

MISSION STATEMENT:

- We are a community of learning and teaching, challenged by the Holy Spirit and grounded in God's transforming love for the world in Jesus Christ.
- We are called to nurture the gifts of women and men for faithful Christian ministry and leadership through rigorous academic study, practical experience and spiritual formation.
- A seminary of the Presbyterian Church (USA) since 1829 and a progressive leader within the Reformed tradition, we are committed to institutional life, scholarship and ministry that are ecumenical, urban and cross-cultural.

CONTEXT, CURRENT SITUATION, AND VISION:

The current context of theological education is characterized by many challenges and opportunities. The challenges are well-documented: financially stressed schools; decreasing enrollments; the need for different educational models of delivery; increasing student debt at the undergraduate and graduate level; and the overall decline in religious participation in general, especially among younger generations. Opportunities are also present: increased diversity from faith communities of color; an increasingly innovative culture within higher education; and younger generations committed to justice and service, albeit not always grounded in faith or the institutional church.

For McCormick's mission to thrive in the 21st century, the seminary will need to live increasingly in to this changing context. By the year 2040, there will no longer be a racial-ethnic majority in the United States. The 2040 vision addresses three trajectories of change that will characterize McCormick's future: 1) Unprecedented Diversity; 2) Innovation and Technology; and 3) the Next Generation. The seminary will faithfully respond to its current context and proactively adapt to these inevitable forces of change for the future. By doing this, McCormick, a seminary of the Presbyterian Church (U.S.A.), within the Reformed tradition, will continue to train and form leaders for the 21st century church and world in ways that are cross-cultural, urban, and ecumenical.

TIMELINE AND PROCESS:

The process of strategic planning moved in four phases:

November 2014 → May 2015 → October 2015 → February to May 2016
 Define Scope → Analysis and Synthesis → Frame and Vet Options → Develop Recommendations

Fall of 2014

- **October 2014 Board Retreat** – The Board of Trustees met for a retreat on October 23–24, 2014 at the Lutheran School of Theology of Chicago in Hyde Park, IL. The primary focus for the first plenary and after-dinner discussion was around strategic options and the current environment of challenges and opportunities for doing theological education in the 21st century [See Appendix A: Strategy Questions and Strategic Options]. A strategic planning steering committee was formed and commissioned to oversee and organize the work of strategic planning. There were two working teams formed:
 1. The Outward Facing Team – focusing on markets, trends, and opportunities
 2. The Inward Facing Team (or Business Model Team) – focusing on financial models, revenue mix, etc. that would move the seminary increasingly toward financial sustainability.

The strategic planning team members were:

Strategic Planning Steering Committee (SPSC)

Pete Cochrane, Chair of the SPSC	Deborah Block, Chair of the Board
John Anderson, Trustee (previous chair)	Bob Karlblom, Chair, Inward Facing Team
Melinda Krei, Chair, Outward Facing Team	David Crawford, VP Finance and Operations
Frank Yamada, President	

Outward Facing Team: Melinda Krei, (Chair); Chris Chakoian (Trustee); Brian Paulson (Trustee); Paul Rock (Trustee); John Wilkinson (Trustee); Veronica Johnson (Sen. Dir. Recruitment & Enrollment); Ted Hiebert (VP Acad. Affairs & Dean of the Faculty); and Frank Yamada (President)

Inward Facing Team: Bob Karlblom (Chair); Jim Detterick (trustee); David Van Dyke (trustee); David Crawford (VP Finance and Operations); and Lisa Dagher (VP Seminary Relations and Development)

Winter 2014 – Spring 2015

- *Outward and Inward Facing Team Meetings* – The Teams and Steering Committee held meetings in-person and by teleconference to analyze data, trends, and discuss proposed models. Also plans were made to discuss larger strategic options with the faculty, gather input from stake-holding groups re: what they need from theological education, coordinate strategic data with the self-study, and a joint faculty/board retreat was planned for October 2015 to discuss both re-accreditation and strategic options.

