

NATIONAL PRESS CLUB LUNCHEON WITH GAIL McGOVERN

SUBJECT: GAIL MCGOVERN, PRESIDENT AND CEO OF THE AMERICAN RED CROSS, WILL SPEAK AT A NATIONAL PRESS CLUB LUNCHEON ON TUESDAY, JULY 21, TO DISCUSS NAVIGATING NON-PROFITS THROUGH TURBULENT ECONOMIC TIMES.

MODERATOR: DONNA LEINWAND, PRESIDENT, NATIONAL PRESS CLUB

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**DONNA LEINWAND:** (Sounds gavel.) Good afternoon. Welcome to the National Press Club. My name is Donna Leinwand. I'm a reporter for *USA Today* and I'm president of the National Press Club.

We're the world's leading professional organization for journalists and we are committed to the future of journalism by providing informative programming and journalism education and fostering a free press worldwide. For more information about the National Press Club, please visit our website at [www.press.org](http://www.press.org).

On behalf of our 3,500 members worldwide, I'd like to welcome our speaker and our guests in the audience today. I'd also like to welcome those of you who are watching us on C-Span.

We're looking forward to today's speech, and afterwards, I will ask as many questions from the audience as time permits. Please hold your applause during the speech so that we have time for as many questions as possible.

For our broadcast audience, I'd like to explain that if you hear applause, it may be from the guests and members of the general public who attend our luncheons, and not necessarily from the working press.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Sergio Gor, senior producer, *Washington News Observer*, and a member of the NPC; Sandra Abrams, producer, Reuters TV, and also a member of the National Press Club, Suzy DeFrancis, chief of public affairs for the American Red Cross, and a guest of our speaker; Alisa Parenti, reporter at Market Watch Radio Network, and an adjunct journalism professor at Georgetown University, and a member of the National Press Club; Gerry DeFrancisco, president of humanitarian services of the American Red Cross, and a guest of our speaker.

Skipping over the podium, Angela Greiling Keane, reporter for Bloomberg, and the chair of the National Press Club Speakers Committee. Skipping over our guest for just a moment, Jeff Dufour, columnist for *The Washington Examiner*, and the Speakers Committee member who organized today's luncheon. Thank you very much, Jeff. Linda Mathes, chief executive officer for the American Red Cross of the National Capitol area, and a guest of our speaker; Anne Wog, producer, "The Grandy & Andy Morning Show" on WMAL, and a member of the National Press Club; Alegra Hassan, producer for CBN News, and a member of the National Press Club, and finally, Al Eisele, founding editor and editor at large, *The Hill* newspaper, and a long time National Press Club member. (Applause.)

When Gail McGovern took over as president and CEO of the American Red Cross just over a year ago, it was a critical time for the revered non-profit. It had spent the decade burning through presidents at a pace of nearly one per year. It was in the process of laying off one-third of the employees at its Washington headquarters. Criticisms of its performance during hurricane Katrina remained fresh in many minds. Just two weeks before she started, it was fined for mismanaging its blood supply. And of course the economy had already begun to falter, drying up donations and crippling non-profits across the board.

Nevertheless, the picture seems to be improving at the organization. It still boasts an A-minus rating by the American Institute of Philanthropy. Its response to hurricane Gustav was widely viewed as an improvement over Katrina. Ryder Systems and the Wal-Mart Foundation recently stepped in with major donations. And the establishment of a network of major women owners called the Tiffany Circle Society has been a success, raising some \$13 million dollars in three years.

Ms. McGovern earned a BA from Johns-Hopkins in 1974 after which she took a job as a computer programmer with Bell Telephone in Pennsylvania. After

Bell morphed into AT&T, she spent the next twenty years working her way up the ladder to executive vice president of the business markets division, and earning an MBA from Columbia along the way.

From there, it was on to Fidelity Investments where she was named by *Fortune* magazine as one of the fifty most powerful women in corporate America. In 2002, she joined the faculty of Harvard Business School to teach marketing to undergraduate and MBA students.

Today, she'll talk about how she's using that business know-how to steer the ship of one of America's most famous non-profit organizations. Please join me in welcoming Gail McGovern to the National Press Club. (Applause.)

**GAIL McGOVERN:** Thank you so much. Thank you, Donna. A little over a year ago when I accepted the position of president and CEO of the American Red Cross, I was hoping to join an organization that could really make a difference in the world. And frankly, I was also looking for a leadership challenge.

And I have to tell you, I have been challenged — eight named hurricanes and tropical storms just after the first few months that I had joined, a record tornado season, the worst wildfires in California's history, the worst flooding in the Midwest in fifteen years. We also had an operating deficit of \$209 million dollars and a mandate from our board of governors that we've eliminated in just two years.

Last, but not least, I joined the Red Cross shortly before our country entered into a major recession which is causing more and more people to seek help from non-profits at a time where it's more and more difficult to raise funds. Now please don't get me wrong — I'm actually not complaining. I truly believe that I have the best job in the whole world. And I'm humbled by it. I pinch myself every day because I can't believe that I have the honor to be part of this remarkable institution. And let's face it — the Red Cross isn't alone in this.

