

THE SYNOD OF LIVINGSTONIA

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This case is intended to encourage students to address the steps necessary in order to analyze, study, create, and implement a long-term strategic plan for a non-profit organization in a third world country. Resources are extremely limited, and the demand for basic services is unlimited. Key to this analysis and discussion is the recognition of the significant differences in national cultures and the necessity to develop a strategic plan that respects the country's culture and values.

This field-researched case concerns Malawi, a small, poor country located in the southeast of Africa which is among the world's least developed and most densely populated countries. The economy is heavily based on agriculture with 85% of the people living in rural areas. Malawi has a low life expectancy and a high infant mortality rate with the highest population per doctor in the world. Health problems include HIV/AIDS, malnutrition, and malaria.

The Synod of Livingstonia is an organization sponsored by the Presbyterian church which is much like a small government that oversees the schools and hospitals in its area. Clearly, the Synod is overwhelmed by the challenges it faces and the meager resources it has to address these challenges.

BACKGROUND

Malawi is a small, poor country located in the southeast of Africa and is among the world's least developed and most densely populated countries. It is a landlocked country bordered by Zambia, Tanzania, and Mozambique and is approximately the size of the state of Pennsylvania. Lake Malawi is more than 45 thousand square miles, the third largest lake in Africa. The population of Malawi exceeds 15 million people with a labor force of approximately 5.75 million. The 2009 GDP is estimated at \$800 per capita.

In the 19th Century the country was colonized by the British who ruled until 1964 when independence was declared. The economy is heavily based on agriculture with 85% of the people living in rural areas. Tobacco represents 53% of the country's exports with

sugar cane, tea, coffee, and cotton also being important crops.

Most of the population is associated with the Christian religion. Roman Catholic and the Church of Central Africa Presbyterian represent the majority of the people. 13% of the population is Muslim. Malawi's illiteracy rate is 38% overall, but much higher among women than men.

Malawi has a low life expectancy of 51 years at birth and a healthy life expectancy of only 35 years. There is also a very high infant mortality rate of 83.5 deaths per 1000 live births. The maternal mortality rate is 940 deaths per 100,000 live births. Malawi has the highest population per doctor, ranking the worst in the world with 88,321 people per doctor.

The most significant health problem is HIV/AIDS which infects 14.2% of the population and causes 80,000 deaths per year. Seventy per cent of all hospital beds are occupied by HIV/AIDS patients. Hundreds of healthy people are infected each day. Malnutrition is also a grave concern and is present among 49% of all children under age five.

Malawi has eight million cases of malaria per year which ranks second to HIV/AIDS in hospital admissions.

THE SYNOD OF LIVINGSTONIA

The Synod of Livingstonia is an organization sponsored by the Presbyterian Church and is located in Mzuzu, Malawi, Africa, on a small campus protected by a brick wall. Although it is controlled by the church, it is much like a small government and has been given the responsibility of overseeing the schools and hospitals within the boundaries of that Synod.

There are three main Synods in the whole country of Malawi. The leadership of each Synod is held by a minister in a position called "General Secretary" with members of an advisory board that makes up the decision-making body of the Synod. The General Secretary (GS) is always a minister, and the majority of the members of the leadership team (Advisory Board) are ministers. Some of the leadership team are very well educated and have college degrees, but most have minimum credentials.

The ministers in Malawi are considered very important and powerful people. They are respected leaders in the community and are seen as having the ability to get things done. Most ministers in this country spend the majority of their time conducting funerals. The customs of Malawians include funerals that last two to three hours, then walking great distances carrying pine boxes to the final resting places. The number of deaths from HIV/AIDS, malaria, and mal-nutrition are numerous.

The General Secretary has organized the Synod of Livingstonia into thirteen departments (see Exhibit A), each of which reports to the GS. Each department has a specific function and focuses on specific projects and concerns. Some of these departments may have a one-person office/manager/worker and others may have five to ten employees. Many of these departments work to provide the basic human needs of life, i.e. clean water, sewage, and education.

The Synod of Livingstonia continues to grow in Malawi with 500,000 to 600,000 members. The Synod oversees three hospitals, but there are very few actual beds as many patients sleep on grass-made mats on the floor. In addition, there are 550 small schools and a teaching college. There are nineteen presbyteries (a governing district consisting of a minister and elders representing each church within the district). In total, there are about 150 congregations in the Synod of Livingstonia plus one University with five colleges including theology and nursing. The Synod also operates an HIV/AIDS Program that includes orphan care centers.

