

SADDLEBACK CHURCH – 2005

www.saddleback.org

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Churches take in a lot of money and spend a lot of money. Therefore more and more churches are engaging in strategic planning to assure effectiveness in achieving their vision and mission. What stops someone from attending a church service? The fastest-growing “mega-churches” (defined as non-Catholic churches with 2,000 or more members) in the U.S., such as Saddleback Valley Community Church (“Saddbleback”) in Lake Forrest, CA appear to have figured this out.

The megachurch growth strategy is focused on reaching the so-called “unchurched.” Is it working? If Saddleback were a company, it would be a hot candidate for an “Initial Public Offering.” Founding Pastor Rick Warren has spearheaded “miraculous” growth from 7 adherents to a 20,000 member congregation, and worldwide influence, within 25 years.

Besides ministering to its own local congregation, Saddleback’s conferences teach pastors from around the world about church growth. The church’s ministries are fueled by founding Pastor Rick Warren’s publications; *The Purpose Driven Life* alone has sold over 22 million copies worldwide.

While his “seeker sensitive” services have drawn in the masses, observers debate whether the message—saving souls for Jesus Christ—has been swamped by modern (“slick” according to naysayers) marketing techniques. Critics, Christian and non-Christian alike, ask whether Saddleback is a “market-pandering” rather than “purpose-driven” church.

One fact, however, is certain: Saddleback is among the most successful examples of strategic formulation and implementation of any church in the history of the US. Saddleback has local growth, national profile and international influence.

HISTORY

Churches arrived along with the first settlers—and they remain part of the fabric and landscape of American life. According to a Barna Research Group survey in 2005, 45 percent of American adults attend church in a typical weekend, not including a special event such as a wedding or a funeral. From the mid 1980s to the mid 1990s church attendance fluctuated. In 1986, 42 percent of adults attended a church service during a typical week in January; attendance rose to 49 percent in 1991; and attendance dropped to 43 percent in January 2004. In stark contrast to the megachurches, the median adult attendance per church service in 1999 was 90 people.

Large churches began in the 1940s, although the term “megachurch” had not yet been coined. One of the first high profile large churches was started in 1955 by Robert Schuller in a drive-in theatre in Anaheim, California. This humble venue evolved to become the Crystal Cathedral. Schuller preaches a simplified “possibility thinking” message which is televised worldwide through his weekly “Hour of Power” broadcasts. Efforts such as these, however, stuck out as an aberration—a difficult to adopt, a one-off phenomenon. This has changed. *Forbes Magazine* reported that the number of megachurches numbered ten in 1970, 250 in 1990, and 740 in 2003. Megachurches, in addition to size, are typically characterized by a charismatic founder/preacher, a large physical facility (i.e. a “campus”) and independence of their denomination.

A survey of 600 megachurches in 1999 by the Hartford Institute for Religion Research found: church attendance increased 90 percent over the past 5 years; the median seating capacity per services was 1,700; and 93 percent offer two or more services per weekend. These megachurches, in view of their size and resources, become less dependent upon their denominational connections. While there are similarities among megachurches, there are also many differences: some have been founded in the last 20 years, while others originated in the 1940s; some are suburban, white while others are inner city black; some are “evangelical” while others are “fundamentalist.”

Of course, megachurches grow through active evangelism efforts. 38 percent of megachurch respondents say their members are involved in recruiting new members at moderate levels and that 29 percent are involved in extensive recruitment of new members. The megachurches averaged 13 full time paid ministerial staff persons, 25 full time paid program staff persons and 297 volunteers giving 5 or more hours per week.

One feature of the megachurches is their “business” approach to their ministries. They recognize that they have a message that they need to market—and this means identifying the “consumers” and effectively reaching them. According to a survey done by Hartford Institute for Religion Research, 47 percent of these churches hold conferences, 44 percent use radio as a means of communicating their message while 38 percent incorporate television to broaden their exposure.

Today’s megachurches are often eager to replicate their style of church as a template in communities throughout the U.S. and the world. They serve as models for church growth; even if smaller congregations throughout the country cannot achieve the same size, they nevertheless look to them how to organize their programs and church services.



