LEADERSHIP PROFILE

President & CEO
Presbyterian Church (USA) Investment & Loan Program (PILP)
Louisville, KY

“Building Together Through God's Abundance”

THE OPPORTUNITY

A nonprofit corporation of the Presbyterian Church (U.S.A.), the Presbyterian Investment & Loan Program has been an increasingly important financial and stewardship resource for the denomination, for numerous local synods, presbyteries and individual churches, and for their Presbyterian members nationwide.

PILP, as the agency is commonly called, was created in 1995 to support capital projects with low-cost loans to churches, governing bodies and related entities of the denomination. Funds come from two sources—the national church endowment and individual Presbyterians, their local churches and the denomination’s governing bodies.

Under the leadership of The Rev. Jay Hudson, PILP’s CEO for the past 11 years, and a board of committed Presbyterians, PILP saw its

1 http://pilp.PCUSA.org/ (links provided for those reading this document offline)
loan portfolio grow from about $40mm in 2003 to over $84mm in 2012, after which cumulative recessionary pressures and the decision of several large clients to leave PC(USA) impacted the active portfolio considerably. Even so, renewed confidence in the economy has sparked back-to-back quarters of increased loan demand.

Nevertheless, the strategies that have endeared PILP to its primary client base—small to medium-sized churches contemplating capital projects requiring outside financing—must be continually updated to ensure PILP is part of every potential client’s deliberations.

In an era in which institutions of all kinds must continually examine their mission and strategies to ensure optimal relevance to core constituencies, PILP is also embarking on such a review. The pressures on PILP are similar to those facing the national church and, indeed, many faith-based entities:

- Economic uncertainty, local financial pressures and evolving worshipping patterns combine to make capital projects for many churches either untimely or inadvisable.
- Renewed vibrancy in local worship—a source of much joy across the denomination—does not always translate into new capital projects within PILP’s traditional operating parameters. For example, under its “1001 New Worshipping Communities,” the Presbyterian Church (USA) has seen the development of more than 240 new worshipping communities within the past two years, a rate of growth many times that of the prior years, but few of these new communities require the sort of capital infusion that PILP is currently set up to provide.
- Budget pressures within the larger corporate church reflect Presbyterians’ increased focus on local initiatives, sometimes at the expense of support for national programs.
- For churches actively considering capital projects, the improved economy has also increased the willingness of local banks to fund such projects. The economic and mission-serving advantages of a loan from PILP do not always prevail over the pull of local relationships.
- Slim operating margins make increased investments in PILP’s marketing and outreach budget problematic in the short-term, risking a decline in visibility and market awareness at a time of increased market opportunity.

Each of these pressures represents an opportunity for PILP to expand its usefulness, even as collectively they require increased attentiveness to such issues as brand awareness, market penetration, effective stewardship and the desirability

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of creative extensions to PILP’s current service offerings. Happily, PILP has an outstanding reputation among its clients and the various governing bodies across the broader church, even if for most Presbyterians, PILP is well below the radar.

The current search is prompted by the retirement intentions recently conveyed by PILP’s long-serving and highly regarded CEO, himself an ordained Presbyterian minister with an MBA and prior experience as a synod staff member focused on stewardship, mission funding and congregational development. In addressing the leadership transition culminating later this year with the appointment of a successor CEO, PILP’s board knows the next leader will bring a different experience set to the organization, but it is eager to leverage PILP’s financial and reputational assets in even fuller service to the Presbyterian Church and the local initiatives the agency was created to support.

Further information on PILP is available on the organization’s extensive website. Information on the Presbyterian Church (U.S.A.) and its agencies can be found here.

THE ORGANIZATION

In 1995, the 207th General Assembly of the Presbyterian Church (U.S.A) authorized the formation of a separate nonprofit corporation to offer investments and make loans to Presbyterian entities across the country. Since then, the Presbyterian Investment & Loan Program has blossomed into an important financial and stewardship resource for Presbyterians and their institutions nationwide.

PILP is a mission-driven organization that provides a much-needed service at competitive rates for its borrowing clients while offering a new dimension to stewardship for its investors. (A video providing an overview of PILP’s loan and investment activities is available here.)

