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CASE STUDY 11

Introduction

The Red Cross was founded in 1881 by Clara Barton, as described in her own words, "to afford ready succor and assistance to sufferers of national or widespread calamities." Over the next century the Red Cross became America's premier, nonprofit disaster-relief organization with much of its work accomplished through volunteers in its 1034 local chapters across the United States. Today as a huge \$3 billion, quasi-governmental agency, it operates under a congressionally mandated charter and is governed by a fifty-person board made up of several appointed senior federal officials.

In 1999, after an extensive national search, the Red Cross selected Dr. Bernadine Healy to succeed Elizabeth Dole as its president. Publicly at least, Healy was chosen because she "knew blood." Though, as one board member added, we hired "a change agent for a culture resistant to change." After eight years of listening to the Red Cross promise to reform and upgrade the safety of its blood-testing procedures, the Federal Drug Administration (FDA) obtained a court-ordered supervision decree over the Red Cross's blood-testing processes in 1993. Under Dole's presidency, significant progress at improving its blood testing had been achieved. Nonetheless, by 1999 the Red Cross still remained under FDA court-ordered supervision, and its Atlanta chapter had recently been cited for a number of testing violations.

In many ways, Healy was an ideal candidate to assume the Red Cross presidency at that particular moment. As a Harvard Medical School Graduate, she "knew blood," and as a former head of the National Institutes of Health and dean of the Ohio Medical School, she possessed impressive administrative credentials for managing large, complicated health-related facilities. Moreover, she had just survived a life-threatening brain tumor operation and therefore wanted badly to serve as Red Cross president in order "to do good" and make a positive difference for society. Yet, despite all these "pluses" that she brought to the job, within two years Healy was forced to resign.

As you read the following story by *New York Times Magazine* writer Deborah Sontag, try to think about how it relates to Lois Wise's foregoing conceptual essay on public service motivation.

What motivated Healy to accept the Red Cross presidency? Would you judge these motives to be in line with "public service motives" as described by Wise?

How would you characterize "the traditional" Red Cross organizational culture? Its values? Outlook? Do you think this culture also "squared" with the "public service values" outlined by Wise? What were the essential sources of differences between the public service ideals professed by Healy vs. the Red Cross volunteers?

In your view, was Healy well enough informed about the Red Cross culture prior to accepting the presidency? Likewise, was the Red Cross knowledgeable enough about Healy's managerial style prior to hiring her? What would you recommend both the potential employee (Healy) and employer (the Red Cross) do to ensure "a better fit" during the recruitment and selection process?

Ultimately, what were the chief causes of Healy's forced resignation? In retrospect, might you suggest some specific strategies that Healy could have used to better "read" and then "accommodate to" the traditional Red Cross culture? If she accepted your recommended strategies, what personal behavioral as well as value changes would Healy have had to adopt?

Generally do you think the notion of "public service culture" as advanced by Wise has relevance to this case study? Does it offer practical advice for resolving conflicts apparent in this case? If so, how and in what ways? If not, where would you amend or revise that concept?

Who Brought Bernadine Healy Down?

DEBORAH SONTAG

The vast, empty foyer of the American Red Cross's stately headquarters in Washington seemed as remote from ground zero as white marble from rubble. That was my inescapable, if facile, thought as I glided up the Tara-like central staircase one morning in early November. The holy hush was misleading, though. It gave no hint of the passionate, even viperous intrigue that was playing out behind closed doors. At a moment

From Deborah Sontag, "Who Brought Bernadine Healy Down? The Red Cross: A Disaster Story Without Any Heroes." *New York Times Magazine* (December 23, 2001) © 2001, Deborah Sontag. From *The New York Times Magazine*. Reprinted by permission.

when the Red Cross was supposed to be absorbed with ministering to a nation in crisis, it was confronting an internal crisis of its own making.

It had been just over a week since Dr. Bernadine Healy, 57, had announced her resignation under pressure as Red Cross president. I sat waiting for her in the president's office wing, which was still her domain but increasingly provided her little sanctuary. Healy, baldly showcasing her impatience toward Red Cross sanctities about tradition, had long displayed a saying attributed to Clara Barton above the mantle: "It irritates me to be told how things have always been done. . . . I defy the tyranny of precedent."

