Masterclass #2: 2025 Financial Transparency Analysis – Podcast Transcript

[Speaker 1]

Welcome to today's deep dive. So I want you to imagine running a, uh, centuries-old institution. You think thirty percent of your audience is showing up every week.

[Speaker 2]

Right. Which is a pretty solid number.

[Speaker 1]

Yeah, exactly.

[Speaker 2]

Yeah.

[Speaker 1]

So you budget for thirty percent, you plan for thirty percent, but then somebody actually counts the people in the room.

[Speaker 2]

Yeah.

[Speaker 1]

And well, the real number is three percent.

[Speaker 2]

Ouch.

[Speaker 1]

Yeah. And that is the reality for US Armenian churches right now. Today, we are unpacking a really fascinating blueprint by Khachkar Studios that is, uh, basically designed to rescue this failing ecosystem.

[Speaker 2]

Yeah, because leadership is... Well, they're operating under at a delusion right now. They often confuse their mailing lists or just, like, general cultural affiliation with actual Sunday attendance.

[Speaker 1]

Which is a huge problem.

[Speaker 2]

A massive problem. When your fundamental metric is off by a factor of ten, I mean, your entire management structure is broken.

[Speaker 1]

Right. And the pivot here, the proposed fix, it isn't some new theological approach.

[Speaker 2]

Mm.

[Speaker 1]

Khachkar Studios isn't prescribing theology. They're prescribing their TAP framework.

[Speaker 2]

Yeah. The TAP framework.

[Speaker 1]

Yeah. Which is purely about forcing transparency, accountability, and performance into a system that just... Well, it currently lacks all three.

[Speaker 2]

Exactly. Because the reason attendance sits at three percent, it fundamentally comes down to a crisis of trust. You know, people invest their time and their resources where they see clear, responsible stewardship.

[Speaker 1]

It's kinda like, uh, flipping on the lights in a dark, messy room.

[Speaker 2]

Yeah.

[Speaker 1]

Like you can't clean up what you completely refuse to look at.

[Speaker 2]

That's a great analogy. Or, you know, operating a restaurant where the chefs refuse to look at the budget.

[Speaker 1]

Mm-hmm.

[Speaker 2]

You might be making incredible food, but if nobody knows you're spending fifty bucks to make a ten dollar burger-

[Speaker 1]

The doors are gonna close.

[Speaker 2]

The doors are gonna close, yeah. Transparency doesn't just show you the mess. It actually forces you to optimize the recipe.

[Speaker 1]

And the data on this is wild, right?

[Speaker 2]

So.

[Speaker 1]

It bears that out completely.

[Speaker 2]

Oh, totally. Khachkar Studios points to this massive survey of, uh, thirty-five thousand US Catholics, and it shows an almost statistically perfect zero point nine four correlation between financial transparency and parishioners recommending their church.

[Speaker 1]

Wait, zero point nine four. That is practically a one-to-one relationship.

[Speaker 2]

It's huge. In parishes with excellent financial transparency, eighty-seven percent of people strongly recommend their church. Where there is zero transparency, only twenty percent do.

[Speaker 1]

Wow.

[Speaker 2]

So it proves transparency isn't just, like, some compliance exercise. It is the ultimate management tool to build trust.

[Speaker 1]

Okay, so if financial transparency has a near perfect correlation with trust, the obvious question is: how do you actually prove you're transparent? I mean, you can't just promise you're being honest, right?

[Speaker 2]

No, definitely not.

[Speaker 1]

Yeah.

[Speaker 2]

You need a system with actual guardrails. So Khachkar Studios requires pilot candidate churches to implement three non-negotiable steps.

[Speaker 1]

Okay, what are they?

[Speaker 2]

First, publishing five-year historical and projected data. Second, submitting to completely independent, uh, public financial audits.

[Speaker 1]

Makes sense.

[Speaker 2]

And third, releasing monthly financial and attendance updates to the public.

[Speaker 1]

Oh, wow. So there is absolutely no hiding behind, like, vague annual summaries.

[Speaker 2]

None. But, you know, you still have to measure if those steps are actually working.

[Speaker 1]

Right. And how do they do that?

[Speaker 2]

Through a metric called social return on investment, or SROI. So the formula takes the average number of faithful attendees, multiplies that by twenty thousand dollars, and then divides it by the church's total annual spending.

[Speaker 1]

Hold on. Wait. Assigning a literal twenty thousand dollar value to a parishioner. I, I, I've gotta push back there. Isn't that way too corporate and clinical for a spiritual community?

[Speaker 2]

I get that. It does sound clinical.

[Speaker 1]

Yeah. I mean, we are talking about people's faith here, not a customer acquisition cost.

[Speaker 2]

Right. But it doesn't commercialize faith. They use twenty thousand dollars as a benchmark for the social and community value of an active lifelong parishioner. It translates spiritual engagement into a tangible metric.

[Speaker 1]

Okay. I think I see where you're going with this.

[Speaker 2]

Yeah. It forces a board of directors to ask, you know, "Did our hundred thousand dollar renovation actually bring in five new families, or did we just buy nicer carpets?"

[Speaker 1]

Ah, right. Because if you're bleeding attendance, you can't afford to just rely on blind faith that things will get better. You need hard math to see if your outreach budget is actually, well, reaching anyone.

[Speaker 2]

Exactly. That is the core shift in management here. Without that math, churches fall into a culture and reactive model.

[Speaker 1]

What's that look like?

[Speaker 2]

In that model, zero percent of leadership's time is spent on benchmarking. They just manage crises like, you know, leaky roofs, immediate bills as they happen.

[Speaker 1]

Mm. They're basically playing Whac-A-Mole instead of building a strategy.

[Speaker 2]

Yes. Perfect way to put it. So the SROI forces them into what the blueprint calls a gospel and growth model. By measuring actual return on investment, leaders dedicate fifteen to twenty percent of their time strictly to management excellence.

[Speaker 1]

Which means they ask hard questions about where every single dollar goes.

[Speaker 2]

Right. And whether it is actively building the community. The whole goal of this framework is to double the number of the faithful in five years through that extreme accountability.

[Speaker 1]

Because excellence drives growth. Treating those resources with world-class discipline stops the bleeding, and it builds the trust you need to actually grow.

[Speaker 2]

Exactly.

[Speaker 1]

Which leaves you, the listener, with a pretty profound question to consider today. If radical financial transparency and strict KPIs can completely revitalize a struggling centuries-old religious institution, what opaque area of your own business or even your personal life could benefit from opening the books and facing the hard data?