These are very challenging times for the entire country and for all of America's non-profits. Giving USA, which is a philanthropy research organization, reported that donations to non-profits in general are actually down 5.7% in 2008. That's the biggest decline in more than fifty years. And it's down by \$6 billion dollars over 2007. Corporate donations are down by 8%. Foundation grants are down by a little less than one percent. Individual giving is down 6.3%. *The Chronicle of Philanthropy* reported that last month, that the problem is only getting worse in 2009. So these are certainly interesting times in which we live.

A few months ago, *The Washington Post* asked a group of economists, politicians, labor leaders, CEOs, heads of non-profits to share suggestions for books that would be relevant for their readers to read in these interesting times. When I was asked this question, I thought about it for awhile. And at first, I gave consideration to the usual suspects — business books, philosophy books, history books, and the like. And I wound up suggesting two classics by Lewis Carroll. The first is, *Alice's Adventures in Wonderland*. And the second was, *Through the Looking Glass*.

In the first, Alice finds herself in all kinds of curious predicaments. In her words, they were, "...curiouser and curiouser." And in that world, she was in a world where your sense of reality completely fails, and nonsense becomes the norm. In *Through the Looking Glass*, she finds herself in a place where she actually has to go in the opposite direction in order to be able to get anywhere.

And this is why I picked those books. In these times, it's often wise to consider going in the opposite direction from the rest of the herd. And as strange as this world has become, sometimes even falling down the rabbit hole can bring you strange and unexpected delights. And as with the economy, sometimes you just have to go with the force of gravity.

The fact is that this economy is certainly presenting many challenges for non-profits. But it's also providing the impetus for the American Red Cross and other non-profits to make needed and, in some cases, overdue changes. Simply put, there's a greater acceptance to change in the middle of a crisis. And when the economy is roaring, problems can be glossed over. Prosperity can actually cover a multitude of sins. We need to leverage the economy and the force of gravity to be able to affect change.

So let me suggest five ways that can help non-profits successfully navigate these turbulent waters. First, have a monomaniacal focus on your mission and on the people that you serve. More and more people are hurting because of the economy, and they put their trust in the American Red Cross to be there in times of emergency, to be there in times of need. Many people think about us during catastrophic disasters or when they need blood or when they're perhaps donating blood. But consider this — two hundred times a day, American Red Cross volunteers help a family who have lost everything in either a house fire or another disaster. 475 times a day, the Red Cross connects men and women that serve in the Armed Forces to their families. 21,000 times a day, someone receives a blood transfusion from a Red Cross donor. And in fact, the National Press Club does blood drives right here. And we're very appreciative of that.

43,000 times a day, a person receives life saving training in health preparedness and safety from the Red Cross. 290,000 times a day, a child receives

a measles vaccine from the Red Cross, or one of its partners. And in less time than it took me to make that statement, 150 different lives were either served or touched by the American Red Cross. When I think of the spirits of the men and women in the Armed Forces who we lift, when I think of the remarkable act of our donors to actually open up their veins to give the gift of blood, when I think of the millions of people that we train to save lives, and when I think of the people that we help in their darkest hours, when they've lost everything, and they're turning to us just for the basic needs of food and shelter, I am absolutely awestruck by the responsibility that we have to our citizens and to our country.

Despite growing bills from the storms, the tornadoes, the wildfires, and the floods, we could not and did not walk away. Then and now, the Red Cross will not pack up and go home if there's even one person left in one of our shelters. As leaders of non-profits, we have to make every single decision through the lens of our mission. The country depends on us all to do so. We need to look at everything that we do, and every dime that we spend, and eliminate all extraneous activities that don't support the people that we serve.

And that brings me to the second key to successfully navigating through these rough waters. We must be even better stewards of our donors' dollars. We have to be relentless in demonstrating that their hard-earned money is being well spent. Since donors are finding it harder and harder to give, we have to show them that we are being as efficient as humanly possible.

We're very proud of the fact that ninety cents of every dollar goes to the people that we serve. But we have to find even more ways to be smarter in how we run the organization. And this has been one of my main areas of focus. We have 33,000 employees. We have 722 local chapters. We have 36 blood services regions. We have over half a million volunteers. We have to ensure that we streamline all of our operations. And to do so, we've made some governance changes.

We're consolidating our chapters' back office operations. We're sharing best practices and promoting teamwork. Our thinking behind these changes is actually very simple. We just can't do the same thing 722 different ways. Our local chapters are absolutely the heart and soul of the American Red Cross. It is a grassroots organization. And we need to free up those chapters so that they can focus on the mission and avoid having each local leader focusing on things like finance, payroll, and accounting systems.

We're also reducing expenses in a variety of other ways, to adjust that \$209 million dollar deficit that I mentioned. We're reducing travel expenses, telecom expenses, vendor costs. We're even renting out floors from our headquarters building. We had to lay off over a thousand people at headquarters

and over 350 people in the field, ensuring that it has no impact at all on our mission or on the people that we serve. And I know, given this economy, that all of you are used to hearing stories like this. You're used to hearing about cost cuts. You're used to hearing about headcount reduction.

But just pause for a second and consider the implications of this in the non-profit world. Employees join non-profits because they truly want to make a difference in the world. They're drawn to the mission. They want to give back. In short, they're humanitarians. So imagine in that environment how painful it was to see your fellow employee lose their job. This was extremely difficult for us. And it is my fervent hope that we won't need to make these kinds of cuts again.

