

# 5 Hidden Costs of the **WRONG** CHURCH MANAGEMENT SOFTWARE



TouchPoint

See disciples. Not data.

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# INTRODUCTION

To discover the real cost of your church management system (ChMS), you have to think past the price tag.

Determining the true value of your ChMS is never as simple as just looking at the sticker price. It involves weighing a number of different factors—including ongoing fees, data management capabilities, and the growth impact your system has on your congregation.

While calculating the real cost of your ChMS can be a challenge, it's important to consider all the factors to ensure your system is giving your ministry the very best return on its investment.

## WHY SPENDING TOO MUCH ON YOUR CHURCH SOFTWARE IS A PROBLEM

Let's be real: technology is expensive. That's just the nature of the world we live in. While church management systems are beneficial in a variety of different ways, they also require a significant financial investment.

The *Giving USA 2019* report (which looks at giving data from 2018) showed a 1.5% decline in religious giving last year. [An analysis of the report by the Indiana University Lilly Family School of Philanthropy](#) notes, "Even as giving to religion declined in total dollars this year for the first time since the great recession, giving to religion as a share of total giving has been experiencing a downward trend for several decades." The same post also notes that churches may already be seeing decreased donations because of the recent tax reform—which lifted the standard deduction, resulting in fewer people itemizing charitable donations.

Given these factors, churches need to be careful not to overspend on church management software. While this technology is a vital tool that will benefit your congregation in a number of ways, you also want to make sure you're getting the most for your money. Every dollar you spend should be returning value.

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**WITH THE NEEDS AND BUDGETS OF TODAY'S CHURCHES, YOU DON'T WANT SOFTWARE COSTS DRAGGING YOU DOWN—ESPECIALLY AT A TIME WHEN RELIGIOUS GIVING IS IN FLUX.**

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## WHY SPENDING **TOO LITTLE** ON YOUR CHURCH SOFTWARE IS ALSO A PROBLEM

It's always good to save money. But cutting corners when it comes to church management software could end up costing you more in the long run. If your ChMS isn't getting the job done for you—if it's not providing all the capabilities you need it to, if it's not effectively collecting data, if it's not increasing efficiencies for your ministry—then it's not providing value (no matter how low the cost may be).

Remember, investing in the right church management system is building infrastructure for your church that will enable you to grow. Being able to know as much about your members as possible will help you serve them better. A high-quality ChMS will help you not only identify people who are already giving a lot to your church, but having good data will also enable you to find people who can invest more treasure (dollars), time (volunteering), and talents (teaching, lay leaders, discipling, etc.) to strengthen your ministry.

Also, keep in mind, even if you're spending *less* on your ChMS, you're still investing a lot of money in this technology. If you're using software that isn't meeting the needs of your congregation, or isn't intuitive or user-friendly to your team, people will inevitably start to wonder: *"This is what we spent our money on?"*

## TOO OFTEN WITH CHURCH MANAGEMENT SYSTEMS, PRICE IS MORE THAN MEETS THE EYE

To determine if you're spending too much or too little on your ChMS, you first must be aware of the hidden costs associated with church management software. We put together this resource to help you consider some areas where your ChMS might be costing more than you realize.

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**REMEMBER, INVESTING IN THE RIGHT CHURCH MANAGEMENT SYSTEM IS BUILDING INFRASTRUCTURE FOR YOUR CHURCH THAT WILL ENABLE YOU TO GROW.**

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HIDDEN COST #1

# TAKE IT TO THE BANK

## Are You Getting Charged More Than You Should for Donations Processed through Your ChMS?

Online giving to churches continues to grow. While ministries have previously lagged behind other nonprofits when it comes to accepting digital donations, they are starting to catch up. Last year, the increase in online giving to religion more than doubled compared to the overall increase for the rest of the charitable sector.

The reason for this is simple: More churches are seeing the value of offering this giving channel. People (especially younger generations) don't carry cash or checks on them much anymore. Providing an online giving option enables those churchgoers to make donations and pay for events with credit cards.

With online donations, a fee is charged every time a donation is made through your system. This is standard practice. **Unfortunately, what a lot of church leaders don't realize is that all systems do not charge the same fees.** Some can actually charge a notable amount more than others. These fees add up over time.

This hidden cost can increase the true cost of your church management system—which means a larger portion of your members' contributions could be eaten up by fees skimmed off the top.

