

## **CHRISTIAN SURFERS: A WIPE OUT OR A SMOOTH RIDE?**

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*Christian Surfers – A Wipe out or a Smooth Ride is a nonprofit decision-oriented case featuring Christian Surfers U. S. (CSUS), an interdenominational nonprofit ministry headquartered in St. Augustine, Florida. The organization may lose its lease, is facing a declining membership, and is considering an extensive new membership drive. Complicating the situation is that CSUS has been without an executive director for over a year. Chandler Brownlee, the last executive director, was also the strongest financial contributor to the organization. Earlier in the week, Chandler announced he was stepping off the board and cutting his active interaction with the organization. The organization is at a critical time in their 23-year history. Casey Cruciano, the CFO, needs to reconcile the lease situation in the next few days and determine if a massive membership promotional program should be implemented, all while funding issues are becoming a major concern and the organization lacks leadership at the top level and has questionable board of director support.*

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### **DECISION DILEMMA**

Casey Cruciano looked out the window of his second-story office toward the surf of Florida's St. Augustine beach. It doesn't get much better than this, he thought as he shut down his computer, grabbed his board, and walked the one block to the ocean. A westerly wind and a spring storm off the coast made for excellent conditions to get in a couple of hours of rides.

Casey was the CFO and member of the executive staff of Christian Surfers US (CSUS)—a nonprofit organization devoted to sharing Christian beliefs with surfers. On his way to the beach, he reflected on the organization's current situation; membership was down almost 50 percent from just over one year ago, they were short on funds with barely enough cash to pay for basic operating activities for the next two months, and they might have to move their office.

At the end of last month, Casey had asked their landlord to keep the terms of the lease at \$500 per month to rent the office, which was a 1,200 square foot three-bedroom, one-bath apartment with a fully furnished kitchen plus living and dining area. He had hoped that the landlord would consider the unique mission of CSUS and treat the rent like a benevolence. Three days ago, the landlord said he could get three times the rent for this unit and gave CSUS thirty days to agree to the new lease terms or move.

As a ministry to surfers, CSUS ideally needed to be close to the beach. But it would be virtually impossible to find a suitable location at a cost the organization could afford. The office served as a hangout for surfers and provided a great opportunity for witnessing. Further, since all of the staff raised their own support, the office's view and proximity to the ocean were benefits CSUS could offer their employees. Casey questioned how the organization could be effective without a central location close to their constituency.

There wasn't much time. CSUS would have to either figure out how they could generate sufficient funds to keep the office or find something similar and affordable at a suitable location. As Casey waded into the surf he thought: "Was the threat of losing the lease the major concern for the organization or only a symptom of some bigger problem."

### **CHRISTIAN SURFERS US HISTORY**

Christian Surfers US (CSUS) was an interdenominational nonprofit 501c(3) tax-exempt missions ministry. Through local chapters, volunteers offered surfing trips, surfer Bible studies, local surfing contests, surfing lessons, international mission trips, and other surf-related outreaches as an outlet to build meaningful relationships with surfers. They wanted to be a bridge between the beach and the church with the objective to reach one surfer at a time.

Founded almost 25 years ago in Santa Barbara, California, the organization had always been mostly volunteer-run with officers and key staff raising their own support. Cash contributions to the organization, their major revenue source, were primarily from a donor base that pledged to support the different key individuals running the organization. CSUS flourished during the first twelve years on the west coast through their evangelism strategy that utilized local chapters and member-based programs.

During the next five years, CSUS's second executive director refocused the ministry's vision and resources toward a west coast regional program called the California Contest Series. This strategy was a change in focus from the original local chapter model. However, when the organization moved away from their

primary mission and vision, which emphasized the local chapter development and support, the west coast chapters and members actually decreased by 75%. Furthermore, because of the west coast concentration, there were little, if any, membership initiatives and incentives on the east and gulf coasts. The financial viability of CSUS was a real concern.

Chandler Brownlee became executive director about seven years ago. Since he lived in St. Augustine, Florida, the organization's headquarters moved to the east coast. Chandler redeveloped the original local chapter model and missions strategy nationwide through CSUS. As a result, a chapter-planting movement began, creating over 30 locally based chapters across the east and gulf coasts of the United States. Chandler grew the organization from nine local chapters to over 40 chapters in five years.

