

The contrarian

BP: Branding Propaganda?

BP was embraced by ethical business advocates after a major rebranding, but it is far from clear that “dialogue” alone is enough to warrant its “greener” reputation, says Jon Entine

The new mantra for business ethics NGOs: corporations can be nudged into genuine change through a combination of media influence, shareholder resolutions and engagement with top management. Does that claim hold up?

There is almost no empirical data to support this belief, and the anecdotal evidence is mixed at best.

Let's take BP as an example. In 2000, BP, a longstanding target of fundamentalist social investors, began to reposition its brand image under the slogan “BP – Beyond Petroleum”, complete with a new yellow and green sunburst logo. According to John Kenney, the advertising agency director who crafted the revamp, the words projected BP as an environmental leader willing to “confront the debate” over the environment and “change the paradigm”. Its executives smartly began attending ethics conferences and pledging their eternal opposition to global warming, as if the company was embarrassed to be part of the fossil fuel industry.

Almost overnight, BP became a shining star because of what Boston-based Walden Asset Management notes in a recent newsletter was its “unusual level of engagement and responsiveness”. By 2004, it had shot to the top of AccountAbility's Global Accountability Ratings, featured in Fortune magazine, which are supposed to measure “responsible practices” and “the impact of [company] actions on their stakeholders”. It held that ranking in 2005 and was placed second last year.

That is the image. What are the facts?

Ironically, that same Walden newsletter notes there are few indicators to make valid judgments of energy companies. What is publicly known about BP is not very encouraging, the authors write, noting a corporate culture of “negligence and mismanagement”. It obtained readily available toxic release records from 2003 indicating that BP's hazardous waste amounted to more than 30 times the combined contamination produced by Chevron, Conoco-Phillips, ExxonMobil and Sunoco.

The following year, 2004, was no better – BP's total releases were still significantly higher than those of the four rivals. Walden's conclusion: BP is “average to below average ... on indicators of environmental management”.

After an explosion at a Texas refinery in 2005 resulted in the

Ben & Jerry's update:

Our October story outlined the troubles at Ben & Jerry's franchised ice cream shops. In January the company announced that the director of retail operations, Will Patten, would retire in March. No explanation was given.



Hayward: BP's new chief has some work to do

death of 15 workers, BP hired former US secretary of state James Baker to review its operations. His stinging conclusion, released last month: “BP has not provided effective process safety leadership and has not adequately established process safety as a core value across all its five US refineries.”

These simmering issues are undoubtedly behind the early retirement of chief executive John Browne and his replacement with the head of exploration and production Tony Hayward.

Seeking a darling

Of course, BP's problems may be no more serious than those faced by other major oil firms in a complex and dangerous industry in which accidents and accusations of environmental improprieties are commonplace. But BP is distinguished by its marketing disingenuousness and a cross willingness to exploit the “socially responsible” PR game.

Even now BP is trying to spin its embarrassments to its advantage. Its mea culpas about its poor safety record – after all, BP says, it hired James Baker – is already earning plaudits from the media and environmental groups – the same ones who were all over Exxon even after it committed billions of dollars toward environmental clean-up and operational changes in the wake of Valdez.

BP is no worse and certainly no better than the rest of the energy titans. Almost every oil company has a slew of environmental initiatives, greeted by almost no fanfare, that equal or exceed BP's. Its genius was in brazenly rebranding itself, engaging in very public discussions with NGOs and becoming a vocal supporter of climate change alarmists (which actually enhanced its competitive position as it is a major producer of natural gas).

By and large it makes good business sense for corporations to address the social and environmental impact of their businesses. What is disturbing remains the penchant of “progressive” communities to showcase demons and darlings.

This is not a knock against BP. But its business model is no more environmentally proactive than other oil companies regularly pilloried because they will not play to the movement's vanity by pushing the correct marketing buttons and having top executives discourse with social activists. Performance, not perceptions or promotions, matters most. ■

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