The Relevance of Systems in the Administration of Theological Schools

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Schools need systems to function, but not all institutions have had an opportunity to develop them in ways that serve the mission of the school. The following summarizes three primary systems required for effective administration as well as links and suggestions for free or low cost, readily available alternatives to help schools meet their needs.

Introduction

The business dictionary defines system as "*(1) A set of detailed methods, procedures and routines created to carry out a specific activity, perform a duty, or solve a problem; and (2) An organized, purposeful structure that consists of interrelated and interdependent elements (components, entities, factors, members, parts etc.). These elements continually influence one another (directly or indirectly) to maintain their activity and the existence of the system, in order to achieve the goal of the system.*"[1]

The dictionary further states that "At the most basic level, systems are divided into two categories: (1) Closed systems: theoretical systems that do not interact with the environment and are not influenced by its surroundings. Only the components within the system are significant. Example: a sealed jar--nothing enters or exits the jar, but whatever is inside can interact. (2) Open systems: real-world systems whose boundaries allow exchanges of energy, material, and information with the larger external environment or system in which they exist".

A theological school is an open system, much like a living organism. This metaphor can help institutional leaders understand the importance of some principles in the use of systems in their role as administrators. Organisms need

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[1]   http://www.businessdictionary.com/definition/system.html

basic resources to maintain life. For example, the human organism needs food. Of course, humans need other resources and a proper environment to survive as all organisms do, but for this simple exercise let us restrain our thinking to the idea of the essential need for nutrients. Although the digestive system is primary, the process includes and impacts the various systems of the body - circulatory, nervous, musculoskeletal, respiratory, endocrine, reproductive and immune.[2] These interconnected and interdependent systems work together for the sake of the vitality of the body. Using this metaphor, systems of the school work together in service to the mission of the institution. Strong administrative support means that students learn better, professors teach better, and things work more smoothly in pursuit of the school's mission (see also Hardy, 2017).

Three systems have particular importance for administrators as they lead the school in pursuit of its mission: academics, finances, and donor engagement. Although each has its own characteristics and can run in standalone platforms, the systems have a close relationship with each other and will require points of integration for things to work well. We will consider how they contribute, individually and collectively, to the mission of the school. As tools implemented for a specific purpose, leaders will need to continually measure them against their objectives, revising, evaluating, renewing or reaffirming their usefulness in light of changes and challenges of the context.

As managers or stewards of a Christian ministry must be wise as they employ the best resources and tools available, including technology. Departmental leaders will organize and process data so that meaningful reports can be generated that will inform both the long-term strategic and daily operational decisions of the administration.

Organizing the Organism: The Purpose of Systems

Different from the human body that has involuntary systems that keep the whole organism functioning, a school has interdependent systems that require organization. Under the definition above, a system consists of "detailed methods, procedures, and routines." References and standards help the institution work coherently, moving in the same direction or fulfill its mission. The opposite scenario would mirror the book of judges - each individual doing whatever he or she has in mind, for private purposes, yet within the same organism. The result of that would be the collapse of the institution. Instead, each of the administrative departments has its own function, activities, objectivities, and outputs, but each one is part of a whole and should work together for the benefit of the institution. Clearly defined expectations related to skills, tasks, standards, outputs, and team structure help

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[2]   https://www.khanacademy.org/science/high-school-biology/hs-human-body-systems

each member of the staff know its role and contribution to the whole.

Established systems provide stability to the institution and allow ministry to continue in times of transition or crisis. Many institutions in the Majority World live with increased levels of volatility, and contexts change and bring new surprises. Established systems help the school continue to function well. Note, that organizational systems are not synonymous with restricting, hindering or impeding work, although some have governing functions. We must guard against bureaucracy,[3] which often makes an operation slow, ineffective, or even impossible. The goal here is to develop an organized school and not a bureaucratic organism. The methods, procedures, and routines have the objective of organizing the institution in service to its mission.

─ Academic Systems: Promoting the Formation of Leaders Within the Church

The academic system includes those activities related to students, courses, and the library. The educational service of forming leaders for the church – most often as pastors, missionaries, and other forms of Christian service is often organized into certificate and degree programs according to particular objectives and levels of formation. Each program can have various courses and within each course, many subjects. Excluding online learning platforms for the moment, the most pressing needs from an institutional standpoint include enrollment, attendance, and grades.

Special cases, such as subject fails and dismissals, student transfers from other institutions, and other events can add to the complexity of the system. Accrediting bodies or government offices may also have reporting requirements that the school must track. Most often, those agencies require official reports and an updated record of enrolled and graduated students. As the number of requirements, students, and offerings increase, so does the need for a system that can help the institution track these numbers.

