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Learning Project 2: LifeWay

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Lifeway is not immune to the current economic crisis. In fact, they have had to lay off several assistant managers from all of the stores that made less than \$2,000,000 in revenue over the last fiscal year (Charlotte Goins, Lifeway Assistant Manager, 9/23/10). So, how can they stay afloat and continue to reach people for Christ in this tough economic climate?

This paper will examine various aspects of LifeWay Christian Resources as a whole and LifeWay Christian Store in Lynchburg, Virginia. Discussed will include LifeWay's current problem, a potential solution through enterprise sustainability, examples of proven success in other companies, and a plan of implementation.

### **Problem and solution**

There is a balance between ministry and business. LifeWay's mission statement is, "As God works through us, we will help people and churches know Jesus Christ and seek His kingdom by providing biblical solutions that transform individuals and cultures," (LifeWay, 2010). This mission statement is why the stores even exist. LifeWay is a non-profit organization, but needs to find ways to increase revenue just like every other business. "Although the traditional view of nonprofit organizations regards fundraising for charitable donations as their primary source of revenue, nonprofits also rely on grants, contracts for service, and sales of goods and services to finance operations and capital improvements (Carrol, & Stater, 2009, p. 947)

LifeWay's current problem is its lack of sustainability financially, environmentally, and socially. LifeWay is not failing in these endeavors by any means, but there is always room for improvement. One area that LifeWay could improve financial sustainability is in its spending habits. George Barth (manager of the Lynchburg, VA store) said that one of LifeWay's biggest let-downs is its inventory system. Rather than have buyers for each different department at each

and every LifeWay store, the stores use an electronic inventory system that automatically replenishes shipments. There are several problems caused by this system, mainly inadequacies of supply and demand and wasted man hours. The second area of sustainability that LifeWay could improve upon is environmental sustainability. While LifeWay is not overly wasteful, the company does not seem very concerned about the physical environment. Improving these two areas would, in turn, benefit the third area of sustainability: social sustainability. Another thing that would nourish LifeWay's social sustainability is technological innovations, which could potentially attract more customers and change the way people view LifeWay.

LifeWay could greatly benefit from enterprise sustainability. Blotcher, Stout, and Cokins define enterprise sustainability as, "The balancing of the organization's short- and long-term goals in all three dimensions of performance—social, environmental, and financial (2010, p. 20)." The strengths of enterprise sustainability include but are not limited to the creation of a strong financial system, a healthy work environment, and innovative products that will introduce the next generation to Lifeway. One example of the benefits of enterprise sustainability is the balance of short- and long-term goals. LifeWay currently emphasizes short-term goals while keeping long-term goals on the back burner. This is like changing views from driving a car through a city to flying over the same city and looking at it from six thousand feet. Each image alone can be confusing and misleading. Together, the two images create an overall snapshot of the organization's goals and how healthy it is. The idea is to help create an environment where the corporation can be stable.

### **Proven success**

Enterprise sustainability is important to organizations. “There is no doubt concerning the importance of the studying this aspect of the enterprise's performance (Lazarev, 2008, p. 74).”

Companies must set themselves up for success or else fail in this economic climate.

While the sources and characteristics of financial instability have changed along with changes in our financial system, shocks to the financial system are not a new phenomenon. When they do occur, there are often calls for the central bank to smooth out the volatility in the marketplace and, in some cases, to prevent the failure of a major financial institution. (Plosser, 2009, p. 9)

Subaru is one company that is using this financial recession to its advantage. Fortunately for them, this recession is happening in an age when environmental awareness is so high.

Through billboards, television commercials, magazine ads, and other advertisements, Americans are being conditioned to feel guilty about hurting the environment. Additionally, since budgets are tight, many American families are scaling back their vacations. Instead of taking cruises, spending two weeks at Disney World, or traveling abroad, families may be more inclined to take hiking and fishing trips. Subaru has successfully played into the environmental, financial, and social aspects by manufacturing durable vehicles in environmentally friendly facilities and marketing them to “outdoorsy” people. Additionally, Subaru consistently practices environmental sustainability in its day-to-day performance (Inman, 2006, p. 2). “Subaru of America is committed to being a world-class leader in environmental performance (Subaru, 2010).”

Johnson and Johnson is a company that cares about the community. The company spends money in helping mothers sustain childbirth in countries who cannot afford the medical supplies. The website also states, “Our purpose is to improve the health and well-being of families everywhere (Johnson and Johnson, 2010).” The company not only wants to meet government regulations but also wants to exceed them to have a lower impact on the environment for future

generations. Johnson and Johnson also creates new long-term goals every five years to always keep being pro-active in the overall sustainability to the organization (Johnson and Johnson, 2010).

