4-24-2015

Managing the Credibility of a Nonprofit Organization in the Face of Unexpected Publicity

Regan Crowell

Western Michigan University, regan.crowell@gmail.com

1. Introduction

Many nonprofit organizations have the capacity to positively impact communities, individuals, and causes. The success of such organizations is highly dependent on donations and external support; some organizations manage this better than others. Using a case study approach, this thesis examines strategies for successfully managing the credibility of nonprofit organizations during times of unexpected publicity in order to maintain financial support from donors.

This thesis will begin with a history of the nonprofit industry, focusing specifically on a comparison of the industry's performance in 1995 versus 2015. This will be followed by an examination of key ethical issues that today's nonprofit organizations face and a review of three nonprofit organizations that have exemplified each ethical issue either positively or negatively: United Way, Susan G. Komen Foundation, and The ALS Association. The thesis will also examine how the management of named ethical factors impacted each organization's credibility, and ultimately its ability to fundraise. The discussion will conclude by suggesting how a nonprofit organization should manage its credibility based on the cases of each organization reviewed.

For the purpose of this thesis, credibility of a nonprofit organization will be defined as "trustworthiness of an organization" and will refer to confidence of stakeholders in the organization's ability to operate in a manner that meets stakeholders' ethical standards.

2. A Brief History of the Nonprofit Industry

Over the past two decades, the nonprofit industry has seen a great deal of growth. Trends show an increase in both the number of registered nonprofit organizations and the revenue generated by the industry as a whole. Varying trends are found within each sector of the industry, such as public charities versus private foundations, and within each type of organization, such as small- versus large-sized or education-focused versus healthcare-focused. Data spanning from 1995 to 2015 reflects this growth and serves as recent history of the nonprofit organization industry in the United States.

In 1995, 1,066,805 nonprofit organizations were registered in the United States, based on those who filed a Form 990, 990-EZ, or 990-PF within 24 months of the August 1995 data release. The most prevalent sector was public charity, with over 48% of the registered nonprofit organizations falling into this category. Nonprofit organizations in 1995 were typically small in terms of earned revenue, with 23.57% of registered nonprofit organizations generating less than $100,000 during the year. On the other extreme, only 0.12% of the organizations earned over $100 million in revenue. According to numbers reported on Form 990, the nonprofit industry as a whole generated over $7.56 billion and accounted for over $1.38 trillion in assets. Through pooling together all sectors and revenue sizes of the industry, it can be found that the average revenue generated by nonprofit organizations was $709,069. These numbers indicate an established nonprofit industry in the United States during 1995, but left room for large-scale growth (National Center for Charitable Statistics).

Twenty years later in 2015, the number of registered nonprofit organizations has grown to 1,507,231, with the public charity sector moving up to 68.75% of the industry. There are 296,270 registered nonprofit organizations whose level of total revenue is less than $100,000. Of all revenue brackets, this bracket was the most highly populated. However, it makes up 19.66%

of the industry at a whole, a reduction from the 23.57% that the low-revenue sector represented in 1995. Large organizations earning over $100 million account for 0.21% of the industry; although this is a small percentage compared to the number of nonprofit organizations in the lower revenue brackets, it has nearly doubled since 1995. Form 990 reporting from the 24 months leading up to February 2015 showed an industry total of over $2.08 trillion in revenue generated and $5.01 trillion in total assets. This indicates an average of $1,381,372 earned by the registered nonprofit organizations (National Center for Charitable Statistics).

During the twenty-year period between 1995 and 2015, the technology age grew exponentially, providing new resources to the nonprofit industry. New technology made online giving possible. In a study conducted by Blackbaud, a software and service provider for nonprofit organizations, it was found that the year 2014 saw an 8.9% increase in online donations since 2013, "representing $2 billion in online fundraising from 2014" (MacLaughlin). Online giving proves to be an opportune means of outreach for nonprofit organizations: the 2014 increase is in addition to a 13.5% online giving increase in 2013. The Internet is not only of assistance in bringing people to an online payment page – it also is a new means of advertising, especially through social media campaigns. "Giving Tuesday" has become a national campaign to follow pre-Christmas shopping on "Black Friday," the day after Thanksgiving, with an encouragement to give and to move away from a consumer mentality. This event has developed a hashtag – a descriptive, searchable phrase for social media use – written as "#GivingTuesday" to help build an online conversation about the event. Giving Tuesday occurred for the third year in a row in 2014 and is seeing momentum: Blackbaud alone "processed more than $26.1 million in online donations on #GivingTuesday 2014," and the industry as a whole received 15% more donations than in 2013. It should be noted that an increase in online fundraising does not necessarily cause an overall increase in donations; Blackbaud reports showed that the healthcare industry received an increase of 13.1% in online donations in 2014, but saw a 3.8% decrease in overall giving. All other categories of nonprofit organizations were more consistent in online donations received compared with overall donations (MacLaughlin).

