

**Gulf Oil Spill—Third in a Series
BP and U.S. Government Both to Blame;
BP Won't Gain Much from Replacing CEO**



**COMPAS Inc.
Public Opinion and Customer Research
August 2, 2010**

1.0 Overview

Many weeks after the Gulf Oil spill became a headline story, the CEOs and business leaders on the COMPAS business panel now blame BP and the U.S. government almost equally for the disaster. By immense margins, panelists blame BP for weak environmental practices and the U.S. government for weak oversight before the spill.

A smaller majority also blames the White House and Congress for restricting the clean-up operation to U.S. suppliers. Critics of this decision are inflamed. As an oil executive on the panel put it, “The refusal to allow foreign crews, equipment and expertise to assist the cleanup is the biggest sin in this whole fiasco...Not allowing foreign help was ...[the] most disgusting example of stupidity by the U.S. administration I have seen (though it is a close contest).”

The U.S. government earned a failing grade for its performance when the panel was asked two months ago, and continues to earn a failing grade today. Outgoing BP CEO Tony Hayward also earns a failing grade, albeit a slightly better grade than his company.

Most panelists believe that Hayward was shown the door because the company needed a sacrificial lamb or expected to gain from having an American national as CEO. Very few believe that Hayward was replaced because of poor performance. Yet, those who took this position tend to feel strongly about it. “A classic example of how NOT to handle public relations...around a serious and high profile environmental disaster,” commented one panelist. “You witnessed a truly over paid, inept CEO, more concerned about his life, and demonstrated a disregard for those affected,” said another.

These are the key findings from this past week’s Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.



2.0 Details

Many weeks after the Gulf Oil spill became a headline story, the CEOs and business leaders on the COMPAS business panel now blame BP and the U.S. government almost equally for the disaster, as shown in table 2a. A smaller majority also blames the White House and Congress for restricting the clean-up operation to U.S. suppliers.

The U.S. government earned a failing grade for its performance when the panel was asked two months ago, and continues to earn a failing grade today, as shown in table 2b. Outgoing BP CEO Tony Hayward also earns a failing grade, albeit a slightly better grade than his company.

Panelists are divided about whether BP will end up benefiting from replacement of its CEO by an American, as shown in table 2c. Most panelists believe that Hayward was shown the door because the company needed a sacrificial lamb or expected to gain from having an American national as CEO instead, as shown in table 2d. Very few believe that Hayward was replaced because of poor performance.

Table 2a: (Q1) On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree with each of the following opinions about who is at fault for the BP Gulf spill?

	Mean	7	6	5	4	3	2	1	DNK
BP for weak environmental practices.	5.5	32	28	14	13	5	4	2	2
The U.S. government for weak, environmental safety oversight of the BP operation before the spill.	5.3	23	34	19	9	9	4	3	1
White House and Congress for restricting the clean-up operation to U.S. suppliers.	4.6	23	17	16	11	7	9	11	6



*Gulf Oil Spill—Third in a Series
 BP, Washington Both to Blame; BP Won't Gain Much from Replacing CEO
 BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in Canadian
 Business for Publication August 2, 2010*

	Mean	7	6	5	4	3	2	1	DNK
White House and Congress for encouraging deep water development instead of close to shore development, where it is easier to deal with a leak when it happens.	3.9	9	12	14	20	19	10	11	4

Table 2b: (Q2) On a 100 point performance scale, what score would you give to each of the following for their conduct in the period after the spill?

	Date Released ¹	Mean
BP as a Company	20100607	41
Outgoing BP CEO Tony Hayward	20100802	45
The White House	20100607	46
The White House	20100802	46

Table 2c: (Q3) In your view, will BP benefit from changing its CEOs...

	%
A lot	11
A little	43
Not really	32
Not at all	11
Don't Know	2

¹ Field date is typically 3-6 days before release or publication date.



*Gulf Oil Spill—Third in a Series
BP, Washington Both to Blame; BP Won't Gain Much from Replacing CEO
BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in Canadian
Business for Publication August 2, 2010*

Table 2d: (Q4) If BP benefits from changing CEOs, would this be mainly because...