Both the school and the student need certain records and reports. For the student, the primary need is the transcript, which shows the academic history of the student, with the courses and grades completed during the time of their enrollment. Moreover, demonstrating the interconnected nature of the systems in the "body" of the school, most institutions will not release official documents to the student until they have been cleared by other departments including finances, housing, and the library. Therefore, keeping the database up to date requires the

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3   Bureaucracy is defined as *a system of administration distinguished by its (1) clear hierarchy of authority, (2) rigid division of labor, (3) written and inflexible rules, regulations, and procedures, and (4) impersonal relationships. Once instituted, bureaucracies are difficult to dislodge or change. See* http://www.businessdictionary.com/definition/bureaucracy.html.

collaboration of various academic departments and people. It will require input from the registrar, secretaries, deans, and teachers who are responsible for the daily allocation of information. For this reason, computerized systems are most effective.

Purchasing a software package that can handle all of the school administration can be quite expensive in both its initial customization and its ongoing maintenance. Some institutions hire a programmer to develop a simple system that will serve the purpose of the school. Idiosyncratic systems have a certain risk if the initial programmer is not available for updating or fixing the system which may be required if the school reconfigures their hardware or updates operating systems over time. Some free options also exist.[4] Most do not provide all of the tools needed in an integrated fashion, which may mean more work for the school in bringing records together or producing data output.

The library requires its own system for cataloging and tracking books and other learning resources. Ideally, the institution will adopt an international platform that allows interchanges between libraries. For instance, adopting the Dewey Decimal Classification, Library of Congress Classification System, or the Universal Decimal Classification[5] helps with regard to the interchange with other library systems. Quite a few institutions have adopted Integrated Library Systems (ILS), which are available on the internet.[6] Effective systems allow for internal organization, as well as engagement with other local libraries, when appropriate.

Financial Systems: Tracking the Money

Perhaps the most sensitive, but also the most important system for the school is tracking institutional finances. Many schools struggle with financial pressure, and school leaders must have up to date, understandable information to make decisions. Therefore, a good system is critical in service to the mission of the school.

At the most basic level, the financial system provides an accounting of revenue and expenditures - the flow of money. Ideally, it all starts with a plan or a budget that constitutes a reference for setting priorities, managing expected expenses, and projecting income sources. On the revenue side, theological schools usually have three primary sources of income: tuition, donations, and third-stream income projects.[7] From a business perspective, a theological school sells educational

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[4] See the following post: https://blog.capterra.com/the-top-6-free-school-administration-software.
[5] OCLC is a non-profit global library cooperative that provides shared technology and other services. Their website explains the Dewey Decimal Classification (https://www.oclc.org/en/dewey.html).
[6] Learn more at http://www.koha.org and https://evergreen-ils.org.
[7] "Third stream" income refers to revenue generating projects that sever the school beyond the first two usual income streams of tuition and donations. Successful third stream revenue may come from building or land rental, operating a guesthouse or other hospitably services, sale of goods, or other services owned and generated by the school.

services organized in courses with the primary direct source of income comes through tuition. However, tuition almost never covers the entire cost of the program, usually subsidizing less than half of the total expenses required to operate the school.

Donations, therefore, are almost always needed and have historically played an intricate role in the support of Christian ministries. Donations may come through institutional (e.g., foundations, churches, charities) or individual supporters and are often designated for specific projects, scholarships, or general operating income. Donations often require a unique effort by the school in developing relationships with the donors, ongoing communication, and tracking contributions. Because of this particular need, we will address this topic under the heading of the development system.

Finally, "third-stream" represents all other sources of income that flow into the school beyond tuition and donations. Not every school has developed these sources, and their contribution and effectiveness in meeting the revenue needs of the school vary considerably. Appropriate third-stream projects are directly related to the school's context and physical resources. The most successful also have human resources that allow for sound management of the projects so that they generate enough profit to warrant the time and energy needed to run them. In some instances, third-stream revenue can make a significant contribution to the budget.[8] All of these revenue sources need to be tracked, controlled, and managed for the sake of the vitality of the institution.

On the expenditure side, theological schools often work across at least three major categories including academic, administrative and development departments. Academic expenses are often the greatest, perhaps account for 50% to 80% of the total budget. Academic expenses would include teaching salaries, course management, direct student expenses, and the library. General administration expenses include the personnel and services needed to support the educational enterprise, including the infrastructure (buildings and utilities like water, electricity, etc.), maintenance, bank fees, governmental taxes, insurance, security, and the like. The final area includes expenses related to raising funds for the school, as well as items such as marketing and communications.

