

## **NAMB TRUSTEE RESPONSE TO THE ARTICLE IN THE *CHRISTIAN INDEX***

On February 16<sup>th</sup>, 2006, *The Christian Index* published an article entitled, “North America: Hanging in the Balance.” This article, authored by Joe Westbury with assistance from Gerald Harris, questioned both the effectiveness of the North American Mission Board as an Agency and Dr. Bob Reccord as an administrator. While the publishing of such an article raises questions about the way we handle our differences as Southern Baptists, the significance of the concerns has required an investigation and a response by the Board of Trustees (Board).

On February 23-24<sup>th</sup> and March 7<sup>th</sup>, Rev. Barry Holcomb, Chairman of the Board of Trustees, convened a task force of select Trustees to begin the process of examining the concerns raised by the *Christian Index*. The majority of the trustees were representatives from the Board’s Executive Committee. The Trustees at the meetings were Rev. Barry Holcomb (AL), Chairman of the Board, Dr. Bill Curtis (SC), First vice-chairman of the Board, Rev. Larry Thomas (AR), Second vice-chairman of the Board, Rev. Terry Fox (KS), past Chairman of the Board, Rev. David Crump (OK), past Second vice-chairman of the Board, Dr. Tim Dowdy (GA), Rev. Tim Patterson (FL), Al Kawamoto (TX), and Ellie Wade Ficken (AL).

During the meetings, the Trustees attempted to determine if there was any substance to the concerns that were raised by the article in the *Christian Index*. After an initial assessment, it was determined that the issues raised by the article actually fell into two categories: 1) Concerns about the effectiveness of the North American Mission Board as an Agency; and 2) Concerns about Dr. Bob Reccord as an administrator of the Agency. As a result, the Trustees examined both of these in turn, with the priority being given to the second category.

### **CONCERNS ABOUT THE EFFECTIVENESS OF THE NORTH AMERICAN MISSION BOARD AS AN AGENCY**

#### **1). What Now? and See Who Cares?:**

- *The article in the Christian Index raised questions related to the effectiveness of the evangelistic strategy of the North American Mission Board. Citing the demise of the “What Now?” Campaign, and the subsequent failure of the Agency to adequately notify all of its state partners, including GA, it suggested that the Evangelism Department at NAMB currently lacks a connection to the state conventions and a cogent national evangelistic strategy.*

While the particulars of the communications with state conventions that resulted in the cancellation of “What Now?” are unknown to the Trustees, the fact that the most recent evangelistic strategy was not widely accepted by the states is evident. The resulting confusion with the state of Georgia is regrettable, unfortunate, and embarrassing to the Agency. So, too, is the financial expenditure (\$343,700) on

resources and planning, much of which had to be abandoned as a result of this failure to develop consensus with our states on a national evangelistic emphasis.

- *The article also raised questions about NAMB's recent development of the "See Who Cares" material. It claimed that NAMB simply replaced "What Now?" for "See Who Cares." The article then questioned why this campaign has yet to become available to Southern Baptists, nearly eight months after it was unveiled at the SBC convention in Nashville.*

NAMB's response, in part, emphasizes that "See Who Cares" is not another evangelistic campaign, but a print ad developed at the request of state partners. Again, the conversations between NAMB and our state partners concerning requests for evangelistic television and print ads are unknown to the Trustees. However, it appears to the Trustees that the "See Who Cares" media emphasis differs substantially in scope and purpose from the "What Now?" campaign, and is not simply another national campaign in disguise.

- *The article also disputed NAMB's response as to why "See Who Cares" has yet to be released (because of the impact of Hurricane Katrina), since it is being developed by an outside video production company, InovaOne, and not in-house by NAMB. The article claimed that the real reason that "See Who Cares" has been delayed is that the company developing the commercials, InovaOne, was also retained to provide the video materials related to Hurricane Katrina and did not have the personnel to handle both projects simultaneously.*

The Trustees understand the challenges that present themselves to an organization like NAMB, which is tasked with disaster relief for Southern Baptists, when it encounters national disasters like the one presented by Hurricane Katrina. It often requires a shift of personnel and resources in order to handle the immense scope of the disaster. However, it is the responsibility of NAMB to fulfill its stated objectives, even in times of crisis. The Trustees acknowledge that the work of NAMB in coordinating disaster relief through our state partners and people during and after Hurricane Katrina has been outstanding.

In hindsight, however, the perception problem related to "See Who Cares" may have been avoided had NAMB executives chosen to retain a second video firm to handle Katrina so that InovaOne could focus its attention on "See Who Cares." By doing so, both needs could have been met in a way that was beneficial to all Southern Baptists.

