measure with money. Using money as the unit of measure means that an enormous amount of the things that are of value are left out to the detriment of people's quality of life and society as a whole.

Money is not a good measure for most of the important things in our modern global enviro-socio-economic system. It is however the dominant metric, and has a role in enabling decision making that is good for money based performance, but not for everything else.

In this context, money is not a good measure for the state, progress and performance of religion. Something better is needed.

Every organization has to be able to 'pay its bills', and money is an efficient way for this to be done. A religious organization has to be able to 'pay its bills' just like any other organization, but the money performance of Church has little to do with the 'value' contributed by the Church.

What is the 'Purpose' of a Church?

It seems that religion in some form has been a part of the human condition since the beginning of time ... or at least as long as humans have inhabited the planet. If a person has a brain, it is going to be used to try to understand the surroundings, and to the extent that the surroundings cannot be easily understand, there will be some construct in the human brain to explain things.

Fast forward to the modern world, and there are still all sorts of things that cannot be explained by our material knowledge. A spiritual dimension is still needed in order to fill the void. This has a value that is studiously ignored in the calculations that dominate the analysis of the prevailing money focused economy and indeed in the broader metrics for the modern complex enviro-socio-economic system.

The purpose of a religious organization ... a Church ... is to provide the spiritual services that people need ... that society needs ... in order for people and society to be as happy as they can be.

Happy is a wonderful word, but too weak, too narrow, to describe the idea. Having a good quality of life is a reasonable goal of every human being, and the amount of happiness in a person's life may indeed be a good measure of quality of life.

A religious organization has a huge role in helping to bring happiness into a person's life. A spiritual dimension to life fills a void that would otherwise exist, and detract in a significant way from a person's quality of life.

The Role of Money in the Church

A Church, like every other organization, has to pay its bills. There are staff to pay (so they can pay their bills), there is electricity to pay to keep the lights on, and maintenance of buildings so that they do not fall down. There are activities to fund so that the larger community can be helped. In order to be 'sustainable' an organization must match its outflow of funds with its inflow of funds.

But this is not the PURPOSE of a religious organization. The purpose of a religious organization is to provide the 'spiritual support' that is important in the quality of life of people and the broader society. These activities make an enormous contribution to quality of life, but are not routinely quantified although the value may well be referenced through anecdotes.

In a world where money is the medium of exchange ... a shortage of money makes the Church unsustainable.

Many Churches, not all, are the owners of property like the Church building, some land and some ancillary buildings. Some Churches have income earning property, but probably most do not. While property may be an asset, they may also be liabilities because the cost of maintenance is higher than the income being realized.

Church has Value more than Money

But the money dimension of Church performance has very little to do with the 'value' of the Church. The value of the Church is way more than money. This value needs to be measured ... needs to be quantified, but an easy methodology does not seem to be available.

People do not get involved with Church in the way that they people go to a movie theater or a baseball game. They come to Church because of some 'spiritual' value that exists. Spiritual value is difficult to put in money terms, but it may be argued that spiritual value is something that contributes to an individual's quality of life, the life of a family and the life of the larger community or society.

The value of Church in a person's quality of life depends on the person, and also to a significant extent what is going on at any moment in time in the person's life. Spiritual value will increase as part of a person's quality of life when there is stress such as that brought on by a health crisis, or any number of other stresses of modern life.

Spiritual value is a reflection of the role 'sacraments' play in the life of an individual and the life of a family. All of these sacraments have value, some quite tangible and some not so obvious.

These various activities of the Church have value ... but it is usual that these various activities are talked about and anecdotes developed, without there being any rigorous system of communicating the value about these activities.

It is a sad reality that important numbers about many activities in our enviro-socio-economic system are missing, and in general leadership is accepting of this state of affairs. The problem with this is that when there is no number, the default is zero. While a numerical estimate of value

may not be perfect, in most cases the estimated value will be more accurate than the default of zero. When the default is zero, then decision making is based on story and persuasion without any of the accountability that an appropriate numbering system provides.