As information became easy to access online, websites such as Charity Navigator were established to provide the public with ratings of nonprofit organizations based on a variety of credentials, including their financial management and transparency. In 2002, Charity Navigator went live online with 1,100 charities rated; as of 2013, the number of rated charities was up to 10,000, with over 6.2 million visitors to the site in 2012 (Charity Navigator). Overall, online rating systems, online giving opportunities, and social media campaigns demonstrate how the rise of technology has assisted donors in contributing to nonprofit organizations in ways that are convenient and informative.

Beyond online donations, giving to nonprofit organizatins has increased consistently since 1995. Blackbaud found in a study of 4,798 nonprofit organizations that there was a 2.1% growth in giving in 2014, with the greatest relative growth seen among small organizations (considered to be those earning under $1 million in annual fundraising), who had a 5.8% increase in fundraising (MacLaughlin). Although the nonprofit organization industry will face challenges, the exponential increase in donations and attention paid to the nonprofit industry indicates promising times ahead.

3. Ethics in Today's Nonprofit Industry

Among key issues facing today's nonprofit industry are growing needs in communities, limited resources, and advocacy needs, according to the National Council of Nonprofits ("Nonprofit Sector Trends"). An underlying factor that may either support or hurt industry efforts and address issues such as these is an organization's ethics, as proven by multiple cases of success and failure within the nonprofit industry. With the increasing availability of data and information through media, the Internet, and news sources, the growing population of nonprofit donors has a great deal of access to information on organizations they may choose to financially support. Credibility of nonprofit organizations heavily impacts the contributions they receive. In order to achieve a credible reputation, a nonprofit organization must tighten its practices in ethics and transparency. Areas of ethical concern in a nonprofit organization as identified by The Stanford Social Innovation Review (SSI Review) include: compensation, conflicts of interest, and accountability and strategic management (Rhode, Packel). Descriptions of each of these categories of ethics will serve as a basis for reviewing specific cases of nonprofit organizations.

3.1. Compensation

Nonprofit organizations are frequently questioned on the allocation of their funds, with disagreements between the organization and the public regarding how much funding should be directed toward overhead and administrative costs versus the actual cause of the organization. This issue is nothing new: in 2006, a Harris Poll indicated that "only one in 10 Americans strongly believed that charities are honest and ethical in their use of donated funds" (Rhode, Packel). Two years later, a survey conducted by Brookings Institution reported that "70 percent [of Americans] felt that charitable organizations waste "a great deal" or a "fair amount" of money" (Rhode, Packel). These statistics indicate the need for nonprofit organizations to be transparent with their use of funding and manage their publicity wisely. Funds allocated to the compensation of an organization's CEO, specifically, is a topic of great debate; the salary of a CEO in a large nonprofit organization may be comparable to that of a CEO in a similarly-sized for-profit organization, but when the organization is operating for a greater cause and is accepting donations from people who intend to fund that cause, ethical problems arise. It is for this reason that Charity Navigator relays information on nonprofit organizations' spending and the salaries of their leaders.

3.2. Conflicts of Interest

Stakeholders, contributors, and leaders in nonprofit organizations form opinions about the actions of the organizations they support, and these opinions have a high potential to contradict each another. Conflicts of interest are especially an issue when a nonprofit organization chooses to affiliate itself with an establishment that is considered controversial. When a donor gives to a nonprofit organization, the individual has the intention of supporting the designated cause, and doesn't necessarily desire to support the organization's affiliates. Regular or ongoing donors may choose to pull their contributions when the organization they support chooses to make a change in its affiliations, either dropping an affiliation or choosing to work with a new one. The nonprofit organization must take this into consideration, while also weighing what is best for the organization, its mission, and its values as a whole.

3.3. Accountability and Strategic Management

Accountability and strategic management, key components to any company or organization, affect the nonprofit industry differently. SSI Review points out that the initiatives of nonprofit organizations often "have mixed or nonquantifiable outcomes" (Rhode, Packel). What this means is that a charity working to "raise awareness" may have a mission that is subjective or abstract. To overcome this problem, a nonprofit organization must be well-managed and have specific ways to measure its impact. It must account for its use of funding and be able to report its success, because "money held in public trust should be well spent, not just well-intentioned" (Rhode, Packel). In summary, "a vast number of nonprofits lack effective strategic plans to use their funding in the best manner. As a result, programs are not as successful as they could be if the organization applied more diligence to its budgeting practices" (Ray). An organization can avoid a wide array of problems if they can maintain accountability and strategic management, and be transparent with their intent, processes, and outcome.

Conducting a nonprofit organization in an ethical manner goes beyond simply operating in compliance with laws. The subjective nature of ethics means setting organizational standards on a long-term basis and managing them well in the short-term as issues arise. While ethics are not clearly defined, each state provides resources recommending a set of ethical practices, and while they are not a set of legal requirements, abiding by these standards is a step towards operating in a way that will maintain and attract stakeholders and donors.