- *Another concern raised in the article about the "See Who Cares" media material is that the information about it on-line is poorly managed. This concern included the fact that those who called the provided toll-free number hear a recording that says "Thank you for calling the Jesus 2000 phone line."*

According to NAMB personnel, the phone message has been misrepresented by the *Christian Index*: "The reason callers are greeted by the recording "Thank you for calling Jesus 2000...", is because callers have just called 1-888-JESUS 2000. Then callers are connected to a live encourager. So in essence the message is thanking people for calling the number they have just dialed, not a reference to Celebrate Jesus 2000. If the author of the article had put the mnemonic version (1-888-JESUS-2000) in his article instead of the numeric version (1-888-537-8720), the meaning would be clear. As a result of this information, the Trustees find nothing to substantiate this concern on the part of the *Index*. It appears to be a simple misunderstanding.

- *The final concern raised by the article was related to NAMB's apparent lack of a cohesive national evangelism strategy at this time.*

The recent hiring of Dr. John Avant as Vice-President of Evangelism has already re-energized the evangelism area. He and his new team are working diligently with NAMB's state convention partners to address this very issue with a goal of strengthening partner relationships and developing a more syncretistic approach to evangelism with our state partners.

## **2) Self-funded missionaries as the key to accomplishing a Bold Mission Thrust:**

- *As the article continued, it raised questions about the size and scope of NAMB's purported workforce. The first area it addressed was the inclusion of MSC missionaries in the total missionary count of NAMB. The article stated that of NAMB's 5300 missionaries, only 2942 are funded by the Annie Armstrong Easter Offering (AAEO). The implication was that NAMB bolstered its missionary count by changing the title from MSC volunteers to MSC missionaries and lowering the required time of service to four months, so that more people would qualify.*

Study by the Trustees reveals that at some point from 1999-2000, a decision was made by the Executive Leadership Team (ELT) of NAMB to change the title from MSC volunteer to MSC missionary. Whether by coincidence or not, this decision did coincide with the end of the Bold Mission Thrust emphasis in 2000. In conversations with NAMB personnel, the Trustees learned several important things about this process:

- 1) The title was changed from MSC volunteer to MSC missionary from 1999-2000;
- 2) The process followed a Home Mission Board (HMB) precedent, but changed the parameters. When HMB was in existence, it counted MSC volunteers in

the overall missionary count after they had served for two years. When NAMB changed the title, it also changed the way the MSC missionaries were counted. Under its current form, MSC missionaries were included in the count immediately if they had already served one year or if they stated that they would serve for one year.

- 3) The current amount of MSC missionaries in our missionary count as of 3-13-2006 is 2358.
- 4) When asked by the Trustees if he believed that some of these changes had been made to get the count over 5,000 by the year 2,000, a NAMB employee who works in missionary personnel said "Yes." He clarified, however, by saying that he did not believe that they were doing anything different than was done by HMB; he just believed that the process had been altered to speed the time in which missionaries could be added to the count.

Following their study related to the concerns of the *Index* in this area, the Trustees have reached the following conclusion. The change in title from MSC volunteer to MSC missionary that occurred from 1999-2000 has the potential to be confusing to Southern Baptists. While NAMB has clearly defined those categories through its publications and at the convention, perhaps a better job must be done to educate Southern Baptists about the valuable role of our MSC missionaries to Southern Baptist life. The Trustees reject the inference in the article that because they are self-funded, MSC missionaries are somehow "second class" missionaries. The Trustees affirm all of the hard-working, God-called servants who are investing their time and resources in helping reach North America for Christ.

- *The second area of concern the article raised about the mission count at NAMB was related to the decrease in funded missionaries at NAMB. The article claimed that there has been a 10% reduction in funded missionaries at the Board since 1997.*

The Trustees understand the factors that NAMB identified as the core reasons for this decline: *"NAMB agreed with the accuracy of that statistic, but says three factors have impacted the total: "an early retirement option that some missionaries chose in 2004 and 2005 as part of a change in post-retirement benefits;" "the fact that many of these missionaries are jointly funded with state partners who cannot currently afford their percentage of the cooperative budget funds, resulting in a vacancy" and "a 91% increase in health care costs since NAMB's inception, which NAMB has not passed through to its missionaries."*

Through their conversations with NAMB personnel, the Trustees have identified the number of fully funded, jointly funded, and volunteer missionaries working for NAMB as of 3-13-2006:

