

Nonprofit Ethical Case:

# **WOUNDED WARRIOR PROJECT: Using Veteran Pain for Executive Gain**

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# Introduction

- Background and Overview
- Video
- A dualistic presentation of the “facts”
  - Spending
  - A strong for-profit structure and metrics
  - Leadership
- Responsibility Analysis
- Questions

# Video Introduction

[CNN Wounded Warrior Project Exposé](#)

# Summary

- In January of 2016, the Wounded Warrior Project (WWP) became headline news with the allegations of improper handling of its financial resources.
- Because military service is considered one of the highest forms of public service in the United States, public resentment and outrage quickly grew.
- Many disgruntled past employees came forward in various media publications making allegations of:
  - lavish spending
  - coercive leadership
  - wrongful termination
  - low program quality due to high productivity standards

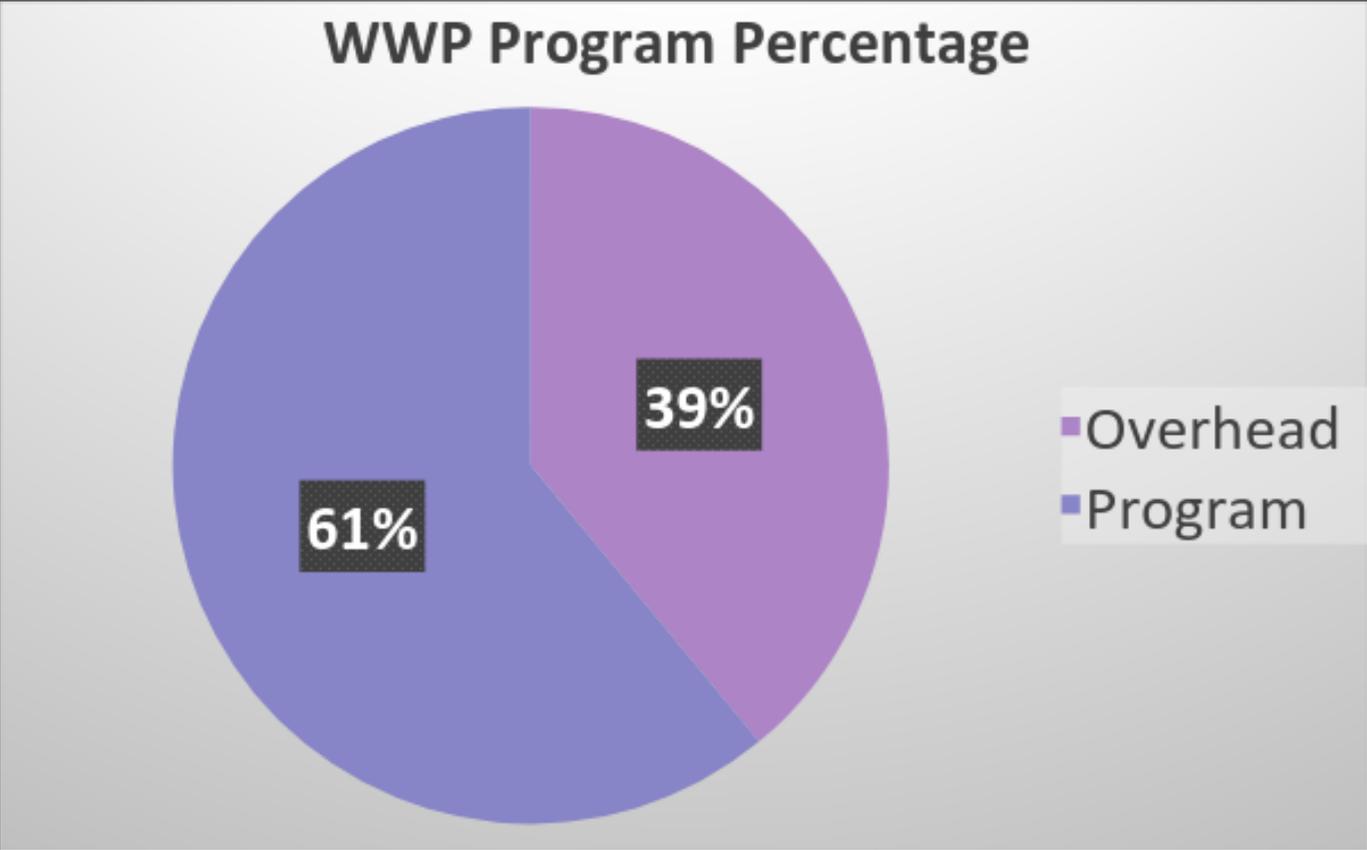
# The Media's Role in the Controversy

- The media created the narrative that WWP was capitalizing on veteran pain
- Publications highlighted past employee stories (most of whom were wounded warriors themselves) and utilized these stories as facts, potentially ignoring vital information for the sake of a good story
- Numerous credible sources (nonprofit management professors, nonprofit executives, etc. offered alternative viewpoints on the controversy) attributing the scandal to prevailing/outdated beliefs regarding how the nonprofit should operate

# Unpacking this Case

- Taking a holistic approach to studying this case, we will consider both the facts presented by the media and alternative viewpoints.
- Through this lens we will further examine three “problem areas”:
  - Spending
  - Focus on metrics
  - Leadership style

# Spending



# The Facts: Examining the 990's

	2007	2010	2014	2016
Total Revenue	\$18,634,714	\$40,943,594	\$234,682,943	\$321,807,428
Conferences, conventions, and meetings	\$0	\$1,700,000	\$26,054,368	\$2,120,004
Travel	1,221,849	\$1,907,895	\$7,492,655	\$4,412,955
Fundraising	\$2,061,000	\$9,393,128	\$43,441,173	\$69,367,589

# Prevailing Beliefs: Fundraising Overhead

Discussion Question: What are the prevailing beliefs surrounding Fundraising Overhead?

[TED TALK, Dan Pallotta](#)

# Considering the alternative viewpoint

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# For-profit structure and a focus on metrics

- Wounded Warrior Project executives use data to measure staff productivity.
- The metrics are intended improve efficiency and help fundraising.
- Some staff assert however that productivity goals are set too high and program quality has eroded.

