Draft - Strategic Operations Management

**Critically analyse the role of operational performance criteria within Chevron Upstream Europe, including the implications of resource constraints, time-dependency and focus.**

According to Waters (2006), operational performance is critical in the analysis and measurement of a company’s performance against the set standard indicators of efficiency, effectiveness, and sustainable production such as productivity, environmental responsibility, waste reduction, cycle time, and compliance with regulatory guidelines. The Chevron Corporation focuses on ensuring high levels of efficiency in operations and effectiveness of its systems and processes. The organization has achieved a greater global recognition as one of the leading integrated energy companies. In the processes of exploration, production, and the transportation of the natural gas and crude oil, Chevron Europe Upstream maintains effectiveness and focuses on efficient utilization of resources, sustainable production, and environmental responsibility (Chevron Corporation, 2015). The various processes including the refinery, generation of power and the production of geothermal energy, the provision efficient energy solutions, and the development of energy resources of the future such as renewables and biofuels shows the commitment of the Corporation in ensuring efficient processes and systems (Chevron Corporation, 2016). However, various constraints and other factors have a great implications on the Company.

Operational performance criteria plays a critical role in the enhancement of efficiency and the effectiveness of systems and processes in any company. The integration of the operation performance into Chevron continues to show the importance of the criteria in boosting the overall efficiency of the Company. The analysis of the various measures of performance allows the development and implementation of efficient strategy, which in return guarantees improving profitability, returns on investment, return on assets, productivity, and a growing market share among others. According to Cohen and Roussel (2013), using the various indicators of performance to analyse the effectiveness of corporate strategy and the success of the operations allows the management to devise effective ways of dealing with areas of weakness and improving on its strengths. As Adamides (2015) asserts, operational performance measurement ascertains effective management. Using the operational performance criteria plays a significant role in pushing the organization towards the achievement of world-class operational performance.

According to a report by the Chevron Corporation (2016), the company focuses on growing profitably in core areas and building new legacy positions. It purposes to meet the goal through the achievement of world-class operational performance. Operational performance criteria will play a critical role in pushing the company towards the achievement of the goal. As such, the criteria for operational performance plays a critical role in influencing the achievement of organizational goals. Chevron applies various performance criteria of measuring operational performance and has achieved significant success in the promotion of its goals. Its focus towards improved productivity plays an important role in boosting its profitability and growth. The Company focuses greatly on value addition while ensuring the achievement of value of the capital and labour consumed (Chevron Corporation, 2015). The application of the criteria boosts organizational development by pushing for improved profitability and efficient management of resources.

Chevron Corp. maintains operational excellence in all its operations. The Company defines operational excellence as a continuous management of process safety (the promotion of personal health and safety), the protection of the environment, energy efficiency, and operational reliability. This criteria enables it to stay committed towards the attainment of superior performance and ensure zero incidents in its operations. This has caused a significant improvement in efficiency and excellence in the Company’s operations. According to a 2011 report by the Energy and Climate Change Committee and the House of Commons, Chevron considers its commitment to safety as fundamental in the way it conducts its business. It has integrated the criteria of operational excellence and its components such as safety in its values and thus prioritizes it, causing a constant improvement in operational efficiency (Chevron Corporation, 2016). The process further improves the framework of the Corporation’s safeguard, focuses on prevention and helps in building an excellent record of safe operations. As such, the operational performance criteria proves critical in the enhancement of operational efficiency, safety, and health of staff, the society, and the environment.

Additionally, the operational performance criteria plays a major role in the improvement of the operational efficiency of Chevron Europe Upstream. Chevron drills in deep water basins and thus must maintain high levels of operational efficiency. The integration of operational performance criteria into the management allows the continued improvement of its operational efficiency. According to a report by the Energy and Climate Change Committee and House of Commons (2011), the Company has drilled various wells around the globe without any serious well control event. The application of the various criteria has ensured that Chevron Corporation maintains its operational efficiency. The operational performance criteria pushes companies to perform internal reviews to outlines any areas of weakness that may trigger disaster. The criteria ensures that the Company performs internal reviews across its global operations of drilling and refinery processes and well control contingency plans to ensure efficiency and avoid risks (Chevron Corporation, 2015). As such, the operational performance measurement through the criteria of operational excellence and its tenets such as safety and health, environmental protection and sustainability ensures the development of effective policies, rigorous procedures, and efficient control practices that ascertain that deep-water wells are safe and environmentally sound (Energy and Climate Change Committee; House of Commons, 2011).

