



**American
Red Cross**

Office of the Corporate Ombudsman

2014 Annual Report

July 1, 2013 – June 30, 2014

A Message From the Corporate Ombudsman

I am pleased to present the seventh annual report on the activities and initiatives of the Office of the Corporate Ombudsman for fiscal year 2014—from July 1, 2013 to June 30, 2014, in accordance with the Governance Modernization Act of 2007.



This report reflects concerns that internal and external constituents 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.

In FY14, the office handled 1,374 issues raised by 1,036 constituents, and had direct contact with another 1,900 volunteers, employees and leaders through our outreach, trainings and group facilitations. We provided coaching, mediation, process consulting and facilitation to support Red Cross leaders, employees and volunteers as they worked together to serve our donors, clients and the general public.

The issues raised with the Ombudsman comprise 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 fluid and cursive, with a long horizontal stroke at the end.

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

Office of the Corporate Ombudsman

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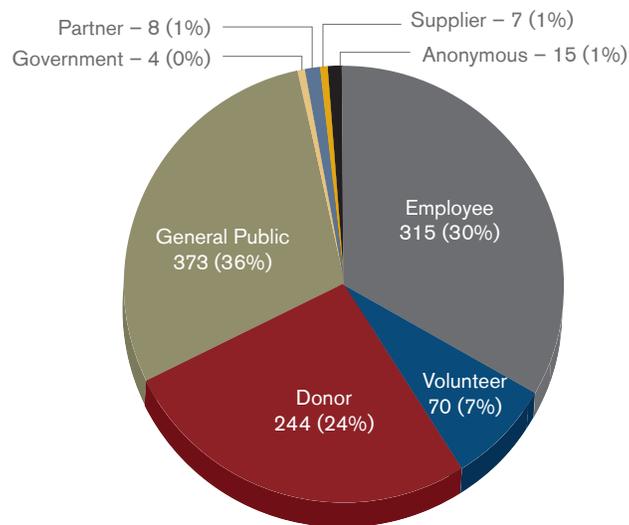
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Case Statistics

Constituent Profile

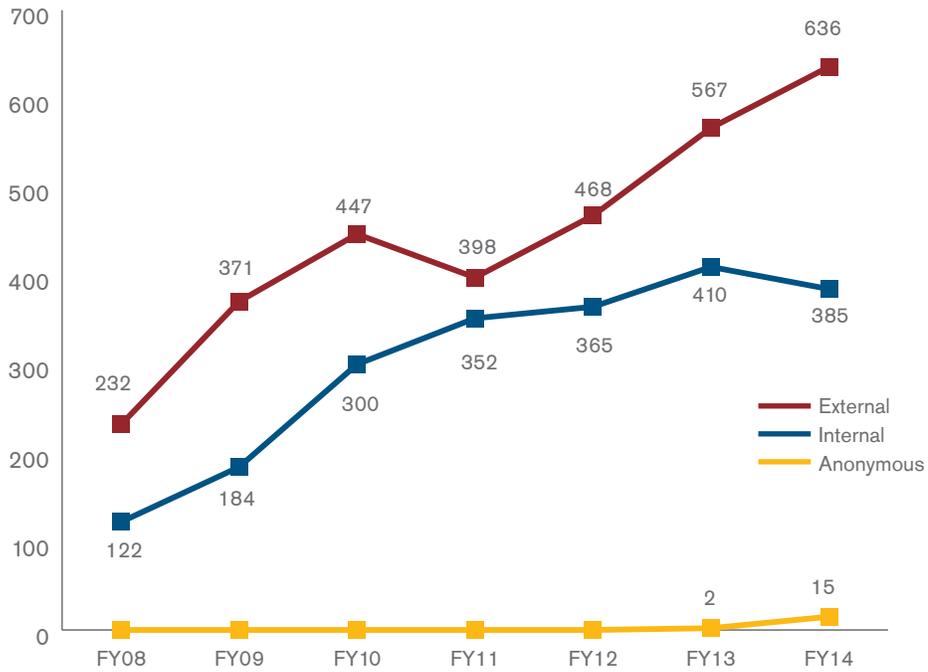
In FY14, 1,036 constituents contacted the Ombudsman Office. The overall annual number of constituents utilizing the office has continued to increase since its inception in FY08, and from 979 in FY13. Figure 1 illustrates the number and composition of internal and external constituent contacts in FY14. 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 (1,036 Total)