- 1) 34 fully funded national missionaries (9 vacancies) + 32 spouses (included in the count); Total 66;
- 2) 1507 jointly funded missionaries (includes Nehemiah; field personnel assistance; interims; missionary associates; semester student interns; paid administrative personnel; USC-2) + 1223 spouses (included in the count as “marriage and family”); total: 2730
- 3) 2358 MSC missionaries
- 4) Total missionary count as of 3-13-2006: 5154

After assessing these concerns, the Trustees understand the explanation given by NAMB for the decrease in funded missionaries. NAMB continues to work with its state convention partners to see those numbers go up, and they continue to rely on the faithfulness of Southern Baptists to increase their Annie Armstrong offerings so that more money can be spent on sending missionaries. However, the Trustees believe that we should consider taking a different approach to counting and reporting our missionary statistics:

- 1) Educate Southern Baptists about the differences between NAMB and the IMB when it comes to the funding and deployment of missionaries;
- 2) Educate Southern Baptists about the way NAMB partners with state conventions to fill and fund ministry positions;
- 3) Develop the missionary count to reflect the true number of people funded by the AAEO;
- 4) Celebrate the accomplishments of all of our missionaries, both AAEO and CP funded as well as self-funded;
- 5) Challenge Southern Baptists to increase their giving to the AAEO so that more missionaries can be funded. In reality, the giving to the CP and AAEO has remained flat for many years when compared to inflation. As a result, NAMB has been asked to do more with less in recent years.
- 6) NAMB was given a seemingly impossible task when it was assigned nine ministry objectives by the SBC during the restructuring process. In recent years, the Agency has done a good job in trying to narrow the focus to six Major Ministry Objectives (MMO’s) while still fulfilling its charter. However, in the opinion of the Trustees, NAMB’s priority remains Evangelism and Church Planting. The Trustees also believe that those two items are the priorities that most Southern Baptists have for NAMB as well. Because dollars are so precious in today’s economy, the Trustees believe that the Board must look more carefully at the way in which NAMB uses those

dollars. Given the need to fund more missionaries and plant more churches, perhaps the Board needs to prioritize even more carefully to insure that the most amount of money possible goes to these two areas. The Trustees acknowledge that this may require the Board to make some tough choices, but ultimately, additional money spent in these two areas will strengthen the work of the Agency among Southern Baptists and her state partners, not hinder it.

### **3) A decrease in NAMB's strategic reserves:**

- *The Index article continued by raising some questions about the decrease in NAMB's strategic reserves over the past eight years. The article stated that while NAMB began with 55 million in reserves in 1997, the amount has since dwindled to 23 million.*

As the Trustees responded to this concern, they learned that NAMB began with an initial amount of approximately \$51,000,000 in strategic reserves, not \$55,000,000. NAMB has provided the following explanation for the decrease in reserves to the Trustee task force:

- 1) Deficit financing of Family Net has resulted in a loss of \$10,855,123. An additional \$9,584,288 exists in the form of a loan from NAMB to FamilyNet;
- 2) Unrealized gain/(loss) as a result of poor stock market performance from 1999-2002 has resulted in a deficit of \$5,442,260;
- 3) Projected NAMB strategic reserves as of 12-31-2005: \$32,000,000.

After studying the concerns raised by the article, the Trustees recognize and acknowledge that the decrease in strategic reserves has been the result of two primary factors: 1) trying to salvage FamilyNet; 2) poor stock market performance 3) rise in the cost of health care for employees. The Trustees have noted that when the current strategic reserves are added back to the amount lost as a result of poor market performance and the deficit financing of FamilyNet, the total number approaches \$56,881,671. This number represents where NAMB would be today without those two significant factors. However, the reserves are now rebounding nicely, as a result of improved market conditions, and they are heading back in the right direction.

### **4) The impact of the Elevate conferences on strategic reserves:**

- *The article in the Index continued by questioning the development of the elaborate Elevate conferences at a time when NAMB was trimming its budget*

*and laying off staff. The article stated that NAMB lost over \$600,000 on the 2004 conference and additional money on the 2005 conference. The article wondered why NAMB would continue to spend money on an event that was so cost prohibitive.*

There are really two different events in question here. They will be dealt with as Elevate 2004 and Elevate 2005. In conversations with people at NAMB, the Trustees learned the following information about Elevate 2004:

#### **Elevate 2004**

- 1) Elevate 2004 had been designed as a “pay for itself” conference designed to help twenty-something’s discover their place of ministry in the workplace;
- 2) While Dr. Reccord shared the vision for Elevate with the Trustees, he did not ask for their input about the concept nor ask them to “approve” the event and its off-budget expenditures;
- 3) When Trustees questioned the funding mechanism at the time, they were assured that Elevate would pay for itself and potentially generate revenue for NAMB;
- 4) The Elevate 2004 conferences utilized a number of external companies in both development and marketing;
- 5) Both Elevate 2004 conferences were poorly attended;
- 6) Net Elevate 2004 losses covered by strategic reserves: \$689,062.

