

The BP paradox

The risks associated with short-termist communication strategies

HOUMA, La. - Coast Guard Capt. Joseph Paradis, commanding officer of Coast Guard Marine Safety Unit Morgan City, La., briefs Tony Hayward, chief executive of BP, on the Deepwater Horizon incident, Wednesday, April 28, 2010. // Photo : U.S. Coast Guard Eighth District External Affairs

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Controlling the opening moments of a crisis is crucial for any business. Initial responses often reveal whether businesses are able to manage unexpected events that may jeopardise the long-term future of their activities.

The way in which these opening moments materialise is all the more important today because, over the past few years our society has entered the 'instantaneous' era

Crisis communications often focus on this critical period. Despite extreme pressure, the company must issue the right response and rapidly communicate its messages to the media, the authorities, staff and clients, as well as in some cases, to the families of victims. Failure to do so will result in total loss of control.

The way in which these opening moments materialise is all the more important today because over the past few years our society has entered the 'instantaneous' era. Instantaneous information, instantaneous distribution, and a large increase in the number of information sources - all these factors increase a company's exposure to controversy and debate.

Yet, as we can see from analysing the BP case, it can be dangerous for a company to base its crisis or corporate communications on short-term objectives.

The BP paradox

When news agencies announced on April 20th 2010 that 11 or 12 people were missing following an oil rig explosion off the Louisiana coast (US), no one anticipated the extent of the oil spill that would hit the Gulf of Mexico.

The accident took place on the *Deepwater Horizon* rig belonging to Transocean and operated by BP. Despite some initial procrastination, BP quickly adopted a responsible attitude as can be seen from the announcements made by its CEO Tony Hayward. On 22nd April, he announced that "*we are determined to do everything in our power to contain this leak and resolve the situation as quickly as possible*" and on April 30th he explained that, "*BP assumes full responsibility for the oil spill*".

BP chose to adopt a communications strategy that showed clear public responsibility for the accident and a commitment to take whatever measures were necessary to manage the catastrophe. This is one of the approaches generally recommended in the event of a crisis because it establishes the company as a 'responsible business' – a

position that large corporations, particularly in a sector as sensitive as oil and gas, have taken years to build.

This strategy of taking responsibility at the outset of a crisis – which changes as time goes on – may seem an obvious tactic for any company that regularly communicates on its corporate social responsibility policy. However, in a crisis, the legal and financial risks associated with such a stance can often make this approach difficult to implement internally.

In France, the 1999 Erika crisis is still fresh in people's memories. In the eyes of the public, TotalFina shirked its responsibilities and dumped full responsibility for the incident onto the ship owner. The French petroleum group preferred to hide behind its "legal umbrella" rather than preserve its image.

On the other hand, in the *Deepwater Horizon* case, BP responded swiftly, taking the right communications decisions at the start of the crisis. Tony Hayward took responsibility. He wanted to show that his company had things in hand. He visited the site. The company deployed a whole raft of initial crisis communication measures. The firm used press conferences at its offices and press releases to maintain a regular flow of information. BP set up a special website

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(www.deepwaterhorizonresponse.com) incorporating threads and social network discussions. All these tools enabled the company to manage its communications smoothly and to give the appearance of interacting with internet users and also, to a certain extent, of transparency.

What was truly remarkable was BP's ability to mobilise people on the ground. Since May, over 3 000 employees have been sent to the site and thousands of volunteers have been trained by the Group. The firm orchestrated and coordinated activities with the local community. BP was on hand to respond to local applications from fishermen, to try to reassure them and provide information on the administrative procedures to follow.

BP took the centre stage and became the main point of contact for local communities. BP didn't want to leave room for anyone else (public authorities, local associations, NGOs, etc) to inform the locals. The company positioned itself as a source of useful and reliable information to the people directly concerned. That is exactly what is required to try to limit the uncertainties that arise at the start of a crisis. This same desire to control everything led the company to try to "manage" the thousands of reporters who flocked to the scene, to keep a lid on the number of hard-hitting images released, such as dying birds covered in crude oil.