The operational performance criteria plays a significant role in the enhancement of operational quality of the Chevron Upstream Europe. Attention to quality as a criteria for measuring operational performance plays a major role in advancing quality improvement in all the processes of the Corporation (Waters, 2006). The criteria is applicable in all the processes and systems of the company and thus critical for the enhancement of quality. The various processes such as exploration, refining, marketing, transportation, and the production of renewables and other efficient energy alternatives demand the consideration of the criteria of quality. The quality of products and services influences the profitability and growth of an organization significantly (Ireland, et al., 2007). Upstream explores and produces natural gas and crude oil. The consideration of the aspect of quality is crucial in the determination of the success of its operations. The production of quality products and services shows the company as successful in its major operations. Giving attention to quality ensures constant quality improvement, which attracts and retains customers.

Timeliness is an important operational performance criteria which serves a major role in improving the efficiency and profitability of Chevron Europe Upstream. The incorporation of the criteria of timeliness in the management of the operational performance of Chevron influences product and service quality and, most importantly, the aspects of organizational efficiency and effectiveness (Gong, 2013). The aspect of timeliness in organizational performance includes cycle time, wait time, and the completion-time. While wait time influences the quality of services and customer-company relations, the consideration of cycle time and the time of completion of tasks is of essence. The criteria is important for ensuring the completion of tasks within set timeframes and the maintenance of effectiveness in the process (Slack & Lewis, 2011). As an operational performance criteria, timeliness improves operational efficiency and ensures customer-satisfaction. The process serves a greater role in the retention of customers and the improvement of Chevron’s market share. The review and evaluation of cycle time improves efficiency and effectiveness within the Corporation’s systems, processes, and programs.

Most importantly, the consideration of resource constraints is a critical operational performance criteria. The process ensures the efficient management of resources, constant staffing, and purchasing of efficient equipment. The management of Chevron Europe Upstream takes into consideration the concerns of resource constraints. Using the criteria pushes the Corporation to ensuring that at all times it has sufficient staff for the performance of all the process and operations. Additionally, according to (Chevron Corporation, 2016) and (Chevron Corporation, 2015), the Company employs efficient machinery and equipment in the exploration, refinery, production, and other that are critical for its development. For instance, Chevron Europe Upstream integrates efficient technologies in its operations thus boosting its productivity, efficiency, and effectiveness significantly. As (Chevron Corporation, 2015) points out, Chevron continues to advance its capabilities in subsurface imaging and modelling supporting field development, exploration, and reservoir management. Moreover, the Chevron has expanded its use of advanced seismic acquisition and processing equipment, which improve the understanding of subsurface conditions and allow effective exploration. Further, the organization uses other efficient technologies such as nuclear magnetic resonance among others. The operational performance criteria prompt efficient resources management and influences organizational development directly and indirectly.

**4. The operations strategy is only as good as its implementation. Discuss this statement and critically comment on 5 main factors that can affect the implementation of the operation’s strategy in Chevron.**

The operations strategy serves major roles in the enhancement of organizational efficiency, improvement of quality of products and services, boosting organizational profitability, and promoting growth and development among other key roles. An efficient operations strategy attaches effectiveness in all operations, processes, and systems. The development of an efficient strategy therefore paves way for a journey towards organizational success and development. However, effective implementation determines the success of the strategy in the performance of the roles for which it was developed. Even if an operations strategy is efficient, poor implementation results to insignificant and often negative impacts. On the other hand, the effective implementation of an efficient strategy guarantees the continued development. According to Bidgoli (2014), the management and leadership of any company must understand the concept of an operations strategy implementation for success in the process. The author asserts that the strategy reveals the long-term aspirations and objectives and, therefore, implementation must focus on the realization of the goals for which it was designed. Failing to focus on its purpose limits the success of the strategy (Jin Woo, et al., 2016).

