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Student Name- Giorgia Andone

Student ID- 1818677

Table of Contents

Introduction	3
Business Overview-BP.....	4
1. The Key Business Strategies of the Company over the past five years.....	5
The value proposition of BP in the industry	5
Changes in BP's Strategy over the past years	6
2. Resources and Capabilities of BP and Alignment of BP's Resources and Capabilities to its Strategy	8
Resources and Capabilities of BP	8
Value Chain Analysis	8
Alignment of BP's Resources and Capabilities to its Strategy	10
3. Environmentally Sustainable Approaches of BP to Become more Competitive	11
BP's Competitive situation in the industry.....	11
Environmentally Sustainable Approaches	12
Conclusion	15
References	16

Introduction

Strategic management is the most discussed issue of the 21st century in the corporate world. Through strategic management, a company can achieve efficiency in doing business and also can ensure effective approaches to doing business. Strategic management can also be used for environmental sustainability which is very important for businesses in the 21st century. In this report, the strategic management of BP is discussed with examples and models. BP has the resources and ability to take advantage of the possibilities that are open to it. The mining and refinery sectors, as is well known, need extensive infrastructure as well as a significant amount of cash. The firm needed to reduce expenditures, so it sold its inventory. Despite this, the corporation had to lose a significant amount of money due to the expensive storage and maintenance costs (Henry, 2021).

Business Overview-BP

BP is a multinational oil and gas refinery and distribution company based in the UK. The company is the 7th largest oil refinery and distribution company in the world. The company was founded by William Knox D'Arcy and Charles Greenway in 1909. The company is known for sustainable HRM approaches and environmentally sustainable approaches which are the main source of its competitive advantage. The company has earned 183.5 billion USD in the 2020 fiscal year. The company has its operations in 80 countries around the world (bp global, 2022).



Figure: BP (bp global, 2022).

1. The Key Business Strategies of the Company over the past five years

The value proposition of BP in the industry

BP is one of the most important players in the UK's fuel industry and the largest fuel refinery company in the UK. And in the past five years, the whole automobile and haulage industry have altogether seen a movement to change the approach in using electric vehicles or transforming oil-fuelled vehicles to electric vehicles. Since the pandemic, the company is seeing a very hard time due to unexpected shifts in demand and supply in the haulage industry of the UK (Ansoff et al, 2018).

To guarantee a more sustainable approach in its commercial operations, BP might add electric vehicles into its haulage company. BP will be able to minimize carbon emissions in the environment as a result of this since the number of oil run trucks will be reduced. Introducing transportation systems based on electric cars, which will benefit the environment, will be a really beneficial strategy (Khrystyna et al, 2021).

So, the overall approach of changing the fuel and the pandemic has affected the business of BP. During the pandemic, the oil price was dropped even in negative numbers meaning if anyone purchases oil from the international market he will get paid. This kind of approach happened due to an increase in supply compared to demand as the governments around the world imposed lockdowns so there was a very long pause in the activities of the haulage industry. So, multiple situations compelled BP to continuously change its strategies (AssetGo, 2022). So, BP is now trying to move to a more sustainable approach to doing business to meet the demand of future changes in both the automobile and haulage industry (Valeri, 2021).

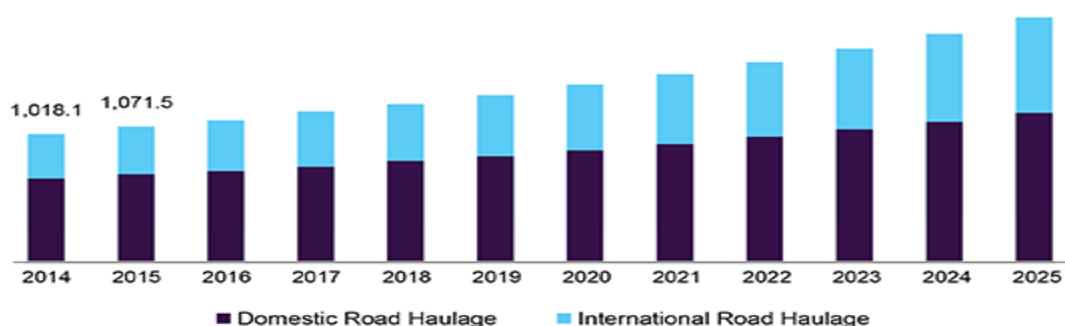


Figure: Haulage industry (AssetGo, 2022).