The following section will discuss the importance of considering acceptable compensation and spending, conflicts of interest, and accountability and strategic management. Noting acceptable industry standards for CEO compensation will help to keep donors satisfied. Awareness of conflicts of interest that may arise will help public relations personnel to maintain the organization's credibility. Strong accountability and strategic management practices will give way to becoming a trusted organization that donors find to be worthwhile for funding. When all three of these areas of ethics are managed well, the organization will be set up well for unexpected situations they may face.

4. Research Questions

Successful management of ethical issues such as compensation, conflicts of interest, and accountability and strategic management can bring a nonprofit organization from discredited and failing to supported and thriving. This thesis reviews three nonprofit organizations that faced unexpected publicity in either a positive or negative manner and demonstrated the importance of each previously-named category of ethics in the process of working through their respective situations. United Way, Susan G. Komen Foundation, and The ALS Association encountered unexpected publicity and were forced to either re-claim or maintain a positive image in the public eye through the ways in which they ethically managed the situations they faced: 1) United Way illustrates the issues of leader compensation and spending, 2) Susan G. Komen Foundation demonstrates conflicts of interest in addition to compensation issues, and 3) The ALS Association displays accountability and strategic management.

The following research questions will be answered through examinations of each of the three case stories:

1. How can a nonprofit organization overcome unexpected publicity due to public scandals related to its CEO's compensation and abuse of company finances?
2. How should a nonprofit organization manage conflicts of interest that lead to negative unexpected publicity?
3. What does it look like to successfully manage positive unexpected publicity, both financially and in public communications?

Reviewing the cases of United Way, Susan G. Komen Foundation, and The ALS Association and using them to answer the three research questions identified will accomplish the broader research question of the thesis: how can a nonprofit organization manage its credibility in the face of unexpected publicity?

5. Case Story: United Way

While the leader of a nonprofit organization has the power to positively impact a large sphere of influence, the reputation of the organization is quickly tarnished if its leader misuses or abuses that same power. In 1995, William Aramony, former CEO of United Way, was convicted of felony charges that led to a sentence of six years in federal prison. Aramony, 59, was found to have spent over a million dollars from United Way's account for personal purchases, including vacations taken with 17-year-old Lori Villasor, a woman with whom Aramony had an affair while married to another woman (Shapiro). Personal spending occurred on top of Aramony's already-high salary of $463,000. It was clear that United Way contribution numbers would be affected by the uproar. Betty Beene, President of United Ways of Tri-State in 1992, stated that, "The question is not whether damage will be done as a result of the scandal, but how much and for how long" (Sontag). Loss of funding to United Way was immediate.

As the scandals began to pour out into the public eye in early 1992, a *Chicago Tribune* article doubted whether United Way as a whole would be able to come back from the mess caused by its then-CEO, stating, "All that damage control going on at the United Way of America may not work. The abuse of power and money was too great. The promises of change seem too quick and too slick" (Beck). As time progressed, Aramony's charges and conduct were not forgotten. 20 years after the *Chicago Tribune* article's expression of doubt, the SSI Review called Aramony's defrauding of United Way "the most public drama that the nonprofit sector had ever seen…" in a 2012 article reflecting on the life of Aramony shortly after his death, caused by bone cancer (Brothers). Prior to the Aramony scandals, United Way saw $3 billion in contributions come in from Americans giving to local campaigns, a number for annual giving that was reached for the first time in 1990. This number can be highly attributed to Aramony himself; United Way received $780 million in giving in 1970, the year that Aramony first served as CEO (Shapiro).

Reports from *The New York Times* in April 1992 suggest that the effects of the Aramony scandals led to immediate repercussions in local sectors of United Way in both New York and New Jersey. Since United Way of America is connected with local chapters around the country and the world, each chapter saw its individual need to reestablish trust among respective communities, “conducting an aggressive campaign to disassociate themselves from the national group” (Sontag). Such efforts were necessary to survive the local impacts of the national scandal. Beene admitted in 1992 that, following the public’s knowledge of the Aramony fraud, many United Way campaigns were postponed or “flailing,” on top of employees at many New York companies pulling pledges they had previously made in late 1991. Larger-scale financial struggles arose when withheld contributions went beyond individual contributors and went up to larger local affiliates, including New York City, whose annual contribution was typically $556,000 (Sontag). A full year later, *The LA Times* reported nationwide loss of funding for United Way, as well as local affiliates upholding their initial reaction to withdraw membership (Marshall).

As is proven by United Way’s continuation of successful operations, the charitable organization was able to recover from “the abuse of power and money” (Beck). United Way now reports that in 1992, monumental measures were taken to Aramony’s actions, as members at their annual meeting approved sweeping reforms of United Way of America’s governance. The reforms included strict internal financial controls and an expanded governance structure, with a larger Board of Governors that includes one-third of its membership from local United Ways” (History). Evidence shows that these measures took time to impact a turnaround, but eventually worked. Perhaps this verifies the suspicion of Stanford Social Innovations Review that the Aramony scandals “fueled part of the movement to regulate the [nonprofit] sector” (Brothers).

