



STEWARDSHIP CONNECTIONS

A Newsletter for Financial Connections

Being a Leader of Integrity by Merle Burkholder

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A number of years ago I accompanied a friend to assist him in an attempt to return a vehicle he had purchased from an auto dealership. The dealership had charged him about \$15,000 for a vehicle that had a retail book value of around \$8,000. In addition to that, they had financed the vehicle through the dealership, with an annual interest rate of over 30%. In our discussions with the owner of the dealership, he refused to take the vehicle back or modify the loan. In the course of our conversations he told me that it was obvious that I know nothing about the car business. I told him that I am a pastor, and I may not know anything about the car business, but I do know about ethics. My knowledge of ethics told me that what he had done was wrong; it may have been profitable, but it was wrong.

My discussion with the owner of the car dealership raises the question of whether being good at business and being good at ethics are mutually exclusive. As Anabaptist people, we want our ethics to be part of our business values and practice. We believe that the end does not justify the means.

How are we going to conduct business in such a way that we follow our own Biblical, ethical values and still remain profitable as a business? I believe the

answer to that question lies in men who focus on being leaders of integrity. These men will live lives of integrity, and will also provide the kind of leadership that will result in others within their organization doing the same.

In order to think about this, let's define the terms "leader" and "integrity." A leader is a person who goes first. We could compare a leader to a guide or a conductor of an orchestra; he knows the way to go, or what should be happening, and he helps others work together in an organized way to achieve the desired result.

John C. Maxwell said, "A leader is one who knows the way, goes the way, and shows the way." This is illustrated by the Biblical model of Ezra the scribe. In Ezra 7:10, Scripture tells us that "Ezra had prepared his heart to seek the law of the LORD, and to do it, and to teach in Israel statutes and judgments." Here we have an important sequence: learn, do, and then teach. A true leader is one who learns, then applies what he has learned in his own life, and then shows, or teaches, others.

Samuel Johnson said, "Integrity without knowledge is weak, and knowledge without integrity is dangerous and dreadful." A leader who has acquired knowledge, but does not have integrity, is a difficult person to work with. Integrity is an essential quality for a skilled and accomplished leader.

What is integrity? Integrity is moral soundness, honesty, and freedom from corrupting influence

Relating to Donors [PART II]

An Article Addressed to Board Members and Staff in Nonprofit Organizations

Stay True to the Values of Your Constituency

Serious donors generally know what they believe, and want their charitable contributions to work in harmony with their faith, values, and practices. They notice and act upon your organization's commitment to a shared conservative Anabaptist identity. Some organizations have to invest substantial efforts in finding new supporters because the donors they already had felt like the organization left them.

If something appears in your newsletter or public presentations, viewers legitimately assume your organization has a level of endorsement for what was shown. Every picture you print in your newsletter or show in a slide presentation, for good or ill, is a building block in your organization's reputation. It is acceptable to show that you are ministering to people with spiritual needs, but you need to exercise care that "showing something" isn't misconstrued as your endorsement of it. Your values and the donor's values may actually be very similar, but you may have unintentionally caused the donor to doubt that by carelessness in what you published.

Thoughtful consideration should be given to the standards your organization holds for the conduct and dress of your staff and voluntary service workers. Sometimes organizations rely on the conscience and good judgment of their workers, but, in reality, much of the staffing, especially in our mission organizations, is comprised of young volunteers who are in the earlier stages of their walks with God. Just like the rest of us, they need help and counsel to shape attitudes, actions, and behaviors. Serious donors *will* make judgments about your organization based on how your staff dress and conduct themselves, and have, in the past, withdrawn financial support from organizations because of the way the staff were dressed or portrayed in newsletter pictures. These donors don't expect everyone to adhere to their own personal or church standards, but they do have an expectation that a conservative Anabaptist organization will present a conservative Anabaptist testimony, in whatever place it is ministering or regardless of the type of work it is doing. If your staff or organization are heading in a direction that does not reflect the values of your supporters, either work at reforming your direction or determine to be honest in your presentations and understand that financial consequences may result.

