

Case of British Petroleum

In 1997, Lord John Browne, then-CEO of BP, gave a speech at Stanford University in which he recognised climate change as an urgent challenge for society in general and his company in particular. In his view, “[t]he time to consider the policy dimensions of climate change is not when the link between greenhouse gases and climate change is conclusively proven, but when the possibility cannot be discounted and is taken seriously by the society of which we are a part” (Browne, 2000, 49). There was a tipping point in the societal and academic debate at which action had to be taken: “We at BP have reached that point [...] We must now focus on what can and what should be done, not because we can be certain climate change is happening, but because the possibility can’t be ignored. If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now” (ibid.). BP’s path to move “beyond petroleum” was sketched. It was closely linked to the person of Browne – “the Sun King of the oil industry” (The Guardian, 2007) – who challenged BP and its industry peers to take on greater environmental responsibility.

Central was the development of alternative energies. Browne’s vision for BP was that they would become an additional energy source complementing fossil fuels. Therefore, among other activities, BP expanded its solar business which dated back to the early 1970s (Lüdeke-Freund, 2014). BP’s alternative energy activities and efforts to form a modern energy company were promoted during the “beyond petroleum” rebranding campaign, which started in 2000 and cost hundreds of millions of dollars. The updated BP logo, “a fresh new symbol depicting a vibrant sunburst of green, white and yellow” (BP, 2000), was inspired by Helios, the ancient Greek sun god, and was chosen to symbolize BP as a corporation made up of diverse parts contributing to one entity and as a new type of multinational oil company dedicated to a modern vision: “Better people, better products, beyond petroleum.” This was remarkable: a major oil company with a corporate vision that publicly questions its traditional core business.

This campaign was built on a set of values that challenged the company’s traditional identity and was meant to fulfil two purposes. According to BP, the rebranding was, on the one hand, a landmark after a \$120-billion series of mergers and acquisitions that changed the face of the BP group and strengthened its position among the world’s oil supermajors (including the acquisitions of Amoco, ARCO, and Burmah Castrol). On the other hand, the rebranding was meant to reflect BP’s new understanding of the role a major oil company should play in the 21st century.

This campaign did, of course, not go without facing criticism. CorpWatch, an organisation supporting investigative journalism, commented that the rebranding campaign was very close to greenwashing, as its expenses for advertising exceeded those for environmental actions. CorpWatch claimed that “BP’s re-branding as the ‘Beyond Petroleum’ company was perhaps the ultimate co-optation of environmentalists’ language and message” (CorpWatch, 2000). Similar reproaches were to be heard from various critical observers. For example, Greenpeace U.K. awarded BP the “Emerald Paintbrush” award for greenwashing for its rebranding campaign (Greenpeace, 2008).

Browne had to step back in 2007 because of a scandal around his intimate relationship to another man, and Tony Hayward was appointed CEO of BP (Lüdeke-Freund & Zvezdov, 2013). He described the company's way ahead in his second annual general meeting speech in 2009. Main topics were increasing safety, enhancing the company's potential through extensive recruitment efforts, and strengthening performance by restoring revenues and reducing costs. In the only paragraph on alternative energies, Hayward referred to biofuel investments. The speech provoked scepticism about the apparently insufficient commitment to environmental issues. BBC News headlined an article "BP brings 'green era' to a close", with the subtitle "Environmental groups have accused BP of dropping its pledge to be green and replacing it with a commitment to be 'responsible'" (BBC News, 2009). Although Browne's vision was institutionalized in an \$8 billion investment programme (BP, 2010), the end of his term was the beginning of the end of "beyond petroleum". The company completed its announced alternative energy investments, but then turned to gas and biofuels, i.e. close relatives to BP's traditional core business, and finally shut down its green flagship BP Solar in 2011 (Lüdeke-Freund, 2014).

Questions (chapter 6.2):

1. "Beyond Petroleum" – a mere communication campaign or an approach to fundamentally renew the values, vision, and mission of a traditional, global corporation? Discuss, based on the case facts.
2. BP's move "beyond petroleum" was driven by one particular protagonist – Lord Browne. Try to characterize his approach to values-based management and innovation using the concepts and language introduced in chapters 2 and 3 of the text book.
3. Lord Browne had to step and, as a consequence, BP changed the way it communicated about its engagement in renewable energies. Please compare two or three annual reports published under Lord Browne as CEO with reports published under his successor, Tony Hayward.

Look for differences in language between the reports. What do these differences reveal about the organization's fundamental values and normative orientations?