Fall 2015

- *September Fall Faculty Conference* – At the fall faculty conference on September 1–2, 2015 one of the primary areas of focus was to examine three broad strategic options: 1) to go it alone; 2) to partner/merge with another institution; and 3) to partner with a church or organization.
- *Joint Faculty/Board Retreat* – The faculty and board met for a retreat in Darien, IL on October 7–8, 2015 to accomplish two things: 1) to gather and share information about the self-study; and 2) to discuss issues and models that emerged from the strategic planning process (including the three proposed models).

Fall 2015 – Winter 2016

- Data and feedback from meetings that stretched from 2013–2015 were processed from various stake-holding groups, including:
 - Racial-ethnic Centers
 - African American – clergy breakfasts; partner church conversations
 - Latino/a – clergy breakfasts; partner church conversations
 - Asian American – study of Asian Am. churches/leaders (from 2013)
 - Center for Faith and Service (Young Adult Leadership)
 - Service organizations
 - College and university campuses
 - D.Min. focus group
 - What needs, skills, and research needed for ministry
 - Recruitment data/questionnaires and outreach
 - Worked with PCUSA and college chaplains to find out what students needed from theological education
 - Church leadership
 - Denominational leaders – executives, pastors, elders, and church members
 - Consultations with churches in Chicago and upper-Midwest
- The Steering Committee met at least once a quarter to discuss strategic options and to get reports from both Outward and Inward Facing Teams.

Spring 2016

- The Steering Committee processed the data and proposals from both teams and developed recommendations.
- The proposed objectives for the strategic plan were shared and input was received from the faculty at the April 14, 2016 faculty meeting.
- The strategic plan was presented to the Board of Trustees on April 30, 2015. *The Board voted unanimously to approve the strategic plan.*
 - The Board of Trustees also voted to have the Nominating Committee create a strategy committee that would evaluate progress of the implementation of this plan and to keep strategic process in front of the board regularly.

KEY FINDINGS:

1. Strengths, Challenges, and Opportunities

A. Strengths

- 1) Cross-cultural, ecumenical, urban leader, with deep Reformed legacy
- 2) Lean and agile model with low capital exposure
- 3) Well-established relationships of trust with significant Upper-Midwestern and Chicago-area churches
 - a. I-90 and I-94 corridor – Illinois, Minnesota, Indiana, Ohio
 - b. Local churches on Chicago's north, south, and west sides
 - c. Strong and committed alumni/ae base
- 4) Large endowment that has retained its value over the past several years

B. Challenges

- 1) Broader Challenges in Higher Education and Theological Education
 - a. Declining enrollments
 - b. Economic Stress
 - c. Changing nature of religion in the U.S., protestant mainline Christianity specifically
 - d. The Nones and Dones
 - e. Changing racial/ethnic and generational demographics in the U.S.
 - f. Eurocentric structures trying to serve an increasingly racially/ethnically diverse church and society
 - g. Rise of the Millennials (generational shift) – not raised in churches, don't trust institutions, and are religiously unaffiliated
- 2) Specific Challenges for McCormick
 - a. High draw rate on endowment (albeit with reduced exposure to long-term capital cost risks)
 - b. Overall trend of declining enrollments (though MTS has reversed that trend in the past couple of years)
 1. More specific decline among PCUSA students attending PCUSA seminaries
 - c. Uncertainty in the PCUSA about identity of the denomination, which impacts the identity of McCormick as a PCUSA school

C. Opportunities

- 1) Among local and regional church partners to generate programs that are relevant for their respective contexts
- 2) Because of McCormick's more agile model—investing more in people and programs than in bricks and mortar—there is an increased possibility of success to form other vibrant and mutually beneficial partnerships with other institutions and organizations
- 3) Because McCormick is a recognized cross-cultural and ecumenical leader with well-established ties to racial-ethnic communities, it can develop degrees and certificate offerings that will train and form leaders for African American, Latino/a, and Asian American faith traditions
- 4) In a context of denominational uncertainty, including the PCUSA's concern to be a more diverse denomination, McCormick can clarify and reaffirm its mission as a Presbyterian seminary with a majority student of color population that offers Reformed theological education to the broader church and world

2. Financial Sustainability and Mission – There are a series of multiple steps that will improve McCormick’s ongoing mission and long-term financial sustainability.