Serious donors understand and give allowances for cultural differences in application of Scriptural principles in foreign missions, especially if you make an effort to help them understand national customs. Good explanations of cultural differences may give donors a healthy appreciation for the challenges you face and the efforts you are making. However, serious conservative Anabaptist donors notice if an organization avoids making Scriptural applications related to modesty, the headship veiling, nonresistance, teaching against divorce-and-remarriage, or the use of women in leadership positions. These donors choose to support conservative Anabaptist missions, and they are concerned when foreign mission churches appear to be more "Americanized-Protestant" than Anabaptist in nature. Evaluating any situation from a long distance is always subject to misinterpretation, so proper care must be used to communicate accurately. Donors do care about this issue and express that in their giving.

Donors also recognize and support positive trends. They express heart-felt appreciation for missions that consistently produce three things in mission churches: (a) churches that endure over time with orderly transfer of control to native leadership, (b) native leadership that perpetuates conservative Anabaptist applications and values with good teaching, and (c) churches that show an ability to retain their youth and young families. These are good and reasonable expectations for donors to have as they evaluate your programs.

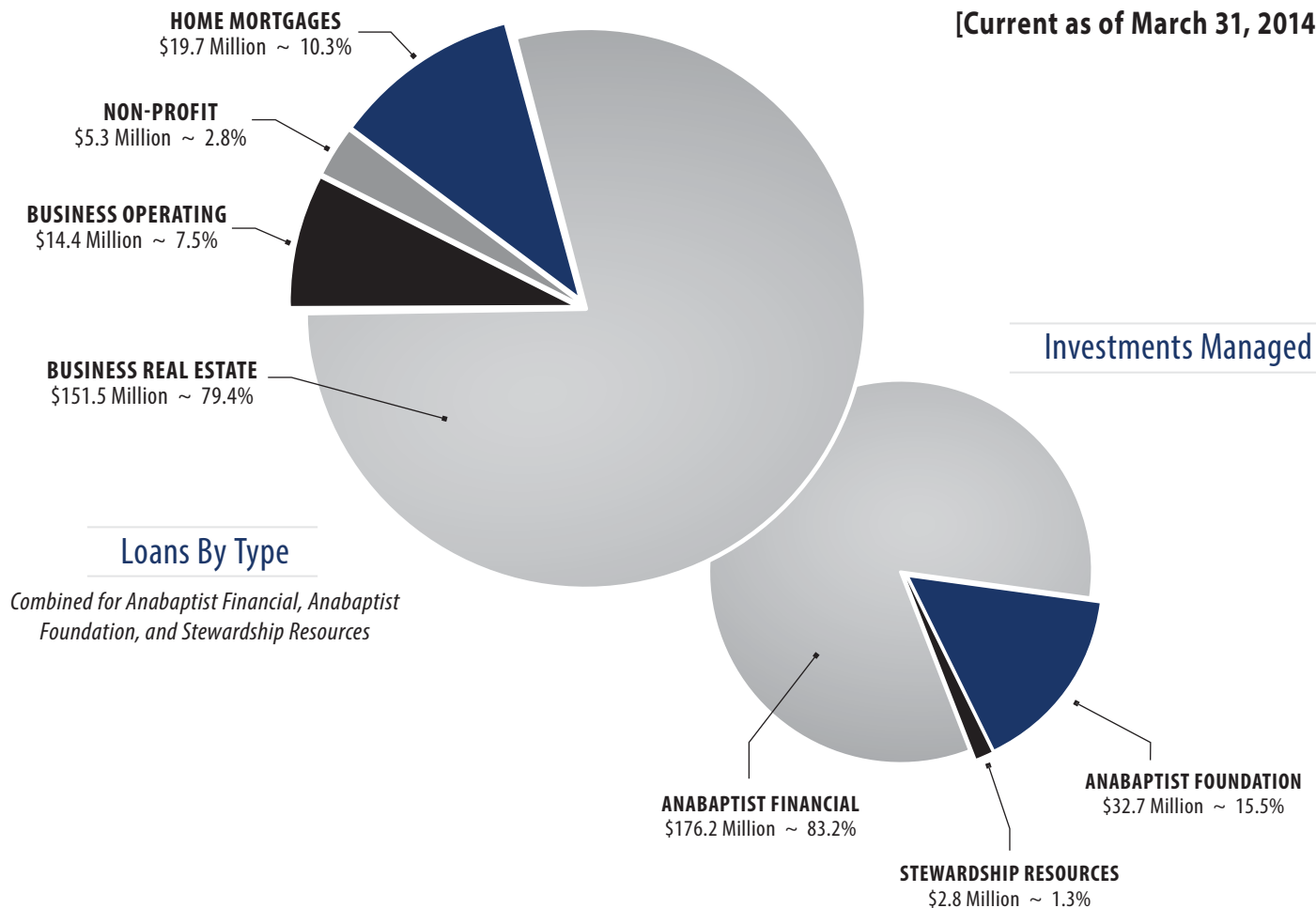
Keep your Organization Fresh and Responsive

