

*From Dream*



**TO DEDICATION**

**NAVIGATING A CHURCH BUILDING PROGRAM  
- FROM FIRST THOUGHT TO FIRST SERVICE -**

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# From Dream to Dedication

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## Welcome to the Journey!

Since you are reading this, chances are you have a dream for your church; a vision that God has placed on your heart to lead your church to a new place. You have a dream for a facility where your church and its ministries can grow and be even more fruitful for years to come. You envision the dedication service and all the excitement that comes with it, but recognize there is a complicated path to navigate between where you currently are and that day. You may even rightly discern that it is not only a complicated path, but also one where a misstep will have serious repercussions for you and your church.

### **So, How Do You Navigate A Church Building Program Safely and Effectively?**

The simple answer is by applying godly wisdom and taking advantage of resources available to you. **Proverbs 15:22 says, “Plans fail for a lack of counsel, but with many advisers they succeed.” (NIV)**

In reading this, you are already on the right track to achieve success through wise counsel. God is no stranger to bringing the right people alongside those he has called to a daunting task.

There are numerous examples in the Bible of this, even specifically relating to construction. Moses and Solomon were charged with building for God (Exodus 31 and 2 Chronicles 2). More likely than not, a building program was probably a bit overwhelming for both of them at the time. In both cases, however, God provided skilled people to come alongside of them to accomplish everything they were called to do.

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We can only imagine the outcome if Moses or Solomon had tried to accomplish it alone and tried to wing it in their own ability. Fortunately, we see in both cases that they brought in people who had skills, experience, and wisdom in the areas they did not have. For you, in today's construction environment, that person is a **church construction consultant** or **owner's representative**, someone who can provide a continuum of care from beginning to end and **represent the church and its best interests**.

**Note:** If it was a good idea for Moses and Solomon, it's probably a good idea for you to explore as well.

If you were to go on a safari, whitewater rafting, or exploring the wilderness of Alaska, you would almost certainly invest in a guide. The guide will help insure you do the right things the right way in order to have the best outcome, while also keeping you safe.

You may be asking yourself if there really is someone out there that can act as guide to your church from "Dream to Dedication" without financial, professional, or other conflicts of interest, and without adding to the seemingly insurmountable cost of the project. You may be surprised to find out the answer to that question is YES! A church construction consultant can do just that, and more.

Read on to find out more...

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## **A Journey of a Thousand Miles Begins With a Single Step.** Chinese Philosopher, Laozi. Circa 525bc

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### ***What Do I Do First?***

There are three keys to success in a church building program. The process sounds simple enough, even though there's nothing really simple about a church construction project.

1. Know the right steps to take. (Knowledge)
2. Know the right order in which to take each step. (Wisdom)
3. Know how to accomplish the steps correctly, the *first* time. (Experience)

If you "know that you know" all of the above, you can stop reading and get on with your church building program. If not, however, it's worth another few minutes to keep reading and learn how to avoid the many pitfalls and challenges on the path ahead. The challenge for most church leaders (and you are probably one of them) is that you don't know what you don't know. The old saying "ignorance is bliss" is *very* applicable in a church building program.

Proverbs 4:7 tells us that "*The beginning of wisdom is: acquire wisdom; and with all your acquiring, get understanding.*" (NASB) Recognizing that you don't know what you don't know is the beginning of wisdom and the first step toward success.

**Knowledge and experience are two of the keys to a successful church construction project**, and if you don't have these, **wisdom** says to bring somebody alongside who does, someone who will work on your behalf and in your best interest.

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Objectively understanding ministry needs and financial capabilities is absolutely crucial, and is where the process rightly begins. Having someone who can lead you through the process of gathering this data and turning it into actionable information is invaluable. This process will prevent your church from wasting time, money, and the effort of going through a design process and/or beginning construction on a building that cannot be completed.

