

# Confidential Report Blames BP Executive For Distress at Alyeska Pipeline

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Alyeska Pipeline, the BP-led consortium that operates the 800-mile Trans Alaska Pipeline System (TAPS), has implemented deep budget cuts, deferred work on a number of important maintenance and upgrade projects, failed to study how relocating engineers would impact the safe operations and long-term integrity of the pipeline and is led by a chief executive who was described by the company's five vice presidents as "intimidating," "demeaning," "aggressive," "confrontational," "unpredictable," "polarizing," "withering," "edgy," "vulgar" and "inappropriate."

Those are just some of the critical findings contained in a closely-held report, obtained exclusively by Truthout, that was prepared by two attorneys hired by Alyeska to investigate widespread safety concerns raised by a senior employee in an anonymous letter to BP's Office of the Ombudsman alleging TAPS is vulnerable to a catastrophic spill.

[Click here to listen to Jason Leopold discuss this report on Alaska Public Radio.](#)

Charles Thebaud and Jane Diecker of the law firm Morgan, Lewis & Bockius, conducted the four-month probe and turned over their report in mid-June to TAPS' owners BP, ConocoPhillips Transportation Alaska, ExxonMobil Pipeline Company, Unocal Pipeline Company and Koch Alaska Pipeline Company.

Truthout documented some of the findings of Thebaud's investigation and the safety and integrity concerns raised by nearly a dozen Alyeska and BP officials in an [investigative report](#) published last month.

Alyeska has not shared a copy of Thebaud's report with its employees and the company downplayed many of the report's conclusions in a company-wide email distributed June 30 signed by TAPS' owners.

Thebaud's report paints a picture of a company where employees suffer from low morale, have a deep mistrust of senior executives and fear retaliation if they openly discuss or raise concerns about safety and integrity issues with them.

The harshest criticism was reserved for Chief Executive Officer Kevin Hostler, a BP executive "on loan" to Alyeska who admittedly uses "anger" to "obtain results," in violation of Alyeska's own code of conduct. Hostler announced his retirement from the company, effective in September, one day after the publication of [Truthout's report last month](#).

"Although lawful, [Hostler's] leadership style and demeanor have affected the work environment," the report's executive summary says. "Employees at various levels of the

organizations, in [Fairbanks, Anchorage and Valdez], have either witnessed or heard about [the CEO's] interactions with his executives. Their observations or perceptions have adversely affected some employees' willingness to raise concerns to [Hostler] and senior management, particularly for non-core issues."

Hostler's "conduct has had consequences, even among the executives," the report added. "The group is admittedly 'consciously cautious' and 'wary' in how they approach [Hostler] and in the topics they raise. In fact, some are hesitant to raise 'non-core' issues with [Hostler], given his unpredictability and demeanor."

The five Alyeska vice presidents who were critical of Hostler are: Mike Joynor, Greg Jones, Jordan Jacobson, the company's general counsel, Mike Muckenthaler, Alyeska's chief financial officer, and Kristi Acuff, who recently retired as senior vice president, employee external relations.

In his own defense, Hostler told Thebaud, "he can become particularly angry if he believes that 'safety has been ignored.'" That statement, according to a dozen senior BP and Alyeska officials who were interviewed for this story and reviewed Thebaud's report, said is "laughable" and "a flat out lie."

"It's when you discuss safety concerns that he lashes out," said one top Alyeska executive who has interacted with Hostler over years. "Raising safety concerns means Alyeska will have to spend money and Kevin Hostler and BP do not want to invest money to make sure this pipeline operates safely. That's a fact."

Prior to being named chief executive of Alyeska, Hostler spent 27 years with BP, most recently as senior vice president of BP's global human resources organization. Before that, Hostler was head of BP's subsidiary in Colombia.

The report said employees have been lodging complaints against Hostler since 2007, which senior officials in Alyeska's human resources (HR) department failed to address.