# Metrics and Program Effectiveness

- The *Warriors-to-Work* program is designed to provide one-on-one counseling to improve résumés and interview skills in order to help veterans find employment.
- Connection programs are designed to provide therapeutic and social events for veterans to come together and enjoy events in their communities.

★ WWP CONNECTS WARRIORS TO FELLOW SERVICE MEMBERS, FREE PROGRAMS AND SERVICES, AND THEIR COMMUNITIES.

WWP helps connect, serve, and empower warriors, their family members, and caregivers. That first step – the connection – happens in different ways, whether it's through educational summits or activities with peers, like sporting events and hunting trips. Many times, events like these are the first step a warrior takes toward being empowered to live life on his or her own terms.

  
MORE THAN  
**66,000**  
WARRIORS AND FAMILY MEMBERS  
SERVED THROUGH CONNECTION EVENTS

# Prevailing Beliefs

The public expects nonprofits to deliver on services, which is a good thing! Veteran services are a competitive area of the nonprofit sector. Delivering high metrics kept WWP competitive and provided the public proof of service delivery.

- WWP reports a high number of veterans
- Employees and the media report a decrease in program quality

Who do you believe?

# Leadership

- WWP has a strict stance towards employees considered disloyal or unproductive
- Eighteen former employees (many who are veterans) claimed they had fired for missteps that were categorized as insubordination.
- Many claimed that when they raised questions regarding WWP practices, that they were promptly fired for being disloyal

# Alternative View: Employee Termination

- Professor Doug White - former Director of the Masters of Science in Fundraising Management Program at Columbia University - created a comprehensive report questioning the media's report on WWP's firing practices
  - Employees were part of a Facebook group where they collaborated with the intention of delegitimizing WWP
  - No wrongful termination suits were filed with the AG or the EEOC

# Responsibility Analysis

Considering the dual viewpoints presented in this case study, we will examine:

- Individual Responsibility
- Organizational Responsibility
- Systemic Responsibility

# First: Were there issues of compliance?

- On their 990's, WWP reports the existence of a *Whistleblower Policy* intended to protect employees who report or take issue with company practices.
  - According to personal report, employees were fired for questioning executive's decisions.
- WWP claims that some employees who claimed wrongful termination were non-compliant in regards to financial and company policies (making their termination credible).

