



**American
Red Cross**

Office of the Corporate Ombudsman

2013 Annual Report

July 1, 2012 – June 30, 2013

A Message From the Corporate Ombudsman

I am pleased to present the sixth annual report on the activities and initiatives of the Office of the Corporate Ombudsman for fiscal year 2013—from July 1, 2012 to June 30, 2013, in accordance with the Governance Modernization Act of 2007.



This report reflects concerns that internal and external constituents have raised with us as the designated neutral party for the Red Cross, and as a confidential, independent office, regarding the ability of the organization to meet its mission effectively. The issues brought to our office reflect concerns or questions that people have; they may or may not correspond to, or reflect, actual organizational trends. The Ombudsman supports the volunteers, employees and leaders doing the lifesaving work of the American Red Cross, as well as the Service to the Armed Forces, blood services, disaster, and health and safety clients who rely on our services. We assist internal and external constituents to address their concerns in the most constructive way and at the most appropriate level in the organization.

In FY13, the office handled cases brought by 979 constituents, and had direct contact with more than 2,200 volunteers, employees and leaders through our outreach, training and group facilitations. We provided process consulting, coaching, mediation and facilitation to support Red Cross leaders, employees and volunteers. This critical work assisted the various functional departments and lines of business to collaborate in pursuit of significant organizational initiatives that serve our donors, clients and the general public.

Reflective of the huge numbers of people to which this office is available, the 979 constituent contacts in FY13, as well as the 1,406 issues they raised, represent a small slice of data from self-selecting internal and external constituents. Moreover, the role of our office is not to investigate or determine the veracity of the issues raised. The interpretations we make in this report are necessarily constrained by these factors.

This office is always available to assist staff and volunteers at all levels and in all lines of service, as well as any recipient of Red Cross services. For more information on our office, please visit **redcross.org/governance**.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Jessar". The signature is stylized and fluid.

Kevin Jessar, J.D., Ph.D.

Office of the Corporate Ombudsman

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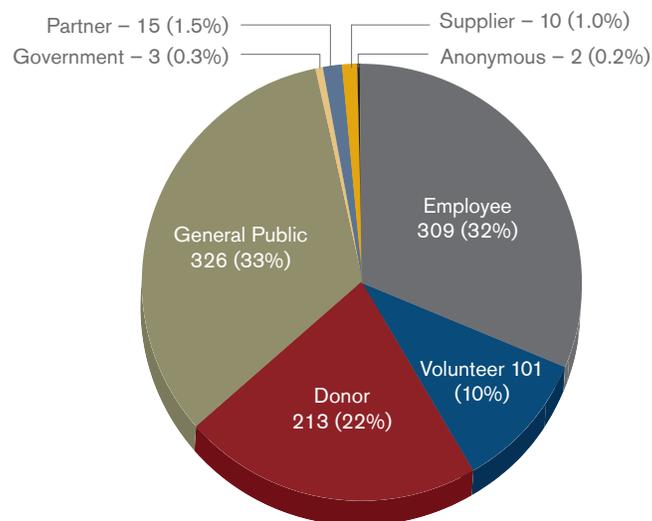
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Case Statistics

Constituent Profile

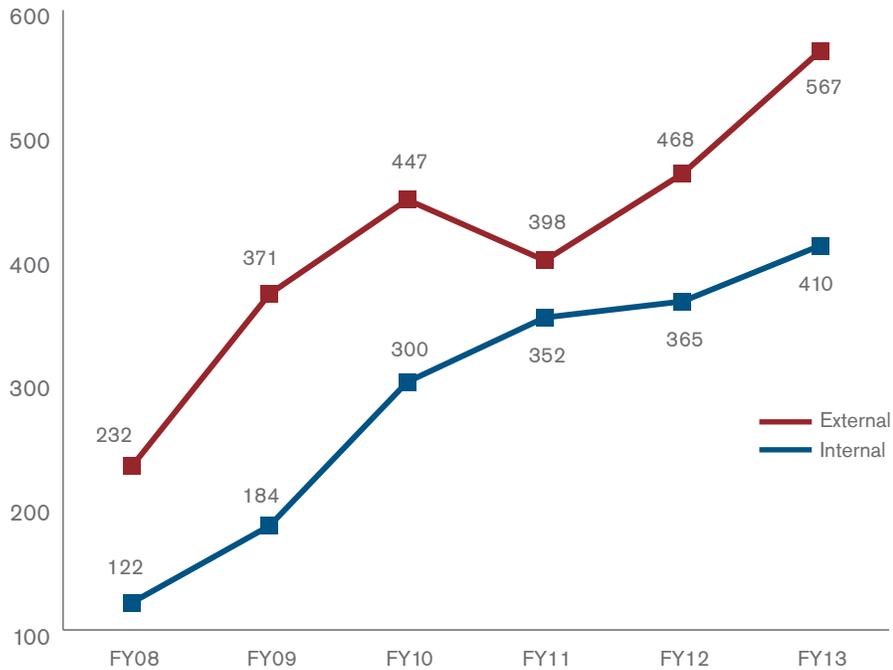
In FY13, 979 constituents contacted the Ombudsman Office. The overall annual number of constituents utilizing the office has continued to increase since FY08, and from 833 in FY12. Figure 1 illustrates the number and composition of internal and external constituent contacts in FY13. As a threshold matter, it is important to note that an increase in the number of contacts with the Ombudsman Office does not necessarily indicate growing problems. In many cases, contacts to the office may increase as parts of the organization work proactively to resolve concerns and learn about our services.