After five years of Chandler's leadership, CSUS grew to over 1,000 members, 250 leaders, and a staff of 12. The board of directors—consisting of pastors, missionaries, and surf-industry leaders—had five members: two pastors, a university professor skilled in nonprofit management, a former CFO of a surf clothing company, and an attorney who had a passion for surfing. They bought into the mission and vision of the organization and provided fiscal, legal, and strategic oversight to CSUS.

Funding came primarily from cash contributions. Over half of this was from funding support raised by the staff. Funds were also raised through conferences, events, and an annual membership dues program. Approximately 92% of funds raised went to support missions programs and staff salaries. Of the remainder, 7% went to administrative costs and 1% to fund-raising.

CSUS's explosive growth in such a short time left the organization stretched in providing oversight, training, manpower, and finances for the support services needed by its local chapters. To address pressing needs, national leadership identified the following critical initiatives, which were being considered and developed to help the organization:

- Develop full-time regional coordinators and chapter support staff
- Centralize new chapter and staff training
- Standardize local chapter operating guidelines
- Build better information, donation, and communication systems for all CSUS constituents

Mike Gray, one of the board members and a mentor to Chandler, recognized that the organization did not have a suitable strategic plan and a systematic approach to accomplishing the organization's goals and objectives. While they had good ideas,

the staff seemed to be running from project to project without an overall focus. Mike encouraged CSUS to develop a strategic plan to give the organization better direction.

### **STRATEGIC PLAN**

Mike assisted Chandler in the overall development of a strategic plan. The first task was to reaffirm the mission statement, vision statement, and core strategy for CSUS. The core strategy helped to reinforce the use of local chapters to get their message out to the greatest number of surfers.

The mission statement for CSUS was as follows:

Christian Surfers exists to reach surfers with the Gospel, connect them to local churches, and send them back into their local mission field.

The vision statement for CSUS was as follows:

We will be a Christian presence and witness to the entire United States surfing community.

The core strategy for CSUS was as follows:

Our mission and vision will be accomplished through linking the entire United States coastline with local Christian surfers chapters.

Next, the strategic plan specifically identified the value of a healthy local chapter as a foundation to the organization. Those values included the following:

- Plant the mission of the organization in the surfing community
- Make it a standard model that could be effectively replicated nationally and internationally
- Establish a low operating cost, volunteer-based chapter
- Become a distribution channel for various outreach programs and literature
- Create partnerships with donors, churches, and other similar community outreach initiatives
- Provide local accountability for their defined mission
- Reach spiritually lost individuals in the surfing community
- Define goals in terms of people reached and materials distributed

To best accomplish the strategic goals, a tactical operating plan for current operating year had to be developed. The plan identified three major critical issues,

which were incorporated into the strategic plan: branding, operations, and resources.

- Branding – The focus of branding was to identify and promote who and what CSUS was and did. The general public should understand the value and purpose of the organization.
- Operations – With operations, it was clear that the chapters needed better training, communication, and standardization to the mission. A working chapter model with appropriate supporting materials and other resources had to be revised and distributed to all participating chapters.
- Resources – In the area of resources, the ministry's growth over the last five years had outpaced current human and financial resources; they needed more volunteers to assist with administration, maintain contact with chapter representatives, and establish an aggressive fund-raising campaign.

The desired outcomes for the year were established in the strategic plan:

- Branding – CSUS will communicate their value and purpose to donors, members, churches, the surf industry, and the general public. Individuals from all of these groups will want to contribute to CSUS's success.
- Operations – CSUS will have a standard mode of operation for each chapter from coast to coast
- Resources – CSUS will thrive and not just survive with support staff and operating revenue.

With strategic guidelines established, CSUS leadership identified several goals to be accomplished under the three critical areas of branding, operations, and resources. Branding goals all revolved around national recognition and familiarity. Operations goals focused on training and standardization for chapters, volunteers, staff, and other leaders. The organization also needed better communication with interested parties through venues such as web sites, newsletters, e-mails, and magazines.

The area of resources provided the greatest opportunity and challenge. Ideally, key leadership positions, especially the executive director, should not have to rely on 100% personal fund-raising, and the organization should underwrite some of the salary. Also, the board needed to be more actively involved in raising funds and contributing personal funds to the organization. The strategic plan specifically stated that the board raise over \$130,000 in the next year, including \$35,000 from personal funds and about \$95,000 from other donors and corporations.

The strategic plan concluded with a proposed budget for the current operating year that factored in a significant but reasonable rate of growth. The plan proposed

almost \$800,000 of revenue. The plan also included a rather modest growth rate of 10 to 15% for the following two years with total revenues exceeding \$1 million within three years.

