

9-30-08 - A Business Plan for the Catholic Church: A group of execs are putting management skills to work on shaping up the U.S. Catholic Church

By Douglas MacMillan , Business Week

Three years ago, Geoffrey Boisi set out to improve the way the Roman Catholic Church was being run in America. The former vice-chairman of JPMorgan Chase (JPM), Boisi had become increasingly dismayed with how the church was losing members, squandering talent, and managing the \$105 billion it annually spends. Its reputation was declining quickly amid screaming headlines about sex-abuse scandals—especially in Boston, where Boisi was chairing the board of trustees at the Jesuit-run Boston College. Swamped with pleas for help from figures in the church hierarchy, Boisi reached into the business community to form the National Leadership Roundtable on Church Management.

Boisi has since brought together influential Catholic executives to design a business plan for the country's largest religious organization. Among the members of the volunteer group: Adobe Systems (ADBE) Chairman Charles Geschke, Korn/Ferry (KFY) Chief Executive Paul Reilly, former Freddie Mac (FRE) CEO Richard Syron, Gerard R. Roche of Heidrick & Struggles (HSII), and former McKinsey Managing Director Fred Gluck. Lawrence A. Bossidy, the much celebrated former chief of Honeywell (HON), has also lent his expertise to the group as a pro bono consultant.

Along with issuing guidelines for a financial audit of all 195 dioceses (the territory under the authority of a bishop), the group has created best-practice guides for church leaders in such areas as human resources and accounting and has won kudos within the Catholic community for helping restore the Catholic school system in Katrina-battered New Orleans. "All we're doing is applying those skills and experiences that we've had," says Boisi.

Skeptical of Lay Efforts

Of course, the group faces daunting challenges. While Vatican Cardinal William Joseph Levada, a native Californian, and about 50 U.S. bishops are working with Boisi, much of the church leadership remains skeptical about lay efforts to reform their business.

Still, Boisi's initiative is gaining traction at a time when the Catholic Church is under increasing attack. The number of Americans studying for the priesthood is down to 3,286, according to the Center for Applied Research in the Apostolate, with fewer than 500 expected ordinations this year. Even with foreign recruitment, the ratio of priests to parishioners in the U.S. is 1 to 1,600, compared with 1 to 650 in the 1950s.

While revenues from collections are inching up, expenses are rising faster because of aging facilities, mounting labor costs, and continued settlements from litigation over abuse charges. Also troubling to church leaders: 7.5% of Americans born into the faith no longer even identify themselves as Catholic, according to the Pew Forum on Religion & Public Life.

Enter the Leadership Roundtable. Veteran recruiter Roche says he was skeptical when Boisi asked him a few years ago to join the group although, like all the members, he felt a desire to help it thrive. "I told him the church is thousands of years old; it doesn't change a lot," says Roche, who now sits on the human resources committee, which meets several times a year. "The progress that's been made in a few short years has been astounding." The group also has management and finance committees, which meet regularly, and holds an annual conference for executives and church leaders at the Wharton School of the University of Pennsylvania.

Best Practices

So far, much of the work has been focused on drafting national standards for best practices, which were released in 2007. Kerry Robinson, who acts as executive director of the Roundtable, argues that each diocese "basically operates according to whatever the local ordinary thinks is best." Last year, the group distributed a church in America series of DVDs and workbooks that give parish and diocesan leaders

simple-to-use instructions for management tasks that are commonly bungled, such as job templates for new layperson hires and how to design an annual budget. It also launched ChurchEpedia, a site where they hope religious leaders will share best practices.

Whether they can get the majority of U.S. bishops to take their advice is another matter. The DVDs and workbooks are a hit in the 74 parishes of the Tucson diocese, but Robert Vasa, the bishop of Baker, Ore., says he has never heard of the series. Still, former Honeywell chief Larry Bossidy says he was impressed with the number of bishops who turned out for the Roundtable's June conference. "While they all looked upon it with some concern and skepticism at the outset," says Bossidy. "I think that has given way now to an acceptance."

Others point out that church leaders have a long history of resisting input from lay groups. Margaret Steinfels, co-director of the Fordham Center on Religion & Culture, notes that many groups that start with calling for simple changes end up challenging such canon laws as priest celibacy and the church's absolute control over clergy appointments. "It is true that there is an atmosphere of suspicion of lay groups, and the roundtable has run into that," says Steinfels. (The Leadership Roundtable's Robinson insists that the group has no intention of challenging doctrinal matters.)

Whether due to Boisi or not, there are certainly signs that the church is starting to turn to the tools of modern management. Parishes have increasingly appointed chief operating officers and chief financial officers to manage the business. Catholic universities such as Villanova University and Boston College now offer master's degrees in church management. If Boisi has his way, the Leadership Roundtable may one day be supplanted by management-savvy clergy who can quote Peter Drucker as well as they can St. Peter.