

Underwater and Under fire: American Red Cross' Mismanagement of Transparency and Aid during Hurricane Harvey

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Facts

2008

McGovern Enters Office

“They lost my money for the rest of my life. I was so frustrated with the Red Cross. I couldn’t believe how far from their charter they had gone.” - Rick Tuggle, board chair of Nebraska

2010

Haiti Earthquake

“Any ideas on how to spend the rest of this??”
- CEO Gail McGovern

2014

Request to Halt Inquiry

“I would like to respectfully request that you consider meeting face to face rather than requesting information via letter and end the GAO inquiry that is currently underway” - CEO Gail McGovern

2015

NPR/ProPublica Report

The Red Cross won’t disclose details of how it has spent the hundreds of millions of dollars donated for Haiti.

2017

Hurricane Harvey

“You know who opened our shelters? We did. You know who sent water and supplies? We did.” - - Houston City Councilman Dave Martin

Summary

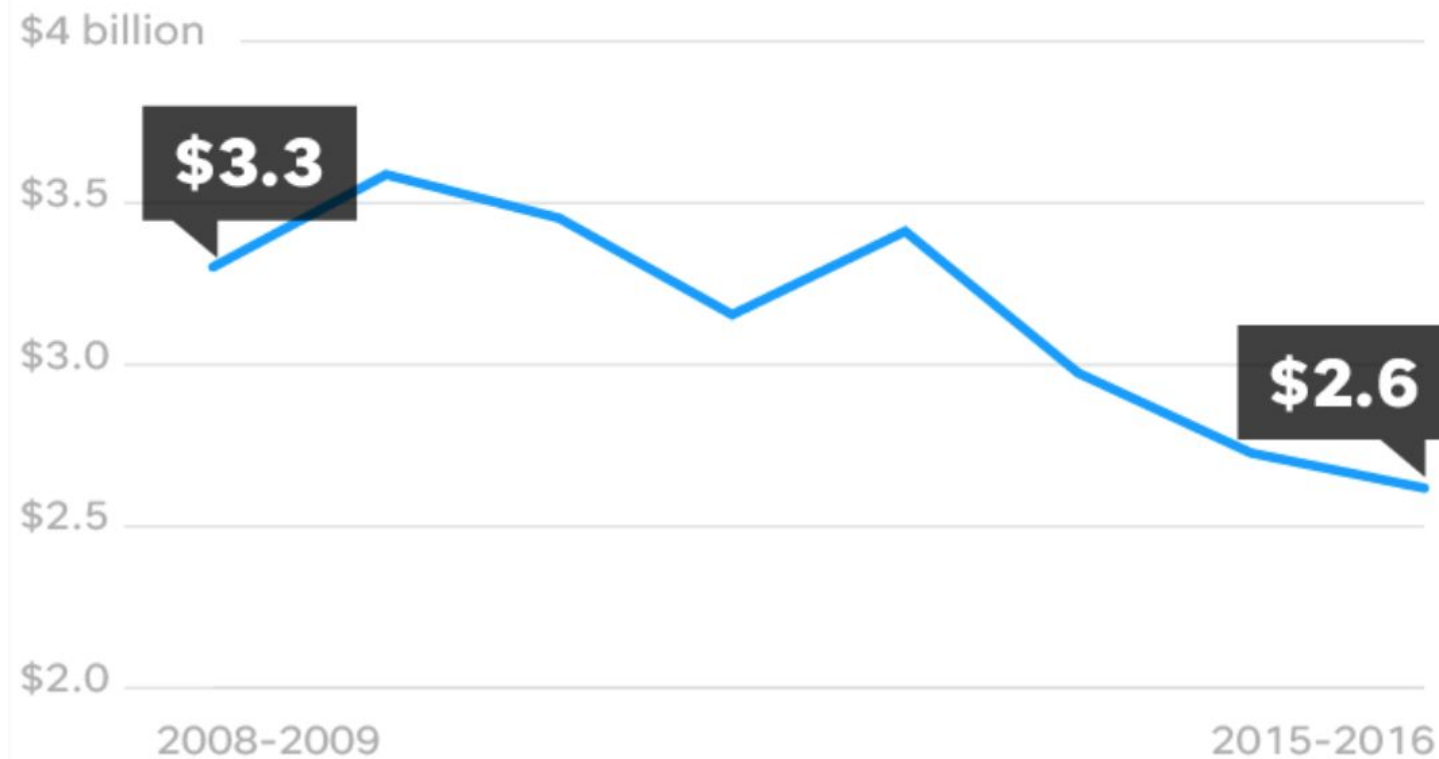
"It was just clear to me that they weren't interested in doing mass care; they were interested in the illusion of mass care."