We've also made some tough decisions that caused every employee to have to make sacrifices — freezing merit increases for all of our non-union employees, suspending our 401K match, closing off our pension plans to any employees that joined the American Red Cross after July first. And you know what? I haven't heard a single complaint. Employees, in fact, have reached out to thank me. The feeling is that people would rather sacrifice a pay increase than seeing a colleague lose their job. And this was just one of those unexpected surprises that come from falling down the rabbit hole, I suppose.

I'm very proud to say that because of the collective efforts of the entire organization, we drove down that \$209 million dollar deficit to \$50 million dollars in just one year, an extraordinary achievement. That's actually \$86 million better than where we thought we would be at this point. And we're working very hard to try to balance the rest of the budget for next year.

And that actually brings me to the third key factor. Non-profits have to find new ways to raise money and to engage their donors. We've been working very hard just to do that at the American Red Cross. In September, in the heart of hurricane season, we launched a \$100 million dollar campaign to replenish our depleted disaster relief fund. This was certainly an audacious goal, considering that the disaster relief fund was actually empty when we started.

In just nine months, we surpassed that goal. I'm delighted to report that we raised \$95 million dollars in cash, and \$15 million dollars in in-kind donations in the most challenging economic times in a quarter of a century. How did we do that? Well first, the field and headquarters teamed flawlessly to approach our large donors. The fields are also using state coordinators so that they can share best practices around the country. We're using Blue State Digital (and that's the digital media agency that worked to raise funds for the Obama campaign) in order to make a stronger push online. We were able to raise \$1 million dollars online with Blue State Digital in just three weeks. And the average donation size was less than \$100 dollars apiece.

We're using grassroots techniques like the National Day of Giving, during which time we sent all the chapters out into the street, everyone in headquarters out in the street to start raising funds. And they did everything from bake sales, to public service announcements in local athletic events. And on that day alone, we raised \$850,000 dollars. In other words, we used a combination of tactics from good old-fashioned community outreach to digital media.

And what we learned is, the key is to set your sights very high and try lots and lots of different approaches. And we are thankful for every single dollar that was donated, and sorely needed to assist the victims of the disasters of 2008. the generosity of the American public never ceases to amaze me.

I also have to thank members of Congress who allocated up to a hundred million dollars to the Red Cross to cover the unusually heavy costs that we incurred in 2008. We are not a government agency. And our funding comes from private donations. But in this crazy year, we needed help from our government, and we are grateful for their response.

We're heading into this next fiscal year with limited funds. But we are absolutely in much better shape than we were this time last year. We're now raising money to respond to disasters in the months ahead. Our goal is not to just raise money episodically during a disaster, but it's to ensure that we have the funds to respond *before* disaster strikes.

We respond to 70,000 disasters every year. And we spend, on average, \$500 million dollars annually to do so. And, by the way, the National Weather Service is predicting a normal hurricane season. And that means that there are going to be four to seven hurricanes, and one to three of them will be major ones. And regarding major disasters, a big lesson that we learned during Katrina is that building relationships with other non-profits in the community is absolutely essential to help serve people in need. We built relationships with local churches, synagogues, mosques. We're partnering with community organizations like A Hundred Black Men, the NAACP, other agencies like Salvation Army, Southern Baptist Convention, Catholic charities. Our model is to be collaborative. Our model is to be inclusive. And our model is to be diverse. It really does take an entire community to be able to respond to a major disaster.

We need the support of our partners and the American public now more than ever. Our donors are telling us that it's harder and harder to give right now. But they're also telling us that it feels better than ever.

Fourth way for non-profits to survive in these turbulent times is to embrace new tools. Disaster victims, volunteers, financial and blood donors want

information quickly. And they rely on new forms of communications in order to get it. And the nightly news and newspapers are obviously a very important fabric of communications. But more and more people of all ages are getting immediate information from the Web and from their phone. Non-profits have to embrace these new forms of media.

Now, this probably sounds to you like a complete obvious set of statements that I just made. But again, pause for a moment. We are a 128 year-old institution. So don't underestimate the massive change in mindset that this requires. We are not Google. We are not Apple. But we realize it's essential to embrace new technology. And we are leveraging it each and every day. We are Tweeting. We are all over Facebook. I am personally blogging. These tools can carry multiple messages to either a firm or an institution's constituents. But more importantly, they also can connect constituents to each other.

When I got my MBA, I was taught in marketing that there are two different kinds of models — business to business communications, and business to consumer communications. But while I was teaching at Harvard Business School, I realized that the most important communications is actually consumer to consumer. Consumers trust each other.

Think of your own habits. You probably get on the Web before you buy a book, go to a movie, go to a restaurant. Consumers want to talk behind the institution's back. They want to talk about our brands. And we have to facilitate that conversation.

I mentioned earlier that Blue State Digital helped us raise a million dollars online. They've also helped us to connect our donors and our volunteers together. They helped us do an essay contest where you could actually write, in 75 words or less, why you love the American Red Cross. And they posted those so others could enjoy them. They also helped our donors match gifts from other donors. They had us all over Facebook. There was a mad viral frenzy when Target put up \$3 million dollars and said, "We are going to give this out proportionally by votes to these ten charities." And everyone was clicking like crazy. We got \$794,000 dollars, 26.6% of the vote, all because of viral communications. It was amazing.