### PAYMENT PROCESSING FEES VARY WITH DIFFERENT CHURCH MANAGEMENT SYSTEMS

If you're like many churches that have made the move to online giving, your central means of receiving donations and accepting payments for event registrations may be your church management system. This is a great feature and an incredible convenience—but it also could be costing you more than it should be.

**UNFORTUNATELY, WHAT A LOT OF CHURCH LEADERS DON'T REALIZE IS THAT ALL SYSTEMS DO NOT CHARGE THE SAME FEES.**

## DOES YOUR SYSTEM USE INTERCHANGE-PLUS OR TIERED PRICING?

The way it works is all processors (or merchants) are charged the same *interchange rates* from the credit card companies whenever a payment or donation is processed.



**Interchange rates:** Falling between 0.05% and 3% (depending on the type of credit card), the interchange makes up the majority of each transaction fee. Each credit card has a unique interchange rate that is static, for the most part. The interchange fee goes to the bank that issues the credit card.

From there, the processor will add their own fees on top of the interchange—which is how they make a profit. Some processors do this using *tiered pricing*.



**Tiered pricing:** Tiered pricing puts credit cards into a few different collective buckets based on interchange rates (0.5%–1%, 1%–2%, etc.) with a different percentage fee charged for each bucket. This structure simplifies things, but also sends more profit to the processor.

Depending on which processor your church management system uses, you may be paying reasonable or unreasonable processing fees for your donations. Some church management systems also charge their own fees for every

online gift you receive. So along with the interchange rates and processing fees, the system itself takes a cut of any donations you receive through the software.

These fees may seem small on the individual level, but they stack up over time to cost you more money. Are your rates being marked up, or are you keeping that money for your mission? If you haven't investigated what your payment processing fees and/or ChMS charges are for each transaction, the answer could be an unpleasant surprise.

### Key Takeaway

**With lower processing fees, more money can stay in your ministry. Make sure you're always getting interchange-plus pricing.**

HIDDEN COST #2

# DATA SILOS

## Does Your ChMS Require You to Turn to Other Solutions to Manage Your Data?

Silos are great for farms. They provide an advantageous space to store grain and other materials for long periods of time. They are, however, not so great for data. Having your data in silos means your information is isolated into different areas—making it incredibly challenging to put the pieces together.

For today's churches, having easy access to data about congregation members is incredibly valuable. It enables you to not only keep track of the people who are coming to your services, events, programs and activities, but also gain a deeper understanding of who they are as individuals and what moves them to action. Data is one of your greatest listening tools.

### THREE WAYS CHMS DATA DEFICIENCIES ARE COSTING YOUR CHURCH

Most church management systems are intended to make collecting and accessing data easier on some level. But not all of them succeed. **Whether you realize it or not, how well your ChMS delivers when it comes to data can have a big impact on the overall value of your system.**

Here are a few ways the data failures of your church management system may be costing your ministry:



#### 1. MESSY DATA

Thinking about the state of data in your church right now: *Is it organized? Is it updated? Can you quickly find what you need?*

Ministry is an imprecise and often messy line of work—that's just the reality of being human. But that doesn't mean your data has to be messy. Many churches are struggling with databases that look like they've been rocked by a tornado. Information is incomplete, in multiple places, and incredibly fragmented.

The thing is, a church management system should help solve these problems—not add to them. In some cases, ministry staff and church members have stopped using their current church management system and now their data is out of date. These headaches have made too many church databases a source of embarrassment for church administrators.



## 2. USING AND PAYING FOR OTHER TECHNOLOGIES

When a ChMS doesn't provide a centralized data platform, or doesn't make updating and accessing data convenient, a common workaround is the use of other software, tools, or apps chosen by each department. So one team might be keeping spreadsheets over here while another team is tracking volunteers with an app over there.

This adoption of new technologies to solve specific ministry pain points is understandable, but this approach creates a couple of different problems:

The cost factor. Different point solutions all have their own subscription costs, meaning you could potentially be paying double or triple the cost for a member record that resides in different systems.

Your data just ends up living in silos. These systems don't sync up with each other so your data remains disconnected. As a result, you miss out on crucial insights.



## 3. NOT HAVING A COMPLETE PICTURE OF THE DATA

When your data doesn't all live together in the same place—and it's not organized, updated, and accessible—it does not give you a

full picture of what's going on in your church. This is a huge loss.

This prevents leaders from understanding who attends the church, how they are participating in programs, and what drives them to deepen their commitment. Essentially, this keeps you from listening to your congregation and providing them more of what they need.

