

SWOT Analysis British Petroleum

BUS 450 | Global Business Strategy
Dr. Donald Rogers

Group 5

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Agenda

British Petroleum (BP)
SWOT Analysis | BUS 450

1. Introduction

- 1.1 Company Introduction
- 1.2 Overview Strategy

2. SWOT Analysis

- 2.1 Environmental Forces
- 2.2 Organizational Capabilities
- 2.3 Stakeholder Behavior

3. Summative Conclusion

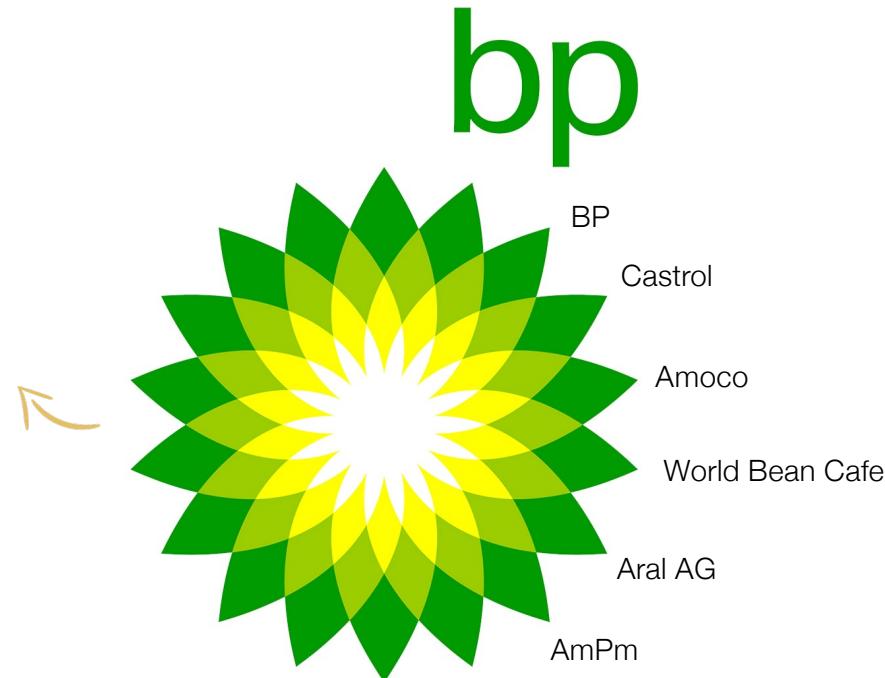
- 3.1 Summative SWOT
- 3.2 Executive Summary



1.1 Company Introduction

Background on BP plc and its brands

- 78 countries of operation
- 73,000 employees worldwide
- \$299 Bn in sales and other operating revenues
- 4th biggest worldwide based on revenue
- 6th biggest worldwide based on market cap



1.1 Company Introduction

Background on BP plc and its brands



1.1 Company Introduction

Background on BP plc and its brands



1.2 Business Strategy

Advancing energy to improve people's lives



(...) from the deep sea to the desert, from rigs to retail, we deliver energy products and services to people around the world. The energy we produce helps support economic growth and improve quality of life for millions of people. We strive to be a **world-class operator**, a **responsible corporate citizen** and a **great employer**



