

# Cnpc and petro china



Strategy – search for above normal performance

2. What strategy supports growth? Sustained CA- Not easily duplicated, or cost of duplication is higher than the returns Temporary CA- creates value, rare, but easily imitable.
3. Core competency- basic corporate principle around which all your resources are aligned, which builds your CA and differentiates you from your competitor. \* Creates value, very few of your competitors can do, and grants you sustained competitive advantage.
4. Sources of Core competency= sources of sustained CA. . Sources of competitive parity, relatively normal, to get the risk adjusted return.
6. Goal of corporate – create CA that create more value than overhead involved (cost of corporates)
7. Business Unit strategy – bring standalone business units together into one corporate entity towards a common corporate goal.
8. Corporate Strategy
  - a. Business units – tactics- how they help me achieve my corporate goal
    - i. Differentiation
    - ii. Costleadership
  - b. Different business units for different elements of corporate strategy
- 9.

When your competition for customers is in different business segments, UWO and Ivey.

10. Unrelated corporate strategy
  - c. Difficult to transfer core competencies and CA
11. Related corporate strategy- diversification
  - d. Can transfer competencies, activities- distribution channel
12. Three types of corporate strategy
  - e. Limited diversification
    - iii. Single Business – risky portfolio.
    - iv. Dominant business
  - f. Related diversification
    - v. Related constrained- net benefit and sharing. Cost synergies. Increase revenue synergies. Economies of scale.

Transfer core competency for net benefit.

- g. Unrelated diversification- lack of ability to share activities. Best performance you can achieve is normal

performance. h. Related constrained 13. Resources which are sources of Comparative parity, not core competency. i. Transfer when core competence creates net benefit for the corporate as a whole 14. Risks j. Systemic Risk or Beta- related to the market (external) vi. Very difficult to diversify it away k. Total risk = systemic risk +specific risk (unsystematic risk) l. Unsystematic risk = internal risk . Return per unit of risk = performance 15. How do you define sustained CA n. Competitor cannot compete it away, but can be destroyed by shocks to the systems by exogenous agents. o. Defined by the ability of the competitor to compete CNPC and Petro China 1. Down-scoping 2. Getting rid of social services business units (non-core businesses) that are not related to oil exploration and oil services. 3. PetroChina- own 88 to 90 % 4. Going from related linked related constrained strategy 5. Re- Strategizing 6. Successful IPO listing 7. Still struggling