#### **Elevate 2005**

- 1) Elevate 2005 was also designed as a “pay for itself” conference. However, it was to be developed using the insights learned from the failure of Elevate 2004.
- 2) Once again, the Trustee Board did not give its input or approval for the event. However, the Trustee officers were asked their opinion about doing Elevate 2005 if it was a scaled-down version using the information learned from Elevate 2004. When questioned about the funding mechanism for this conference, the Trustee officers were assured again that Elevate would pay for itself;
- 3) To the Trustees knowledge, the Elevate 2005 conferences did not utilize external companies for development or marketing;
- 4) The first Elevate 2005 conference, held at a church in Oklahoma, was poorly attended and unsuccessful. Unfortunately, it coincided with the arrival of Hurricane Rita;

- 5) Because of the poor attendance at the first event of 2005, the second event, planned for Auburn, AL, was cancelled. However, a number of contracts for the second event had already been signed and had to be honored;
- 6) As a result, net Elevate 2005 losses covered by strategic reserves were \$340,487. The Trustee task force did not learn the magnitude of the 2005 Elevate losses until they began to respond to the questions raised by the article in the *Christian Index*.
- 7) Net 2004-2005 Elevate losses from strategic reserves: \$1,029,549.

As the Trustees looked at this event again, there are some issues that the full Board should consider addressing:

- 1) The Board should affirm the Agency's desire to try new and creative ministries to fulfill the mission assigned to it by the Southern Baptist Convention. However, there must be some executive level controls in place which will enable the Board to provide guidance when it comes to the development of new strategies at NAMB, especially when they may be on the periphery of NAMB's primary objectives—evangelism and church planting.
- 2) These executive level controls should also include more stringent controls put in place by the Board to provide guidance when it comes to the expenditure of money for strategies, especially when the money needed must be generated from outside the budget and the potential for financial loss exists.
- 3) The Board also needs to study the viability of certain types of ministries (i.e., conference ministry) to the overall mission of NAMB. It may be that some of these types of ministries are best handled by local churches or state conventions.

#### **5) The impact of the Vision Center on strategic reserves:**

- *The article in the Index also raised questions about the creation of the Vision Center that NAMB developed in the late 1990's. The article stated, "The exhibit was debuted during the 1999 SBC meeting in Atlanta and was the crown jewel in NAMB's early years. But the repeat crowds failed to materialize and the center was shut down four years later." The article claimed that the project itself cost \$1,200,000.*

Because of the nature of the other concerns raised by this story, the Trustees did not spend much time on this issue. However, conversations with Carlos Ferrer, NAMB Chief Financial Officer, via email confirmed the following information:

- 1) The cost of the initial vision center was approximately \$1,000,000;
- 2) Because of the proposed cost of updating the center (listed as approximately \$500,000), and the lack of people visiting the center, it was closed;
- 3) The space where the vision center was housed has been redesigned to include space for mission mobilization, a new conference center, a disaster relief command center, executive board room. The cost for up- fitting the new space was approximately \$1,000,000;
- 4) Total money spent in space design between the two ventures: approximately \$2,000,000.
- 5) Trustees were told that these projects were capitalized and are expensed yearly thru the regular operational budget (Depreciation expense account). The new conference area was discussed in the Finance Committee as part of the process of approving the 2005 budget. The full board later approved the budget, but without discussion on this matter. Carlos added that the area is working well and is designed to cut down on the cost of external meetings that need to be held in rented facilities. As a result, the Trustees can affirm that none of the money spent on these projects came from strategic reserves.

#### **6) Church planting numbers slow to grow:**

- *The article in the Index raised a number of concerns about the progress of church planting in North America: "SBC church planting increased slowly yet consistently for the eight years prior to NAMB's launch. Under NAMB, congregational starts have been on a roller coaster ride.*

NAMB's response helps to clarify these apparent disparities: *"NAMB has averaged 277 more church plants per year than in the eight years prior to NAMB's existence."* After studying this issue, the Trustees have reached the conclusion that in spite of the claims to the contrary made by the *Christian Index*, NAMB has been achieving consistent growth in the area of church planting. This process, which is undertaken with the assistance of our state partners, is one of NAMB's primary responsibilities, and NAMB is committed to moving forward with the goal of planting even more churches in the years ahead.