Grow advantaged oil and gas in the upstream

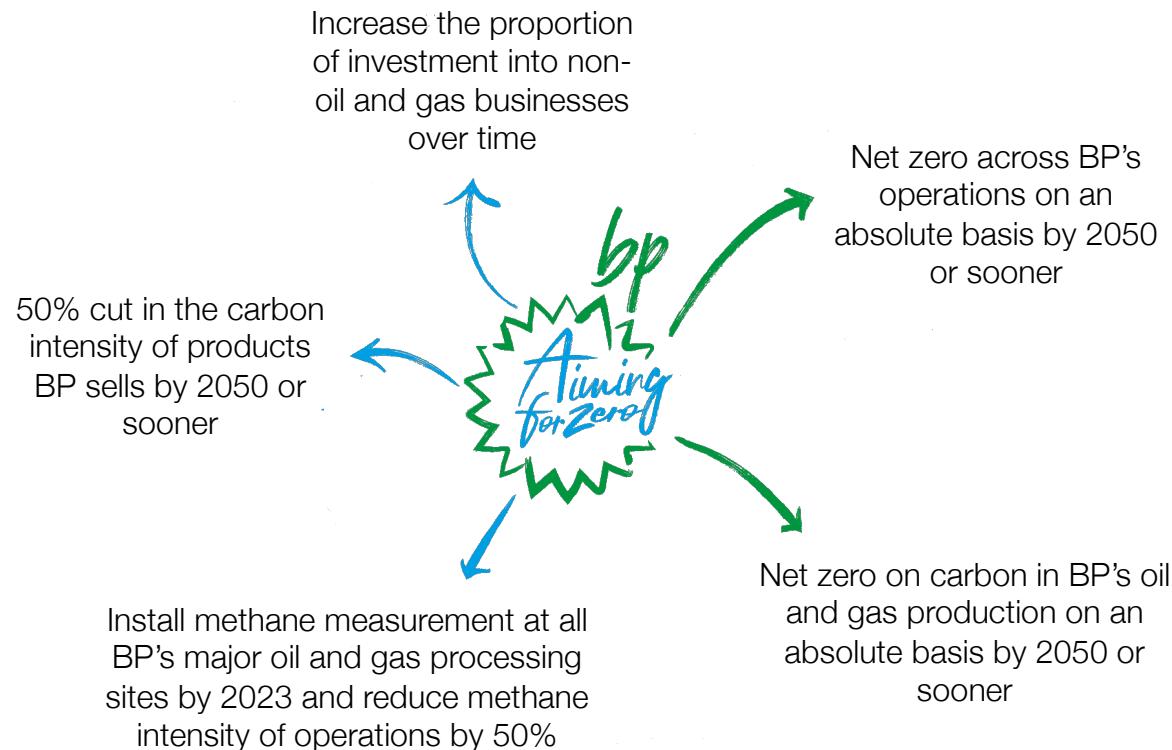
Market-led growth in the downstream

Modernizing the whole group

Venturing and low-carbon across multiple fronts

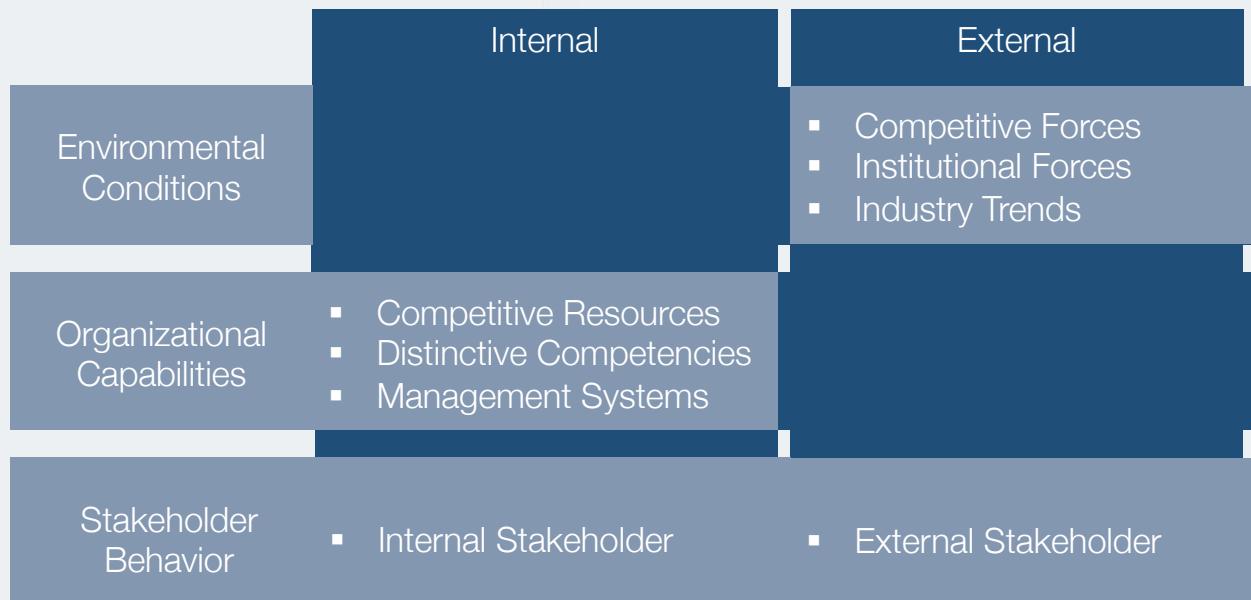
1.2 Business Strategy

Net Zero 2050: specific aims



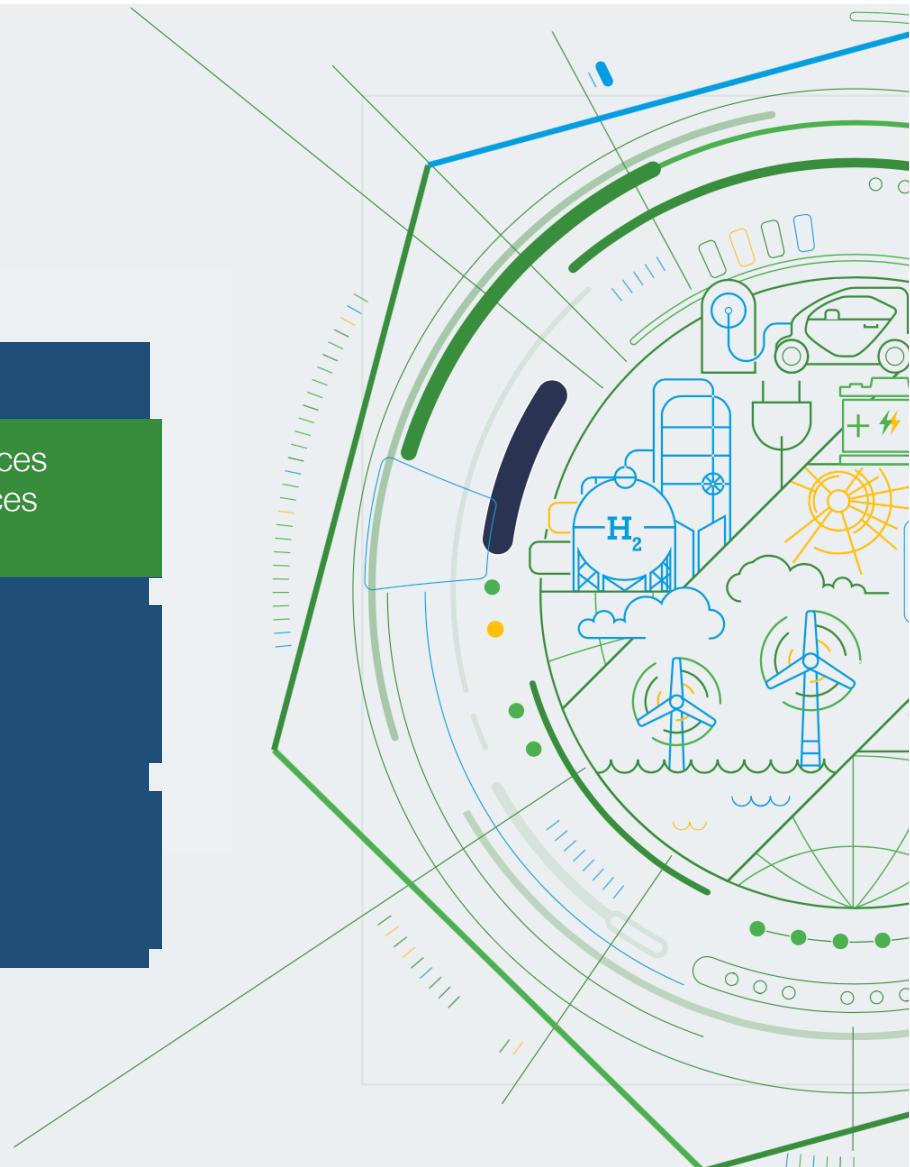
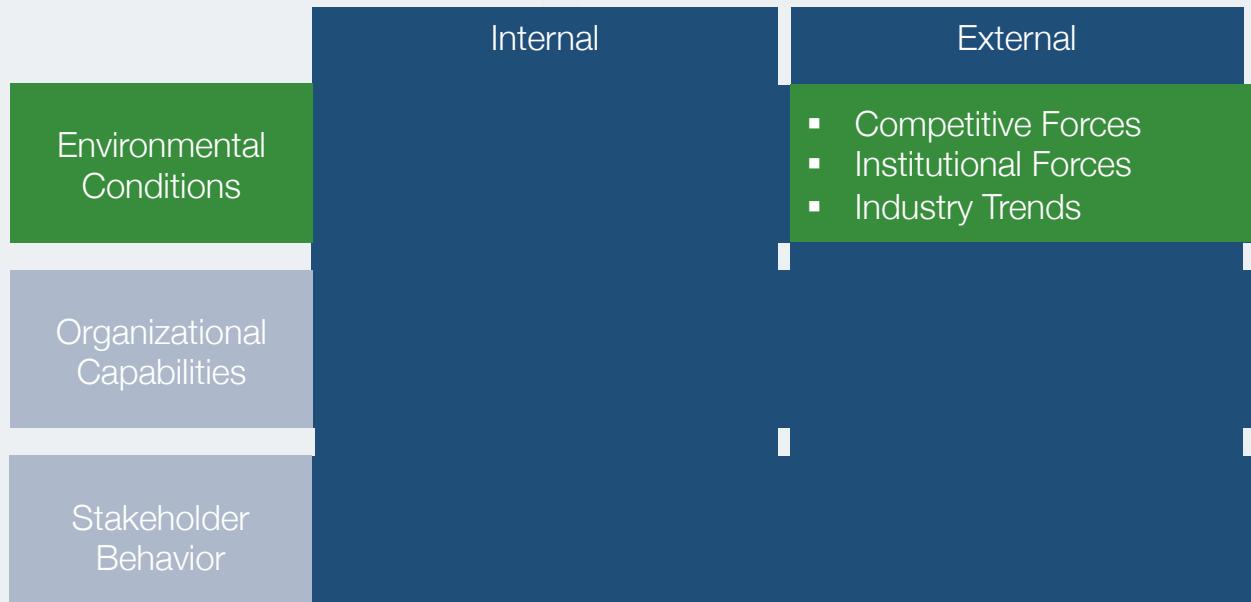
2.

SWOT Analysis



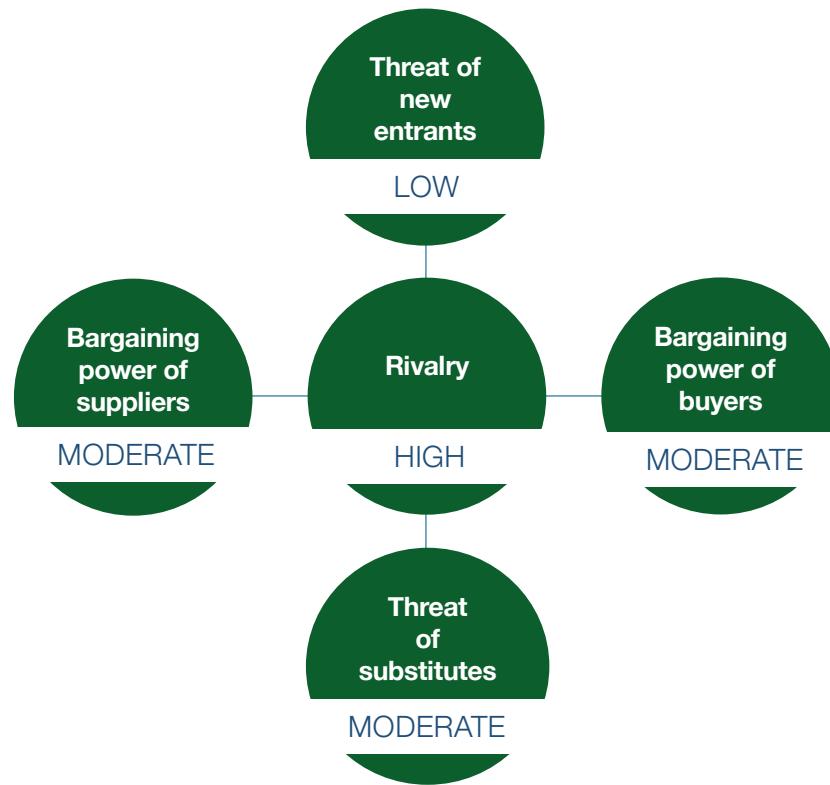
2.

SWOT Analysis



2.1 Environmental Realities | Competitors

Porter's 5 Forces: analyzing BP's competitive environment



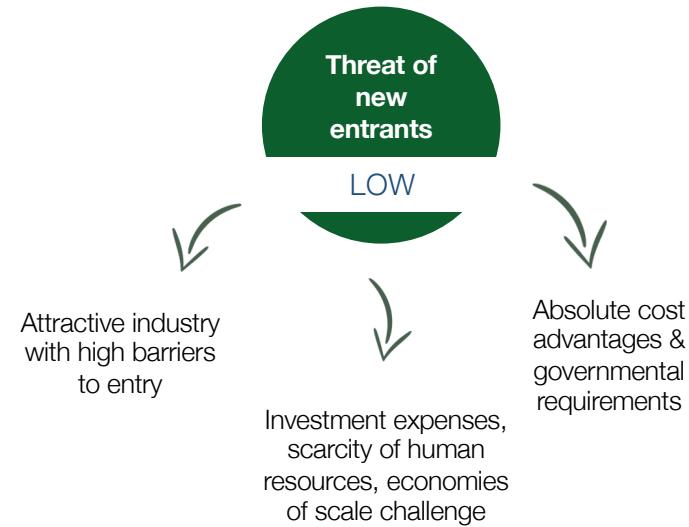
2.1 Environmental Realities | Competitors

Porter's 5 Forces: analyzing BP's competitive environment



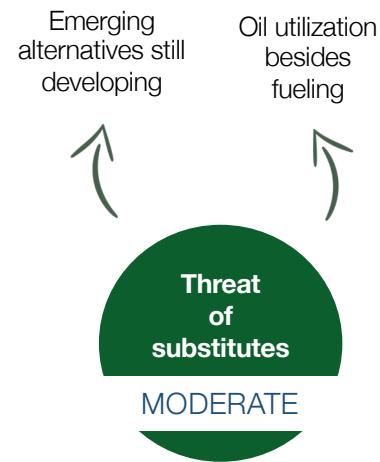
2.1 Environmental Realities | Competitors

Porter's 5 Forces: analyzing BP's competitive environment



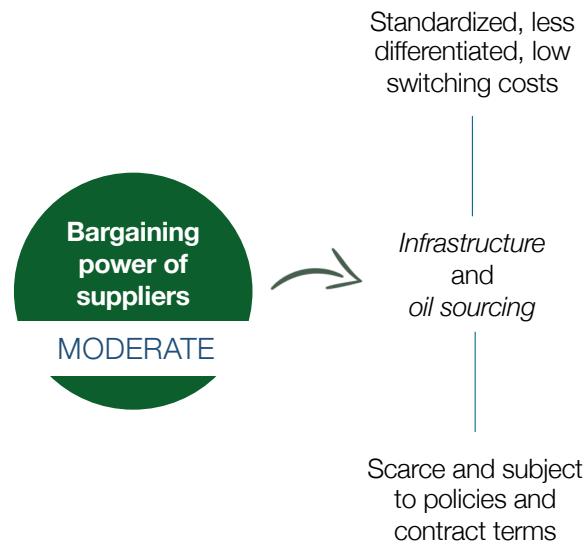
2.1 Environmental Realities | Competitors

Porter's 5 Forces: analyzing BP's competitive environment



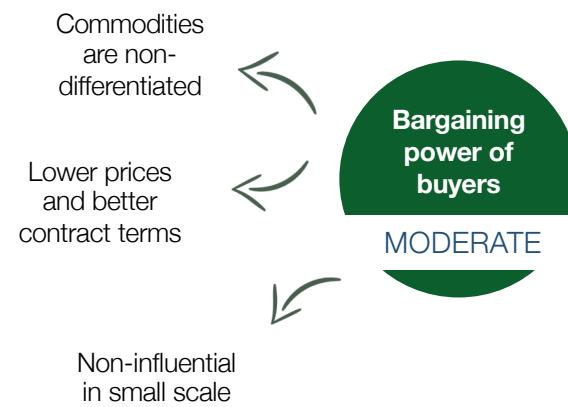
2.1 Environmental Realities | Competitors