Serious donors enjoy engaging with nonprofit organizations that have a living and growing vision, and they withdraw from organizations that seem tired and faltering.

Many conservative Anabaptist organizations were founded by visionary leaders who saw a need, stepped forward, and attempted to do hard things for God. Their vision drew the support of others, and a ministry blossomed. Some of these "founding fathers" intentionally built organizations that focused squarely on the mission and infused vision into others who could perpetuate the ministry after they were gone. Other ministries came to feel, in some ways, like the ministry of a man or a small group of men, subject to their limitations and mortality. The latter organizations seem to have difficulty moving past the shadow of their founder and struggle to

Operational Report

[Current as of March 31, 2014]



Loans By Type

Combined for Anabaptist Financial, Anabaptist Foundation, and Stewardship Resources

Investments Managed

maintain a new vision for the organization.

Your organization may have had a founder with a good and noble vision, but is the focus now on the vision, or on the charisma of the founder? Is the mission of your organization—what you do—more visible than the people involved? It helps to keep the attention focused on the work at hand rather than on individuals.

Experience is a valuable thing, but so are new ideas and the energy to take on new challenges. Is your board of directors in touch with the constituency, or is it more of an “old boys club,” where the same men are re-elected for years-on-end without the balancing effect of younger blood? How often are new board members added? Do board members stay active in raising support for the ministry? Do your board members represent and speak with authority for their church

constituencies? A good balance of experience mixed with new vision and ideas is necessary for growth and change.

Is your organization actually accomplishing change? Are your programs proven to be effective? How often do you conduct a cost-benefit analysis on an existing program to decide if it should be continued? As a very general example, relief work has been a major mission focus among conservative organizations over the last several decades. Relief work is very appropriate—in its time and place. But it is also fair to ask if your organization is actually creating solutions, or perpetuating the problem by administering handouts. A particular country where many conservative Anabaptist missions work is plagued by chronic poverty, and frequently referred to by donors as “the bottomless

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Borrower Survey Responses

Each year, we conduct a survey with new clients who recently opened an account at Anabaptist Financial. Our purpose for these surveys is to gauge how we are doing and to hear suggestions for what we can do to improve our services. Below are excerpts from our most recent borrower survey. By featuring them here and providing a response, we hope to answer questions which others may have.

How could we improve our service to borrowers?

We did not receive clear communication on loan origination fees.

Our loan origination fees are outlined on the Borrower's Agreement, which all borrowers must sign at the time they submit their loan application. We will seek to draw attention to the importance of the information in the Borrower's Agreement, and will also highlight loan origination fees in our initial correspondence to loan applicants.

Continue working to speed up the approval process, but I realize there is a lot involved.

Our goal is to give loan determinations in a timely manner. The number of loan applications has been high at times, and we acknowledge that too often we have not achieved this goal. To address this concern, Anabaptist Financial has recently hired an additional loan officer. We are actively striving to expand our service ability to loan applicants.

Have a single contact for the approval process.

Because of the manner in which office responsibilities are distributed, Anabaptist Financial processes loan applications using three individuals:

1. Someone in the office answers initial questions and assists a loan applicant with submitting his application.
2. After a loan application is received, one of our loan officers makes contact to process the application.
3. After a loan is approved, someone in the office prepares the loan documents and funds the loan.

