

Broken Promises:

BP's Slide Backwards into Promotional CSR

By Wayne Visser

By 2000, John Browne, then-CEO of BP, felt the company had earned enough sustainability kudos to risk a major rebranding. The company reportedly spent \$7 million in researching the new 'Beyond Petroleum' Helios brand and \$25 million on a campaign to support the brand change. When Browne justified the exercise by saying 'it's all about increasing sales, increasing margins and reducing costs at the retail sites', perhaps more people should have tempered their expectations. Certainly Greenpeace wasn't duped, concluding at the time that 'this is a triumph of style over substance. BP spent more on their logo this year than they did on renewable energy last year'.

Antonia Juhasz, author of *The Tyranny of Oil* (2008), was similarly sceptical, claiming that at its peak, BP was spending 4% of its total capital and exploratory budget on renewable energy and that this has since declined, despite Browne's announcement in 2005 of BP's plans to double its investment in alternative and renewable energies 'to create a new low-carbon power business with the growth potential to deliver revenues of around \$6 billion a year within the next decade.'

Sceptics notwithstanding, Browne had earned his new title as the 'Sun King' and his reputation was not only being earned with green stripes. BP was also one of the first companies to declare their support for the Publish-What-You-Pay campaign. But success or failure is all about timing. If Browne had been a politician and had retired in 2003 after two four-year terms of office, he may still have been covered in glory, with his Sun King crown firmly in place. After all, he had turned BP into an oil major – perhaps even a competitor for Exxon Mobil – by creating a lean, mean, green machine. Instead, he hung onto power long enough to face the consequences of his own legacy of cost-cutting and rhetoric. As a result, between 2004 and 2007, the proverbial chickens came home to roost. Browne was left tarred and feathered.

On 23 March 2005, when an explosion and fire at BP's Texas City refinery killed 15 workers and injured more than 170 others. An investigation into the accident by the Occupational Safety and Health Administration (OSHA) ultimately found over 300 safety violations and fined BP \$21 million – the largest fine in OSHA history at the time. In 2007, in a separate settlement related to the explosion, BP pleaded guilty to a violation of the federal Clean Air Act and agreed to pay a \$50 million fine and to make safety upgrades to the plant. Two years later, in 2009, OSHA imposed an additional \$87 million in fines, claiming that the company had not completed all the safety upgrades required under the agreement and alleging 439 new 'wilful' safety violations.

In March 2006, BP was found to be criminally liable for a corroded pipe on Alaska's North Slope that leaked 200,000 gallons of oil. In August of the same year, another leak appeared and the entire Prudhoe Bay operation had to be shut down. During the investigation, a federal grand jury subpoenaed records from a Seattle engineering firm that had been hired by Alaska to evaluate BP's pipeline-maintenance record and uncovered a draft report that was highly critical of BP, but somehow turned into a final report that was largely complimentary. Member of Congress, Rep. Jay Inslee, concluded that BP had made a 'wilful, conscious decision' to 'quash that information from the public'.

By the time of Browne's undignified exit into the wings of BP history in 2007, he was widely criticised for the dual crimes of greenwashing and instilling a cost-cutting culture that was the root cause of BP's spate of safety and environmental incidents. Even the new CEO, Tony Hayward, a year before taking over, admitted that BP had 'a management style that has made a virtue of doing more for less.'

After taking over, Hayward quickly showed that he was not one for green rhetoric. Less than six months into the job, he announced BP's plans to invest nearly £1.5bn (\$2.3) to extract oil from the Canadian wilderness – the so-called Alberta tar sands – an action which earned it a Guardian newspaper headline as 'the biggest environmental crime in history'. Greenpeace claims that it takes about 29kg of CO2 to produce a barrel of oil conventionally, but as much as 125kg for tar sands oil. It also believes the production threatens a vast forest wilderness, greater than the size of England and Wales, which forms part of one of the world's biggest carbon sinks.

Two years later, Hayward's apparent 'back to the petroleum' strategy gained momentum when BP announced that it had shut down its alternative energy headquarters in London, accepted the resignation of its clean energy boss and imposed cuts in the alternative energy budget - from \$1.4bn (£850m) in 2008 to between \$500m and \$1bn in 2009. Bizarrely, Hayward used this occasion to stress that BP remained as committed as ever to exploring new energy sources. No wonder Grist journalist Joseph Romm responded with an incredulous rant: 'Seriously, they gut the program and claim it is "reinforcement" of their commitment. Perhaps BP stands for "Beyond Prevarication" or "Beyond Pinocchio".'

All of this history – the story of Browne, of Hayward and of BP – was like a dress rehearsal for the main event. I am referring of course to the catastrophic 2010 Gulf of Mexico oil spill. That is covered in more detail in my book, *The Age of Responsibility*. For now, many questions remain unanswered: Will BP's reputation recover? Will this prove to be the worst environmental disaster in history? Will we look back on the Macondo blowout as the inadvertent tipping point that ushers in a new low-carbon future? Students, professors and CSR wonks will study this case for years to come. But for the purposes of this blog, it is simply the latest drama in the BP saga – the story of a corporate leader in Strategic CSR, which managed to dethrone itself become a poster-company for Promotional CSR in an Age of Marketing.

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