Partnerships with other trusted organizations have been of great assistance in sustaining United Way, some of which Aramony arranged. In 1973, United Way formed a partnership with the National Football League (NFL), through which they were able to advertise using NFL airtime and celebrities. The two organizations maintained their partnership through the Aramony scandals and celebrated 25 years of working together in 1998. In 2012, United Way celebrated its 125th anniversary and accumulated a new partnership with CNN to communicate messages internationally (History). The large scale of United Way’s services and reach serve as a strong foundation for continued success despite the great deal of damage and following repercussions seen in the 1990s. Its ability to maintain partnerships with other stable and credible organizations, including the NFL and CNN, offer United Way an opportunity to create credibility around its name simply through the public’s view of its connections. United Way discusses its trends over the past two decades publicly on its website, “leveraging support from business, government and foundations to replicate successful local programs across the nation” (History). This effort may compensate for the tension and desired separation between United Way of America and its local chapters during the 1990s.

The national organization claims that “research has shown that United Way has regained public trust and esteem, with campaign totals beating the rise of inflation” through the efforts made in remodeling ethical and financial standards within the organization (History). The United Way website currently shares a list of accountability measures that it takes, briefly discussing how it maintains itself legally, ethically, through tax compliance, through public reporting and disclosure, and through financial accountability (Accountability). Commitment to these values and the transparency exemplified in financial reports show that United Way has made a successful turnaround.

United Way's now-stringent ethical and financial standards, as well as its longstanding partnerships with other successful organizations, are admirable qualities to follow when considering ways in which an organization can continue to operate after experiencing major damage. Its revised commitment to uphold local chapters gives it a positive image and strengthened relationships, speaking well for the new management and expectations of United Way. In 2010, United Way made the Forbes list of The World's Most Valuable Brands, ranked as number 26, and was the only nonprofit organization to make the list. Forbes credits United Way with having a longstanding history, dating back to 1887, and a brand value of $14.3 billion (Badenhausen). Significant improvement is shown since the time of the Aramony scandal, when perceptions of the United Way brand were far from respectable. The challenges United Way encountered not only impacted other nonprofit organizations through sector regulation, but also serve as a situation for other nonprofit organizations to learn from, in everything from the way the situation arose to the way it was dealt with and overcome.

6. Case Story: Susan G. Komen Foundation

Breast cancer awareness is a cause for which attention is most prominently directed toward the Susan G. Komen foundation, as well as to the signature breast cancer awareness color, pink. Susan G. Komen's mission is "to save lives and end breast cancer forever," pursued through providing resources, funding research, maintaining a presence in communities, advocating for the cause, and maintaining partnerships and programs (What We Do). Much of this work can be summarized as educating and supporting people affected by breast cancer. The success of Susan G. Komen's work is worthy of high recognition for administration of non-profit work. Amidst this success, however, are controversial issues regarding the work of Susan G. Komen. Examination of both the organization's success and its controversy provide lessons in how to manage a non-profit organization well.

One of the most notable features of Susan G. Komen's success is its marketing and the way in which it builds credibility. Pink ribbons play a large part in advertising for the cause, although Susan G. Komen did not initiate use of the symbol. The general idea of using ribbons for representation began in 1979 when a woman tied a yellow ribbon around her tree to indicate her desire for her husband, taken hostage in Iran, to come home (Fernandez). Waves of ribbons in other colors came out for years to follow in support of a multiple causes. The color pink has been used in promotional materials by Susan G. Komen since its founding in 1982. The color then transitioned into a signature pink ribbon in the 1980s and early 1990s when it was used in a logo design for the organization's Race for the Cure. Pink ribbons escalated in popularity with the help of *Self* magazine's special issue for Breast Cancer Awareness Month in 1992. As a part of the magazine's campaign, pink ribbons were distributed by cosmetic companies at stores in New York City (Pink Ribbon Story). With help from such like-minded individuals and companies, Susan G. Komen has been able to attribute a widespread, recognizable symbol to its efforts; while the generic breast cancer awareness ribbon can be used in support of all fights against breast cancer, Susan G. Komen has adapted its own specific design to represent its work and its roots. Paraphernalia such as tote bags, towels, and socks can be found featuring a signature pink ribbon under the “Shop Komen” tab of the pink-themed Susan G. Komen official website. The pink ribbon has been instrumental in Susan G. Komen’s marketing campaigns, as individuals affected by breast cancer personally take on marketing for the cause with clothing, bumper stickers, and jewelry, thus reaching out to the public, including those outside the circle of people directly affected by breast cancer. The widespread nature of pink ribbons builds credibility of Susan G. Komen by default through bandwagon support of the cause.