Changes in BP's Strategy over the past years

BP has gone through various strategic changes over the past years. For the haulage industry, fuel is the most important complementary good. But over the past years, due to environmental reasons, the world is trying to find a more sustainable and renewable source of energy to power automobiles and other accessories. The haulage industry is also facing the same type of changes that are needed to be implemented in the industry (Chofreh et al, 2021). Industries are now looking forward to using electric vehicles or converting traditional vehicles to electric vehicles. As electricity as a power source is renewable and sustainable, so every industry is looking forward to moving onto electricity as a permanent solution (Valeri, 2021).



Figure: BP (Chofreh et al, 2021).

Introduction of Electric Vehicles and BP

As one of the significant suppliers of fuels in the global market, BP has also faced the necessity to change its business strategy to respond to the changes. So, to do so, BP has taken the initiative to plant electric charging points for electric vehicles. The new service is known as BP Pulse. BP has the largest electric charging point systems in the country with 7000 docking points where electronic vehicles can be charged. Even, 10 years ago, the country had roughly 10,000 electronic vehicles. But, in 2021, the number of electronic vehicles has gone to 330,000.

And most of the electronic vehicles are used in the haulage industry as the government has taken a new initiative to transform the country's automobile and haulage industry by opting for

more sustainable sources of power such as electricity (Fauzi et al, 2021). The government is targeting to reduce the oil-powered vehicles by 2030 to zero. So, BP will have to change its business strategy and slowly, it will have to move into its BP Pulse business completely. However, natural oil has various uses so the petroleum refinery business will still be there (Grewatch et al, 2021).

Corona Pandemic and BP

In 2020, as the prices of petroleum were in the negative values, the company had faced losses due to that incident. The company had to cut costs by selling off its inventories. But still, the company had to incur a huge amount of loss as the storage cost and maintenance cost was very high (Henry, 2021). Usually, in the power industry, the cost of maintenance is very high. So, without a sufficient amount of sales, the company can incur a significant amount of losses.

During that time, BP was trying to compensate for the losses through its BP Pulse business. The purchase of automobiles may be reduced in 2020 but the purchase of electric vehicles was increased and BP could survive the pandemic through the activities of its BP Pulse service which is known as the largest electric charging system in the UK (Khrystyna et al, 2021).

