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## Case 4

**Livestrong: Cycling Around Lance Armstrong**

- 1 Doug Ulman, CEO of the nonprofit LIVESTRONG Foundation (LIVESTRONG), sat in his office in a renovated warehouse in Austin, Texas, surrounded by his leadership team in yet another “emergency” meeting. Phone calls, primarily from journalists, had been flooding in all morning, and Ulman and his team needed to return them. Reporters from the *New York Times*, the *Wall Street Journal*, *Fortune*, and other publications, all wanted to know what Lance Armstrong, the founder and public face of LIVESTRONG, was going to say in his televised interview with renowned talk-show host Oprah Winfrey, which was scheduled for the next day.
- 2 Ulman most dreaded returning the call from Leslie Lane, head of the Nike Foundation, one of LIVESTRONG’s biggest supporters. Despite the performance-enhancing drug (PED) scandal that had engulfed Armstrong over the last year, Nike had continued to support the foundation. Had something changed? Ulman and his team had to decide how to proceed and what conversations to have in the coming days to minimize the damage to LIVESTRONG from the controversy. Ulman knew that, on Oprah’s program, Armstrong would finally confess to doping. He worried that this admission, along with the controversial rumors that had plagued Armstrong for more than a decade, threatened the future and sustainability of LIVESTRONG. Ulman himself was a cancer survivor—most of LIVESTRONG’s employees were—and he knew the important work that LIVESTRONG had done. Ulman and his team could not stay locked in their offices ignoring the press, the public, and the nonprofit’s supporters. But how to proceed in addressing the further controversy that was at their doorstep, and how to keep this controversy from adversely affecting the millions of cancer survivors who had benefitted—and those cancer sufferers who would benefit in the future—from LIVESTRONG?

**LANCE ARMSTRONG**

- 3 World-famous cyclist Lance Armstrong was born in 1971, in Plano, Texas. His first athletic love was swimming, until his participation at age 13 in an Iron Kids Triathlon (which he won) sparked his interest in cycling. At 16, Armstrong entered the world of professional triathlons, winning a number of championships until turning professional in cycling in 1992. He immediately began winning one-day events and stage races, and chalked up his first Tour de France stage win<sup>1</sup> in 1993. Many wins followed over the next several years, and in August 1996, he signed a two-year, \$2 million deal with the French cycling team Cofidis.

Source: This case was prepared by Erika Hayes James, Senior Associate Dean for Executive Education and Professor of Business Administration, and Jenny Mead, Senior Researcher. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2013 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. To order copies, send an e-mail to [sales@dardenbusinesspublishing.com](mailto:sales@dardenbusinesspublishing.com). No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.

<sup>1</sup>The Tour de France, an annual 20-stage bicycle race in France and parts of adjoining countries, took place over 23 days and covered more than 2,000 miles. Because there were multiple stages, it was possible for a different rider to win each stage.

## Briefly Sidelined by Cancer

- 4 In 1996, the 25-year-old Armstrong was diagnosed with testicular cancer, which had metastasized to his brain, lungs, and abdomen. He underwent surgery to remove the brain tumors and a testicle, then had extensive chemotherapy. Armstrong was declared cancer-free in February 1997. At that point, the Cofidis team had dropped him, but the U.S. Postal Service team subsequently took him on at \$200,000 a year. In 1999, Armstrong had what was to be the first of seven consecutive Tour de France wins. In the 2005 Tour, Armstrong clocked the fastest pace in the race's history: an average speed of 26 miles per hour. Immediately afterwards, Armstrong announced that he was retiring from professional cycling. He came out of retirement in 2008 specifically to participate again in the Tour de France. While he saw some success in his return, Armstrong did not win another Tour and was plagued by falls and injuries, including a broken collarbone during a race in Spain. His final Tour ride was in 2010, with Team RadioShack. In early 2011, Armstrong announced that he was finished with competitive cycling.
- 5 In 2000, Armstrong chronicled his struggle with cancer in a memoir, *It's Not About the Bike: My Journey Back to Life*, which chronicled his struggle with cancer. He followed that with *Every Second Counts* in 2003, which covered his first several Tour de France wins as well as the birth of his twin daughters and being chosen *Sports Illustrated's* Sportsman of the Year in 2002. Armstrong had become, as the CEO of the American Cancer Society said, "the most famous cancer survivor in the world."<sup>2</sup>

## THE CONTROVERSY<sup>3</sup>

- 6 Allegations of doping had plagued Armstrong since his first Tour de France victory in 1999, when a French lab test detected traces of a synthetic corticoid in his urine. Armstrong's explanation was that he was using an authorized skin cream to treat saddle sores. Angry over the French newspaper *Le Monde's* intense interest in the controversy, Armstrong lashed out at the press, calling himself "persecuted" and a victim of "vulture journalism."<sup>4</sup> Rumors persisted over the years, but Armstrong continued to deny the accusations. He even mocked the rumors in a 2001 Nike television spot that showed him working out and riding, with his voiceover: "Everybody wants to know what I'm on. What am I on? I'm on my bike, busting my ass six hours a day. What are you on?"<sup>5</sup>
- 7 Right before the 2004 Tour de France, sports journalists Pierre Ballester (*Agence France-Presse*) and David Walsh (the *Sunday Times*) released a book called *L.A. Confidential: Les Secrets de Lance Armstrong*.<sup>6</sup> The book contained reputed incidents and events surrounding Armstrong's doping activities, but the most damning allegations came from Armstrong's former masseuse, Emma O'Reilly, who detailed trips to pick up and drop off doping material. Armstrong reacted furiously, suing the book's authors and its publisher.