We've also sent emails with tips to prevent the spread of the H1-N1 virus. We had a lot of fun sending emails from Heidi Klum, the runway model, and Robinson Cano, who is the second baseman for the New York Yankees, about taking CPR training. There are great pictures of them taking the training.

And these activities have brought us 9,000 new donors. Six percent of them committed to sustainable giving, meaning that they would give \$20 dollars at least each and every month. But as importantly, it shows that despite many



challenges, a 128 year-old institution can participate in the digital age. And this brings me to the final key success factor in these times, which is, keep looking to the horizon.

Cost consciousness is definitely a critical element for non-profits. But it's just going to take you so far. We often need to ensure that we look towards the future to stay relevant and to grow. Couple of weeks ago, I met with the senior leaders from our major chapters across the country. And we conducted a series of brainstorming exercises. I provided the group with a picture of what I thought the world might look like in the year 2020.

Now, I tend to be an optimist. So my 2020 vision is extremely rosy. But I painted a picture where the population is shifting and America is embracing diversity, where most schools and most businesses have, as a requirement, that their students and employees volunteer, that Detroit develops a smokin' hot electric car that takes the world by storm, that jobs are created in the alternate energy sector, and hundreds and hundreds of people are finding work because of it. The Dow is at 17,000. It's possible.

Anyway, you get my drift. I asked the groups to generate ideas that would help the American Red Cross grow and prosper during this kind of time. And the ideas that they came up with were creative, wild, wacky. And they truly showed out of the box thinking. The exercise had me thinking of creating my own futurist group composed of volunteers that will help us keep our eye on the horizon.

You know, you can easily imagine a world where the Obama Administration's United We Serve initiative is the beginning of a whole new era of volunteerism and service, where a culture of service extends from the retired baby boomer to tomorrow's teens. The power of volunteerism is absolutely incredible. Through volunteerism, you can change the lives of others, starting with your own.

As Ralph Waldo Emerson once said, it's one of the most beautiful compensations of this life that no man can help another without helping himself. In the last year, I have seen example after example of that at the American Red Cross. I go to a lot of our blood collection sites. I met a woman who donates blood because she has a third year-old child with leukemia. And she gets a lot of blood transfusions. I met a man whose best friend was in a car accident and had twelve blood transfusions. And this is the way he gives back.

I actually met a man in his sixties who had donated 49 gallons of blood. And when I asked him why he would do such a thing, he said, "It's because I love the American Red Cross. And it's the right thing to do." I met a mother who thanked me for how the Red Cross helped her in her time of need when she lost

her son in Afghanistan. I also had the privilege of attending a Wal-Mart store meeting where there were thousands of store managers. And I tested out the following. I was told that one in five people in The United States have been touched by the American Red Cross. So I asked the store managers, "Stand up if you've donated blood. And raise a hand if you've had CPR training. And raise a hand if you've had lifeguard training."

You know, on and on, I ticked through every single element of our mission. And when I was done, as far as the eye can see, thousands of people in the audience were standing with both arms up in the air. It literally took my breath away.

I also have to tell you that I had the privilege of being with our volunteers during Ike and Gustav. It was amazing. I was on an emergency response vehicle. I was wearing a Red Cross T-shirt. And for hours, I was ladling out chili for people in the community that had lined up as far as the eye can see to get their first meal after they had lost everything. I went straight from that experience to an airplane, still in my Red Cross T-shirt. And I have to tell you, I smelled. I smelled from chili. I smelled from perspiration. I was afraid they were going to have to evacuate the plane as I was walking down the aisle.

And you know what? They didn't evacuate the plane. People were touching my arms because they could see my T-shirt. And they were thanking me for helping them in the state of Texas. I heard this all the way home, literally until I went in the front door of my apartment, where my doorman said to me, "Thank you, Mrs. McGovern, for serving our country." I have never felt that proud of being part of an institution in my entire life.

These are certainly extraordinarily difficult times for non-profits, for businesses, and for families across our nation. But I believe that if we focus on our mission, if we are outstanding stewards of our donors' dollars, if we seek new ways to engage our donors, if we leverage new tools, and if we keep our eyes on the horizon, we will weather the storm. When times are rough, the country needs us more than ever. And that's when we are at our best. Thank you. (Applause.)

**MS. LEINWAND:** Okay, we've got a big pile of questions here. So we'll get started with those. Do you expect non-profit donations to pick up as soon as the U.S. economy does? Or will Americans be accustomed to giving less?

**MS. McGOVERN:** Well, as I said, I am so taken aback by the generosity of the American public. And when non-profits seek their help, they tend to be right there to help. And I believe that when the economy bounces back, that people will reach into their hearts and their wallets and even their veins, and continue to help non-profits serve the rest of the country.

**MS. LEINWAND:** Given all the leadership tumult in recent years at the Red Cross, why should I choose the organization to receive my charitable dollars?

**MS. McGOVERN:** Well, I'm going to twist the question around and answer the following, which I get all the time, is, "Are you planning on being there for awhile," which I think is really the crux of your question. I think they're going to have to drag me out of the American Red Cross. I truly have fallen in love. You will find my fingernails scratched across the desk when they pull me out. And I actually had one employee that said to me, "So you're going to be here a long time?" And I said, "I intend to." And she said, "For twenty-five years?" And I said, "I will be 81 then, and I doubt I will be here then." But I'm hoping that with this fabulous management team that we have and the talent at the American Red Cross throughout the entire organization, the passion and the commitment, that the tumult will have stopped and that we will be *the* charity of choice for people to give their dollars.