Most of us are familiar with Luke 14:28-30 where Jesus said, “Suppose one of you wants to build a tower. Won’t you first sit down and estimate the cost to see if you have enough money to complete it? For if you lay the foundation and are not able to finish it, everyone who sees it will ridicule you, saying, ‘*This person began to build and wasn’t able to finish*’.” (NIV) When these verses are discussed, the emphasis is usually on “*counting the cost*” in the first half of verse 28. While this is both critical and wise, the main point of this passage is to be found in the instruction contained in the last half of the verse, “to see if you have enough money to complete it.”

This begs the question, “What good is it to know what the cost of building is if you don’t really know what you can afford?” A budget (financial ability) has to be determined in order to have something to which to compare the cost, and that budget should define the process from the beginning to end. The initial starting point for a budget, however, needs to be based on what you can actually (not hopefully) afford. “Counting the cost” in a church building program actually comes later in the process as you insure the project cost is within the financial ability of the church. Sadly, *millions of dollars* are spent each year by churches on designs for facilities that are never built because churches failed to understand proper process.

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Proverbs 19:2 (NLT) warns, “*Enthusiasm without knowledge is no good; haste makes mistakes.*” It’s important to understand that **what you don’t know will cost you!** Moving forward without being properly equipped is a recipe for making costly mistakes. In the world of construction, mistakes are usually very costly; and because of its lack of experience and ability to mitigate risk, that cost is almost always borne by the church. How is this so? We’re glad you asked...

Your church will be entering into an agreement with a design/build firm, and/or multiple agreements with engineers, an architect, builder, and more. Each of these organizations know more about the building and contracting process than the church; and in most cases, their primary focus is their financial success. Unless the church has someone on their side of the table with the time, experience, and desire to balance the scales, the church will nearly always end up absorbing the cost and risk.

Why do so many churches take on this endeavor without bringing in qualified help, as Moses and Solomon did? First, it requires acknowledgement that help is needed. Secondly, it requires a change in how most churches conduct business. In the examples of these two men of God, we see that Solomon actively sought assistance from the King of Tyre. Solomon displayed his unequalled wisdom by knowing what he did not know and seeking experienced help. On the other hand, God just told Moses that He was sending him a man. Perhaps this was because God knew of Moses’ penchant for trying to do everything himself and did not want to wait for Moses to (hopefully) figure it out; He just presented it to Moses as a fact, not a suggestion.

We all know how much we like to admit we need help, and even less, the change in process and methods that often comes with it. This leads to a question that will provide context and perhaps help establish priorities, “Which do you think the church dislikes

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more - **wasting valuable time, money, and resources; or doing things differently?"**

As we unpack the three points of knowing the right steps, knowing the right order, and knowing how to do it right the first time, we will see just how complex and convoluted the church construction process is.

We will also discuss just a few of the many details and crucial components that **need to be managed with experience and wisdom in order to insure success**. See the attached appendix for a list of thirteen things you should know before entering into a building program.

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**"Great outcomes do not happen by chance. Inevitably, there is a sophisticated, intentional, and strategic process that propels organizations forward to success."**

**George Barna: The Power of Team Leadership:  
Achieving Success through Shared Responsibility**

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## ***The Right Steps - In the Right Order***

**Note:** The processes summarized below are not strictly sequential; in some cases, there may be overlap between one or more prerequisite steps, and those following.

### **1. Objectively Understanding Needs and Feasibility**

The needs and feasibility study will objectively ask and answer the right questions to determine the most appropriate solution that, within the actual financial ability of the church, best meets the needs of the ministry, the congregation, and the community.

- a) Is building the right answer? Do we really need to build, and if so, why?

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- b) If we need to build, what do we need to build that will best meet the needs and vision of the church, now and into the future?
- c) What can we afford to build, and how will we pay for it?
- d) Where should we build, and why is that the right answer?
- e) Given our financial situation, when will we be able to build?

This critical first step provides the information necessary for a successful church design and building process. It provides the framework for most, if not all, of the decisions to come. You will find it is also instrumental in creating and maintaining excitement and unity in the body of Christ while also fostering financial support.

