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Critical Evaluation of the Strategy of British Petroleum

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Executive Summary

This report has been directed to basically assess the internal and external environment for British petroleum and to evaluate the strategy used by the company to improve its image after Oil Spill Crisis.

The introduction gives an overview of BP and the oil spill crisis. Then the paper presents the internal and external environment of BP and the communication strategy used by BP to improve its image.

PESTEL investigation has been directed to break down the business as entire, and relates it to BP at some focuses. The PESTEL analysis of BP shows that political issues have the real impact to oil industry since it is a geopolitical and vital item for customers suppliers and refinery firms, advance more in light of PESTEL the report assesses different critical dangers and potential open door in the large scale environment.

The second principle part is the inner examination which has been done in view of various structures, for example, Porters five powers, SWOT, TOWS and VRIO.

Porter's five forces analysis reveals the currant circumstance of the BP in the business sector; in light of this examination BP has an upright circumstance in the business sector however there is a high risk of competition.

In light of SWOT examination BP has a tremendous number of qualities, for example, the brand name, propelled innovation and incorporated operations in various retainers and the same time they have the chance of having developing vitality request which is gauge to increment for the following 20 years.

There are additionally threats and weaknesses that BP could overpower them; the fundamental shortcoming that BP had was their oil slick in Gulf of Mexico in 2010 which affected their image to such an extent.

The BCG Matrix analysis will show that the cash cows are the Upstream and Downstream portions inside BP. Downstream portions can likewise be classed as dogs, as the attention is currently on upstream operations as they result in more capital returns. For BP fuel is the item that determines the most income and benefits consequently it is named 'Stars'.

The SAFS framework analyses and evaluates the communication and image improvement strategy of BP by giving the Suitability, Feasibility, Acceptability and Sustainability of the Company.

Finally in the end the paper gives the overall conclusion of the situation and suggest recommendations.

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Critical Evaluation of the Strategy

When April 20, 2010 news agencies announce 11 or 12 missing after an explosion on an oil rig off the Louisiana (USA), nobody imagined the extent of the spill. BP opts for a communications strategy that clearly is to take the eyes of the public responsibility for the accident and take the necessary action to the disaster (Harlow et al., 2011). This is one of the generally recommended approaches in crisis because it can sit positioning "corporate responsibility" that major groups, including one as sensitive as that of the oil industry sector, take years to build. This strategy assumed responsibility from the crisis - it will subsequently evolve - may seem obvious to follow for any business accustomed to communicate its CSR policy (Corporate Social Responsibility) (Cherry&Sneirson, 2011).

This crystallization of the "very first moments" seems all the more justified that our society is changing in recent years in the era of instantaneity. Instant information and its dissemination, proliferation of information sources: all these factors lead to the company increased risk of controversy and debate. However, as observed through the analysis of case BP, it would be dangerous to approach the crisis communication and more widely in the corporate communications guided only by a short-term vision (Coombs, 2014).

The analysis of the strategies of Image Repair includes two enhanced parts. According to the strategy of recognition, a business can fully declare or partly responsible for the crisis (Lerbinger, 2012). For this strategy to be effective, the consistency between the admission of responsibility and the role of business in the crisis must be clearly demonstrated. Following the explosion, the media of information identified three companies involved in the management, operations or supply of staff or equipment platform.

However, it is often difficult to impose internally because even legal and financial risks that such a posture can result when a crisis. In the case of Deepwater Horizon, BP was able to react instantly, with a force, with the help of its effective communication strategy, at the start of the crisis. Tony Hayward assumed that he wants to prove that his company takes things in hand, so he went on the field. The whole armada of the first crisis communication actions deployed by the company (Coombs, 2014). The company communicates regularly through press briefings organized locally and dissemination of many releases.

SAFS Framework Analysis

Suitability of the Strategy

BP launches a specific website, i.e. www.deepwaterhorizonresponse.com that integrates many flows and social networks. The modern tools of communication, such as website and social media, allows BP to create a communication channel which ensures the availability and transparency of information. But what is really remarkable is the BP mobilization capacity on the ground. In early May, more than 3, 000 employees were sent on site and thousands of volunteers were trained. The company coordinates a huge orchestra and outreach. On site, BP meets the demands of fishermen, trying to reassure them and provides information on administrative procedures to engage.

BP occupies the ground and became the main interlocutor of the population. BP wants to leave anyone the opportunity to inform people instead of the usual players (public authorities, local associations, NGOs, etc.). The company is positioning itself as a useful and effective source of information to those directly affected. This is exactly what to do to try to limit the beginning of crisis uncertainties (Crandall et al., 2013).