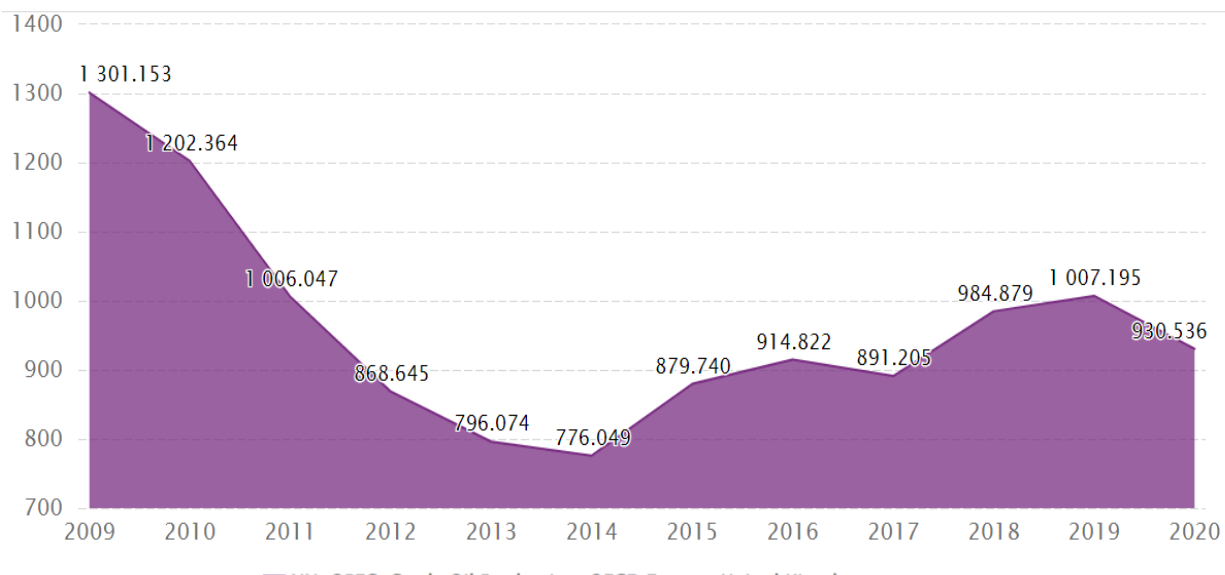


Figure: BP (Chofreh et al, 2021).

2. Resources and Capabilities of BP and Alignment of BP's Resources and Capabilities to its Strategy

Resources and Capabilities of BP

BP has the necessary resources and capabilities to exploit the opportunities that are available to the company. As it is known that the mining and refinery industries need a huge infrastructure and also need a lot of capital involvement. Maintenance costs are often quite expensive in the power business. As a result, if the firm does not generate enough revenue, it may suffer large losses. BP was seeking to make up for the losses at the time by expanding its BP Pulse division. BP is the seventh-largest oil and gas refinery and distribution company as of 2021 (Renewable Energy Institute, 20220).

BP has also made a foray into the renewable energy market with its BP pulse services, which are geared at charging electric cars. Because of an increase in supply relative to demand as a result of government-imposed lockdowns throughout the globe, the haulage industry's operations were put on hold for an extended period of time. Let's look at the value chain to see what BP's own capabilities are in the UK haulage business (Valeri, 2021).

The company knows how to exploit its capabilities and resources. So, it has vertically integrated are businesses with support activities. BP not only refines oil and gas but also distributes oils and gases and also undertakes marketing activities for it. BP has also entered the renewable energy sector through its BP pulse services which are focused on charging electric vehicles. Let us run a value chain analysis to understand BP's internal capabilities in UK's haulage industry (Valeri, 2021).

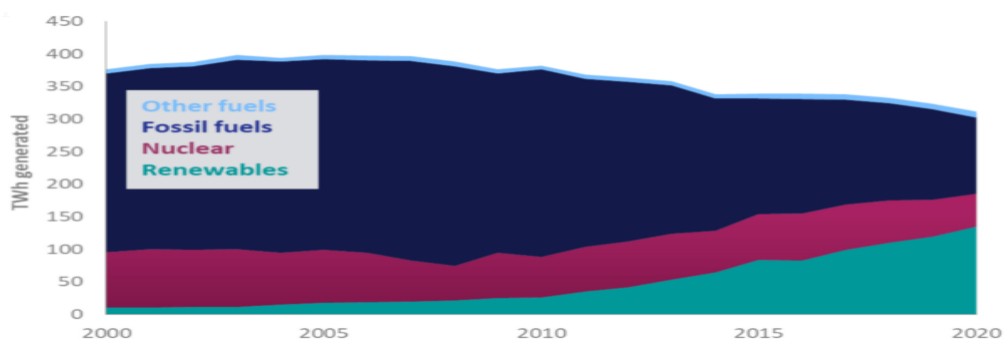


Figure: BP (Chofreh et al, 2021).