Operationally, PILP supports growth in church mission and ministry by selling fixed and variable rate notes to Presbyterians and uses the funds to lend to Presbyterian churches and other related bodies for site acquisition,

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3 For example, one highly regarded pastor has suggested the weather-related disasters that have devastated many communities in recent years could provide an immediate opportunity for PILP to be of extraordinary service to local churches at a time of extreme need while also providing potential investors a new outlet for faithful support and stewardship.
construction, renovation, and refinancing. Both a church extension fund and religious mortgage lending operation, PILP is registered to offer investments in every state.

THE MANDATE

As chief executive officer, PILP's President is responsible for the effective stewardship and profitable growth of an organization with significant opportunity to impact the living church.

Building on the solid foundation already in place, PILP's new President & CEO will inherit a rare opportunity to influence the organization in several meaningful ways. Leading what is de facto a modest-sized lending institution with a nationwide customer base, the CEO oversees an institution faced with a variety of competing influences, slowing demand for traditional capital funding and increased competition from other sources.

In optimizing its service to the denomination and its own mission, PILP has the opportunity and the obligation to up its game. Accordingly, the CEO and the board must tackle a number of major issues:

1. **Overall strategy.** Already widely regarded as a faithful, effective steward of assets, PILP must revisit its core strategy along several lines, helping to shape answers to questions with which the board is already grappling:

   - How do we define success for the Presbyterian Investment & Loan Program? Given generational changes in churchgoing (and church-building) and projected demand for traditional capital investment, how might—or how should—that definition change over the next decade?
   - PILP's market share of traditional loans today is about 20%, as the market is currently defined. How can we best convey our capabilities to the 80% we are not serving?
   - Consistent with the endorsed risk profile and a prudent balance of assets and liabilities, how can we leverage our exceptional reputation for customer service and operational efficiencies to be of even greater service to clients and the church at large?

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7 Some analyses using a slightly different definition suggest PILP has a 35% market share, but for present purposes the more conservative assessment seems appropriate.
How can we support the success of new faith communities, many of which are pursuing expansion plans that do not require significant capital, at least not via traditional building programs and investments?

What adjustments might the changing operating climate portend for our own governance—the board’s make-up and focus—and our relationships with other funding agencies of PC(USA)?

How can the board and the CEO work best together to insure optimal success and impact?

2. **Brand awareness.** PILP is rightfully proud of its reputation among its client base, principally local churches and synods, and the management team has made significant progress in carrying the message to the market over the past decade. Nevertheless, PILP is still too much of a well-kept secret, and for every client served there are four that finance their capital needs elsewhere.

Rather than settle for the strong market share it has established from scratch over the past 20 years, the board and staff are committed to exploring new ways to expand PILP’s awareness and relevance among potential clients and their advisors. Fuller use of technology to leverage the power of relationships is likely one key, but a fresh look at markets, services and appetite for risk should pay real dividends.

3. **Surpluses.** PILP has continued to generate surpluses, even in recessionary times, but profit pressures are real. The recession-induced decline in the loan portfolio, projected changes in demand for traditional products and the emergence of competitors local to a potential client’s home base will combine to increase margin pressures even further, challenging PILP’s ability to maintain the service levels for which it is deservedly well known.

PILP’s current mix of assets & liabilities appear to provide acceptable profit coverage for about five years, but that mix offers little assurance that PILP will thrive without reexamining the core precepts highlighted above. Nevertheless, to achieve the desired future, PILP must certainly maintain and even strengthen the operational efficiencies that serve stakeholders so well now.

4. **Impact.** PILP is a “small but mighty” institution in service to a much larger cause, and with the strong foundation now in place, it could be an even more impactful force in the dynamism of the Presbyterian Church (USA).

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8 Under applicable federal regulations, PILP must be profitable three years out of every five in order to retain its ability to make loans and serve investors, a standard PILP has met to date with relative ease.)
No other resource available to PILP’s clients offers the expertise in operating finances and the acumen in lending that PILP does, and the collective capability for creative-problem solving is similarly unmatched. Just as local churches are experimenting with new ways to attract and serve members along their journeys of faith, so too must PILP leverage its own capabilities in creative ways to increase its impact and relevance.