BP's vital bearing of seeking after long haul responsibility through ensuring superior to anything expected quality and wellbeing is reasonable. All things considered, the industry is exceedingly aggressive and in the same time exceptionally unsafe. Concentrating on wellbeing is a quality that makes long haul duty in this industry, which is an upper hand. The remarkable hindrance with the organization's key course, seeking after for the most part the operations taking into account oil and gas vitality is that different contenders are seeking after the same procedure.

Feasibility

Following this will control the company even tries to "frame" the thousands of reporters on hand to contain the spread of powerful images like those of dying oiled birds on the coast. All these actions will very quickly lead to a strange conclusion at the beginning of the spill: the relative neutrality of the local fishermen, primarily concerned by the disaster, with regard to BP (Bozeman, 2011).

The oil business, with angling, is the fundamental master in the territory. Be that as it may, the monetary element does not clarify everything. Close to the work embraced by BP is crucial. It is made conceivable by the relationship by the years with fishing industry and local powers. Clearly, everything was prepared in the "containers" of BP to handle such a circumstance. Notwithstanding the size of the fiasco, the circumstance appeared to be overseen

capably. The organization was convincing to the point that even President Obama appeared to be measured against the organization toward the start of the emergency.

Acceptability

This part of the SAFS structure alludes to the normal exhibitions as far as money related and Stakeholders terms, when contrasted with the BP's strategic direction. Alluding to the partners' apparent exhibitions from the organization's vital heading, there are distinctive classes of partners (internal and external), which should be taken separately to analyse their responses to the BP's strategy change.

For the representatives, a development methodology taking into account long haul responsibility to clients in wellbeing and upgraded subjective benchmarks suggests expanded work, additionally expanded profession opportunities and ensured long haul occupation. For the shareholders the way of a durable business suggests reliable offer worth. The clients' advantage from an accomplished supplier, concentrated on giving quality and wellbeing, which adds to improving their exhibitions.

A communication strategy "responsible" for the beginning of crisis, BP combines a strong speech reinsurance. The company says that the situation is under control and minimizes the impact of the spill. Then it acted in full consistency with the principles of communication, the company is taking a huge risk with this reinsurance tactics. Indeed, in crisis, the company cannot afford to speculate on the future. Either it says that everything is under control because the information it has demonstrated, or the information and data it holds are partial (which is often the case during a crisis) and should opt for a more communication conservative, relying solely on the facts.

The company's address is then punctuated by the means implemented to the crisis and progress when tangible. This second option is certainly less reassuring, but it preserves the little credibility it still in business. This approach avoids future denials and penalties, always catastrophic crisis. In the case of BP, as and when the successive failures of attempts clogging of the leak, the company began to lose the credibility it had successfully retained from the outset of the crisis. The errors or concealment of the actual volume of the leak (BP announced a similar leak 1000 barrels per day in late April as it reached at least 10 000 barrels) have only accentuated this feeling of loss of control face the crisis.

Sustainability

Sustainability alludes to environmental supportability on one hand and social, financial and business manageability, which may vary and even negate at time. The enthusiasm of BP is to create expanded profitability, which is economical for its business, and at a huge scale for the economy and for society, however not generally for the earth (Levy& Gopalakrishnan, 2010).

BP had a long crisis certainly not anticipated or even imagined. The company makes such a choice to launch a TV advert campaign to explain its actions and its campaign has returned like a boomerang to the BP when President Obama, criticizing the initiative, said that the company should concentrate its spending on resolving the crisis rather than on financing commercials.

The Long Term Management

Except in specific cases (e.g. inform consumers about a product recall), this option is not an efficient method which usually fails. Many times, are negated by the reality of the crisis; on the other hand, sometimes they are used against the company. But BP's communications errors were mainly crystallized through its Director General, dubbed the "goofy" by the Anglo-Saxon press (Osofsky, 2011).

All these errors will result in its withdrawal management of the crisis and resigned. Finally, and this is the most important element, BP has totally lost control of its communication with US authorities. By the scale of the disaster, it is normal that Obama take the lead and show the Americans his involvement. The spectre of Katrina bad management is in everyone's memory. But BP's inability to create trust and maintain its credibility with the oil spill almost precipitated a "guardianship" of its communication and management of operations (Williams et al., 2011).