These are some of the Church activities that have value, but the value is not quantified and the impact not accounted for in any rigorous manner.

- Christenings
- Confirmations
- Weddings
- Anniversaries
- Confessions
- Funerals
- Memorial Services
- Regular Church Services
- Children's Ministry
- Music Ministry
- Ministering to the Sick
- Attending to the Dying
- Church Community Events
- Community Events and Activities
 - like community meals
 - like hosting the Canterbury Choral Society
 - like the Christmas Pageant
 - like the Shelter
- Local Community Outreach and Ministry
 - like support for local food pantries
- Global Outreach
 - like support for Carpenter's Kids in Tanzania
 - like support for Church activities around the world

This is a long list, though probably not by any means complete.

In each Church activity there is a flow which has two sides:

(1) Who benefits and what is the benefit:

- The individual subject
- The family of the subject
- The friends of the subject
- The larger community of the Church

(2) What inputs are involved and what do these cost:

- In terms of money
- In terms of things other than money
 - ... like time
 - ... like donated materials

There is an added value when the value of the benefits arising are bigger than the value of the inputs consumed. In order to know what this is, there has to be a way to quantify both benefit and inputs using a single relevant unit of measure. There is no uniform approach yet to quantifying the value of all the important elements of enviro-socio-economic activity.

In many cases, getting data to drive this analysis is quite difficult, and done in the wrong way can become excessively costly. An effective methodology has not yet been developed. In most cases the reports that get prepared based on the analysis of benefits arising and resource input flows are costly, usually somewhat superficial, and difficult, if not impossible to independently validate.

State, Change in State, and Progress

A better way to measure impact is to consider the 'state' of the beneficiary before the intervention, and then consider the 'state' of the beneficiary after the intervention. The before and after 'state' is much easier to validate. Progress or the value added is the difference between the state, before and after.

The inputs that go into helping to make the change in state possible are relatively easy to account for. In many cases the input is a person's time. The value of a person's time is not just the payroll and benefit cost but is also a function of how much time a person has available and how this time is used to contribute to job, family and everything else and how use of an individual's time contributes to quality of life of this person as an individual and part of a family.

The input of time coming from an 'unpaid' volunteer may have no money cost, but the time consumed still has an important value. This value is typically ignored in conventional analysis of volunteer activity, but this is wrong.

Performance is the amount of resources consumed relative to the progress achieved.

Part of the power of conventional accounting is the way double entry accounting connects state, progress and performance into a single coherent whole. Better, conventional accounting does this in a very simple way. The balance sheet describes the state, the difference between two balance sheets shows progress, and the profit and loss account ... the summarization of flow transactions also shows progress and enables determination of the link between resources uses and progress achieved. The weakness of conventional accounting is that it has never been modernized to handle the very complex modern enviro-socio-economic system with its multiple issues, stakeholders and units of measure.

The Metric of Money

Conventional accounting and economics tends to equate more money with better. When people are very poor, it is common for more money to translate into less poverty and a better quality of life, but this correlation is not strong in advanced rich economies. More is not better, yet the metrics and analysis assume that this is so, and decision making is largely based on the same erroneous assumption.

But it gets worse. In conventional accounting and economics there is no unit of measure for quality of life. There are many 'bits' of measurement, but no single unit of measure that 'adds up' to reflect quality of life in its entirety.

The unit of measure for length is clearly defined by the International Standards Organization (ISO) and though length may be called different things, they all refer to the same physical entity. A kilometer and a mile have a fixed relationship to each other ... and the physical distance does not change when these two measures are switched.

Money as the unit of measure for wealth does not have any of the rigor demanded by the ISO for a physical measure. The relationships between different moneys change all the time. The relationship between a physical item and its money value changes over time and depending on the perspective.

My parents bought our house as sitting tenants in 1948 for 700 pounds (about \$2,000). Recently this house sold for 480,000 pounds. Same house. Same location. But the pound is different. How can money be a serious measure of anything?