This creativity is likely to take many forms—new programs, new services, new markets, new partners—but mainly it must flow from the energy and perspective of the new CEO.

As a financial institution with publicly registered instruments, PILP is subject to regulatory oversight similar to that applicable to institutions many times its size. In pursuing the articulated goals, the CEO must ensure that PILP meets or exceeds applicable regulatory and underwriting standards while being a fully effective steward of investors’ dollars.

PILP operates with a lean staff of committed employees, most with long service to the mission. The board expects the new CEO to develop and manage resources appropriate to PILP’s vision, mission, and strategy, preserving a lean operating atmosphere but investing where needed in infrastructure or outreach.

THE RELATIONSHIPS

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<th>CEO reports to:</th>
<th>The Board of Directors, made up of lay and clergy leaders from across the country, a number of whom have substantial backgrounds in banking and finance. The full board meets quarterly, but the CEO’s interactions with the chair and committee heads will be far more frequent.</th>
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| Manages                                             | A team of 12 through two key reports:  
- SVP, Finance & Administration & PILP’s COO  
- VP, Sales & Marketing |
| Other key relationships include:                    | - The sister agencies of PC(USA)  
- Leaders within individual churches, presbyteries, and synods  
- Volunteer leaders committed to the success of the denomination  
- Current and prospective borrowers  
- Current and prospective investors |
THE LOCATION

The Presbyterian Investment & Loan Program is headquartered in PC(USA)’s national headquarters building on the waterfront in Louisville, Kentucky, and the successful candidate will be required to live in the greater metropolitan area. Because PILP’s clients and stakeholders are located across the country, significant travel is a necessary part of the responsibilities.

Louisville is home to the annual Kentucky Derby Festival and to such major entities as Humana, YUM Brands (parent of KFC, Pizza Hut and Taco Bell), Brown & Williamson, Brown Foreman, the University of Louisville and the Louisville Presbyterian Theological Seminary. It is a city with an active cultural life, including the annual Humana Festival of New American Plays, the Louisville Ballet and Jazz Fest.

THE CANDIDATE

The ideal candidate to lead the Presbyterian Investment & Loan Program through its next phase will be a savvy Presbyterian leader who balances business, financial and managerial acumen with a commitment to expanding the church’s reach and relevance.

In addition to exhibiting unchallenged integrity and demonstrated affinity for PILP’s objectives, the ideal candidate will offer many of the following assets, among others:

- An entrepreneurial attitude in the guise of a thoughtful, caring but assertive business leader—nimble, agile and willing to lead change
- An innovative executive steeped in relevant financial worlds (financially literate but not necessarily a technical expert)
- A proactive, collegial manager who thrives on close working relationships with PILP’s clients, staff, stakeholders and board members and their peers in other units of the Presbyterian Church (i.e., the General Assembly, sister agencies and regional counterparts); proven competency in the best sort of community building.
- An appetite for learning, an affinity for listening, and a habit of leadership.
- A passion for continuing improvement, both personal and organizational.
A board-savvy executive who can contribute meaningfully to the development, focus and impact of PILP’s board
A compelling advocate for PILP’s mission in a variety of media; strong speaking and writing skills.
A record of having led an organization from adolescence to maturity.
An advanced degree in fields relevant to the PILP’s mission such as law, finance or business administration. Significant managerial experience in banking, wealth management or related services would be a significant plus.
Demonstrated respect for diversity of opinion, perspective and experience combined with the ability to harness that diversity in pursuit of shared goals.

PILP is a very business-oriented agency of the Presbyterian Church (USA), and the best candidates will reflect a deeply ingrained commitment to the church and a facility for navigating its matrixed leadership, multiple operating units and the sometimes overlapping initiatives and programs.

The CEO need not be an ordained minister (as is the incumbent), but he or she should be ‘ordainable’ in the broadest sense—someone who combines the mindset and commitment of a pastor with the business skills and managerial discipline of a successful executive.

For more information regarding this opportunity, please email PILP@BoardWalkConsulting.com or call Sam Pettway, John Sparrow or Ayanna Hunt at 404-BoardWalk (404-262-7392).
For the current status of this and other searches, please visit www.BoardWalkConsulting.com