- Richard Rieckenberg
(leader of Red Cross' hurricane response to Sandy and Isaac)



Facts

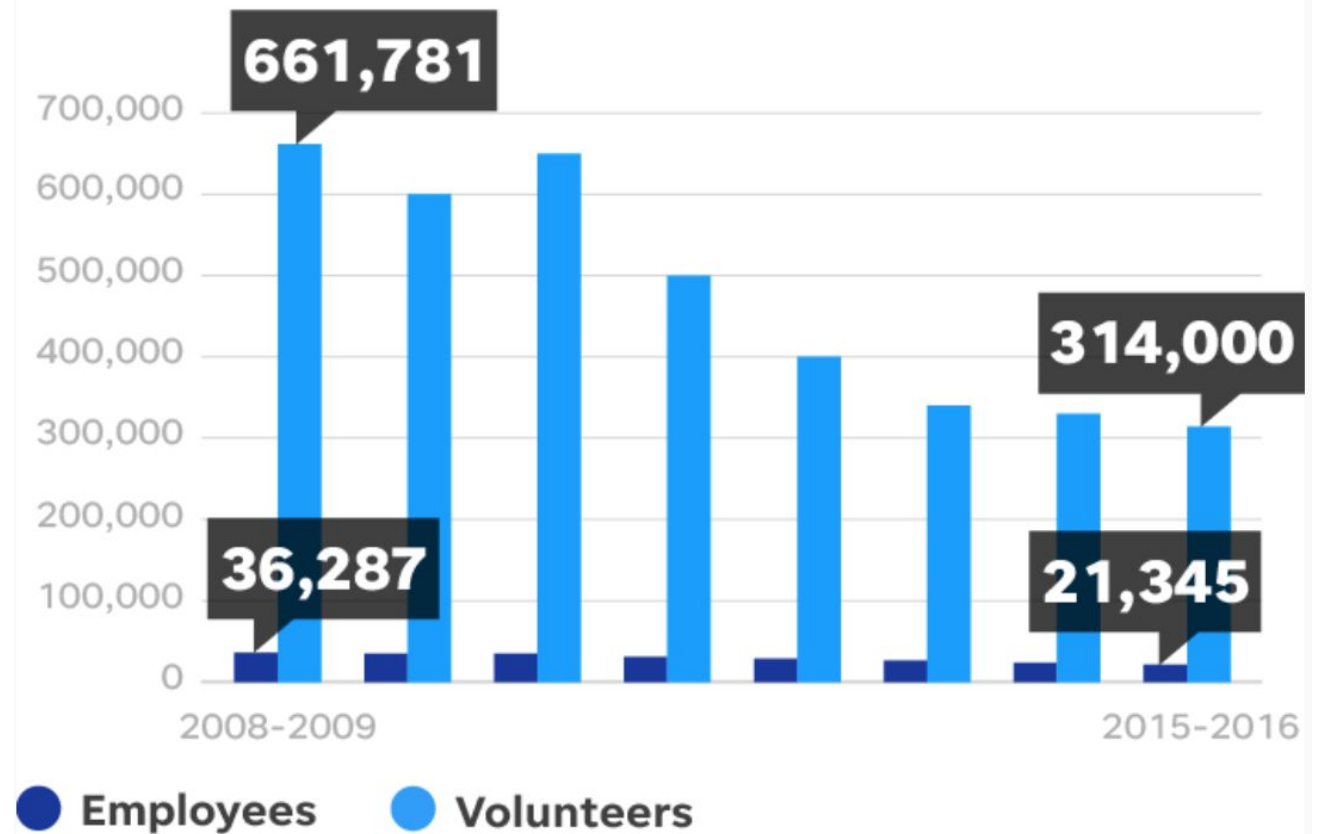
American Red Cross revenues dipping



SOURCE IRS 990 forms provided by the American Red Cross

Veronica Bravo/USA TODAY

American Red Cross employee and volunteer reductions



SOURCE IRS 990 forms provided by the American Red Cross

Veronica Bravo/USA TODAY

Video



CBS interview featuring of American Red Cross CEO, Gail McGovern discussing the challenges in distributing supplies to Hurricane Harvey victims

Compliance



The Red Cross fails to comply with the investigation led by the Government Accountability Office.