Good accounting practices will have significantly more categories and line items for both income and expense, and schools should operate at the highest standards possible. However, the executive leadership of the school needs a different set of information than just a balance sheet or profit and loss report. A good system allows for both the detailed accounting of tuition, donation,

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[8]   see Heliso (2015) for a case study in Ethiopia.

sales, and other revenue streams, as well as the expenses including payments, purchases, contracts, depreciated assets, and investments. Also, it can help generate consolidated summaries and reports according to the cost centers of the school, in reference to the budget and other projections, to guide decisions that will help keep the institution financially healthy. One of the most common tools used for this purpose is Microsoft Excel or the correspondent free software called OpenOffice.[9] Even though Excel does not work as an integrated system, the application works with tables and spreadsheets and can easily apply mathematic functions to data. A readily available and relatively inexpensive tool is Quickbooks[10] that provides both accounting capacity and the ability to generate reports and export data easily into excel. Other similar programs exist in various locations and may also be suitable. The important factors for the financial system are the accounting capability along with the capacity to export data and generate reports along cost centers that are useful for management of the school.

Development or Advancement Systems: Developing Partners for Sustainability

As mentioned before, donations constitute one of the most important revenue sources for nearly every Christian ministry. From the cash flow perspective, the financial system manages donations. However, given the need for tracking people and institutional relationships, the development (or advancement, or fundraising) department benefits from a dedicated system. The financial system tracks all donations, most commonly found across a set of categories that includes: individuals, churches, foundations, trusts and governmental agencies. Due to the combination of activities demanded by the work in development or fundraising, the system must manage contact information, communication records, financial data. Furthermore, a well-functioning system can send alerts, produce reports and help staff responsible for raising funds in their work.

Many theological institutions have relatively small donor bases and therefore a fairly simple, even manual system, can be used. However, if the institution intends to grow its development work by, for example, reaching alumni and the churches represented by them, the use of a software application may be the best choice. Free fundraising software, with respective pros, cons, and limitations can be found and implemented.[11] Another option is to use an inexpensive, retail application designed for similar purposes. A good example is Salesforce[12], that is a software based on Customer Relationship Management (CRM) technology. In reality, this option is an

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9   Learn more at https://www.openoffice.org.
10 Learn more at https://quickbooks.intuit.com.
11 Learn more at https://blog.capterra.com/free-fundraising-software.
12 Learn more at https://www.salesforce.com

adaptation of the sales-customers relationship into a contribution-donor approach, and a version for non-profits exists. One advantage of using ready-made software – whether something like Salesforce, Quickbooks (which have the capacity to integrate with each other, simplifying donor tracking), or their counterparts, is that the companies the develop the applications provide upgrades and customer support over time. In many cases, the off the shelf version can be adapted or modified to fit the specific needs of the school.

_____ **Integration and Other Issues**

The second definition of system speaks about a "*purposeful structure that consists of interrelated and interdependent elements that continually influence one another.*" So far, only three of the essential systems have been considered. However, thinking about the school as an organism, all individual systems are also part of a bigger system, and they should be integrated. Few, however, can afford, or implement one integrated computerized system that meets all the needs. Therefore, a more feasible solution could be developing other procedures and routines that will help the staff of the school to link and integrate the independent systems.

A utopian approach would have the academic system that controls all areas related to the life of the student (courses, classes, grades, transcripts, etc.) interconnected with the library system that controls borrowed books, linked to the financial system that manages tuition payment, related to the development system that communicates opportunities of contributions to the school. However, the more likely approach will favor practical use over costly design and utilize personnel in the integration.

Even more important than identifying the appropriate combination of software and computer applications is finding well-trained people who can implement the system according to its purpose within the school. This seems to be a constant challenge for many schools of theology. Unfortunately, theological schools struggle with the lack of skilled personnel in management. Historically, in Majority World countries, most schools were founded by missionary agencies, denominations, local churches or pastors, who generally had little experience in managing the administrative, or business, aspects of the school. Training in theology and pastoral ministry has tended to meet academic needs but left many executive leaders struggling in the areas of financial and operational management. Many effective leaders grow and develop in such skills but can benefit greatly by hiring skilled accountants, administrative managers, and dedicated development staff.

As critical components of the mission of the Church, theological schools must be well managed as part of the stewardship of Kingdom resources. Even if we avoid a direct comparison with secular businesses, theological schools have many points

InSigths Journal

of contact with that kind of organization and much can be learned from that sector. In this sense, the use of academic, financial and development systems are a good start, along with hiring skilled people with proper training and support for their jobs. As part of the strategic leadership of the school, executives must assume the responsibility to guide the institution to a stage of best management procedures that will allow for long-term viability and sustainability.

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