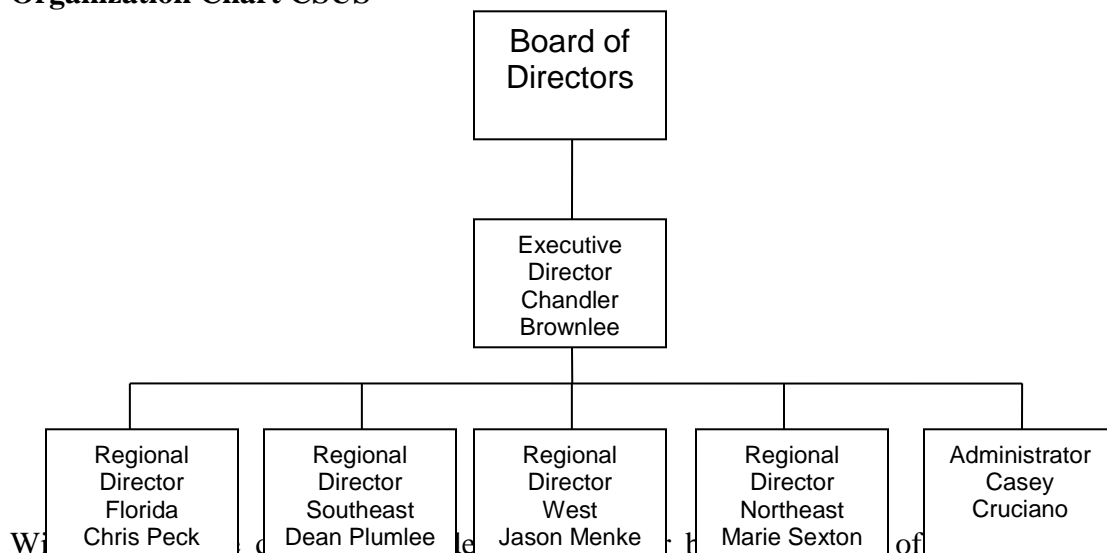
### **CHRISTIAN SURFERS US CURRENT SITUATION**

Just as CSUS was focusing on some specific directions and objectives, Chandler Brownlee resigned as the executive director. To help with the transition, he remained on the board of directors. Chandler had been extremely successful in the real estate market in Florida and was a generous donor to the organization during his six years with the association. He served as executive director without pay and provided free rental space for the corporate offices prior to the organization moving to its current location. Chandler had literally carried the organization on his back for the last several years, but personal pressures caused him to step down.

At the start of the strategic planning year just before Chandler resigned, Chris Peck was the regional coordinator for Florida, Dean Plumlee was the regional coordinator for the southeast (from North Carolina to Texas with the exception of Florida), Casey was national administrator in charge of finances and membership, Jason Menke was the west coast coordinator, and Marie Sexton was the northeast regional coordinator from Virginia to Maine. All members of the staff were in their 20s or early 30s, with the exception of Marie and avid surfers. (See Exhibit 1 for an organizational chart of CSUS.)

### **EXHIBIT 1**

#### **Organization Chart CSUS**



Funding was not available to hire an executive director, and no volunteers with leadership skills and a vision for the organization stepped forward to fill the gap.

Current staff found themselves jumping from one critical incident to another, often without regard to who would be most gifted to handle the situation. The “tyranny of the urgent” generally dictated the “modus operandi” and many of the strategic needs went unmet.

Board member, Mike Gray, stepped aside from the board because of health concerns. However, since he lived in the area, he tried to mentor some of the leadership as needed.

The staff had little time to do fund-raising, both for their individual support and for the organization as a whole. The board of directors had assumed some responsibility for fund-raising and had raised about \$5,000 during the year, which was only about one percent of the total budget and barely enough to cover maybe three months of rent, utilities, and some basic administrative and supply costs. Two members of the five-member board did not believe in fund-raising and relied instead on the premise that “God will supply all our needs.” These board members also did not make any significant financial contribution to the organization. The board mentored the staff but were not involved in fund-raising, and expected the staff to take the lead in this area.