**MS. LEINWAND:** What types of steps are you taking to regain public trust?

**MS. McGOVERN:** I feel the best way to gain public trust is through action. And you mentioned in your opening remarks, Donna, that we performed well in Gustav and Ike. We, in my opinion, performed flawlessly. At one point, we had 60,000 people in our shelters. We served eight million meals in just sixty days. And the press didn't make a peep, and that's because we really were there and we did the right things. And we did this despite accelerating costs. And I think that's the way you gain the trust of the American public, by serving the mission, by no missteps. And that's the way people will continue to trust the American Red Cross brand.

**MS. LEINWAND:** Did that performance translate into an uptick in donations?

**MS. McGOVERN:** It certainly did. I believe that that's why we were able to raise the \$100 million dollars for the disaster relief fund in just nine months. That was extraordinary. It exceeded our wildest dreams. I have to tell you, it was one of the craziest things that I have ever done, launching a campaign with zero dollars starting out. And, as I said, the American public came through for us. And the gifts were amazing.

**MS. LEINWAND:** Do you think Obama's focus on encouraging public service will translate into more donations for the Red Cross and other charities?

**MS. McGOVERN:** I think that not only will it translate into more donations, but it's going to translate into more volunteers. I mentioned that we have over half a million volunteers at the American Red Cross. And we do what we do in an efficient way because we have a volunteer force. So I'm very optimistic that it translates into donations, and I'm also very optimistic that it will translate into additional arms and legs for non-profits. Because volunteerism is really the engine that makes us the American Red Cross.

**MS. LEINWAND:** What are blood donations like as compared to monetary donations?

**MS. McGOVERN:** Meaning, what's it like to donate blood?

[side remarks]

Those are incredibly valued as well. We provide 43% of the nation's blood supply. And it's a very important element of our mission. So when people donate blood, it's an amazing gift. And we estimate that for every single unit of blood that is donated, that it can save up to three lives. So it's a very important piece of our mission and something that we welcome people to participate all over the country.

**MS. LEINWAND:** So you're speaking to a room full of reporters on deadline. And someone from the audience asks, has the Red Cross ever thought about ways to speed up the blood donation process as a way to entice busy potential blood donors?

**MS. McGOVERN:** Well, part of the blood donation process is the filling out of the patient history form. And that's really the key to make sure that our blood supply is safe. So we ask a lot of questions. And each and every question is there for a reason. We do so to make sure that the blood that we provide hospitals for their lifesaving mission is absolutely safe. So that part probably won't be shortened.

The technology is in the way of being able to extract the blood quicker. But having said that, if you make an appointment when you go to a blood drive, it'll cut some of the time down. And our goal is to get people in and out as quickly as possible.

**MS. LEINWAND:** Just as long as you don't eliminate the cookie portion. What have you done to fix the problems managing blood donation, storage, and distribution that resulted in the fines?

**MS. McGOVERN:** So we are spending an incredible amount of time ensuring that our blood products are safe. And over the last eighteen months, we've consolidated testing. We've consolidated manufacturing. We've seen a 33% decrease in problems and a 51% decrease in problems that are severe. So we are spending a lot of calories to ensure that the blood supply is safe.

**MS. LEINWAND:** You came from a background in corporate America. How do you approach managing a non-profit different from managing in the corporate sector?

**MS. McGOVERN:** So I do come from corporate America. I also have a lot of experience in philanthropy. I was on the board of Children's Hospital. I'm also on the board of Johns Hopkins University. And I would describe leading in a non-profit environment very similar to a business environment. You want to make sure that you set goals. You want to make sure that you have ways to measure the goals. You want to make sure that people understand what's expected of them. And you give them feedback regularly so that they understand the mission and what you're trying to accomplish.

I would say the biggest difference is that the American Red Cross has heart. It has an incredible amount of heart. And that passion and that commitment, coupled with the talent, really makes it a pleasure to lead in the non-profit space. I said on the outside, this is absolutely the best job that I have ever had. And I feel in a lot of ways that I have been training to do this my entire life.

**MS. LEINWAND:** So now that you're on the other side, what is it that corporate America could learn from a non-profit?

**MS. McGOVERN:** That is a great question. So I'm actually going to repeat my answer, but in reverse order. I believe that all human beings want to be part of something that is bigger than themselves. And every institution actually has a higher purpose. You have to seek it. And so my advice to the corporate sector is to ensure that the employees understand their higher purpose, understand how they fit in, and that they lead with a little bit of heart as well.

**MS. LEINWAND:** Can you describe your relationship with the board of directors? Has the cold war thawed a bit?

**MS. McGOVERN:** I am so glad you asked that question. I have the best board. I have the dream team on our board of governors. And they made some very difficult decisions before I arrived to have some governance reform, which caused them to shrink the size of the board. Our board of governors are smart. They're a fabulous sounding board. I am on the phone with them regularly. I enjoy every interaction with them. We have great business minds. We have

entrepreneurs. We have philanthropists. It is one of the reasons why I love this job so, and quite frankly, it's one of the reasons why I agreed to join the American Red Cross. And our chair is phenomenal. She is just amazing, Bonnie McElveen-Hunter.