Have a website where you can sign in to your account to view and edit personal info, as well as make payments.

We periodically receive this request. Anabaptist Financial has explored the option of online account accessibility, and we have determined that, for now, the cost and effort of implementing an online feature are prohibitive. Participants are welcome to call the office at any time to inquire about their account balances. Additionally, borrowers may choose the ACH payment option to have their monthly payment automatically debited from their bank account.

The need to have loan documents notarized is a little inconvenient, but we do understand you need to have your protection.

Certain legal loan documents do require a notary signature. For example, a mortgage document requires a notary signature in order to be filed at the courthouse. This requirement protects a homeowner from someone placing a lien on his property without his consent.

It would be great if you could offer fixed rate loans at some point.

Locking interest rates for our investment and loan pool such as ours would be complex, and would involve many variables that could potentially put the organization at risk. As Anabaptist Financial grows, we will continue to explore the possibility of offering fixed rates.

Additional Comments

- We really appreciate your organization. Godly men who are willing and able to direct and share their wisdom and experience are a tremendous blessing! Thank you!
- Thank you for fusing finance, professionalism, and faith.
- We really appreciate the focus of a brother helping a brother concept.
- We appreciated your position in maintaining Biblical principles. The lawyer we used stated he hasn't seen such a minimal amount of paperwork in long time. In his view, this was a sign of integrity.
- Seeing your board system and accountability requirements is encouraging, comforting, and trust building.
- We really appreciate to be able to borrow from a firm that is built on godly principles. We talked to one local bank prior [to AF], and not only would they require to purchase insurance for all buildings, but also life insurance. Thank you.

Pricing Strategies by Donald J. Sauder, CPA

While sales revenue is a key element in business, one of the most important decisions a company makes about their products or services is price. Sales govern business, but price governs profit. Pricing strategy should never be neglected. Even small price variations can significantly increase or decrease business profitability. For example, if a business manufactures carved book-ends, wages may create a significant cost of goods sold, meaning that an increase in price of 5% may increase net profit significantly. If a company's net profit is 20% of sales, increasing prices by 5% would increase net profit by 25%. On sales of \$900,000 per year, net profit would increase by \$45,000.

Determining appropriate prices is not an exact science, but there are several approaches that can help make this important decision. First, it is helpful to understand who the customer is and what they "can" pay for a product or service, and secondly, what they "want" to pay. Then, one or more appropriate pricing strategies can be implemented.

Cost-based pricing, often the default pricing mechanism, calculates fixed and variable costs and applies a percent markup to determine the selling price. This method overlooks the customer's willingness to pay, and competitive pricing environments. Most often, it is not that easy.

Competition-based pricing is based on observed and anticipated current or future competitor prices for similar products. While price may be one of the most important criteria for customers, relying solely on competition-based

pricing lacks due diligence and may be an unsustainable business strategy.

Value-based pricing uses the perceived customer value of a product or service. Appropriate research can assist in determining what adds value to a specific product or service, along with understanding the elements that provide the most value to the customer.

Understanding the marketplace and customer needs is vital. Thomas Edison is quoted as saying, "We will make electricity so cheap that only the rich will burn candles." While candle manufacturing declined with the invention of electricity, it remains a viable business with pricing strategy based upon unique products and customer tastes. Edison's pricing strategy for electricity was not profit from unique customer preferences, but rather customer volume.

The ultimate goal in pricing is to make price second to value. Value should lead what a business brings to the marketplace. Whether the value comes from a shopping atmosphere, product quality, or excellence of service, delivering value to the customer is key.

A business that delivers excellent value can increase prices without losing sales to competitors. Sales determine revenue, but good pricing strategy determines profitability. A value-based pricing strategy is a crucial success factor for any business. Good value relieves the pressure to offer the lowest price, and provides reasons a well-trained sales staff can use to overcome pricing objections.

Accountant Position Available

Anabaptist Financial has a staff position available at the AF office in central Pennsylvania. We are in search of someone to fill an in-house accountant position. Requirements include accounting experience and/or training.

