

## **Our View: BP – The “Enron” Multinational Oil Company**

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Enron pioneered the “asset-light” model for energy corporations. Enron began as a major natural gas pipeline company. Over time, the pipelines were sold, and the company evolved into a major energy trading firm, revolutionizing the business.

Enron’s demise began when it ventured into broadband at a time when many firms were laying fiber-optic cable across the world. Enron believed it could accomplish a similar revolution with communications. The company failed when its efforts to hide the financial disaster associated with its activities were uncovered.

BP is following the same asset-light strategy, having disposed of most of its refining assets. In the United States, the firm now owns two refineries when it once owned eight. Meanwhile, it has acquired two nationwide operators of retail stations and truck stops, believing it has a comparative advantage in refueling vehicles, whether with petroleum or electricity. This strategy will likely fail.

For more on this, see the May 15 [Notes at the Margin](#).