In FY14, 61 percent of contacts with the Ombudsman were initiated by external stakeholders, while 37 percent were initiated by internal stakeholders. Figure 2 illustrates the relationship of internal and external contacts over the past seven years.

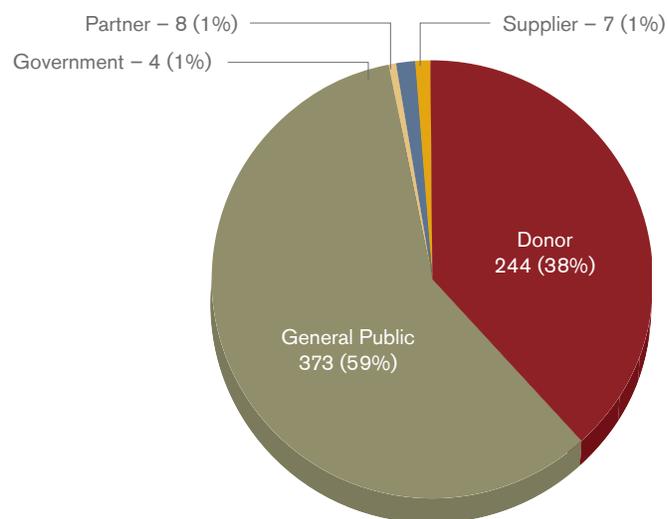
Figure 2. Internal and External Constituents by Fiscal Year



External Constituents

The total number of external contacts has risen steadily from 232 in FY08 to 636 in FY14. 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 244 in FY14. During FY14, blood donors accounted for 89 percent of the donor contacts to the office and 21 percent of all external contacts, while financial donors accounted for 11 percent of donor contacts and 3 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 (636 Total)

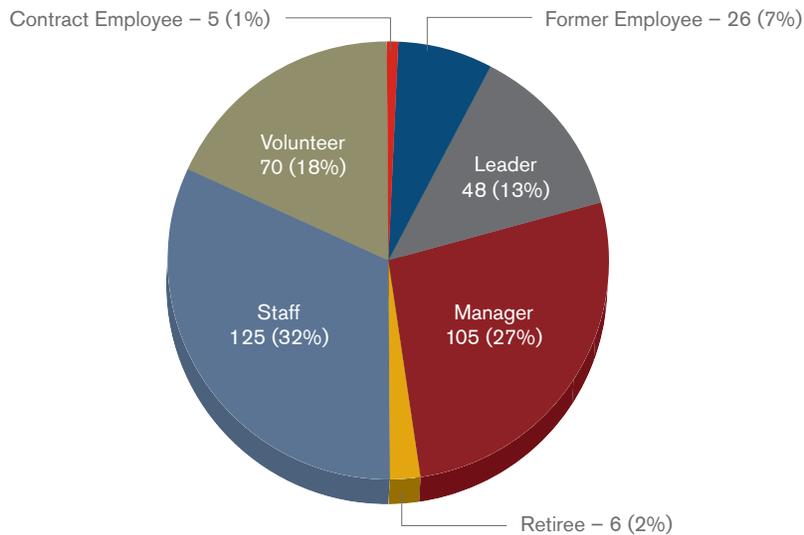


Internal Constituents

Internal constituents declined slightly from 410 in FY13 to 385 in FY14 due to a slight decrease in the number of volunteers contacting the office. The number of employees contacting the Ombudsman Office, out of an active base of nearly 28,566 employees, increased marginally from 309 in FY13 to 315 in FY14. Employees comprised 82 percent of internal constituents and one-third of the total contacts to the Ombudsman Office in FY14.