Porter's 5 Forces: analyzing BP's competitive environment



2.1 Environmental Realities | Competitors

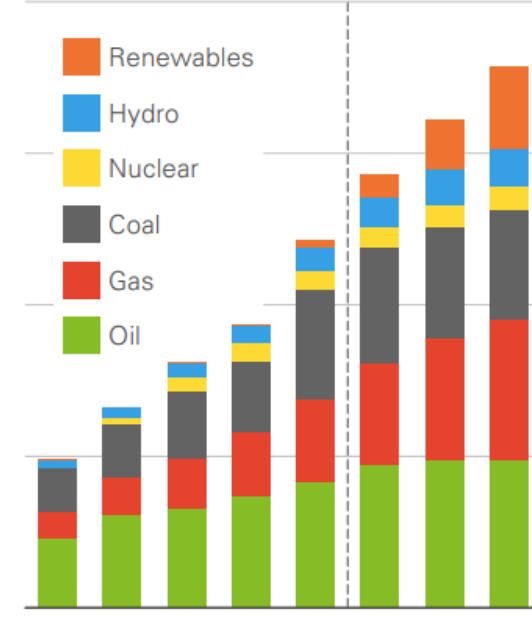
Porter's 5 Forces: analyzing BP's competitive environment



2.1 Environmental Realities | Industry & Market

Trends in energy consumption and market behavior in the oil industry

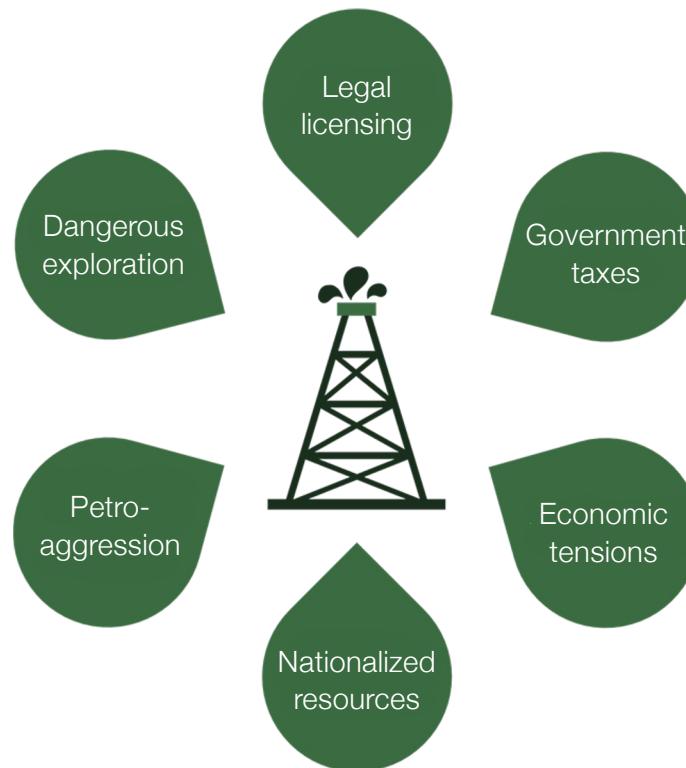
GROWTH
INTRINSIC VOLATILITY
ECONOMIC INSTABILITY
MARKET SENTIMENT



Source: BP Energy Outlook Report 2019

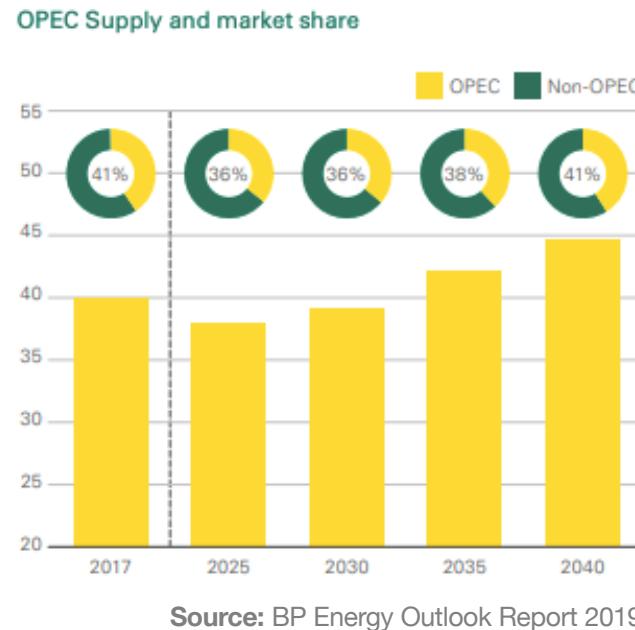
2.1 Environmental Realities | Politics & Government

Strong governmental intervention in the oil industry



2.1 Environmental Realities | Politics & Government

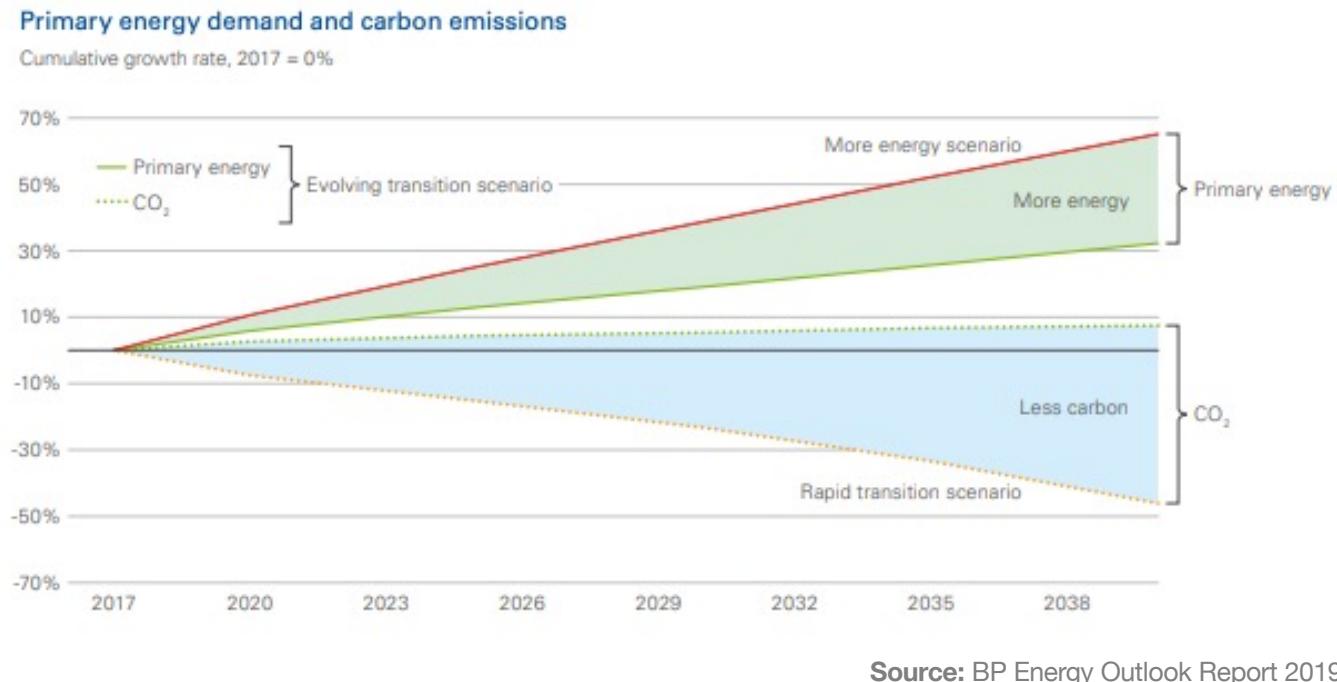
OPEC control of market share and prices



Strategic in social welfare:
transport capacity
energy production
industrial production
chemical production
agriculture

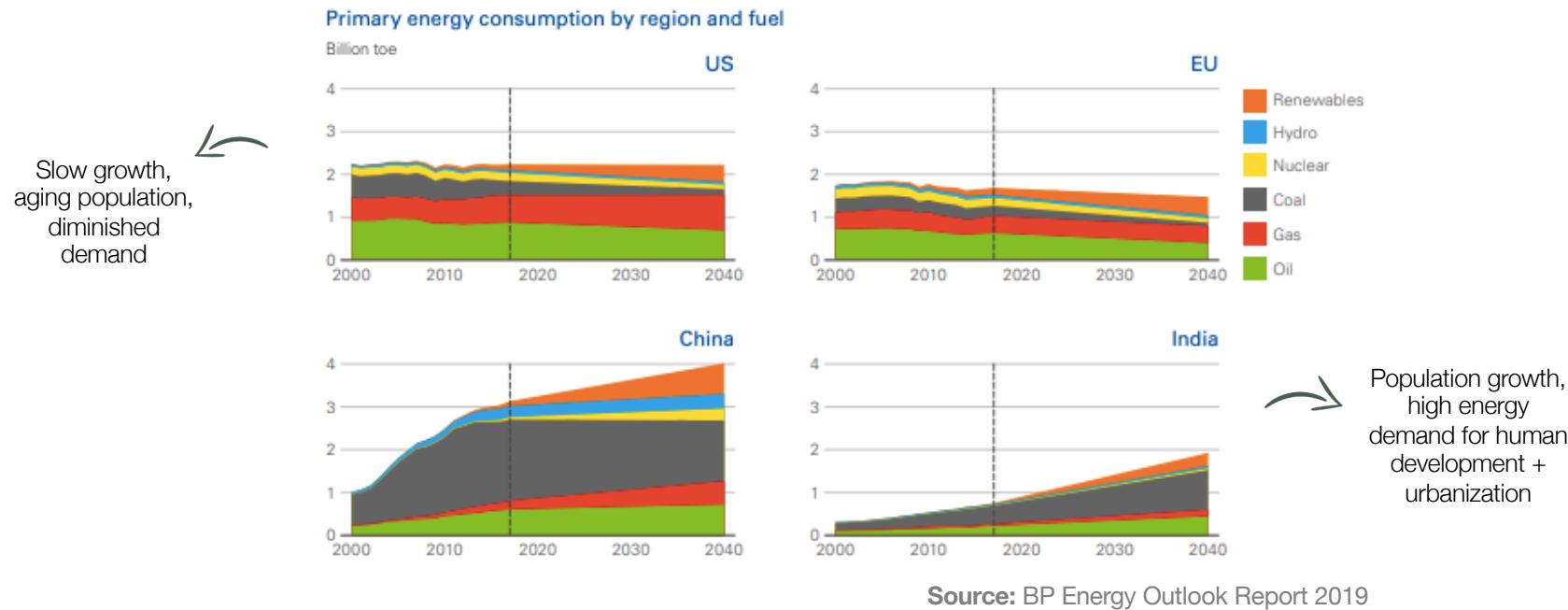
2.1 Environmental Realities | Cultural & Social Forces

