ABSTRACT

Crisis Management in Nonprofit Organizations

Kristan A. Hinn

Director: Dr. Charles S. Madden

A mishandled crisis has the power to devastate a nonprofit organization. This paper

explores the importance of a well-orchestrated response to a crisis for the purpose of minimizing

this devastation. In their books *Weathering the Storm* and *Crisis Marketing,* Christopher

Simpson and Joe Marconi independently suggest the presence of certain criteria in an

organization's response to a crisis. In this paper, twenty-one case studies were conducted in

order to evaluate the true importance and applicability of these criteria to wide spectrum of

nonprofit organizations.   In-depth research and numerical content analysis surrounding these

case studies revealed a strong correlation between application of Simpson and Marconi's

response criteria and an organization's positive outcome in the midst of a scandalous crisis. The

crisis response criteria deductively reinforced and prioritized in this analysis serve as concrete

objectives. These objectives provide a homogenous backbone for crisis preparation that can be

adapted in a practical manner for an organization's specific needs and resources.

APPROVED BY DIRECTOR OF HONORS THESIS:

_____

Dr. Charles S. Madden, Center for Nonprofit Studies

APPROVED BY THE HONORS PROGRAM:

_____

Dr. Andrew Wisely, Director

DATE: _____

Crisis Management in Nonprofit Organizations

A Thesis Submitted to the Faculty

Of Baylor University

In Partial Fulfillment of the Requirements for the

Honors Program

By

Kristan Hinn

Waco, Texas

March 2012

TABLE OF CONTENTS

PREFACE

Inspiration for Thesis Topic

My initial inspiration for "Crisis Management in Nonprofit Organizations" occurred in October of 2009 when I witnessed first-hand the importance of crisis management. I was very involved with an organization that experienced a high-profile scandal. After watching a nonprofit with a wonderful mission and inspiring history face the question of survival in light of one individual's actions, I became very interested in understanding how organizations can best mitigate the effects of crises. My thesis instructor, Dr. Charles Madden, Director of the Baylor University Center for Nonprofit Leadership and Service, facilitated the methodical growth of this initial inspiration through his expertise and extensive experience in the nonprofit realm.

ACKNOWLEDGEMENTS

DEDICATION

To God Almighty for His unfailing goodness,

To my mother and father

for their unwavering encouragement and example,

and to Kristie Wisniewski for

allowing me the opportunity to discover my passion

and appreciation for the nonprofit realm.

CHAPTER ONE

Introduction

On November 5, 2011, national headlines exploded in the wake of a horrific scandal involving one of America's highly regarded research universities. Jerry Sandusky, retired Assistant Football Coach for the university, was arrested for alleged sexual abuse of eight youth. Within seven days, Head Football Coach, Joe Paterno, and University President, Graham Spanier, had been fired. Additionally, Athletic Director, Tim Curley, had been placed on administrative leave indefinitely for failure to report sexual abuse, and thousands of students aggressively protested the massive shakeup. Within seven days, Pennsylvania State University lost all sense of normalcy and found itself in the midst of a full-scale crisis.

"All crises have an impact on campus. When they are handled poorly, they can damage an institution's reputation and its ability to recruit students, raise funds, and garner alumni support. A well-handled crisis, on the other hand, can send a clear message that even under difficult circumstances, the institution is in good hands" ("A Crisis of Legendary Proportions"). It has yet to be determined which of these outcomes will be experienced by Pennsylvania State University. At the time of this paper's finalization, details surrounding the case are still emerging on a daily basis as federal investigators pursue the allegations. With each new detail that emerges, an institutional response will be seen. The way in which this scandal ultimately affects Pennsylvania

State University will be largely determined by the content and characteristics of these responses as well as the responses already generated since the allegations surfaced. These responses have been and will continue to be largely influenced by the institution's crisis management plan. With a scandal of the "Sandusky" magnitude, the preservation of the institution's reputation, which has been continuously honed since its foundation in 1855, is at stake, and special attention should be paid to understanding Pennsylvania State University's preparation for and response to the scandal.

The events of the Pennsylvania State University crisis provide a timely representation of the importance of adequate preparation for and appropriate response to crises within nonprofit organizations. While no organization is immune to the unpredictable, every organization has the power to prepare. Unfortunately, while "much has been written about the rise of integrated marketing and branding in the nonprofit world…few books cover crisis communications in nonprofit organizations" (Simpson P.v.). This paper, therefore, seeks to further the resources available to nonprofit organizations in this crucial area of crisis management.

The ultimate goal for each organization should be two pronged: both plan for and respond effectively to crises. This analysis focuses on the second portion of this goal by asking, "What are the characteristics of an effective crisis response?" As Simpson states, "In times of chaos, you are judged on how well you respond—and often that first response cements your long-term image and reputation" (Simpson 2). Knowing what reactions obtain successful outcomes provides excellent insight into honing the goals of

crisis planning. A sustainable crisis plan requires concrete objectives. This project aims to identify the most important objectives of this crisis plan by understanding the characteristics of a successful crisis response. The general response objectives developed through this analysis may then be utilized by an organization to develop a crisis plan uniquely tailored to its specific risks and resources.

Christopher Simpson, an experienced public relations representative, develops and prescribes crisis response criteria in his book, *Weathering the Storm: Protecting Your Brand in the Worst of Times*. Simpson bases his criteria on his personal experiences with major nonprofit crises. In order to understand the true applicability of Simpson's criteria to a wide spectrum of organizations, the prescribed criteria in *Weathering the Storm* are compared to the Crisis Management Criteria presented by Joe Marconi in his book *Crisis Marketing: When Bad Things Happen to Good Companies* in a side-by-side manner. In contrast to the criteria developed by Simpson, Marconi's suggestions are based upon corporate rather than nonprofit experiences. After comparing the two sets of recommendations, twenty nonprofit crises were selected. None of the twenty cases chosen are known to have had direct involvement or observation by Simpson or Marconi. The Pennsylvania State University case study was added as the twenty-first case when the situation surfaced during the finalization of this paper as a result of the timeliness and undeniable applicability of the case.

Prior to exploring and testing the specifics surrounding Simpson and Marconi's suggestions, further credence must be given to the importance of this analysis' focus on nonprofits by exploring the characteristics of these specific organizations. Nonprofits are

commonly associated with caring for the homeless, aiding in disaster relief or raising money for another specific cause and are commonly characterized as "charitable organizations" ("Exemption Requirements"). Well-known organizations such as the Red Cross and United Way as well as countless hospitals, universities, museums and many other institutions reside under the nonprofit umbrella. While the scope of the nonprofit realm is vast, certain criteria are required for the 501(c)(3) status that is unique to these organizations. In order to secure this tax-exempt status, "an organization must be organized and operate exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private stakeholder or individual" ("Exemption Requirements").

Aside from the dichotomy in mission and taxation, the distinction between nonprofits and for-profits can be seen by analyzing the way in which the two types of entities distribute their respective profits. While nonprofits generate cash profits much like corporations, all profits less the amount necessary to cover operating expenses are re-invested into the organization. Illegality arises if profits are distributed to owners in the same manner as in the for-profit realm. Further comparison between the nonprofit and for-profit realms illustrates several key obstacles unique to nonprofit organizations. Much like corporate investors, nonprofit investors, or donors, similarly invest with an expectation of a return. Donors do not expect a monetary return on their investment; however, a donation, no matter how freely given, will have intangible strings attached. Donors want to see their specific dollars at work in furthering organizational initiatives

and enabling operations they deem to be necessary. An extremely high level of scrutiny, therefore, exists at the donor base level.

If a corporation meets quarterly analyst expectations, it will most likely secure investor dollars for the following financial period. While for-profit annual operations can be summarized to investors through these analyst expectations, a net income bottom line or dividend payout ratio, nonprofits must find other ways to illustrate their annual progress. The donor dollar depends largely upon the donor's perception of the organization's reputation. Simpson defines "reputation," as the place the organization occupies in the mind of its key constituents (Simpson 23). This place in the mind of stakeholders is vulnerable to high levels of sensitivity as a result of its subjective nature and must be guarded carefully as a result.

Trust must be viewed as the primary asset of a nonprofit organization, especially in light of the subjectivity associated with donations. An organization may spend decades building trust, only to lose all of it in the midst of a scandalous crisis. As Marconi indicates in *Crisis Marketing,* the hardest thing to be regained by an organization is trust lost. Amid a myriad of crises and scandals throughout the past decade, skepticism has risen exponentially among donors. As stated by a recent poll in *The Chronicle of Philanthropy*, "Only 1 in 10 Americans believes that charities are ethical in their use of donated funds" and "one in three Americans believes nonprofit groups have 'pretty seriously gotten off in the wrong direction'" ("Americans Lack Trust in Charities, Poll Finds"). This indication of distrust should raise serious concerns throughout the nonprofit realm.

When individuals have less disposable income and, therefore, less flexibility for generosity, nonprofits see the effect in their fundraising bottom line and are forced to "tighten the purse strings." In slow economic times, cut-backs are often required, and the fringe activities of an organization will almost always be the first to go. With significantly constrained resources during these times, crisis management tends to be subordinated indefinitely because of its perceived lack of importance. This project seeks to emphasize, however, that an investment in crisis management, and specifically crisis response, is a large indicator of an organization's ability to mitigate the risks and meet the requirements unique to the nonprofit realm.

CHAPTER TWO

Literary Review and Development of Case Pool

By strict definition, a crisis is "a condition of instability or danger, as in social, economic, political, or international affairs, leading to a decisive change" as well as "a stage in a sequence of events at which the trend of all future events, [especially] for better or for worse, is determined" ("Crisis"). Christopher Simpson's experience led him to define a crisis as, "any event that jeopardizes or harms [an organization's] image, reputation or financial stability" (Simpson 6). All organizations are susceptible to a broad range of crises. Multiple classifications of crises exist; however, the scope of this analysis is narrowed to focus solely on crises of a scandalous nature. Normally, all scandals are classified as crises; however, not all crises are classified as scandals. A scandal is defined as, "a disgraceful or discreditable action [or] circumstance" that may result in "damage to reputation [or] public disgrace" ("Scandal"). While paper conclusions may apply to other types of crises, the structure of this paper addresses scandals specifically.

In *Weathering the Storm,* Christopher Simpson proposes ten crisis rules that outline the appropriate protocol for organizations to follow when disaster strikes. In a similar fashion, Joe Marconi portrays his ten recommendations for crisis management in *Crisis Marketing.* While Simpson focuses upon nonprofit organizations and Marconi specifies his criteria for the corporate realm, no contradictions are clearly seen between

the recommendations purposed to address two different sectors. Instead, the criteria bring forth many similar key points with a slightly different emphasis.

Simpson begins with criteria one and two which address the need for a "chief communications leader" who is available "24/7" and fully understands the responsibility he or she holds for protecting and furthering the organization's image. Simpson suggests that this leader should be an individual other than the organization's founder and/or CEO because the founder or CEO is often the instigator of the crisis. While Simpson does not recommend that the CEO be the crisis communications leader, he emphasizes the importance of 24/7 availability of this top authority in order to provide for efficient authorizations and general accessibility.

He then emphasizes the immense importance of communicating quickly and effectively with key audiences in criteria three. This task entails segmenting and prioritizing all audiences in the event of a crisis and is especially crucial for organizations with limited manpower. Simpson additionally encourages organizations and their crisis management leaders to utilize the internet to communicate efficiently to a vast number of stakeholders affected by the situation. Regardless of the instigator of the situation, the response and communication should be both internal and external. For this reason, an organization must maintain efficient communication to staff in order to keep the employees informed and enhance consistency of external communication while simultaneously maintaining efficient communication to external constituents through controlled press releases.

Simpson's fourth rule suggests organizations admit any wrong doing as soon as suspicions arise and subsequently outline a specific method by which to make amends to all stakeholders. In order to increase the chances of successful control of information in the heat of a crisis, Simpson further recommends in criteria five that organizations take a proactive role in developing relationships with local media. He recommends fostering goodwill and trust within these organizations so that they can be used as an outlet once a crisis strikes. He then reinforces the need for all communication, both internal and external, to be perfectly transparent in criteria six.

A significant portion of *Weathering the Storm* is devoted to the seventh crisis rule brought forth by Simpson—the need for a well-tested crisis action plan. While crises can, and often do, provide the opportunity for an enhanced company image, Simpson recommends that organizations avoid trying to "spin a sharply negative situation into a positive one" (Simpson 98). Rather, an organization's acknowledgment of and calm reaction to a negative situation may result in a long-term enhanced image as is seen in criteria eight.