	%
Every disaster requires a sacrificial lamb.	39
An American CEO will earn more goodwill in the U.S.	25
The outgoing CEO seemed insensitive about the environmental and human fallout from the spill.	22
BP was truly at fault.	11
Don't Know	4

The following verbatim comments provide a nuanced sense of respondent opinion:

A classic example of how NOT to handle public relations and public reaction around a serious and high profile environmental disaster.

A comedy of errors! Hopefully the complete truth will come out about responsibility for this mess.

BP has a well known history of cutting corners wherever they can.

BP safety regulations are lacking and the US Governments regulations are also insufficient. It appears there is a lack of responsibility by both parties.

Hopefully BP will start paying out to the people of the gulf soon and stop dragging their feet.

I am in the oil business and followed this closely and likely had better information than the press reported. The refusal to allow foreign crews, equipment and expertise to assist the cleanup is the biggest sin in this whole fiasco. Doing so would have mitigated the effects of something that was a result of a number of poor judgment calls but in the end a accident not willful commission. Not allowing foreign help was a willful act designed to satisfy short term political aims.



Gulf Oil Spill—Third in a Series
BP, Washington Both to Blame; BP Won't Gain Much from Replacing CEO
BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in Canadian
Business for Publication August 2, 2010

The most disgusting example of stupidity by the US administration I have seen (though it is a close contest).

I wonder if Obama thinks the tar sands are still dirty oil. Maybe they should just help develop them and focus on helping making them more environmentally friendly.

In the last question I really would have liked to choose the first option but the fact they chose an American for the job trumps that choice. They both fit.

Ironic isn't it; Tony gets a great big golden parachute for the biggest loss in BP history...Racing his yacht only weeks after the famous "I want my life back" quote when 11 people died and many [were] out of work was the height of stupidity. Right up there with auto executives flying to Washington in corporate jets when asking for handout.

This disaster should never have occurred. 1. The Company should have spent the money for the safety of the project regardless of the law and not simply "complied with the rule of law" and 2. The US government should have people capable of anticipating potential problems and have regulations in place to handle same to ensure that those corporations that "only barely comply with the law" and not the intent and what should be good practice as a responsible business are in fact controlled. Business should also be made completely monetarily responsible for omissions that they should have reasonably for-seen could present a risk.

It is still unclear to me whether BP was "unlucky" or whether their management/culture created an environment where such a spill was more likely to happen than at a competitor. Prior to the spill, Tony Hayward had been making great strides to move the company in the right direction, but at the end of the day he and BP managed the PR side poorly. Once the comment was made about "wanting his life back", he was toast - it was purely a matter of BP deciding on the right timing to make the change. This will make for



Gulf Oil Spill—Third in a Series
BP, Washington Both to Blame; BP Won't Gain Much from Replacing CEO
BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in Canadian
Business for Publication August 2, 2010

interesting business case studies in crisis management and possibly operations/risk management in future years.

It's not just BP and the US Government that are at fault. The blame can go upstream to Big Oil and its grip on all governments. They dictate where, when and how much so until enforced restrictions and regulations can be implemented we should be ready for further disasters in the future.

As oil becomes more and more scarce and the world needs an ever increasing supply, more disasters such as this will be the result.

The real challenge will be whether this changes the entire operating environment for industry in general, or oil companies in particular, relative to regulation and corporate governance.

The US government and the president in particular have behaved like spoilt children on this issue!!

This is sure to generate a few books on the various subject matters involved, possibly a movie and at a minimum teachings on what not to do; from engineering to communications. It still [troubles] me that the loss of human life became diluted in this unfortunate situation.

Will a [new] CEO help realign BP from a risk taking culture to a preventive and accurate risk management one? Let's hope it does, and also serve as a model for the rest of an industry more interested in its profits than in the protection of the environment. Understanding and recognizing the risks inherent in its own activities will help the industry adjust its practices, but closer governmental supervision is clearly a necessity as the industry has been proven unable to regulate itself in this regard.

You witnessed a truly over paid, inept CEO, more concerned about his life, and demonstrated a disregard for those



affected. They also need to go back to business school and re-read the Tylenol contamination.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted July 28-30, 2010. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=106 are deemed accurate to within approximately 9.6 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