Conflict in increasing demand and environmental protection trend



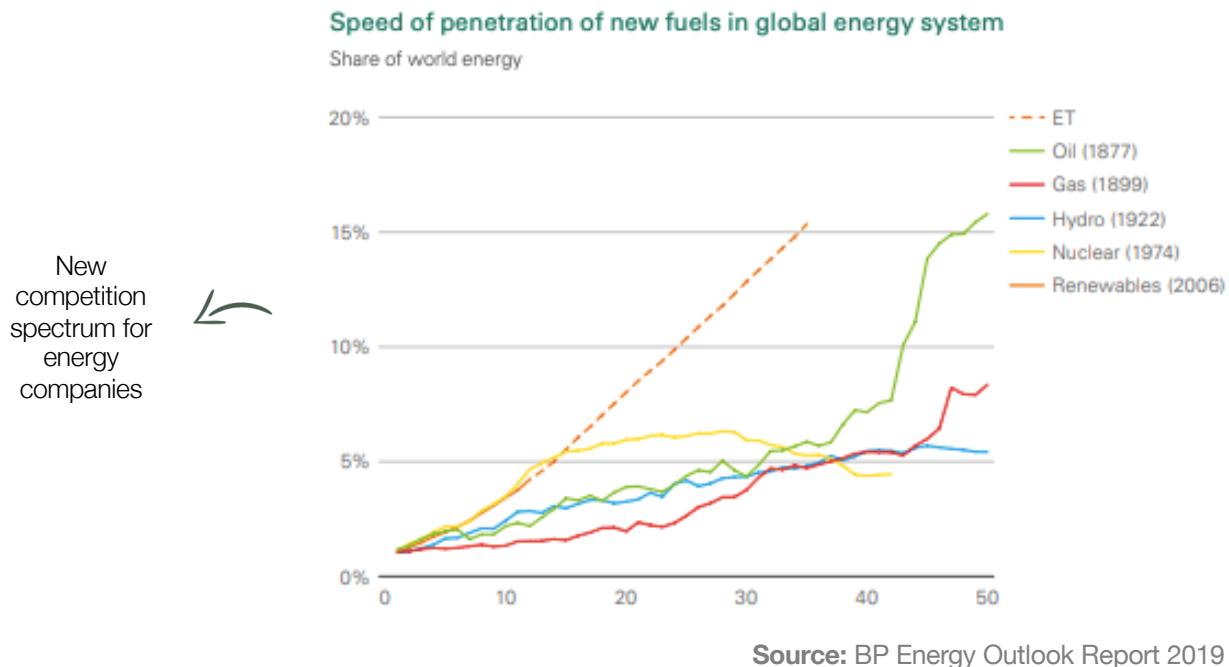
2.1 Environmental Realities | Cultural & Social Forces

Distinct energy demands from developed and developing countries



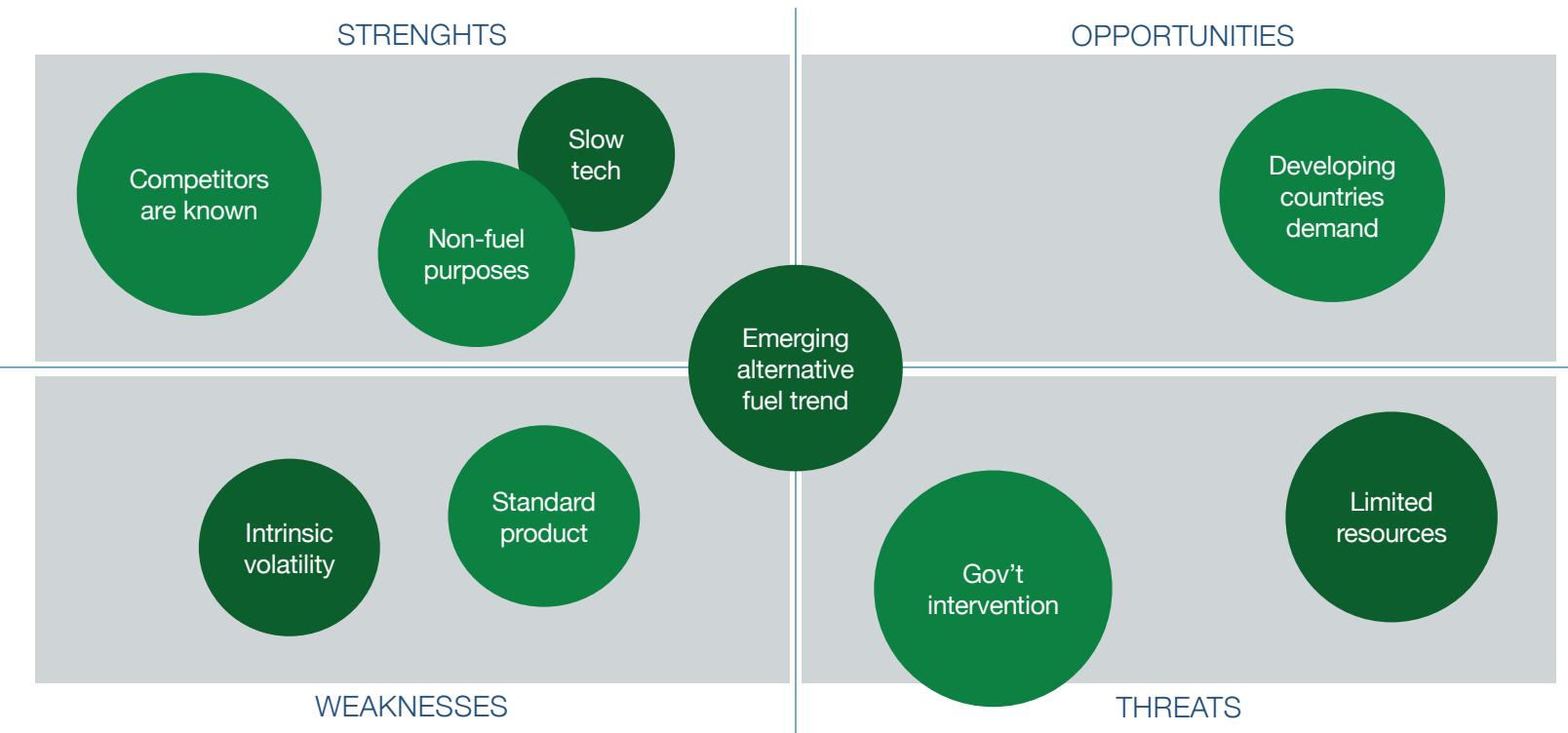
2.1 Environmental Realities | Cultural & Social Forces

Companies' supply requires adaptation to consumer changing lifestyles



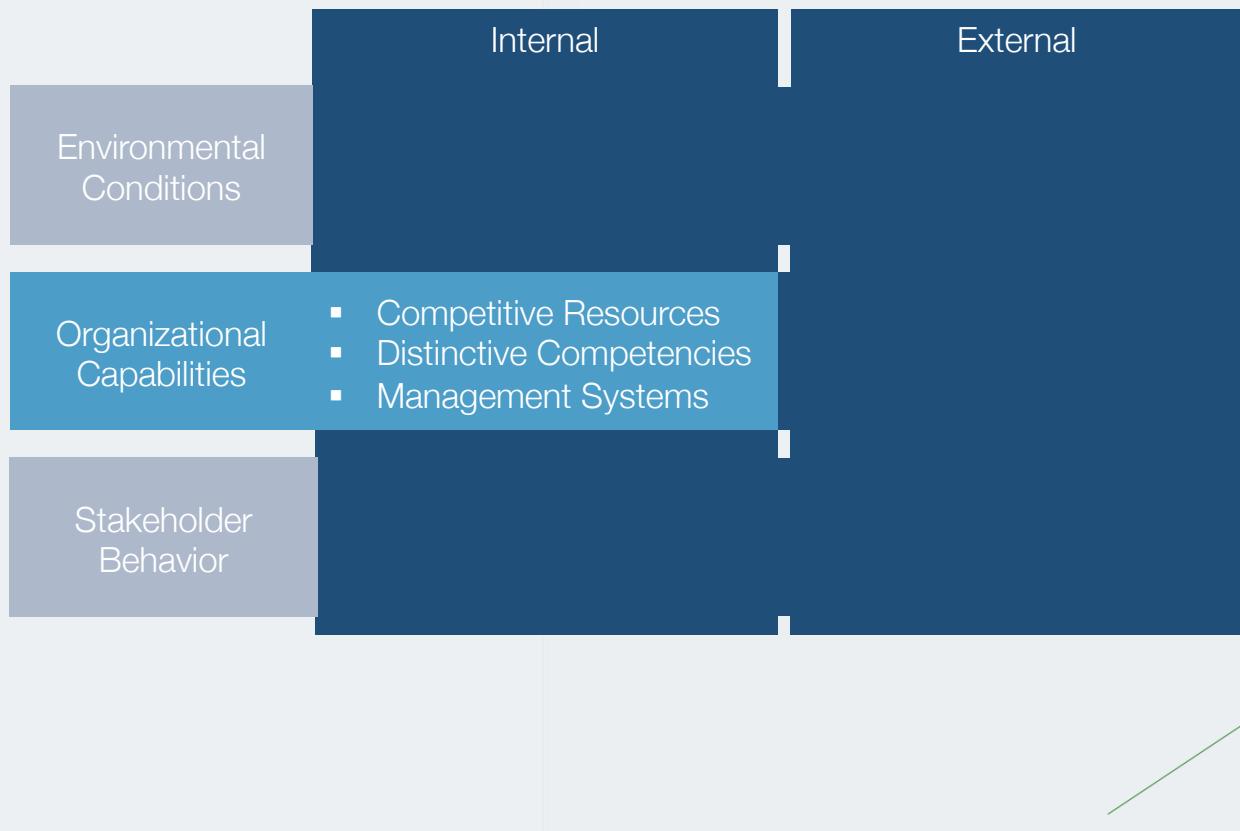
2.1 Environmental Realities | SWOT

Environmental realities SWOT grid



2.