Susan G. Komen does an excellent job of marketing through community engagement in its most recognizable campaign, Race for the Cure, in which individuals rally together at various locations – now in eight different countries – to walk or run a 5K distance in support of those affected by breast cancer. Aligning with the three traits of a successful campaign as stated by Forbes, Race for the Cure is big, simple, and selfless. Race participants are “encouraged to wear ‘In Memory Of’ and ‘In Celebration Of’ back signs to honor loved ones,” giving the event its selfless touch (Komen Race for the Cure). Support from significant sponsors builds momentum for the event: for the 2014-2015 season of Race for the Cure events, sponsors include American Airlines, Walgreens, Ford, New Balance, and *Self* magazine. Backing from such established companies builds credibility for Race for the Cure, which began in 1983 in Dallas, Texas, and has grown to host 1.6 million participants in 2010 (Komen Race for the Cure). The cost of participation is $25 for adults and $15 for students, while the registration page stresses, “Your registration gets you to the start line, but your fundraising gets us closer to the cures!”

(Southwest Michigan). Those who are unable to attend or do not wish to attend the Race are given the registration option to "Sleep in for the Cure" by donating $30 and skipping the Race altogether. This strategy takes a humorous route towards fundraising by giving busy or sleeping participants the impression that they are actively supporting the cause. While the Race for the Cure focuses on celebrating cancer survivors and honoring cancer victims, these marketing tactics used throughout the process help to fundraise and build rapport for Susan G. Komen.

In addition to "Sleep in for the Cure," Susan G. Komen uses other creative yet logical techniques to obtain donations. For instance, Race for the Cure participants are brought to a donation section on the Race registration page in which they are given the option to contribute towards funding Susan G. Komen. As opposed to providing donors with arbitrary dollar amounts to choose from, the organization describes each option with a one-sentence summary of what exactly the dollar amount has the capacity to do: $100 is "the average cost of a mammogram nationally," $50 is "The average cost of three months of hormone therapy," and $29 recognizes that "breast cancer accounts for nearly 29 percent of newly diagnosed cancers among women" (Southwest Michigan). These donation descriptions, listed here for the Southwest Michigan Race, are altered according to local statistics for the region in which the participant is registering to race. This clever wording on the organization's website is a simple strategy used in addition to fundraising accomplished by individual Race participants who wish to gain personal support through pledges made to the cause. Reports show that over the course of more than three decades of operation, Susan G. Komen has invested $2.5 billion in their programs and breast cancer research (Fiscal Year 2013).

While Susan G. Komen reports high numbers for the dollar amount used to support the needs of breast cancer victims, its marketing strategies only go so far when controversial issues arise in the public eye. In January of 2012, Susan G. Komen announced that it would no longer provide funding to Planned Parenthood for breast cancer screenings and education. According to Susan G. Komen spokesperson Leslie Aun, “the main factor in the decision was a new rule adopted by Komen that prohibits grants to organizations being investigated by local, state or federal authorities” (Belluck). The decision had a drastic negative effect on Susan G. Komen from a variety of angles. Cecile Richards, President of Planned Parenthood, described the announcement as “abrupt,” as Susan G. Komen had historically had “been praising [Planned Parenthood] breast health programs as essential” (Belluck). Within days of Susan G. Komen’s announcement to revoke funding, the decision was reversed, an apology statement from founder and then-CEO Nancy G. Brinker was released, and vice president for public policy Karen Handel resigned from her role (Belluck, Preston, Harris). Following this series of events, numbers showed that reversal of the decision to cut funding was not enough to maintain full support of the organization.

Over the course of the next year, Susan G. Komen’s income dropped by 22%, moving from $348 million brought in during fiscal year 2012 to $270 million brought in during fiscal year 2013 (Hiltzik). A decision that originally was expected to improve finances for Susan G. Komen became messy when politics entered the picture. The actual lack of funding for breast health programs was not the problem; the controversy over whether Susan G. Komen supported an establishment that provides abortions was what caused the uproar, which came from people on both sides of the argument. Susan G. Komen lost support from pro-choice advocates when it pulled funding from Planned Parenthood, and then lost support from pro-life advocates when it reversed its decision, causing all-around damage to the organization’s reputation. Susan G. Komen’s loss of credibility among its supporters had a direct impact on its income.

Following the January 2012 controversy over funding pulled and re-granted to Planned Parenthood, Susan G. Komen's founder and CEO, Nancy G. Brinker, began to transition into a new position as chair of global strategy as Judith A. Salerno moved into the role as CEO. Brinker founded the organization as a course of action taken after her sister, Susan G. Komen, died of breast cancer at the age of 36 (Szabo, Bello). Leading up to this change of leadership, Brinker's salary came into question in 2013 when financial reports indicated a 64% raise in Brinker's salary for total pay of $684,000 (Myers, Reynolds). Although this data was critical in the public's eye during 2013, Brinker stated that the raise was given in 2010, prior to the Planned Parenthood controversy. Nonprofit giving guide Charity Navigator listed Brinker's salary as $560,896 for fiscal year 2013, slightly higher than Susan G. Komen's report of a $548,000 salary for fiscal year 2012. When Brinker stepped down to her new position, Susan G. Komen reported that both she and successor Salerno wished for their salaries to be published in a timely manner, before annual financial reports were to be made. The resulting document from the organization stated that Brinker's new salary would decline to $390,000 and that Salerno's salary as the new CEO would be $475,000 (Special Disclosure). While the combined total of these two salaries remains high, the intentional reduction in the individuals' pay indicates attempted change.