A. Background

- 1) In 2008–2009, there was an approximately \$3M gap to reach financial equilibrium.
- 2) McCormick responded with a \$1.3M reduction in costs without massive layoffs or risk to its primary mission.
- 3) McCormick proactively sought to reduce its long-term capital exposure through the selling of its residential properties.
- 4) McCormick paid off \$7.6M in debt in 2015.
- 5) McCormick reduced its faculty and staff headcount over time to reflect its smaller student body.
- 6) McCormick’s endowment remains strong and has retained its value in spite of a high draw rate (a rate that must be reduced over time).

B. Buildings and space – the future solution regarding space includes some combination of:

- 1) Further cost reductions, especially the sale of 5460 building and elimination of debt service) – \$750K/year
- 2) Business model shift – maintain reduced core, find efficiencies through institutional partnerships

C. New program and revenue growth, including increasing annual giving:

- 1) Marketing analysis suggests [See Appendix C: Market Analysis]
 - a. Growth opportunities among local constituencies, esp. within communities of color.
 - b. Inroads to young adult populations through organizations and denominational programs related to social justice and service.
- 2) Models for delivery of new McCormick programs include (but are not limited to):
 - a. Cohort-based theological education
 - b. Sponsorship models (e.g., the Apostolic Assembly)
 - c. Trusted curator models
 - d. Community engagement fellows and similar programs
 - e. Transforming current models of delivery (lower-residency models and DL) to increase FTE
 - f. Develop degrees with lower duration to completion than the M.Div.
 - g. Working with congregational leaders to develop curriculum based on needs in the church, context, and society.

D. The annual fund has been rebuilt to a higher base.

- 1) Continue the momentum for annual giving.
- 2) Develop major gifts and planned giving programs to set up for...
- 3) Small campaign that focuses on the case built from the strategic direction.

STRATEGIC OBJECTIVES:

Based on the findings from the strategic planning process, and given McCormick's particular strengths in its cross-cultural and ecumenical mission to train leaders for the 21st century church and world, and given the school's legacy as a seminary of the Presbyterian Church (U.S.A.) within the Reformed tradition, McCormick Theological Seminary will:

1. Develop new programs and MDiv "overlays" (e.g., racial-ethnic cohort-based programs, young adult programs, certificates, etc.), utilizing McCormick's strengths and networks, and refine their expected net financial contributions over time.
2. Develop comprehensive major and planned giving programs, setting benchmarks and using best-in-class processes.
3. Identify, vet, and be prepared to embrace opportunities for future partnerships (shared-services, embedded models, mergers, etc.) and the opportunities for programmatic/financial redesign they may bring.
4. Recognizing that strategy is an ongoing discipline, ask that Nominating and Trusteeship Committee to consider forming a Strategic Planning Committee of the Board to oversee progress and strategic planning (3–5 year rolling process).

APPENDIX A: STRATEGY QUESTIONS AND STRATEGIC OPTIONS

PRIMARY STRATEGY QUESTION: *In response to the changing dynamics of our marketplace, what are the decisions McCormick Theological Seminary needs to face?*

Context

- Given that currently there are more candidates for ministry than positions available in mainline Protestant denominations.
- Given that an increasing number of students are not seeking ordained ministries in the church.
- Given that an increasing number of graduates are working in non-for-profit organizations.
- Given that an increasing number of students from other denominations (esp. non-denominational or Pentecostal traditions) are attending seminary, and many of these traditions do not require the M.Div.
- Given that a large number of students are coming to graduate studies with an increasing amount of debt
- Given that McCormick, within the past three decades, has become a more regional seminary, esp. for Chicago's south and west sides
- Given that a decreasing share of PCUSA students are not attending seminary or going to PCUSA schools
- Given that the pipeline (from church to college to seminary) is broken
- Given that a decreasing number of millennial students are religiously affiliated

Questions that follow from the primary question:

- For what futures are we preparing our students?
 - Ministry? Non-for-profit organizations? Chaplaincy?
- From where will the McCormick students of tomorrow come?
 - How many from the PCUSA?
 - How many from local churches?
 - How many from other mainline Protestant, evangelical, and/or non-denominational traditions?
- How will McCormick uniquely prepare those students for their chosen futures?
- What mix of programming/curriculum will McCormick offer?
 - Degrees?
 - Certificates?
 - Cohort models?
- How important is McCormick's denominational affiliation?