SWOT Analysis



Organizational Capabilities

Key Success Factors of Energy Industry

Favorable & aligned with BP's strategy

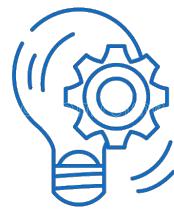
Competitive
Advantage

(Resource Based View &
Classic Factors Theory)

Organizational Capabilities



Competitive
Resources



Distinctive
Competencies



Management
Systems

Favorable & aligned with BP's strategy

Competitive
Advantage

(Resource Based View &
Classic Factors Theory)

Organizational Capabilities

Advantage

Competitive Resources

Absolute/
Competitive

Distinctive Competencies

Competitive

Management Systems

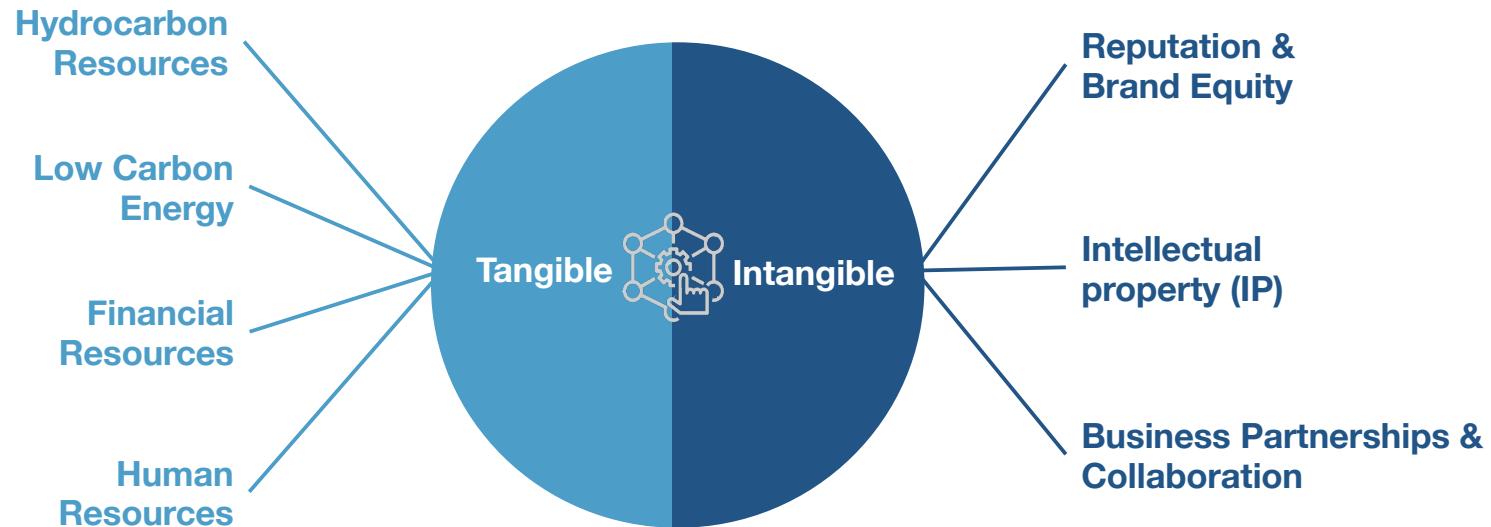
Comparative



2.2 Capabilities | Competitive Resources



Identification and analysis of BP's competitive resources necessary to succeed in the oil & gas industry



2.2 Capabilities | Competitive Resources



Hydrocarbon Resources: core product with limited exploitation, however disinvestment process starts to accelerate



Oil & Gas Production

- Major projects until 2021
- Overall production rose in 2019

Oil & Gas Reserves

- Rights for largest Oil & Gas reserves obtained by national oil companies
- Limited natural source

2.2 Capabilities | Competitive Resources



Alternative Resources: new CEO pushes BP to fundamentally reinvent itself and disinvest in fossil fuel projects



Disinvestment & withdrawal from fossil fuel projects



Opportunity to reorganize BP

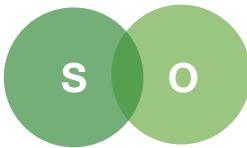


Net zero by 2050

2.2 Capabilities | Competitive Resources



Alternative Resources: opportunity to reposition BP and establish it as a new leader for renewables



Low-Carbon Energy Projects

BP one of largest operators in renewable energy among peers

Biofuels in Brazil



Solar PV worldwide



On-shore wind in the US



2.2 Capabilities | Competitive Resources

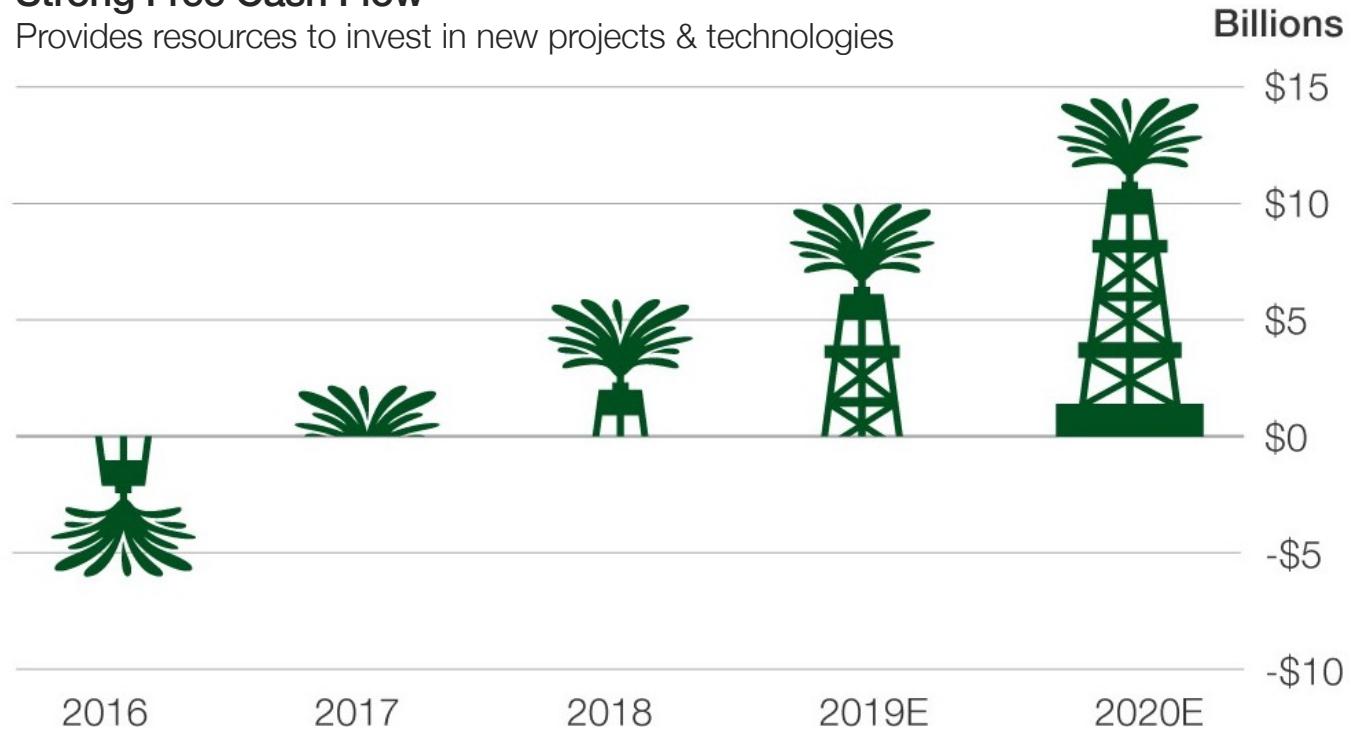


A strong free cashflow provides BP with resources to invest in new initiatives



Strong Free Cash Flow

Provides resources to invest in new projects & technologies



2.2 Capabilities | Competitive Resources



Developing leaders and talents within the company is one of BP's fundamental competitive resources

S

Internal Talent Pool for Senior Positions

A majority of the executive members are long-time BP employees



O

New CEO with High Ambitions

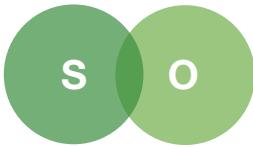
Bernard Looney could lead BP in a new era



2.2 Capabilities | Competitive Resources



Intellectual Property & Business Partnerships: innovative and sustainable technologies



Development of licensable technologies

Strengthens their positioning towards being a more sustainable brand

Enabling the recycling of difficult-to-recycle plastic waste

- \$25 million pilot plant investment



Turning-waste to jet fuel licensed technology

- Commercial scale waste-to-fuel plants
- Fulcrum BioEnergy



2.2 Capabilities | Competitive Resources



Reputation still remains a weakness, while reinventing brand emerges as new opportunity

W

Deepwater Horizon Explosion & further safety and compliance issues

- Damaged reputation
- Competition has been placed as more responsible

T

Greenwashing

- Going green as a profitable business strategy
- No public acceptance & credibility



Organizational Capabilities

Advantage

Competitive Resources

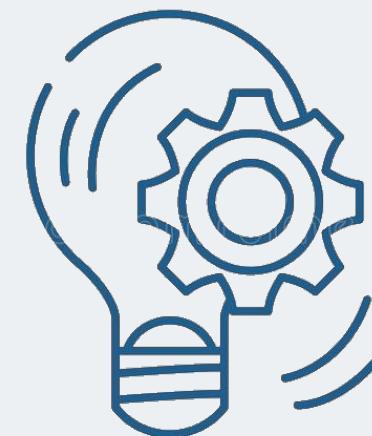
Absolute/
Competitive

Distinctive Competencies

Competitive

Management Systems

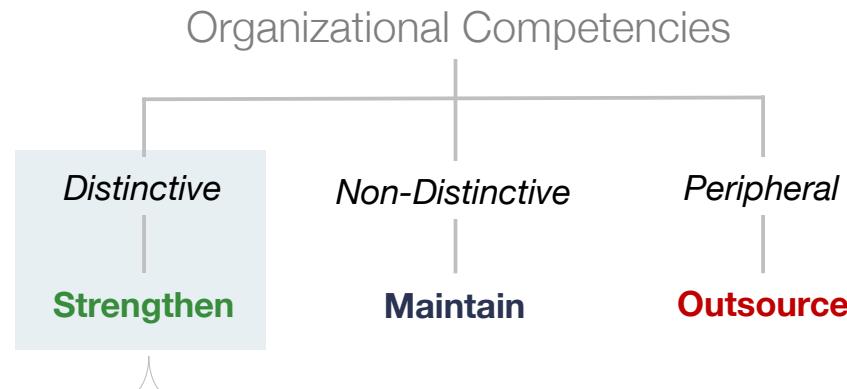
Comparative



2.2 Capabilities | Distinctive Competencies



Identify and analysis of 3 distinctive competencies to succeed in BPs industry



Identification of **distinctive** competencies



2.2 Capabilities | Distinctive Competencies



Operating Competencies: process automation and safety technologies

S

Process automation for reliable operation

- Wearable Technologies
- Cloud-based Technologies
- Intelligent Operations

W

Inefficient Inventory Management

- Insufficient/ inaccurate demand forecasting
- Higher inventory both in-hours and in-channel