**MS. LEINWAND:** How much of the Red Cross's deficit is related to the economy? And how much is related to other factors, such as management deficiencies?

**MS. McGOVERN:** So the \$209 million that I described when I first came to the American Red Cross existed before the economy entered into a recession. I would say that a lot of it was just making sure, as I said earlier, that we looked at everything we did through the lens of our mission, and made sure that we removed any extraneous activities. I would say that the \$50 million dollars that we are now having as our gap, that is largely due to the economy. We are assuming that donations will be down somewhat. And that is very much baked into our activities. And it is impacting us, as you would suspect. But the last dollars are the hardest to find. But we are bound and determined to have a balanced budget in the fiscal year, 2010.

**MS. LEINWAND:** You, like most non-profits, have had to scramble for monetary donations. How about for volunteers? Do you have a surplus? A shortage? And tell us about their quality.

**MS. McGOVERN:** We have the most remarkable volunteers. Having spent a lot of time with them, they are truly extraordinary. All of our boards, our local chapter boards are all volunteers. The people that served in Ike and Gustav came from 40 different states and dropped everything to help people in need during that disaster. And we can always use more volunteers. The country can always use more people that are stepping up to serve. Our volunteers come from every walk of life, from every age, from every demographic, from every educational background. They're a pleasure to work with. And I would encourage anyone that wants to give back to consider doing so with the American Red Cross.

**MS. LEINWAND:** So how are your numbers? Do you have a shortage or a surplus?

**MS. McGOVERN:** Well right now we have what we need. However, we can put anyone to work that wants to volunteer. I am serious about that. So we are very prepared during this upcoming hurricane season. And we feel like we're going to be in very good shape. But having said that, we would love anyone to become part of the Red Cross family. And we will put anyone to work, whether it's for an hour or to spend three weeks at a disaster. We welcome as many

volunteers as possible. But we do feel that we're going into this hurricane season very well prepared.

**MS. LEINWAND:** Are there particular skills or people who speak particular languages that you're most in need of?

**MS. McGOVERN:** Well, we welcome diversity. And that's very important as we go into various, different communities. In terms of the skills, if you have a heart, if you want to help, if you want to give back, if you can be a shoulder for people to cry on, if you can give a hug, then you can be a volunteer for the American Red Cross.

**MS. LEINWAND:** What percentage of your donations are small versus large? What's the average donation size?

**MS. McGOVERN:** So when it comes to individual giving, the average donation size is probably about two, three hundred dollars. But a large number of our gifts come from big donors, big corporations, and big foundations. And they step up for us all the time. So when I look at those gifts, they range from \$250,000 up to the Wal-Mart gift, which was \$5 million dollars. So it depends on which segment of the market that you're looking at.

**MS. LEINWAND:** The essence of marketing, someone in our audience asks, says is consumer to consumer. How do you utilize that in marketing the Red Cross?

**MS. McGOVERN:** Whoever asked the question, I could not agree more. And people that don't facilitate that conversation between consumers and consumers, actually I believe are at risk of having their brands hijacked. Because people will have that conversation, whether you're engaged in it or not. And so at the Red Cross, we are seeking ways to really create a movement of people that want to be part of the American Red Cross. It's a little bit retro, because years ago, you did actually join the Red Cross. And we would like to create a movement where people meet each other, where they social network, where they talk about their volunteer experiences or the experiences that they had in classrooms.

And as I mentioned, we're working with Blue State Digital to make sure we facilitate that conversation, because when donors talk to donors, it's extraordinary. We have a Facebook page just for blood donors. And if you read some of the stories on there, it's really phenomenal what people will do to help each other out.

**MS. LEINWAND:** Can we friend you on Facebook?

**MS. McGOVERN:** All right, so I have a Facebook confession to make. I was on Facebook. But I have so many people reaching me through email, through blogging, through everything else, that I actually took my account down. But I am thinking of putting it back up, because I do get that question quite a bit. So keep an eye out for me. And when I do bring it back up, you absolutely can all friend me.

**MS. LEINWAND:** Okay. Well, we'll move on to the Swine Flu, also known as H1-N1. Has planning for Swine Flu become a bigger priority than planning for a natural disaster such as a hurricane?

**MS. McGOVERN:** I would say they're equal priority, and in some ways, that they're linked. We are in communications with the CDC on a regular basis to make sure that we are there to help disseminate information, that we can do community outreach to make sure people understand the best way to prevent the spread of the virus. We also are talking to them about preparedness in terms of how we would shelter if there was a spread of H1-N1. So we are focusing probably equal amounts on both. And our plan is to be there when the CDC needs us, to make sure that we educate the country, whether it's good old-fashioned grassroots tear sheets that we bring out into the community, or posting information online.

The email that I mentioned earlier on the H1-N1 virus and preventing its spread actually had 36,000 clickthroughs just in the first couple of days. So we're very much about making sure that the country is prepared to deal with the virus.

**MS. LEINWAND:** How vulnerable would you say that country is to a Spanish flu-style outbreak of H1-N1? And is there something that people should be doing that the Red Cross is recommending that folks do now?