Through these examples, it is evident that enterprise sustainability is not only important, but necessary for the success of companies.

### **Financial sustainability**

Financial stability is important to any organization. According to Lazarev, “financial stability secures the possibility to acquire necessary resources and pay off all liabilities (2008, p. 74).” This is important for a non-profit organization because as long as all the bills are being paid, the organization can continue to work. It is also important to look at different ways that Lifeway can earn money to stay in business. According to, Carroll and Stater, it is important to diversify its portfolio (2009, p. 964). A non-profit organization usually can focus its primary gifts to donations. But if the organization can diversify its portfolio if one area is shorter one year then the organization can still operate.

Organizations that have more diversified portfolios are less volatile over time; diversification seems to be an effective method for limiting the instability associated with dependence on any particular funding source, despite the added complexities associated with this financial management strategy (Carroll, & Stater, 2009, p. 964).

Finally, we find that organizations that rely mainly on contributions appear to experience greater levels of instability and thus may experience greater financial risk from resource dependency than do commercial or mixed nonprofits. As a result, primarily donative organizations may do well to embrace diversification strategies and potentially increase their longevity in the process (Carroll, & Stater, 2009, p. 964).

As previously mentioned, one area that LifeWay desperately needs to change is its inventory system. It is antiquated and costs them more money than it is worth (George Barth, Lifeway manager, personal conversation, 9/23/10). Their automatic inventory system makes

several mistakes that have to be corrected with man hours. For example, the store often sells out of products and then has to wait weeks for the automated system to replenish their supply. By that time, they have lost sales to competitors. On the flip side, sometimes they are sent more of a product than they could ever sell and it sits on a shelf for months until it is ultimately clearance. Sometimes, a packing slip will indicate that the box contains say fifty Beth Moore Bible study workbooks, but when they open the box, they find that it contains something completely unrelated. All of these issues have to be resolved with man hours. Sometimes, the computer will indicate that there are dozens of a specific product in stock, but when the employee actually checks the shelves, he discovers there are none at all. It is not unusual for an employee to spend an entire shift checking the inventory of hundreds of products (George Barth, LifeWay manager, personal communication, 9/23/10).

LifeWay does emphasize plus selling. It is amazing how selling inexpensive items at the register, such as gift bags, candy, and Christmas plush animals can increase sales and keep the store operating in the black. Seeking customer feed-back of products is another way to increase sales.

Financial stability helps create long-term success. In compliance with LifeWay's mission statement, this success includes sending groups of missionaries to reach souls, plant churches, and disciple pastors in foreign countries. LifeWay currently has a group of eighteen missionaries in Rwanda, Africa. According to an e-mail received today from Ernest McAninch, manager of ministry ventures from LifeWay corporate, in the last week, the team has lead over 1,600 people to Christ, started a new church, and spent time training and discipling local pastors to continue the ministry after they leave (George Barth, personal communication, 10/8/10). Volunteers who go on these trips do have to raise support, but those employed by LifeWay go for a reduced fee

(Charlotte Goins, personal communication, 10/10/10). None of this would be possible if LifeWay did not have financial sustainability. If LifeWay does not figure out a way to offset the lag in business due to the economy, their lay-offs will not stop with assistant managers and their missions-minded goals will not be reached.

Financial stability is a more difficult to define. It points to a monetary and financial system able to support, without systematic distortions, an adequate allocation of savings toward the most efficient investments projects. To the extent that the financial system vitiates the proper allocation of savings and thus sow the seeds of its own failure, it is characterized by financial fragility (Bogdan, Anghel, & Bucur, 2008, p. 162).

### **Environmental sustainability**

The environmental aspect of enterprise sustainability can be taken at both the store level and the corporate level. Environmental sustainability refers to the physical environment, the work environment, and the shopping environment.

The first thing that God blessed man with was the power of dominion over the earth (Genesis 1: 27-28). God created a beautiful, perfect environment, which unfortunately was negatively impacted because of sin. Today, the environment continues to be negatively impacted by peoples' laziness, selfishness, and ignorance. However, God calls us to be good stewards of all He has given us, including the environment (Matthew 25:21; Luke 16:1-13). It could be deduced that since LifeWay is a Christian company, it would hold more stringent environmental protocol. In the Lynchburg store's stock room, there are bins for plastic packing pillows and bubble wrap. These packing products are stored until they can be re-used. In that respect, LifeWay is doing a small part to keep plastic out of landfills, but imagine if they and their vendors used biobased or biodegradable packing materials. Every night, any cardboard boxes from shipments are broken down and thrown away in the garbage dumpster. LifeWay makes no

effort to recycle, even though there are nine recycling drop-off centers in the city (<http://www.lynchburgva.gov/Index.aspx?page=137>). Small changes in their day-to-day operations could make a huge impact on our environment.