Figure 1. All Constituents (979 Total)



In FY13, 58 percent of contacts with the Ombudsman were initiated by external stakeholders, while 42 percent were initiated by internal stakeholders. Figure 2, which does not include two anonymous contacts in FY13, illustrates the relationship of internal and external contacts over the past six years.

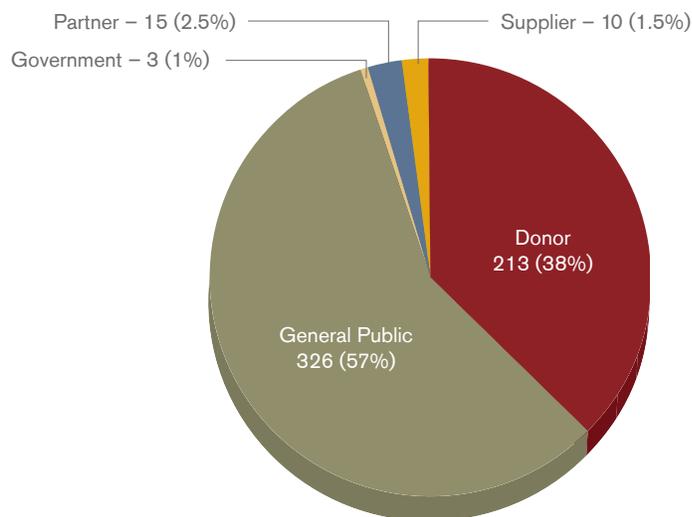
Figure 2. Internal and External Constituents by Fiscal Year



External Constituents

The total number of external contacts has risen steadily from 232 in FY08. Figure 3 illustrates the various types of external contacts relative to one another, such as partners, suppliers, donors and the general public. Financial and blood donors contacting the Ombudsman have increased from 20 in FY08 to 120 in FY12 to 213 in FY13. During FY13, blood donors account for 79 percent of the donor contacts to the office and 30 percent of all external contacts, while financial donors account for 21 percent of donor contacts and 8 percent of all external contacts. It should be noted that the blood donor contacts are from a base of 3.3 million blood donors nationwide.

Figure 3. External Constituents (567 Total)



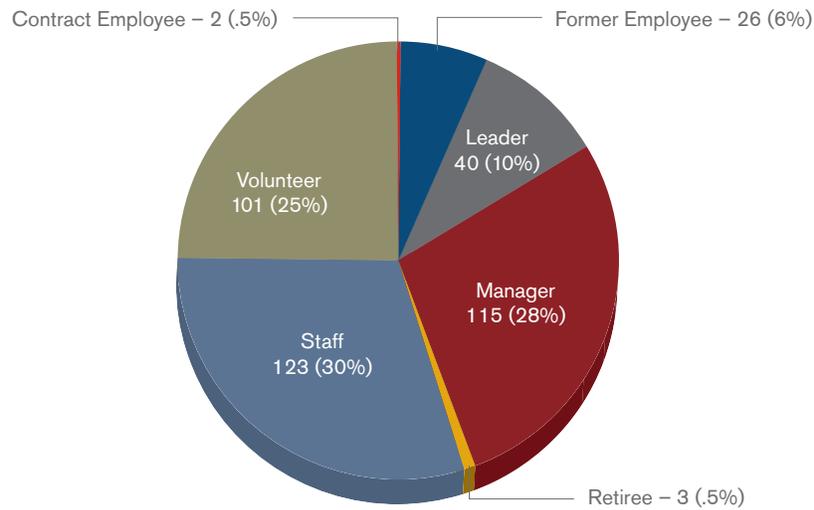
Internal Constituents

Internal constituents continued to rise modestly from FY11 (352) to FY13 (410), despite a very rapid increase in the first three years in which the Ombudsman Office was open. In FY13, 101 volunteers, out of nearly 400,000 nationwide, contacted the Ombudsman Office, up from 92 volunteer contacts in FY12 and 80 in FY11.

Out of an active base of nearly 28,000 employees, the number of employees contacting the Ombudsman Office rose modestly from 273 in FY12 to 309 in FY13. The percentages of internal constituents who are volunteers (25 percent) and employees (75 percent), respectively, have remained consistent from FY12 to FY13. Employees remained steady at approximately one-third of total contacts to the office in FY13.

Figure 4 reflects internal constituents by job category. FY13 showed a steady utilization of the office by leaders and managers, as they comprised 38 percent of internal contacts in FY13, similar to FY11 and FY12. A leader is defined as someone who supervises multiple teams or is in a role such as a vice president or regional chapter executive. A manager is a supervisor in a role such as community chapter executive.

