

Wounded Warrior Project in The Line of Fire: Veterans Deserve Better

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Suspicious arose around the Wounded Warrior Project in early 2016 after a CBS News investigation revealed extensive spending in comparison to other similar charities. The investigation showed that conference expenses had inflated from \$1.7 million in 2010 to a monstrous \$26 million in 2014. According to Charity Navigator, the nonprofit's annual revenue was just short of \$400 million. Donations alone make up \$366 million of that total. This goes to show just where donors' money was really being spent. This case was chosen because of the interesting dichotomy it presents. In the wake of the scandal, this case is a direct example of poor investor relations. However, in the rebuilding phase, it sets the bar high for how organizations should do crisis management.

In this case, donors act as our investors. They take their hard-earned money and give it to a cause that they feel passionately about. And for most of these investors, they donate on behalf of a family member, who is a wounded veteran. Nonprofits are certainly allowed to allocate its money to its cause as it sees fit. But, that is just it—WWP was not funding its cause. CEO, Steven Nardizzi, and COO, Al Giordiano, were trusted with using funds to further the mission statement of WWP. Instead, "lavish spending on parties, travel, and hotel" was what the organization was using donations for (Wounded Warrior Project's Top Execs Fired Amid Lavish Spending Scandal, 2016). Instead of being transparent about the harsh truth, WWP justified their reckless spending by saying it did so to maintain a healthy work environment among employees. Iraq veteran and former WWP employee, Erick Millette, said, "Going to a nice fancy restaurant is not team building. Staying at a lavish hotel at the beach here in Jacksonville, and requiring staff that lives in the area to stay at the hotel is not team building...[They're] using our injuries, our darkest days, our hardships, to make money. So

[they] can have these big parties" (Janisch, Reid, 2016). In short, WWP was acting one way in front of investors and another behind closed doors.

Key stakeholders to note in this case are donors/investors, WWP employees, their families and of course, veterans receiving aid through the organization. All the aforementioned placed a significant amount of trust, money and passion into WWP only to ultimately feel taken advantaged of and lied to. While all the spending goes back to Nardizzi and Giordiano, unfortunately, the organization as a whole had to take the fall. WWP claims to "honor and empower wounded warriors" but investors were in the dark about how they went about doing all their honoring and empowering (Janisch, Reid, 2016). While it is easy to hear all these accusations and dismiss WWP immediately, we take deeper a look at the contradicting duality of this case.

When news outlets heard of the audit reports, CEO Nardizzi stayed quiet. The board, however, released a statement thanking donors for their generous donations that have helped veterans over the years. The statement was generic but just specific enough. The board went on to say they were "[taking] very seriously the concerns that have been raised in recent days and [are] in the process of retaining independent advisors to conduct a thorough financial and policy review of the concerns" (Gardner, 2016). The organization was immediately picked up by Charity Navigator and placed on a watch list as to alert donors of the activity.

As is mandatory when dealing with crisis management, WWP looked at the source to fix the problem from the inside out. The board elected to fire Nardizzi and Giordiano. In efforts to cut costs wherever possible, "nine offices [were] closed are in areas where staff typically work from home or in the public" (Shane, 2016). Mike Lennington, Interim CEO, said, "This is a case

where the negative publicity have caused us to take an internal look at how to do things better” (Shane III, 2016). In terms of communication, WWP quit running T.V. commercials and basically drew back publicly in order to heal privately. The organization as a whole completely overhauled in an effort to stabilize funds, strengthen morale and re-gain the trust of the public. By cutting the problem at the root by firing CEO and COO, WWP eliminated any shady dealings that the public knew about. The board took over the public apology and eased tensions that way. They did not regress and stay quiet. They were upfront about the issues at hand. This scandal can almost be looked at as a blessing in disguise for WWP. They were forced to take a fine-tooth comb to the entire organization. Instead of asking wounded donors for more money to make up for the deficit, they cut unnecessary spending wherever they could. This strategy was highly effective. WWP took all the steps we talk about in class when it comes to crisis management. The only thing that could have been dealt with better would be the exodus of the CEO and COO. They should have been forced to make a public apology on their personal behalves, not just a blanket statement from WWP. This would have repaired some burned bridges between donors and employees.