***NOTE: If you don't get this initial step correct, your entire process will be compromised; after all, there is no right way to build the wrong thing.***

## **2. Planning Phase**

The planning phase provides an overall master plan that includes current and future building phases that support the church's current and future needs and vision. It is in this phase where the conceptual floorplans and renderings for both the building program and fundraising effort are created. This plan is defined by the needs and feasibility process, which will meet current and projected needs within the financial ability of the church. An all-inclusive project budget is created to include site cost, construction cost, FF&E (furniture, fixtures, and equipment), seating, audio-visual and lighting, etc. This is also the phase where the church explores finance options. Last, but not least, in this phase the various methods of construction project delivery are reviewed to determine which option is the best fit for the church's unique needs, abilities, and tolerance for risk.

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## **3. Capital Campaign**

A capital campaign is one of the four factors that determine a church's building budget and is an important part of every church's financial building strategy. A professionally facilitated Church Capital Campaign will typically raise between one and three times the church's current annual income. Founded on the biblical examples of capital fundraising (yes, it's in the Bible) and best practices, a successful church capital campaign will first bear spiritual fruit. This spiritual fruit, in turn, leads to increased giving of the members' time, treasure, and talents in supporting the church's vision and mission. After the conclusion of the campaign, when the campaign results are known, is often a good time to talk to lenders about financing.

## **4. Procurement Phase**

The procurement phase builds the construction team. It is the process of interviewing, selecting, and hiring the best architect, general contractor, or design builder for the job, as well as various other required parties (civil engineering, survey, geo tech, testing, AVL, seating, etc.). Contract reviews, negotiations, and modifications occur in this phase. The procurement phase is crucial in that it establishes the contractual relationship and divides responsibility and risk fairly between the church and all other parties. Proper team building and contract negotiations is critical in reducing the church's cost and risk.

## **5. Design Phase**

The design phase is where conceptual drawings are turned into working drawings, value engineered, and made ready for bids and pricing. The typical stages of design progress are 35%, 65%, and 100% construction drawings. At each stage of the design progress, drawings must be reviewed for compliance to the functional design and budget requirements, design or scope creep, and for additional areas of potential of cost savings.

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## **6. Pre-Construction Phase**

This phase is a final review of the design drawings and specifications for their conformance to the church's ministry needs and financial budget, followed by obtaining required approval and permits from all governing agencies. The pre-construction phase is where final construction bids and subcontractor pricing are reviewed for reasonableness and completeness in preparation for the beginning of the construction of the project.

## **7. Construction Phase**

This is probably the most familiar and exciting phase. This phase insures the planning that has been done in the preceding phases is executed properly. The most important aspects of the construction phase are found in managing the cost, quality, and progress of the work. These are done in order to insure the church receives the building they anticipated within the church's budget and timeline. Regularly scheduled progress review meetings should be held to stay ahead of potential issues, address changes as they occur, and to verify the percentage of work completed prior to monthly progress payments.

At the completion of the project, it is important to track and verify completion of the punch list prior to final payment. It is also the time to obtain all closeout documents and warranty information, final project accounting, and final lien releases from all contractors and suppliers associated with the project. Proper closeout of this phase draws a clear line of transfer between the builder and the church and insures the church is free from any liability in the future.

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**Now You Know The Right Steps And The Right Order: How Do You Get Started?**

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### ***Getting Started - Who NOT to call first***

Following the common practice of the day is not always the best choice, and an architect or builder is often NOT the first person you should call when planning a church building program. Our experience has shown that about 4 out of 5 churches that do this end up with an initial church building plan they cannot afford to build. This is how *millions of dollars of church money is wasted every year*. In addition to costing your church precious money, it also causes the church to waste momentum, enthusiasm, time, and effort. Time, manpower, and money are three things that most churches do not have enough of; and the church cannot afford to waste any of them.