Figure 4. Internal Constituents (410 Total)

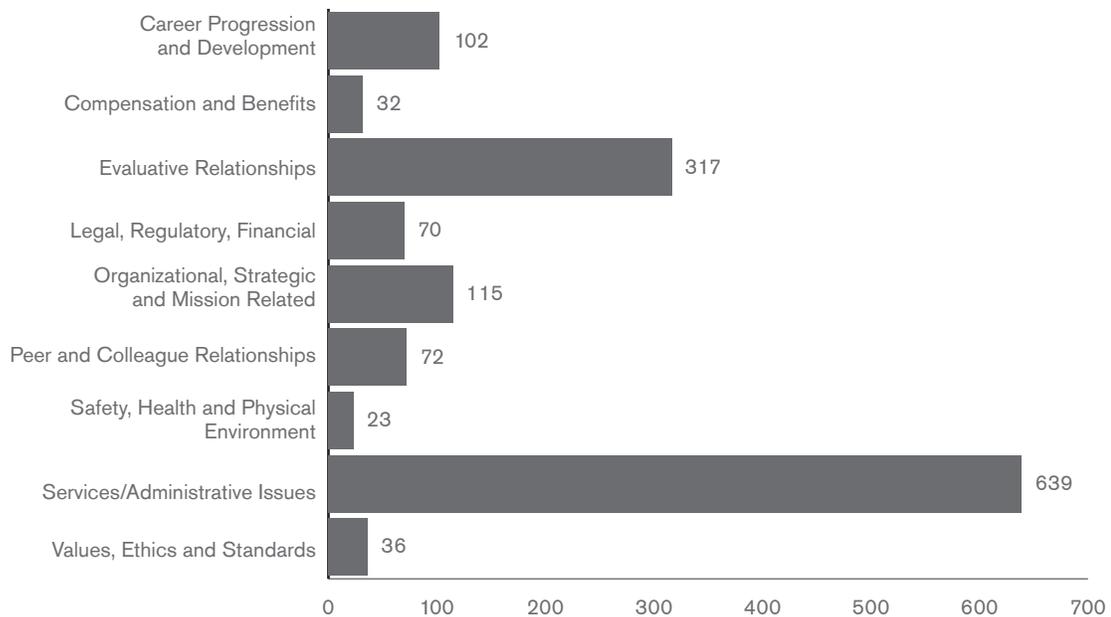


Issues

Why Have People Consulted the Ombudsman?

Figure 5 illustrates the overall issue profile of the 1,406 issues raised by 979 constituents who contacted the Ombudsman in FY13. The issues are represented according to the uniform reporting categories promulgated for the organizational Ombudsman field by the International Ombudsman Association (IOA) and are designed to classify the kinds of issues for which people use ombudsman services and identify trends in requests for services.

Figure 5. All Issues Identified Under IOA Uniform Reporting Categories (1,406 Total)*



*It is important to note that the issue count reflects single contacts to the Ombudsman Office raising multiple concerns as well as those issues raised by people who have used the office on multiple occasions.

Service delivery continued to be the most prominent issue category from FY08 through FY13. While the number of service-related issues brought to the Ombudsman Office has risen for the past four years, the rise from FY12 to FY13 was very slight, edging from 627 in FY12 to 639 in FY13, representing 45 percent of total issues raised in FY13.

As in FY11 and FY12, Evaluative Relationship issues, which involve the supervisory relationship and can be initiated by either managers or employees, represented in FY13 the next largest issue set across the Red Cross, as 317 issues were raised. These issues fell in FY13 from 396 the year before. The most prominent concerns pertained, in particular, to supervisory effectiveness, respect or treatment, communication, departmental climate and performance rating.

Organizational, Strategic, and Mission Related issues comprised the next greatest issue area and fell from 255 in FY11 to 207 in FY12 to 115 in FY13. This drop is likely explained as staff members have continued to adjust to the new structures and systems that were put into place through extensive functionalization and centralization in FY10 and FY11. Issues most commonly raised in relation to organizational strategy, direction and mission pertained to change management and organizational climate, and to a lesser extent restructuring and priority-setting.

As in FY12, three-quarters of the issues raised with the Ombudsman in FY13 pertained to service concerns, the evaluative relationship, or the strategy, mission or direction of the organization. Figure 6 illustrates the numerical evolution of issues raised across the past three fiscal years.