## YOUR CHMS SHOULD BE A ONE-STOP SHOP FOR ALL YOUR DATA NEEDS

If your ChMS is not providing a single source for all your data needs (at no additional charge), that is definitely a cost you should be factoring into the overall price you're paying. Messy data, using different data sources, and not being able to make the most of your data are all things that cost your church time and money.

### Key Takeaway

**Your church management system should be the single source of accurate, up-to-date information about your members.**



HIDDEN COST #3

# TECH TEAM

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## How Much Time Does It Take for Your Team to Manage and Maintain Your ChMS?

Old sayings get repeated throughout the years, decades, and centuries for good reason. There's typically some timeless wisdom embedded within those words. Take for example the old adage "Time is money." The idea behind this phrase is that time is a resource as valuable as the dollars in your bank account.

We sometimes forget that when we're calculating budgets and trying to cut costs. But as anyone who has ever embarked on a do-it-yourself home (or church) improvement project knows, oftentimes cost-saving measures simply turn into another form of cost. This is commonly the case when it comes to maintaining church management systems.

### HOW TO CALCULATE HOW MUCH YOUR CHMS IS COSTING YOU IN MAINTENANCE

**A key aspect of the true cost of your ChMS is how much time you have to put in to manage or maintain it.** Unless you're contracting a specific person to fill this role (which some churches do), it can be hard to tally how much time and money you're really investing into ChMS management. But there are things you can look at to get a ballpark figure—which for a lot of ministries can be pretty eye-opening.

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Follow these steps to get an estimate of the cost of the time involved to maintain your system:



## PEOPLE

Start at the most basic level:

*How many IT team members does it take to build, host, and maintain your technology?*

*How many people are currently working to manage your ChMS in some way (these people can be salaried team members, hourly personnel, or volunteers)?*

Write down the number of people associated with your system.



## TIME

Now think about how much time each person on your team invests managing your ChMS on a regular basis. *How many hours per day, week, or month does each individual spend doing something to keep your system up and running?* Ask these people to try to give you as specific an approximation as they can.



## MONEY

Here's a simple equation you can use to better understand the hidden cost of building, managing, or maintaining your church management system:

### Salaried Employee

Take the individual's annual salary, and divide it by 2,084 (the number of hours worked per year based on a standard 40-hour workweek). Then multiply that number by the number of hours they spend working on your ChMS on a daily, weekly, or monthly basis.

$(\text{salary}/2084) \times (\# \text{ of hours}) = \text{hidden ChMS cost}$

### Hourly Employee

For hourly employees, the equation is a little simpler. Just multiply their hourly wage by the number of hours they spend working on your ChMS each day, week, or month.

$(\text{hourly wage}) \times (\# \text{ of hours}) = \text{hidden ChMS cost}$

### Volunteers

Even if all the team members working on your ChMS are volunteers and their time doesn't cost you a dime, your ministry is still paying a price. Think of all the ways the talents of these individuals could be put to work for your church elsewhere if they didn't have to spend that time maintaining your system.

## REMEMBER: EVEN A 'FREE' SYSTEM ISN'T ACTUALLY FREE

**While there are some “free” open-source church management systems out there that allow incredible flexibility, they are free in the way a puppy is free.** You can take them home without writing a check, but they require lots of attention, time, and resources to customize and maintain. So when it comes to church management systems, *free* is a word you should definitely take with a grain of salt.

A cost-effective church management system is one that provides the standard functionality that meets most of your ministry needs, but is also flexible enough that custom projects can be built to accommodate your ministry.

## THE TIME AND TALENTS OF YOUR TEAM ARE A VALUABLE COMMODITY

Whether you have someone on staff who manages your ChMS, a volunteer who takes care of it, or you do it yourself, there is cost involved in some way. Time is money—especially as that time starts to snowball and add up over the weeks, months, and years. So don't ignore this hidden cost.

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## Key Takeaway

**Look for a church management system that maximizes every dollar you spend on IT systems and staff.**

HIDDEN COST #4

# TOO MANY APPS

## Are Multiple Mobile Applications Costing Your Church Resources, Engagement, and Efficiency?

Apps capture a lot of time and attention these days. According to a June 2019 eMarketer report, U.S. adults now spend more time looking at their mobile devices each day than they do watching TV—and the vast majority of that time is spent using apps (as opposed to a mobile browser like Chrome or Safari).