Simpson contradicts the common thought that crisis situations are sudden and unpredictable by saying that nine of ten crises can be predicted by organizations upon analyzing the risks associated with the organization's structure and mission. Criterion nine, therefore, encourages organizations to predict potential crises. The tenth and final crisis rule depicted in *Weathering the Storm* declares the importance of a single crisis communications leader to avoid the unfortunate misstep of displaying contradicting viewpoints to the media and the general public.

Marconi's first recommendation is identical to Simpson's last: find one, qualified spokesperson for crisis situations. Marconi is an advocate for a designated spokesperson who can control the flow of information and prevent contradictions. Like Simpson, Marconi dissuades organizations from designating members of top management as the spokesperson because "CEOs will be expected to know everything, while a spokesperson will not be held to the same standard [by the media and general public]" (Marconi 34).

Marconi then warns organizations to avoid "exceeding credibility" by taking for granted the trust and reliability of a brand name in criteria two (Marconi 34). While Marconi encourages companies to present the crisis in a bigger context of historical contributions and accomplishments of the organization, he also states that an organization must be careful not to mitigate the severity of a situation as leadership reminds stakeholders of all of the positive aspects of the organization. Marconi echoes Simpson's third rule by emphasizing the importance of efficient communication in his third criteria. Marconi specifically notes the importance of internal communication because it can be easily overlooked amidst efforts to communicate to external parties. According to Marconi, consistent internal understanding of an issue is the foundation for coherent external communication.

Marconi's fourth criterion indicates that the organization must be the first to comment on the crisis in order to establish some level of control over an extremely volatile situation. Marconi's philosophy with this rule is to "tell it all, and tell it fast" (Marconi 29). "For years, a problem, a crisis, or even just bad news could be held back from stakeholders, regulators, or the general public until at least a reasonable time had

elapsed for the story to be represented in a controlled fashion," but this is a luxury the many forms of modern media have taken from organizations (Marconi 22).
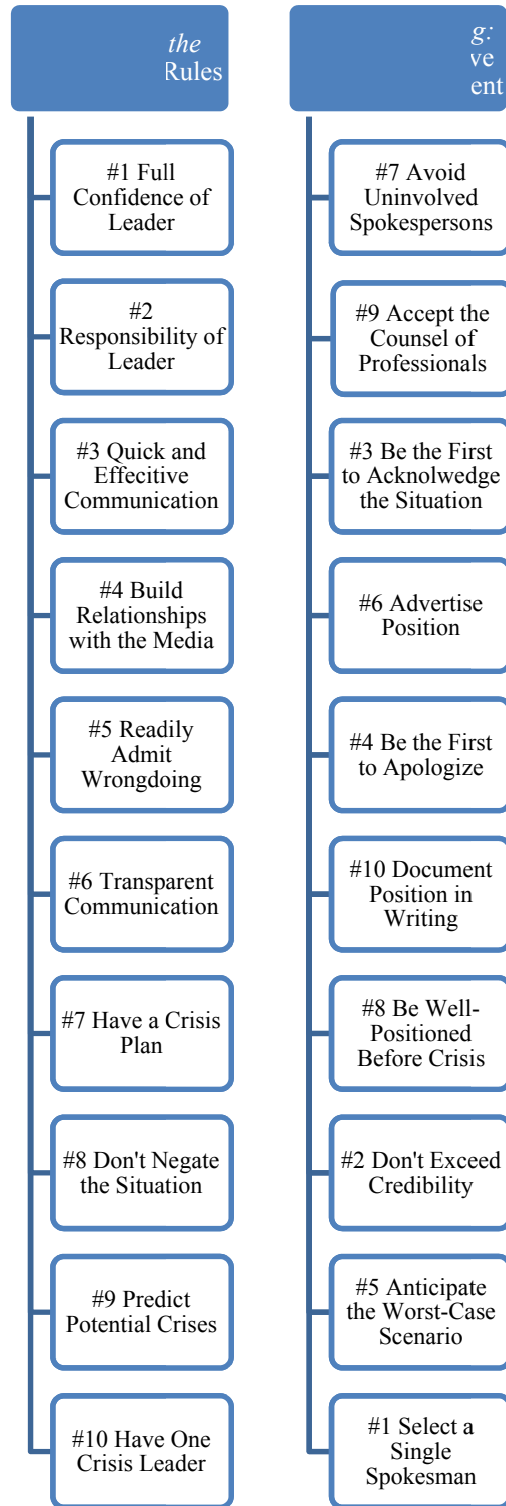
The fourth recommendation brought forth in *Crisis Marketing* reinforces the need to make any acknowledgements and apologies to all stakeholders upfront.   Marconi states, "If or when bad news hits…the corporate response correctly is and should be 'What is the extent of the damage, short term and long term to both our company and our constituency?'" (Marconi 23) Marconi also recommends that an admission of wrong-doing be closely followed by a pledge to cooperate and follow a specific plan of investigation. This reflects an organization's concern and dedication to finding a solution for the problem. The fifth recommendation further reinforces Simpson's criteria by recognizing the responsibility for all organizations to anticipate worst-case scenarios. Marconi is an advocate for the mentality of "hope for the best but prepare for the worst" (Marconi 35).

Marconi additionally makes a suggestion that corporations advertise their position on a crisis as soon as possible with criteria six. He parallels this sixth recommendation with a warning against letting a well-known but uninvolved personality serve as a tool to renew brand image in rule seven. In a similar fashion as Simpson, Marconi emphasizes the importance of preparedness; he recommends an organization position itself in the best way possible with a mentality braced for the worst case scenario in criteria eight. Marconi concludes his general framework for crisis marketing and management by stressing the importance of seeking the advice of internal and external crisis and public

relations professionals (criteria nine) as well as documenting the company's position on a situation in writing (criteria ten).

The "Ten Crisis Rules" of Christopher Simpson and the "Ten Steps to Effective Crisis Marketing and Management" of Joe Marconi are pictured in Exhibit A below. The criteria set forth by Marconi are re-ordered in the below exhibit to demonstrate the similarities between his prescription and that of Simpson's. Marconi's criteria encompass similar concepts in a more general manner than Simpson. Since Simpson's criteria are suggested on a more detailed-basis and essentially incorporate Marconi's suggestions as well, the specific wording utilized by Simpson is used in the case study analysis of this paper.

Exhibit A: Christopher Simpson and Joe Marconi's Crisis Criteria

the Rules	*g:* ve ent
#1 Full Confidence of Leader	#7 Avoid Uninvolved Spokespersons
#2 Responsibility of Leader	#9 Accept the Counsel of Professionals
#3 Quick and Effecitive Communication	#3 Be the First to Acknolwedge the Situation
#4 Build Relationships with the Media	#6 Advertise Position
#5 Readily Admit Wrongdoing	#4 Be the First to Apologize
#6 Transparent Communication	#10 Document Position in Writing
#7 Have a Crisis Plan	#8 Be Well-Positioned Before Crisis
#8 Don't Negate the Situation	#2 Don't Exceed Credibility
#9 Predict Potential Crises	#5 Anticipate the Worst-Case Scenario
#10 Have One Crisis Leader	#1 Select a Single Spokesman

In order to fairly evaluate Simpson and Marconi's criteria, twenty-one case studies were evaluated. The type of reasoning utilized in analyzing these case studies was deductive reasoning. Christopher Simpson and Joe Marconi used inductive reasoning to develop their respective criteria for crisis management through their individual observations. This paper, on the contrary, utilizes deductive reasoning to evaluate these pre-determined criteria. Deductive logic "attempts to show that a conclusion necessarily follows from a set of premises or hypothesis" ("Deductive"). Through the study of each organization and its corresponding crisis, important differences and commonalities surface regarding the organization's preparation for, response to and fate from the scandal. These similarities and differences allow the general principles and conclusions set forth by Simpson and Marconi to be evaluated on a case-by-case basis.

The case studies pertain to the scandalous classification of crises. Additionally, each of the scandalous crises selected was instigated internally rather than by a factor or individual external to the organization. While each case study possesses these two qualities, the primary focus of case selection was diversification. Extensive measures were taken to ensure diversification on multiple levels of the case-study pool so that a more widely-applicable analysis would result. In order to generate a truly representative sample, the selection of the twenty-one case studies incorporated multiple characteristics of scandalous crises.

Ten of the twenty-one cases pertain to organizations classified in the *Nonprofit Times Top 100*. The sample is also, however, very representative of smaller-sized

14

nonprofits. This composition will help to clarify whether or not Christopher Simpson's truisms and rules can be considered applicable to not only large, but also mid-sized organizations. The specific type of organization was additionally taken into account when selecting the cases. The case studies present a very diverse pool of institutions.

The organizations selected represent a wide array of missions and structures. Nonprofits can be classified by using the classification system created by the National Taxonomy of Exempt Entities (NTEE). This system was developed in the 1980s to "serve as a common reporting language for statistics on the nonprofit sector" ("National Taxonomy of Exempt Entities"). The system, which is utilized within this analysis, allows a nonprofit to be classified into one of ten basic categories as seen in Exhibit B.

Exhibit B: NTEE Classification Categories

I	• Arts, Culture & Humanities
II	• Education
III	• Environment & Animals
IV	• Health
V	• Human Services
VI	• International
VII	• Public or Societal Benefit
VIII	• Religon Related
IX	• Mutual/Membership Benefit
X	• Other

The graphical breakdown of the twenty-case studies into their NTEE categories is pictured below in Exhibit C.

Exhibit C: NTEE Classification
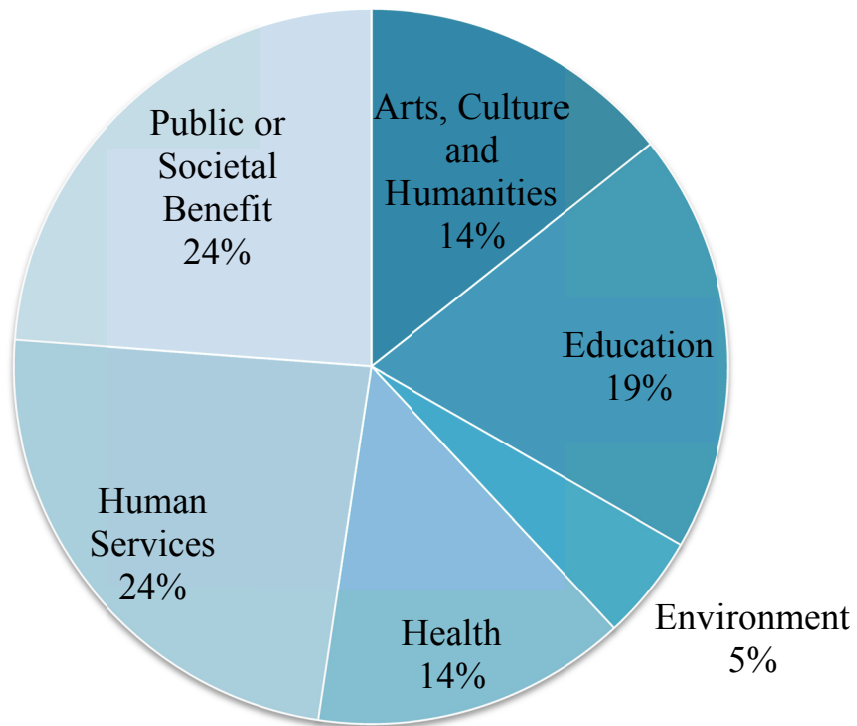
The case pool is comprised of two universities, two advocates against cancer, two youth-development organizations, a medical school, a city-development organization, two general community development institutions, a foundation, a prison organization, an employment assistance organization, an underprivileged early education organization, an orchestra, a broadcasting organization, an international third-world outreach program, a

disaster relief organization, an art institution, a nature preservation group and a national museum. This wide array of organizations was selected to reveal whether or not Simpson and Marconi's rules transcend not only size, but also type of organization.

In addition to the characteristics of the organization itself, cases were selected based on the characteristics of the crises. As previously mentioned, all of the scandals included were internally generated crises. Internally generated crises may result from the actions of either the individual or the institution. If an internally generated crisis results from an organization-wide action, the instigator is classified as institutional. On the other end of the spectrum, a single person has the power to individually instigate an equally detrimental crisis through his or her actions because the actions of that individual are, often, inextricably linked to the organization as a whole. The classification of institutionally instigated and individually instigated case studies is pictured below in Exhibit D.