Please direct inquiries to:
Tim Stoltzfus
800-653-9817, ext. 201
timstoltzfus@afweb.org

Business Advising assists businesses with developing strategies and implementing the best solutions to tough issues. For information on how Business Advising can partner with you in your business challenges contact:

David Sauder
(Advising Administrator)
800-653-9817 ext. 206

or motive. Integrity exists when our inner thoughts, motives and intentions match our outward actions. This definition reflects the kind of life Jesus taught when He instructed us to live in such a way that we do not need to swear oaths—that our “yes” actually means “yes” and our “no” actually means “no.”

A young couple from our church was looking for a reasonably priced lake-shore home. This type of property is very difficult to find. They heard of a couple who was planning to sell their lake-shore home. On a Friday afternoon, after some discussions, they agreed on a price, and both couples verbally agreed to the sale. Over the weekend, many more people became aware of the possible sale of the home. The owner received over 20 phone calls about the home, and several other offers to purchase. One of those offers was \$50,000 more than the verbal agreement. The purchasing couple was worried that after being so close to owning the home, the owner would choose to sell it for more than they could afford to pay. However, on Monday the owner contacted them and told them he was keeping the verbal agreement, and would sell them the home at the price they had agreed upon. Sometimes integrity costs us money. Everyone who has heard about the integrity of this selling couple has a new level of respect for them.

We all know from experience that living a life of integrity—being true to our values and beliefs—is not easy. We all face temptations, and they seem to come at the weakest points in our lives, in times when we are especially vulnerable. In the book *Being God's Man...In The Face of Temptation*, Stephen Arterburn, Kenny Luck, and Todd Wendorff list eight areas of temptation that men face. They write that every man is tempted to:

1. Fold when hard times come
2. Have an undisciplined thought life
3. Give in to sexual temptation
4. Fudge when it comes to obedience
5. Compare himself with and judge others
6. Let loose with his tongue in anger
7. Believe the myth of materialism
8. Live in isolation from other men

As leaders we have more freedom to make choices. We have influence and control, by virtue of our positions, that make it possible for us to choose our actions with more freedom than most. We need to honestly set boundaries for ourselves. We

need to remind ourselves that we have predetermined not to fudge facts, not to be immoral, not to hurt others with our words, not to live only for the accumulation of wealth, and not to live a life that is hidden from other men.

Being a leader of integrity requires humility. It requires accountability. It requires honesty. These Biblical character qualities are summed up in a list of “10 Universal Characteristics of Integrity” that were published in the May 2005 issue of the *Optimize* magazine:

1. You know that little things count
2. You find the white when others see gray
3. When you mess up, you fess up
4. You create a culture of trust
5. You keep your word
6. You care about the greater good
7. You are honest but modest
8. You act like you are being watched
9. You hire integrity
10. You stay the course

The corporate culture of your business or organization begins with you as a leader. If you are passionate about your own personal integrity, including your relationships within the company and with your clients and suppliers, your employees will tend to follow your lead. Often you set the standard by which your employees measure both themselves and their co-workers. If you model integrity, hire integrity, teach integrity, and reward integrity, you will most likely have a high level of integrity in your business.

Integrity is important for us as Anabaptist leaders. God has called us to lives of integrity. Leadership does not exempt us from that call. Micah was an Old Testament prophet who served God during the reigns of the Judean Kings Jotham, Ahaz, and Hezekiah. It was a time of material prosperity.

God had a message for His people in prosperous times through the prophet Micah. In Micah 6:8, God gave His message and call to integrity: “He hath shewed thee, O man, what is good; and what doth the LORD require of thee, but to do justly, and to love mercy, and to walk humbly with thy God?”

God calls us as leaders of integrity to do justly. We are responsible to do the right thing, even when others treat us wrongly. We know intellectually that two wrongs don't make a right, yet we struggle not to treat others as they have treated us. A leader of integrity does the right thing and promotes

justice. We can do this by treating others with fairness and equity. Incorporating the Golden Rule into our own thinking helps us to discern the right thing to do.