Figure 4 reflects internal constituents by job category. FY14 showed a steady utilization of the office by leaders and managers, as they comprised 40 percent of internal contacts in FY14, just slightly higher than FY12 and FY13. 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 what was formerly called a community chapter executive, now an executive director.

Figure 4. Internal Constituents (385 Total)

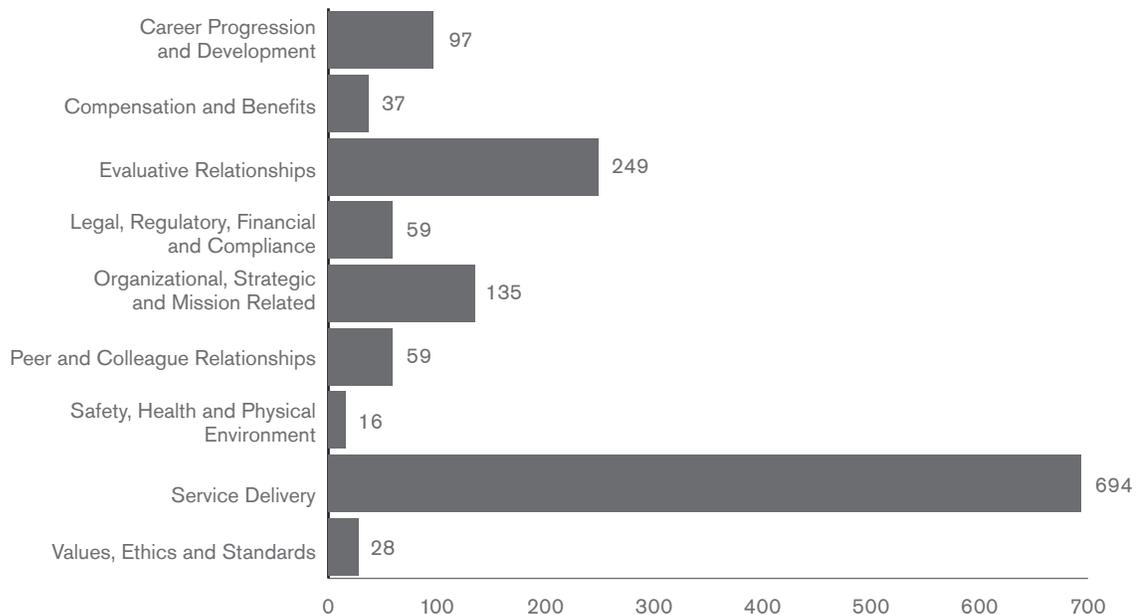


Issues

Why Have People Consulted the Ombudsman?

Figure 5 illustrates the overall issue profile of the 1,374 issues raised with the Ombudsman in FY14. 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 (1,374 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 FY14, rising slightly from 639 in FY13 to 694 in FY14. Service delivery typically involves prospective questions regarding potential service or concerns with the quality of service, the timeliness of service, the behavior of the service provider, or the interpretation and application of policies that affected service delivery.

Evaluative Relationship issues, which involve the supervisory relationship and can be initiated by either managers, employees, or volunteers, represented in FY14 the next largest issue set across the Red Cross, as 249 issues were raised. These issues continue to decline after falling from 396 in FY12 to 317 in FY13. 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 rose to 135 in FY14 after falling from 207 in FY12 to 115 in FY13. This increase is likely explained as significant organizational initiatives and changes were implemented in FY14. Issues most commonly raised in relation to organizational strategy, direction and mission pertained to change management and organizational climate, as well as priority setting.

Figure 6 illustrates the issues raised across the past three fiscal years.

