

# Strategic Management in Oil and Gas Industry

## Module 4, 2018

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### Course information

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**Course Website:** <https://my.nes.ru/>

**Instructor's Office Hours:**

**Class Time:**

**Room Number:**

**TAs:** -

### Course description

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Strategy is a complex issue that requires a structured approach to be better understood. This course uses the generic framework of classical Strategic Management and applies it to a number of different up-to-date issues of the Oil and Gas (O&G) global market. It introduces new models, tools and concepts that are uniquely relevant to international companies and national O&G industries.

The objective of the course is to provide the student with the fundamental knowledge, applied skills necessary to develop and substantiate the strategic framework for the company that operates in the global O&G markets. The students will:

- get acquainted with historic background and modern practice of Strategic Management, its basic notions, tools and O&G industry specific;
- consider some vital issues of an O&G company strategic decision-making:
  - Where we are in the company and industry life-cycle?
  - What are the key success factors of O&G market?
  - What are our sustainable competitive advantages, resources and competences?
  - Is this the right time in the oil price cycle to invest?
- practice 6 classical steps of Strategy Development procedure;
- learn how to think and act differently reaching strategic goals under uncertain and turbulent environment of global O&G market.

### Course requirements, grading, and attendance policies

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**Prerequisites:** Oil & Gas markets outlook and economics.

**Teaching and Work Forms:** 2 lectures or 1 lecture + 1 workshop every week. Workshops will be devoted to the individual or group presentation of the student's independent researches.

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**Grading policy:** the Grade will come via following criteria:

- Attendance
- Group and individual presentations and analytical notes
- Economic models developed in Excel

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**Global Petroleum and Gas market Outlook**

1. Introduction into Strategic Management:
  - Basic notions and strategic background
  - What is good or bad strategy
  - Classification of strategies in O&G
2. Sustainable competitive advantages:
  - Cost leadership, differentiation and focusing
  - Diversification
  - Digitalization & business on platforms
  - Workshop: Blue ocean strategy for O&G market
3. Strategic goal-setting:
  - Mission, vision, values and goals
  - Business-culture transformation
  - Workshop: business-culture of National Oil Companies vs. Majors
4. External environment analysis:
  - PEST analysis
  - Basic drivers of O&G prices and their uncertainties
  - Identification of external Threats and Opportunities
  - Workshop: scenario planning for global oil market
5. Internal environment analysis:
  - Business model and organization structure
  - Competitive internal factors identification
  - Typical Weaknesses and Strengths
  - Workshop: president diagram of O&G company
6. Strategic initiatives generation and selection:
  - SWOT and TOWS analysis
  - Key success factors identification on the O&G market
  - Proper resources allocation and competence acquisition
  - Workshop: formulation of strategic initiatives and their risks analysis
7. Strategy implementation:
  - Strategic business-plan examples
  - Basics of the change management
  - Hoshin Kanri approach for strategy deployment
  - Workshop: strategic business-plan development
8. Final exam

**Description of course methodology**

The course will mix conventional lecturing with more interactive techniques, such as class discussions, discussions of cases, student presentations, research papers, etc.

## **Course materials**

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### **Required textbooks and materials**

There will be no base textbook. The course will be predominantly based on papers, presentations, data tables, provided before and during the course. Basic sources of information on international oil and gas markets are the following:

- Shell: Future of Energy
- IHS
- Wood Mackenzie
- Energy Strategy of Russia for the period up to 2030
- BCG
- McKinsey
- Bain

### **Additional materials**

1. Thomson A.A., Srickland A.J., Strategic management: concepts and cases, 12-ed, 2013.
2. W. Chan Kim and Renée Mauborgne, Blue Ocean Strategy, 2005 г.
3. Jim C. Collins, Good to Great: Why Some Companies Make the Leap... and Others Don't, 2015 г.
4. Phil Rosenzweig, The Halo Effect, 2008.
5. Alex Osterwalder, Yves Pigneur, Alan Smith, Business Model Generation, 2010.
6. Malanichev A, Contemplation of global steel industry future using scenario approach // Mineral Economics, 2015, Feb 2015.
7. BCG, Your strategy needs a strategy.
8. 14 пунктов программы Деминга для менеджмента.
9. Маланичев А.Г. Исследование потенциала повышения цены товара на основе анализа его конкурентоспособности // Маркетинг в России и за рубежом, 2007, №1 (57), стр.76-81.
10. Henry Mintzberg, Structure in Fives: Designing Effective Organizations, 2011.
11. Besanko D., Dranove D., Shanley M., Schaefer S. - Economics of Strategy, 4ed(2007).
12. Петров А.Н. Стратегический менеджмент, 2014.
13. Пригожин А.И., Цели и ценности. Новые методы работы с будущим, 2010.
14. Tom Jackson, Hoshin Kanri for the Lean Enterprise, 2008.
15. Richard Rumelt, Good Strategy/Bad Strategy | The Difference and Why It Matters, 2014.
16. Malanichev A.G., The analysis of rationality of Saudi Arabia's decisions on oil production volumes during period of low oil prices // Microeconomics – 2016. – #6. – p. 33-38.

IB reports: GS, Citi, MS, ML, DB, Barclays, UBS, etc.

### **Academic integrity policy**

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.