SOURCE: www.saddleback.com

Saddleback sprouted in Lake Forest in Orange County, CA. According to the US 2000 Census, Lake Forrest was home to about 280,000 people. The larger Orange County population encompasses approximately 2.8 million people. Orange County ranks above the national average in terms of household income and those with a bachelor's degree or higher. Although the white population maintains a majority, the Hispanic population accounts for 30 percent.

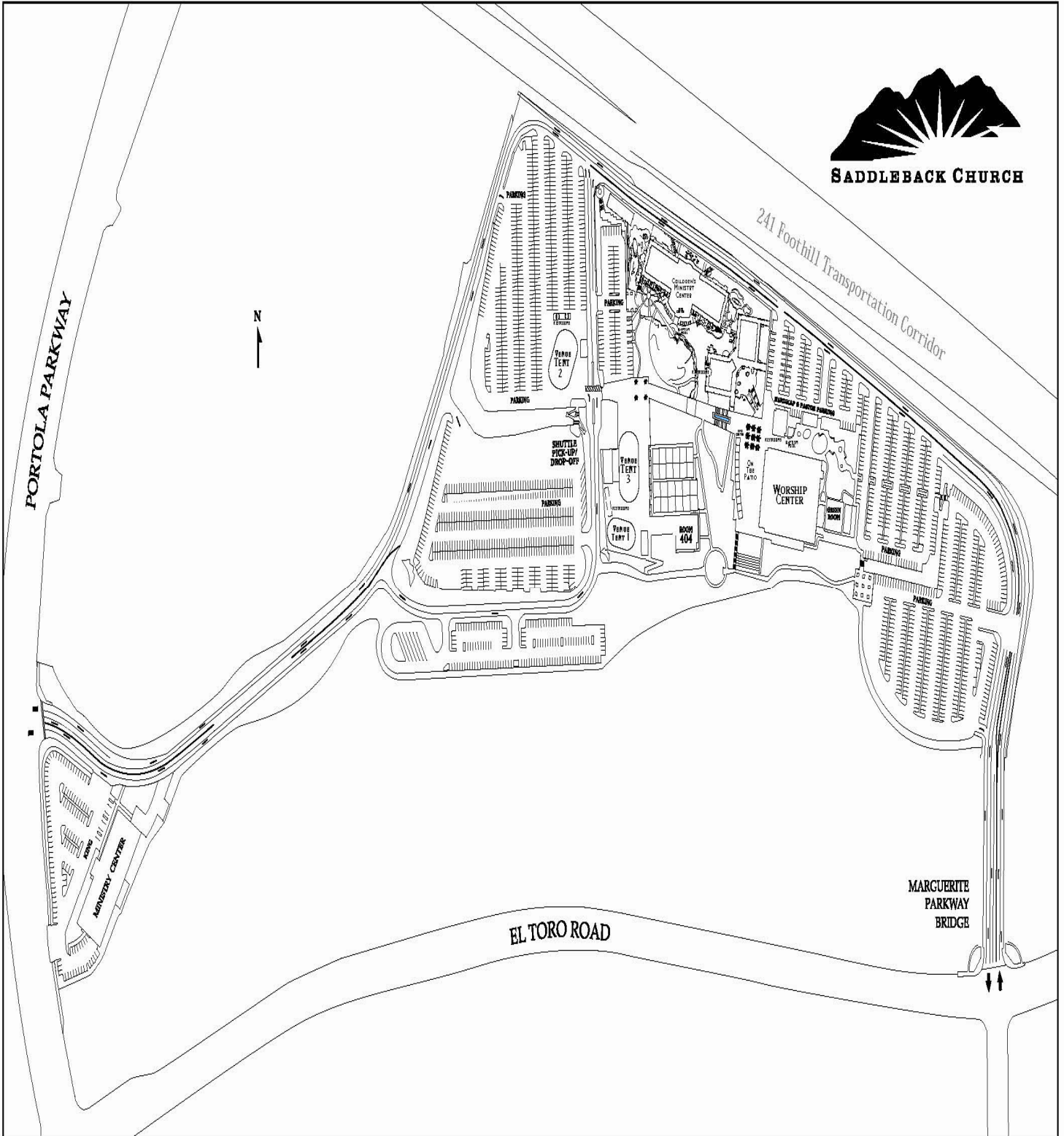
Rick and wife Kay Warren started a 7-person Bible Study in Lake Forest in 1980; over the next 25 years that group has grown into an average attendance of 20,000+, a 120-acre church campus, and over 200 ministries. Saddleback Church has 6 services per weekend (2 Saturday, 2 Sunday morning, 2 Sunday evening). In addition to the varying times Saddleback also offers differing styles. The message (i.e. "sermon") is transmitted via a live feed to the different venues while a live band and the location provide alternate atmospheres. Some of the options include an