## CONCERNS ABOUT THE EFFECTIVENESS OF DR. BOB RECCORD AS AN ADMINISTRATOR OF THE AGENCY

### 1) Concerns about the relationship between Dr. Reccord and InovaOne:

- While all of the concerns raised in the article are worthy of dialogue and clarification, it appears to even the casual reader that perhaps the primary concern raised in the Index article is the relationship of Dr. Reccord with Steve Sanford, President of InovaOne. The article questioned the downsizing of NAMB media strategy personnel and the outsourcing of NAMB media projects to Sanford's company. Most of the data in the responses below can be found in the minutes of the special called Trustees meetings on February 23-24<sup>th</sup> and March 7<sup>th</sup>. The article raised the following questions about the relationship:

- 1) *Dr. Reccord had a friendship with Steve Sanford before the process of outsourcing began.*

Dr. Reccord acknowledged that he had known Sanford since his days as pastor of FBC Norfolk, where the Sanfords were members. However, he disputes the claim that they were "good friends." He stated that in the fall of 2002, he received a call from Sanford where he learned that Sanford had moved to Georgia. They met for coffee, and Dr. Reccord became aware of his expertise in video work. He invited Sanford to speak at an ELT retreat in Rhode Island in 2002, where Sanford introduced the concept of Broadband technology to the Agency heads. After that time, Dr. Reccord and Randy Singer made the decision to retain Sanford to perform an audit of NAMB's media strategies.

- 2) *Steve Sanford was not registered to conduct business in the state of Georgia until December 1, 2004, when he registered three companies: InovaOne Aviation, InovaOne Enterprises, and InovaOne Strategies.*

In our recent meetings, Randy Singer responded to this claim by stating that he believed Sanford had a Georgia business license under the name Sanford Media, LLC, in 2003. He acknowledged that Sanford later began several other businesses under the name InovaOne.

- 3) *Dr. Reccord recommended Sanford be hired to perform an audit of NAMB's media strategy.*

In 2003, Dr. Reccord and Randy Singer hired Steve Sanford to do the initial audit (\$35,000). This report would contribute key information that members of the ELT would ultimately use in the decision to outsource some aspects of media services at NAMB.

Several NAMB executives were all asked if they felt that Dr. Reccord's prior relationship with Steve Sanford had an impact on his decision to hire him for the initial audit. While they all affirmed that this was the case, they also affirmed that they did not believe there was anything unethical at the foundation of this decision.

- 4) *Following the audit, NAMB made the decision to outsource most of its media and to downsize the media staff by 31.*

Following the audit, the decision was made by Dr. Reccord and Randy Singer to retain InovaOne on contract (\$10,000 per month + expenses) to provide direction for the implementation of the audit report. At some point during this time, Randy Singer switched over to FamilyNet, and Chuck Allen stepped in to the process of working with InovaOne. Chuck noted that while the audit did suggest outsourcing some of the things produced at NAMB, it did not recommend the totality of outsourcing that occurred. (InovaOne's primary recommendations were related to internet: web design and functionality and broadband). That decision was made by the ELT as a means of increasing cost-effectiveness at the Board by approximately \$2,000,000 per year. The money saved through this process could then be used for additional ministry. According to NAMB personnel, 21 positions were outsourced/eliminated in the Media Strategy area. Four positions were outsourced/eliminated in the Technology/Communications area. Three positions were outsourced/eliminated in the ME/Maintenance. As a result, the outsourcing ultimately resulted in the elimination of 28 positions, not 31 as reported by the *Index*.

- 5) *Following the downsizing of the media strategy department, the majority of the outsourcing business went to InovaOne.*

Chuck Allen also stated that the majority of the outsourcing went to InovaOne because of their availability and the quality of their work. He stated that the projects were not put out for bids using Request For Proposals (RFP's) in order to accomplish the outsourcing in a timely manner. However, plans have been implemented within the past month to begin bidding the

work using RFP's. This decision was not a violation of Board policy, however, because the Board has no policy governing the use of RFP's.

According to Carlos Ferrer the following categories represent the approximate amount of money spent to date with the Sanford Media group, including InovaOne and the 316 Network (partnership of NAMB, InovaOne, and Multicast) since the audit and subsequent outsourcing:

- |   |              |
|---|--------------|
| a) Sanford audit:   | \$35,000.    |
| b) Sanford consulting contract for implementation:            | \$300,000.   |
| c) Outsourcing media:   | \$745,000.   |
| d) InovaOne video projects: See who care and the 316 network: | \$1,700,000. |
| e) InovaOne private airline hours (through Airshares):        | \$142,374.   |
- 6) *InovaOne developed the "See Who Cares" media strategy and is one of the partners in NAMB's new 316 Network, designed to help churches have access to the web-casting technology.*

This is correct. The cost of these two areas of the media strategy is covered in letter "d" above.