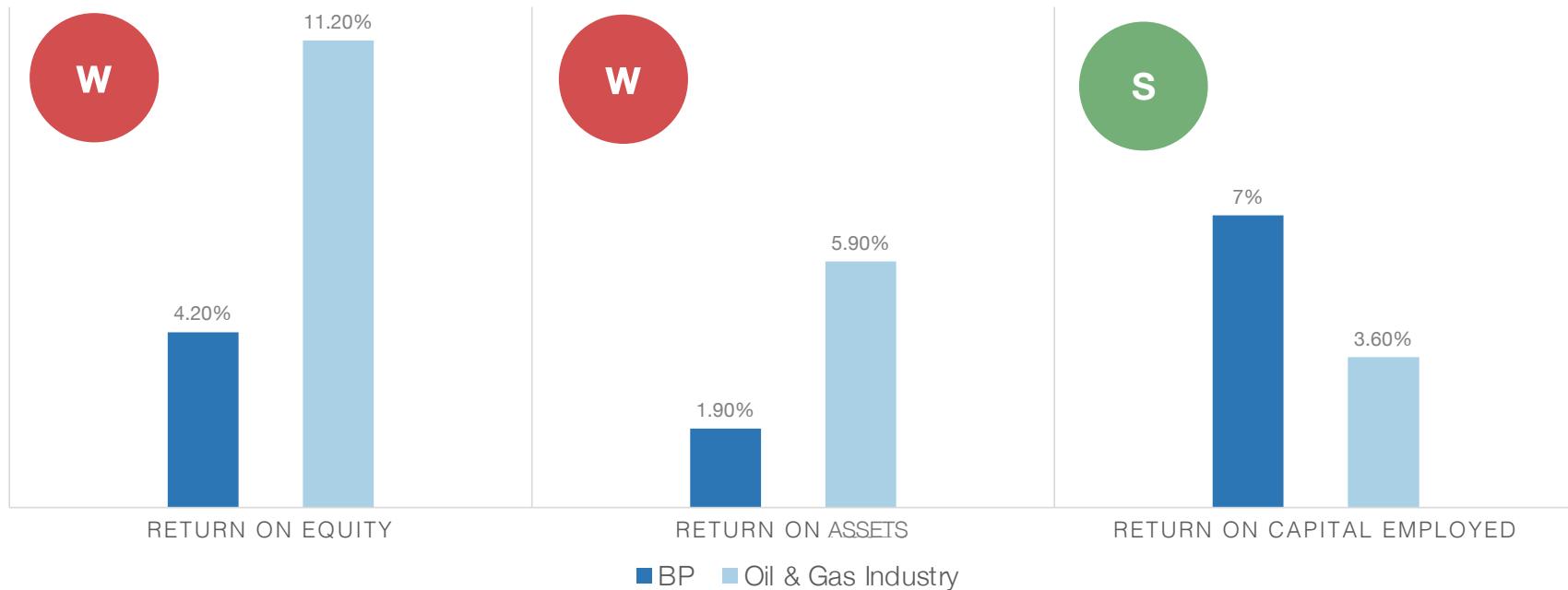
2.2 Capabilities | Distinctive Competencies



Financial Competencies: BP in comparison with industry ratios

Financial Ratio Analysis

Analysis of BP's financial ratios compared with the oil & gas industry
(data from 2018)



2.2 Capabilities | Distinctive Competencies



Investment Competencies: BP ventures into new energy markets



Identifying new strategic opportunities with BP Ventures

- Alternative energy
- Electric vehicle and battery technology
- Energy infrastructure



2.2 Capabilities | Distinctive Competencies



Product & Market Development: BP's dynamic competencies strength lies in bringing products to market and entering new markets

W



No regular supply of innovative products or responding to competitors

S



Highly Successful at Go-To-Market Strategies for products

Organizational Capabilities

Competitive Resources

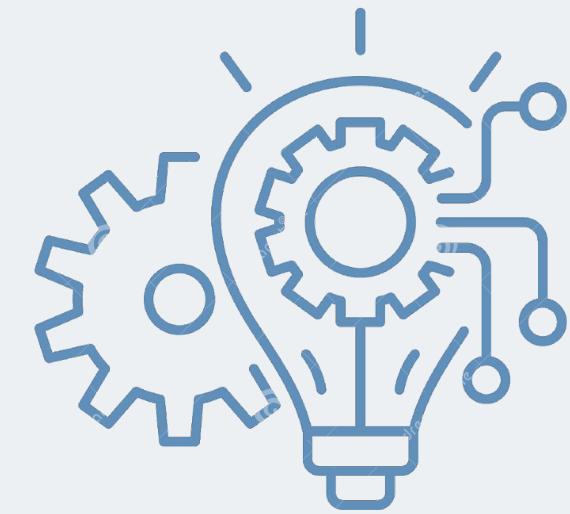
Absolute/
Competitive

Distinctive Competencies

Competitive

Management Systems

Comparative



2.3 Capabilities | Management Structure



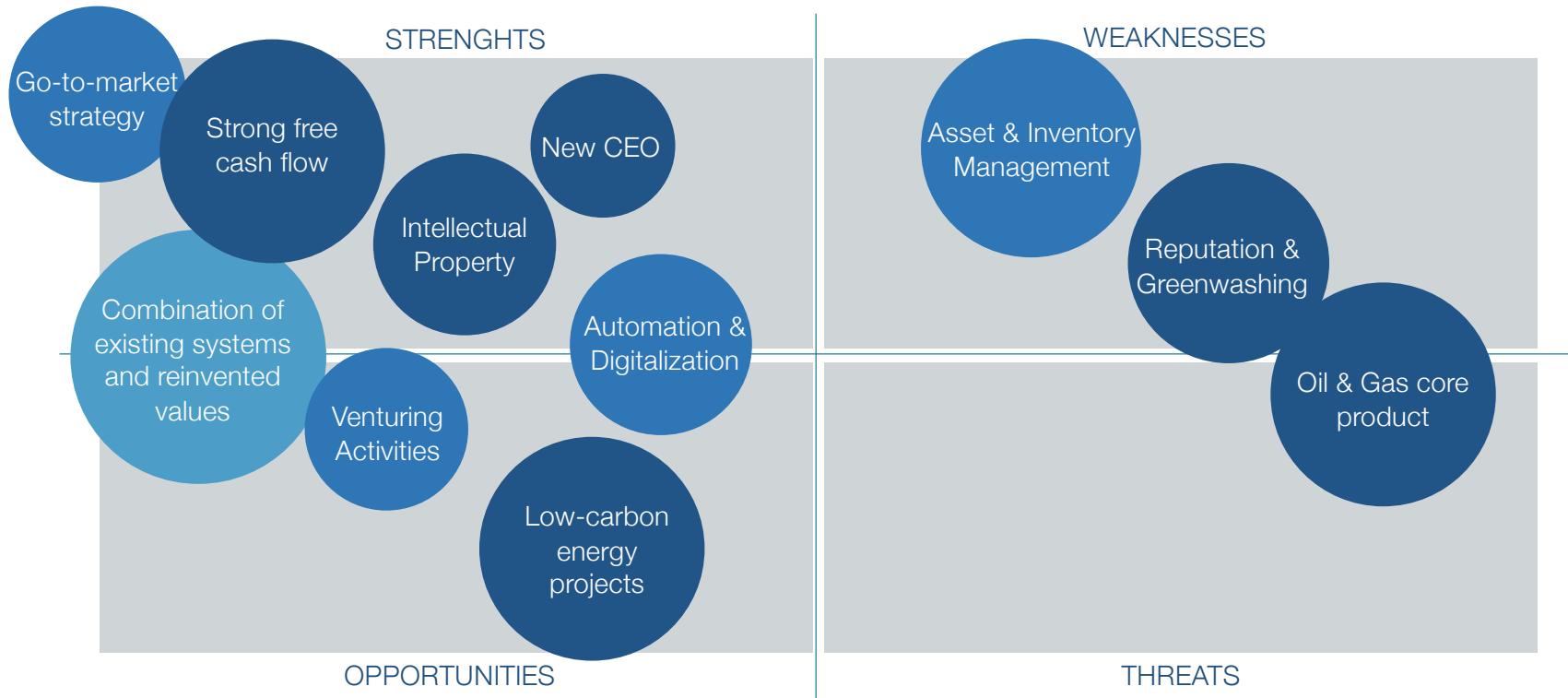
Established systems combined with new values and goals