All too often, churches become victims of the “Kid in a Candy Store” syndrome, and the architect is handing out candy. Churches tell the architect everything they would like to have in their building, and the architect designs a facility that meets all their subjective expectations. Unfortunately, in most cases, when the bids come in the project is so far beyond the church’s budget that they would never be able to build it. While architects are good at designing facilities that look great and serve their intended purpose, most are not good at determining construction cost, and they are certainly not qualified to help you determine what you can afford to build.

***True Story:*** A builder presenting to a breakout group at a church building conference asked the pastors in the room how many of them, when they took over their pastorate, had found building plans in a closet, desk, or box that were never built: **20 out of 22 pastors raised their hands!** This was far more than the 4 out of 5 that we believe is more common across the country, but it certainly proves the point! If each of those 22 churches spent only \$60,000 on plans, *the pastors in that room alone represented \$1.2M of money wasted on church plans that were never built.*

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## ***Getting Started - Who YOU SHOULD call first***

Chances are your church will never consider a task that is more complex or demanding in terms of cost, effort, and risk than a church construction project. A church construction consultant acting in the role of owner's representative can be the key to the success of your church building program.

With wisdom, knowledge, and experience, a church construction consultant works for you on your behalf, in essence becoming your qualified staff member who can safely navigate the minefield to success.

With this godly and experienced help, you will have the ability to drive your construction program, as opposed to just being a passenger along for the ride, hoping that you get where you want to go.

A church construction consultant will help you achieve success by helping the church:

1. Objectively understand its ministry needs and space requirements.
2. Have a clear understanding of its financial capabilities, assist in getting the church's "financial house" in order for financing, and objectively understanding what the church can truly afford and how to pay for it.
3. Facilitate planning and development of a master plan that will meet current and projected needs within the financial ability of the church.
4. Execute a spiritually and financially successful capital campaign.
5. Interview or recommend lenders that specialize in church construction.
6. Interview prequalified architects, builders, or design-builders that specialize in church construction.

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7. Negotiate contracts to divide responsibility and risk fairly between the church and all other parties.
8. Design and build a facility that meets its ministry and space needs.
9. Keep the total cost of the project within budget and on time.
10. Receive the anticipated quality of service, materials, and workmanship.
11. Manage the entire process on behalf of the church in order to reduce cost, increase value, avoid unnecessary risk, and minimize stress on the church and leadership team.
12. Stay focused on ministry throughout the process.

**Note:** Not all church construction consulting firms can offer this full range of services. Make sure you select a firm or combination of firms that can provide the full continuum of service.

### ***Accomplishing The Steps Correctly: How Do You Do It?***

By now, you probably realize that your church most likely does not have the experience or ability to self-deliver a project effectively and safely – after all, you are a church, not a construction company! The best thing to do is partner with a church construction consultant/owner’s representative who works for you and who will lead, guide, advise, and **represent the church and its best interests alone**. Bringing in a qualified resource insures you are just as equipped and experienced as those across the negotiation table from you. In other words, heed the wisdom in the saying, “Don’t bring a knife to a gunfight.”

The church construction consultant/owner’s representative will help you identify what you need to build and when to build it, maximize efficiency during design, reduce contractual risk, and

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provide equal representation during construction. By doing so, you will gain an objective, seasoned, and experienced church resource working with you from concept to completion who will help you achieve the best outcome in your church building program. This will give the church leadership the qualified confidence and experience to lead the church through the building process in an optimum manner.

### ***Why not just let the architect or builder look out for the church's interests?***

The architect, general contractor, and other hired professionals are each contractual agents of the church hired to provide design and construction services related to the project. Each one is invited into the church's inner circle almost as if they were a member (at least early on, before any problems arise). However, each of these parties has a contractual responsibility to produce something tangible for their portion of the project, and this sets the stage for a potential conflict between the parties at some point, with your church stuck in the middle.