Figure 6. Issues – Yearly Comparison

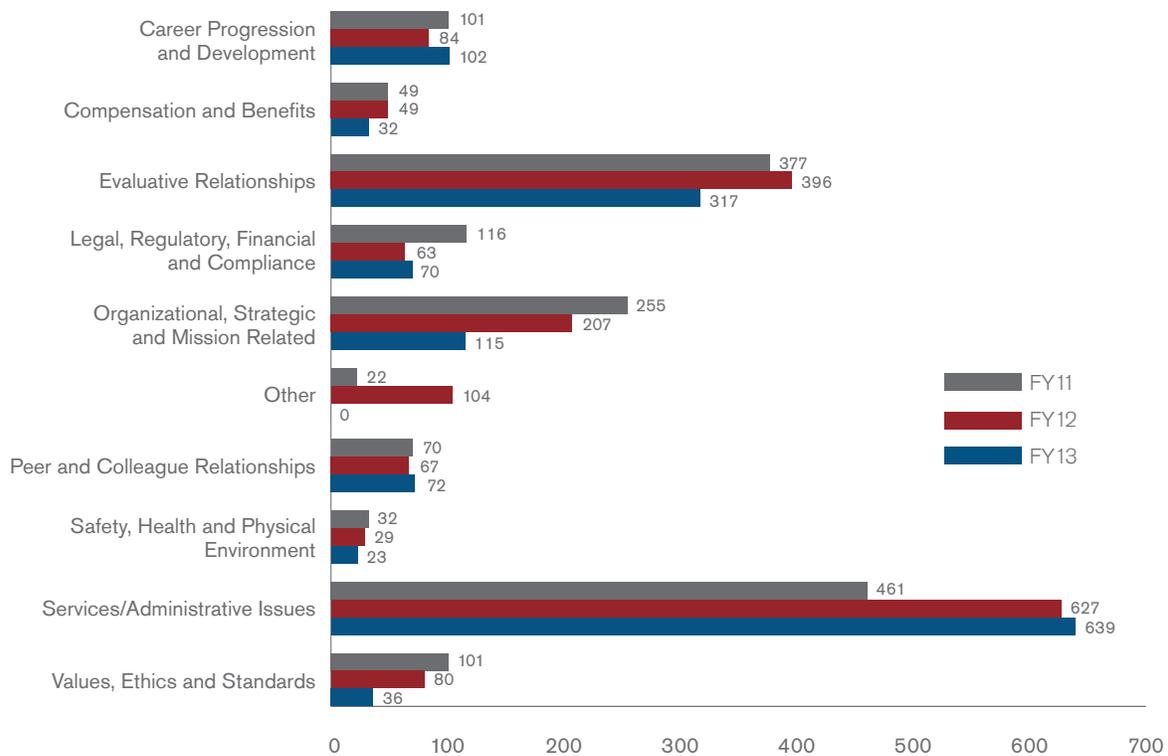


Figure 7 reflects how each type of issue category was handled, namely, as a simple response to an inquiry, as a matter appropriate for referral to another office in the organization, or as an Ombudsman case requiring a more complex intervention.

Figure 7. Issues Identified Under IOA Uniform Reporting Categories by Ombudsman and Inquiries and Referrals (1,406 Total)

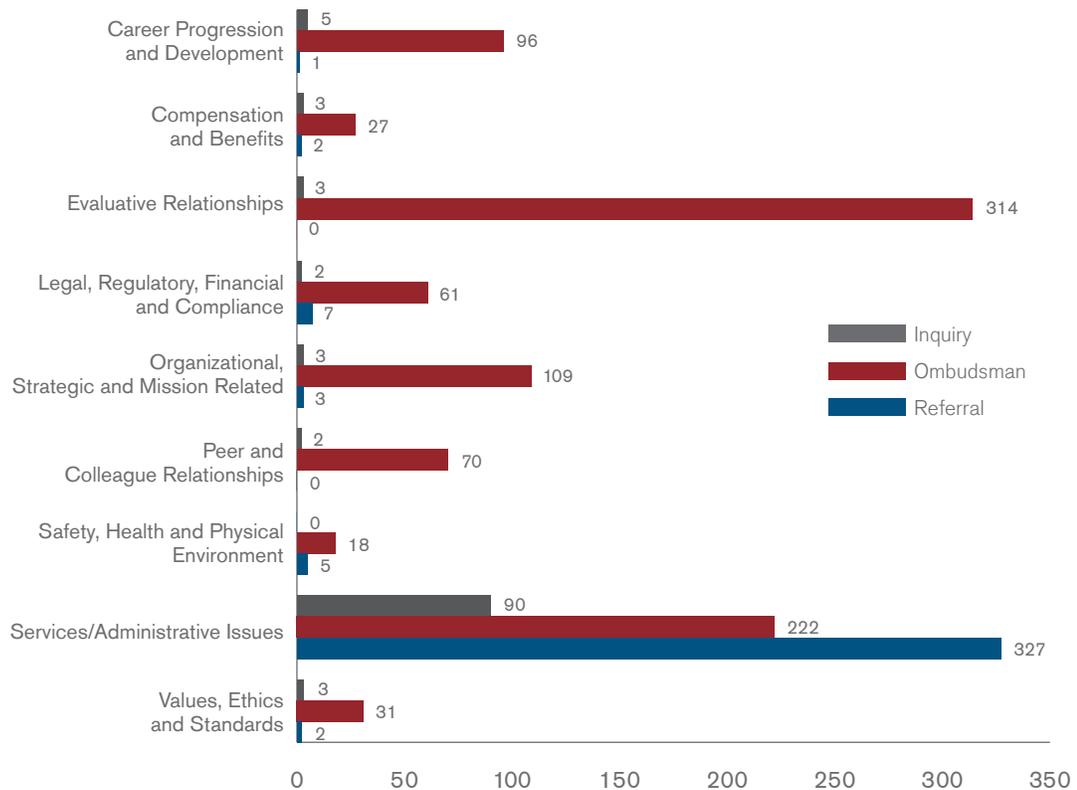


Figure 7 illustrates as well how all of the issue categories, except service delivery, are overwhelmingly handled as Ombudsman cases. This is not surprising given the complexity of the dynamics of an evaluative relationship or of issues pertaining to organizational direction, peer and colleague relationships, or career progression and development.