Sweeping into the room, Healy sank into a cranberry-colored chair and exhaled. Healy is a fine-boned, exquisitely tailored woman who, with her crisp blond coif and colorful blazers, looked more like the Republican senator she once aspired to be than a cardiologist who ran a humanitarian organization. That day, she was showing the jittery strain of the previous two months, in which she first commanded a huge disaster-relief effort and then suffered the humiliation of rejection by the Red Cross's 50-member board of governors. Under her severance agreement, Healy was supposed to stay on through year's end while the general counsel, Harold J. Decker, took over as acting C.E.O. But it was already getting pretty uncomfortable.

"I can't believe it," she said, a great sigh collapsing her small frame. "They've just fired my chief of staff. Poor Kate. They gave her a few hours to pack up and be gone. They want to get rid of us that badly?" Over the next couple of hours, there were many knocks at the door and sniffles outside it as Healy's assistants were reassigned, a first step toward their eventual firing. Healy, who had spent the previous day at a grueling Congressional subcommittee hearing, was agitated. She believed that the Red Cross might be seeking to deflect criticism—and avoid self-criticism—by scapegoating her. She could feel it coming, she said. The board was going to reverse course and blame unpopular decisions on her. Healy decided that day to pack up her office and return to her Ohio home as soon as possible.

It was a terribly intimate moment to observe, and Healy later said that she regretted I had been there. Her eyes watery, Healy had stared at a portrait of Barton, her heroine, who founded the American Red Cross in 1881. "You know Clara Barton was fired, too," she said, coughing up a dry laugh. "The difference is, she lasted 20 some years and I only lasted two. They got her on a trumped-up charge that she used lumber left over from a disaster recovery program in her home. It tarnished her reputation, although history ultimately redeemed her." Healy paused, hearing herself. "Not that I'm Clara Barton." She shook her head and rolled her eyes. "Far from it."

The Red Cross has come a long way since Barton established it "to afford ready succor and assistance to sufferers in time of national or widespread calamities." It now generates about \$3 billion in revenues a year as a quasi-governmental bureaucracy with a split personality. On the one hand, it is what Barton intended, a non-profit disaster-relief organization, and that chapter-based service side gives the Red Cross its identity as an icon

of volunteerism. But the Red Cross is also a blood business, which after a history of indebtedness and regulatory troubles has come to operate like a centralized corporation. Tensions between the two sides are echoed in other turf battles: between the 1,034 local chapters and the national headquarters, between veterans who believe their "mission" is good deeds and newcomers who believe theirs is good management and between the president and a board so big that Decker said his first impression was "politburo."

In a confidential memo to the board in late October, Healy bitterly described how the organization's internecine dynamic was summed up for her by another executive when she arrived in September 1999: "Red Crossers will give you the shirt off their back, but will as easily put a knife in your back."

All this makes the Red Cross a difficult, unwieldy institution to head. Since 1989, there have been three leaders and four interim leaders, counting Decker. Healy succeeded Elizabeth Dole, the first female president since Clara Barton. Dole spent much of the 1990's at the helm, taking a year off when her husband ran for president, then returning and eventually leaving to prepare her own presidential bid. The Red Cross board chairman, David T. McLaughlin, said that Dole's departure was "not terribly dissimilar" from Healy's. Dole "got out ahead of the game and stepped down," he said, "but she, too, left under some pressure," the result of combustible internal politics. Unlike Dole, McLaughlin said, Healy "more than brought on" her own departure, but both women were "fighting a culture, a culture that had grown up over a long period of time."

In two years on the job, the biggest disasters under Healy's watch as Red Cross president were Hurricane Floyd and Tropical Storm Allison. On Sept. 11, she stood outside on the headquarters' marble steps as snipers positioned themselves on the White House roof and, in the distance, smoke rose in blankets from the Pentagon. She knew in her gut that the day would have serious consequences for the organization that she commanded and for her personally.

McLaughlin would say later that Healy, the first physician-president of the organization, went at the initial Sept. 11 response "very clinically, and I have to say not emotionally. She was totally in action, on point." That intensity of focus, however, was not a quality of Healy's that was roundly admired within the Red Cross. Some thought her too driven and steely for an organization that they considered an affair of the heart. The previous Red Cross president, they say, had more of a