Individual Responsibility



"It is time for our leadership to go. We have squandered a century of public trust, goodwill and support in ten years." - Mark Millon, long time volunteer

Photo retrieved from:

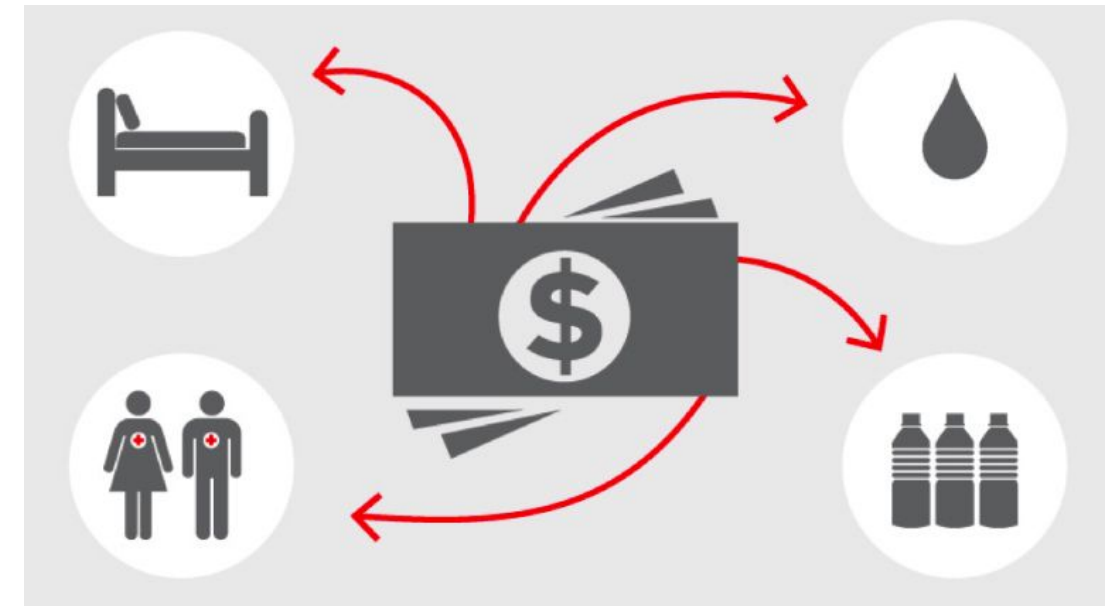
<https://www.redcross.org/about-us/who-we-are/leadership/gail-j-mcgovern.html>