A distinction between illegality and inappropriateness was also observed when evaluating the sample crises. Illegal actions are always inappropriate, but inappropriate actions are not always illegal. Both illegal and inappropriate actions can prove to be detrimental; however, the distinction must be made in order to properly prepare and react in any circumstance. A situation can be solely inappropriate. An organization may be within legal limits regarding an issue that is strongly frowned upon by a donor base. A certain issue commonly called "conflict of interest" frequently falls into this category. Certain decisions made by an organization may be within their jurisdiction and technically align with their overall objectives but still cause skepticism from the donor viewpoint. An organization or individual may, on the other hand, pursue actions that are both illegal and inappropriate. The graphical illegal or inappropriate classification of the crises identified through the case studies is pictured below in Exhibit E.

The scandals selected not only reflect a combination of institutional and individual instigators and illegal and inappropriate actions, but also represent a broad range of scandal types. The graphical breakdown of the twenty-one scandal types seen in this paper is pictured below in Exhibit F.

The effects of a scandalous crisis can be devastating, and the varying levels of this devastation are demonstrated by the case studies selected for this analysis. While the sample is primarily representative of organizations which experienced significant repercussions from their respective incident but ultimately "survived" the scandal, several case studies include organizations that ceased to exist as a result of the scandalous occurrence. The graphical breakdown of this aspect of the sample composition is pictured below in Exhibit G.

A complete breakdown of the characteristics of both the organization and respective scandals described above can be viewed below in Exhibit H.

Exhibit H: Classificaitons by Organization

Organization	NTEE Classification	Scandal Type	Institution v. Individual	Illegal v. Inappropriate	Still In Existence?
ACORN	Public or Societal Benefit	Embezzlement	Individual	Illegal	NO
American Cancer Society	Health	Embezzlement	Individual	Illegal	YES
American Red Cross	Human Services	Misappropriation	Institution	Inappropriate	YES
Baylor University	Education	Sporting Violation	Individual	Inappropriate	YES
Boy Scouts of America	Human Services	Sexual Abuse	Institution	Illegal	YES
Boys and Girls Clubs of America	Human Services	Misappropriation	Institution	Inappropriate	YES
Downtown Waco, Inc.	Public or Societal Benefit	Fraud	Individual	Illegal	NO
Getty Trust	Arts, Culture and Humanities	Fraud	Individual	Illegal	YES
Goodwill Industries, Inc.	Human Services	Embezzlement	Individual	Illegal	YES
Live Strong Foundation	Health	Sporting Violation	Individual	Inappropriate	YES
National Public Radio	Public or Societal Benefit	Misrepresentation	Individual	Inappropriate	YES
Nature Conservancy	Environment and Animals	Conflict of Interest	Institution	Inappropriate	YES
New Jersey Symphony Orchestra	Arts, Culture and Humanities	Misrepresentation	Individual	Inappropriate	YES
Pennsylvania State University	Education	Sexual Abuse	Individual	Illegal	YES
Prison Entrepreneurship Program	Public or Societal Benefit	Sexual Relations	Individual	Inappropriate	YES
Smithsonian Institute	Arts, Culture and Humanities	Fraud	Individual	Illegal	YES
Susan G. Komen for the Cure	Health	Conflict of Interest	Institution	Inappropriate	YES
Teach for America	Education	Misappropriation	Institution	Inappropriate	YES
United Way of America	Human Services	Fraud	Individual	Illegal	YES
UT Southwestern Medical School	Education	Administrative	Institution	Inappropriate	YES
World Vision	Public or Societal Benefit	Fraud	Individual	Illegal	YES

After carefully selecting the diversified body of case studies, research was conducted to understand the organization as a whole. Factors such as the organization's purpose and mission statement as well as important background information on both the organization itself and the specific crisis or scandal that occurred within that nonprofit were identified. Please see Appendix A for the twenty-one case appendices that were subsequently written to encompass this information. The appendices were written for the purpose of background information and a factual representation of the respective crisis; therefore, the analysis of the crisis and final outcome of each situation was reserved for a different section of the paper.

After the foundational understanding of the nonprofit as whole and the basic facts surrounding the crisis were documented, research began to understand the details and intricacies of each scandal. Research was conducted with the purpose of finding sufficient evidence to classify the organization's preparation for and reaction to crises according to the criteria set forth by both Simpson and Marconi. Multiple internet sources were used to obtain this evidence. Primary sources included electronic copies of the *Chronicle of Philanthropy* and reputable newspapers such as the *Wall Street Journal* and the *Washington Post*. Taped interviews by news stations such as CNN were also utilized. Since the majority of understanding an organization's positive or negative reaction to a crisis includes analyzing the general public perception at the time of the crisis, blogs and forums regarding the scandal were also explored for research purposes.

CHAPTER THREE

Content Analysis

While researching each organization's crisis and scandal, the final outcome of the crisis and the detrimental effects it imposed upon the organization were analyzed. The existence or severity of these effects resulted in the classification into three categories as described below for each of the twenty-one cases in Exhibit I on the following page.

Positive Outcome: This outcome classification indicates that the detrimental effects of the scandal were successfully minimized. This minimization was identified through indicators such as less-than-anticipated regulation, decline in donations or destruction of reputation as a direct result of the incident. The phase "less-than-anticipated" was largely defined by comparison to similar incidents and the detrimental effects experienced as a result.

Negative Outcome: This outcome classification indicates that the detrimental effects of the scandal were not successfully minimized and significant consequences for the organization resulted from this lack of mitigation. "Lack of mitigation" was defined as detrimental effects equal to or greater than that which was anticipated for the particular circumstances.

Destructive Outcome: This outcome classification indicates that the detrimental effects of the scandal ultimately resulted in the demise of the organization.

Exhibit I: Case Study Outcomes

Organization	Outcome	Classification
ACORN	The Senate voted to bar federal funding for ACORN. The organization's credibility was destroyed and ACORN was shut down permanently.	Destructive
American Cancer Society	Dan Wiant, CAO, sentenced to 15 years for embezzling 7.8million. The organization was put under attack and its credibility and internal controls were highly questioned when it became clear that Dan Wiant had a prior (10 year) criminal record before assuming his role at the Ohio branch of American Cancer Society.	Negative
Baylor University	The NCAA imposed sections on the basketball program and Dave Bliss (Head Coach) and Tom Stanton (Athletic Director) resigned. Baylor, however, took full ownership of the situation, self-imposed consequences and was very forth-coming with information resulting in less-severe consequences in the long-run.	Positive
Boy Scouts of America	Dykes (the offending scout master) was convicted and sentenced to 18 years in prison and is now a registered sex offender. BSoA was ordered to pay a record amount for a child abuse case ($18.5M). Suits are currently being filed to ensure the perversion files become public record.	Negative
Boys and Girls Clubs of America	The organization was highly criticized by bodies such as the Senate Finance Committee. Harsh publicity on the scandal resulted in multiple Boys and Girls Clubs closing around the nation due to lack of funding. The Senate Finance Committee ordered an investigation of the organization.	Negative
Downtown Waco, Inc.	The nonprofit shut down permanently, and Margaret Mills was indicted for first-degree felony and imprisoned as a result of the misappropriation scandal.	Destructive
Goodwill Industries International	The charity's Santa Clara region vice president resigned, but donors and customers continued to be very supportive and revenues went up dramatically after the embezzlers were arrested. National leadership of the organization took charge quickly.	Positive
Live Strong Foundation	Lance Armstrong is still under investigation. Some predict the foundation could lose up to 10M in donations due to the bad publicity regarding its founder's doping allegations.	Negative
National Public Radio	The comments made by Schiller caused Congress to seriously question continuing public funding for NPR. The Executive who said the comments and the CEO were ousted.	Negative
Nature Conservancy	Nature Conservancy's Image was severely tarnished. The organization experienced two years of Congressional (Senate Finance Committee) and IRS investigations.	Negative
New Jersey Symphony Orchestra	Bad publicity and a marred reputation slowed donations significantly. The Orchestra reported six figure deficit as a result of the bad publicity surrounding the scandal.	Negative
Penn State	As of November 12, 2011, The University President, Athletic Director, Assistant Coach were fired and another coach placed on administrative leave. While the final outcome is still pending, the current, negative effects on the University are undeniable.	Negative
Prison Entrepreneurship Program	Catherine Rohr was immediately removed from the organization, and her actions jeopardized the organization's crucial relationship with TDCJ. The Board took action to restore trust quickly and survived the crisis through their clear, effective and transparent communication.	Positive
Smithsonian Institution	Chief Executive Lawrence M. Small of the Smithsonian was forced to resign. The government requested the Smithsonian begin to raise more of their own funds (at the time, they were 70% federally funded) The Senate froze a $17M funding increase for the Smithsonian.	Negative
Susan G. Komen For the Cure	Religious groups in particular analyzed and attacked the organization for its association with Planned Parenthood. Some withdrew their support (Respect Life Apostolate) while others reassessed their commitment and reaffirmed their belief that Komen was not in the wrong.	Positive
Teach for America	Teach for America was required to reimburse previously granted federal funds due to misuse of the funds and violation of the grant contract	Negative
The American Red Cross	This situation had the ability to "rock the foundation" of the 20 year-old organization. The then president Dr. Bendine Healy was ousted by the BOD after the crisis was in full swing. The organization experienced significant loss of trust and was forced to alter its course.	Negative
The Getty Trust	The CEO resigned, and "The Museum's scandals brought international embarrassment to an institution with a formerly world-class reputation" (Corporate Counsel Article).	Negative
United Way of America	The United Way of the National Capital Area "dwindled dramatically in size. Fundraising dropped from $90M to $19M, half of the regional employees were laid off, regional offices closed, and the organization was forced to surrender a contract for Combined Federal Campaign (Value: $50M)	Negative
UT Southwestern Medical School	This scandal became highly publicized scandal and went beyond the grasp of UT Southwestern as a result of their failure to communicate and release information	Negative
World Vision	The organization took immediate action, and no press releases or articles indicate a significant impact on World Vision following the Libya incident.	Positive

24

For numerical analysis purposes, the outcome classifications were segmented in two different manners. Outcome Segmentation I divides the potential outcomes into three categories mentioned above: positive, negative and destructive. Outcome Segmentation II is more general, and treats both negative and destructive outcomes as negative to provide a more comprehensive comparison to the positive outcomes. The two different forms of segmentation can be seen in the charts below in Exhibits J and K.

After the outcomes were identified, cases could be analyzed based upon their respective outcome classifications. This outcome analysis was first applied to the differentiating characteristics used in the selection of the case studies to understand if these characteristics had a notable effect on an organization's outcome. The twenty-one cases were first grouped according to NTEE Nonprofit Type to understand whether positive, negative or destructive outcomes correlated with a certain classification of organization as seen in Appendix G. Analysis suggests no apparent correlation between organization classification and scandal outcome. Many of the classifications experienced multiple kinds of outcomes; for example, the five nonprofits classified with the purpose of "Public or Societal Benefit" experienced all three potential outcomes.

The case studies were next evaluated based upon scandal classification as is seen in Appendix H. Again, no specific correlation is apparent between this classification and final outcome. Within the five fraudulent scandals, all three outcomes are seen. Within the three embezzlement scandals, each organization experienced a different outcome. The twenty-one cases were also analyzed on the basis of institutional or individual instigators as can be seen in Appendix I. Both the institutional and individual classifications experienced multiple outcomes. Of the seven institutional outcomes, 86% experienced negative outcomes and 14% experienced positive outcomes. The fourteen individual outcomes experienced a greater range of outcomes with 14% destructive outcomes, 57% negative outcomes and 29% positive outcomes. No specific differentiation between the two classifications is apparent in this situation either.

The case studies were finally analyzed on the basis of illegal or inappropriate classification as can be seen in Appendix J. A pattern similar to the institutional or individual instigators is seen in this analysis. Approximately 73% of the eleven inappropriate scandals resulted in a negative outcome, while 27% resulted in a positive outcome. Of the ten illegal scandals, 20% resulted in destructive outcomes, 60% in negative outcomes and 20% in positive outcomes. These numbers illustrate the slightly greater danger that seems be imbedded in scandals of illegal origin; however, with the exception of this general correlation, the four classifications of nonprofit type, scandal type, institutional or individual instigators and inappropriate or illegal origin do not appear to have a significant correlation to the final outcome. A struggle was encountered to find any true relationship between these factors.

