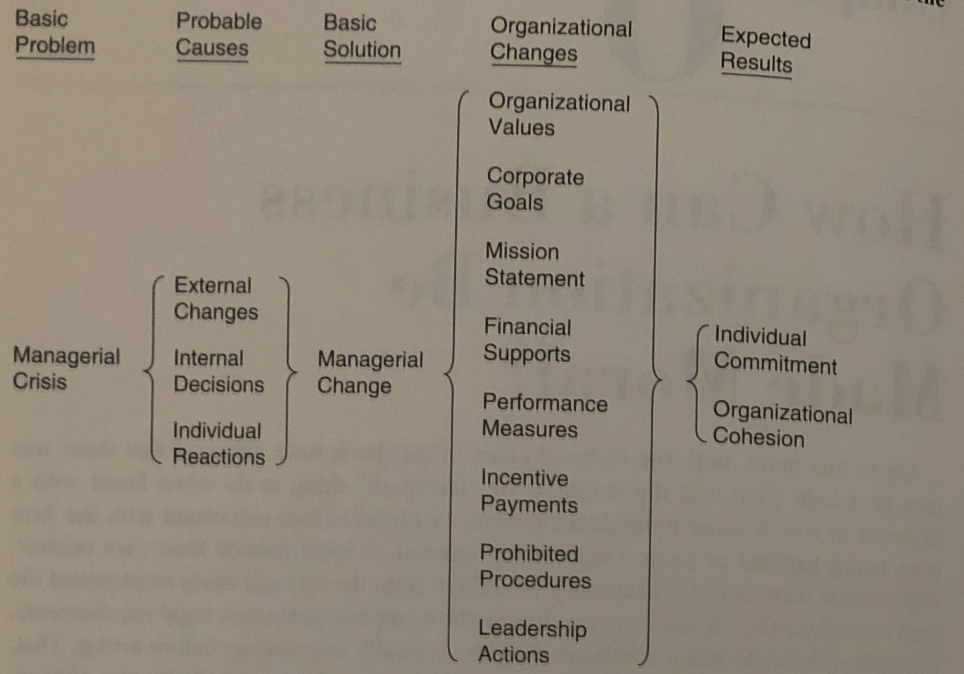
FIGURE 6.1 **Responding Promptly and Forcefully to a Major Problem or Crisis in the Operations of a Business Firm**



and the cause was a lack of trust, commitment, and effort on the individual level, and of cooperation, innovation, and unification at the organizational level, throughout the corporation. No one did his or her job properly. Instead, everyone at the upper level was trying to reduce investments and cut expenses; everyone at the middle level was trying to get by as best they could, with no money for improvements or incentives; and everyone at the lower level had simply given up caring. The result was an almost total failure of managerial responsibility throughout the firm.

The Failure of Managerial Responsibility throughout Exxon

At 9:30 P.M. on Thursday, March 22, 1989, the oil tanker *Exxon Valdez* left the oil terminal at Valdez, Alaska, loaded with 1.26 million barrels of oil. The *Valdez* was the largest tanker owned by Exxon. It was nearly 1,000 feet long and weighed 280,000 tons (fully loaded).

When the ship left port, it was under the command of Captain William Murphy, the harbor pilot. Harbor pilots are responsible for steering both incoming and outgoing tankers through the Valdez Narrows, a 0.5-mile wide approach to the port of Valdez. After exiting the Narrows and achieving the sea lanes in Prince William Sound, Captain Murphy turned over command to Captain Joseph Hazelwood and left the ship. Captain Murphy testified later that he had smelled alcohol on the breath of Captain Hazelwood, but that he made no comment and took no action. He knew that it was common practice for both the officers and crew of oil tankers to drink while in port.

Captain Hazelwood, immediately after assuming command, radioed the Coast Guard and requested permission to alter course to avoid large chunks of ice that had broken loose from the Columbia Glacier and were floating in the outbound shipping lane. Permission was granted. Captain Hazelwood then turned over command of the vessel to Third Mate Gregory Cousins and went below to his cabin. Mr. Cousins was not licensed to pilot a ship in the sea channels approaching Valdez. Mr. Cousins and others later testified that it was common practice to turn over command of oil tankers to non-licensed officers.

Captain Hazelwood had set the automatic pilot to steer the ship southward into the inbound shipping lane, and he had instructed Mr. Cousins to maintain the course until after the ice chunks from the glacier were passed, and then to return northward to the outbound lane. No inbound traffic was expected, and permission for this course change had been granted by the Coast Guard, so no danger was anticipated. At 11:55 P.M. Mr. Cousins ordered a course change of 10 degrees right rudder to bring the tanker back to the proper lane within the channel. There was no response. At 12:04 A.M. the lookout, who was on the bridge rather than at the normal station on the bow of the tanker, sighted the lighted buoy marketing Bligh Reef, a rock outcropping only 30 to 40 feet beneath the surface. Mr. Cousins ordered emergency hard right rudder. Again there was no response. In the hearing that followed the accident, it was determined that either Captain Hazelwood had not informed Mr. Cousins that the had placed the ship on automatic pilot, or that Mr. Cousins and the helmsman had not remembered to disconnect the automatic pilot, which prevented manual steering of the vessel.

At 12:05 A.M. the *Exxon Valdez* ran aground on Bligh Reef. The hull was punctured in numerous places, and 260,000 barrels, approximately 11,000,000 gallons, of crude oil spilled from the badly ruptured tanks. At that time it was the largest oil spill in the history of the North American petroleum industry.

At 12:28 A.M. one of the officers on the ship radioed to the Coast Guard that it was aground on Bligh Reef. "Are you leaking oil?" a Coast Guard operator asked. "I think so" was the reply.

At 3:28 A.M. crew members of the responding Coast Guard boarded the *Exxon Valdez*, and reported that oil was gushing from the tanker. "We've got a serious problem," radioed the Coast Guard officer on board the tanker. "There's nobody here . . . Where's Alyeska?"

"Alyeska" was the Alyeska Pipeline Service Company that both managed the oil pipeline, which brought crude oil 800 miles from the oil fields at Prudhoe Bay to Valdez, and ran the oil terminal at Valdez. It was responsible, through a formal agreement with the state of Alaska, for the containment and recovery of all oil spills within the harbor and sea lanes. That agreement was expressed in a detailed written plan, 250 pages long, that listed the equipment and personnel that were to be kept available by Alyeska, and the actions that were to be taken by Alyeska, to react promptly to oil spills.

The stated goal of the written plan was to encircle any serious oil spill with floating containment booms within five hours of the first report of the occurrence, and to recover 50 percent of the spill within 48 hours. The stated goal was well known within the area, and accounted for the perplexity of the Coast Guard officer. When he reported, "There's nobody here," he was referring not to the captain and crew of the tanker, but to the oil spill recovery team and equipment from Alyeska.