In fact, Thebaud's report also documented widespread problems in the human resources division.

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Interviews with employees "revealed a significant weakness in the quality of the work environment in [human resources]" and determined that the "majority of the [human resources] personnel interviewed do not believe that an open work environment [to express concerns] exists in HR."

"The HR Director, has a management style that her staff and peers view as aloof and ... confrontational," his report says. "Regardless of the factors giving rise to the current situation, the work environment in HR requires attention. A substantial segment of the workers mistrusts the organization's leader [Theresa Guim] and is reluctant to raise concerns. The situation ... must be addressed."

The report also said "morale is low" at the Valdez Terminal, where employees who respond to spills work. Thebaud's report said employees do not trust Kathy Zinn, Alyeska's Valdez Terminal director, because of her close ties to Hostler and her own brash management style. Numerous employees have left the Valdez Terminal in recent months and the report

suggests that the departures may be directly related to Zinn's leadership.

## **Scrutiny Following Oil Spill**

Alyeska has been the subject of intense scrutiny in recent months following a 4,500-barrel oil spill at one of its pump stations on the North Slope in May, which, according to a copy of a separate 17-page internal report into the circumstances behind that incident, was largely the result of the company continuously repeating past mistakes. The investigation was conducted by six Alyeska employees who have operational, maintenance, engineering and operational discipline experience as well as a process safety management and Root Cause Analysis Subject Matter expert.

The spill at pump station 9, about 100 miles southwest of Fairbanks, resulted when oil started to flow back into the tank, after a backup battery system failed during a planned shutdown. Because the power was out and the facility was not manned with trained operators, no one recognized that the relief valves, which open during an outage, were discharging oil into the tank, which eventually overflowed and spilled. The incident forced Alyeska to shut down the pipeline for three days.

The facility is usually unmanned, another cost-cutting measure implemented by Alyeska as part of its long-delayed "strategic reconfiguration plan," an "efficiency" measure implemented by TAPS' owners to address declining oil production on Prudhoe Bay.

But a work crew was nearby at the time of the power outage because of the planned shutdown. The report said the pump station 9 was being shutdown in order to test the fire detection system, which includes isolation of primary power. During one of the tests, two uninterrupted power supply systems failed. The uninterrupted power supply was supposed to provide backup power, but when it failed, it caused critical station control systems to shut down.

When power is lost, five of the pump station's relief valves are supposed to kick into an open position to prevent pipeline overpressure and flow into tank 190. But according to the report, also lost along with the uninterrupted power supply failure were audible and visual alarms when relief valves open at 5 percent or more. The operators, according to the report, did not realize that a power failure causes the relief valves to open into tank 190. The tank then overflowed and spilled crude oil into the containment area.

The report noted that at least four serious incidents have occurred at pump station 9 since 2007, including one on March 22, 2007, that was nearly identical to the spill in May and almost caused an explosion at the facility, but the company has failed to learn from the operational mistakes that caused those accidents.

"A number of significant incidents on TAPS over the last several years, demonstrate a trend of operational discipline deficiencies similar to those at [tank 190]," the Root Cause Analysis and Post Accident Review report said.

Although Alyeska implemented recommendations from reports into past incidents, "there is recognition of a need for significant improvement in the organization's ability to effectively learn from these experiences and prevent recurrence. The previous incident actions have been completed, however, they did not result in the cultural and behavioral changes ... Reports and recommendations from previous incidents have not been communicated well

throughout the organization.”

A BP master root cause specialist with behavioral safety as well as business management experience reviewed the internal report into the spill and said the findings “indicate a deep and widespread problem that is likely to be reflective not just of the operating environment but also maintenance and integrity management discipline ... and highlights a clear and significant risk to the safe operation of TAPS.”

The BP official, who spoke on condition of anonymity, said the uninterrupted power supply failure and the fact that the pump station is usually unmanned caused the operations control center located in Anchorage to lose all visibility with the facility and was unable to obtain crucial operational data about what unfolded.