FINANCIAL SUPPORT

Each Presbytery within the Synod is expected to send in funds from their congregations to help support the agencies of the Synod and to cover the expenses to operate the main office of the Synod. However, most of the churches are very poor and unable to contribute very much. The churches are consumed with the expenses of burying the dead and providing food for the living. Clean water is a luxury and unavailable in many rural parts of the country.

Because of the mission work that has been established throughout the years, many other countries have mission teams that come to work in Malawi and provide financial resources. Some of the larger organizations such as the Church of Scotland and the Presbyterian Church USA donate large sums of money, although it is small in relation to the need. Some individual congregations around the world give money to support the Synod of Livingstonia specifically.

Some government grants have been received, but they continue to decline either through lack of funding or theft of the funds before reaching the Synod offices.

“Shallow Wells” is a special program of the Synod that provides clean water in rural areas. This program is well advertised and pulls at the heart-strings of many people who want to assist the people of Malawi. Concerned people who cannot travel to Malawi to participate in mission work frequently give money that can promptly be used to produce quick results. This department receives more financial support than most other departments because all people can relate quickly to the problems created by

contaminated water.

These wells are installed by the Development Department and target rural areas where there is little, if any, access to clean water. In 1990, twelve shallow wells were installed; by 2008, installations had grown to 1713 wells. Each well costs approximately \$350, and local villagers assist with the installation. This program has received strong support. The General Secretary believes that similar programs can be developed that would attract equally strong support.

All Synod departments are primarily supported through gifts and contributions from supporters in other countries, including both individuals and other churches. Up to this point, there has been very little, if any, reporting mechanisms or processes to manage and control the receiving of funds and the expenditures of the funds received. This lack of oversight is resulting in the misuse of funds and poor stewardship of the gifts received.

In addition, the Synod is unable to report to donors of how their gifts were used, the estimated benefits made possible by the contributions, and how future donations would be used. The GS believes that improved stewardship and timely reporting of financial transactions will lead to greater financial support and enhance the Synod's ability to serve its people.

CRITICAL NEED

Two major problems, among a plethora of smaller ones, are facing the Synod:

1. The Synod does not have the leadership or the understanding to analyze, create, and work through a long-term strategic plan to insure the longevity and sustainability of their work, and the GS has not established the priority to develop such a plan.
2. The Synod has not had the money or resources (i.e. electricity, computers, supplies) to keep current, accurate records; as a result, there is little semblance of financial reporting available for long-time supporters. This is a major obstacle to building the trust and future support of donors.

When donors seek out opportunities to give financial resources, they almost always direct their funds to a specific project instead of undesignated funds. While this is understandable, it creates hardships among those departments that do not have the "heart-string pull" attached. For instance, four of the thirteen departments, Livingstonia Synod Aids Program (LISAP), Development, Health, and Education, receive most of the direct donations. And of these four, LISAP and Development receive the most. LISAP deals primarily with Aids issues and the orphans created by the death of those with Aids in the country. Development deals primarily with installation of water wells (Shallow Wells)

in various communities so that people can have clean water.

Other departments such as Education and Youth have the opportunity to develop programs that would be appealing to donors. Today, public school only goes through the sixth grade, so the majority of Malawians do not go to school thereafter. Programs could be developed to encourage students to continue their education after the sixth grade by offering scholarships to cover the costs.

Similarly, the Youth Department has the opportunity to keep the youth off the streets and out of trouble, thereby developing a more responsible young adult that might avoid the AIDS epidemic and study to provide for their families.

ASSISTANCE

The Myers Park Presbyterian Church of Charlotte, NC, sent four of its members to Malawi to survey the situation and to assist the General Secretary of the Synod of Livingstonia (GS) in any way possible. Financial assistance was available if the group thought the funds could be used effectively. They were pleased that the GS welcomed them and solicited their advice and assistance.

The four people included

1. An accounting professor (Professor)
2. A prior partner with Deloitte –Touche (Deloitte)
3. A cost accountant employed by a publicly traded company (Cost Accountant)
4. A previous missionary with a MBA degree and currently a business manager of a large church (Business Manager)

Detailed discussions with the GS and his staff revealed that the daily demands of life and death situations consumed their time and attention. There was very little time to consider long range plans, to determine priorities, to establish goals and objectives, much less create a strategic plan. Most of their efforts were directed to the daily, sometimes hourly, struggles with basic human needs.