Figure 6. Issues – Yearly Comparison

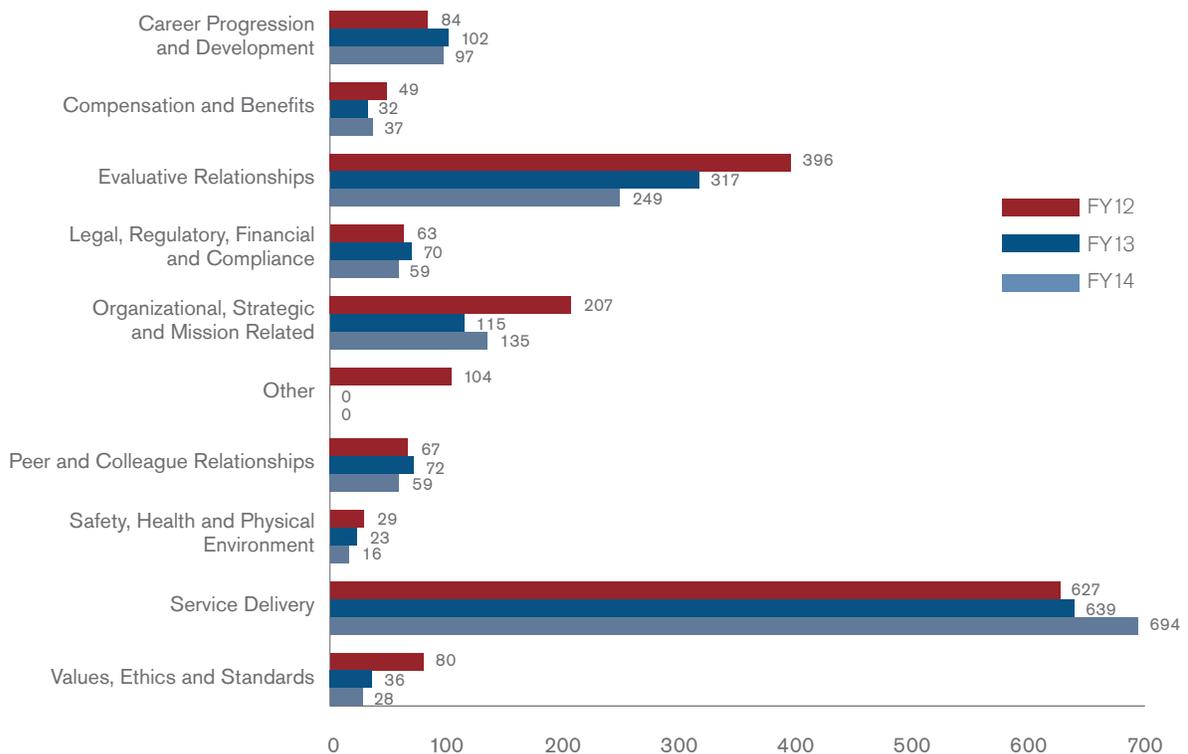


Figure 7 reflects that the greatest number and percentage of issues raised in FY14 pertained to Humanitarian Services, followed by Biomedical Services, national headquarters, Preparedness and Health and Safety Services, and International Services. It should be noted that the number of issues for Humanitarian Services includes Disaster Cycle Services, which ceased to be a stand-alone unit in FY14.

Figure 7. Issues Per Organizational Unit (1,374 Total)