The metric of money is fatally flawed, but money is a ubiquitous measure and as such has taken on a life of its own and it is very influential.

There is however, another characteristic of money that should be understood. In addition to being a metric and a ubiquitous medium of exchange, money is also a store of value. Money may be put in a safe deposit box or bank at one moment in time, and stored until a later time when it is needed. This has enabled not only the storage of money, but the creation of fractional reserve banking which allows for more transaction money without there being real money backing this convenience.

No other metric has a characteristic that enables it multiply itself, and appear to be more than it really is. But worse, there are no mechanisms for the balance of today's good to be stored for future use. The only mechanism to store good would be by converting it to money or some other physical asset, and in this transformation value gets lost in all the intricacies of money.

Metrics for Quality of Life

What, then is the unit of measure for value and for good? What can be a unit of measure for life and everything to do with quality of life? It cannot be a money number, because a money number has its own inherent weakness. Rather it must be a metric that has its own intrinsic definition.

A human life has a value of 1,000,000 standard life units (SLUs)

When a person dies the Human Capital of the world drops by 1 million SLUs. It does not matter whether the person is rich or poor, is old or young, ill or healthy, in Syria or Switzerland, the Human Capital of the world goes down by the same amount.

Similarly the Human Capital of the world goes up by 1 million SLUs when a child is born. It does not matter if the child is born in Mali or Massachusetts, the Human Capital of the world goes up by the same amount.

Quality of life is complex. Many factors go into determining the quality of life of an individual. Some of these are a function of money income and wealth, but there are many others. Some of these can be controlled by the individual, many others cannot.

At any moment in time, quality of life of an individual is determined by what has happened in the past, what is going to happen in the future, and what is actually happening in the present.

Thus for example:

- In the past one had good or bad parenting, good or bad schooling, good or bad health ... all of which contribute to what is today.
- In the future the economy may be strong or weak, the social systems (like medical infrastructure) may be strong or weak and all of this has a present value that contribute to well-being today
- In the present, there are more or less family and friends, there is a secure society (no violence) or not, there is community ... that includes a religious community ... or not.

The mathematical model for this is complex. The theme of this, however, is that all of these various factors go into modifying the state of life or quality of life being realized is higher or lower than the 1 million SLUs that is the standard value of one human life.

While the value of life never changes, quality of life may be quantified as a positive increment to the simple value of life or as a decrement. Where there is something that one 'takes for granted', then there is just a modest positive increment.

Some Metrics that Might Apply to a Church

The following is a list of different aspects of church life with a set of values expressed as Standard Life Units (SLUs).

The framework for analysis in each Church activity combines state, change in state and flow. The flow has two sides as follows:

- (1) Who benefits and what is the benefit:
 - The individual subject
 - The family of the subject
 - The friends of the subject
 - The larger community of the Church
- (2) What inputs are involved and what do these cost:
 - In terms of money
 - In terms of things other than money
 - ... like time
 - ... like donated materials

As an alternative to (1) ... who benefits and what is the benefit ... there can be quantification of the state before the intervention or activity and the state after the intervention or activity. The change is the benefit arising.

The starting point for quantifying value is to have the numbers of people who are involved with each of these activities. In almost every case there are the number of people who are the immediate primary focus of the activity, and then the number of people who are closely connected to the people who are the primary focus, and then the number of people who are in the broader Church community who are attending but not directly involved.

What is the value of being part of a Church community?

There are two dimensions to this ... the value given by the Church and the value given to the Church.

To the individuals concerned: In the range of 20,000 to 100,000 SLUs

What is the value of a Christening?

To the individual being Christened

To the parents

To the broader family and friends

A starting point for this is to value a Christening at 100,000 SLU. Some of this accrues to the child, and some to the parents and to the broader family and friends.

Being Christened and being a member of the global Church community has a value that may or may not be used ... but it is there, and in times of stress, a Church can be a very important source of strength.