We should note there is a continuum along which a matter is handled from referral to Ombudsman case, the latter pertaining where we more directly engage the inquirer's concerns by researching an issue, clarifying issues, and identifying options.

Figure 8 reflects that the greatest number and percentage of issues raised in FY13 pertained to Humanitarian Services, followed by national headquarters, Biomedical Services, Disaster Services, and Preparedness and Health and Safety Services.

Figure 8. Issues Per Organizational Unit (1,406 Total)

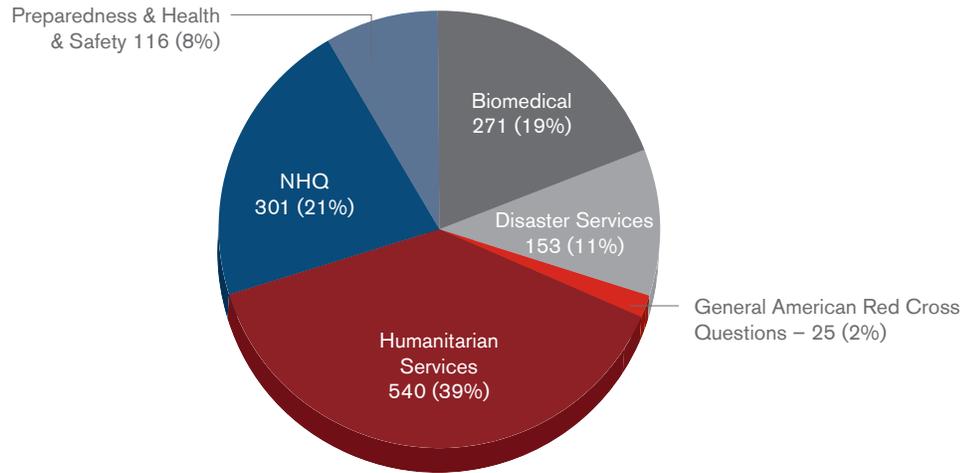
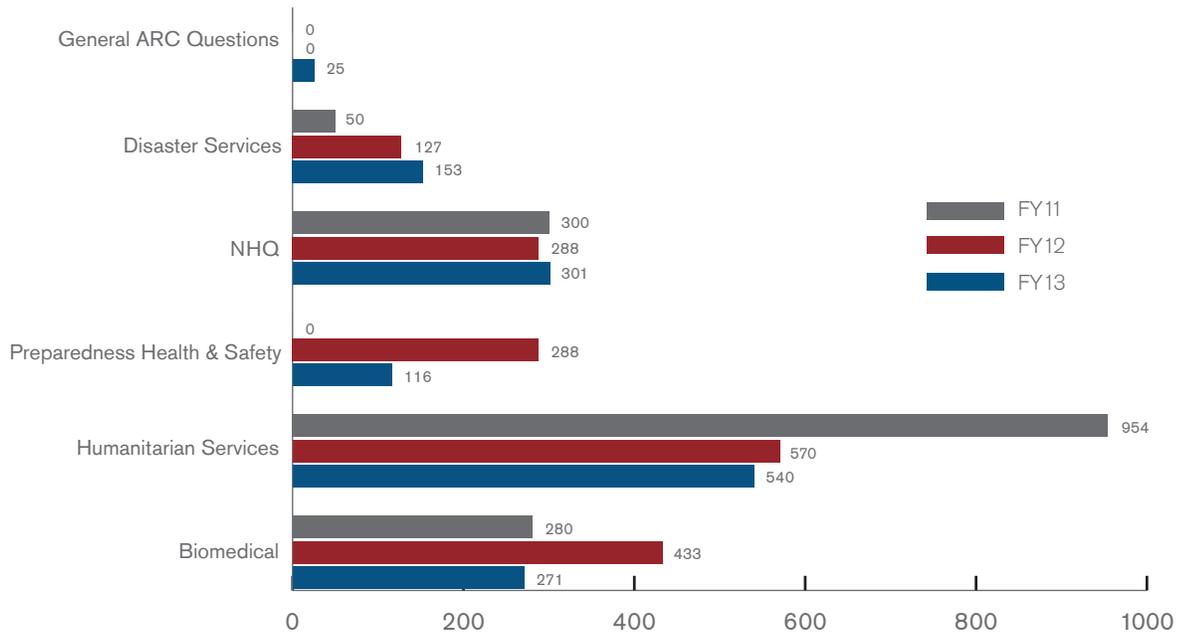


Figure 9 illustrates the numerical changes in issues in relation to the major components of the Red Cross from FY11 through FY13.