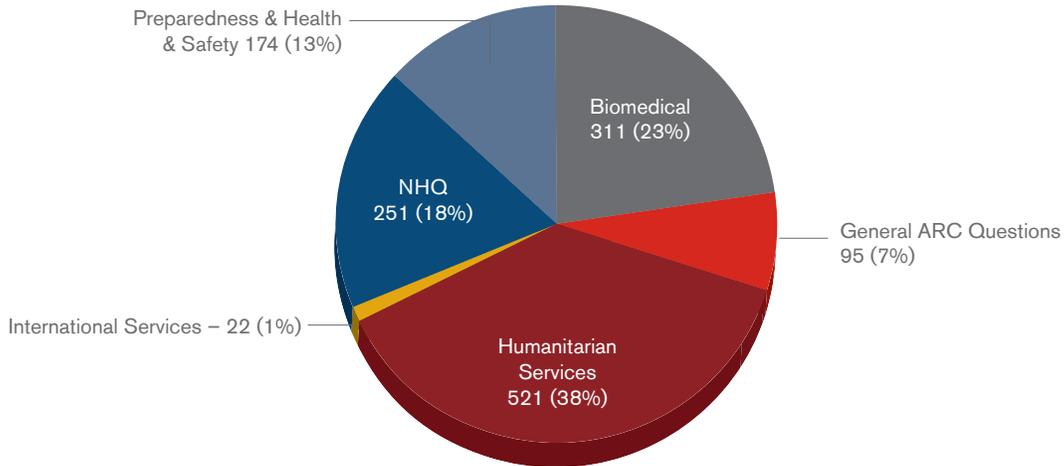
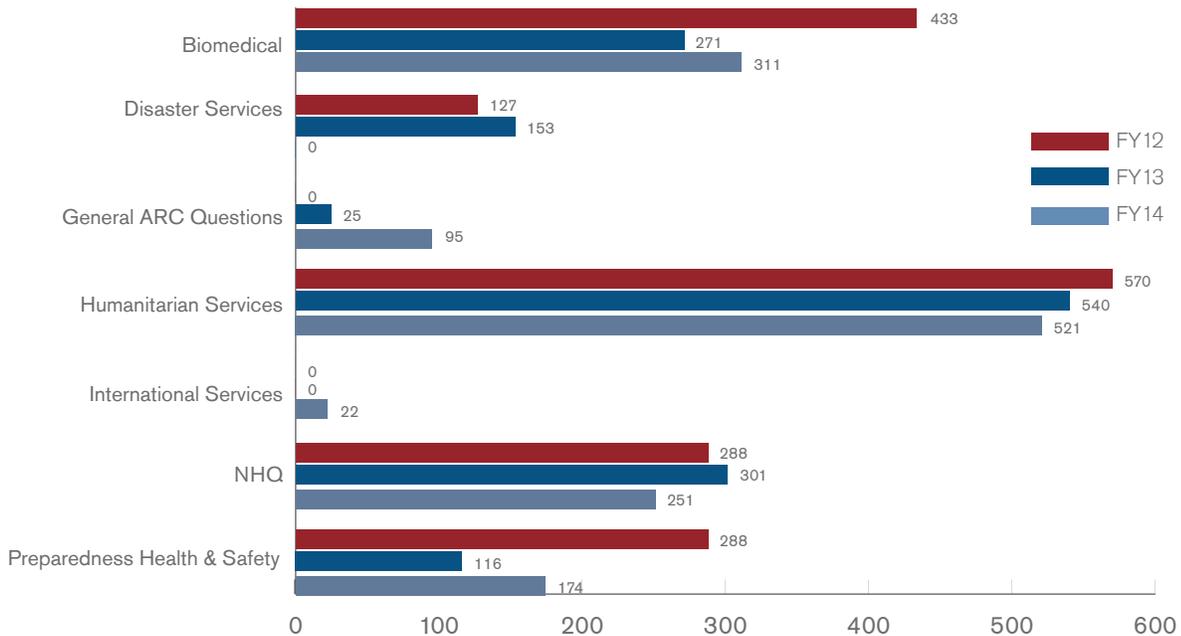


Figure 8 illustrates issues in relation to the major components of the Red Cross from FY12 through FY14. Figures for International Services are broken out separately for FY14, as this unit is no longer part of Humanitarian Services.

Figure 8. Issues Per Unit – Yearly Comparison



Of the 521 issues pertaining to Humanitarian Services that were raised in FY14, 176 involved concerns with the supervisory relationship as well as career development and progression. An additional 141 issues reflected service-delivery concerns, while another 140 pertained to issues relating to legal, ethical or organizational concerns. Remaining issues included concerns with compensation and benefits; health and safety in the physical working environment; and relationships with peers and colleagues.