island-style venue, a concert tone with full band, and one with music in Spanish with the option of an English or Spanish message.

PLANNING FOR GROWTH

The Saddleback campus was designed for its unique needs. Thomas Greer, a former administrative pastor for Saddleback, says that the church puts effort into identifying those it hopes to reach. There were five key stages in their recently-completed building campaign: strategic planning, financial planning, design, construction, and the move-in phase. Saddleback was able to develop a campus that has fit their needs because they spent time figuring out the needs they wanted the building to fit. Why do we need to build? Who are we trying to reach? Have we analyzed our growth to determine to appropriate size for the worship center/sanctuary? In what order should buildings be constructed and what is the proper relationship of buildings to each other? These are some of the questions that gave Saddleback the direction in their building campaign. The campus (see Exhibit) has a Worship Center and three different venues for alternative types of services; there is also an independent Children's Ministry Center.

EXHIBIT RE CAMPUS MAP



1 Saddleback Parkway • Lake Forest, CA 92630-8700 • (949) 609-8000 • www.saddleback.com • www.purposedriven.com

PURPOSE DRIVEN OR MARKET DRIVEN?

Saddleback's emphasis on seeker oriented growth causes mixed reactions among the American Christian community. Supportive churches say this is a modern packaging of an age-old gospel—and they want to learn to grow, too. Other churches view the marketing as overwhelming, and even distorting, the message.

Saddleback follows a “purpose driven” model. Rick Warren strives to eliminate the objections or distractions preventing people from joining the church. “Churches should pay attention to cleanliness and attractiveness, where people are going to park, and how new people are going to feel walking through our doors. We should strive for excellence and do our best to communicate God's truth.”¹ This approach to church views attendees as consumers who are looking for an attractive package. To succeed in such an environment Saddleback deploys appropriate tools such as polls and surveys.

Saddleback makes a concerted effort to adapt to people's tastes where such conformity is not theologically critical. With respect to church music, Saddleback polled their attendees as to the radio stations they listened to. The results were that no one listened to organ music or large choirs when given the option; instead 96 percent indicated they listened to adult contemporary. As a result of this survey the music style at Saddleback was made unapologetically contemporary. That being said Warren acknowledges that it may not be everyone's style to which he has alternate churches he recommends that cater more to a more traditional style of music.

Saddleback caters to different categories of people with different program offerings: programs for kids, junior high school, high school, college age, and singles. Within such a large

¹ Gilley, Gary E. “The Market-Driven Church: A Look Behind The Scenes”
<http://www.rapidnet.com/~jbeard/bdm/Psychology/cgrowth/mkt.htm> - July 03, 2005.

church it is easy to get lost and not feel connected. Saddleback attempts to reduce this effect through the extensive use of small groups. Over 13,000 people are involved with over 1,450 small groups. To help attendees select a small group that fits them they are organized as singles, couples, men and women. To further get people involved Saddleback also operates a sports ministry, attracting over 1,200 people, that enables Saddleback to operate in other areas of life.

HE SADDLE VISION (From Warren's first sermon – March 30, 1980)

It is the dream of a place where the hurting, the depressed, the frustrated, and the confused can find love, acceptance, help, hope, forgiveness, guidance, and encouragement.