“This is the inherent weakness of strategic reconfiguration: unmanned pump station,” the BP official said. “This event could have been much worse if it had occurred when people were not there. Everything is dependent on no power failures, redundant power supplies to work and all equipment to set up in the right safe condition upon loss of power.”

The BP official added that he believes the investigation into the spill “is fundamentally flawed because it does not identify the real root causes that resulted from a failed [uninterrupted power supply] breaker and the response of [Alyeska] personnel to the power outage.

“The recommendations resulting from this investigation as well as other investigations identified in the report lack specificity as to what [Alyeska] needs to do in order to prevent future failures of equipment and people,” the BP official said. “Investigators were not able to replicate the breaker failure and therefore were not able to identify a root cause for the failure. This means that the device remains in service with the likelihood of a similar failure in the future.”

The BP officials said the report’s recommendations, that corrective action should focus heavily on communication and training do not “strongly influence or motivate behavioral changes.

“The condition described by the investigation report and its scale indicates a deep and widespread problem that is likely to be reflective not just of the operating environment but also maintenance and integrity management discipline,” the BP official said. “What was described as an operating discipline issue is likely not to be an isolated condition but reflective of the entirety of [Alyeska’s] operation including management of the TAPS mechanical integrity.” The report underscores “a complete lack of management leadership to motivate personnel without fear of retaliation to perform their job duties with the highest degree of integrity and with rigorous discipline.”

TAPS owners have “abdicated their responsibility for proper management of [the pipeline] to a BP executive [Hostler] who exhibits the same flawed management qualities that characterize the BP leadership culture which have led to numerous integrity incidents in the last five years,” the BP official added. “You could describe TAPS as Alaska’s ticking time bomb because of flawed leadership, flawed management, lack of rigorous operational discipline and loss of skilled and experienced staff. The numerous incidents preceding the [spill at pump station 9] are harbingers of a worse event that will happen unless an intervention by an owner with a stronger management culture occurs.” (A detailed story on

the circumstances that led up to the spill will be published later this week.)

The BP official said both the Thebaud and pump station 9 reports are cause for serious concern.

“The public, State of Alaska, Department of Transportation and Congress should be alarmed by the findings of the two reports,” the BP official said. Alyeska “is a deeply distressed organization and has a serious systemic issue with operational discipline that is likely indicative of a bigger problem with serious integrity management implications.”

Patricia Klinger, a spokeswoman for the Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA), said in an interview last month that the circumstances behind the spill are still under investigation by federal regulators.

Additionally, Klinger said a corrective action order was issued to Alyeska May 27, requiring the company to keep personnel on site 24-hours a day, seven days a week and perform inspections every 30 minutes for “leaks and any abnormal operations or activities.”

Sen. Lisa Murkowski (R-Alaska), a member of the Senate Energy and Natural Resources Committee, last week called on Alyeska to conduct its own internal review of the pipeline, in areas such as maintenance and leak detection, to ensure its operating safely.

Alyeska said the company would hire a third party to conduct an independent review of TAPS after Alaska State Rep. David Guttenberg (D-Fairbanks), who has been critical of the company’s cost-cutting measures, said Alyeska could not be trusted to investigate itself.

### **Anonymous Email Sparks Probe**

The investigation conducted by Thebaud and Diecker into the safety issues at Alyeska was sparked by an anonymous three-page email sent to BP’s Office of the Ombudsman last December by an Alyeska employee identified as “Afraidaspill.”

In that letter, Afraidaspill wrote that Alyeska’s Employee Concerns Program (ECP) “is non functional” and that was one of the reasons BP’s Office of the Ombudsman was initially contacted about the safety and budgetary issues. The email noted that BP’s Deputy Ombudsman, Billie Garde, an attorney, had previously represented Alyeska whistleblowers. Garde also formerly worked for Alyeska.