**MS. McGOVERN:** Well, the question of vulnerability is probably better posed to a medical health professional or somebody at the CDC. But in terms of preventing the spread of virus, it's washing your hands a lot. It is making sure that you, when you're touching surfaces and when you're traveling, that you are constantly using hand sanitizers or washing your hands a lot. And we have a lot of tips to prevent the spread up on the website. And we would welcome listeners and readers to educate themselves to make sure that they can help prevent the spread of the virus.

**MS. LEINWAND:** Has the Red Cross defined exactly what its role would be under a worse case scenario with Swine Flu?



**MS. McGOVERN:** So first of all, it's education, and, as I mentioned, that we have agreed to educate the community. Because we are a grassroots organization, we have chapters and blood services locations all around the country. So education is a very important role. We also will be there to distribute, break down the vaccines if necessary, not to administer it, but to be the arms and legs in the community to make sure that the vaccine gets where it needs to be. And of course we are very focused on making sure that we have a good supply of blood, which of course is part of our mission.

**MS. LEINWAND:** Of course the Red Cross did well last year during hurricane Gustav and Ike. But they were not of the scope of Katrina. Is the Red Cross prepared if there's another Katrina or major natural challenge of that scope?

**MS. McGOVERN:** Well, Ike and Gustav were almost the scale of Katrina. Didn't get the same kind of press coverage as Katrina. But as I said, we had 60,000 people in our shelters and served eight million meals in just sixty days. So it was absolutely a massive undertaking. And we are prepared for this hurricane season. We have 48,000 different shelter locations identified. We also will be able to feed one million meals a day if necessary. As I said during my comments, we learned that by partnering with different people in the community, that we can serve those in need in a much better way. And our partnerships are stronger than ever. Our relationship with FEMA is stronger than ever. So I feel that we are very prepared to deal with whatever comes our way.

**MS. LEINWAND:** Can you give us some examples of how disaster response has changed since hurricane Katrina, some lessons learned, if you will? And if a hurricane hit tomorrow, what could the victims expect from the Red Cross?

**MS. McGOVERN:** So in addition to learning that we had to have partnerships on the ground in the community, we have also gotten warehouses throughout the disaster prone areas with supplies there. And it is there and it's ready. And that is a very important element of making sure that we are prepared. We also need to educate the American public which we do on an ongoing basis, that they should be prepared as well, particularly those in disaster prone areas, that they should have a kit, that they should have an evacuation plan, that they should stay informed with maybe a battery-operated radio. So preparedness is a key where we need people in the country to be prepared.

We need employers to be prepared to make sure that they have evacuation plans. Everyone should have a contact list. Who's going to pick up my kid if a disaster strikes? Where are we going to go? What is our evacuation plan? So we are constantly educating the public to take those three steps — have a kit, have a

plan, and stay informed. And that will go a long way in helping the nation be prepared.

**MS. LEINWAND:** As a disaster reporter for *USA Today*, I've seen a lot of really, really strange in-kind donations on disaster scenes, including a pair of snow skis during a hurricane in Pensacola. So I'm wondering if you could tell us what kinds of in-kind donation you could most use in one of these situations. And is there anything you can't use?

**MS. McGOVERN:** Well, first of all, what we really can use during a disaster, is financial donations. We also get a lot of in-kind donations from our large corporate donors. So we get water. We get snacks. We get food supplies, that sort of thing. I don't think we have much use for a use of snowshoes in Pensacola. So I would just suggest that people use some common sense when they consider what kind of in-kind donations that they want to make. Please don't drop off your dirty laundry. People probably don't want that. But we welcome any kinds of gifts that we can get. And if your listeners and readers just use good old-fashioned common sense, I think that will drive them to figure out what sort of in-kind donations people might need.

**MS. LEINWAND:** How should in-kind donations be made?

**MS. McGOVERN:** So generally, in-kind donations are made by dropping things off at our chapters, and also by bringing things to our shelters. Again, we welcome any kind of donations that people want to make. But the easiest kind of donation for us to handle, as you would suspect, is a financial donation, and also volunteers. That's an in-kind donation of headcount that we can always use during a disaster.

**MS. LEINWAND:** Does the Red Cross still have any involvement with victims of hurricane Katrina?

**MS. McGOVERN:** So we have some funds that we use for recovery, because Katrina was an unusual circumstance where we actually raised more money than we needed to do disaster response. So we are very engaged in recovery programs in Katrina. We're helping people rebuild their homes. We're in the communities there, which were hard struck. And so we are engaged in a number of recovery programs in the community.

I had the privilege of visiting a number of families that were able to get these recovery funds and rebuild their homes, and jump start again in their communities. And it was on the one hand most gratifying experiences that I have had since I have been at the American Red Cross. I have very few pictures in my

office. But some that I have are pictures of these families, just giving us hugs and thanking us. It was really extraordinary. So that's our involvement.

**MS. LEINWAND:** How do you protect the Red Cross from fraud, like the type experienced during hurricane Katrina, when people who weren't victims claimed disaster assistance?

**MS. McGOVERN:** So during Ike and Gustav, we focused mainly on mass care, meaning keeping our shelters open, making sure that people had a roof over their head, and that they had meals. And that was our main focus. And therefore, there wasn't a lot of fraud. But having said that, you read about the dark side of human nature. And what you don't read about are the thousands and thousands and thousands of people that are honest and that aren't committing fraud. So I believe that not only is the American public generous, but the American public is also extremely trustworthy. And this is not something that I wake up in the middle of the night worrying about.