- 7) *While NAMB is claiming that it is too expensive to produce their own media materials, it is updating its video suite in the building for use in filming media projects. Furthermore, InovaOne appears to be the beneficiary of that video suite, because they are already working in it and have keys to it.*

The Trustees have not discovered that the video suite in the building has been updated during this time. InovaOne has been given access to this facility and has been using it to do much of their work for NAMB. Trustees have been told that they also have an off-site studio that they use for other projects.

- 8) *Chuck Allen of NAMB said that as of February 9 none of the equipment purchased with CP money has been sold.*

Trustees have learned that as of February 23-24<sup>th</sup>, the equipment in the video suite at NAMB has been sold to InovaOne for \$480,000. This money has not been received as cash. The current agreement is for a \$20,000/per month equipment purchase credit against the monthly media outsource fee of \$200,000 per month. Money from the \$200,000 that is not spent on the production of materials in any given month is refunded. The “refund” for January 2006 was in excess of \$44,000. Also, InovaOne is using NAMB’s video facilities rent free for the work they do for NAMB.

- 9) *Dr. Reccord, Randy Singer, and Mike Carlisle all give endorsements for InovaOne on its website, something they apparently have not done for other “for-profit” companies used by NAMB.*

The Trustees have been unable to confirm these endorsements on the InovaOne web site. They are also unaware of any NAMB policy related to endorsing outside organizations. InovaOne’s response to the article in the *Christian Index* can be found at the following site:

<http://www.inovaone.com/response.html>

#### **Trustee thoughts related to InovaOne issues:**

- 1) While the Trustees discovered no intentional attempt by Dr. Reccord to show favoritism to a “friend” by retaining and using Steve Sanford and InovaOne for NAMB’s media strategies, they do believe that this decision left both he and the Board open to the charge of a conflict of interest. Also, when the Board was told about the development of the 316 Network, which was the only aspect of InovaOne with which it was aware, Dr. Reccord did not disclose that there had been any prior relationship between Steve Sanford and himself. Again, one cannot infer anything unethical from this, but the disclosure of this data to the Board early in the process may have eliminated some of the problems the Agency is currently experiencing.
- 2) While the downsizing of NAMB personnel and the outsourcing of media projects is a difficult decision to make, the decision appears to make sense on a couple of levels. First, it makes sense fiscally in a climate of increasing personnel costs. The savings to the Agency will be more than \$2,000,000 annually. Second, it increases the Agency’s ability to do quality work for less money. However, the decision by executives to expedite the outsourcing process at the expense of a fully develop RFP process left the Agency and the Board open to further charges of poor management and a conflict of interest.

- 3) The Trustees believe that there should be an immediate study of Board policy regarding the use of RFP's, and that the process of outsourcing be subjected to those guidelines as soon as possible.

**2) Concerns about Dr. Reccord's speaking engagements, Total Life Impact, and NAMB's relationships with non-Southern Baptist entities:**

- *The Index article continued by discussing NAMB's apparent movement towards greater involvement with non-Southern Baptist groups like Focus on the Family, Campus Crusade, and Promise Keepers.*

The Trustees acknowledge that NAMB has involved itself with other non-SBC groups on occasion. Recently, NAMB has entered into a partnership with Promise Keepers to try and mobilize additional workers for the build-up in the wake of Hurricane Katrina. The Trustees acknowledge that there is a difference between partnerships and cooperative agreements. However, NAMB has a policy for Interdenominational Cooperation that provides guidance for working with non-SBC groups.

- *As part of that analysis, the article questioned the amount of time that Dr. Reccord spends traveling to events that appear to be non-NAMB related. As a result, how are Southern Baptists to know when Dr. Reccord is traveling and speaking on behalf of NAMB? The article did not question Dr. Reccord's effectiveness in speaking on topics related to marriage and family, but it did question whether Dr. Reccord spends too much time speaking on topics that do not focus on the Agency's primary objectives.*

The Trustees operate with the presupposition that Dr. Reccord travels primarily on NAMB business. However, no group of Trustees has ever been asked to help provide accountability for Dr. Reccord's travel and speaking schedule. Dr. Reccord expressed to the Trustees that as he travels with NAMB, he often has the opportunity to be interviewed in a variety of contexts. While he speaks primarily about NAMB during those interviews, there are times when he is asked questions on other unrelated areas, and he responds appropriately.