Thebaud’s report said BP’s ombudsman’s office then sent Afraidaspill’s email to Alyeska’s general counsel and, in February, attorneys for TAPS’ owners directed Morgan, Lewis & Bockius “to conduct this privileged, independent investigation on behalf of Alyeska ... without guidance, direction, or oversight from Alyeska management.”

Thebaud and Diecker conducted 66 interviews with Alyeska executives, directors, managers, supervisors and “individual contributors” during the course of their investigation and obtained 200 internal company documents from a senior research analyst in Alyeska’s legal department. The questions asked were based on a review of the documents, says the report, which is marked “attorney-client privilege.”

Afraidaspill’s email raised concerns “in seven general topic areas affecting Alyeska personnel and operations,” Thebaud’s report says. “The allegations relate to all three major Alyeska locations – Anchorage, Fairbanks and Valdez.”

The BP official said what's interesting about Thebaud's report is that it "narrowly examines [Afraidaspill's] concerns with exactness for substantiation of the concern exactly to the words used to define the concern."

For example, the email described Alyeska vice presidents as "neutered," "spineless" and "worn down." Thebaud's report said his probe determined that company officials are neither "neutered," "spineless" nor "worn down" and, therefore, the accusation was unsubstantiated.

"That is very unusual and a narrow viewpoint," the BP officials said. "To me this was deliberate so that [TAPS owners] could say that they could not substantiate the concerns rather than examine the meaning of the concerns."

Stanley Sporkin, BP's ombudsman, and Garde, were both said to be distressed by Thebaud's final report, which substantiated some of the initial concerns, but ultimately concluded that the issues in the Afraidaspill email and correspondence their office received from other employees had no immediate impact on the integrity of the pipeline.

Sporkin and Garde were in Anchorage last week meeting with BP officials to discuss the report and register their disapproval with the results of the investigation, Alyeska and BP officials said. Ironically, in 2006 and 2007, Garde was working with Alyeska on revitalizing their employee concerns' program and helped the company establish an open work environment, which Thebaud's report identified as areas of major concern for employees that contributed to the issues at the center of the Afraidaspill email.

Some senior Alyeska employees, who reviewed Thebaud's report, said they believed it ultimately amounts to a "whitewash" because it failed to absorb how low morale, poor leadership and a culture of fear has already affected the safe operations of a pipeline that moves anywhere from 600,000 to 700,000 barrels of oil per day and accounts for 15 percent of the country's oil supply. The employees pointed to the spill at pump station 9 as evidence of how these issues have affected pipeline safety and integrity.

Fears that the investigation would be whitewashed was a prediction Afraidaspill made in an email sent June 21 to Pasha Eatedali, an attorney who works in BP's Ombudsman's office, inquiring about the status of Thebaud's report.

"Concerned that the report will be whitewashed," the email said. "Since Alyeska is paying for [Thebaud's investigation], there's a belief that the concern report will not truly relate to the owners state of affairs at Alyeska and the irresponsible decisions that have been made by the President that will/have resulted in concern for safety and integrity," says the email, which was obtained by Truthout.

This wouldn't be the first time Thebaud has been accused of whitewashing a report concerning Alyeska. In 2006, Robert Glen Plumlee, an Alyeska financial executive, had accused Thebaud of covering up his claims of widespread financial malfeasance and retaliation by Hostler after he disclosed to Thebaud and federal investigators that he was pressured to boost estimates of how much Alyeska was spending to fight corrosion on TAPS. Neither Thebaud nor Diecker returned a call for comment.

### **"Bow Wave"**

Although Thebaud's report downplayed the significance the issues raised in the Afraidaspill

email would have on the integrity of the pipeline, he did find cause for concern in many of the allegations raised in the email.