Value Chain Analysis

Porter's value chain analysis is used to analyse the internal capabilities of a company. In the case of BP, it has vertically integrated its business activities as part of its business strategy

meaning it is their core strategy. Through this approach, the company can achieve cost leadership and efficiency as it handles all the activities related to the value chain of oil and gas (Wang et al, 2021). The value chain analysis consists of analysing two core activities of business- primary activities and support activities. How BP add value to both of its primary and supportive activities are described below:

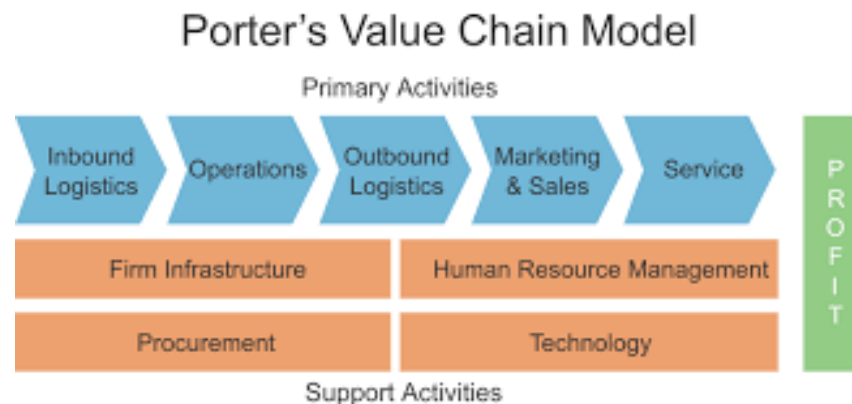


Figure: Porter's Value Chain Analysis (Wirtz et al. 2021).

Primary Activities

Primary activities are consisting of sales, marketing, inbound logistics, outbound logistics, services etc. BP uses a vertical integration business strategy meaning it operates all the businesses relate to its main business- oil and gas refining (Yan et al, 2021). Sales, marketing, inbound logistics, outbound logistics, services, and other primary operations are included. BP has a vertical integration business approach, which means it owns and runs all of the companies that are related to its primary business of oil and gas refining (Yan et al, 2021).

BP adds value to its products by refining the withdrawn gas and oil from the mine. As we know, at the primary state, both gas and oil are unusable for the end customers. So, BP refines the oil and gas for the use of direct customers and sells the products to the international market. BP handles every activity related to the marketing of oil and gas to the international market. So, it handles its inbound and outbound logistics and also provides services to its customers in the case of oil and gas distribution (Ansoff et al, 2018).

Supportive Activities

Supportive activities are consisting of HRM, infrastructural development, procurement etc. BP has a specialized career development program for freshers. It mostly recruits fresh engineers. It trains its employees to be the best. That's how it adds value to its workforce. In the case of infrastructural development, BP has a very strong infrastructural development through which it has created a vertical integration of its business activities (AssetGo, 2022).

Alignment of BP's Resources and Capabilities to its Strategy

BP's actual competitive advantage lies in its ability to manage its human resources properly through passing the knowledge of its core competencies and process. BP has successfully managed its human resource to manage the abilities of the company. Through specializing in human resources, the company has been able vertically to integrate its activities (bp global, 2022). The company is now trying to focus on sustainable sources of energy to enter into a more sustainable approach of business where the power source is renewable (Valeri, 2021).

As part of this plan, the company has already entered the complementary business of electric vehicles by planting commercial charging points for electric vehicles. The company has also entered the haulage industry (Chofreh et al, 2021). However, the operations are only limited in Australia. But the company is trying to exploit its opportunities by introducing more sustainable approaches to business in the haulage industry. The company is currently trying to introduce electricity-powered vehicles in the haulage industry and trying to utilize the advantages from its BP Pulse business (Fauzi et al, 2021).

3. Environmentally Sustainable Approaches of BP to Become more Competitive

BP's Competitive situation in the industry

BP is trying to implement its competitive advantage through using sustainable approaches meaning the company is trying to build a sustainable approach for its business. However, still, some approaches can be taken by BP to ensure sustainable approaches in the haulage industry (Grewatch et al, 2021). BP is the biggest fuel refinery firm in the UK and one of the most significant participants in the UK's fuel sector. Due to unforeseen adjustments in demand and supply in the UK haulage business since the epidemic, the firm has had a difficult time (Ansoff et al, 2018).