Among issues raised pertaining to Humanitarian Services, the greatest number concerned the Chapter Network (55 percent), followed by Disaster Cycle Services (24 percent), Service to the Armed Forces (14 percent), and Volunteer Services (7 percent). The vast majority of concerns pertained to service delivery; evaluative relationships; the direction, strategy and mission of the organization; and career progression and development.

In FY14, 251 of the total 1,374 issues raised (18 percent) pertained 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 (87) pertained to service delivery concerns, representing a decrease of such issues from FY13 (135). An additional 67 issues involved evaluative relationships. The remaining issues pertained to career progression; the direction, mission, and strategy of the Red Cross; compensation and benefits; legal matters; and peer and colleague relationships.

The Ombudsman received 311 issues pertaining to Biomedical Services in FY14, up from 271 in FY13. Service delivery issues comprised 78 percent of the issues raised, a similar proportion to FY13. Issues pertaining to evaluative relationships rose slightly to 31 in FY14 after a significant decline to 19 in FY13 from 125 in FY12.

Concerns regarding Preparedness and Health and Safety Services rose to 174 in FY14 after falling from 288 in FY12 to 116 in FY13. Slightly less than three-quarters of the issues involved service delivery.

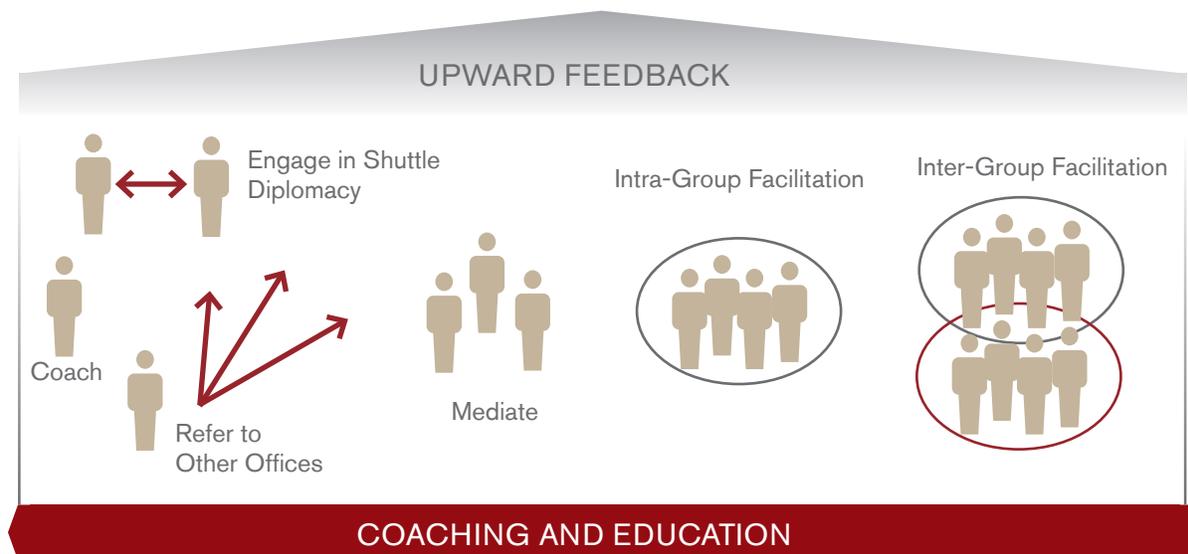
A majority of issues raised in relation to International Services pertained to service delivery concerns.

Actions

Ombudsman cases utilize diverse approaches and actions, such as confidential coaching, to help people think strategically through difficult situations. The Ombudsman Office also typically uses 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 FY14, the Ombudsman Office engaged in 55 activities relating to outreach, training and group facilitation, touching more than 1,900 people across the Red Cross. The Ombudsman provides training in topics such as handling difficult conversations, giving effective feedback, working effectively 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.

Figure 9. Ombudsman Work With Internal and External Constituents



As we look ahead in 2015, 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, email us at ombudsman@redcross.org, 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.



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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.



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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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