 The above information indicates that what happened to the organization was not as important as how the organization responded. Since a positive, negative or detrimental outcome cannot be directly associated with any of the above classifications, further analysis based on different criteria is required to understand the true composition of an outcome. Simpson and Marconi's criteria provide this basis. The methodology used for exploring the authors' suggestions and those suggestions' applicability to the twenty-one case studies is described next.

As a result of the communications and public relations basis of this research, content analysis was chosen as the analytical methodology for this paper. According to Harold H. Kassarjian's "Content Analysis in Consumer Research," content analysis can

be defined as "a research technique for the objective, systematic and quantitative description of the manifest content of communication or as the scientific analysis of communication messages" (Kassarjian). Rather than speaking with individuals directly, content analysis focuses on understanding and researching the communications those individuals produced. For this reason, the methodology seemed highly appropriate in evaluating organizational response to crises.

Kassarjian states that in order to conduct appropriate content analysis, three distinct qualities must be present in the analytical process and final product: objectivity, systematization and quantification. These qualities in the context of content analysis are defined as follows:

Objectivity: Human judgment will be prevalent no matter how simple and mechanical the specific content analysis is. The ultimate goal of this criterion is, however, to mitigate the subjectivity associated with human judgment by "[stipulating] that the categories of analysis be defined so precisely that different analyst may apply them to the same body of content and secure the same results." Objectivity was achieved and verified in this paper by acquiring an additional analysis of the research.

Systemization: This quality refers to consistency in collecting data so as to omit bias and avoid exclusion of data that should be included but is, instead, excluded because it does not support the author's thesis. This quality also refers to the required relevance of data. Data under this quality is considered relevant if it contributes to either comparative or

trend analysis. Systemization was also achieved by securing a second, independent perspective on all research gathered for each of the twenty-one cases.

Quantification: This quality is what evolves "critical reading" into content analysis. Quantification involves words such as "more, always, increases or often." Quantification is what allows the data to be interpreted into meaningful results, allowing for inferences to be made" (Kassarjian). Quantification was achieved by applying numerical analysis to the results identified by the independent analyses.

Content analysis is a methodology which can be applied to a wide range of premises and projects; however, four key procedures are essential for all applications of the methodology. The four procedures that contribute to the essential structure associated with content analysis are as follows:

Sample from the Population a Reasonable Sample: This procedure entails randomly drawing a sample size that is manageable and truly representative of the population. While case selections for this paper were not entirely random, they were chosen based on diversification and availability of information. The sample size of twenty-one case studies is manageable and was the maximum number of cases that would provide the correct balance between diversification and the level of detail sought for each case study. The sample size was also constrained by the limited time resources and scope of this thesis. As previously demonstrated, the different case studies represent a large array of nonprofits from different classifications and sector, which indicates the sample's strong level of population representation.

29

Determine the Unit of Measurement: This procedure entails identifying the word, theme, character, item or space-and-time measures that will give purpose to the proceeding research and analysis. The unit of measurement is what the researcher is looking for within the sample selected. Theme and time measures were utilized in this particular study. General themes surrounding each of the ten criteria were sought in the analysis process. The identified tangibles associated with each criterion served as the unit of measurement for each criterion so that the appropriate categorization could be determined.

Categorize Content According to Predetermined Rules: This procedure entails defining the predetermined rules for classification and then classifying the relevant data accordingly. Within this study, the categorization was simply a "yes" or "no," indicating either the presence or absence of each criterion.

Perform Statistical Analysis on the Results: This final procedure gives further credence to content analysis and differentiates the methodology from simpler methodologies such as critical reading. Statistical analysis within this study required a classification of outcome as positive, negative or destructive. The correlation between these outcomes and the "yes" or "no" categorizations was then evaluated statistically.

In contrast to the objectivity involved in deciphering the factual outcomes of the organizational crises, understanding whether an organization complied with or failed to comply with the suggested criteria, proved to be far more subjective. Notes were made to indicate the underlying reasoning for the final "yes" or "no" classification for each

criteria; however, simply "yes" or "no" was ultimately indicated to provide for a succinct

analysis. The research that was available was not sufficient enough to truly provide

clarity on Criteria 7 (Have a Crisis Plan) and Criteria 9 (Predict Potential Crises). While

the other eight criteria were convertible into tangible qualities that could be inferred from

research, these two criteria were most often only available via personal interviews with

an insider of the organization. By conducting personal interviews, the research would

have breached the scope of content analysis. For this reason, these two criteria are

excluded from the analysis described below: not because of lack of importance or

relevance, but for lack of access evidence to suffice for an objective analysis.

Additionally, these two criteria show a focus on preparedness, rather than on actual

response which is the true focus of this paper.

The primary difficulty encountered in performing the content analysis described

above was the subjective and vague characteristics of the analysis. Understanding what

key characteristics of the research needed to be identified in order to decipher a "yes" or

"no" answer for the criteria was the primary challenge. After translating the eight criteria

into tangibles that could be identified in research, the ease of accurate analysis increased.

The tangibles sought for each criterion to gain a "yes" or "no" classification were as

follows:

Criteria 1: Full Confidence of Leader

- Yes: The key leader of the organization (CEO, founder, the person associated with being the figurehead for the organization) was *not* the primary reason for the crisis and took appropriate action to mitigate the detrimental effects of the crisis.

- No: The key leader of the organization (CEO, founder, the person associated with being the figurehead for the organization) *was* the primary cause of the crisis or scandal and/or did not take appropriate action to mitigate the detrimental effects of the crisis.

Criteria 2: Responsibility of Leader

- Yes: The key leader of the organization takes proactive roles to mitigate the detrimental effects of the crisis (such as calling for internal investigation).

- No: The key leader of the organization fails to take a proactive role in mitigating the detrimental effects of the crisis (such as undermining the severity of the situation or failing to provide quick and effective communication).

Criteria 3: Quick and Effective Communication

- Yes: The dates of media releases are in close proximity to the date the scandal or crisis occurred and the material released is relevant and necessary to stakeholders

- No: Media releases or statements lag substantially behind the actual occurrence of the crisis (i.e. leadership in the organization becomes aware of a crisis but no communication is given until a media expose occurs)

Criteria 4: Build Relationships with Media

- Yes: Over half of the quotes in the media about the organization and the situation are from the organization's leadership, indicating the media's willingness to secure all sides of the story.
- No: Less than half of the quotes are from organizational leadership in the majority of media releases and/or the crisis was uncovered as a result of a reporter's expose on the organization.

Criteria 5: Readily Admit Any Wrongdoing

- Yes: The spokesperson for the organization openly admits any true wrongdoing in media releases and interviews.
- No: The spokesperson for the organization denies any true wrongdoing in media releases and interviews.

Criteria 6: Transparent Communication

- Yes: The spokesperson for the organization provides the necessary level of detail (such as specific amounts of money embezzled) and avoids frustrating generalities

or phrases such as "we cannot disclose that information at this time" or "the investigation is pending"

- No: The spokesperson avoids giving any details and creates an atmosphere of mystery surrounding the circumstances of the crisis

Criteria 8: Don't Negate the Situation

- Yes: Regardless of the actual level of wrongdoing the organization committed, the spokesperson fully acknowledges the severity of the situation and ramifications for different stakeholders. This is often indicated by clear abhorrence to the issue at hand. Even if an organization does not admit wrongdoing, they can ensure that stakeholders understand that the organization and its leadership understand the severity of the issue at hand.
- No: Regardless of the actual level of wrongdoing, the organization bypasses stakeholder concerns and states that the reaction to the crisis is exaggerated and unnecessary. Regardless of their explanation, this reaction devalues stakeholder trust

Criteria 10: Have one Crisis Leader

- Yes: Quotes within internal and external media releases are mostly from the same person, whether that person be the Chairman of the Board, the CEO, COO or another designated spokesperson.

- No: Quotes in media releases are from multiple sources and the clear crisis leader is not able to be deciphered.

The original results for the "yes" "no" classifications for each of the above criteria completed by Content Analyst A can be viewed in Appendix B.

While identifying concrete intangibles for each criterion drastically reduced subjectivity in the analysis, the personal analysis was still not immune to subjectivity. The chance of error needed to be reduced further since "the reliability of the content analysis relates to reproducibility" (Kassarjian). As a result, the assistance of Ms. Holly Bomgaars, a 2011 BBA graduate of Baylor University who served as Content Analyst B, was secured. Content Analyst B was provided with the same crisis research that was originally utilized so that she could perform her own content analysis based upon the same measurement system utilized by Content Analyst A. She was not provided with any additional information beyond the original research and measurements utilized in order to ensure objectivity. Content Analyst B's results can be viewed in Appendix C.

After Content Analyst B completed her independent analysis, her results were compared to the original results of Content Analyst A. The differences in classifications for each organization and each criterion were identified and discussed. Ultimately, the differences arose from contrasting interpretations of the criteria and/or concrete findings within the same research for that particular organization. On average, the analysts differed in two of the original ten criterions for each organization. After identifying the root of these differences, an agreement was reached for each of the classifications.

The second perspective provided by Content Analyst B increased the credence of the final results. The discussion surrounding the differences between the original results and her analysis provided greater depth to the tangibles sought in each criterion and further developed the reasoning for final selections. Also, individual bias was reduced by conducting the content analysis independently. The finalized criteria provide a stronger, more accurate reflection of the research as compared to the original, individual analysis. Even with the two separate analyses, however, several criteria could not be identified due to lack of information available in the media. The boxes for all of these criteria were simply left blank so as not to breach the scope of content analysis. The final, synthesized results can be viewed below in Exhibit L.

Exhibit L: Synthesized Results of Content Analysis

Organization	C1 Full Confidence of Leader	C2 Responsibility of Leader	C3 Quick and Effective Communication	C4 Build Relationships with Media	C5 Readily Admit Any Wrongdoing	C6 Transparent Communication	C8 Don't Negate the Situation	C10 Have one Crisis Leader
ACORN	N	N	N	N	N	Y	N	Y
American Cancer Society	N	N			N	N		Y
Baylor University	Y	Y	Y	Y	Y	Y	Y	Y
Boy Scouts of America	N	N	N	Y	N	N	N	Y
Boys and Girls Clubs of America	N	N	Y	N	N	Y	N	Y
Downtown Waco, Inc.	N	N	N	Y	Y	Y	Y	N
Goodwill Industries International	Y	Y	Y	Y	Y	Y	Y	N
Live Strong Foundation	N	N	N	Y	N	N	N	Y
National Public Radio	N	N	Y	Y	Y	Y	Y	Y
Nature Conservancy	N	N	N	N	N	Y	N	Y
New Jersey Symphony Orchestra	N	N	N	Y	N	Y	N	
Penn State	N	N	Y	Y	Y	Y	Y	N
Prison Entrepreneurship Program	N	N	Y	N	Y	Y	Y	Y
Smithsonian Institution	N	N	N	N	N	Y	Y	N
Susan G. Komen For the Cure	Y	Y	Y		N	Y	N	Y
Teach for America	N	N	N	Y	N	N	N	N
The American Red Cross	N	N	Y	Y	N	Y	N	N
The Getty Trust	N	N	N	N	N	N	Y	Y
United Way of America	N	N	N	N	N	N	N	N
UT Southwestern Medical School	N	N	N		N	N	N	N
World Vision	Y	Y	Y	Y	Y	Y	Y	Y

CHAPTER FOUR

Results and Recommendations

With the finalization of the "yes" "no" classification for each organization, the quantification portion of the paper commenced. The analysis was conducted with the purpose of understanding which, if any, of the criteria that Simpson and Marconi declared to be important actually made a difference in the ultimate outcome for the organization. In order to generate numbers from the content analysis research, the three different outcome classifications were used to group the twenty case studies and evaluate the cumulative results within each of the three categories based on Outcome Segmentations I and II.

A numerical analysis for Outcome Segmentations I and II was performed based upon the percentage of "yes" responses for each criterion within the positive, negative and destructive categories. While the below analysis was conducted objectively, constraints of time and resources should be factored into consideration of the final data. The percentage difference between the positive and negative categories for Outcome Segmentation II was also examined in detail. The results of this numerical analysis can be viewed below in Exhibits M and N.