In order to better serve the patients at its hospitals, the students enrolled in its schools, and the many departments depending on their leadership, the GS expressed his wish to organize the affairs of the Synod in a more business-like manner. He understands the urgency of increasing financial resources to serve the needs of the people, but realizes that financial accountability and transparency in financial reporting is essential to attract donors. How can the GS establish a system of accountability with the meager resources of the Synod? Would this group of four from Charlotte assist him?

Once the financial accountability and reporting is established, how should the Synod

organize a solicitation program to raise money? In the past, some supporters have had a specific interest in providing funds for clean water. However, some urgent needs such as help for Aids patients are not as popular as others. How should this be addressed?

The General Secretary also wishes to prioritize the challenges of the Synod and the needs of the people. How should funds be allocated to various needs? Some funds are received with specific designations of how the donors wish them to be used, and other contributions are unallocated. Should the GS request funds for specific purposes? If so, how could this be implemented?

The Synod is organized into thirteen departments, but some have more urgent needs than others. Is this organization reasonable? How should the various departments be coordinated?

To coordinate this effort and provide oversight, which is housed under the Presbyterian Church, what system would you design to make sure that the administrative offices have adequate funding to continue the huge responsibilities they have in overseeing all thirteen departments? How do you convince donors this is a necessary component of the support they provide? Is it?

The Charlotte group of four is overwhelmed. The tasks facing the GS are significant indeed. How can they assist the GS to organize the operations of the Synod and establish effective managerial controls? What should be done first?

Each of the four was assigned a task to address with written suggestions of the actions that must be considered. Then the group would reconvene in a week to establish priorities and merge their suggestions into an overall plan. The assignments were as follows:

1. The Professor was asked to develop a basic form to record receipts and expenditures of cash by department on a weekly, monthly, and annual basis and to develop a process for collecting this information for the greater Synod. In addition, a list of people to receive this information was to be recommended.
2. The Deloitte alumnus was asked to review the organizational structure of the Synod and make suggestions for changes. In addition, he was asked to evaluate the key people in the leadership team as to their managerial abilities and capacities for additional responsibilities.
3. The Cost Accountant was asked to develop a basic budget that represented the minimum funds needed for the Synod to function as well as a desired budget to perform the basic functions.

4. The Business Manager was asked to develop the most important need or project for each of the 13 departments and to suggest how this could be presented to donors in a way that would generate interest and financial support. Also, the Business Manager was asked to prioritize the 13 projects from a Synod perspective.

Bringing some order to a very complex and difficult situation with extremely limited resources is a most challenging task, but nothing happens until the effort gets started. The plans will have to be modified and adjusted as the project proceeds. The group of four enters this effort with open minds as to how they can best assist the Synod of Livingstonia.

