

# Bp corporate strategy

[Business](#), [Strategy](#)



This model presents a strategy framework built over variables like surrounding political, economic, social, technological, environmental, and legal aspects, which actually shape the initiatives and decisions of any organization in the global market. As far as the global oil industry is concerned; it is more adequate to state that since 2008, the entire industry is facing an economic slump due to unsuccessful exploration results faced by all the major oil and gas companies.

Furthermore, incidents and naturally occurring accidents (along with their respective costs of elimination) are causing extra damages to this industry which produces one of the biggest daily consumption commodities - oil. This reflects the significance of the product this industry is producing and providing globally. In this regard, the PESTLE analysis for this particular industry (with respect to BP) suggests that: 1. The global oil industry has become increasingly politicized in the recent years.

More specifically, with the critical position of the Middle East and other major oil producing regions, the global investments have increased into the areas of alternative energy sources, suggesting a close figure of USD 336 billion in the last financial year. And expected to rise up to USD 653 billion (Perl, 2009). BP has been moving with the trend, and also putting heavy investments in the area of alternative energy. Therefore, with the increase of volatile elements in the Middle East, oil giants including BP are looking for other alternatives to secure their respective businesses. 2.

According to Manning (2010) and Arenas (2010) the current financial year has shown an increase in oil demands, leading towards an increase in

petroleum prices. This increased demand and supply has profited the BP PI with E. B only in the first quarter of 2010. Further, the dependence of countries' economies on OIL imports is also found increasing (extracted from the fact that decrease in the price of dollar increased the global oil prices) which is an indication that economic factor for companies like BP is always promising, even amid the consequences like Deep Water Horizon (Madame, 2010). . The global oil industry is getting much more criticized (and as a result, regularities) due to increasing concerns of global warming and production of carbon dioxide in the environment. For this reason, OIL industry giants including BP have shifted their focus on exploiting more and more natural resources in order to produce alternative energy from wind, water, sunlight, etc. This shifting is also a result from global media campaign against oil hazards and their other byproducts.

As a result, the social aspect of global oil industry is much more worsened in the past few years. 4. With the decreasing resources of global oil and increasing demands from around the globe, BP along with other OIL giants have been putting much more investments into proactively increasing techniques like deep sea technology induction. Furthermore, the recent incident in the Gulf of Mexico has led the technology giant to spend times more in the technology driven safety and regulatory procedures.

A reflection of this can be given by BP's recent initiatives like Local and Bridgewater, which are both productivity increasing initiatives led by technology which ensures secure and environment friendly way of operations. 5. This particular aspect has been most challenging for oil

producing companies (including BP), which are obliged to reduce their carbon emission rates by 80% by the year 2020. This indicates that BP and other oil giants are under great pressure from external forces to shift their focus mainly from oil and its production. B.

Internal Environment Analysis (BP): The internal environment analysis of an organization is a multi-dimensional aspect of business management studies. Internal environment of an organization refers to the culture it pertains, its financial status, its employee relationship with each other and behavior towards business, its strategic approaches, management philosophy and approaches, etc. An analysis of such an environment is never considered to be generalized in its nature, but only taken as a mere reflection of current organizational standing and strength.

In this regard, an appropriate tool of analysis is SOOT (strength, weaknesses, opportunities, and threats): SOOT analysis tool was developed in early sass's to evaluate any organization's standing and position as compared to its competitors in the market. This type of analysis is preferred for succinct internal environment analysis (along with the consideration of facts) since its two elements I. E. Key strengths and weaknesses determine an organization's reflection in a succinct, summarized, and neutral manner.

Following is the brief presentation of SOOT analysis (based on current facts) for oil industry giant BP Pl: 1 . Strengths: Strong market position. \* Increased global production from last financial year. \* Increased product (oil) refinement availability. \* Sustained momentum and business growth. \* Increased intangible/tangible assets. \* Success in exploration projects. 2.

Weaknesses: \* Inefficient risk management practices (losses in thunder horse project). Decreased revenue and profits as compared to last year. \* Decreased workforce as compared to last year. \* Increased liabilities as compared to last year. \* Decreased business goodwill. 3. Opportunities: \* Globally sustained oil demands. New exploration initiatives in countries like Iraq, Indonesia, Pakistan & Jordan. B NT water Ana Local. \* Increased demand for LONG (liquefied natural gas) in global market. \* Penetration into Chinese oil market through Joint venture with Sinopec. 4.

Threats: \* Increased global natural disasters. \* Decreasing earnings per share trend. \* Decreasing market image. \* Increasing costs in drilling safety operations. \* Global initiatives for replacement of energy sources. C. The strategic options available to the oil company and what they need to follow to remain competitive Market development is used to imply to a strategy of growth in which case oil company BP will attempt to sell the products that already exist in the new Mexico market.