Exhibit M: Analysis of Outcome Segmentation I

Outcome Segmentation I	C1 Full Confidence of Leader	C2 Responsibility of Leader	C3 Quick and Effective Communication	C4 Build Relationships with Media	C5 Readily Admit Any Wrongdoing	C6 Transparent Communication	C8 Don't Negate the Situation	C10 Have one Crisis Leader
Positive (5 Cases)	80%	80%	100%	60%	80%	100%	80%	80%
Negative (14 Cases)	0%	0%	29%	50%	14%	50%	29%	50%
Destructive (2 Cases)	0%	0%	0%	50%	50%	100%	50%	50%

Exhibit N: Analysis of Outcome Segmentation II

Outcome Segmentation II	C1 Full Confidence of Leader	C2 Responsibility of Leader	C3 Quick and Effective Communication	C4 Build Relationships with Media	C5 Readily Admit Any Wrongdoing	C6 Transparent Communication	C8 Don't Negate the Situation	C10 Have one Crisis Leader
Positive (5 Cases)	80%	80%	100%	60%	80%	100%	80%	80%
Negative + Destructive (16 Cases)	0%	0%	25%	50%	19%	56%	31%	50%
Percentage Decline	100%	100%	75%	17%	77%	44%	61%	38%

The numerical analysis of the synthesized research provides substantial support for Simpson and Marconi's suggested criteria for preparation for and reaction to crises within organizations.

Criteria 1: Full Confidence of Leader

This criterion demonstrates the strongest level of correlation within this analysis. While 80% of the cases with positive outcomes exhibited this criterion, 0% of the organizations with negative and destructive classifications possessed this quality during their respective scandals. This data is true for both Outcome Segmentations I and II. From this data, one can infer that having a leader that possesses confidence which is perceived through their actions is a key factor to an organization's successful navigation through a crisis. The importance of this criterion of Simpson and Marconi is definitely reinforced through this analysis, which suggests organizations should invest significant resources into choosing and developing leadership preparedness.

Criteria 2: Responsibility of Leader

This criterion also demonstrates the strongest level of correlation within this analysis. Precisely following the trend of the first criteria, 80% of the cases with positive outcomes exhibited this criterion while 0% of the organizations with negative and destructive classifications possessed this quality during their

respective scandals. This data is true for both Outcome Segmentations I and II. From this data, one can infer that having a leader who possesses responsibility which is perceived through their actions is a key factor to an organization's successful navigation through a crisis. This criterion also demonstrates the strongest level of correlation within this analysis and suggests that organizations should invest significant resources into choosing leadership and developing preparedness.

Criteria 3: Quick and Effective Communication

This criterion shows a very strong correlation between quick and effective communication and a positive outcome. A very clear trend is seen in Outcome Segmentation I as 100% of positive outcomes, 29% of negative outcomes and 0% of destructive outcomes exhibited this quality. Outcome Segmentation II also demonstrates the importance of this criterion as a 75% decrease in the presence of quick and effective communication is seen between positive and negative outcomes. The importance of this criterion of Marconi and Simpson is strongly reinforced by this analysis and suggests that organizations should make quick and effective communication a leading objective in planning for a crisis.

Criteria 4: Build Relationships with the Media

This criterion demonstrates the weakest correlation within this analysis. While a trend indicating the importance of the criteria is seen, the application of the

criteria does not appear to have a significant effect on the final outcome. Approximately 60% of positive outcomes, 50% of negative outcomes and 50% of destructive outcomes exhibited this quality in Outcome Segmentation I. This quality is reinforced by the 17% percentage decrease in the application of this quality between positive and negative outcomes in Outcome Segmentation II; however, the correlation is not nearly as strong as in other criterion presented by Simpson and Marconi. These facts suggest that building relationships with the media, while helpful, is not one of the highest priorities for an organization. This is an important discovery, considering that building relationships with the media is potentially one of the most time-consuming objectives suggested by the authors.

Criteria 5: Readily Admit Any Wrongdoing

A strong correlation is seen between the presence of this criterion and a positive outcome for an organization. While 80% of organizations with a positive outcome exhibited this quality, only 14% of negative outcomes and 50% of destructive outcomes readily admitted wrongdoing as seen in Outcome Segmentation I. Additionally, a very strong 77% decline is seen between the presence of the criteria in positive and negative correlations in Outcome Segmentation II. These numbers reinforce Simpson and Marconi's prescriptions and suggest that organizations should make this criterion a top priority in crisis response.

Criteria 6: Transparent Communication

This criterion also demonstrates its importance to a successful outcome as 100%

of organizations with positive outcomes, 50% of negative outcomes and 100% of

destructive outcomes exhibited this quality in Outcome Segmentation I. While

the 44% decrease between positive and negative outcomes in Outcome

Segmentation II demonstrates the importance of this criterion to a successful

outcome, the numbers in Outcome Segmentation I show that none of Simpson and

Marconi's criteria are meant to stand alone. Transparent communication, while

important, was clearly not enough to save ACORN and Downtown Waco, Inc.

Both of these organizations demonstrated transparency but were, however, forced

to close their doors as a result of their respective scandals. The overall numbers

of Outcome Segmentation II clearly suggest, however, that transparency should

be a top priority in a comprehensive list of response criteria and planning

objectives.

Criteria 8: Don't Negate the Situation

The presence of this criterion also demonstrates a correlation with organizations

that experienced a positive outcome with their respective scandals.

Approximately 80% of positive outcomes, 29% of negative outcomes and 50% of

destructive outcomes exhibited this quality in Outcome Segmentation I. Even

more revealing, however, a 61% decline can be seen between positive and

negative outcomes in Outcome Segmentation II. Simpson and Marconi's emphasis on this criterion is justified by this analysis, and this significant correlation suggests that organizations should make this criterion a top objective of crisis response.

Criteria 10: Have One Crisis Leader

The final criterion analyzed also shows a positive correlation; however the trend observed in this category is not as strong as seen in its other criterion counterparts. While approximately 80% of positive outcomes exhibited this quality, 50% of both negative and destructive outcomes also exhibited this quality as is seen in Outcome Segmentation I. Additionally, the second lowest correlation of this analysis is seen in Outcome Segmentation II since only a 38% decline is seen between positive and negative outcomes. While these facts indicate that having one crisis leader as Simpson and Marconi suggested is important, it is not the highest crisis response priority.

As is evidenced above, each of the criteria, when applied, increased an organization's chance of experiencing a positive outcome in the midst of a scandalous crisis. While these positive correlations indicate that organizations should attempt to implement each criterion, timing and constrained resources may require a prioritization of the criteria to better understand which criteria should be approached first. Prioritized in order of correlation with a positive outcome by percentage decrease as seen in Outcome

Segmentation II, the eight criteria proposed by Simpson and Marconi that were analyzed using numerical analysis are listed below in Exhibit O.

Exhibit O: Prioritization of Criteria

1	• C1 & C2 Confident & Responsible Leader
2	• C5 Readily Admit Wrongdoing
3	• C3 Quick & Effective Communication
4	• C8 Don't Negate the Situation
5	• C6 Transparent Communication
6	• C10 Have One Crisis Leader
7	• C4 Build Relationships with Media
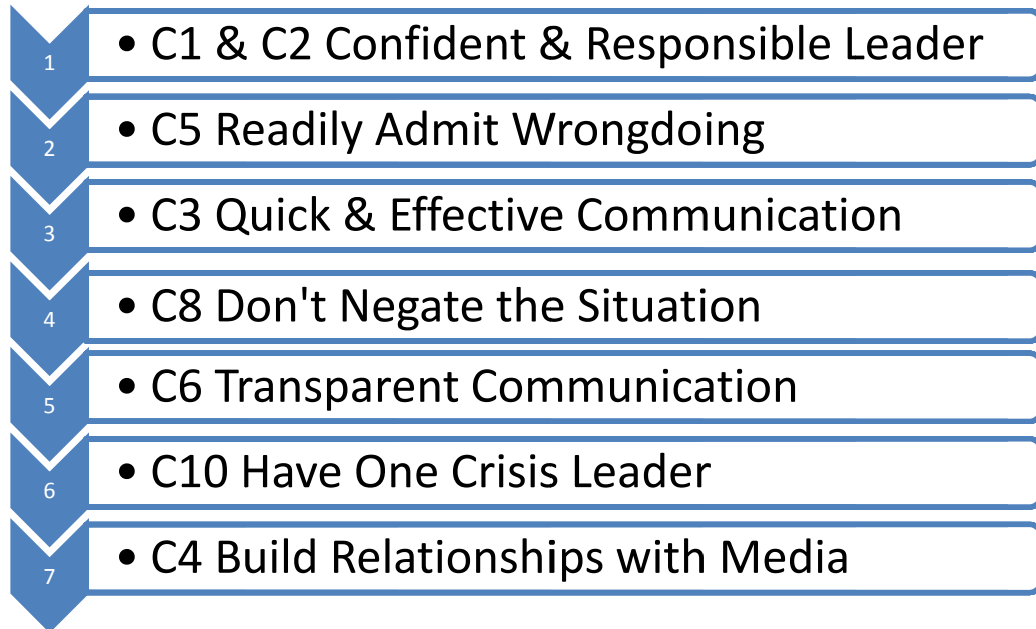
Unlike the segmentation by nonprofit type, scandal type, instigator or origin of crisis, the classification of each of the twenty-one case studies by "yes" or "no" for each of the criteria prescribed by Simpson and Marconi provides tremendous insight into understanding what contributes to a positive outcome for an organization facing a scandalous crisis. A successful outcome is largely determined by an organization's response to the crisis, and a successful response is largely determined by exhibiting each of the eight criteria presented by Simpson and Marconi that were analyzed in this paper. By knowing what a crisis response should look like and the priorities of a crisis response,

nonprofit leadership can move forward with distinct, prioritized objectives for a crisis plan unique to their own organizations.

By understanding and proactively applying Simpson and Marconi's response criteria to a unique crisis plan, organizations increase their likelihood of successful outcome. With the inherent risks of the nonprofit donor structure and the danger of trust lost, can an organization afford to ignore this data?   A year ago, would anyone at Pennsylvania State University have predicted the magnitude and devastation of the scandal they are now facing? The unthinkable is what often what organizations fail to contemplate, but the unthinkable and how to respond to such a situation is what should, instead, be the primary focus for crisis management. A theoretical framework for dealing with the inevitable is essential for mitigating the high risks and costs associated scandalous crises.

Both Christopher Simpson and Joe Marconi devoted a career to developing their suggestions for success based on personal experiences.   This paper demonstrates that these suggestions and criteria extend far beyond Simpson and Marconi's involvement with organizational crises. The results of this analysis indicate that an organization that chooses to take a proactive role in crisis management not only increases their chances of mitigating negative effects, but seizes the scandal as an opportunity to demonstrate the resilience of the institution as whole. After all, "a crisis is a growth-promoting condition…it should be used to one's goal to use a difficult period to pole-vault to a higher level of achievement" (Silver).

APPENDICIES

APPENDIX A

Case Study Descriptions: History and Scandal

American Cancer Society

The American Cancer Society was founded in 1913 by several physicians in New York. The organization, now headquartered in Atlanta, Georgia, defines itself as a "nationwide community-based voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy and service" ("About the American Cancer Society").

In the year 2000, the American Cancer Society came under attack when the chief administrative officer of an Ohio branch of the society was accused of embezzling organization funds. Daniel Wiant eventually pled guilty to the allegations and was indicted for multiple, fictitious entries and wiring seven million dollars of donor money to a personal account in Austria. The American Cancer Society claimed to be unaware of his previous felony records prior to employment with the organization ("National News Briefs").

The American Red Cross

The American Red Cross was founded in 1881 by Clara Barton and has grown to become that nation "premier emergency response organization" (*The American Red Cross).* Since 1881, the American Red Cross has grown exponentially in not only size,

but breadth of services while maintaining its primary of mission of "preventing and relieving suffering" (*The American Red Cross*). The organization, headquartered in Washington D.C., is primarily recognized for its military and disaster response services. The "About Us" section of the American Red Cross website declares that 91 cents of every donated dollar is funneled directly into the services provided by the organization. (*The American Red Cross*).

The disaster of September 11, 2001 was said to have been a top priority for the organization. Many American and foreign donors looking for a way to assist those directly affected by the terror looked for an organization such as the Red Cross in order to contribute their funds. The American Red Cross set up special funds for the September 11th victims. It was later discovered, however, that only a small percentage of the millions meant for the victims of the terrorist attack had been allocated correctly. Other aspects of the organization, instead, received the majority of the funds. (Walker).