Given the rapidity of the measures taken at the start of the crisis, a strange situation emerged: local fishermen, those hardest-hit by the catastrophe, adopted a relatively neutral stance towards BP. Certainly, the fishing industry and oil industry are the

region's two largest sources of employment. But the economic factor doesn't fully explain such a response. BP's involvement in developing relations with local communities was fundamental and it took years of long-term work between BP, the fishing industry and local authorities to reach this position.

It's clear that BP had everything ready to go should a crisis arise. Despite the size of the disaster, the situation appeared to be managed responsibly and the company was so convincing at the start of the crisis that even President Obama appeared restrained when referring to BP.

A strategy of reassurance that was too risky

In acting in accordance with communications principles, the company took a huge risk by being so reassuring.

However, this apparent control of the situation quickly crumbled. BP associated reassurance with its initial "responsible" communications strategy.

The company stated that the situation would be brought under control and

that the oil spill would cause minimal disturbance because, according to Tony Hayward, it was "*probably very, very small*". Even though the company was following standard communications principles, this tactic of reassurance represented a huge risk. Companies simply can't afford to speculate on the future in a crisis situation. You either have to say that everything is under control, because you have information that shows this, or if only partial information is available (often the case in a crisis), then communication must be more cautious and based solely on the existing facts. As such, the company's communications will be governed by the resources mobilised and the tangible progress made. While this may be less reassuring, it does allow the company to retain what is left of its public credibility and avoids the need to issue denials or retractions in the future – both of which are catastrophic in crisis situations.

In the case of BP, as successive attempts to contain the leak failed, the company started to lose the credibility that it had maintained at the start of the crisis. Errors and concealment of the real size of the oil spill (BP announced a figure of 1 000 barrels a day late April, when it was actually at least 10 000) only served to strengthen the feeling that management of the crisis was out of control.

Managing the crisis over time

From the moment BP was unable to find a technical solution, the firm entered into a long crisis that it certainly had never anticipated, let alone imagined. It was in this failure to manage anything other than the opening moments of the crisis, that BP's communications started to falter and a number of serious communication errors were made.

For example, the company decided to run a TV campaign featuring spots that explained the measures it was taking and to show the general public its commitment. This campaign came back to hit BP like a boomerang when President Obama used the initiative as an opportunity to tear a strip off the company, stating that it should spend its money on resolving the crisis rather than on financing advertisements. The same thing happened to TotalFina in 1999 when it went down a similar route. The decision to run an advertising campaign during a crisis is often taken when a company begins to lose control and its messages are no longer credible. Such strategies are rarely effective other than in specific cases such as, for example, to inform customers about a product recall. Even in the best-case scenario messages tend to be lost as events unfold; in the worst, they will be used against the company.

But BP's communications errors materialised in particular around its CEO, dubbed the "*Chief Blunder Officer*" by the British press. Tony Hayward accumulated blunder after blunder with the "*I want my life back*" in response to a question about the victims of the explosion, with his hearing before the US Congress which went down badly when he changed his original stance and hid behind a legal umbrella, and his apparently ubiquitous presence at a luxury regatta off the Isle of Wight (UK) when the Gulf of Mexico was black with oil. In the end, the sheer weight of his gaffes led to his withdrawal from management of the crisis and finally his resignation.

Lastly, and perhaps the most important factor was that BP totally lost control of its communications with the American authorities. Given the size of the catastrophe, it was perfectly normal that Barack Obama should become involved and demonstrate his commitment and resolve to the American people. The poor management of hurricane Katrina was still fresh in everyone's minds. But BP's inability to establish a climate of trust and maintain its credibility in the face of the oil spill meant that the American Authorities practically "dictated" its communications and operations. When BP took action, it looked as if it was following White House orders, rather than collaborating together as it had hoped.

Rather than being seen as praiseworthy, the \$20 billion compensation fund set up by BP was seen as a repudiation of its crisis management by the American administration and a personal victory for Barack Obama. And, on a more anodyne level, the www.deepwaterhorizonresponse.com website was "moved" to a new host site set up by the American authorities www.restorethegulf.gov.