# Individual Responsibility

- Leadership:
  - If disloyalty and insubordination were real and valid causes of termination, executive and program leadership had an individual responsibility to create an environment where loyalty was bred.
  - Challenges and concerns should have been welcomed and addressed by immediate supervisors and run up the chain of command.
- Spending:
  - CEO Steve Nardizzi needed to prioritize mission activities over retreats, conferences, bar-tabs (?)
- Metrics:
  - CEO Steve Nardizzi needs to find other ways measure the impact and reassess productivity standards as they started to affect program quality

# Organizational Responsibility: Board of Directors

- Board of Directors: The Board is responsible for approving the budget related to fundraising, travel, conferences, etc.
  - The Board needed to diligently investigate comparable organizations in order to determine the budget for the above categories.
  - If the Board felt that CEO Steve Nardizzi was improperly using funds, they are in charge of investigating.
- Leadership and employees needed to be made aware of the whistleblower policy and it needed to be honored

# Systemic Responsibility

- Beliefs surrounding nonprofit sector expectations and practices are in dispute.
- As a sector, many are moving to a for-profit model, like WWP
  - They proved successful in increasing their donations and revenue by doing so
- The public is very adverse to people making money off of others pain, so when scandal broke regarding “lavish and wasteful” spending the organization was crucified.
- The systemic beliefs discourage high overhead and spending, even if revenue quadruples overtime, giving more funds to mission activities.
- The sector is changing but the public’s expectations are not.

# Stakeholders Analysis

- Veteran's received a lower quality of service due to metrics.
- Organizational staff (often veterans), were hired by WWP and then fired for questioning authority.
- Veteran pain was used for corporate gain, further invalidating and devaluing their experiences as wounded warriors.
- Accusations of misuse of donor dollars will decrease donations in the future, ultimately affecting veterans.
- Corporate Social Responsibility suggests that scandal within one organization affects the public's trust of the nonprofit sector as a whole, meaning that whole sector will be affected by this controversy, in particular veterans charity organizations.

# So What Happened?

- After the scandal broke, the board fired CEO Steve Nardizzi and COO Al Giordano.
- WWP had a third party examine their finances and argued that they have always been transparent on their tax forms.
- Senator Chuck Grassley's office conducted an investigation of WWP
- WWP held numerous press conferences defending their practices, and defended themselves against specific remarks made by CBS and the New York Times.
- Changes in spending practices are to be seen on the coming years 990 tax form.

# Questions

- 1) What was the media's role in this case?
- 2) Given that disloyalty and insubordination were consistent problems that led to employee termination, what leadership style(s) could have been used to create an environment/culture that bred loyalty and integrity?
- 3) Other than metrics, what are ways that the organization could have measured impact and ensured quality programs and services?
- 4) After such a public scandal, should the board reevaluate itself and its effectiveness? Should it consider a change of membership and officers?
- 5) What type of accountability can the board institute amongst each other and the next CEO?
- 6) Does there need to be a shift in beliefs surrounding how nonprofit organizations should behave and operate? What are the costs and benefits of shifting to a more for-profit model?

# Resources

- [Jim Collins, author of Good to Great and the Social Sectors, leadership articles.](#)
- [Dan Pallotta, TED Talk 'The way we think about charity is dead wrong'](#)
- [Simon Sinek, TED Talk 'Why good leaders makes you feel safe'](#)
- [Lin-Hi, N., Hörisch, J., & Blumberg, I. \(2015\). Does CSR Matter for Nonprofit Organizations? - Alternative Link](#)

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