Association of Community Organizations for Reform Now

The Association of Community Organizations for Reform Now (ACORN) was a nonprofit founded in 1970 and was headquartered in New Orleans, Louisiana. The organization served as an advocate for underprivileged individuals and families, particularly in the areas of housing, employment and community development. "ACORN believes that low-to-moderate-income people are the best advocates for their communities, and so ACORN's low-to-moderate-income members act as leaders, spokespeople, and decision-makers within the organization" ("Who is Acorn?").

In a political move, two individuals dressed as a pimp and a prostitute visited several ACORN offices around the country in 2009 and secretly filmed their interactions with ACORN staff. When the couple entered ACORN offices, they were not only welcomed, but assisted in appalling ways. Both the pimp and the prostitute were given detailed advice on how to make a brothel appear a legitimate business and how to secure tax breaks by using young girls who were illegal immigrants. All of the footage was videotaped and posted by the party on the World Wide Web after the interactions ("Maryland's ACORN Chapter Closes Operations") (Atlas).

Baylor University

Baylor University, located in Waco, Texas, was founded in 1845 as a private, Baptist institution for higher education. Baylor University has membership in the Southern Association of Colleges and Schools as well as the National Collegiate Athletic Association (NCAA). Baylor is a Division I school and the only private university within the "Big 12 Conference ("Get to Know Us").

Throughout 2002 and 2003, a scandal of great magnitude unraveled within the Baylor Men's Basketball program. The murder of one of the team's most promising players, Patrick Dennehy, by his fellow teammate, Carlton Dotson, shocked the nation. Further investigation into the murder quickly revealed significant NCAA violations by the current coach, David Bliss. Bliss was eventually found to have overlooked multiple instances of drug abuse among his team. He additionally paid the players outside money

in direct violation of NCAA regulations ("Top 10 Coaching Scandals in College Sports History").

Boys and Girls Clubs of America

The first Boys Club was founded in 1860, and four decades later, several independent Boys Clubs merged together in Hartford Connecticut as one organization and continued to expand to become the Boys and Girls Club of America. Since its inception in 1860, over 4,000 club affiliates have emerged throughout the United States, making this organization one of the largest nonprofits in America. The organization, whose mission is to "enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens," is largely funded by taxpayer money ("Who We Are").

 In early 2010, the Boys and Girls Clubs of America received heavy criticism for the allocation of their millions of dollars in government funding. Members of the Senate were highly suspicious of the exorbitant salaries to top level executives and other seemingly misallocations of taxpayer money. CEO, Roxanne Spillett has reportedly received nearly a million dollars in annual compensation (Jaffe).

Boy Scouts of America

Founded in 1910 and based in Irving, Texas, Boy Scouts of America (BSA) has become one of the largest youth organizations in the world. Throughout its existence, BSA has assisted over 100 million scouts through its mission to "train youth in

responsible citizenship, character development, and self-reliance through participation in a wide range of outdoor activities, educational programs, and, at older age levels, career-oriented programs in partnership with community organizations" ("About").

In early 2010, BSA was exposed for years of cover-ups regarding the sexual abuse of several of its scouts. The cover-up culminated with the verdict of the Kerry Lewis on April 13th 2010. The courts ordered that BSA pay over one million dollars in damages to the former scout. It was ruled that the organization was negligent in the protection of its scouts and failed to take proactive measures to ensure that questionable scout masters were not permitted to continue in their service to the program (Friedman).

Downtown Waco, Inc.

Downtown Waco, Inc. was an organization created for the purpose of revitalizing the abandoned and neglected downtown sector, particularly the business unit, of downtown Waco, Texas. The organization, founded in the 1950s, made efforts to renew the general perception of downtown Waco, but it was not until the charismatic Margaret Mills entered the picture in the 1980s that the program truly escalated. Mills, a Wacoan and graduate of the local Baylor University, began in 1988 to empower the organization to work with local benefactors and truly transform the city for the better (Reed).

In early 2006, suspicions arose about the spending techniques of the Executive Director of Downtown Waco, Inc., Margaret Mills. Throughout the remainder of 2006, further investigation uncovered hundreds of thousands of dollars in fraudulent spending by Mills. Mills was ultimately arrested for $200,000 in theft on April 2, 2007 and

indicted on November 7, 2007 for a quarter of million dollars in theft with additional fraudulent activity suspected (Reed).

The Getty Trust

The Getty Trust, founded in 1982 with the funds of J. Paul Getty, is the world's wealthiest art institution with endowments in the billions of dollars. The mission of the Getty Trust is to, "further knowledge and nurture critical seeing through the growth and presentation of its collections and by advancing the understanding and preservation of the world's artistic heritage" ("The Getty Trust"). Headquartered in Los Angeles, California, the Getty Trust serves as a preserver and educator on hundreds of aspects of art and art appreciation.

In 2006, Barry Munitz, who became president of the Getty Trust in 1998, was forced to retire from his position as chief executive officer of the organization as a result of his frivolous spending and poor leadership. Munitz was forced to step down when the magnitude of his poor management decisions and lavish personal expenditures on the Getty's dollar were exposed. He was ordered to forgo his multi-million dollar severance package and reimburse the Getty Trust for the amount fraudulently expensed (Hechler).

Goodwill Industries International, Inc.

Goodwill was founding in 1902 by Edgar J. Helms with the mission to provide the unemployed in the community with the opportunity to work by mending and repairing donated goods and subsequently giving these goods to the workers or others in

need. The mission to assist and equip the unemployed has continued throughout the past century. Goodwill Industries International, headquartered in Rockville, Maryland, aims to provide job training, employment placement services and other community-based programs for people who have a disability, lack education or job experience, or face employment challenges ("About Goodwill Industries, Inc.). The organization is funded by the widely recognized network of thrift stores across the nation.

In 1998, the Santa Clara County branch of Goodwill Industries International was exposed for management embezzlement of millions of dollars in stolen goods and cash. A group of family members managed to skim millions of dollars in donations and store revenues over a period of several years. The family members were ultimately indicted for theft and security charges; however, the critical public eye turned towards the upper level management of the organization and significant suspicions arose. Vice president of Goodwill at the time, Robert Sasson, resigned amidst the crisis (Guara).

Live Strong Foundation

The Lance Armstrong Foundation (LAF) was founded in 1997 by world-renowned cyclist Lance Armstrong. After winning his battle with cancer, Armstrong began the foundation to provide for further cancer research and assistance. The widely recognized "LIVESTRONG" movement originated within this foundation currently located in Austin, Texas. On its website, the Lance Armstrong Foundation declares, "We provide support to guide people through the cancer experience, bring them together to

54

fight cancer—and work for a world in which our fight is no longer necessary" ("Who We Are").

In 2011, Lance Armstrong, the face and essence of the Live Strong Foundation, was accused of illegally using performance enhancing drugs (PED). The allegations against Armstrong are very significant and, if true, would indicate a direct violation of the Anti-Doping Rules of the profession. While Armstrong continues to deny all allegations regarding illegal doping and has not been charged, a federal investigation on this issue is ongoing (Fredrix).

National Public Radio

After being incorporated on February 26, 1970, National Public Radio (NPR) has grown to become a media organization that distributes news to 944 news stations which cumulatively reach approximately 26 million listeners each week. "The mission of NPR is to work in partnership with member stations to create a more informed public" ("This is NPR"). The organization conducts and develops its business with a sharp focus on relevance and innovation in order to accomplish this mission.

In 2011, Ron Schiller, Senior Vice President for Development for NPR, made comments regarding the organization's federal funding while speaking with another potential donor. The same individual who orchestrated the pimp and prostitute expose of ACORN organized a fictitious group of philanthropists to speak with Schiller. The actors documented footage of Schiller declaring that "NPR would be better off without government funding" (Ron Schiller Bashes Tea Party"). Videos of this documented

footage were posted on the World Wide Web ("NPR Chief Vivian Schiller Ousted Amid Video Scandal").

Nature Conservancy

Nature Conservancy was founded in 1951 with a mission to protect important land, water and animals to preserve the future of nature and humanity. Nature Conservancy is one of the largest nonprofit organizations in the United States. Through its network of scientific experts, loyal members and partnerships, Nature Conservancy has been able to address the "most urgent conservation challenges" faced locally and internationally ("About Us: Learn More About the Nature Conservancy").

In 2003, Nature Conservancy was highly criticized for engaging in, what appeared to be, a significant conflict of interest. After acquiring a piece of property which served as the breeding grounds for an endangered bird from Mobil Oil, the organization allegedly engaged in highly questionable activities such as drilling for gas near the known habitat of the bird. The land was shortly, thereafter, partitioned and sold to trustees at a highly discounted rate with suspected tax incentives. The land was further damaged by the lack of regulation regarding the development of the individual properties post-sale. The story was made public after two years by investigation of the Washington Post ("Nature Conservancy Tarnished in Environmental Scandal").

New Jersey Symphony Orchestra

With its origin dating back to 1846, The New Jersey Symphony Orchestra (NJSO) is an organization rich in history and culture. Since adopting the official name "New Jersey Symphony Orchestra" in 1937, NJSO has attracted the participation of some of the world's greatest musicians. The organization performs throughout the year at multiple locations within New Jersey, with a mission to enrich the lives of local communities. The NJSO website proudly states, "We commit with equal passion to artistic excellence and engagement with our communities" ("About Us: Snapshot").

In 2003, the organization made a very large expenditure to acquire a set of rare instruments from philanthropist Herbert Axelrod. Axelrod valued the set of instruments at 50 million but agreed to sell them to the Orchestra at a reduced 17 million. After the 17 million dollar purchase, it was revealed that the instruments were drastically overvalued by Axelrod and the true value lie between 15.3 million and 26.4 million. In addition to his large misrepresentation, Axelrod was later jailed for tax fraud unrelated to the incident with the New Jersey Symphony Orchestra. The Orchestra claimed that they performed due diligence in their investigation of the instruments true value (Wakin).

Pennsylvania State University

Pennsylvania State University was founded in 1855. It is one of the largest universities in the United States with annual enrollment exceeding 90,000 students across all of its campuses. Pennsylvania State University is considered to be a leading research university and has a three-prong goal focus of teaching, research and public service. The

University is specifically renowned for its loyal alumni base with over 500,000 individuals making it the largest dues-paying alumni base in the United States ("About Penn State").

In November of 2011, retired Pennsylvania State University assistant coach Jerry Sandusky was arrested on 40 criminal counts. Sandusky allegedly sexually abused multiple young boys over a fifteen year period. Head Football Coach for Penn State, Joe Paterno was fired and University President Graham Spanier resigned in wake of the allegations and a failure to report the abuse committed by Sandusky. Penn State's Athletic Director, Tim Curley, was also placed on administrative leave (Salblich) (Bachman).

Prison Entrepreneurship Program

The Prison Entrepreneurship Program (PEP) was founded by Catherine Rohr in 2004 in Houston, Texas. Catherine Rohr was inspired by the entrepreneurial potential she saw in Texas inmates after a visit to a prison with Chuck Colson's Prison Ministries one year prior. She created PEP with purpose of harnessing the existing business "savvy" of the inmates by equipping them with a solid understanding of business concepts and developed character to increase their chances of success upon re-entry into the "real world." Throughout the existence of the Prison Entrepreneurship Program, thousands of lives—of the inmates, their families and PEP volunteers—have been transformed through the unique and inspiring work of the organization.

In October of 2009, stakeholders of the organization received a letter from the Board of Directors which announced and explained the resignation of Catherine Rohr as CEO of PEP. Rohr was relieved of her duties as leader of the organization when she admitted to having inappropriate relationships with participants. The organization's long-standing, essential relationship with the Texas Department of Criminal Justice (TDCJ) was initially jeopardized as a result of Rohr's actions.

Smithsonian Institution

The Smithsonian Institute was officially founded by an act of Congress in 1846. The institute was established as the result of a large gift from a British scientist, James Smithson, who desired his fortune should go "to the United States of America, to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men" ("History"). The Smithsonian Institute, located in Washington D.C., is now the largest museum complex in the world. It has made great strides as an educational, research and museum institution since its inception ("History").

In 2007, Chief of operations, Lawrence M. Small was accused of fraud. Suspicions of his excessive personal spending with organization funds were confirmed shortly thereafter. The accounting fraud resulted in Small's resignation as Chief of the institution. Congress threatened to cut federal funding in light of the scandal ("Smithsonian Scandal is the Latest Nonprofit Black Eye").