With the way people use their phones today, it only makes sense for churches to provide an app where congregation members can get messages, register for events, make donations, and more. **The problem is too many churches don't provide members an all-in-one mobile experience. In some ways, this problem circles back to church management systems.**

### WHY HAVING TOO MANY APPS HURTS YOUR CHURCH'S CONNECTION EFFORTS

In the past, having a mobile app for your church basically meant having a mobile version of your website. It was a passive way for churches to deliver information to community members. Many churches have moved beyond this and are now

using multiple apps to solve for different ministry needs, such as:

- Streaming video/audio messages
- Giving
- Small group organization and communication
- Staff member and lay leader task assignment
- Registrations and ticketing

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This “solution” has created a new set of problems for churches. They include:



#### **Paying the price for multiple**

**apps:** Similar to the costs associated with using different data solutions across ministry departments, multiple apps fragment your data, take up unnecessary memory, and come with their own subscription and maintenance fees. Basically, you may be *paying more* to have all these different apps and getting *more downside* in return.



#### **People only use a select few**

**apps:** Studies show that most people spend the majority of their time within the same few apps (mostly social media, messaging, banking, news, and video streaming apps). So even if one of your church’s apps has become a favorite of an individual, it is unlikely they are returning to multiple apps of yours on a regular basis. There’s actually a good chance that if someone downloads one of your apps, they either don’t know you have any others or simply won’t download another one.



#### **Some (or all) apps get lost in**

**confusion:** Having multiple apps typically means some logistical headaches—both for your staff and your congregation members. People wonder: *Which app should I use for this? Which one for that?* It

can be hard to keep track. When things are more complex than they need to be, people often end up doing nothing.

## YOUR CHMS SHOULD GIVE YOU ONE APP TO RULE THEM ALL

**An easy and efficient way to cut costs and clear app clutter is to offer your members and staff one app that syncs seamlessly with your database.** It should be customized and branded for your church and serve as an extension of your church management system.

Your app should provide congregation members convenient access to all the actions they would want to take from a mobile device—checking in, listening to sermons, registering for events, making donations, volunteering, updating their contact information, and more. It should also provide staff a place to login and track touches, schedule follow-ups, coordinate engagements, and more.

Instead of disconnecting your community with multiple apps, you should unite them with one point of entry they can access from anywhere.

### Key Takeaway

**Your ChMS should enable you to provide a single, full-featured mobile app for both your team and congregation.**

HIDDEN COST #5

# UNPLUGGED MEMBERS

## Is Your ChMS Helping You Identify At-Risk Members before They Disengage from the Church?

We've saved the most serious cost for last because it's the most expensive and, at the same time, the most unquantifiable. It's the cost of church members disengaging or "unplugging" from your church. This is a problem that every church faces, and every church would love to find a way to improve in it, even just a little bit.

Ideally, your church management system should be a tool that helps you make substantial progress in this area. We mentioned earlier that data can be a great listening tool. When used effectively, your ChMS essentially works to magnify your listening—providing you alerts when a member might be getting ready to check out *before they actually do it*.

### EVERY MEMBER YOU LOSE COSTS YOUR CHURCH (FINANCIALLY AND SPIRITUALLY)

**One of the most important things a church management system does is help you keep track of what everybody's doing in your congregation.** It's important to know who's investing their time, treasure, and talents into your church. Those are the individuals who are making disciples and building up the Kingdom of Heaven.

Church members disengage for a wide variety of reasons—job changes, marital troubles, a death in the family, conflict within their small group, financial burdens, and the like. Whatever the reason, your ministry needs to know before they slip out the back door. Your ChMS can help point you in the right direction.

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## INDICATORS OF AT-RISK MEMBERS

Too often, churches aren't able to track the leading indicators of disengagement. That's where your ChMS comes in. Some indicators your system can help you track include when:

- They decrease their service attendance.
- Their children stop attending classes.
- They stop volunteering.
- They stop giving.

These are just a few indicators, and those can change based on how many different channels your church offers people to engage.

## MONITORING FOR RED FLAGS

Here are a few ways you can use your ChMS to identify members at risk to disconnect and engage them before they check out:

1. Run regular attendance reports from your church management system to see who is dropping off. Have a plan prepared for how to reach out to those individuals.
2. Analyze attendance data to see if there are any telling trends. You may discover that certain demographics tend to peak or drop off at certain times of year.
3. Use the information you find in your data to equip lay leaders with strategies to combat lagging attendance or help new members assimilate more quickly and easily.