2.2 Capabilities | SWOT



Organizational Capabilities SWOT Grid



2.2 Capabilities | Recommendation

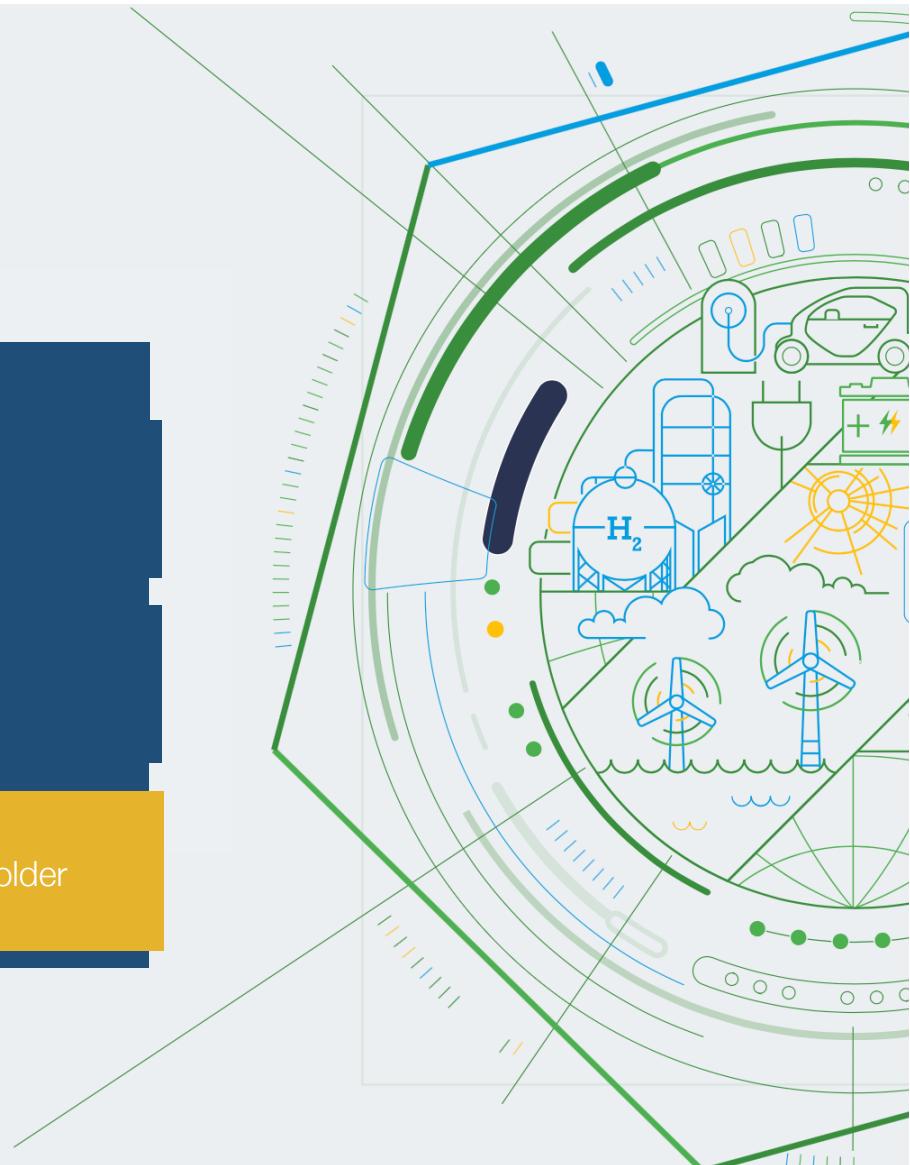
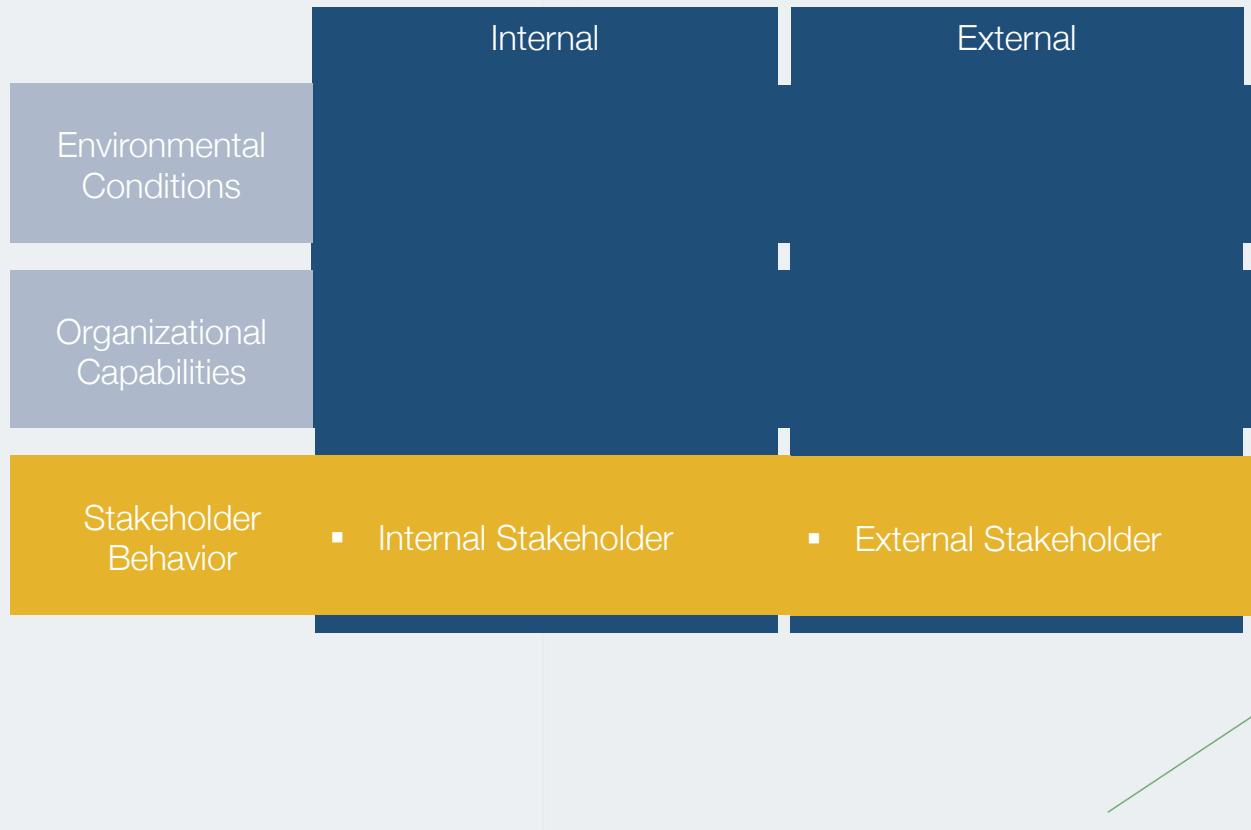


A consolidated Lafley & Martin's Five Decisions Framework to analyze organizational capabilities



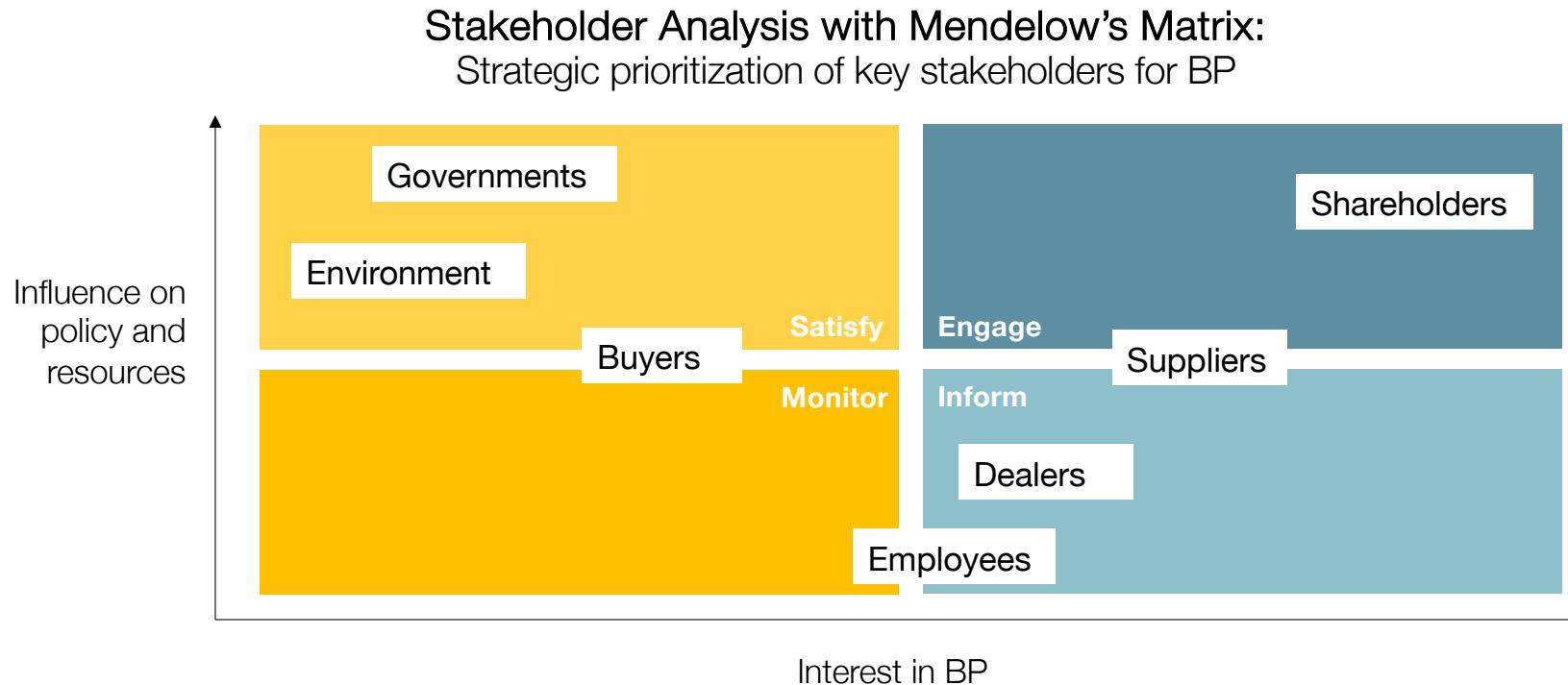
2.