Figure 9. Issues Per Unit – Yearly Comparison



Of the 540 issues pertaining to Humanitarian Services that were raised in FY13, 263 involved concerns with the employment relationship, namely the supervisory relationship (209) and career development and progression (54). An additional 114 pertained to issues relating to legal, ethical or organizational concerns, while another 110 issues reflected service-delivery concerns.

In FY13, 301 issues were raised pertaining to national headquarters, which consists of Human Resources, the Office of General Counsel, Development, Finance, Information Technology, Audit, Public Affairs, Marketing, and other smaller offices. Of the issues raised, slightly more than one-third (135) pertained to service delivery concerns. This represents nearly a doubling of such issues from FY12. An additional 68 issues involved evaluative relationships. The remaining issues pertained to career progression, compensation and benefits, legal matters, and peer and colleague relationships.

The Ombudsmen received 271 issues pertaining to Biomedical Services in FY13, down from 433 in FY12. Service delivery issues comprised 75 percent of the issues raised, a similar proportion to FY12. Issues pertaining to evaluative relationships significantly declined, however, from 125 in FY12 to 19 in FY13.

Issues raised with the Ombudsman in relation to Disaster Services rose from 127 in FY12 to 153 in FY13, accounting for 11 percent of the total issues raised. The greatest number of issues raised pertained to service delivery, which rose, while evaluative relationship issues fell.

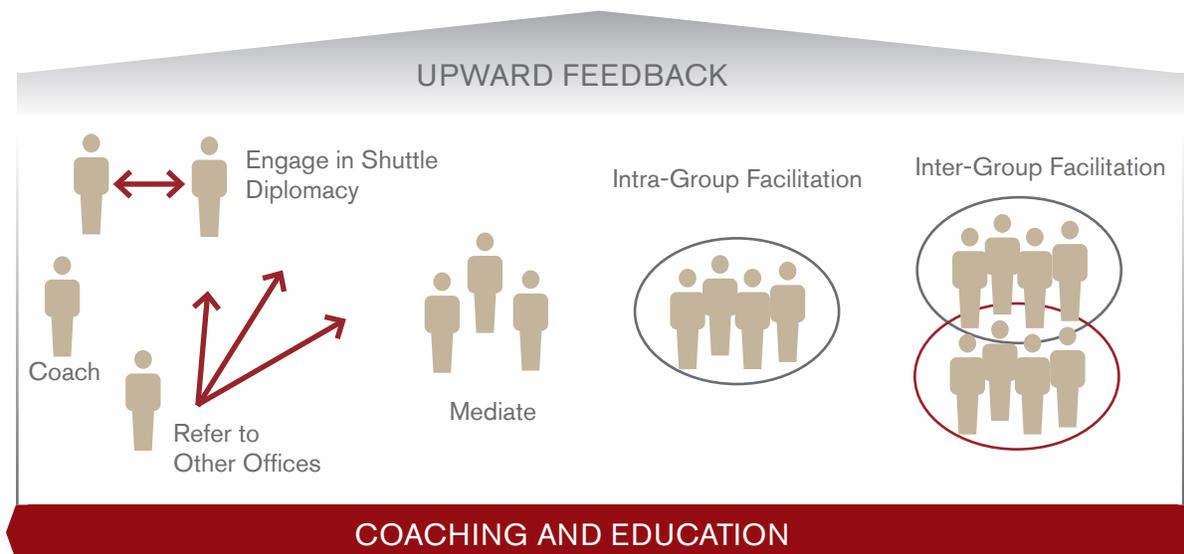
Concerns raised in relation to Preparedness, Health and Safety prior to FY12 were included in Humanitarian Services, where Health and Safety then resided. After issues regarding Preparedness, Health and Safety rose to 288 in FY12, they dropped by 60 percent in FY13 to 116. Slightly more than three-quarters of the issues involved service delivery.

Actions

Ombudsman cases involve utilizing the diverse approaches reflected in Figure 10, such as confidential coaching to help people think strategically through difficult situations. The Ombudsmen also typically use shuttle diplomacy, in which we alternate meeting with each party to move toward a mutually satisfactory resolution. On occasion, we bring disputing parties together and mediate a face-to-face resolution.

We also work in facilitated processes with issues within a team, or between teams, to enhance working relationships, intra-team functioning, and inter-team coordination and collaboration. Work teams and their leaders look to us in our neutral role as subject matter experts in process consulting, group dynamics and facilitation. In FY13, the Ombudsman Office engaged in 66 activities relating to outreach, training and group facilitation, touching another 2,200 people across the Red Cross. Ombudsman training includes handling difficult conversations, giving effective feedback, effectively working in virtual teams, supporting and managing a volunteer workforce, identifying what effective teams need, managing effective group meetings and decision-making, and “facilitative leadership” skills. Finally, the Ombudsman Office engages in “upward feedback,” meaning that we follow up with management to identify issues that may impact the Red Cross in a broader way or in the future. Our upward feedback does not include any personally identifying information due the confidentiality of the Ombudsman Office.