Operations strategies only become effective after implementation. Therefore, Chevron must focus on carrying out the strategic plans and translate them into positive outcomes. The process demands effective decision-making and monitoring of performance to ascertain the achievement of the set goals (Rajasekar, 2014). Additionally, the management of Chevron Europe Upstream must engage on discussions concerning the infrastructure required to support the operations strategy. Implementing the operations strategy prior to ensuring that the necessary infrastructure is in place threatens the development of inefficiency. Chevron must ensure the existence of well-functioning systems, organizational structure, human resources, and other resources, values, and culture to support the implementation of the operations strategy. The management of the Corporation must consider the policies, culture, budget, operational resources, and the internal structure of the Company’s operations function, the supply network, and the human resources (Cohen & Roussel, 2013). The consideration of the concerns mentioned allows the effective implementation of the operations strategy.

Further, the implementation of the operations strategy determines the success of a company in the pursuance of its short-term and long-term goals/objectives. The efficient implementation of the strategy requires an outline of the systems, the description of the organizational structure, and the involvement of all members of staff. The description of the organizational structure allows the division of the Corporation into distinct parts that work with well-defined roles and responsibilities towards the achievement of the set goals (Singh, et al., 2015). Moreover, the management outlines the systems to include various unit systems such for communications, production, manufacturing, exploration, order processing, information, and customer relations among others. In the implementation of the operations strategy, the various systems differ in accordance with the specific company and the industry in which the particular organization operates (Liu & Liang, 2015). That the operations strategy demands the consideration of various issues shows it as entirely dependent on the effective of its implementation regardless of how effective it may seem in the course of its development.

In the course of implementation, the consideration of the control system is critical. The control system plays a considerably essential role in monitoring the operational performance and effectiveness in order to identify areas that require adjustment for enhanced performance. (Slack & Lewis, 2011) The system involves various activities that are of significance to the improvement of performance. For instance, reviewing objectives, goals, and the constraints, monitoring changes and conditions, and measuring the performance of the operations are important parts of the control system. Additionally, the comparison of the actual performance with the operations strategy plans and the adjustment of the strategy for the improvement of performance are of equal importance in the implementation of operations strategy (Waters, 2006) (Energy and Climate Change Committee; House of Commons, 2011).

Further from the above mentioned, there are various factors that affect the implementation of operations strategy in Chevron. Culture and the influence of the managerial behaviour influence the implementation of the operations strategy in Chevron significantly (Chevron, 2016; Chevron Corp., 2016). The Corporation operates under a strong organizational culture based on values. The implementation of the strategy would be easier since there is an already established culture. Additionally, the existence of efficient systems, operations functions, sufficient resources, and effective management and leadership place the company on an elevated ground for the effective implementation of the operations strategy (Slack & Lewis, 2011). The management and leadership of Chevron lies on an effective structure that demarcates roles and responsibilities effectively and thus will allow the proper implementation of the strategy.

Additionally, Chevron has an efficient operating model, a value system, sales channel, customer service, and an effective asset footprint (Chevron Corporation, 2016). These will ensure the effective implementation of the operations strategy by creating an efficient platform for operations. The Corporation has clear, accurate, and flexible objectives, distribution channels, value systems, and depicts effectiveness in planning, ordering, marketing, and delivery processes. Moreover, its efficient utilization of resources would allow the sufficient allocation of resources for the implementation of the strategy (Cohen & Roussel, 2013).

**3. Critically evaluate the role that the operations strategy may play in helping Chevron organisation to develop and shape the nature of the supply network in which it operates.**

Operations strategy plays a critical role in helping companies to develop and shape the nature if their supply networks in which they operate. The application of the operations strategy in the case of Chevron would be important in the development of the supply network in which it operates. The Corporation focuses on the exploration and production of crude oil, natural gas, refined petroleum products, efficient energy products, biofuels, and renewables among others. It adds value to products and services and markets, distributes, and sales them to customers around the globe. In doing so, Chevron targets various markets and focuses on ensuring customer satisfaction by providing quality products. The process works efficiently due to its effective operations strategy. According to Bidgoli (2014), operations strategy involves various processes applied within a company and over distribution connection, the addition of value to consumers through the improvement of delivery services and the enhancement of efficiency and quality in producing of products. Considering the scope of the operations strategy, it plays an essential role in influencing the development of the supply network. The strategy can be applied in Chevron to influence the development of the supply network in which it operates.

According to Bidgoli (2014), an efficient supply network involves spatial and temporal processes undertaken at the facility nodes over distribution links. Brown, et al. (2010) asserts that the network focuses on the addition of value for customers through the processes of manufacturing and the delivery of products and services…..

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