CREDIT UNION JOURNAL

Lessons From BP On What Not To Do

Credit Union Journal | Monday, June 14, 2010

By Paul Lucas

As I write this article the oil leak in the Gulf of Mexico at BP's Deepwater Horizon drilling site continues. The process of trying to stop the leak has resembled a long Looney Tunes cartoon with Wile E. Coyote creating a never-ending array of contraptions designed to capture the Road Runner, yet doomed to fail.

Early in the crisis BP CEO Tony Hayward pronounced that "The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume." It wasn't until Mr. Hayward visited an oil-covered island that he began to recognize the depth of the problem.

We've all followed the attempts BP has made to plug the leak: a big dome that failed, millions of pounds of "mud" and cement that failed, another dome, and all the while work continues on a "relief" well. First BP engineers tried to pump the oil out, but with a leak close to a mile underwater that didn't work.

In any major disaster you can expect some missteps and goofs along the way as managers make fast decisions in crisis mode. But a review of this catastrophe is an education on what not to do when you manage a business. We will interpret these as lessons on how to protect your brand.

Five Lessons From BP's School of Mismanagement

1. Train your people well and develop a culture where procedures are followed. That sounds basic and simple but it is neither. You must set your credit union apart in the marketplace with discipline and consistency in your service delivery.

2. Plan for the worst so you can do your best troubleshooting before things go wrong. Whether it's a system failure that disrupts home banking or a flu epidemic among staff, it's important to be prepared. Fail to plan and you can end up looking like The Three Stooges meet I Love Lucy, just like BP.

3. When the worst happens, stop and fully assess the situation so you don't over- or underestimate the problem.

4. Don't make short-term decisions that undermine your long-term brand potential. It's a non-stop balancng act.

5. What worked last year may not be good enough this year. Months before the explosion that started the leak, BP's head of drilling in the Gulf testified at a Senate hearing to dispute the need for more safety regulations, "... (drilling in the Outer Continental Shelf) has been going on for the last 50 years, and it has been going on in a way that is both safe and protective of the environment." That lackadaisical attitude seems to have permeated all levels of BP.

The oil industry's "offshore drilling is safe" attitude prevented development of technologies and procedures to manage offshore drilling disasters. Perhaps they learned that from the geniuses on Wall Street who packaged and sold bad mortgages as safe securities?

If you compare the oil spill to the real estate meltdown you discover many common denominators. Management arrogance; poor oversight from government agencies who were too close to the companies they were supposed to watch; failure at all levels to intercede to stop a catastrophe when the warning signs appeared; shuffling the blame and more.

When something bad happens don't ignore it and wait for it to go away. Take small problems seriously so you can avoid many big ones. If three members complain about the same problem in a week, take fast action.

If you don't have a back-up plan you may find yourself backed up against a wall someday - with minimal brand value and without the trust of your members.

Paul J Lucas is a national marketing and branding consultant. For info: PaulJLucas.com www.PaulJLucas.com or paul@pauljlucas.com.