It is the dream of sharing the Good News of Jesus Christ with the hundreds of thousands of residents in south Orange County.

It is the dream of welcoming 20,000 members into the fellowship of our church family-loving, learning, laughing, and living in harmony together.

It is the dream of developing people to spiritual maturity through Bible studies, small groups, seminars, retreats, and a Bible school for our members.

It is the dream of equipping every believer for a significant ministry by helping them discover the gifts and talents God gave them.

It is the dream of sending out hundreds of career missionaries and church workers all around the world, and empowering every member for a personal life mission in the world. It is the dream of sending our members by the thousands on short-term mission project to every continent. It is the dream of starting at least one new daughter church every year.

It is the dream of at least fifty acres of land, on which will be built a regional church for south Orange County – with beautiful, yet simple, facilities including a worship center seating thousands, a counseling and prayer center, classrooms for Bible studies and training lay ministers, and a recreation area. All of this will be designed to minister to the local person-spiritually, emotionally, physically, and socially-and set in a peaceful, inspiring garden landscape.

I stand before you today and state in confident assurance that these dreams will become reality. Why? Because they are inspired by God.

Sam & the “seeker service”

A “seeker service” is an evangelistic church service specifically designed for two purposes: First, so that people without any religious background will understand everything that takes place, and second, so that members are proud to bring their non-believing friends to it...Being seeker sensitive does not mean compromising the message – it just means you communicate it in words non-believers understand!” The individual seeker is referred to as “Saddleback Sam.”

SOURCE: Rick Warren, “Why Do You Emphasize Seeker Services?”
www.pastors.com/RWMT/?id=16&artid=516&expand=1 (accessed July 8, 2005)

SADDLEBACK NETWORK

Within Saddleback's wide variety of programs there is also a resource ministry geared towards pastors. Pastors.com is a site pastors can go to be connected with tens of thousands of other pastors through forums, and also gain access to Warren's sermons, news articles, and a weekly electronic newsletter, currently sent to over 125,000 pastors. While establishing a cooperative network among pastors, Saddleback also spreads its message and influence through 34 "daughter churches" (independent congregations established by the "mother church," but with administrative support to get them launched into independence) it has been directly involved in establishing. This stands in fulfillment of their declared vision to plant at least one daughter church every year.

PUBLISHING-DRIVEN GROWTH

Warren's impact on the broader Christian stage is magnified by his publishing success. Warren's book *The Purpose Driven Life* even two and a half years after the book was first released it received an "unparalleled publishing quadruple crown," simultaneously being number one spot on all four bestseller lists, (*New York Times*, *The Wall Street Journal*, *USA Today*, and *Publishers Week*).

The Purpose Driven Life, crossing denominational boundaries, has seen over 20,000 churches participate in "40 Days Of Purpose" since 2002. Through leadership seminars Saddleback has reached over 350,000 pastors and church leaders in 120 countries with the purpose driven message. Furthermore, Warren was named by *Time Magazine* list of the 100 most influential people in the world.

Rick Warren also wrote *The Purpose Driven Church* which provides principles that church leaders can adopt which would in turn contribute to their own church's growth. Although not attaining the success of his later book, it has been translated into 25 languages and has been voted one of the "100 Christian Books that Changed the 20th Century."

STAYING CURRENT

Andrew Accardy, director of operations for Purpose Driven.com, stresses the importance of purposes or goals and then adding programs or services that facilitate meeting those objectives. Saddleback wants to fill the role of toolmaker and primary laboratory, by not only carrying on its own ministry, but to empower other churches to expand and energize their own effective ministries.

Rick Warren has not allowed time to make him, his message, or his church grow stale. At the 25th anniversary celebration in Angel Stadium, Warren announced his new threefold vision: global expansion, total mobilization, and radical devotion. To further this end Warren has launched the "PEACE" program: Plant churches, Equip servant leaders, Assist the poor, Care for the sick, and Educate the next generation. Warren believes the network of millions of churches around the world is the solution to the major problems of spiritual emptiness, selfish leadership, poverty, disease, and ignorance.

