Chevron corporation

Company Overview Chevron was found in Pico Canyon, Los Angeles in 1879 with the name of Pacific Coast Oil Co. Later it was renamed to Standard Oil Company of California. The company was known as Chevron after the acquisition of Gulf Oil Corporation in 1984. This merger was the largest merger till that time in the history of the United States and it doubled the oil and gas reserves of the company. Chevron merged with Texaco in 2001 & formed a new company named ChevronTexaco.

Texaco was one of the branches of Chevron family. It was formed in 1901 in Beaumont, Texas. To convey a unified presence in the world, it was again renamed to Chevron in 2005. Chevron strengthened its position by acquiring Unocal Corporation in 2005.

This acquisition assisted the Chevron in becoming an energy leader by enhancing oil and natural gas assets around the world. Chevron's headquarter is in San Ramon, California. It is operating business in more than 115 countries. Chevron is involved in exploration & production, manufacturing, marketing & transportation, chemical manufacturing and sales, geothermal and power generation of oil and natural gas. It invests in renewable and advanced technologies too.

Chevron is having diversity in its workforce. It has 59, 000 highly skilled employees from all over the world and approximately 5, 800 service station employees (Company Profile, 2008). Chevron, with its employees, is committed to community development and environment protection, wherever it operates. By the end of 2007, Chevron had a worldwide refining capacity of more than 2 million barrel oil per day. It produced 2.

62 million barrel oil per day in 2007. Approximately 70% of production comes from more than 20 countries outside from the United States. With this, there are 15 power generating facilities in the United States and Asia in which Chevron has invested. Chevron uses new technologies to increase its growth chances in developing hydrogen fuel, bio fuel, and renewable resources of energy. Chevron is aiming to become the global energy company by delivering world class products to its customers. It considers laws and some ethical values, which direct it for business.

Integrity, trust, partnership, diversity, ingenuity, high performance and protecting eople and environment are the values by which Chevron is guided (Company Profile, 2008). SWOT Analysis Organizations go for a SWOT (strengths, weaknesses, opportunities and threats) analysis to distinguish the prospects and challenges residing in their internal and external environment. SWOT is classified into internal factor analysis and external factor analysis and defines the goals and objectives of the organizations. .

Internal Factor Analysis It comprises of an organization’s internal strengths and weaknesses that assist the organization to determine the viability of the business. Strengths Strong earnings and cash flows: The Company has attained record profits in the last five years consecutively. It will assist the company in rendering dividends to its stakeholders and in running a robust capital funding program (Ramon, 2008). Product quality and brand strength: The Company is focusing on maintaining long run refineries and possesses major capital projects for fulfilling the energy requirements of the customer’s world wide. It is working in high growth markets concentrating on providing quality products with specific brand name (Ramon, 2008). Marketing and technical feasibility: The Company has a strong marketing operations channel and technological feasibility for operating in diversified market.

Marketing and technological feasibility assists the company in international development and production of gas and oil. Strong Track Record and Resources: Chevron has a strong track record in the oil and natural gas industry. Chevron has become the world's fourth largest company in the world. It has a high market potential and large amount of assets. It is the second largest energy producing company in the US. It possesses a rich resource basis.

Weaknesses Lack of disaster management: Due to hurricanes in the Gulf of Mexican region, there is a declination in production. This implies that the company has not developed short term plans for handling disastrous situations. Fail to keep with the pace of changes in gasoline prices: The Company has been earning large profits with its refining and marketing operations, but it is not able to cope up with the changing gasoline prices in the market. External Factor Analysis It comprises of opportunities and threats that an organization faces while operating in the market. These factors are helpful in developing the marketing plan for the organization.

Opportunities Strong Position in Asia: After acquiring Unocal Corporation in 2005, Chevron has made a strong position in Asia also. Reserves of Unocal Corporation are in Caspian, Southeast Asia and in Gulf of Mexico, which have enhanced the assets of Chevron and its position in this region. This is a high growth region with enough gas to fulfill the demand of Asian region. The region for acquiring Unocal Corporation was growth potential. Chevron has got ultra deep water drilling technique from Unocal Corporation. With this, Chevron is planning to tie up with India’s largest oil refiner, Reliance to establish a new refinery in India (Chevron: Indian Opportunity, 2006).

Threats More risk and reserves in some areas: Some areas like Kazakhstan are keeping high quantity of reserves. This is slowing down the growth of Chevron in these areas. Politically unstable countries: In some politically unstable countries, governments are asking for high taxes and nationalization of reserves. These conditions are also creating threat for the company. Severance package for eliminated employees: Due to restructuring of organization, Chevron has eliminated many positions and around 1100 employees. The company has to pay the severance package to these employees (Chevron to Lay-Off 1, 100 Employees, 2008).

Increasing oil prices: Increasing oil prices are posing a threat for the organization. The prices of crude oil are rising day by day resulting into a decrease in profit margin of chevron. Environmental damage case: In Ecuador, chevron is facing a new threat of environmental damage case by the 30, 000 jungle residents. Rafael Correa, the President of Ecuador is planning to sue Chevron for up to $16 billion for environmental damage. He is planning to meet with officials and lawyers from Chevron on behalf of 30, 000 jungle residents who are suing the U.

S. oil giant for up to $16 billion over environmental damage. According to them, the Texaco unit of Chevron has caused pollution and danger to the health of the residents by dumping 68 billion liters of oil-laden water in this area (Ecuadorian president to meet with Chevron over environmental damage, 2008). ConclusionChevron is the world's fourth largest company in oil and natural gas industry. But in recent years, due to some threats and weaknesses, their profits have declined. Chevron is opting for cost reduction by merging.

It is eliminating the repeat services and facilities for this purpose. Still, Chevron has enough opportunities to grow in remaining areas of the world. References Chevron: Indian Opportunity (2006, June). Retrieved August 27, 2008, from http://seekingalpha.

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