- *Similarly, the article questioned Dr. Reccord's involvement in Total Life Impact, a company that exists to further the speaking career of Mrs. Reccord.*

Dr. Reccord addressed this issue with the Trustees during the meeting. He explained that he helped Mrs. Reccord establish this “for-profit” company to assist her with her speaking ministry and to help her step out of his shadow. Mrs. Reccord serves as the President of Total Life Impact, while Dr. Reccord serves as the Chief Financial Officer of the organization.

Because of the amount of time that had to be spent on other areas of this assessment, primarily in regards to InovaOne, the Trustees have not had time to investigate this in great detail. Nevertheless, it does not appear that there is a conflict of interest between Dr. Reccord’s work at NAMB and Mrs. Reccord’s business. Because a conflict of interest may be insinuated as a result of the ministries current structure, however, it may be best for Dr. Reccord to clarify his relationship to Mrs. Reccord’s business in some way.

- *The article in the Index further questioned the fact that Dr. Reccord will speak at 19 Promise Keepers events this year, and that this will limit his availability to the Agency.*

When Dr. Reccord shared this opportunities with the Trustees, he gave his assurance that this speaking engagement, which is the evangelistic message at each event, would not affect his ability to lead the Agency. Further, he is using these opportunities to meet with local SBC pastors and leaders in each city where he speaks. While this is a substantial amount of speaking engagements, they do provide NAMB with a platform for expanding the awareness of Southern Baptist life across America and helping to mobilize men to assist in the build-up in the wake of Hurricane Katrina. The Trustees believe this can be beneficial for NAMB, but they also believe that it must be monitored to insure that the Agency does not suffer as a result of these events.

- *The article further suggested that Dr. Reccord misrepresented the amount of Southern Baptists that attend Promise Keepers when he told Trustees that 56% of all attendees are affiliated with the SBC.*

Dr. Reccord told Trustees that he received this number in a meeting with the President of Promise Keepers, Mr. Tom Fortson. Another NAMB executive heard this conversation and has confirmed its veracity. It appears to the Trustees that this is a simple example of confusion on the part of Mr. Fortson, not a misrepresentation of the truth by Dr. Reccord.

**MISCELLANEOUS INFORMATION LEARNED DURING THE ASSESSMENT  
PROCESS:**

- There continues to be outrageous claims made that NAMB paid a large sum of money for the right to the Cassie Burnall story with a goal of partnering with an outside firm to make a movie. The amount of money paid by NAMB for the rights to the story was \$25,000. This money purchased the rights for two years. NAMB no longer owns the rights to the story. Furthermore, there have been continued reports that NAMB paid for Dr. and Mrs. Reccord to receive acting lessons to prepare for the movie. The Trustees have found no evidence that this ever occurred.
  
- There have been questions raised about Dr. and Mrs. Reccord traveling to England for the premier of the movie “The Chronicles of Narnia.” Some of the expenses for this trip were paid for by associates of the Reccords in England. NAMB did pay \$3771.64 in travel for Dr. and Mrs. Reccord to attend this event.
  
- NAMB has retained two outside firms to provide PR work for the Agency. The two firms, and money spent to date with each, are:
 

1) Demoss Group:	\$4,000. per month retainer
2) Shirley & Bannister:	\$8,000. per month retainer
3) Total per month:	\$12,000.
4) Demoss total paid to date:	\$36,251.41
5) Shirley/Bannister total paid to date:	\$39, 247.75
6) Total paid to date:	\$75,499.16

The Trustees were unaware of the fact that two outside firms were on retainer to provide PR advice to NAMB, especially given the fact that there are two NAMB employees on staff who are tasked with this responsibility.

- The 316 Network, NAMB’s new internet media strategy, is currently failing to live up to its expectations financially. Here is the data the Trustees received from Carlos Ferrer:
  - 1) NAMB spent approximately \$1,405,000 thru February of 2006 to build, promote and manage the 316 Networks;
  - 2) NAMB has earned about \$30,000 in fees since its inception last fall;

- 3) The 2006 budget has a line item of \$500,000. NAMB executives are working to renegotiate with InovaOne and Multicast to modify the business plan with hopes that it can be successful in the long run;
- 4) NAMB wants this media partnership to provide SBC churches with access to cutting-edge media while not causing the Agency to overspend its budget.

The Trustees believe that it may be too soon to tell if the 316 Network can succeed financially. In their opinion, the Board should monitor it carefully this year and be prepared to make a decision regarding its viability in the near future.