The compensation fund of \$20 billion released by BP, instead of appearing as a salutary gesture on the part of the company, is seen as a repudiation of its handling of the crisis by the US administration and a personal victory of Barack Obama. More innocuous way, the website www.deepwaterhorizonresponse.com be "transferred" to the new website set up by the US authorities: www.restorethegulf.gov(Williams et al., 2011).

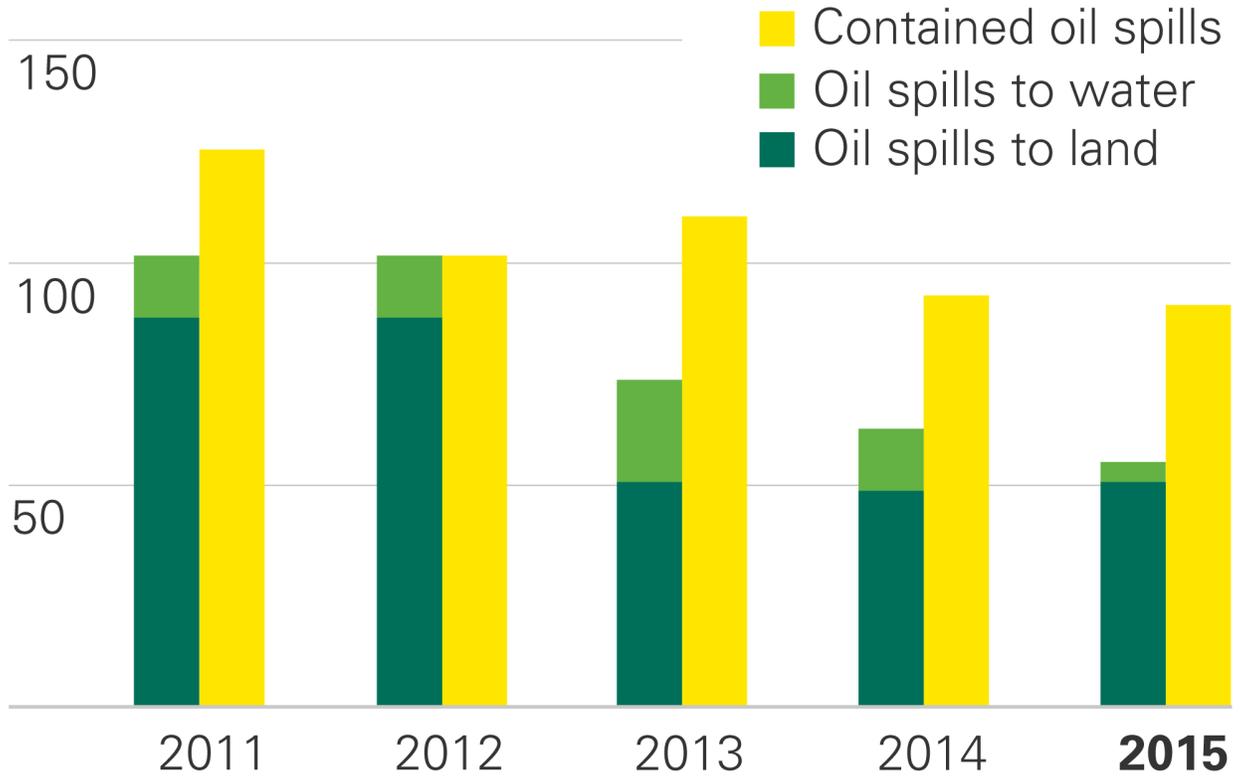
All that BP had managed to preserve in terms of reputation from the crisis, thanks to the work carried out for many years with local people, was lost after a few weeks of exposure. BP engineers had surely not imagined being confronted with such technical difficulties and it completely deregulated the well-oiled machine of BP's crisis communication. Given the magnitude of the spill, it is clear that BP could not hope to see its reputation unscathed from this disaster (Dowling& Moran, 2012). After the first moments of the crisis, BP communication found itself at odds with the position of responsible business it had built for ten years. The new chief executive of BP has before him a long reconstruction work to be done, particularly in the United States to regain the level of credibility enjoyed by the company before the spill and restore the body to its identity: BP "Beyond the Petroleum."

Beyond BP

One of the main difficulties for BP was to manage its media exposure and communication in the duration. This hyper exposure position on a relatively long time is specific to BP and to the episode of plugging the leak. These situations are certainly bound to multiply. Companies facing a crisis situation face a variety of opponents, experts, including internal information made public through the internet. All this information constantly feed the controversy with new fire fronts (for BP, it is for example the controversy over the weakness of its manual crisis, the pictures of the spill touched on its site ...) (Muralidharan et al., 2011). The fact that a company in crisis focused all the attention and suspicion is not a recent phenomenon. What is new is the ease with which these questions can be brought to the attention of the majority, not just by journalists.