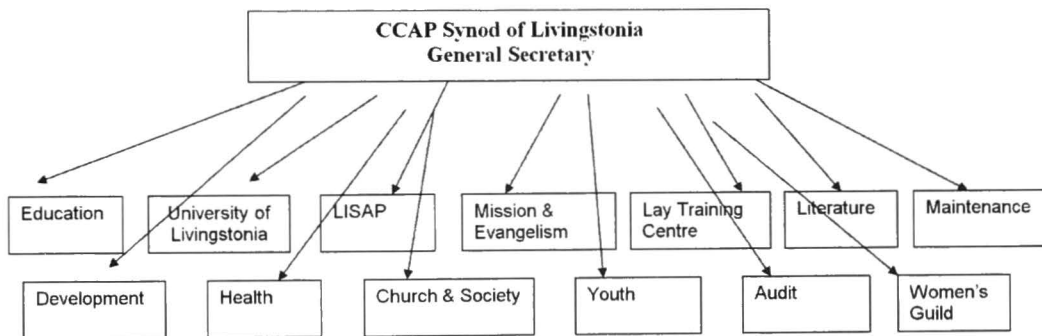


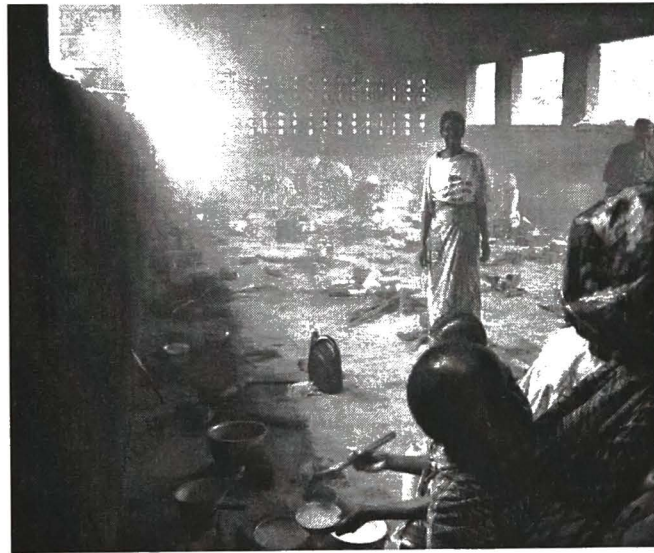
EXHIBIT A

Departments of the Synod of Livingstonia

Education	Responsible for 550 schools in the Synod. Building, providing teachers, and administration.
University of Livingstonia	A university focusing on education, nursing, theological, and technology training.
Livingstonia Synod Aids Program (LISAP)	Focuses on issues with Aids, and orphan care as a result of Aids.
Mission & Evangelism	Training of ministers and evangelists.
Lay Training Centre	Help in training lay people to work in various positions in the Synod.
Maintenance	This department provides maintenance, repair, and upkeep for all of the departments.
Development	Focuses on providing water wells in villages for clean water and development of waste and sewage systems in the small villages.
Health	Runs the hospitals and associated nursing school.
Church and Society	Focuses on issues related to the church that impact the country and community.
Youth	Focuses on developing programming and activities for youth.
Audit	Audits all departmental records each year.
Women's Guild	Provides assistance with planning and starting your own business for women.
Literature	Translates any literature that the Synod would like to disseminate into the local language

EXHIBIT B

Photograph 1: This is the hospital kitchen at Embangweni. The families have to bring food and cook in this kitchen for their loved ones or they receive nothing to eat or drink. There is a well on site where families must bring buckets to provide water for their hospitalized family.



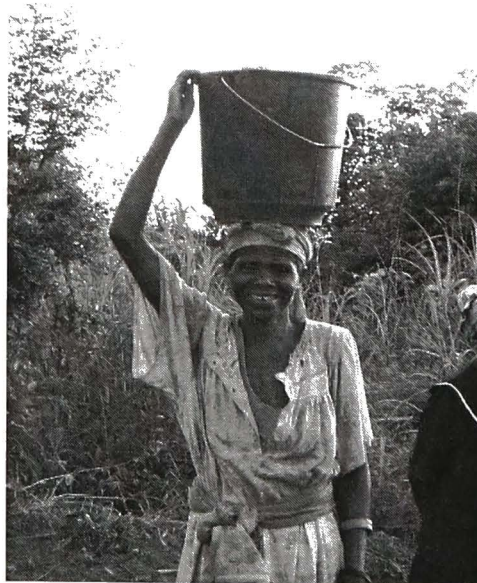
Photograph 2: These patients sleep on mats on dirt floors in the maternity ward. Each pregnant woman has to bring someone to take care of her while waiting for the baby to be born. They are quickly taken to one room in the back with one bed. They deliver the baby and then go back to the mat with their family.



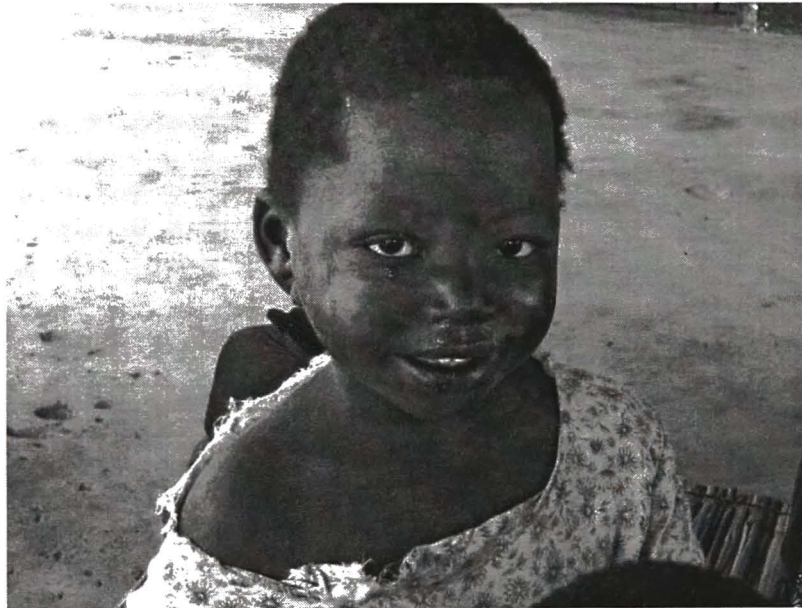
Photograph 3: These children are in an orphanage located in Lilongwe. Many of the babies already have AIDS and are left at the orphanage to die. There are very few, if any, toys and for the majority of the day, the babies are left in their cribs.