- There appears to be an attitude throughout the Agency that affects the willingness of employees to engage in the process of sharing concerns about the direction NAMB is headed and making suggestions for its improvement. Literally, it has been described by some as a culture of fear; fear of reprisals for asking tough questions or appearing to challenge the authority structure. Ultimately, given the number of positions that have been eliminated at the Agency, the greatest fear is the fear of losing ones job. The Trustees acknowledge that every organization needs to have an effective chain-of-command strategy. However, they also acknowledge that there appears to be a need for improving employee morale, relationships, and feedback between members of the ELT and the other Agency employees, as well as a protection system for those who might be perceived as “whistle-blowers” for trying to address perceived issues of mismanagement.

### **ISSUES THAT MAY HAVE CONTRIBUTED TO THE FRUSTRATION BEHIND THE ARTICLE IN THE *CHRISTIAN INDEX***

After a great deal of conversation, the Trustees who participated in this process reached some consensus that the primary issues raised in the story revolve around Dr. Reccord. They believe that the perceptions some people have of him are related to his involvement, or lack thereof, with the state conventions. The Trustees have identified the following items which may be at work in this situation:

- A. The President has underdeveloped his relationships with state executives and conventions, and as a result, has given the appearance of a “top down” leadership style that has hindered some relationships and some strategies like “What Now?”

- B. The President has chosen at times to emphasize events and venues that are on the periphery of NAMB's true mission: evangelism and church planting.
- C. The President has not been providing the kind of consistent oversight that is necessary on a day-to-day basis to properly manage the Agency.
- D. Consequently, the President has participated in, or presided over, some poor management decisions on a number of levels, including Elevate and InovaOne, which has cost NAMB financially and hindered the confidence that the SBC has in the Agency.

In the opinion of the Trustee task force, these perceptions exist in the state conventions. Because perception is reality for many people, the Trustees feel that it is necessary, at the very least, to ask the question as to *why* these perceptions exist, and to consider what might be done to assist Dr. Reccord in repairing these relationships and changing the image he may be projecting. After all, the success of the Agency in many ways is related directly to the success its President has in relating to the state conventions.

### **TRUSTEE RECOMMENDATIONS FOR RESPONDING TO THE ISSUES RAISED IN THE *CHRISTIAN INDEX***

The Trustees recommend that the full Board of Trustees consider taking the following action to provide some course corrections for NAMB:

- A. That the Board approve a sub-committee of Trustees, appointed by the Chairman, to develop a set of Executive Level controls to be used as a guide for directing the travel, speaking, and on-campus office time required for the President of the Agency, and to bring a recommendation to the full Board of Trustees.
- B. That the Board approve that the sub-committee of Trustees appointed by the Chairman develop a set of Executive Level controls to be used as a guide for the use of RFP's, and to bring a recommendation to the full Board of Trustees.
- C. That the Board approve that the sub-committee of Trustees appointed by the Chairman develop a set of Executive Level controls to be used as a guide to be followed when the President of the Agency wants to develop new initiatives, including the appropriate oversight and approval by the Board, and to bring a recommendation to the full Board of Trustees.
- D. That the Board approve that the sub-committee of Trustees appointed by the Chairman develop a set of Executive Level controls to be used as a guide for clarifying what constitutes poor management by an executive

officer and how it should be handled, and to bring a recommendation to the full Board of Trustees.

- E. That the Board discusses the future recommendations brought by the sub-committee and adopt appropriate Executive Level controls that will provide the Agency and its head with greater levels of accountability to the Board and the Southern Baptist Convention.
- F. That the Board task its duly elected officers, in perpetuity, with the role of monitoring these controls, utilizing them as part of the Presidents annual review, and reporting the status of these controls annually at an assigned full Board meeting.

### **Concluding Remarks**

The Trustees who were tasked with gathering data and making this report to the full Board of Trustees have worked diligently to ask the right questions in the right spirit. While we acknowledge that the primary issues in the article seem to revolve around Dr. Reccord as President of NAMB, we have sought to make this a matter primarily of examining the issues in light of Board policy. As a result, we have sought in this report to be factual, not editorial. We have chosen to err on the side of full disclosure of the issues we've encountered and the assessments we've made, rather than just limiting our report to issues contained in the article. We believe that this approach will be most beneficial to our Board.

It is the task of the full Board to decide what to do with this report and its recommendations. It is our hope as we meet next week, that every Trustee will have both the opportunity and the time to ask questions and voice concerns in an environment that is objective, free from vitriol, and driven by policy and procedure, not personality. After all, we have been tasked by the Southern Baptist Convention with providing fiduciary oversight for the North American Mission Board, and our responsibility is first and foremost to the SBC. Although this is a challenging time, it presents the Board with the opportunity to improve the way NAMB functions. That will be beneficial for all involved.

Respectfully Submitted by,

Trustee Task Force

3-16-2006