THE FUTURE

Saddleback has experienced tremendous growth since 1980. Their seeker-friendly approach has proved fruitful at local, national and international levels. However, the church's vision is to keep expanding its impact. Will Rick Warren and Saddleback be able to increase its local ministries throughout Orange County, plant more daughter churches, and have a global impact through the PEACE program? Is Saddleback part of a larger mega-church movement that

is a fad? Or are megachurches a permanent feature of the religious landscape? Can the high rate of church growth be sustained? How much of Saddleback's growth is rooted in Rick Warren as an individual?

INFORMATION

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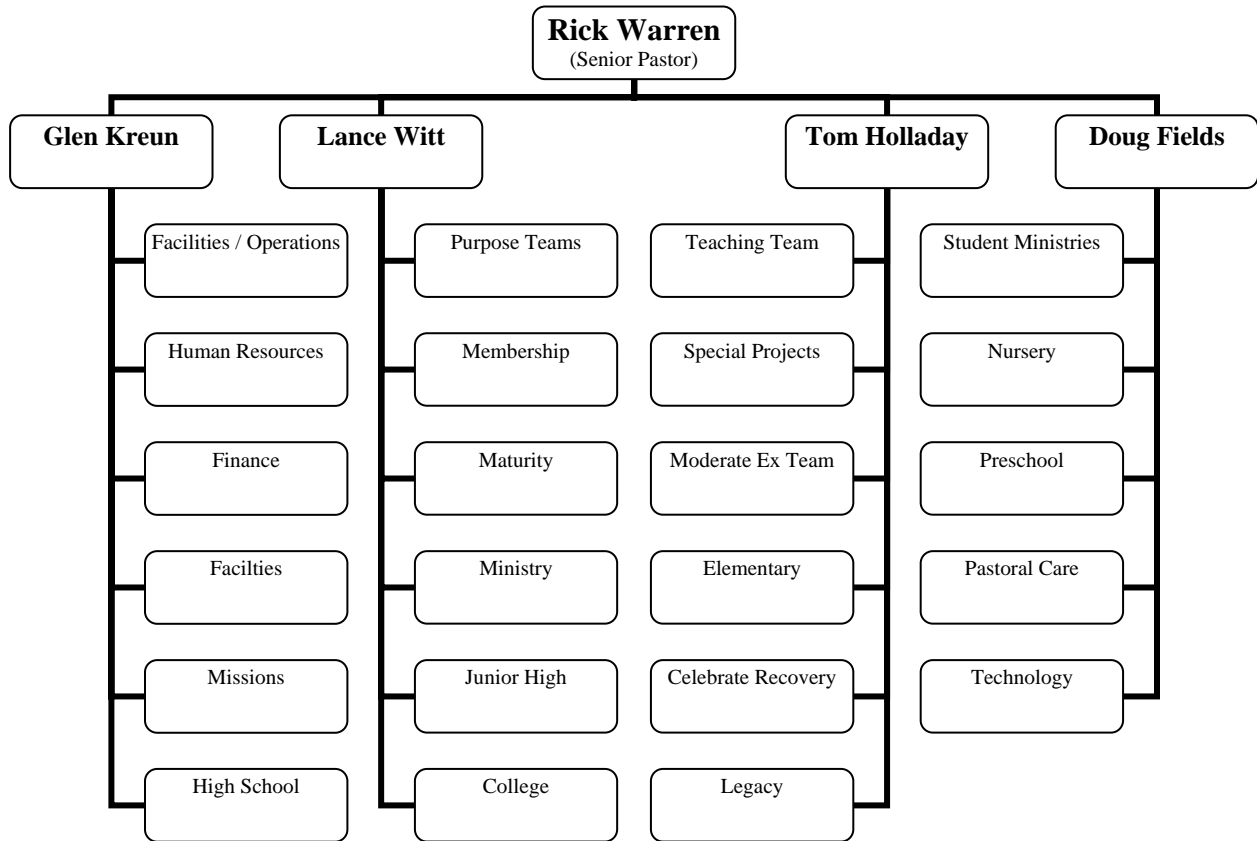
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Exhibit 1 — ORGANIZATIONAL STRUCTURE