Regardless of the reporting source, Brinker's salary as CEO was "extremely high," according to the president and CEO of Charity Navigator, Ken Berger. A large source of skepticism in Brinker's high salary was the fact that the organization lacked funding after the uproar caused by the Planned Parenthood controversy. Not only did Susan G. Komen suffer financially; it saw a lack of participation in events, which "made it difficult to sustain an event of this magnitude [3-Day races] in 14 cities" (Myers, Reynolds). Cancellation of 3-Day races meant large losses in funding normally obtained through the events, including money raised through sponsorships. While this led to reduced funding for grants and events, Brinker's salary remained high. As a means of giving perspective on the matter, Charity Navigator's Berger stated that Brinker's salary as CEO was "about a quarter of a million dollars more than what we see for charities of this size. ... This is more than the head of the Red Cross is making for an organization that is one-tenth the size of the Red Cross" (Myers, Reynolds). Such press releases followed just a year and a half after the controversy of funding for Planned Parenthood. According to Charity Navigator, 6.4% of Susan G. Komen's funding is put toward administrative expenses. While this number may seem low, the charity evaluator gave Susan G. Komen a score of 74.67/100 in the financial category, a factor in the organization's low overall score of 81.96/100 compared to other breast cancer-related charities' scores of 95.42/100 (The Rose) and 96.98/100 (National Breast Cancer Foundation, Inc.). Of the $2.5 billion that Susan G. Komen has invested in total during its three decades in operation, $800 million has been spent on breast cancer research, including $300 million spent on research in FY 2013 alone. In terms of recent spending, the largest proportion of Susan G. Komen's spending during FY 2013 was used for education (38%), followed by screening (20%) and then research (18%). While administrative expenses are still listed at 6%, it is clear that certain remedial measures have been taken to build up Susan G. Komen's reputation again, as depicted by the change in CEO and respective new salary (Susan G. Komen for the Cure).

What Susan G. Komen has excelled in, based on information from Charity Navigator and as evidenced by press releases, is transparency. This element has the potential to be substantial in restoring the faith of past donors in Susan G. Komen, as Charity Navigator gives the organization a rating of 97/100 for "accountability and transparency" (Susan G. Komen for the Cure). Susan G. Komen has made a high level of effort to recover what was lost in the controversial issues it was involved with in 2012 and 2013. Public statements were made by personnel significant in decision-making, explanations were given for the decisions made, and corresponding financial reports disclosed details on CEO salaries to assure the public of the organization’s internal expenditures. Although Susan G. Komen encountered severe hits to its reputation, it has worked hard to rebuild its brand and continue its work through a willingness to be transparent. The issues that Susan G. Komen dealt with in 2012 and 2013 are notable in both the positive and the negative aspects in order to build an ideal model for a nonprofit organization.

7. Case Story: The ALS Association

The ALS (amyotrophic lateral sclerosis) Ice Bucket Challenge that swept social media during the summer of 2014 illustrates that a small nonprofit organization supporting a rare disease can make a big impact through marketing. The Ice Bucket Challenge spontaneously raised a reported $115 million in commitments to The ALS Association and an unfathomable amount of public awareness (ALS Association). The numbers were stunning, as the organization saw a total of $2.3 million for all of 2013 (Smith). This support was raised not by The ALS Association's initiatives, but rather through a challenge started by a few individuals who had been impacted by ALS (Lou Gehrig's Disease) and dared one another to dump a bucket of ice water on their heads for ALS awareness. Any who did not take the dare within 24 hours were asked to donate to The ALS Association. The dare – and awareness – grew exponentially as participants passed the challenge on to more and more friends.

While The ALS Association did not initiate the Ice Bucket Challenge campaign, it can be inferred that they were a well-established organization in the eyes of the public based on the traction the organization gained as the focus of such a movement. Established in 1985, The ALS Association prides itself on the fact that it fights Lou Gehrig's Disease on all fronts. While other organizations focus in on a specific aspect of the cause, The ALS Association "leads the way in research, care services, public education, and public policy — giving help and hope to those facing the disease" (ALS Association). Each of these dimensions of The ALS Association is of high importance, with robust operations constantly in motion for each department. The ALS Association reported nearly 100 research projects currently in progress as of August 2014, public policy success through a 30% increase in government funding for The National ALS Registry for fiscal year 2015, and care available to families dealing with ALS through a network of chapters around the country providing local support groups and equipment loans (The ALS Association).