Figure 10. Ombudsman Work With Internal and External Constituents



As we look ahead in 2014, the Office of the Ombudsman remains committed to serving the American Red Cross, its employees, volunteers, donors and the public. For more information about the Office of the Ombudsman, please call (202) 303-5399 or visit redcross.org.



American Red Cross

American Red Cross Ombudsman Office Charter

Establishment of Office

The Board of Governors, in *American Red Cross Governance for the 21st Century: A Report of the Board of Governors*, recognized the need for an organizational ombudsman to improve the organization's ability to resolve disputes and take action on significant issues confronting the Red Cross. The Congress and the President agreed and, in The American National Red Cross Governance Modernization Act of 2007, amended the Congressional Charter of the American National Red Cross to establish an Office of the Corporate Ombudsman (Ombudsman Office). The accompanying report (H.R. Rpt. 110-87 at 25 (April 16, 2007)) provides for an office that:

will act as a neutral and impartial dispute resolution center whose major function will be to provide confidential and informal assistance to the many internal and external constituents with concerns or complaints about the American Red Cross. The Office of the Ombudsman will have unfettered access to the entire corporation and all personnel, corporate reports, [and] documents, and will report directly to the organization's Chief Executive Officer and on a regular basis to the Audit and Risk Management Committee of the Board of Governors.

In addition to conflict resolution, the Office of the Ombudsman will report annually to the U.S. Congressional Committees of jurisdiction¹, areas and types of concerns, including trends and systemic matters that the Ombudsman determines to be confronting the organization. As a practice, these reports will also be made available to the public through the Red Cross external website, www.redcross.org.

The Red Cross Corporate Ombudsman will receive inquiries from members of the American Red Cross community including internal stakeholders such as employees and volunteers, and external stakeholders such as Red Cross donors, suppliers, partners, and the public at large. Given the role of the Red Cross in disaster relief, blood services, international treaty obligations of the Geneva Conventions, armed forces emergencies,

¹ Senate Committees on Finance; Foreign Relations; Health, Education, Labor, and Pensions; Homeland Security and Governmental Affairs; and Judiciary. House Committees on Energy and Commerce, Foreign Affairs, Homeland Security, the Judiciary, and Ways and Means.



American Red Cross

Establishment of Office (continued)

and health and safety services it is essential that the Corporate Ombudsman be focused on the organization as a whole and be accessible to internal and external stakeholders.

As noted in the American Red Cross Code of Business Ethics and Conduct, the Ombudsman Office provides confidential and informal dispute resolution services, and is not a substitute for existing formal complaint or problem resolution channels at the American Red Cross. Unlike the Ombudsman Office, Human Resources; management; the Office of General Counsel; and Investigations, Compliance and Ethics are empowered to conduct investigations, make decisions and policy, and receive official notice for the American Red Cross. Parties who wish to make a formal complaint for the American Red Cross to act on or formally document their concerns must go through one of these formal channels. The Ombudsman Office is a supplement to these formal channels, not a replacement for them or a necessary step to reach them. No one is required to use the independent and impartial services of the Ombudsman Office.

Standards

The Corporate Ombudsman and the staff of the office shall adhere to the International Ombudsman Association Code of Ethics and Standards of Practice. These tenets require Ombudsman Offices to function independently of the organization, to be confidential and neutral, and to limit the scope of its services to informal means of dispute resolution. The American Red Cross recognizes that the Ombudsman Office will operate consistently with the following essential characteristics:

- (1) **Independence.** The Corporate Ombudsman shall be, and shall appear to be, free from interference in the legitimate performance of his or her duties. The Corporate Ombudsman shall report trends and systemic issues that he or she observes to the President and CEO and be scheduled regularly to report such matters to the Audit and Risk Management Committee of the Board of Governors. The Corporate Ombudsman shall not perform other ad hoc roles and is not part of management.

The American Red Cross recognizes that no one who may be affected by actions of the Ombudsman Office shall: control or limit the Corporate Ombudsman's performance of assigned duties, eliminate the office, remove the Corporate Ombudsman without cause, or reduce the budget or resources of the office for retaliatory purposes.



American Red Cross

Standards (continued):

The American Red Cross affirms the right of individuals to seek assistance from the Ombudsman Office without fear of retaliation.

- (2) Neutrality and Impartiality. The Corporate Ombudsman shall conduct inquiries in an impartial manner, free from initial bias and conflicts of interest. He or she shall not take sides in any conflict, dispute or issue. The Corporate Ombudsman shall consider the interests and concerns of all parties involved in a situation impartially with the aim of facilitating communication and assisting the parties in reaching mutually acceptable agreements that are fair and equitable.

Impartiality shall not preclude the Corporate Ombudsman from developing an interest in securing changes that are deemed necessary as a result of the process. The Corporate Ombudsman shall be an advocate for fair processes and fair administration of the same, and shall be an advocate within the entity for change where the process demonstrates a need for it.

