

The Devil is in the Details:

Avoiding Common Pitfalls when
Funding New Partnership Endeavors

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The devil is in the details—what a perfect cliché to illustrate the reality of funding new partnerships! Anyone with much experience in this area can attest to the fact that, if improperly managed, the devil truly is in the details. Improperly managed funding can sever relationships and foster ill will for decades.

The enormous price Jesus Christ paid for the redemption of humanity should impassion believers everywhere to reach the lost. Revelation 5:9 explains that he purchased with his own blood men and women from every tribe, tongue, people and nation. Sharing financial resources is one way to bring an incomprehensible harvest into the Kingdom of God. Overseas funding can provide salaries and resources capable of mobilizing many more workers into the harvest field. One dollar of funding often has the ability to go much further abroad than if a person with comparable skills is hired in the West. Evangelists can be mobilized, pastors can be trained, children can be fed and medical care can usually be provided at a fraction of the cost.

Nonetheless, we see in John 17:23 that there is another critical element necessary to penetrate an unbelieving world. Jesus prayed that his followers would be perfected in unity and that the world would know that God sent him. For Christian witness to be effective, partnerships need to be formulated in ways that promote unity. Financial partnerships that do not embody this quality, despite the good intentions of the leaders involved, will thwart the ultimate objectives of the ministry. God's love for a lost world will only be wholly evident if unity is embodied throughout all facets of the ministry.

Over the years there have been more horror stories in the area of funding than Christian leaders care to repeat. Often, well-meaning individuals who entered into partnerships with high hopes are left with sarcastic attitudes and bitter memories. Why do such well-intentioned efforts end so badly? Often it is because the same mistakes are made time and time again. There are three common mistakes that have plagued Christian leaders as they have sought to reach out to a needy world: leaders rushing into partnerships, leaders ignoring significant building blocks and leaders sending funding before doing their homework.

Rushing Into Partnerships

Three factors need to be considered here: the pressure to perform, the overwhelming needs and the adrenaline rush.

- 1. PRESSURE TO PERFORM.** Many potential problems and issues can be resolved if leaders and funding liaisons move more slowly in the formation of new partnerships. The underlying reason for this misstep, however, is rarely discussed. Leaders often feel intense pressure to perform. The church or sending agency paid for airline tickets and funds were spent for accommodations. Upon return, the senior pastor, CEO or director wants to know what was “accomplished” from the time abroad. It is hard for people to simply say, “I am still assessing the situation.” Westerners want

results and they want them now. Most leaders and administrators want to be seen as “producers.” The last thing anyone wants to be known for is indecisiveness. People want to impress superiors and constituents and want to be respected by colleagues. It is critical to remember, however, that moving slowly in cross-cultural partnerships is not laziness. It is wisdom.

- 2. OVERWHELMING NEEDS.** People also rush into partnerships because of the pressing needs they witness abroad. It is not uncommon to experience a sense of desperation when witnessing such distressing sights. It brings incredible discomfort for people from more affluent nations. Donors and liaisons get caught up in the magnitude of the needs presented to them and they want to do something immediately. There might also be a hard sell by an overseas partner who is passionate, wanting funds to arrive quickly for the ministry. Although it is important not to minimize the reality of what is being seen, it is also imperative to take a step back and gain perspective before making promises that an organization or church might be unable to keep. God wants donors to help in a way that mobilizes resources but also facilitates harmony, respect and unity in relationships. Partnerships over the long haul need to accommodate both objectives to bring lasting honor to Jesus Christ.
- 3. ADRENALINE RUSH.** There is a definite adrenaline rush when creating and forming new partnerships. Anyone involved in this ministry knows how captivating the feeling can be. There is often a keen sense that the Holy Spirit is moving and God seems to be bringing key people and ministries together. However, a good leader needs to keep grounded at these times. Instead of focusing and living on the adrenaline rush of the “new” ministry, it is important to keep the big picture in mind. The adrenaline rush will eventually end and what is left will be the reality of forming a partnership that will stand the test of time.

Ignoring Significant Building Blocks

Many leaders mean well and obtain their elevated position within an organization because they can see the big picture. In their roles they often do not have to deal with the day-to-day issues of government relations, tedious accounting transactions and so forth. They are by nature promoters and motivators. Through their communication methods and oratorical skills they can convince others to do the impossible. However, leaders can also naively lead an organization into a mess of broken relationships and litigious nightmares if they do not think strategically about the many implications of starting new partnerships. In light of this reality, how should one proceed? Below are five questions leaders need to ask themselves.

- 1. DO I HAVE AN ATTITUDE OF HUMILITY?** No leader can be expected to know all the possible problems or issues that could sink a partnership down the road. However, it is wholly naïve and irresponsible to not acknowledge the reality that there is more to making a partnership work than a

happy handshake and a shared meal. As a leader, God has given you a ministry team for a reason. By not inquiring and accessing that expertise, a leader runs the risk of bringing extreme dishonor and shame onto his or her organization if problems could have been foreseen and avoided. Hence, humility is the best place to start. Before initiating new partnership endeavors, it is critical to humbly assess if the organizational ducks are in a row.