In support of the mentioned departments, The ALS Association reaches out to market its solid foundation of services and to connect with the community through well-run social media campaigns. Found with Twitter handle @alsassociation or on Facebook account "The ALS Association," social media marketing is run professionally with regular updates, relevant tweets and posts, and cover photos that thank Ice Bucket Challenge participants for their support. The ALS Association has 22,600 followers on Twitter and 341,365 "Likes" on Facebook (as of December 30, 2014). Social media marketing extended far beyond The ALS Association's work as the Ice Bucket Challenge unfolded. As Facebook user after Facebook user posted videos of dumping ice water on their heads, it was hard to *not* be aware of the disease – or at least The Association.

Controversy arose when video viewers began posting about and discussing the fact that many participants were completing the challenge to draw attention to themselves, rather than to support the cause. It was an opportunity for friends to connect, for people to do a good deed in front of their whole social network, and for girls to be on camera in bikinis. The challenge and its controversy even extended to celebrities, as Kim Kardashian took the challenge on The Ellen DeGeneres Show, taking selfies and letting out screams throughout the process of DeGeneres dumping water on Kardashian's head. After a few splashes, Kardashian shrieked and stepped away from the stool she was sitting on to complete the challenge, signifying that she was ready to be done with the icy water (Kim Takes).

Regardless of the reasoning behind a participant dumping water on his or her head in front of a camera, the challenge increased awareness, as it intended to do. What brought on the success of this movement, according to Forbes, was threefold: the Ice Bucket Challenge was big, selfless (in theory), and simple. These three traits of the campaign brought people together to support a cause, whether they took it seriously or not. Campaign momentum built from both sides; to spite self-focused participants, other Facebook users posted informative articles about Lou Gehrig's disease or actually made donations to The ALS Association. Ultimately, the challenge created free marketing that led to funding. TIME magazine pointed out that the only cost to The ALS Association was "cost and staff time of drafting and then sending a single email to 60,000 people in its database" (Giusti). Even this cost could be quickly covered by donations inspired by a few Facebook posts.

Thrilled with the overflowing support, The ALS Association received the benefits of the campaign with poise and professionalism in everything from media to use of funding. A page has been added to their website that is dedicated to answering frequently asked questions (FAQ) regarding the Ice Bucket Challenge. The page covers key issues including: "Spending Dollars Wisely," "About The ALS Association," "Research," and "Donations." Crucial to the organization's response to the Ice Bucket Challenge is the section "Spending Dollars Wisely," which provides readers and donors with specific information on how Ice Bucket Challenge donations will be allocated. Supporters are ensured that "The ALS Association is absolutely committed to transparency" when it comes to funding and programs that support ALS (ALS Association). The page explains that a majority of the contributions will be used for research to find treatment and a cure for ALS ($18.5 million of the initial $21.7 million raised), while remaining contributions await spending approval from the Board of Trustees. According to the same page, voting by this board was set to take place in mid-October. However, as of January 2015, results had yet to be updated. An impressive touch to the FAQ page is an answer to the question asking, “What process did The ALS Association go through to get to these decisions?” Answering this question allowed the organization to follow through on its commitment to transparency by explaining that the organization’s leadership met with key stakeholder groups and that The Association’s President and CEO, Barbara Newhouse, met with a panel of advisors consisting of individuals living with ALS (ALS Association). The identities of those on the panel of advisors were kept confidential.

The way in which The ALS Association responded to the Ice Bucket Challenge grew the public’s respect in such a way that even those who were annoyed by related social media videos often chose to donate to the cause in spite of their frustration. This resulted in an all-around win on both the marketing end and the funding end of the spontaneous campaign. The ALS Association seized the opportunity to build up its credibility with social media response thanking supporters of the Ice Bucket Challenge, quick responses to the public through press releases updating information on the support received, and clear responses to crucial questions on a freshly added FAQ webpage. The ALS Association has used this unexpected opportunity to move from an organization unfamiliar to many outside of the ALS community to a respectable example of how to successfully handle sudden, generous funding – an example that can be used and applied in a wide variety of other organizations.

8. Recommendations and Conclusions

Based on the cases of unexpected publicity seen by United Way, Susan G. Komen, and The ALS Association, a series of ethical recommendations can be deduced for organizations within the nonprofit organization. These recommendations relate back to the ethical issues of compensation, conflicts of interest, and accountability and strategic management discussed previously, and answer the three research questions presented.

United Way's management of the scandals of William Aramony results in an answer to the first research question, "How can a nonprofit organization overcome unexpected publicity due to public scandals related to its CEO's compensation and abuse of company finances?" United Way overcame their negative public image regarding compensation and finances by implementing "strict internal financial controls" (History). The organization also increased its transparency after the Aramony crisis by detailing its accountability measures on its website. It also created strategic partnerships with other trusted organizations, which have improved its reputation by association.