The achievement of this strategy is based on the adoption of different ways namely: \* Exploration of new geographical markets such as exporting of the products of the company to new countries \* Establishment of new dimensions of products \* Establishment of new channels of distribution \* Adoption of new policies of pricing for the purpose of attracting divergent customers in an attempt of creating new segments of the market.

The BP Company has strived to expand the capacity of production through the improvement of its rig equipments in addition to the level of technology coupled with expansions to other countries (Bag, 2007). Diversification

Diversification in Oil Company BP is a growth strategy dealing with the marketing of new products in the new Mexico markets and the company will face a lot of challenges in the process of diversification because of lack of sufficient experience in the process of achieving diversification.

Oil Company BP therefore needs ideas of expectations and assessing the potential risks that are associated with the undertaking. The strategy taken in oil company BP involves the formation of Joint ventures in the countries dealing with the production and marketing of oils as well as bio-fuels aiming at the improvement of the production capacity coupled with gaining an access in to the non-traditional markets dealing with energy.

The company has also initiated an independent business that specifically deals with alternative renewable energy forms that are called the BP Alternative (Insofar, 2007). Entry Strategies Bp Global will use several strategies, which vary in aggressiveness, risk, and the amount of control that the firm is able to uphold when entering this new market. They include the following: Exporting which is a low risk policy in which few investments are going to be made Mexico.

Bp global should look for an importer to do a trade of marketing because it may be more difficult for the firm to enter on its own later if it decides that larger profits can be made within the country. Licensing and franchising where by Bp global should allow someone else to use its trademarks and accrue expertise. The associate puts up the money and assumes the risk. Bp global should use familiarity and expertise it has gained in one or more markets to provide a working project.

It can use help of investments already made in technology. An expansion of Ana snouts De addle to receive netter pronto since tense Investments do not have to be started from scratch again. Bp global should agree to administer a facility in Mexico, using knowledge gained in other markets. It should be able to transmit technology be able to work in Mexico with a different infrastructure, culture, and political environment. Direct entry strategies where by the Bp either acquires a firm or builds process involve the chief exposure, and has opportunities for profits.

The firm gains more knowledge about the Mexico market and maintains greater control, and gains enormous investment. All Bp products for example the solar products have some service constituent which include a warranty, documentation, and distribution, this service section is an integral part of the product and its positioning. Therefore, it may be more useful to look at the product-service field as one between very low and very elevated levels of tangibility of the service. Pressures that can be faced by Bp global in Mexican market:

Resource boundaries: \* core instigate teams can rapidly be assembled, and specialist expansion can be done progressively, creating a large resource gap during the implementation phase  
 Monetary pressure: \* as financial targets and expectations can be set prior to launch, any unpredicted market activity and instigate delays can disturb initial customer take-up and revenue generation  
 Time restriction: \* rapid use can be crucial to avoid increase in market share cost and to deliver predicted financial results  
 Market Segmentation To segment customer goods and service markets, Bp global

will use market information that has collected based on definite key customer-, product-, or situation- related criteria. These are classified as segmentation basis and include profile; behavioral (where, when, and how does my market behave? ); and psychological criteria (. Why does my market behave that way? ). The demographic basis implies that differences in causes for buying, in brand choice influences, in occurrence of use, or in susceptibility will be reflected in differences in age, sex, income, and geographical location.

The Mexican Market should be inspected for vital differences in buyer attitudes, usage patterns, motivations, values, aesthetic preferences, or degree of susceptibility. These may not have demographic correlatives. Bp global must never suppose in advance that it knows the best way of looking at a market. All habits of segmenting markets must be considered, and then Bp global must choose out of the various methods available the ones that have the most imperative implications for action (Steel, 2004). Having determined the more general segmentation characteristics BP GLOBAL should analyze the Mexico market through the following of ways: Size - employees, revenues, locations Based on volume gallants resources snouts give greater value, Ana teen ten target should be the larger ventures.

Job position BP GLOBAL will be offerings positions ranging from managers and cleaning agents for Time related factors Some services in this category are vacation related industries in summer and tax planners in the spring. Language An example off language specific service is a Mexican TV channel. Status in the industry BP GLOBAL can target businesses that are the



technology leader or revenue. Accessibility To minimize promotion and sales expense BP GLOBAL can target urban rather than rural or local rather than nationwide prospects. Ability to make a quick purchase decision of its products. By targeting individual purchasers versus business committees can considerably reduce BP GLOBAL marketing expense and increase the probability of a quick close in the Mexican market (Palinode, 2008).