- 2. DO I HAVE AN EXPERIENCED LEGAL ADVISOR?** And does that person understand issues regarding multi-national partnerships? Does he or she have experience helping other ministries form similar joint ventures? Many nonprofit organizations try to save money by using attorneys that will provide pro-bono services. Money spent on the front end of partnerships for an experienced attorney who ensures that your ministry is on solid legal footing is money well spent. After the events of September 11, 2001, there are implications from the Patriot Act that need to be considered. It is also important to ensure that the new venture is in accordance with your articles of incorporation and tax-exempt purpose. As the partnership talks progress, it is critical to have this type of counsel in place.
- 3. DO I HAVE AN EXPERIENCED FINANCIAL ADVISOR?** Does this experienced Chief Financial Officer, controller or accounting manager have the time and expertise to provide fiduciary oversight for funds you will now be sending to partnering organizations? Is there someone who can make a follow-up visit to work out fiduciary details and coordinate the overall process for the funding relationship? Prior to sending funds, someone needs to do one or two on-site visits to assess if the partner has the capacity to keep accurate accounting records. This point cannot be overemphasized. The worst scenario is to try to implement this step after you have started sending funds. There needs to be an experienced person who can do one or two follow-up visits and assess the details of an agreement prior to sending funds. A general process outlined in collaboration with colleagues prior to the initial visit will save a great deal of stress and anxiety later.
- 4. DO I HAVE ADEQUATE STAFFING RESOURCES?** Do you have adequate staffing or the ability to hire staffing to handle the increased administrative load? Are your current colleagues and employees working overtime to keep existing ministries going, or is there margin to expand? If a new partnership is begun that overburdens current staffing resources, it is likely that key employees will seek other jobs outside the organization. If this happens, it increases the likelihood that you will be unable to keep up your side of the partnership agreement. Make sure there is margin in the current operations before seeking out new partnership endeavors.
- 5. ARE THERE ADEQUATE FINANCIAL RESOURCES?** Are there ample reserves and a steady flow of funding to make promises to new partners? Believers are supposed to honor their word. It is not right to agree to fund something and then not follow through with that promise. In some ministries,

promises over the years have been inadvertently broken when donor funding was low. Indeed this may sometimes happen, but it is important to learn from these experiences and minimize this risk. Brothers and sisters abroad are relying on promised funds to employ others and put food on the table.

Sending Funding Before Doing the Homework

As mentioned above, it is critical to do one or more additional on-site visits of the partner's accounting operations prior to sending funding and formalizing the agreement. If funding is sent and there is inadequate or delinquent reporting, the credibility of your organization can be called into question. You might have the best people on the planet working in your organization; however, if donors lose trust in your ability to manage and provide fiduciary oversight for their funds, resources for your ministry can evaporate overnight. Donors will start sending funds to other organizations and agencies they believe will be better stewards.

Several issues and questions need to be addressed during the on-site visit with the partner prior to sending funds or formalizing any type of agreement. These are listed at the end of this article.

A good friend from India jokingly passed on a phrase from his country. He said, "We do not think you really expect it if you never inspect it!" One of the worst things a church or funding agency can do to a partner is to send money and then wait a long time before asking for any kind of reporting or confirmation that funds were spent appropriately. For most people around the world, that lack of interest right after sending money is interpreted as a lack of genuine care regarding how the funds are used. To many partners it seems westerners have so much money that it will not matter if some of it is used for other purposes. By doing this type of on-site assessment and clarifying guidelines and procedures from the beginning, we can greatly lessen the likelihood that there will be misunderstandings and damaged relationships down the road. If a church or funding agency inspects or asks for accountability promptly as it said it was going to do, partners will understand that accountability is required and they will be more likely to honor their promises.

Conclusion

So what is a leader to do? Pursue the relationship with a new partner in a way that enables both leaders and organizations to save face. Have the banquet! Enjoy the celebrations! Keep the relationship between leaders positive during those initial visits. However, make it clear that managers and accounting personnel from both organizations will need to meet and analyze the situation before the partnership can be finalized. Explain that once all the details are addressed and agreed upon, the partnership will be formalized and funding will be sent. It is important to explain the "heart" behind these procedures and practices. Explain that the goal of your church or funding agency is not only to send money, but to form lasting relationships that will honor Christ and foster unity for years to come. ■

Issues and Questions to Address During an On-site Visit

- What methods of accountability are in use in that culture?
- Is there pressure to misuse or abuse funding?
- What processes are in place to ensure that theft or fraud do not occur?
- Do local churches and nonprofit organizations utilize outside accounting firms to audit their financial transactions?
- Are these external auditors reliable or can they be easily bribed to issue false reports?
- Are there any legal implications for funding projects in that country?
- Are there regulations limiting the size of wire transfers?
- Are banks reliable or do funds need to be sent another way?
- Are there adequate internal controls or is it a “one man show?”
- What types of checks and balances are present to ensure accountability?
- Is the partner able to generate true financial statements?
- Does the partner have to follow the funding organization’s reporting format, or is it possible to simplify the format to minimize overhead and stress for the fund recipient?
- How often will reporting be required?
- What will happen if reporting is not received?
- How will conflict be addressed if expectations are not met on either side?



Source

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