SWOT Analysis



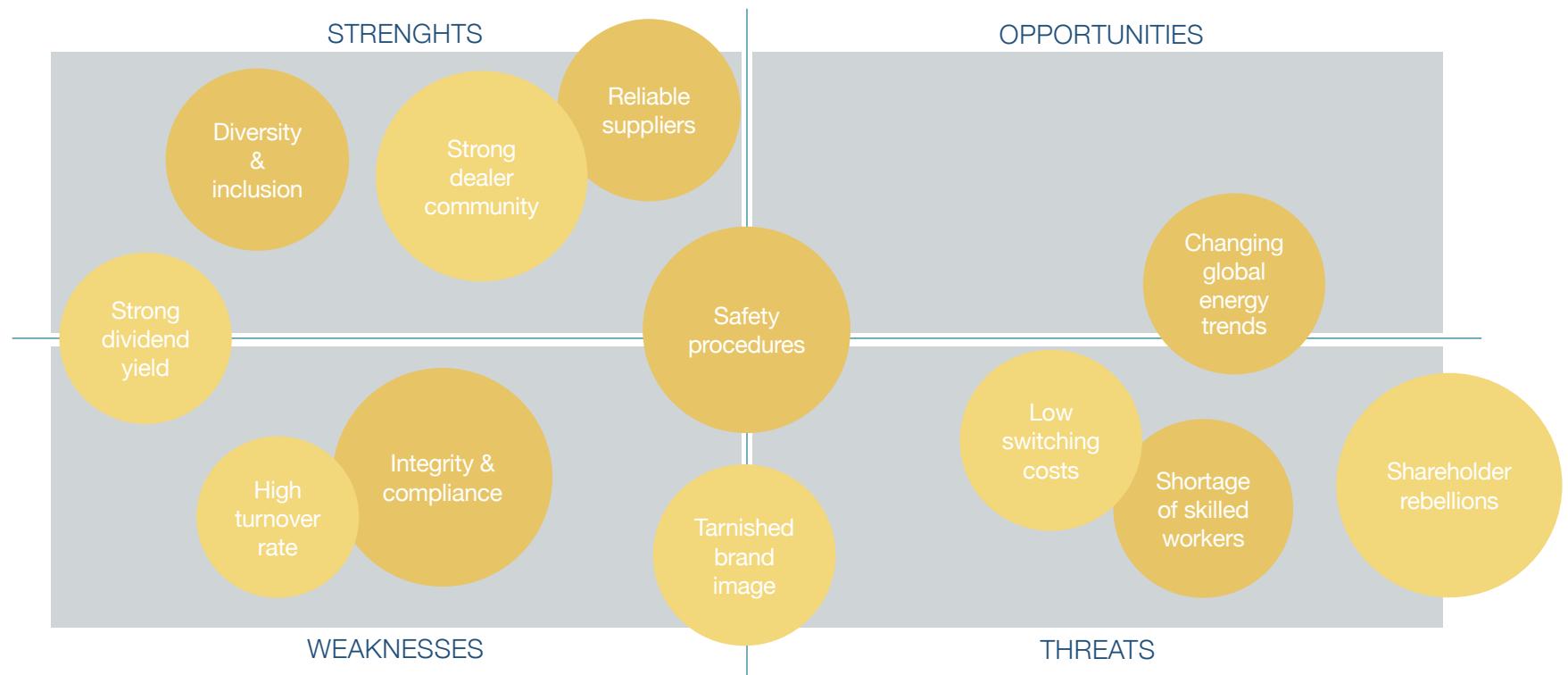
2.3 Stakeholder | Key Stakeholders

Analysis of key BP's Stakeholders



2.3 Stakeholder | SWOT Analysis

Stakeholder analysis SWOT grid



3.

Conclusion

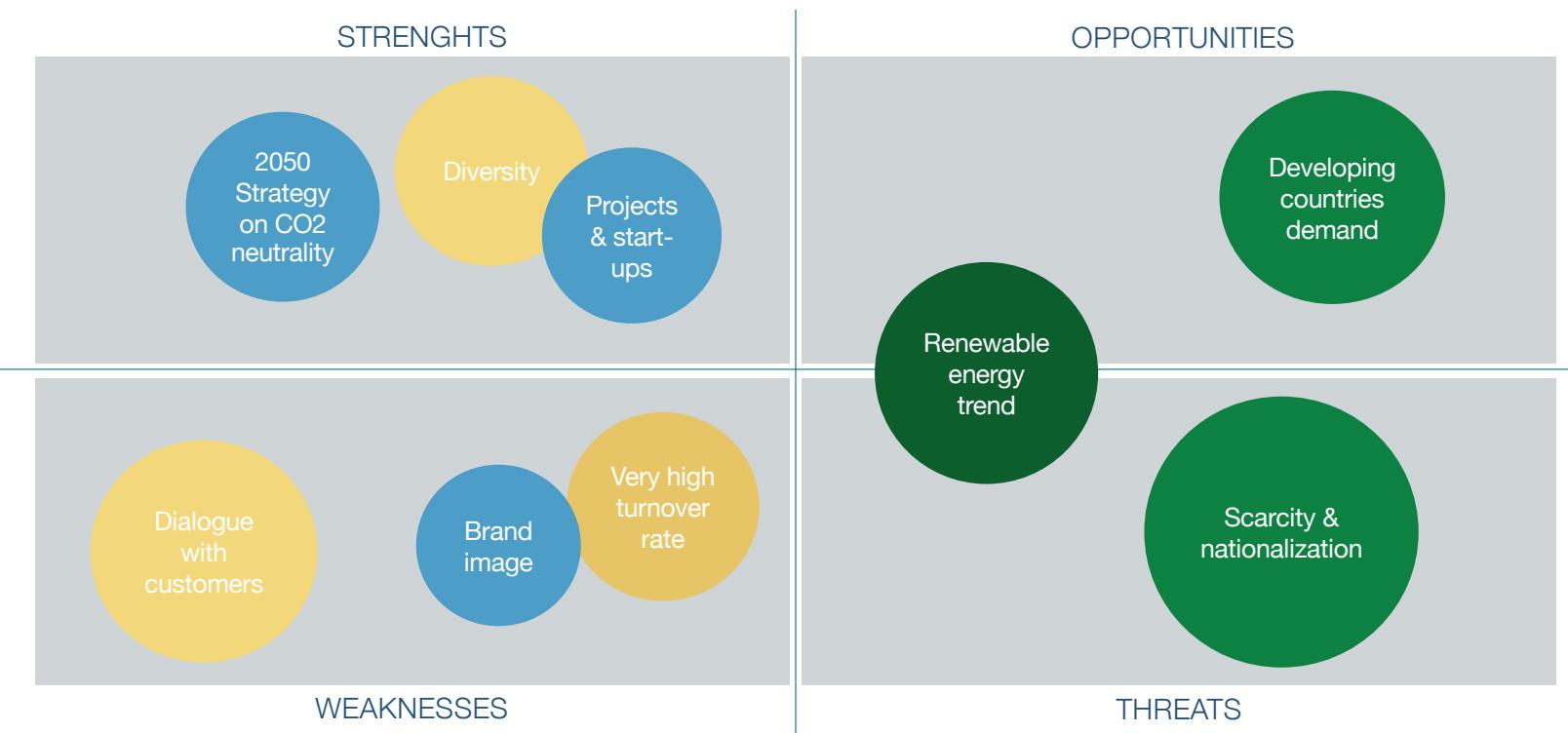
3.1 Summative SWOT

3.2 Executive Summary



3.1 Summative SWOT

Summative analysis SWOT grid



3.2 Executive Summary

1. Company & Business Strategy

2. Situational Factors Analyzed



- Competitors
- Industries & Markets
- Politics & Government
- Cultures & Societies



- Competitive Resources
- Distinctive Competencies
- Management Architecture & Systems

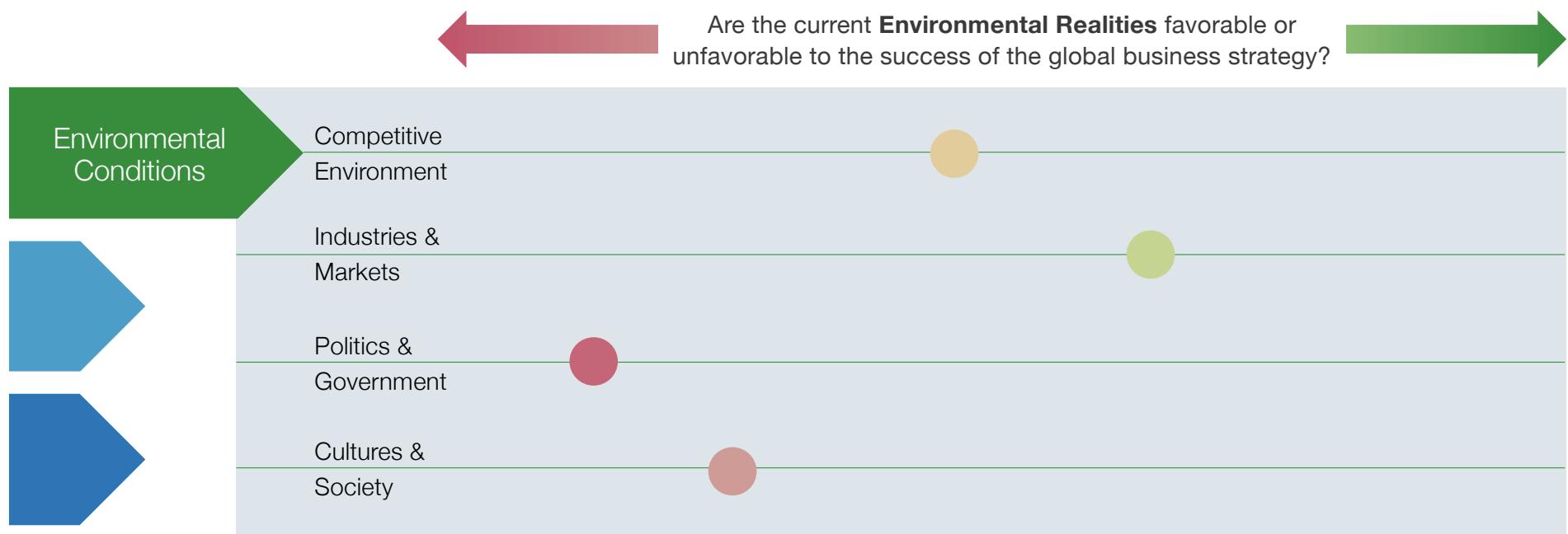


- Customers
- Employees
- Investors
- Partners



3.2 Executive Summary

Based on our analysis ...



3.2 Executive Summary

Based on our analysis ...



3.2 Executive Summary

Based on our analysis ...



The background of the slide is a photograph of an offshore wind farm. A single wind turbine is prominent in the foreground, standing on a yellow cylindrical foundation in the dark blue ocean. The tower is white with a red and white striped nacelle at the top. In the distance, other turbines are visible on the horizon under a clear blue sky.

Isabela B. Santos
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March 5th, 2020

Thank You!

Questions?

Group 5

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Capabilities

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