SOURCE: Saddleback Church

Exhibit 2 — SADDLEBACK'S BALANCE SHEETS
(year end to June 30th)

	2004	2003	2002
<i>Assets</i>			
Cash and cash equivalents	8,922,704	1,998,756	2,038,034
Investments	250,374	203,359	197,604
Note Receivable	-	660,000	660,000
Other Receivables	435,091	154,864	227,482
Due From Affiliate	313,159	77,589	-
Prepaid Expenses	386,840	160,799	199,962
Liquidation Receivable	-	156,322	727,921
Property & Equipment	81,334,265	80,029,196	75,125,587
Other Assets	576,292	664,329	631,056
<i>Total Assets</i>	92,218,725	84,105,214	79,807,646
<i>Liabilities and Net Assets</i>			
<i>Liabilities</i>			
Line of Credit	7,000,000	5,485,000	-
Note Payable	22,200,268	22,597,008	22,945,835
Accounts payable & accrued expenses	1,811,047	1,166,992	3,676,317
Vacation Accrual	673,424	603,986	592,809
Deferred Revenue	275,605	200,023	48,970
Deferred Compensation payable	250,375	203,359	197,604
Due to affiliate	-	-	337,845
<i>Total Liabilities</i>	32,210,719	30,256,368	27,799,380
<i>Net Assets – Unrestricted</i>	60,008,006	53,848,846	52,008,266
<i>Total Liabilities and Net Assets</i>	92,218,725	84,105,214	79,807,646

Exhibit 3 — SADDLEBACK'S INCOME STATEMENTS

	2004	2003	2002
<i>Changes in unrestricted net assets:</i>			
<i>Support and revenue:</i>			
Contributions	33,349,431	25,926,388	20,734,626
Program Revenue	1,966,992	1,531,100	1,602,629
Rental Income	385,470	307,325	419,796
Investment Income	37,030	57,578	88,052
Gain (loss) from sale of property and equipment	27,974	(80,815)	7,160
Gain on investments	342	2,800	55,285
<i>Net assets released from temporary restrictions</i>	-	-	9,533,347
<i>Total unrestricted support and revenue</i>	35,767,239	27,744,376	32,440,895
<i>Expenses:</i>			
<i>Program Services:</i>			
Membership/fellowship	1,462,126	1,162,270	981,260
Maturity/spiritual growth	1,473,971	973,526	1,008,428
Ministry/development	1,352,366	1,064,375	886,463
Missions	2,439,391	2,230,174	2,419,497
Magnification/worship services	1,970,985	1,511,524	1,303,661
Children and youth ministries	3,397,659	3,265,714	3,184,350
Pastoral leadership	2,236,172	2,138,678	2,225,575
Communications	2,288,541	1,623,914	1,294,434
Ministry initiatives	723,974	870,447	517,259
Resources/bookstore	577,214	495,109	215,260
<i>Total program services</i>	17,922,399	15,335,731	14,036,187
<i>Supporting services:</i>			
General and administrative	1,530,591	1,235,190	1,317,977
Depreciation and amortization	3,154,391	2,835,989	2,808,990
Interest expense	1,460,466	690,717	814,520
Site and facilities	5,540,232	5,806,169	3,845,613
<i>Total supporting services</i>	11,685,680	10,568,065	8,787,100
<i>Total expenses</i>	29,608,079	25,903,796	22,823,287
<i>Increase in unrestricted net assets</i>	6,159,160	1,840,580	9,617,608

<i>Changes in Temporarily Restricted Net Assets</i>			
Contributions—donor imposed for specific purposes	-	-	2,917,551
Investment Income—building fund	-	-	88,211
Net assets released from temporary restrictions	-	-	(9,533,347)
<i>Decrease in temporarily restricted net assets</i>			(6,527,585)
<i>Change in net assets</i>	6,159,160	1,840,580	3,090,023
<i>Net Assets at beginning of year</i>	53,848,846	52,008,266	48,918,243
<i>Net Assets at end of year</i>	60,008,006	53,848,846	52,008,266

SOURCE: Saddleback Church.