In just a few weeks under the media spotlight, BP lost everything it had managed to preserve at the start of the crisis, in particular the fruit of years of work with local communities. Certainly BP engineers could never have imagined facing such technical problems and this completely upset the well-oiled BP crisis communications machine. Given the size of the oil spill, it is clear that BP could not hope to come out of it with its reputation unscathed. Once the opening moments of the crisis were over, BP's communications were out of sync with the responsible business positioning that the company had spent ten years building. Bob Dudley, the new CEO of BP, has many years of work ahead of him, in particular in the US, to regain the levels of credibility that existed before the oil spill and to put the meaning back into its brand identity: BP, "*Beyond Petroleum*".

Beyond BP

What is new is the ease with which issues can be widely publicised,

Rather than known only to journalists.

One of BP's main problems was managing its communications and media exposure over time. How often does a company find itself put under the microscope for such a long period? Was it specific to BP and the problems it had plugging the leak?

I don't think so. We will inevitably see

more of these types of situation. As we emphasised in the case of the Air France AF 447 Rio-Paris¹ accident, companies facing crises must confront a host of contradictions, expert opinions, and internal information made public, especially from internet sources.

All this information fuels the debate, lighting new fires (for BP, it was the controversy over the shortcomings of its crisis manual, retouched images of the oil spill on its website, etc). It's not a new phenomenon for companies in crisis situations to draw attention and suspicion. What is new is the ease with which issues can be widely publicised, rather than known only to journalists.

This applies equally to State organisations. During the Swine Flu vaccination campaign, the French authorities thought that all they had to say was "*Get inoculated. It's important for your health and that of your friends & family*". But they had to manage significant opposition to the vaccination from people who knew how to use the internet to put across their position and influence public opinion. Did the Government's communications strategy under-estimate the influence of these sources and the power of the internet in leveraging information?

Corporate communications: short vs long term?

We are currently experiencing a major change in communication methods – communication is becoming instantaneous. Information is instantaneous, issues are discussed instantaneously, and ideas are expressed and communicated

We believe in the paradox that in the face of instantaneous communications,

Businesses must plan their communications for the long-term.

instantaneously. This environment makes it very tempting to focus corporate communications on very short-term issues - as is often the case during crisis communications.

We believe that in the face of instantaneous communications, businesses must paradoxically adopt long-term communication strategies.

The continuous public discussion that exists today makes it important to put greater

¹ [NDE] « Air France crisis communications », By Hédi Hichri , August 2009
<http://www.communication-sensible.com/articles/article0212-EN.php>

emphasis on a long-term corporate communications approach based on explanation and designed to convince all the key audiences.

In terms of communications strategy, above all this means being able to develop and sustain relations with all the stakeholders upstream, to identify them more clearly, know them better, and be able maintain ongoing discussions with them, particularly in sensitive situations. It's therefore important to engage in a real PR strategy, as used in the US and UK, rather a 'corporate' position mainly supported by advertising campaigns.

Lastly, it's important to come back to the most valuable corporate asset - staff.

In recent years companies have responded to short-termism and instantaneous communication pressures, and forgotten that they have to incorporate the essential idea of a vision and a project into their strategies. Today, it is striking to discover just how many employees appear bewildered about the future of their companies. According to an *Ifo/Le Monde* June 7 2010 survey, 51 % of employees in major companies don't understand or follow their company's strategy! This observation was confirmed by the communications director of one of France's largest groups during a recent seminar, who said that 40% of its employees don't know what direction the company had taken in recent years!!!! This level of ignorance is certainly due to recent corporate communication trends: companies are prepared to face constant questioning and ongoing challenges from competitors, but forget to defend their own vision, the elements that go beyond short-termist project management.

All of a company's communications, whether crisis or corporate, should be part of a long-term strategy designed to maintain everything it works so hard to achieve in terms of image and reputation.

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