**By monitoring your data for red flags, you can make sure to be there for congregation members when they need you the most.**

## HOW YOUR CHMS CAN SAVE YOUR CHURCH THE COST OF LOST MEMBERS

Sometimes a kind word, a short conversation, or even a hand on the shoulder at the right moment is all it takes to keep a church member from walking out. Identifying that right moment—before it's too late—is crucial.

Your church management system should be able to automatically alert you when an individual or family meets the conditions that qualify them as “at risk” for leaving the church. That way, you can set in place processes for ministry staff or lay leaders to follow up and investigate. Even if you're able to save just one or two more members each year, that can make a huge difference for your church.

### Key Takeaway

**Your ChMS should help alert you to potential red flags that a member may be at risk for leaving your church.**

# CONCLUSION

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Don't forget to account for these hidden costs when calculating the true value of your church management system.

There's no doubt church management systems are a worthwhile investment that can pay off for your ministry by helping to streamline your operations, enhance your communications, and increase involvement churchwide. But not all systems are created equal; and not all systems are the right fit for your church.

With the state of religious giving in something of a transitional period and the stewardship of your ministry dollars always a top concern, you definitely want to make sure you're not *overpaying* for your ChMS. On the other hand, to nurture and grow your congregation, and put your church in the very best position to succeed, you want to make sure you're not *underpaying* for your ChMS either.

So how do you strike the right balance? **The key lies in considering not just the digits on the initial price tag for a church management system, but the hidden costs as well.** They include:

## 1. PAYMENT PROCESSING FEES

- Some church management systems charge higher fees for processing donations.
- *Tiered pricing* means your system is costing you more over time.
- Make sure you're getting interchange-plus pricing.

## 2. DATA DEFICIENCIES

- Some church management systems are easy to update and to access information—some are not.
- If you're using other technology to manage your data, that's an added cost.
- Your ChMS should be your go-to source for updated data about your members.

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**THE KEY LIES IN CONSIDERING NOT JUST THE DIGITS ON THE INITIAL PRICE TAG FOR A CHURCH MANAGEMENT SYSTEM, BUT THE HIDDEN COSTS AS WELL.**

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### 3. SYSTEM MANAGEMENT & MAINTENANCE

- Consider how many people are working to manage your ChMS and how much time they're spending to maintain it.
- Time is money: Employees and even volunteers could be using their time to benefit your church in other ways.
- You want a ChMS that maximizes your IT staff and systems.

that investment—how it helps empower leaders, build disciples, and strengthen your congregation.

Finding a church management system that provides all the features and benefits you want without breaking the bank may seem like an impossible task. But by shining a light on what you're really paying for your system, you may find a clearer path to striking the right balance when it comes to cost.

### 4. MOBILE APPLICATIONS

- Too many churches are using multiple mobile apps to accomplish different goals.
- Using multiple apps confuses congregation members, fragments data, and often involves inefficient spending.
- Your ChMS should enable you to provide members and staff one app that does it all.

### 5. DISENGAGED CONGREGATION MEMBERS

- There is a financial and spiritual cost every time your church loses a member.
- Too often churches aren't able to track the leading indicators of disengagement.
- Your ChMS should help you identify members at risk for leaving the church before they *walk out the door*.

By looking beyond a system's price tag to the ways your current system is costing your church, you can begin to see the bigger picture. The true value of your ChMS not only comes from the time, money, and resources you have to continually invest in it, but also from the return it delivers on

# NEXT STEPS

*Are you spending too much or too little on your church software?*

Schedule a discovery call with a member of our team to evaluate whether TouchPoint is the right solution for your church.

Our aim isn't to pressure you into making the switch if TouchPoint isn't right for you. Instead, we want to ensure you're equipping your ministry with exactly what it needs to reach its maximum effectiveness.

Schedule a call today: <https://www.touchpointsoftware.com/try-it/>

# WHY TOUCHPOINT?

TouchPoint is an affordable, online church management and engagement system that helps leaders grow disciples. We offer the simplicity of an off-the-shelf solution and the flexibility of a custom solution. Our fully integrated mobile app empowers staff and lay leaders to manage and engage your church.

TouchPoint provides:

- The lowest possible transaction fees
- Database synching and detailed data dashboards
- Easy customization and management (less IT time!)
- A branded mobile app for members and staff
- Alerts to identify at-risk members



## TouchPoint

See disciples. Not data.