The company has only operations of its haulage business in Australia. The company can be trying to enter into full renewable sources of energy where there is no limit for the production of the energy. BP has already invested in smart grid, solar energy and other sustainable and renewable sources of energy to reduce the pressure on natural oil and gas. However, there are some approaches that BP can take to ensure sustainability in its business approaches in the haulage industry (Henry, 2021).

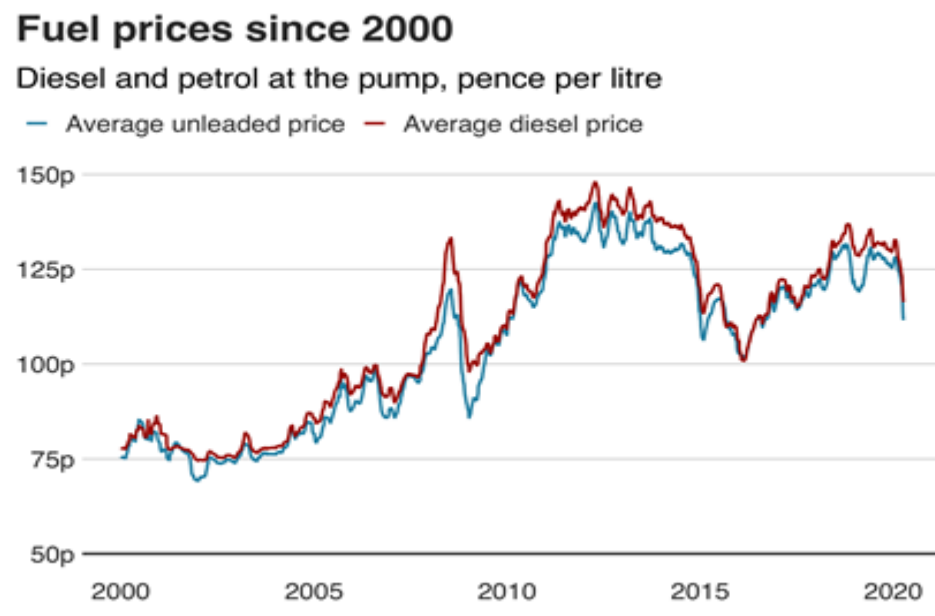


Figure: BP (Chofreh et al, 2021).

Environmentally Sustainable Approaches

Introducing Electric Trucks

BP can introduce electric trucks in its haulage business to ensure a more sustainable approach in its business operations. Through this, BP can reduce the amount of carbon emission in the environment as the number of oil run trucks will be reduced. It will be a very good approach to introduce transportation systems based on electric vehicles which will help the environment (Khrystyna et al, 2021).



Figure: Electric Truck (Khrystyna et al, 2021).

Promoting Transformation of Transport Business through Electric Vehicles

Electric vehicles are the future of the transport business. Transport business is one of the most important businesses in the UK. So, introducing sustainable approaches in the transport business is very necessary for the companies. And the most sustainable approach in the transport business is introducing electric vehicles in the transport business. BP can promote electric vehicles in the transport industry. Also, it can promote its electric vehicle charging business which is known as BP Pulse. Through this approach, the company can achieve an environmentally sustainable approach for its business and can also promote its existing businesses (Valeri, 2021).

Making the Truck Stations more Eco-friendly

BP can make its truck stations more eco-friendly by reducing the carbon emission in the truck stations. Also, BP needs to take approaches to ensure the truck stations have a friendly working environment which will also reduce the possibilities of an accident in the truck stations. This kind of approach will help BP to create exposure in the haulage industry. BP has 500 truck stations in Australia. The company should equip these truck stations with eco-friendly machines which will help to reduce pollution and will help to create a good environment (Renewable Energy Institute, 2022).



