

Exxon

Don't say a word

A Public Relations failure

Many companies and organizations have had to deal with a crisis during their history. Only a very few, however, come to represent corporate incompetence and irresponsibility through one critical event. Oil company Exxon is among them.

In 1989, the Exxon Valdez oil tanker ran aground and began spilling oil off the coast of Alaska. Within a very short period of time, significant quantities of the tanker's 1,260,000 barrels had entered the water, making it the largest tanker oil spill in US history. At the moment of impact the ship's third mate, Gregory Cousins, who was not certified to pilot the tanker into those waters, was at the helm. The whereabouts of the captain, Joseph Hazelwood, at the time of the accident was not immediately explained. A Coast Guard investigator had the blood of the captain and the third mate tested for alcohol. The results were that the captain had unacceptably high levels of alcohol in his blood even nine hours after the accident. The captain was later fined and sentenced to 90 days in prison, a sentence many considered 'too light'. Efforts to contain the oil spill lagged from the start. 'The initial response was inadequate and didn't match the planned, outlined response measures to be taken in a spill,' said Dennis Kelso, commissioner of the Alaska Department of Environmental Conservation. 'As of 24 hours into the spill, we still haven't seen adequate containment.' According to most observers, the company did too little and too late. Not only was the action to contain the spill slow to get going but the company refused to communicate openly with the press. The Exxon Chairman, Lawrence Rawl, was immensely suspicious of the media, and reacted accordingly. Within hours an army of journalists had arrived to begin extensive coverage. A company spokesman pointed to the existence of procedures to cover the eventuality – procedures which the TV shots belied. When asked if he would be interviewed on TV, Rawl's response was that he didn't have time for 'that kind of thing'.

While the company was getting off to a bad start with the media, the operation on the ground was failing to control the spill. Around 240,000 barrels had been spilled, with another million still on the ship. During the first two days, when calm weather would have allowed it, little was done to contain the spillage. This spillage spread out into a 12 square mile slick. Then the rain and wind started to make things worse, meaning further containment was near impossible.

A week later the company was still tight-lipped. Following President Bush's declaration that the spill represented a 'major tragedy', Frank Iarossi, the Director of Exxon Shipping, flew to Valdez to hold a press conference. It went badly. Small pieces of good news claimed by the company were immediately contradicted by the eyewitness accounts of the present journalists and fishermen. John Devens, the Mayor of the Alaskan town Valdez, commented that the community felt betrayed by Exxon's inadequate response to the crisis. 'Over the years, they have promised they would do everything to clean up a spill and to maintain our quality of life. I think it's quite clear right now that our area is faced with destruction of our entire way of life.' Alaskan Lieutenant Governor Stephen McAlpine also said that he was 'severely disappointed' in the company's response. 'Despite all statements to the contrary, I don't think they ever had a handle on it.' Eventually, the Exxon boss deigned to go onto television. In a live interview he was asked about the latest plans for the clean-up. Rawl started to look nervous. It turned out he had neglected to read these, and cited the fact that it was not the job of the chairman to read such reports. He placed the blame for the crisis at the feet of the world's media. Exxon's catastrophe was complete.

The consequences for Exxon of both the disaster, and the poor way in which it was handled, were catastrophic. The spill cost around US \$7 billion, including the clean-up costs. Most of this was made up of the largest punitive fines ever handed out to a company for corporate irresponsibility. The damage to the company's reputation was even more important, although more difficult to quantify. However, Exxon fell from being the largest oil company in the world to the third largest. The 'Exxon Valdez' became synonymous with corporate arrogance, and the story remained prominent in the media for over a year. According to a 1990 US news poll, 65 per cent of respondents said that 'the Valdez oil spill was the key element in raising public consciousness about environmental issues.'

Lessons from Exxon

Live up to your promises. The company failed to show that it had effective systems in place to deal with the crisis – and in particular its stated ability to move quickly once the problem had occurred was not in evidence.

Act like a good corporate citizen. Exxon acted indifferently to the environmental destruction, and therefore did little to help the company's case.