Additionally, each party has a fiduciary duty or legal responsibility to their organization to look out for its own best interests (financial and others). As long as their best interests are aligned with those of the church, there are no problems. However, this rarely remains the case throughout the entire project. When there is significant financial or legal risk, it creates a conflict of interest between the vendors and/or the church. This potential for conflict will exist between all parties that produce something tangible for the project.

We do not mean to imply that general contractors, architects, or others begin with ill intent, or are bad people. However, each has a legal and financial responsibility to their own organization that can put them at conflict with the church's best interests. All too

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often good intentions and good will are overridden by human nature and expediency.

### ***How is a church construction consultant/owner's representative different from the others at the table?***

In the purest form, an owner's representative is a true extension of the church staff. The owner's representative sits on the church's side of the negotiation table. They do not have conflicting personal or financial interest in the outcome of the project. They are fiduciaries, facilitators, and managers, as well as servants for the church. They do not prepare any design documents, purchase any of the materials/equipment, or construct any of the work. They are not associated with anything physical on the project, and they don't make more money when the scope of the project changes.

This unique position removes any conflicts of interest, or any appearance of impropriety. The owner's representative approach preserves independent judgment, insures a true and unbiased advocate for the church, and provides a single point of communication that benefits both the church and building team by maximizing effort and minimizing confusion or miscommunication.

**The primary purpose of the consultant is to achieve the best financial and physical outcome for the church.** The best interests of the church remain the best interests of the church construction consultant/owner's representative.

A church is called to ministry, not construction. A church construction consultant makes time, knowledge, wisdom, and experience available to the church to achieve the best outcome while protecting the time of the leaders and the quality of ministry the church provides.

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To receive maximum benefit, choose a church construction consultant or owner's representative who can take your dream and walk with you all the way to the dedication service.

## ***What Will It Cost to Hire a Church Construction Consultant?***

Maybe a better question would be, "**What kind of savings might we expect** as a result of hiring a church construction consultant?" The answer may surprise you, as it is not intuitive. At the risk of sounding blunt or self-serving, one might say that is the wrong question and the ultimate question should be, "What will it cost us NOT to hire a construction consultant or owner's representative?"

The church often does itself a disservice by unfairly focusing on the cost of the construction consulting service and not the value in potential savings gained from the engagement. Not understanding the relationship between cost and value can lead the church into choices that seem reasonable at the time, but end up resulting in increased project cost, stress, and effort. Effective stewardship can only be measured in the long view of the completed project and the true cost of the finished project.

As in all commercial construction, cost overruns are a major issue in the church construction industry. The causes vary, but almost all projects come in over budget. According to industry statistics for commercial construction, change orders alone typically add between 5% and 15% to the original contract price, much of which is avoidable with proper planning and management. Avoidable, that is, IF you know how. Guess who will typically end up paying for most cost overruns? If you guessed the church, you would be correct.

A church construction consultant's fee is typically between 1 and 5% of the project, depending on the project size and complexity.

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The savings, as a result of having an experienced advocate looking out for the church's best interests, are typically far greater. **These savings result in a net gain to the church, not additional expense.**

In a church building program, we are not talking about measuring value in pennies; we are talking about benefits to the church of 10's and 100's of thousands of dollars, and in some cases a million or more! *Here is a real-world example.*

A church in Georgia with a \$10M budget for a new worship center spent over a year of time and \$550,000 in precious money with an architect, only to receive a set of plans for which bid estimates came back between \$14M and \$19M dollars – a whopping 40-90% over budget! The project was then turned over to a church construction consultant who walked the church through terminating the contract with the architect, and then assisted the church in the process of selecting and contracting with a design-build firm.

From that point forward, under the management of the consultant, the church's experience went from painful to practically painless. Approximately 18 months later, the church moved into a beautiful facility that exceeded their expectations. Elevating this process from good to great was the fact that the final cost came in over \$300,000.00 below the church's budget!