Figure: An eco-friendly fuel station (Renewable Energy Institute, 2022).

Investing in Eco-friendly Approaches

BP has already invested in solar power, smart grid and other eco-friendly energy plants. As part of that approach, BP has introduced electric charging docs in the UK which is known as BP Pulse. BP can also put focus on solar-powered vehicles and power plants to ensure a more sustainable business approach. BP can introduce solar generators which are sustainable to the environment (Valeri, 2021).

Also, BP can use solar charging methods for its charging points where the electric vehicles are charged. Through this BP can both achieve environmental sustainability and can also achieve efficiency in its business activities. As a result, BP's company has been impacted by the entire

strategy of altering the fuel and the pandemic. During the epidemic, the oil price fell to negative digits, indicating that everyone who bought oil on the international market would be rewarded. As a result, BP was forced to adjust its plans on a regular basis due to a variety of circumstances (AssetGo, 2022).

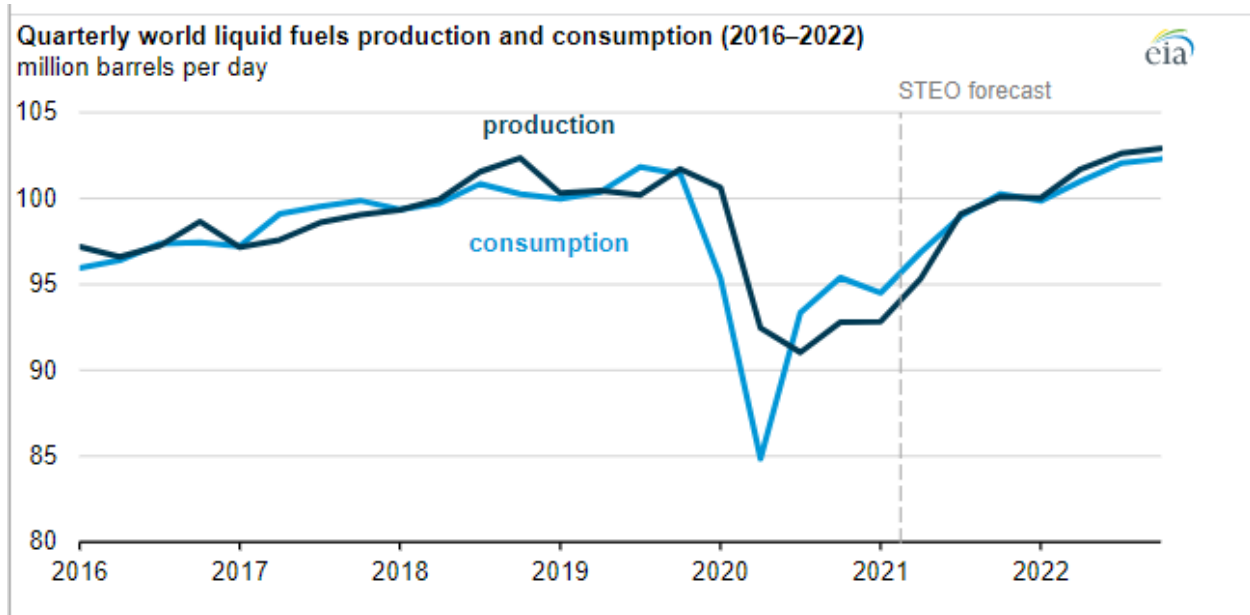


Figure: BP (Chofreh et al, 2021).

Conclusion

Strategic management is the most important issue in business. Through strategic management, companies can achieve efficiency in their activities. From this report, it can be seen that BP has implemented various strategic management issues that are both environmentally sustainable and effective at the same time. The company has invested in the haulage industry as a part of the horizontal integration of its business activities. BP has many opportunities to introduce environmentally sustainable approaches in the haulage industry and the company is trying to exploit those opportunities through its resources and capabilities (Valeri, 2021).

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