**MS. LEINWAND:** The former Secretary of Homeland Security, Michael Chertoff, developed a plan to embed reporters during natural disasters. Is this a good idea?

**MS. McGOVERN:** Yeah, I welcome reporters to cover what we do during a disaster. I welcome reporters to volunteer during a disaster. I think they would be absolutely amazed at what the Red Cross and our partners do when the country needs us. I think we'd make a great reality TV show, actually. So I think it's a great idea when the American public can learn whatever they can learn. And I would welcome the coverage. It helps people understand our mission. It helps people be generous at the Red Cross. And I think it would astound and warm the hearts of their readers to see the incredible, heroic, extraordinary feats that people will go through to help each other out.

**MS. LEINWAND:** You've talked about the work the Red Cross does in the U.S. What is your group's role in the Red Cross work internationally?

**MS. McGOVERN:** So we are part of the International Federation of Red Cross and Red Crescent Societies. And there are 186 members. Believe it or not, collectively, we have 97 million volunteers. It is the largest humanitarian effort in the world. And we work with our sister organizations in case there is a global disaster. So, for example, during the earthquakes in China, we had people on the ground in China. We coordinated sending over tents for temporary housing. During the tsunami, we coordinated with our sister organization to make sure that they got funds that the American public was so generous with. So we're part of the Federation. We work very closely together. We have great relationships. I

have met many, many of my colleagues. And we are very proud to be part of this worldwide humanitarian organization.

**MS. LEINWAND:** We are almost out of time. But before I ask the last question, we have a couple of important matters to take care of. First of all, let me remind members of our future speakers. On July 24th, Congressman John Conyers, a Democrat from Michigan, and chair of the House Judiciary Committee, will speak during a luncheon. On July 27th, Congressman Barney Frank, a Democrat from Massachusetts and chairman of the House Financial Services Committee will be here. And on July 29th, Senator John Kerry, a Democrat from Massachusetts and chairman of the Senate Committee on Foreign Relations will speak at a luncheon.

Second, I'd like to present our guest with the coveted NPC mug.

**MS. McGOVERN:** This is coveted, Donna. Thank you so much.  
(Applause.)

**MS. LEINWAND:** And we have time for two questions, so. First of all, give us a little bit of a day in the life of a disaster volunteer, since you experienced that last year. Do you have to be retired or unemployed to be able to travel on a moment's notice? Who does this sort of thing?

**MS. McGOVERN:** So a day in the life, first of all, is remarkably physically demanding. So I will describe my particular day. We first went to a very large empty parking lot where there were kitchens that were capable of making 45,000 meals a day, if you can believe that. These were industrial grade kitchens, and people were standing there cooking in absolute blistering heat and taking vats of this chili that I described and loading them onto emergency response vehicles.

And this took a lot of arms and legs. And a number of our volunteers, frankly, are senior citizens. And I was in awe of their biceps. I mean, these people were fit, and they were just putting these vats of food on the trucks. We drove into the community, and I remember turning to the volunteer and saying, "I don't get how this works. Like, how do they know we're here?" And he said, "Just watch." And we stopped on a corner. And from out of nowhere, people came. People understood. There's a big sign on the side of our emergency response vehicle that says, "All this food is free." And people just came from, I can't even describe how many different places. The line was blocks-long. There were children. They were elderly. It was extraordinary looking in the eyes of people's faces who had just lost everything, and their faces were mixed with despair, but also gratitude. It was remarkable.

I had a person that wanted to come and snap pictures. And I was very uncomfortable about this. So I said, “Look — you can come for the ride, but I don’t want pictures.” Within about ten minutes, this guy got out of the emergency response vehicle, and he was handing out water and food. It absolutely gets under your skin. When you help others, you really are helping yourself.

And in terms of who can volunteer, we have special volunteers that go into these major disasters. And we like them to volunteer for three weeks at a clip. But we have volunteer opportunities, I mentioned that we respond to 70,000 disasters every year. And we have people that are on pagers that just follow-- or a fire department to give people comfort, to give them help to make sure they have a roof over their heads that night, to get them clothing. So anyone can volunteer.

And as I said earlier, I have seen people of every walk of life volunteering. I’ve seen retired couples. I’ve seen young students. I’ve seen people in every age and bracket in-between. And a lot of large companies are now committing to volunteer hours. So if you read the annual reports, you’ll see that a lot of firms are willing to train volunteers and send them into disasters. So all kinds of people are there to help each other out.

**MS. LEINWAND:** And for our final question, someone in the audience asks, are you related to former senator, George McGovern? And if so, will you admit it?

**MS. McGOVERN:** McGovern is my married name. And my husband’s family all comes from Tennessee. And if I were related to the Senator, I would definitely admit it.

**MS. LEINWAND:** Well, I’d like to thank you for coming today. I’d also like to thank National Press Club staff members, Melinda Cooke, Pat Nelson, JoAnn Booz and Howard Rothman for organizing today’s lunch. Also thanks to the NPC Library for its research.

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Thank you very much and we are adjourned. (Gavel sounds.)

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