

New Red Cross president facing difficult challenges

By David Crary
Associated Press

NEW YORK | Major challenges confront the new head of the American Red Cross, ranging from blood-safety violations and a budget deficit to disaster-response flaws exposed by Hurricane Katrina.

But after four years running the Internal Revenue Service, Mark Everson has at least one new advantage. "My 18-year-old daughter said, 'People will like you now,'" Everson observed with a smile Tuesday.

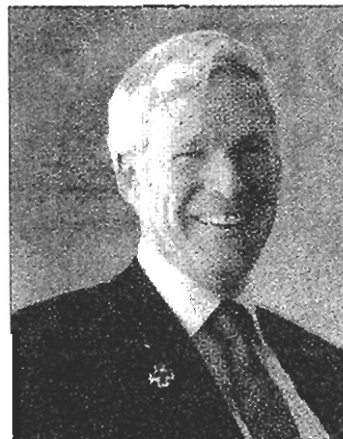
Despite the contrasting public images, Everson suggested the institutions have some basic similarities—each is essential, massive and often in the public spotlight.

Everson took over as Red Cross president on May 29—three days before the official start of the hurricane season and shortly after Congress approved a bill streamlining the often cumbersome way the charity had governed itself.

"We need to be more efficient and control our costs," Everson said. "The good news from my point of view is there is a real willingness to change, at the headquarters level and the field level."

One of his top priorities is further improving the disaster-response capabilities that were faulted in Katrina's aftermath.

Initiatives include developing a nationwide network of warehouses to pre-position supplies for a major disaster and forging partnerships with grass-roots community organizations, notably in minority neighborhoods such as those which criticized the Red Cross early in the Ka-



ASSOCIATED PRESS

Mark Everson took charge at the Red Cross in May.

trina recovery.

"We're a proud, enduring institution—that is good," Everson said. "But we need to play nice with others."

Another urgent task, Everson said, is to improve the quality of the Red Cross blood-collection operation, which provides more than 40 percent of the nation's blood supply. The charity has been fined more than \$15 million since 2003 for violating blood-safety regulations and provisions of a consent decree with the Food and Drug Administration.

Everson insisted that blood supplied by the Red Cross is safe, but said the operation needs to improve its data bases and eliminate inconsistencies.

Also high on Everson's agenda is reviving the charity's historical role supporting members of the military and their families—a tradition dating back to the work of Clara Barton during the Civil War, two decades before she established the American Red Cross.

Red Cross fires leader after 6 months on job

By Stephanie Strom
New York Times News Service

The American Red Cross dismissed its president and chief executive, Mark W. Everson, on Tuesday, citing his "personal relationship with a subordinate employee." He had been in office for only six months.

The news was another blow to an organization that has struggled to overcome criticism of its performance after Hurricane Katrina and other disasters, and it stunned the organization's employees, as well as the nonprofit world at large.

"Although this is difficult and disappointing news for the Red Cross community, the organization remains strong and the life-saving mission of the American Red Cross will go forward," Bonnie McElveen-Hunter, chairman of the Red Cross board, said in a statement.

Suzy C. DeFrancis, chief

public affairs officer for the Red Cross, said information about the relationship between Everson and an employee was brought to the board's attention about 10 days ago by a senior executive. The board confronted him with that information, and he acknowledged the relationship, DeFrancis said.

The board "concluded that the situation reflected poor judgment on Mr. Everson's part and diminished his ability to lead the organization in the future," the Red Cross statement said.

De Francis said there had been no threat of a lawsuit.

The Red Cross has suffered from rapid turnover of leadership since Elizabeth Dole, now a Republican senator from North Carolina, left the helm in 1999. Her replacement, Dr.

Bernadine Healy, resigned after less than two years, and it took more than a year to name her successor, Marsha J. Evans.

Evans resigned in 2005 after waging a power struggle with the board, and it took more than a year to find Everson, who was then commissioner of the Internal Revenue Service.

He was seen as a strong leader capable of dealing with the Red Cross' huge bureaucracy, standing up to its powerful board and reassuring major donors.

Organizations, whether for-profit or not, rarely describe their reasons for firing an executive as bluntly as the Red Cross did.

Everson, 53, did not respond to a message left on his cell phone. In a statement released by the Red Cross, he said, "I am resigning my position for personal and family reasons and deeply regret it is impossible for me to continue in a job so recently undertaken."



Everson

Red Cross budget deficit forces cut of 1,000 jobs

By David Crary
Associated Press

In its freshest set of troubles, the American Red Cross is cutting a third of the 3,000 jobs at its national headquarters in an overhaul intended to eliminate a \$200 million deficit within two years.

The charity's board of governors gave general approval to the cutbacks in January, and details of department-by-department layoffs will be presented to the board later this month, chief public affairs officer Suzy DeFrancis said.

"This is a difficult period, when people are anxious about their jobs," DeFrancis said. "At the same time, there's a realization that the financial realities we're facing have forced us to do this ... and we can become a stronger organization by going through it."

She said employees in each department are being informed of the cutbacks in individual and group meetings.

The budget crisis is the latest blow to the 126-year-old Red Cross, America's foremost disaster-response organization,

which was criticized for its handling of donations contributed after the Sept. 11 attacks and for an inconsistent response to Hurricane Katrina in 2005.

In November, the board ousted the charity's president, Mark Everson, after just six months on the job for an extramarital affair with the director of a Red Cross chapter in Mississippi.

A search continues for a new president, who will be the sixth chief executive since 2002.

Nationwide, the Red Cross has 35,000 employees and hundreds of thousands of volunteers.

The deficit has been attributed to several factors, including uneven fundraising and an oversized operation at the national office in Washington.

"We really need to reduce the size of our footprint in Washington and get back more to being a field-based volunteer-driven organization," DeFrancis said.

She also acknowledged that the Red Cross struggles to find steady fundraising. Donations surge during huge disasters but generally subside thereafter – and its general disaster relief fund is now low.

10/2/08