Given all the chaos and problems the Wounded Warrior has had, the organization did make some decisions to get the mess straight. The organization not only came up with ways to get the chaos in order but executed their actions through their tactics they chose to act upon. The first tactic was Wounded Warrior officials fired half of their executives, which left nine offices closed. Another tactic was they had to fix the money issues and figure out what was missing and how much and how to make this money loss right to the veterans. So the organization redirected their spending and decided for the money to go towards mental health

programs and partnerships. “The moves aren’t an indictment of past practices at the charity but a recognition of changes needed to keep the group relevant and providing the best resources possible to veterans,” said Mike Linnington, a retired Army lieutenant general who took over as CEO (Shane, 2016). After the scandal hit and the public and other members of the organization found out, people realized that the organization did need some updating on some things. In some cases, it does take a scandal to happen for the people working with the company or organization to take an internal look of how things are running or if there are changes that need to be made in order for the organization to prosper. Wounded Warrior has promised complete transparency and accountability of group finances as well. Since the organization has had to redirect some spending because of the loss of money, Linnington admits that the loss has hurt fundraising totals, but that the changes that were made are more focused on ways to better serve veterans. Another of their many tactics is they are boosting support for Long-Term Support Trust and Warrior Care Network, but in promoting these, they are choosing to kill their support toward other things (Shane, 2016). This was smart on the organizations behalf because it is not smart to overload itself. Sometimes it is better to support less and keep those things the main focus instead of having too many different things to focus on. Focusing on a few things makes it easier to excel in those areas. “We had to look at the programs that are the most essential to who we serve, and make sure we’re providing the greatest assistance to those in the greatest need,” Linnington said (Shane, 2016). A tactic that was a great idea was the organization decided to put a Report Fraud page on their website. It basically said that this page was to ensure the public to have confidence in the organization. This page is for people to come and report others who people feel are misusing fundraising or outreach efforts. On this

organization's web page, it gives instructions on how to report and has a list of current scam alerts. It also has a bullet point list of making sure that people report something that is true so no one is falsely accused ("Report Fraud," 2017). Even after all the Wounded Warrior Project did to make up and fix these mistakes, the public and the veterans are still upset. Some veterans are saying the organization has never changed and that veterans are not getting anything the organization promises. Some of the public would comment things like, "As a wife of a Vet, I'm so happy this rip off organization is FINALLY being investigated. Be very educated about any charity you choose to support" or "We raised millions for the WWP at my golf course. I never trusted these BS WWP, because I knew they were crooks" (Lake, n.d.).

The overall evaluation of the organization is quite good in our opinions. We think that the Wounded Warrior Project should get an "A" for effort. It was not all the people in the organization that caused this scandal but the truest people to the organization are the ones left to clean up the mess. As far as the organization responding when the scandalous news was released, the CEO who was in-charge while the scandalous actions were taking place remained silent. The Wounded Warrior Project Board of Directors released a written statement saying that the organization has supported wounded veterans for years and will continue to do so and that they are investigating the issues that have been brought to their attention (Gardner, 2016). The organization did what they needed to do until they could get to the bottom of the situation. Releasing that statement was the best thing the organization could do. The organization is currently being overseen by Charity Navigator. During the search of funds, they discovered that just 54 percent of proceeds went to wounded veterans, so they are working to get that right (Gardner, 2016). On top of that, the organization will continue working toward its

strategy and tactic goals to better the organization. Concerning the evaluation phase, they are still working hard to gain back the trust of the organizations publics. This will be a long process for the organization to build back up its name, but it is not impossible. The organization had a good thing here, and with the right people and values behind it, it can gain donors and veterans trust back. Gaining trust back from its publics is something it is working at daily, trying to revamp the organization. The steps the organization is taking are supporting the causes it has chosen to focus on, working every day to better this organization and update it to benefit veterans more, and being completely transparent with its publics.

The Wounded Warrior Project has had some major cleaning up to do because some workers in the organization spent money that donors had given for personal use and parties. The funds of the non-profit organization were supposed to go to American women and men who were wounded at war. The organization has done a lot to try to get the organization back in the good graces of its veterans and donors. The whole issue could have been avoided by hiring the right personnel for the organization. After the organization spoke up about the scandal, I am not sure if there was anything we would do differently. Maybe as the CEO, he should have responded immediately. We think firing those nine workers was necessary, and they are focusing the organization in good ways to get this under control. Something to add is possibly getting all the lost money back to the organization and giving it to veterans properly. They should be doing everything possible to gain respect back. How they could have avoided this scandal would have been having serious hiring processes. They could have checks throughout the year making sure the money was being put to the right causes. They could have a yearly budget and earmark what money and how much is going to which person or cause. In

addition, they could have made updating the company an every two month thing, making sure they were at the peak of all technology and advancements. Also, they could have a check and balance process to spending money to make sure everything is accounted for and not used for wrongdoing. If we were doing the case, we would have double checked everything. Making sure every story and money checked out. Many things could have been prevented in this situation but honesty was not something the CEO at the time valued. He skeemed and spent money that was not his to spend. First and foremost we value honesty so off to the start our problem would probably not be this but if so we would tackle it with truthfulness and transparency. Wounded Warrior is looking up but will always have this in it's shadows.

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