Susan G. Komen For the Cure

Susan G. Komen for the Cure, founded in 1982 on one sister's promise, has grown to become the world's largest breast cancer organization. The foundation, headquartered in Dallas, Texas, has raised billions of dollars through its incredible networks and partnerships to fund breast cancer research. Nancy G. Brinker, founder of the Susan G. Komen Foundation, has inspired countless individuals with her vision of a world without breast cancer. The organization distributes funds and grants to "energize science" and ensure "quality care" throughout the United States ("About Us").

Susan G. Komen affiliates have come under fire throughout the past several years as a result of several grants to Planned Parenthood clinics across the nation. Many pro-life donors view the grants as a conflict of interest. Komen has issued statements of fact regarding their relationship with Planned Parenthood sighting reasons for the grants. These statements primarily reference the fact the Planned Parenthood clinics are the only affordable option for some women interested in a breast cancer screening (Winer).

Teach for America

Teach for America, founded in 1990 by Princeton Graduate Wendy Kopp, aims to recruit well-qualified college graduates to serve for several years as teachers in underprivileged school districts throughout the United States. Teach for America, its members, alumni, and all other stakeholders share the vision that "One day, all children in this nation will have the opportunity to obtain an excellent education" ("Teach for America: About Us").

In 2008, Teach for America came under great scrutiny when the Department of Education Inspector General investigated the organization's use of federal funding. Teach for America was unable to account for over half of the federal funds issued to the organization. The organization could not provide source documents for half of the expenditures to which the federal funding was attributed. A severe lack of accounting systems was exposed through this investigation (Attkisson).

United Way of America

United Way of America was founded in 1887 in Denver, Colorado when several religious leaders decided to address the need for welfare in their community by creating a centralized organization to collect and distribute funds to pre-existing welfare agencies in the area. Since its inception in 1887, United Way, currently headquartered in Alexandria, Virgina, has evolved its mission to empower "all individuals and families achieve their human potential through education, income stability and healthy lives," and has grown to become the largest charity in the United States ("*Live United; United Way*").

Oral Suer, Chief Executive officer of United Way for twenty-seven years (1974-2002), was indicted for fraudulent activity in 2002. He used organization funds for personal expenditures such as vacations and sporting equipment throughout his time as CEO of United Way. In 2004, Suer pled guilty to the fraud accusations and was sentenced to 27 months in jail and ordered to pay hundreds of thousands of dollars in damages (Markon).

UT Southwestern Medical School

UT Southwestern Medical School was founded in 1943 and has since risen to become one of the leading medical schools and research institutions in the nation. Located in Dallas, Texas, UT Southwestern has a significant endowment in the billions of dollars as well as a highly esteemed faculty including four Nobel Prize recipients. The institution is one of the top ranked research facilities in the nation and boasts an extremely competitive application process—accepting only 12-13% of applicants ("Medical School: Welcome to Our World").

In 2010, accusations of inappropriate medical practices at UT Southwestern Medical School surfaced. The accusations stated that the medical school's leadership was prioritizing the training needs of residents over patient safety. The *Dallas Morning News* investigated and found multiple instances "procedures gone wrong" that were directly associated with premature practice. Residents were not prepared to perform the procedures, but were allowed to do so for the sake of training (Dunklin).

World Vision

World Vision, founded in 1950 by Robert Pierce, is a faith-based organization with the mission of equipping under-developed communities across the world with ability to reach their potential through education and development programs. One of the largest organizations of its type, World Vision has accomplished many endeavors in its mission to diffuse poverty and injustice internationally. World Vision's efforts affect nearly a hundred million individuals from a myriad of nations worldwide. One of the most

recognized aspect of the World Vision program is the "sponsor a child" component which connects each sponsor to specific child in need ("Who is World Vision?").

In early 2005 World Vision received a project-specific grant for Liberia from the United States Agency for International Development (USAID). After the completion of the project, allegations of fraud associated with the project surfaced. Further investigation of the project and personnel involved in Liberia conformed suspicious activities regarding the misallocation of food and building supply deliveries to the location (Colin).

Organization	C1 Full Confidence of Leader	C2 Responsibility of Leader	C3 Quick and Effective Communication	C4 Build Relationships with Media	C5 Readily Admit Any Wrongdoing	C6 Transparent Communication	C8 Don't Negate the Situation	C10 Have one Crisis Leader
ACORN	N	N	N	N	N	Y	N	Y
American Cancer Society	N	N						Y
Baylor University	Y	Y	Y		Y	Y	Y	Y
Boy Scouts of America	N	N	N		N	N	N	Y
Boys and Girls Clubs of America	N	N	Y		N	Y	N	Y
Downtown Waco, Inc.	N	N	N		Y	Y	Y	
Goodwill Industries International	Y	Y	Y		Y	Y	Y	N
Live Strong Foundation	Y	Y	Y		N	N	N	Y
National Public Radio	N	N	Y	Y	Y	Y	Y	Y
Nature Conservancy	N	N	N	N	N	Y	N	Y
New Jersey Symphony Orchestra	N	N	N	Y	N	Y	N	
Penn State	N	N	Y	Y	Y	Y	Y	N
Prison Entrepreneurship Program	N	N	Y	N	Y	Y	Y	Y
Smithsonian Institution	N	N	N	N	N	Y	N	N
Susan G. Komen For the Cure	Y	Y	Y		N	Y	N	Y
Teach for America	N	N	N		N	N	N	N
The American Red Cross	N	N	N		N	N	N	N
The Getty Trust	N	N	N	N	Y	N	Y	Y
United Way of America	N	N	N		N	N	N	N
UT Southwestern Medical School	N	N	N		N	N	N	N
World Vision	Y	Y	Y		Y	Y	Y	Y

Organization	C1 Full Confidence of Leader	C2 Responsibility of Leader	C3 Quick and Effective Communication	C4 Build Relationships with Media	C5 Readily Admit Any Wrongdoing	C6 Transparent Communication	C8 Don't Negate the Situation	C10 Have one Crisis Leader
ACORN		N		Y	N	Y	N	Y
American Cancer Society	N	N			N	N	Y	Y
Baylor University	Y	Y	Y	Y	Y	Y	Y	Y
Boy Scouts of America	N	N	N	N	N	N	N	N
Boys and Girls Clubs of America	N	N		N	N	Y	N	Y
Downtown Waco, Inc.	N	N	N		Y	Y	Y	
Goodwill Industries International	N	N	Y	Y	Y	N	Y	
Live Strong Foundation	N		N	Y	N	N	N	Y
National Public Radio	N	N	Y	Y	Y	Y	Y	Y
Nature Conservancy	N	N	N	N	N	N	N	N
New Jersey Symphony Orchestra		Y	N	Y	N	Y	N	Y
Penn State	N	N	Y	Y	Y	Y	Y	Y
Prison Entrepreneurship Program	N	N	Y	N	Y	Y	Y	Y
Smithsonian Institution	N	N	N	N	N	N	Y	N
Susan G. Komen For the Cure		Y		N	N	Y	Y	Y
Teach for America		N	N	Y	N	N	N	N
The American Red Cross	N	N	Y	Y	N	Y	N	N
The Getty Trust	N	N	N	N	N	N	Y	Y
United Way of America	N	N	N		N	N	N	N
UT Southwestern Medical School	N	N	N		N	N	N	N
World Vision	Y	Y	Y	Y	Y	Y	Y	N

APPENDIX D

Condensed Biography of Director: Dr. Charles S. Madden

Dr. Charles S. Madden is the Ben H. Williams Professor of Marketing and Director of the Baylor Center for Nonprofit Leadership and Service in the Hankamer School of Business. He received a Ph.D. from the University of Nebraska and served as faculty at Creighton University and Texas A&M University prior to coming to Baylor University. During his time at Baylor, he has served as Vice President for Marketing, Chair of the Marketing Department and Associate Dean for Graduate Programs. While in these roles, Dr. Madden has been responsible for the University's public relations, recruiting, student retention, governmental relations, church relations, KWBU Public TV and Radio, campus tours and visitors center, strategic planning, summer youth programs, student financial aid, campus police and alumni services.

Dr. Madden is a Past Chair of the Board of the American Marketing Association. He previously served as the President of the Academic Council, Vice President of Finance-Secretary, and Co-Chaired the Dublin Conference, all of the American Marketing Association. He served six years on the board of the American Marketing Association. He served as President of the Southern Marketing Association and Vice President of the American Academy of Advertising. He was selected as the eleventh Fellow of the Southern Marketing Association. He served six years on the Board of the American Marketing Association Foundation. He served as Founding Chair of the Board

of the Brazos Valley Public Broadcasting Foundation which operates KWBU-FM and KWBU-TV. He continues to serve on that board today.

His teaching interests include marketing for Nonprofit Organizations, Marketing of Services and Marketing Strategy. His current research is in the areas of nonprofit marketing, marketing for higher education and strategic planning for organizations. He has published over 50 articles in such outlets as the *Journal of Marketing Research, Journal of Advertising, Journal of Public Policy in Marketing, Journal of Advertising Research, Journal of the Market Research Society,* and *Journal of Business Research.* He has served as editor for special issues of the *Journal of Business Research* as well as several published conference proceedings. Dr. Madden has served as a visiting professor at the Helsinki School of Economics and Business Administration, The University of Adelaide (Australia), Monterrey Tech, and St. Petersburg University of Economics and Finance" (Madden).

APPENDIX E

Baylor University Center for Nonprofit Leadership and Service

Recently approved by the Baylor University Board of Regents, The Center for Nonprofit Leadership and Service is one of the newest additions to the University's family of specialized learning units. The Center seeks to empower undergraduate students with the knowledge necessary to correctly lead a nonprofit from a salary or volunteer position. Since one in four graduating job offers to Baylor students are for a position in the nonprofit realm, the newly developed Center has extreme applicability amongst the Baylor demographic. The Center is led by Dr. Charles Madden and the Associate Director for the program is Dr. Van Gray (Hankamer School of Business).

APPENDIX F

Condensed Biography of Holly A. Bomgaars

Ms. Holly A. Bomgaars graduated from Baylor University in May of 2011 with a BBA in Finance. After working for First Bank in Monument, CO for two years while finishing school, Ms. Bomgaars signed with Alon USA in Dallas, TX and now works for this oil & gas company full time as a supply logistics coordinator and finance associate.

APPENDIX G

Outcome Trend Analysis: NTEE Classification

Organization	NTEE Nonprofit Type	Outcome
Getty Trust	Arts, Culture and Humanities	Negative
New Jersey Symphony Orchestra	Arts, Culture and Humanities	Negative
Smithsonian Institute	Arts, Culture and Humanities	Negative
Pennsylvania State University	Education	Negative
Teach for America	Education	Negative
UT Southwestern Medical School	Education	Negative
Baylor University	Education	Positive
Nature Conservancy	Environment and Animals	Negative
American Cancer Society	Health	Negative
Live Strong Foundation	Health	Negative
Susan G. Komen for the Cure	Health	Positive
American Red Cross	Human Services	Negative
Boy Scouts of America	Human Services	Negative
Boys and Girls Clubs of America	Human Services	Negative
United Way of America	Human Services	Negative
Goodwill Industries, Inc.	Human Services	Positive
ACORN	Public or Societal Benefit	Destructive
Downtown Waco, Inc.	Public or Societal Benefit	Destructive
National Public Radio	Public or Societal Benefit	Negative
Prison Entrepreneurship Program	Public or Societal Benefit	Positive
World Vision	Public or Societal Benefit	Positive

APPENDIX H

Outcome Trend Analysis: Scandal Type

Organization	Scandal Type	Outcome
UT Southwestern Medical School	Administrative	Negative
Nature Conservancy	Conflict of Interest	Negative
Susan G. Komen for the Cure	Conflict of Interest	Positive
ACORN	Embezzlement	Destructive
American Cancer Society	Embezzlement	Negative
Goodwill Industries, Inc.	Embezzlement	Positive
Downtown Waco, Inc.	Fraud	Destructive
Getty Trust	Fraud	Negative
Smithsonian Institute	Fraud	Negative
United Way of America	Fraud	Negative
World Vision	Fraud	Positive
American Red Cross	Misappropriation	Negative
Boys and Girls Clubs of America	Misappropriation	Negative
Teach for America	Misappropriation	Negative
National Public Radio	Misrepresentation	Negative
New Jersey Symphony Orchestra	Misrepresentation	Negative
Boy Scouts of America	Sexual Abuse	Negative
Pennsylvania State University	Sexual Abuse	Negative
Prison Entrepreneurship Program	Sexual Relations	Positive
Live Strong Foundation	Sporting Violation	Negative
Baylor University	Sporting Violation	Positive