I am reminded of what happened on 9/11 in New York. In the morning the Twin Towers of the World Trade Center were destroyed and thousands were killed, many of them, first responders who were working to help. Every Church in New York was open during the rest of that day, and for a long time afterwards and hundreds of thousands of New Yorkers got comfort from these many Churches

Being Christened may not appear important in everyday business life, but being a member of a Church community has value for ever ... whether or not someone chooses to use it.

What is the value of a Confirmation?

To the individuals being confirmed 100,000 SLUs

To the parents

To the broader family and friends

What is the value of a Wedding?

To the couple being wedded

To family members

To friends

What is the value of an Anniversary?

To the individuals involved

To family

To friends

What is the value of Confession?

To the individual:

What is the value of a Funeral?

To the immediate family

To the extended family

To friends

What is the value of a Memorial Service

To the immediate family
To the extended family
To friends

What is the value of a Regular Church Services

To the members of the congregation
To those who are active in making the services go smoothly

What is the value of a Children's Ministry

To the children that participate
To the parents of the children

What is the value of a Music Ministry

To the Church as a whole
To the congregation
To members of the choir

What is the value of Ministering to the Sick

To the individual who is sick

I had a heart attack about 10 years ago and was put into the intensive care unit of a New York hospital. That day and that night the three priests from my Church all turned up ... Jim Burns, Tom Synon and Pippa Turner ... the last visit around 1 in the morning. So much for an 8 hour day! What was the value of this? Priceless. Did it help? Of course it did. Was it important? Almost certainly. The healthcare professionals fixed the 'plumbing' of my heart but the Church fixed the soul of my being. Thank you.

To the family of the sick person

Years ago my father-in-law (first wife) had to be hospitalized. We had just moved to the town and were not yet affiliated with any Church. The healthcare was professional but cool and distant. My wife and I were alone with our problem. There was no emotional support. I contrast this experience with the situation many years later when I had my heart attack and I was engaged with the Church.

The value of this say 50,000 SLUs when on standby, and more like 500,000 SLUs when it is needed.

What is the value of Attending to the Dying?

To the individual who is sick

To the family of the sick person

In due course everyone dies. The body gets old and has worn out. The Church makes the process of dying intellectually more comfortable.

The value of this increases as one gets older, or expressed alternatively, one's expectation of life gets shorter. Towards end of life the Spiritual dimension of things may come more into focus, and the Church is central to this.

The value increases from something quite modest, say 10,000 SLU to say 500,000 SLU in the last days.

What is the value of a Church Community Event

To those that attend

To those that volunteer to make it happen

What is the value of a Community Events and Activities

To those that attend

To those that volunteer to make it happen

What is the value a community meal

What is the value of hosting the Canterbury Choral Society

What is the value of the Christmas Pageant

What is the value of the Shelter

What is the value of Local Community Outreach and Ministry

What is the value of support for local food pantries

What is the value of Global Outreach

What is the value of support for Carpenter's Kids in Tanzania

The Carpenter's Kids program in the Diocese of Central Tanganyika in Tanzania was designed to help with the problem of AIDS orphans in the Parishes of the Diocese. The program buys uniforms, shoes and books for the poorest orphans so that they can go to the free state primary schools. The program also paid local women in the villages to prepare breakfast for the children. Initially the cost of this program was around \$50 per year per child. Over time the cost has increased (to \$85 per child per year) in part because the needs of older children are more costly.

But the value of this program is huge. For an annual money cost of less than \$100 a child has a future. Instead of the child's quality of life being 1,000,000 SLUs less say 800,000 (net 200,000), their quality of life will be say 1,000,000 less 300,000 (net 700,000)

Getting an increase of 500,000 SLUs for the expenditure of under \$100 a year is a wonderful investment.

What is the value of support for Church activities around the world

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This paper as a PDF: TO COME

Table of Contents

PREAMBLE.....1
Introduction2
What is the 'Purpose' of a Church?.....2
The Role of Money in the Church3
Church has Value more than Money.....3
State, Change in State, and Progress.....5
Metrics for Quality of Life.....5
Some Metrics that Might Apply to a Church6