- How can McCormick continue its PCUSA affiliation when it serves a majority student population that is not PCUSA (not a unique question to McCormick).
- What will a sustainable business model look like?
 - How will selling 5460 help?
 - How do we create economies of scale given that there are ten Chicago-area seminaries (five M.Div. offerings in Hyde Park alone) and eight degree-offering PUCSA seminaries with a decreased share of PCUSA students?
- Should McCormick partner with another school or institution?
 - Leasing space from another institution rather than owning 5460?
 - Shared services? Mergers?

THREE BROAD STRATEGIC OPTIONS

Option 1: Go it Alone

- Continue to be vigilant on costs
- Look for incremental growth in students/programs
- Get comfortable with a high endowment draw

Option 2: Partner (Shared Services, Mergers, etc.)

- Affiliate with another institution with a similar mission and complementary capabilities
- Be prepared to entertain and vet opportunities as they arise strategically, responding proactively

Option 3 - Go it alone and Relocate

- Develop space in church(es), another academic institution, or organization within the Chicago Metro area
- Reduce the fixed asset footprint and extend McCormick's program reach. Provide access to new audiences.

Any of these options could include one or more growth “overlays”—new program or degree options to bend our current growth trajectory

APPENDIX B: WORKING ASSUMPTIONS OF OUTWARD AND INWARD FACING TEAMS

INWARD FACING (BUSINESS MODEL) TEAM

Key Issues

- What are potential models for delivering the chosen curriculum?
- What's the right student mix and staffing model?
- What's the best possible cost structure?
- What's the right revenue mix?
- What benefits might partnership with another school bring? What would the right partner look like?

Analytical Focus

- Model 'best case' financials of going alone, net of selling our real estate.
 - Are there further improvements we can make in our business model?
 - What are the implications for enrollment and net tuition, especially given the decline in FTE?
 - What impact could each growth "overlay" have on the key economic "levers"?
- Model best-case financials of partnering with another institution.

APPENDIX C: MARKET ANALYSIS

INPUTS FOR ANALYSIS

Racial-ethnic Centers

- African American – clergy breakfasts; partnerships
- Latino/a – clergy breakfasts; partnerships
- Asian American – study of Asian Am. churches/leaders

Center for Faith and Service (Young Adult Leadership)

- Service organizations
- College and university campuses

D.Min. focus group

- What do leaders need to lead in this environment?

Recruitment data/questionnaires and outreach

- Areas of interest
- Work with PCUSA and college chaplains

Church leadership

- Denominational leaders in the PCUSA
- Consultations with churches in Chicago and upper-Midwest

POTENTIAL MODELS

These models emerge from what we have learned through our meetings with the groups listed above or, in some cases, is based on research collected from other ATS schools and the trends within those schools:

Cohort-based theological education (racial-ethnic, generational, etc.)

- Developing programs that are suited to the specific contexts of communities of color or particular demographic groups (e.g., young adults).

Sponsorship models (e.g., the Apostolic Assembly)

- Working with denominations and/or organizations that are seeking development for their leaders and who are willing to sponsor their students in their theological training.

Trusted curators (e.g., the Jeremiah Wright D.Min.)

- Working with high-impact leaders who are trusted among their constituent groups to provide programming that focuses on their area of expertise.

Community engagement fellows and similar programs

- Working with the networks of service organizations connected to the Center for Faith and Service and the institutions who have developed programs for young adults to create programs that will serve as theological and faith formation for this population.

Transforming current models of delivery (lower-residency models and DL) to increase FTE

- McCormick was an early adopter in providing evening and weekend options for local working and commuter students.
- Developing other models (e.g., lower-residency, DL models, etc.) to facilitate more offerings and to enable students to complete degrees.

Develop degrees with lower duration to completion than the M.Div.

- For example, the MAM and other offerings for students who are not seeking the M.Div.

Working with congregational leaders

- Developing curriculum based on needs in the church, context, and society.