The work environment at LifeWay is certainly a perk to employment. LifeWay only employs born-again Christians that are actively involved in local churches. They also treat employment as a ministry. Every morning and evening, the staff gathers for prayer and a short devotion (George Barth, LifeWay manager, personal conversation 9/23/10). People who do not live that lifestyle do not last long and those who do can enjoy the company of fellow believers (Charlotte Goins, LifeWay assistant manager, personal conversation 9/23/10).

Improving safety and health is important not only in financial terms, as a way to ensure success and sustainability of enterprises, through a better economic development on the long term, but also in human terms, as a way to reduce the workers suffering and enhance motivation (Cărean, & Căean, 2009, p. 98).

Finally, LifeWay's shopping environment is one of warmth. Customers are greeted and assisted within seconds of entering the store. Customers can browse books, music, movies, church supplies, art and home décor items, and receive assistance with Bible selection while instrumental music plays softly in the background. Pastors receive a twenty-percent discount on personal purchases, which enables them to shop more frequently. LifeWay has cultivated a shopping experience that attracts customers and in turn increases revenues.

All of these aspects of environment are important. Without satisfied employees, there would be just another bookstore, not a ministry. Without customers, there would not be a need for a store at all. Finally, without environmental consciousness, the Christian company is disobeying God's command to be good stewards of what He has given them.

### **Social sustainability**



Social sustainability refers to the quality of communication within the company. Communication is an area in which LifeWay is suffering. At the store level, big decisions have to be approved by upper management. Sometimes, this process takes so long that by the time a store manager gets a response, the result is irrelevant (George Barth, 9/23/10). For example, LifeWay Christian Store in Lynchburg, VA tries to set up merchandise tables at Thomas Road Baptist Church whenever a large event is held there. These types of events usually include pastoral conferences, men's' and women's seminars (especially Beth Moore), and children's events. Sometimes, by the time Mr. Barth hears from upper managers, there either is not enough time to plan the event or the event has already passed (George Barth, 9/23/10).

### **Implementation**

The overall success of the strategy is how it is accepted by the organization. Enterprise sustainability is a critical success factor when all its aspects are unified. The best way to start this would be to start with one section at a time. First is the financial aspect of the organization, second is the environmental, and then social would fall right after that. But it is a circular cycle, and all aspects must work together. When all is stable, sustainability has been achieved, and everything will start working together. With this system in place, benefits would include better communication between departments, common knowledge of how well the company is performing, and employees would be able to feel more involved and more satisfied in their jobs.

Because this technique is so involved, implementation can be a little difficult for a company that has not worked with enterprise sustainability before. "As the world becomes more interconnected and the speed of change increases, hierarchical structuring is overrun. Actions and outcomes increasingly emerge from interactions of a variety of forces (Twomey, 2006, p. 13)." These forces are usually opened up by innovation. "Innovation in complex systems, while

created through individual efforts, increasingly relies on innovation based on the interactions of large and small groups of people. Likewise, performance at the highest levels increasingly depends on teams and cooperation (Twomey, 2006, p. 13).” These teams that work together are important to an organization. On the store level, the team leader would be the store manager and then the assistant managers from there. The team must work together to improve overall quality at the work place and help create innovation with new ideas. It is easy to predict that one threat to a Christian bookstore such as LifeWay is the introduction of electronic books such as the LifeWay falls behind in innovative technologies, which is dangerous in this economy.

### **Conclusion**

Enterprise sustainability is, “The balancing of the organization’s short- and long-term goals in all three dimensions of performance—social, environmental, and financial (Blocher, Stout, & Cokins, 2010, p. 20).” LifeWay Christian Stores is struggling in this economy. Enterprise sustainability would be a valuable tool to employ. By making simple changes—printing on recycled paper, recycling cardboard boxes, and using biodegradable packing materials, Lifeway could make a positive impact on the environment. With increased efficiency in corporate communication, events could be better scheduled, which would benefit the community and introduce new customers. Finally, with changes to their inventory system, scheduling, and the creation of innovative technologies, LifeWay could surge through this economic slump.

By implementing enterprise sustainability, LifeWay can benefit not only fiscally, but also spiritually. As much as LifeWay is a business and needs to be fiscally-minded, LifeWay must remember its roots. The company must remember that its sole purpose is to aid local churches’ ministries and spread the Gospel around the world.

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