Short term versus long term Corporate Strategy

BP is positioned as the company that will correct the fault that it did not commit, which, despite its innocence, agrees to repair the damage. This strategic positioning cannot be based on an expeditious resolution of the will of crisis.



To land and water

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The company hopes to dissociate from a natural disaster image of death, perhaps even take advantage of its publicly meritorious deeds. If BP had managed to stop the leak quickly, this strategic positioning would allow it to avoid any major damage to its reputation (Schultz et al., 2012). It was not the case. It is hard to believe that BP would have bet its reputation on controlling the spill if it had anticipated the events. BP ignored in its short-term planning the worst scenario; it has committed the sin of excess of trust.

The strategy requires the recognition that business quickly declares its level of responsibility. The more time passes between malicious acts which derogates from the universal values for the protection of the environment and the attempt at reconciliation, the more it may seem suspicious or forced the eyes of the affected public (Horsley & Barker, 2012). It is easy to "anticipate that" recognition even partial responsibility will get precedence in the media. By superimposing his admissions of responsibility for the bad news, BP restricts media space given to these potential attacks reputation.

BP is experiencing a major change in its modes of communication, that of immediacy (Kleinnijenhuis et al., 2013). Instant information, immediacy of the debate, the dissemination of ideas and their circulation, in this context, the temptation is great for business communication to focus on managing the very short term as is generally the case for crisis communication. BP's belief is that to face the immediacy of its modes of communication, the company must paradoxically be able to communicate in duration. The on-going debate exists today should rather direct business communication in a long process of explanation and conviction with all its key audiences.

In terms of communication strategy, this implies especially upstream to have been able to build and nurture relationships with all stakeholders of the company to better identify them, know them better and be able to interact continuously with them in case sensitive situation in particular. It is therefore to initiate a real strategy of not putting everything on stake on a corporate speech essentially conveyed by advertising campaigns.

Finally, back to what is essential for a company: its human capital. Following the pressure of short-term and immediacy, companies have forgotten in recent years to integrate their

communication the capital concept and vision of the project. It is striking that today workers seem confused about the future of their business. Majority of employees of large companies do not understand and adhere to the strategy of their business! This considerable rate can certainly be explained by the orientation of corporate communications / strategy in recent years (Breeze, 2012): the company is organized to meet the on-going questioning, the constant challenges of competition but forgets to defend his vision, one that exceeds the simple management of short-term projects.

Conclusion

In conclusion, we advance the arguments forsake the case of oil spill to focus on the support of BP tangible legacy of in crisis or communications management in context of crisis. The theoretical model interpreted and catalogued the all crisis communication strategies and its variants used by BP. The circumstances of the crisis have not allowed BP to use different variants. In the development of its public defense, BP has identified and deployed all strategies and their variants adapted to the circumstances, without exception.

BP has left out any legitimate strategy. The diversity of BP communicational responses transformed the oil spill crisis on a fertile field research in communication strategies. This influx has facilitated producing a comprehensive directory of strategies. BP has dealt with the evolution of the crisis by increasing its strategic narratives, stories reconcilers disparate scattered by many spokesmen and specific media of the "business.

To survive the crisis, BP has used all the strategic communicative arsenal available, but has not been successful. This search also demonstrated rudeness of some errors including BP's failure to recognize the scale of the crisis; its arrogance initially push to predict a rapid

resolution; its constant efforts to minimize, received with scepticism which undermined its credibility; and promoting its many failures of clogging, as many acts of public self-flagellation that tarnished its reputation and even splashed that of President Obama.

Recommendations

1. Issue a clear and consistent strategy from the onset of the crisis. In the "absence" of such a strategy, avoid compromise by stating positions called to be changed;
2. Greater use of strategic alternatives excuses of "expression of feelings and sincerity;
3. Better adapt the organizational discourse strategy of minimizing the circumstances of the crisis, particularly avoid "exaggeration;
4. BP should now measure the degree of satisfaction of public compensation, which once they pocketed the check, could lose their reluctance to criticize the business;
5. BP temper its predictions to avoid state confidently control the leak and prevent oil of reaching the coast;
6. Recognize quickly the unique and unpredictable nature of the crisis

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