- (3) Confidentiality. The Ombudsman Office shall not disclose names of individuals or any information provided in confidence, unless in the course of discussions with a constituent, the Corporate Ombudsman asks for and receives permission to make a disclosure or unless the Corporate Ombudsman determines that there is an imminent risk of serious harm. The Ombudsman Office shall not confirm communicating with any party or parties. The Corporate Ombudsman shall neither willingly participate as a witness with respect to any confidential communication, nor be compelled to participate in any formal process inside or outside of the American Red Cross.
- (4) Voluntary. Individuals shall not be required to meet with the Corporate Ombudsman. To the contrary, all interactions with the Corporate Ombudsman must be voluntary.
- (5) Privilege. Communications between members of the Ombudsman Office in their official capacity and others shall be confidential and privileged and cannot be waived by others, including the American Red Cross as an entity. This allows constituents to come forward in a confidential setting with no risk of reprisal. Mediation communications shall be privileged against disclosure consistent with District of Columbia law. D.C. Code §§ 16-4201 to 16-4213.



American Red Cross

Standards (continued):

- (6) **Informality.** The Ombudsman Office shall be a resource for informal dispute resolution and mediation services. The Corporate Ombudsman shall not investigate, arbitrate, adjudicate or in any other way participate in any internal or external formal process or action. The Ombudsman Office shall not keep records for the American Red Cross, and shall not create or maintain documents or records for the American Red Cross about individual cases. Notes, if any, taken during the course of working on a case shall be routinely destroyed at regular intervals and at the conclusion of a matter. The office will retain non-identifying data and information for purposes of analyzing and reporting trends regarding concerns and systemic problems. This non-identifying data and information shall not be property of the American Red Cross, but of the Office of the Corporate Ombudsman.

Responsibilities and Duties

The Corporate Ombudsman shall be authorized to:

- (1) receive complaints, concerns, and questions about alleged acts, omissions, improprieties, and systemic problems from internal and external stakeholders;
- (2) exercise discretion to accept or decline to act on a complaint, concern, or question;
- (3) act on his or her own initiative to address issues and conduct inquiries within his or her prescribed jurisdiction;
- (4) gather relevant information and require the full cooperation of the managers, employees, and volunteers of the American Red Cross;
- (5) facilitate fair and equitable resolution of issues at the most appropriate level of the entity;
- (6) advocate for organizational change;
- (7) develop, evaluate, and discuss options available to affected individuals;
- (8) educate, facilitate, negotiate, and mediate;
- (9) make recommendations for the resolution of an individual complaint or a systemic problem to those persons who have the authority to act upon them;
- (10) identify trends and opportunities to improve the American Red Cross or to prevent problems from recurring;



American Red Cross

Responsibilities and Duties (continued)

- (11) provide overview information, trends and analyses regarding concerns and systemic problems in reports to the President and CEO; the Board of Governors, principally through its Audit and Risk Management Committee; U.S. Congressional Committees of jurisdiction; the public; and other constituencies as appropriate. In no case shall confidentiality or anonymity be breached; and
- (12) request and receive legal counsel and representation as appropriate independent from the American Red Cross in the event a conflict of interest or dispute arises between the Ombudsman Office and the management of the American Red Cross.

The Corporate Ombudsman shall not, nor shall an entity expect or authorize him or her to:

- (1) make, change or set aside a law, policy, or administrative decision;
- (2) make management decisions;
- (3) directly compel any entity or any person to implement the Corporate Ombudsman's recommendations;
- (4) conduct formal investigations;
- (5) accept jurisdiction over an issue that is currently pending in a legal forum or the subject of a formal investigation (exceptions may be made on a case-by-case basis at the sole discretion of the Corporate Ombudsman);
- (6) address any issue arising under a collective bargaining agreement;
- (7) act in a manner inconsistent with the grant of and limitations on the jurisdiction of the office when discharging the duties of the Ombudsman Office;
- (8) be a substitute for formal channels;
- (9) accept notice of claims on behalf of the American Red Cross;
- (10) participate in formal proceedings;
- (11) provide legal advice or determine rights; or
- (12) testify or serve as a witness on matters brought to the Corporate Ombudsman's attention.



American Red Cross

Not Authorized to Receive Notice of Claims Against the American Red Cross

Communications to the Corporate Ombudsman shall not constitute notice to the American Red Cross. These communications include allegations that may be perceived to be violations of laws, regulations or policies, such as sexual harassment, and issues covered by the whistleblower policies. Because the Corporate Ombudsman does not function as part of the management or administration of the American Red Cross, even if the Corporate Ombudsman becomes aware of such an allegation, the Corporate Ombudsman shall not be required to report it to the American Red Cross.

Beverly Ortega Babers

Beverly Ortega Babers
Corporate Ombudsman
American Red Cross

Mary Elcano

Mary Elcano
Acting President and Chief Executive Officer
American Red Cross

Sanford A. Belden

Sanford Belden
Chair, Audit and Risk Management Committee
Board of Governors
American Red Cross

Effective Date: January 15, 2008



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