Outcome Trend Analysis: Institutional v. Individual

Organization	Institution v. Individual	Outcome
ACORN	Individual	Destructive
Downtown Waco, Inc.	Individual	Destructive
American Cancer Society	Individual	Negative
Getty Trust	Individual	Negative
Live Strong Foundation	Individual	Negative
National Public Radio	Individual	Negative
New Jersey Symphony Orchestra	Individual	Negative
Pennsylvania State University	Individual	Negative
Smithsonian Institute	Individual	Negative
United Way of America	Individual	Negative
Baylor University	Individual	Positive
Goodwill Industries, Inc.	Individual	Positive
Prison Entrepreneurship Program	Individual	Positive
World Vision	Individual	Positive
American Red Cross	Institution	Negative
Boy Scouts of America	Institution	Negative
Boys and Girls Clubs of America	Institution	Negative
Nature Conservancy	Institution	Negative
Teach for America	Institution	Negative
UT Southwestern Medical School	Institution	Negative
Susan G. Komen for the Cure	Institution	Positive

APPENDIX J

Outcome Trend Analysis: Illegal v. Inappropriate

Organization	Illegal v. Inappropriate	Outcome
ACORN	Illegal	Destructive
Downtown Waco, Inc.	Illegal	Destructive
American Cancer Society	Illegal	Negative
Boy Scouts of America	Illegal	Negative
Getty Trust	Illegal	Negative
Pennsylvania State University	Illegal	Negative
Smithsonian Institute	Illegal	Negative
United Way of America	Illegal	Negative
Goodwill Industries, Inc.	Illegal	Positive
World Vision	Illegal	Positive
American Red Cross	Inappropriate	Negative
Boys and Girls Clubs of America	Inappropriate	Negative
Live Strong Foundation	Inappropriate	Negative
National Public Radio	Inappropriate	Negative
Nature Conservancy	Inappropriate	Negative
New Jersey Symphony Orchestra	Inappropriate	Negative
Teach for America	Inappropriate	Negative
UT Southwestern Medical School	Inappropriate	Negative
Baylor University	Inappropriate	Positive
Prison Entrepreneurship Program	Inappropriate	Positive
Susan G. Komen for the Cure	Inappropriate	Positive

WORKS CITED

"About." *Scouting.org.* April 2010. <http://www.scouting.org/>.

"About Goodwill Industries, Inc." *Goodwill.org.* April 2010.
        <http://www.goodwill.org/wp-content/uploads/2011/10/About-Goodwill-
        2011.pdf>.

"About Penn State." *Psu.edu.* November 2011. <http://www.psu.edu/ur/about.html>.

"About the American Cancer Society." *Cancer.org.* Web. 15 Nov 2010.
        <http://www.cancer.org/AboutUs/index>.

"About Us: Learn More About The Nature Conservancy." *Nature.org.* Web. 29 Nov
        2010. <http://www.nature.org/aboutus/?src=t5>.

"About Us: Snapshot." *NewJerseySymphony.org.* Web. 25 Nov 2010.
        <http://www.njsymphony.org/AboutUs/Mission.htm>.

"About Us." *Susan G. Komen for the Cure.* Web. 15 Nov 2010.
        <http://ww5.komen.org/AboutUs/AboutUs.html>.

"Americans Lack Trust in Charities, Poll Finds." *Chronicle of Philanthropy*
        (2006).Web. 25 November 2010.
        <http://philanthrophy.com/blogs/philanthrophytoday/americans-lack-trust-in-
        charities-poll-finds/12545>.

Atlas, John and Peter Dreier. "ACORN Scandal Offers Key Lessons to All Charities."
        August 2011. <http://www.huffingtonpost.com/john-atlas/acorn-scandal-offers-
        key_b_386064.html>.

Attkisson, Sharyl. "Teach for America Gets Schooled." *CBSNews.com*. Web. 15 Nov
    2010.
        <http://www.cbsnews.com/stories/2008/07/11/eveningnews/main4254956.shtml>
        .

Bachman, Rachel. "Mood Subdued as Penn State Gets Back to Football." *Wall Street
    Journal* 13 11 2011, n. pag. Web. 6 Dec. 2011.
        <http://online.wsj.com/article/SB100014240529702042246045770341037392432
        64.html?mod=WSJ_hp_MIDDLETopStories>.

Colin, Cynthia. "World Vision Statement Regarding Alleged Fraud in Liberia."
    WorldVision.org. World Vision, 2009. Web. 15 Nov 2010.
        <http://www.worldision.org/content.nsf/about/20090604-liberia>.

"Crisis." *Dictionary.com Unabridged*. Random House, Inc., 2010. Web.
        <http://dictionary.reference.com/>.

"Deductive." *Dictionary.com Unabridged*. Random House, Inc., 2010. Web.
        <http://dictionary.reference.com/>

Dunklin, Reese, Sue Ambrose, and Brooks Egerton. "UT Southwestern Faculty Let
    Unsupervised Resident Doctors Operate at Parkland." *Dallas Morning News* 1 8
    2010, n. pag. Web. 6 Dec. 2011. <http://www.dallasnews.com/news/community-
    news/dallas/headlines/20100801-ut-southwestern-faculty-let-unsupervised-
    resident-doctors-operate-at-parkland-.ece>.

"Exemption Requirements - Section 501(c)(3) Organizations ." *IRS.gov*. Internal Revenue
    Service, 15 November 2010. Web. 1 Dec 2010.
        <http://www.irs.gov/charities/charitable/article/0,,id=96099>.

Fredrix, Emily and Michael Liedtke. "Lance Armstrong Foundation in Trouble After
    Doping Scandal." 3 August 2010. *HuffingtonPost.com*. October 2010.
        <http://www.huffingtonpost.com/2010/08/03/lance-armstrong-
    foundatio_n_669024.html>.

Friedman, Emily and Brian Braiker. "Boy Scouts of America Must Pay Man $18.5M."
    ABC News (2010): Web. 15 Nov 2010.

"Get to Know Us." *Baylor.edu*. April 2010. <http://www.baylor.edu/about/>.

Guara, Maria Alicia. "Embezzlement Scandal Forces Goodwill Vice President to Resign." (1998): n. pag. Web. 15 Nov 2010. <http://articles.sfgate.com/1998-01-29/news/17711340_1_goodwill-president-goodwill-industries-lowney/2>.

Hankamer School of Business. "Center for Nonprofit Leadership and Service." *Pamphlet*. 2010: Print.

Hechler, David. "Night at the Museum." *Law.com*. N.p., n.d. Web. 15 Nov 2010. http://www.law.com/jsp/cc/PubArticleCC.jsp?id=900005493770>.

"History." *Smithsonian Institute*. Web. 3 Dec 2010. <http://si.edu/about/history.htm>.

Jaffe, Matthew. "Boys & Girls' Club CEO Roxanne Spillett's $1M Total Compensation Under Fire" *ABC News* (2010): Web. 15 Nov 2010.

Kassarjian, Harold. "Content Analysis in Consumer Research." *Journal of Consumer Research*. 4.1 (1977): 8-18. Web. 6 Dec. 2011. <http://www.viktoria.se/~dixi/BISON/resources/kassarjian-1977.pdf>.

Live United; United Way. Web. 25 November 2010. <http://liveunited.org/pages/about-united-way-worldwide/>.

Madden, Charles. "Biography." Message to Kristan Hinn. 28 November 2010. E-mail.

Marconi, Joe. *Crisis Marketing: When Bad Things Happen to Good Companies.* Probus Publishing Company, Chicago, 1992. Print.

Markon, Jerry. "Ex-Chief Of Local United Way Sentenced." *Washington Post* (2004): n. pag. Web. 15 Nov 2010. <http://www.washingtonpost.com/wp-dyn/articles/A27261-2004May14.html>.

"Maryland's ACORN Chapter Closes Operations." *NationalLegalandPolicyCenter.org*. Web. 25 Nov 2010. <http://nlpc.org/category/people/dale-rathke>.

"Medical School: Welcome to Our World." *UTSouthwestern.edu.* August 2011.
    <http://www.utsouthwestern.edu/education/medical-school/index.html>.

"National News Briefs; Cancer Society Executive Surrenders to the F.B.I." *New York
    Times* (2000): Web. 25 Nov 2010.
    <http://www.nytimes.com/2000/06/11/us/national-news-briefs-cancer-society-
    executive-surrenders-to-the-fbi.html>.

"National Taxonomy of Exempt Entities." *NCSS.urban.org.* Web. 10 April 2010.
    <http://nccs.urban.org/classification/NTEE.cfm>.

"Nature Conservancy Tarnished In Environmental Scandal." *Asheville Global Report.*
    Web. 3 Dec 2010. <http://www.theglobalreport.org/issues/229/environment.htm>.

"NPR Chief Vivian Schiller Ousted Amid Video Scandal." *USAToday.com.* November
    2011. <http://content.usatoday.com/communities/onpolitics/post/2011/03/npr-
    vivian-schiller-resigns-video-scandal-/1>.

Reed, Marlene. "Downtown Waco, Inc.: Woman Overboard." Print.

"Ron Schiller Bashes Tea Party." *ABCNews.go.com.* October 2010.
    <http://abcnews.go.com/Politics/npr-executive-ron-schiller-bashes-tea-party-
    gop/story?id=13085305>.

Salblich, Justin. "Timeline: The Penn State Scandal." *New York Times* 11 11 2011, n.
    pag. Web. 6 Dec. 2011.
    <http://www.nytimes.com/interactive/2011/11/11/sports/ncaafootball/sandusky.ht
    ml>.

"Scandal." *Dictionary.com Unabridged*. Random House, Inc., 2010. Web.
    <http://dictionary.reference.com/>

Silver, David. "When the Bottom Drops." Prima Publishing and Communications.
    1988.

Simpson, Christopher. "A Crisis of Legendary Proportions." Currents, v27 n1 p24-
    28,30. January 2001.

Simpson, Christopher. *Weathering the Storm: Protecting Your Brand in the Worst of Times*. Council for Advancement & Support of Education, 2007. 6. Print.

"Smithsonian Scandal is the Latest Nonprofit Black Eye." *Hano-Hawaii.org.* April 2010. <http://hano-hawaii.org/newsletter-archive/july-07-newsletter/nonprofit-news/smithsonian-scandal-is-the-latest-nonprofit-black-eye/>.

"Teach for America: About Us." *TeachforAmerica.org*. Web. 25 Nov 2010. <http://teachforamerica.org/about-us/>.

The American Red Cross. Web. 3 Dec 2010. <http://www.redcross.org/portal/site/en/menuitem.d8aaecf214c576bf971e4cfe431 81aa0/?vgnextoid=477859f392ce8110VgnVCM10000030f3870aRCRD&vgnextf mt=default>.

"The Getty Trust." *Getty.edu*. Web. 15 Nov2010. <http://getty.edu/about/>.

"This is NPR." *Npr.org.* November 2011. < http://www.npr.org/about/aboutnpr/>.

"Top 10 Coaching Scandals in College Sports History." *OnlineUniversities.com* (2006): Web. 15 Nov 2010. <http://www.onlineuniversities.com/blog/2010/04/top-10-coaching-scandals-in-college-sports/>.

Wakin, Daniel. "Rare Instruments Purchase Cause Symphony." *New York Times* 19 7 2006, n. pag. Web. 6 Dec. 2011. <www.nytimes.com/2006/07/19/arts/music/19symp.html>.

Walker, William. "Storm Brews Over Sept. 11 Fund." *Tronto Star* (2001): n. pag. Web. 15 Nov 2010. <http://www.commondreams.org/headlines01/1029-05.htm>.

"Who is Acorn?" *ACORN.org*. Web. 25 Nov 2010. <http://www.acorn.org/about>.

"Who is World Vision?" *WorldVision.org*. Web. 15 Nov 2010. <http://www.worldvision.org/content.nsf/about/aboutus-home>.

"Who We Are." *BGCA.org*. Web. 15 Nov 2010.
                <http://www.bgca.org/whoweare/Pages/WhoWeAre.aspx>.

"Who We Are." *Livestrong.org*. Web. 25 Nov 2010. <http://www.livestrong.org/Who-
                We-Are>.

Winer, Eric. Susan G. Komen for the Cure, 2010. Print.