One of the main issues alleged that Alyeska, at the direction of BP, implemented budget cuts “over the last couple of years” that has resulted in a “large ‘bow wave’ of deferred projects and program work,” which can result “in an unsafe work place and potential for an environmental spill.”

“The oversight of the integrity of the system is at risk,” Afraidaspill’s email said.

Thebaud’s report said Alyeska slashed its 2010 budget by about \$80 million last year due to the “global economic recession and other [unknown] circumstances” resulting in “significant reductions in almost all of the major programs.”

However, “the reductions did not ... compromise Alyeska’s safety, its environmental stewardship, or the integrity of TAPS,” Thebaud’s report said.

But a top BP official told Truthout last month “there is a cogent argument for closer TAPS attention because of its age and lower flow rate that create new and unique integrity concerns.”

Still, “the Alyeska CEO and executives readily acknowledge that funding constraints and other circumstances have caused the deferral of some work,” according to the report. “Thus far, however, the deferred work has been work that could be safely and lawfully deferred. But in time, deferral will cease to be an option as conditions or regulatory commitments compel completion of the work.”

The report added that Alyeska officials are now “working with the Owners to develop a realistic, long-term budget that accounts for the timely performance of the previously deferred work” to address the potential safety issues from delaying work on the pipeline, which suggests the company never put together a long-term budget plan.

The report said, “In the past, the budget process focused primarily on whether work had to be done in the following year. Now, Alyeska is creating a five-year project plan to address the ‘bow wave’ with the intent of leveling the work over a three-year period and providing the needed funds. They are particularly concerned about the compression of work over the 2012-2015 period.

“Part of the new long-range planning process will be to identify the risk of not completing a project in any given future year so that the Company and the Owners can plan for when a project can (and must) be completed. Thus, the [Afraidaspill email] correctly notes the existence of a ‘bow wave’ and the potential consequences if the future work is not performed. Alyeska management and the Owners recognize both the condition and the consequences and are taking steps to address the situation.”

The BP official who reviewed the report said the “bow wave” of “capital projects are also indicative of the flawed BP leadership culture because it arises out of the need to generate short-term performance goals.”

“This is how it is linked to the CEO’s performance - to deliver short-term financial results and deferring the long-term to his future replacement,” the BP official said. “That is how the

game is played within BP. It is the same type of practice of maintenance deferrals that ultimately led to the North Slope spills in 2006.”

### **Little Regard for Emergencies**

Thebaud’s report said a controversial cost-cutting measure implemented by Hostler last November, also identified in the Afraidaspill email, to relocate more than 30 Alyeska employees from Fairbanks to Anchorage – more than 300 miles away from the pipeline – was done with “surprisingly little consideration to the potential effect of the relocation on the company’s emergency preparedness and response.”

The relocation, which has been the subject of inquiries by Guttenberg, the Alaska state Representative and most recently, Congress, affects about 30 engineers, scientists and technicians, who are directly responsible for the monitoring and maintenance of the integrity, safety and environmental compliance of TAPS. If integrity management employees need to immediately respond to an incident on the pipeline, they will now have to travel by airplane to Fairbanks, then drive to the area of the pipeline that requires attention. The pipeline does not run through Anchorage.

Hostler’s decision to relocate employees to Anchorage reverses a decision made in 1997 by then-Alyeska President Bob Malone, to move employees from Anchorage to Fairbanks to be closer to the pipeline so they could easily access it in the event of a spill or to perform monitoring and maintenance functions.

“You put your employees on the pipeline ... it will improve safety because you’re right there,” Malone said at the time. “It’s clear communication; it’s clear lines of authority; it’s clear accountability, which is most important to me.”

Since the relocation was announced last November, six integrity management engineers have resigned and Alyeska is finding it difficult to fill those vacancies with experienced personnel, according to employees, a warning that was raised in an internal relocation analysis describing the impact of the move.

Thebaud and Diecker were provided with the 39-page relocation analysis prepared by Alyeska integrity employees that documented the inherent risks and increased travel costs that would be realized from moving employees to Anchorage.