Exhibit 4 — TOP 10 U.S. STATES WITH MOST MEGACHURCH MEMBERS, 2001

State	Megachurch Attendance	Percent of State Population (%age)
California	364,612	1.08
Texas	267,818	1.28
Georgia	130,494	1.59
Florida	112,913	0.71
Illinois	81,802	0.66
Tennessee	69,319	1.22
Arizona	57,280	1.12
Michigan	56,501	0.57
Colorado	48,613	1.13
Minnesota	46,051	0.94

SOURCE: www.adherents.com

Exhibit 5 — MEGACHURCH PROGRAMS, 2000

Program	Megachurch Participation (%age)
Sunday School	95
Youth / Teen Activities	94
Men's / Women's Ministries	86
Choirs	85
Prayer Groups	83
Young Adult Activities	83
Senior Adult Activities	82
Bible Studies	78
Community Service Programs	65
Sports / Fitness Teams	59
Self-help Groups	57
Parenting / Marriage Classes	52
Spiritual Retreats	34

SOURCE: <http://hirr.hartsem.edu>

Exhibit 6 — LARGEST MEGACHURCHES IN THE UNITED STATES

(12,000+ members)

Name of Church	City	State	Denomination	Weekly Attendance
Bellevue Baptist	Cordova	TN	SBC	14,000
Calvary Chapel	Ft. Lauderdale	FL	CAL	15,000
Calvary Chapel of Costa Mesa	Santa Ana	CA	CAL	18,000
Crenshaw Christian Center	Los Angeles	CA	COG	16,000
Fellowship Church	Grapevine	TX	SBC	16,000
First Baptist	Hammond	IND	NOND	12,000
Harvest Christian Fellowship	Riverside	CA	CAL	15,000
Lakewood Church	Houston	TX	NOND	18,000
New Birth Missionary Baptist	Decatur	GE	ABC/NBC	15,000
New Light Christian Center	Houston	TX	NOND	14,000
North Point Community Church	Alpharetta	GE	NOND	14,000
Saddleback	Lake Forest	CA	SBC	15,000*
Second Baptist	Houston	TX	SBC	18,000
Southeast Christian	Louisville	KY	Christian	18,000
The Potter's House	Dallas	TX	NOND	18,000
West Angeles COGIC	Los Angeles	CA	COGIC	13,000
Willow Creek	South Barrington	IL	NOND	17,500
World Changers Ministries	College Park	GE	NOND	18,000

Denomination Key

ABC - American Baptist

CAL - Calvary Churches

Christian - Independent Christian Churches

COG - Church of God, Cleveland

NBC - National Baptist

NOND - Nondenominational

SBC - Southern Baptist Convention

UNK - Unknown

SOURCE: http://hrr.hartsem.edu/org/faith_megachurches_database.html#sort

*Current estimates are that Saddleback's weekly attendance is 20,000+. Rather than change the number in this survey, we have left the Saddleback number as it is stated in this survey, to retain consistency with the other megachurches listed.

Exhibit 7 — DEMOGRAPHICS

	City of Lake Forest	Orange County	State of California
Population, 2003 estimate	-	2,957,766	35,484,453
Population, percent change, April 1, 2000 to July 1, 2003	-	3.9%	4.8%
Population, 2000	58,707	2,846,289	33,871,648
White persons, 2000	44,629	1,844,652	20,170,059
White persons, percent, 2000	76	64.8	59.5
Persons of Hispanic or Latino origin, 2000	10,913	875,579	10,966,556
Persons of Hispanic or Latino origin, percent, 2000	18.6	30.8	32.4
Asian Persons, 2000	5,693	386,785	3,697,513
Asian Persons, percent, 2000	9.7	13.6	10.9
Black or African American persons, 2000	1,073	47,649	2,263,882
Black or African American persons, percent, 2000	1.8	1.7	6.7
Language other than English spoken at home, pct age +5, 2000	27.1	41.4%	39.5%
Median Household Income, 1999	67,967	58,820	47,493

SOURCE: www.fedstats.gov