Organizational Responsibility

***"Sleeves Up. Hearts Open.
All In."***

Lack of Organizational Transparency

Poor mismanagement of Public Relations



Systemic Responsibility

Nepotism

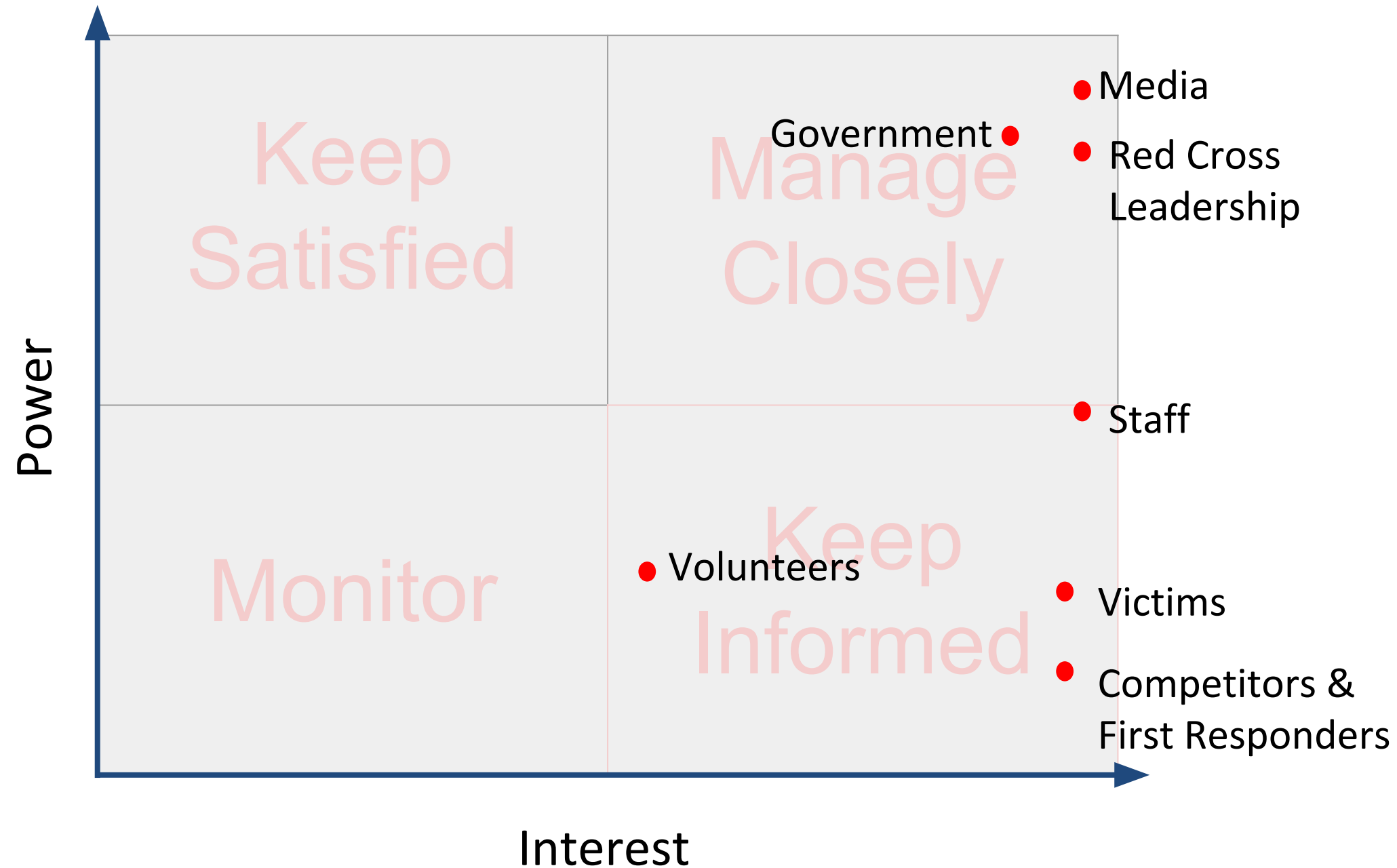
Relationship with Congress

Relationship with local governments

Shift in funding use



Stakeholder Analysis



Alternative Solutions

1. Have a solid Public Relations Strategy in place
2. Be proactive in addressing the situation
3. Network coordination in the midst of disaster
4. Be prepared to fulfill mission



Questions

- 1) To what degree can business models be applied to nonprofits?
- 2) For an organization like the American Red Cross, does national leadership or chapter leadership hold the responsibility in managing and addressing a crisis?
- 3) What responsibility does the board have in mission fulfillment? Have they failed at their duty of loyalty and duty of care?
- 4) What are the implications of hiring former colleagues?
- 5) When does a nonprofit need to publicize revenue and allocation of funds in order to be deemed transparent?
- 6) How can the American Red Cross work to rebuild its trust in its donors, employees, volunteers, and community?



THANK
YOU



American
Red Cross

References

- Center for Disaster Philanthropy: <https://disasterphilanthropy.org/>
- Disaster Philanthropy Playbook: <https://disasterplaybook.org/>
- Nonprofit Insurance Alliance Handbook “Surviving a Crisis: Practical Strategies for Nonprofit Organizations”:
https://secure.insurancefornonprofits.org/AMSCentral/ResourceDocuments.cfm?var_PageAction=View&var_ID=59
- Hurricane Harvey Recovery Program:
<https://www.redcross.org/about-us/our-work/disaster-relief/hurricane-relief/hurricane-harvey-relief-information/long-term-recovery-program.html>