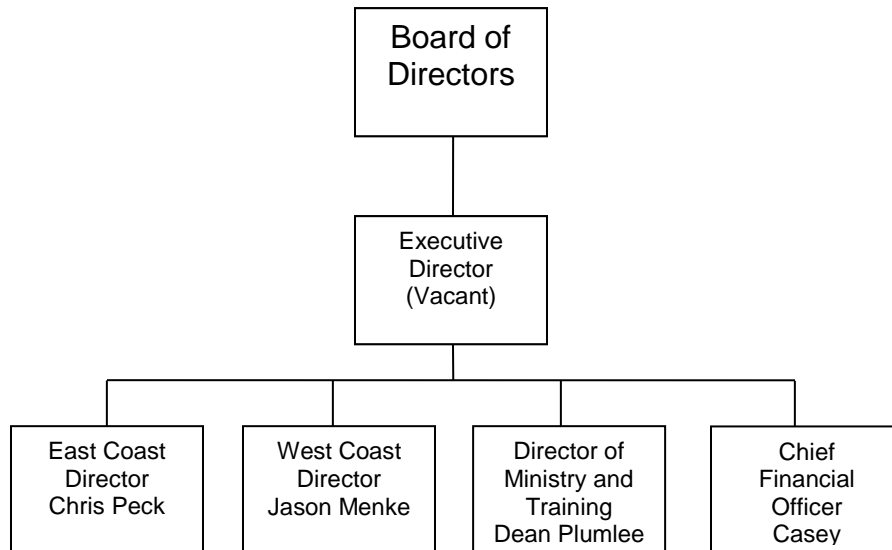
After 15 months, Casey was one of four remaining members of the executive staff of CSUS. Chris was the east coast director, Dean was director of ministry and training, and Jason was the west coast director. Casey, Chris, and Dean lived in St. Augustine at the national headquarters, and Jason lived in Oregon. In fact, this identification of titles and responsibilities had just been recently determined.

The role of executive director purposely had not been assigned. The board felt working as a team would be more effective at this time. The staff members focused on the areas of responsibility where they felt most comfortable. Most were doing multiple tasks and just doing their best to keep the organization viable.

Each member of the executive staff brought his own qualities and expertise. They tried to focus on each other’s strengths to offset any weaknesses. Decisions in functional areas were made by the person in charge and overall organizational decisions were made by a committee of the whole. (See Exhibit 2 for a current organizational chart.)

## **EXHIBIT 2**

### **Organization Chart CSUS Current**



### **EXECUTIVE STAFF**

Surfers in general were relational in orientation. They tended to form close bonds with other surfers and would defend each other against outside organizations and groups. They often prided themselves in being different which was often reflected in their clothing, lifestyle and general appearance. While outsiders might be offended by first impressions, the surfers were often willing to open up to others if there was a need. Also, out of the surfing environment, many of the surfers would appear just like any other individuals. The executive staff members at CSUS were just that way. They all had the ability to relate and be a part of the surfing community and they also could be young executives for a Fortune 500 company or a school teacher.

Casey, 24, had a degree in accounting and finance from a university in Virginia. He had been vacationing in Florida with his wife when he first learned about the organization. Casey wanted to do mission work and this was an opportunity to pursue his passion in surfing and do mission work at the same time. He did not see a downside, and his wife had a full time job to help meet financial needs. Casey was very analytically minded and he was able to put sound accounting principles in place for the organization. His attention to detail and exactness was critical especially in an organization consisting primarily of free spirited surfers.

Chris, 32, was a former business owner of a pool construction company. Chris understood the importance of a strategic plan and had good business sense. He had



tired of the demands of the construction business with personnel issues, hiring and retaining decent help, and appreciated the time to work in a ministry helping others. He enjoyed surfing, but also liked to skate and snowboard.

Dean, 34, had been a youth pastor in West Virginia. He was married and had a young daughter. Dean was a people person and enjoyed relating to the youth of the surf culture. He was never too busy to listen to the concerns of others and witness to people in need. He enjoyed surfing and living in St. Augustine by the ocean was a welcome change from a land-locked West Virginia.

Jason, 27, had a degree in marketing and sports management. He was a salesman and definitely a people person. As a sports enthusiast, Jason was active in many venues and used his marketing skills to develop a pretty extensive network throughout the surfing and skating communities. Jason was a west coast kind of guy and sometimes felt he needed to defend his position and ideas, especially since the other three members of the executive staff were all located on the east coast in St. Augustine.