<sup>2</sup>Chuck Salter, "Can LIVESTRONG Survive Lance Armstrong and a Doping Scandal?" *Fast Company*, October 18, 2010, <http://www.fastcompany.com/1693641/can-livestrong-survive-lance-armstrong-and-doping-scandal> (accessed January 31, 2013).

<sup>3</sup>For an extensive index of the Lance Armstrong doping controversy, see Laura Weislo, "Index of Lance Armstrong Doping Allegations Over the Years," *Cyclingnews.com*, January 16, 2013, <http://www.cyclingnews.com/features/index-of-lance-armstrong-doping-allegations-over-the-years> (accessed on March 20, 2013).

<sup>4</sup>Samuel Abt, "Armstrong Is Engulfed by a Frenzy Over Salve," *New York Times*, July 22, 1999, <http://www.nytimes.com/1999/07/22/sports/cycling-armstrong-is-engulfed-by-a-frenzy-over-salve.html> (accessed March 19, 2013).

<sup>5</sup>"Lance Armstrong's 2001 Anti-Doping Ad for Nike," YouTube video, 0:34, posted by "NewsPoliticsToday," January 16, 2013, <http://www.youtube.com/watch?v=v4nHQsrUrZg> (accessed March 19, 2013).

<sup>6</sup>The title translates to *L.A. Confidential: Lance Armstrong's Secrets*. The book was only published in French.

as well as the *Sunday Times*, which eventually settled, paying Armstrong (British pounds sterling) GBP300,000. In 2005, former personal assistant Mike Anderson publicly stated that he had found the steroid androstenone in Armstrong's bathroom. In 2006, former teammate Frankie Andreu and his wife Betsy claimed in a *Le Monde* article that Armstrong had admitted to them, in 1996, that he had used PEDs.

- 8 The chorus of critics and accusations continued. In May 2010, cyclist Floyd Landis, who had been stripped of his 2006 Tour de France title after testing positive for PEDs, and who had maintained his innocence, finally admitted to doping and told cycling officials that Armstrong had doped when the two of them were on the U.S. Postal Service team. Landis also filed a whistle-blower suit against Armstrong, claiming that "Armstrong and his associates defrauded the federal government by accepting roughly \$30 million in sponsorship money to bankroll a U.S. Postal Service Pro Cycling team that was fueled by performance-enhancing drugs."<sup>7</sup> The U.S. government began an investigation into the matter. In a 2011 *60 Minutes* interview, former Armstrong teammate Tyler Hamilton detailed Armstrong's use from 1999 to 2001 of erythropoietin, a performance-enhancing hormone. Other former teammates confirmed Hamilton's account, and this ground swell of accusations began to erode Armstrong's credibility.
- 9 In the meantime, the United States Anti-Doping Agency (USADA) had been investigating Armstrong and the U.S. Postal Service team. In June 2012, the USADA charged Armstrong with doping and trafficking of drugs, based on blood sample evidence from 2009 and 2010, and suspended him from any cycling events. Armstrong filed a countersuit, which was thrown out. Finally, in August 2012, Armstrong announced that he would no longer fight the charges. Shortly afterward, the USADA stripped him of his seven Tour de France victories and banned him from further competition in any Olympic sport. In October, the organization released a 1,000-page report about Armstrong and other members of the U.S. Postal Service team doping. The practice was referred to as, "the most sophisticated, professionalized and successful doping program that sport has ever seen."<sup>8</sup>

## LIVESTRONG

- 10 In 1997, with the help of his sports agent, Bill Stapleton, Armstrong established the Lance Armstrong Foundation to help and support people affected by cancer. The kick-off was marked by the foundation's first cycling race, which evolved into the Ride for the Roses (modeled on the Susan G. Komen Foundation's Ride for the Cure). With corporate and grassroots support, the nonprofit grew rapidly. Initially, it was focused on medical resources for patients, but the foundation leadership soon realized that many people contacting them were more interested in sharing their stories and getting emotional support. In 1999, the foundation shifted its focus to the area of survivorship: "programs and services aimed at easing the personal and practical hardships that come with cancer."<sup>9</sup>
- 11 Ulman, who had been hired in 2001, worked with the U.S. Centers for Disease Control and Prevention and the National Cancer Institute to study the needs of survivors. The three organizations awarded grants to various cancer centers that wanted to set up programs dealing with the aftereffects of cancer: relapse, long-term side effects of chemotherapy, and

<sup>7</sup>Liz Clarke, "Floyd Landis Whistleblower Suit Targets More Than Lance Armstrong," *Washington Post*, January 17, 2003.

<sup>8</sup>Statement from USADA CEO Travis T. Tygart Regarding The U.S. Postal Service Pro Cycling Team Doping Conspiracy," USADA's U.S. Postal Service Pro Cycling Team Investigation site, October 10, 2012, <http://cyclinginvestigation.usada.org/> (accessed March 19, 2013).

<sup>9</sup>Stephanie Saul, "Armstrong's Business Brand, Bound Tight with His Charity," *New York Times*, January 13, 2013.



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