The analysis warned that the relocation “will likely result in the inability of the [integrity management] teams to focus attention on core business functions that are necessary to maintain regulatory compliance and leak/spill prevention ...”

At a hearing last month before the House Transportation and Infrastructure Committee’s Subcommittee on Railroads, Pipelines and Hazardous Materials, Alyeska Senior Vice President Greg Jones testified that the integrity management officials who prepared the relocation analysis no longer stand by its conclusions.

That prompted Rep. Tim Walz (D-Minnesota), a member of the subcommittee, to demand Jones provide the committee with statements from the individuals who changed their position.

But that’s not what the committee was told in a July 26 letter signed by Tom Webb, Alyeska’s engineering integrity manager, who worked on the relocation analysis.



Webb said, “At the current time, I do not know of any Integrity or Safety risks resulting from the relocation,” adding that the measure has resulted in “the loss of over 30% of Integrity Management’s staff.”

According to several Alyeska officials, the committee has not yet spoken with the other integrity management personnel who worked on the report, but they accused Jones of misrepresenting the facts.

Thebaud noted that his “investigation found no written analysis of the effect of the proposed relocation” on the [incident management team], the individuals who respond to spills or emergencies, such as an earthquake, or “staffing levels, experience, response capabilities, logistics, training, or overall effectiveness.”

“Moreover, [Alyeska’s] Emergency Preparedness and Compliance Manager reported that management did not discuss with him, or request that he conduct an analysis of, the impact of the proposed relocation on the [incident management team],” the report said. “In light of these circumstances and the evolving personal decision-making by those selected for relocation, the investigation cannot conclude that the relocation will have no impact on the effectiveness of the [incident management team]” when it comes to responding to a spill or other emergencies.

Thebaud said the concerns raised by Afraidaspill surrounding the relocation are “substantiated in part” because it correctly predicted that it would “result in key engineers leaving the company,” placing the “the integrity program at risk” and “reversing the significant progress made by the Company in integrity management in recent years.”

“These losses will, in the near term, place added stress on the organization,” Thebaud’s report said.

But Thebaud’s report then appears to be somewhat contradictory stating he has not found “compelling evidence to support a conclusion that either the loss of personnel or the new work location will have a significant adverse effect on the Company’s performance of its integrity management program.”

That last statement by Thebaud led a top Alyeska official to state: “Well of course not yet. This is an example of a statement being made by someone who has no concept of what Integrity Management for a pipeline is or looks like.”

“This is a case in point that Thebaud was not qualified to perform this part of the investigation. You would not expect any ‘evidence’ to immediately crop up right after these events have occurred – it doesn’t work that way,” the Alyssa official said.

Michelle Egan, an Alyeska spokeswoman, told Truthout last month that the relocation was carefully planned by Hostler and Alyeska managers and that “staff [were being] transferred because of the efficiency and synergy that is gained when [employees] are co-located with the rest of the departments” in the “same building.”

Thebaud’s report said the relocation was actually supposed to be phased in over an 18-month period and finalized in spring 2011. The report further states that Hostler unilaterally made the decision to move up the relocation by a year. The change, coincidentally, came after a [news report](#) was published in the Fairbanks News-Miner that questioned the logic behind the relocation and reprinted a separate email written by Afraidaspill critical of the

decision.

## **Disastrous Decision**

Several Alyeska officials said the relocation has already proven to be a disastrous move and has neither resulted in “efficiency” nor “synergy.”

Indeed, an email obtained by Truthout sent to senior Alyeska officials July 26 by David Hackney, one of Alyeska’s integrity management engineers, said, “Even in the short time I have been relocated in the Anchorage office, it is already clear to me that moving our operations from Fairbanks puts the safety of operations at risk. As to business efficiency, I have already seen that there are none to be realized.”