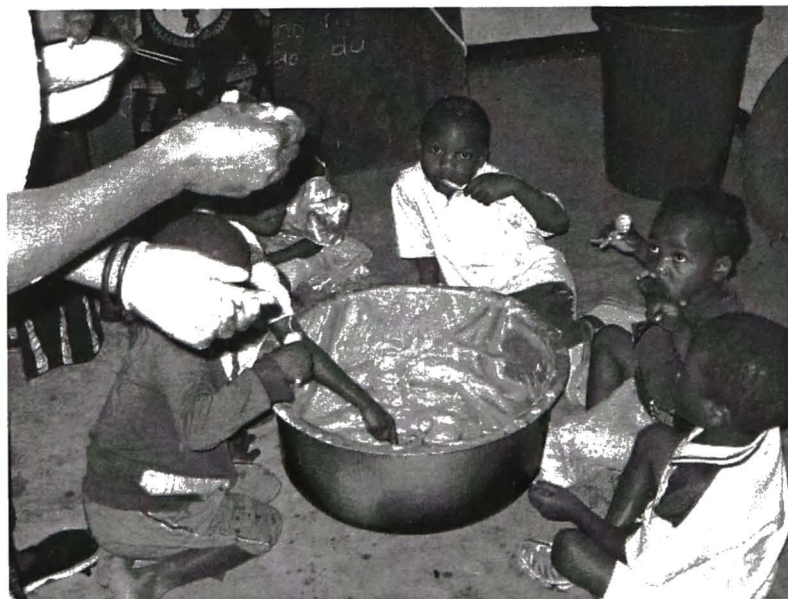
Photograph 4: The women are responsible for carrying water long distances from the shallow wells located in various villages. Most Malawians will probably walk anywhere from one to three miles just to get water for their families.



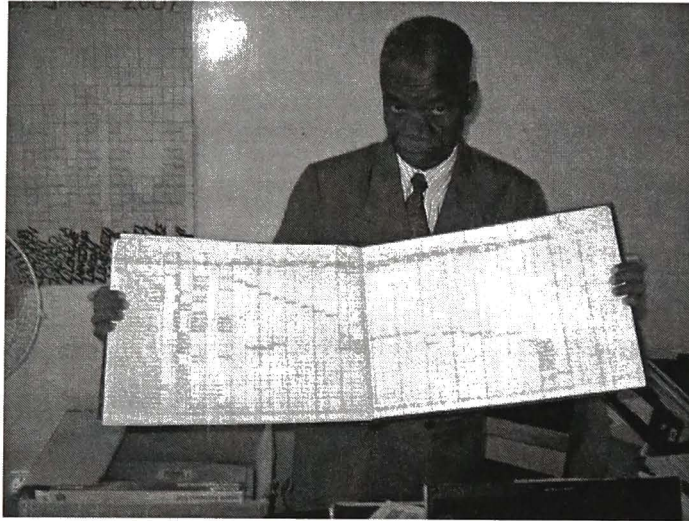
Photograph 5: This young girl has AIDS and is being treated with a drug that is given on a weekly basis to help her fight the disease. The “dirt” appearance is not from being dirty; it is the effect on her skin as a result of the drugs that help fight the AIDS.



Photograph 6: These were children at a community daycare center that hadn't eaten in two days. They were scraping the bottom of the “nsima” from the pot; it is a Malawian staple of every family and the only food most children eat each day.



Photograph 7: These are actual “accounting records” kept by the treasurer of the Synod. It is basically a cash receipts/disbursements journal. There are no “accounts” as we know them, but very carefully prepared to account for the cash coming through this office.



Photograph 8: This was a family extremely excited to have found their dinner for that evening. It is very common to boil rats to eat along with the nsima.