### **CHALLENGES OF THE ORGANIZATION**

The four men began debating what they needed to do in the coming year. Facing losing the lease, the immediate need was for suitable and affordable office space. The staff could possibly work out of their homes, if needed, but they would lose the synergy from being together to deal with critical issues. They would also lose their gathering place, which—by its perfect location—helped attract new people to get involved in the organization. Also, where else could you look out your office window, grab your board, and in 5 minutes be riding the waves?

Membership was also a concern as current active members had declined to about 550 people. The annual dues had been an important source of revenue for the headquarters and chapter general operations. In the past, there was a three-tier annual membership program:

- For \$25, the member received a t-shirt valued at \$15, a magazine subscription, and some CSUS stickers.
- For \$50, the member received two surfer DVD's, a surfer Bible, and the materials at the \$25 level, all totaling a retail value of about \$90.
- For \$100, the member received all the gifts for the \$50 membership plus a visor and monogrammed golf shirt.

Five dollars of the member dues from each member went to the local chapter. Therefore, chapters that were most active at recruiting local members received the most in membership dues. The chapters were also required to submit \$1,000 per

year to headquarters, which was due at the beginning of the year to pay for materials and support the organization as a whole.

The headquarters staff was considering a free membership category to pique interest in the organization. The goal was to increase membership to 5,000 to 10,000 people. With the free membership, individuals would only receive a membership card, a bumper or board sticker, and four e-newsletters. It was hoped that once they became aware of the organization, they would want to advance into another membership category to receive some of the complementary products (or that the paid levels of membership would offset the free level). With the free membership, of course, local chapters would not receive any dues, but would be required to pay their \$1,000 annual charge. Casey estimated the cost to promote the new membership drive, which they wanted to start in 30 days, just before spring break, to be about \$15,000 for the first month and around \$5,000 per month for at least the next six months.

### **FINANCIAL CONSIDERATIONS**

Casey had been in charge of accounting and membership records for over two years. When he had assumed the position, the previous treasurer, living in California, sent the financial and membership records to him in a shoebox with a note requesting not to contact her for directions or information. Casey also had an income statement from three years ago from board meeting minutes. After months of trying to reconcile the previous financial information with the current records, he estimated the financial status of the last two years. Now, with two years of verifiable financial data, he was able to do some budgeting and financial forecasting.

On January 1<sup>st</sup> of the current year, the organization had almost \$100,000 of cash in the bank. However, of these funds, \$80,000 was earmarked for chapter support activities, \$10,000 was pledged to the staff, and \$10,000 was to cover headquarters operations. The staff had been so busy that many had not had time to do effective fund-raising with their donor base and to solicit new donors.

For each member of the executive staff, raising their own financial support was difficult and time consuming. The staff generally returned to their home areas where most of their family, friends, and local churches were established. This group of individuals and organization generally formed the support base for fundraising. Sometimes it was hard to sell the concept of supporting a U.S. surfing ministry to potential donors when other people raising funds were doing mission work in Africa or primitive and remote locations with perceived greater needs. Also, the longer the staff was away from their primary support area, the more difficult it was to raise funds.

With the accounting system that was developed for this nonprofit organization, there was not much in the way of a balance sheet. Their primary asset was cash; all the other assets were either immaterial in nature or expensed when purchased. CSUS did not have any debt, so the surplus or deficit in the fund balance equaled their cash in the bank, currently \$97,983. On the income statement, a few major sources of revenue and expenses were identified along with a resulting surplus or deficit balance. The last year, total revenue was \$602,565 and total expenses were \$571,371.

### **WHAT NEXT**

As the four members reviewed the critical issues on their conference call, some questioned if it might be good to forgo any new initiatives, scale back operations to a minimum level, and all go out on fund-raising campaigns. It was something of a “chicken or egg” situation; they needed funds to start the membership campaign and cover general operating costs, and, at the same time, they needed members to bring in the funds. And of course there was the pending termination of the lease.

To top everything off, yesterday, Chandler notified the group that he was stepping down from the board of directors, having completed his time in the transition process. The four members of the executive committee realized they were really now on their own and could not rely on Chandler any more to bail them out.

Chris had said goodbye to the others earlier in the day as he was leaving the next morning on a planned trip to Colorado for a week to snowboard and maybe fund-raise with his brother. Everything that could potentially undermine the organization seemed to be happening at once.

Casey contemplated the situation facing him. Did anyone seem to care about the future of the organization? Critical decisions needed to be made and quickly. Someone had to step up and take the lead. At least the surf was up, Casey wondered if he would get in some smooth rides or totally wipe out!