“No aspect of my job has become more efficient by being in Anchorage, my cubicle is simply in a geographic location far removed from the ground where most of my work is done,” Hackney wrote, requesting to be transferred back to Fairbanks. “There have been no enhancements in communications, supervision, coordination, or scheduling as to my work. The required move to Anchorage has caused loss of skilled and experienced personnel that cannot readily be replaced ... This has a direct impact on the safety of our operations.”

A day after the email was sent, Hackney, who had sued the company for unknown reasons after he raised safety concerns, entered into a settlement with Alyeska and was transferred back to Fairbanks.

Additionally, Truthout has learned that one of the company’s integrity management supervisors is being transferred to Anchorage while the key engineers he’s going to supervise will remain in Fairbanks, an exception the company recently made for those individuals. The decision further contradicts statements by Egan and other Alyeska officials that the transfer of integrity management employees to Anchorage was about “efficiency” and “synergy” and being located in the same building.

## **Flawed Survey**

During the course of Thebaud’s probe, Alyeska also commissioned Dittman Research & Communications to conduct an “open work environment survey” to try and get a sense of how employees felt about raising safety concerns, according to a copy of the 62-page report of the results of the survey Dittman provided to Alyeska in May.

But the survey was fundamentally flawed and designed specifically to shield Hostler from criticism, one of the most damning findings of Thebaud’s investigation. Thebaud’s report said “the 2010 Dittman survey missed a substantial opportunity to measure directly the workers’ perception of [Hostler].”

According to Thebaud’s report, the reason was due to the fact that a previous survey conducted in 2007 by a different research firm resulted in numerous employees complaining about Hostler’s management style.

“In the 2007 survey, the Executive Summary provided eleven ‘Areas of Needed Improvement,’” Thebaud’s report said. “One specifically addressed the need [for Hostler] to improve the workers’ perception of him: ‘Some respondents indicated that certain behaviors and actions of the Alyeska President and CEO have been perceived as having a negative organizational effect.’”

“The 2007 survey results contain numerous examples explaining the data. For example, in response to a question about the Code of Conduct, the 2007 survey indicates, ‘Of the 110 comments provided, 31 discuss the President’s behaviors as a concern.’”

Guim, the human resources director, who Alyeska employees leveled numerous complaints about, was largely responsible for skewing the questions in the 2010 survey in such a way that it would not reflect poorly on Hostler or other Alyeska executives.

Guim told Thebaud that she did that because the “2007 survey results were filled with employees ‘venting’ against [Hostler] in highly personal and inappropriate ways, which provided no real insight or value to the survey.”

Hostler appears to have had a say in the 2010 survey as well. He told Thebaud the “2007 survey was filled with ‘personal attacks’ on individuals and executives. Consequently, [Guim] indicated that the Company did not provide the opportunity for similar unhelpful venting in 2010.”

Thebaud said his investigation did not attempt to “validate or refute” any of the data in the 2007 or 2010 surveys. But the fact that Hostler’s conduct was a major issue in the 2007 survey, caused Thebaud’s investigation to seek information as to why the same questions weren’t included in the most recent survey conducted by Dittman.

“Workforce surveys – particularly anonymous workforce surveys – almost always include some amount of emotional venting and personal challenges to the character and conduct of some managers,” his report said. “Sophisticated survey analysts and reviewers recognize this reality and can properly dismiss or account for outlying information, personal attacks and other suspect information ...

“Alyeska’s decision to design a survey that precluded the receipt of such data, creates a potential perception that it designed the 2010 survey to avoid the receipt of harmful information. By not addressing the issue specifically raised in 2007 about the effect of [Hostler’s] conduct, the Company does not have survey data to describe or characterize the current perception in the workforce or to determine the effectiveness of any corrective actions taken during the past three years.”

Alyeska has not decided who will replace Hostler when he leaves the company in September.

*Truthout intern Deb Weinstein contributed to this report.*

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