An investment of \$250,000 (2.5% fee over the course of the whole project) in a consultant at the beginning could have saved the church a year of time, \$550,000 in wasted architect fees, and a great deal of stress. Thankfully, the church chose to make the investment in wise counsel before going any further. The investment went on to produce actual savings during construction of over \$300,000, and also allowed the church to avoid costly change orders, which based on industry statistics could have conservatively been \$500,000, or more.

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In summary, the potential value of the consultant's fee to the church, had they hired him at the very beginning, was over \$1.3M. These savings do not include the great value of avoiding a year's worth of lost time, energy, and momentum.

Even coming into the process late, and not counting the likely cost overruns, the consultant reduced the project cost by at least 40% from the initial bids received and provided a hard-dollar savings on top of that of over \$300,000. **So how much did it cost to hire the church construction consultant?** The real question is how much did it cost the church not to hire him?

Being a good steward of the church's limited resources is (or should be) a major concern for every church. For most churches, a building project is the largest single opportunity for good or poor financial stewardship they will ever have. A church construction consultant sets the stage for good stewardship by providing knowledge, wisdom, and experience to the church's side of the table.

Your consultant acts solely on behalf of the church, always acting in the church's best interests without compromise or conflict of interest, thereby effectively leveling the playing field between the church and the builder or design build firm. The consultant's loyalty is to the church, not to the architect or builder's bottom line.

Now that you have a better understanding of the process, the players, and the playing field...

### ***The Next Step For You Is Almost FREE!***

All it will cost you is a little bit of your time to contact us to learn more about how this service can benefit your church. We urge you to make a small investment of time to discover how the services we provide have great benefit and value to you and your ministry.

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***“A wise man will hear and increase in learning, and a man of understanding will acquire wise counsel.”***

Proverbs 1:5 (NASB)

Please contact us to discover how we can be an advocate for your church in order to help insure an optimum outcome.

# 13 THINGS TO KNOW BEFORE BEGINNING A CHURCH BUILDING PROGRAM

This handy checklist will help you determine if you know what you need to know in order to lead your church successfully through a building program from dream to dedication.

1. Do you know how to objectively determine your church's *real* financial ability to build?
2. Do you have the experience to develop an effective ministry-centric space plan within a given budget?
3. Do you know how to identify and translate both the current and future needs of your ministry into a master plan that will provide appropriate facilities?
4. Do you know how to motivate members to give sacrificially above their current level of giving?
5. Do you have the skills to objectively evaluate a builder or architect, and knowledge to negotiate the key aspects of commercial contracts in order to properly place responsibility and minimize risk to the church?
6. Do you know how to manage the design process and value engineer the project to insure budgetary, aesthetic, and functional requirements are met?
7. Do you know what kind and how much insurance to carry during construction?
8. Do you know how to hold an architect, builder, or other contractor accountable to their legal or ethical responsibilities?
9. Do you know the 3 major root causes of cost overruns, and how to avoid them?
10. Do you know how to evaluate technical issues or changes presented by the builder and/or architect and to determine the appropriateness of change orders and the cost thereof?

11. Do you know how to resolve conflicts of professional opinion between the architect and builder?
12. Do you know the types of documents you need from the builder at closeout in order to minimize the church's ongoing cost and risk?
13. And finally, do you know how to do all of this while continuing to lead your church effectively?

### ***Fasten Your Seat Belt***

Assuming you are not a qualified pilot, you probably shouldn't jump in the cockpit of a jet plane full of people, push the throttles forward, and hope for the best. Why? Because you don't know how to fly the plane, and barring a miracle, disaster is now less than the length of a runway away.

You are getting ready to jump behind the controls of a church building program with your whole church on board. If you answered "no" to some of the questions above, you have a far greater chance of costly problems or failure, for there are many more ways for a building program to go wrong than there are for it to go right. Surely you want to get the most qualified pilot you can to fly your church to its destination.

Are you interested in having someone on your side of the table who knows the above and will represent your church for its benefit? If you would like to know more about how you can bring in the knowledge, wisdom, and experience needed to insure your building program is an unqualified success, give us a call for a free initial consultation.