According to the ethical issues faced by United Way, a nonprofit organization can overcome unexpected publicity due to public scandals related to its CEO's compensation and abuse of company finances by implementing financial controls through internal accountability, being fully transparent with its operations and finances wherever possible, and maintaining good relationships with its affiliates. In addition to upholding these three management tactics, a nonprofit organization can manage its credibility and set itself up for success when facing unexpected publicity by funding the needs of the organization's primary cause before providing raises or extravagant compensation for its leaders.

The research question, “How should a nonprofit organization manage conflicts of interest that lead to negative unexpected publicity?” is answered by the case of Susan G. Komen. When the organization pulled its funding to Planned Parenthood for breast cancer screenings and education, the public uproar was successfully managed by Susan G. Komen’s apology statement and decision reversal. Critics may argue that an organization should not necessarily reverse a decision immediately to simply please its stakeholders unless it can be determined that it is the best decision for the organization as a whole. The reversal decision ended up causing a lose-lose situation for Susan G. Komen, because pro-choice advocates were upset by the initial decision, and pro-life advocates were upset by the reversal.

Therefore, the answer to this research question, according to the experience of Susan G. Komen, is to attempt prevention of public uproars by thoroughly investigating the potential outcomes of a decision and weighing the possible outcomes before acting. An organization should only move forward with its decision if it is certain that it is best for the organization and its values. In moments of unexpected publicity, an organization should look to Susan G. Komen’s example of releasing an apology. Whether or not the organization believes it has made a mistake, some sort of public communication should be made quickly to address the issue and attempt to correct the situation. In terms of conflicts of interest over a CEO’s salary, an organization should closely consider its allocation of funds and whether its donors perceive its spending to be logical and worthwhile. If other organizations in the industry are operating with much lower administrative costs (in terms of percentage), then spending should likely be reconsidered.

Susan G. Komen leads to the recommendation for nonprofit organizations to operate ethically through full disclosure of spending and public knowledge of the CEO’s salary. A hidden salary is one for the public to be curious and concerned about, and when the information is released, the result is likely to be worse than if the information had been provided up front. In terms of conflicts of interest, a nonprofit organization should take time to consider whether each organization or company it is affiliated with aligns with the same values and morals. If it does not, the organization is likely to lose support.

Through successful management of the Ice Bucket Challenge, The ALS Association exemplifies how to manage positive unexpected publicity in a way that continues to draw people in and support the cause. This case answers the research question, “What does it look like to successfully manage positive unexpected publicity, both financially and in public communications?” The case of The ALS Association discusses how the Ice Bucket Challenge brought in $115 million in commitments, to be used by the organization primarily for finding treatment and a cure for ALS, with additional spending in progress of being reviewed by the Board of Trustees.

The ALS Association promptly added a web page entitled “Spending Dollars Wisely,” depicting specific information on the allocation of Ice Bucket Challenge donations. The Association was detailed in providing contributors with information on spending and how these decisions were made, presenting information transparently. The Association made a great effort to operate openly and was fully aware that donors would be seeking information on what they had spontaneously given to. Additional communication to donors was used to successfully manage the unexpected attention. Contributions were not merely a one-way transaction that was absorbed and forgotten; The Association created a banner to display on its social media pages to thank contributors, appearing gracious and personal. When the opportunity presented itself, The

Association took charge and gained credibility and respect among people who had never even heard of the cause and suddenly became curious contributors.

Based on the example presented by The ALS Association, recommendations for the operations of other nonprofit organizations are to be transparent and interact with the audience graciously. An organization that operates transparently leaves no room for hidden secrets that could come out suddenly and cause a scandal. People are more likely to transform from strangers of the organization to financial contributors if they know how money is spent and are given enough information that they can form an opinion of the spending and decide that they agree with it enough to donate. A nonprofit organization can maintain poised management by engaging with its supporters in relevant ways, including social media, especially when catering to a younger audience. When contributors are recognized and feel appreciated for their actions and efforts, and when they know exactly how their contributions are impacting other people, they are likely to become excited about continued support of the cause. Whether or not they choose to donate again, they are at least given the chance to speak fondly of the organization, its work, and their involvement.

With the recommendations gained from insight into the unexpected publicity faced by United Way, Susan G. Komen, and The ALS Association, other organizations within the industry can be better prepared to face unexpected challenges. Nonprofit organizations should particularly pay attention to the compensation paid to their CEO and other leaders, conflicts of interest they may be involved in, and the accountability and strategic management they operate under. Successful management includes a high level of transparency and disclosing financial information including allocation of funds. This will help to manage discrepancy over salaries and spending. Public communication should be a top priority when conflicts of interest arise, apologizing when appropriate and thinking through potential reactions thoroughly. When an organization experiences positive publicity – including that which involves large, unexpected donations – it should interact with its audience and regularly disclose information on allocation of its funds to donors. An organization that successfully operates with these areas of ethical management is better equipped to face both positive and negative unexpected publicity.