God calls us as leaders of integrity to love mercy. We tend to want mercy for ourselves and judgment for others. A leader of integrity knows when to extend mercy and demonstrate a caring and forgiving attitude. The leader of integrity cares well for his employees. He knows there are policies and rules that help a company or organization to minimize challenges, but he also knows that sometimes there can be exceptions to the rules without creating an undue hardship for the company.

God calls us as leaders of integrity to walk humbly with our God. Humility fits well with integrity. Remembering our own failures and lack of perfection can help us to turn our backs on arrogance and pride. We have been the recipients of God's grace and forgiveness, and we can extend the same to others. A leader of integrity willingly submits to those in authority over him. He submits to government officials and policies, to those in spiritual authority, and to the Scriptures.

We live in a society that has not done well with integrity. Ethics are often situational. Morality has been sacrificed for convenience. Honesty is considered to be old fashioned. As Anabaptist leaders, our integrity is on display to a society that has lost its way. Be true to your God, and hold firm to your Biblically based values.

I once went to the police station with a man who had not only violated the laws of the land, but who had also violated Biblical commands and his own conscience. After he had made his confession to the police officer, the officer made a comment to this effect: "You have not only broken the laws of our country, you have broken the ethics of your faith, and the values by which you have lived. We can address the legal issues, but you have some larger breeches of trust that you will need to deal with."

When we fail, may we be humble enough to repent. Let us strive to be true to God and to the Scriptures, and to live lives of integrity that are above reproach. I believe the world is looking for men of integrity. Let us be such men. Let us live lives of integrity, and also show and teach the way of integrity to others.

Merle Burkholder has over thirty years of mission leadership experience in Canada. He serves with Missions Interest Committee as assistant pastor in the Believers Fellowship Church in Sioux Lookout, ON. Merle is the board chairman for the Institute for Global Opportunities in Chiang Mai, Thailand, and also serves as the administrator of Open Hands, an organization that provides Christ-centered economic development opportunities for the poor in underdeveloped countries.

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hole." Supporters of these organizations are expressing some "donor-fatigue"—a weariness of giving year after year without seeing substantive changes, and they are getting more vocal about it. Again, relief work is proper in its time and place, but donors are eager to see a new vision emerge for dealing with root problems and creating sustainable change. Organizations that provide this new vision will attract the financial resources they need to implement it. Mission organizations that are perceived to be administering only handouts may see their resources diminish over time as serious donors look for a better return on their charitable investments.

Do serious donors see leadership with a vibrant vision in your nonprofit organization? Do they see an organization that continually applies Band-Aids to problems, or an organization that works on root causes? Is your vision fresh or stale?

In conclusion, a word of encouragement is much in order: conservative Anabaptists are well-equipped to do Kingdom work. Our theology is grounded in a plain reading of the

Conservative Anabaptists are well-equipped to do Kingdom work.

Scripture and applied to real life in practical ways. Our people are nurtured up to value serving others. We are not afraid of hard work. And, very practically speaking, we have no shortage of financial resources. Nonprofit organizations that do what they say or explain why they did not, that spend wisely, that maintain standards and values, and that display vision will accomplish much for God's Kingdom.

This concludes the article. Part I was published in the February 2014 Issue of Stewardship Connections.

Seminar for Deacons, Financial Advisors, and Trustees

Our concept of brotherhood involves helping those with financial struggles. Many in our church circles serve others as private advisors, church-appointed trustees, or as church deacons. Gary Miller (Christian Aid Ministries) and Joel Martin (AF Board Member) will share topics designed to outline Biblical principles and offer practical advice for helping those in financial distress.

To register, please contact the AF office at (800) 653-9817 or by email: info@afweb.org.

◆ ◆ **Registration deadline May 12th due to limited seating.** ◆ ◆

WHEN: May 20, 2014
8:30AM – 5:00PM

WHERE: Jonas Coblentz Community Building
5630 CR 203, Millersburg, OH 44654
(west of Berlin, OH)

Website: www.afweb.org • Phone: 800-653-9817 • Fax: 866-230-6253 • Email: info@afweb.org

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Stewardship Connections with Integrity

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