Strategic Management in International Oil & Gas Business
Essential Business Management Skills for Oil & Gas Professionals

5 days Overview

LEVEL
Knowledge

PURPOSE
The participants will participate actively as well in the various lectures they will have to cover the economics of the Oil & Gas value chain as well as the management tools used in the industry; putting everything back in perspective with their company’s business.

LEARNING OBJECTIVES
Upon completion of the course, participants will have:
seen the main economic, market, physical, environmental and political forces driving energy demand, supply, and prices,
connected the key links and terms of the Oil & Gas industry, from the exploration well to the final products,
understood the fundamental management tools and decision processes in an international Oil & Gas company,
applied practical decisions and experienced the risk of doing business in the Oil & Gas industry on a worldwide scale through a computer “Strategic Management Game”.

WAYS AND MEANS
This course is built on interactive presentations, exercises and team games.
Working in competing teams, participants have to:
evaluate and anticipate the driving factors of oil prices through the “Oil price game”,
rebuild the E&P chain of an offshore project,
take a quiz on natural gas business,
price a cargo of crude oil,
calculate refining margins and the main economic indicators,
evaluate the economic profitability of an oil field development, gas pipeline & LNG projects,
implement business decisions & evaluate its impact through the use of an Excel simulator “Strategic Management Game”.

LEARNING ASSESSMENT
Participants will be evaluated during the training through quizzes and case studies.

PREREQUISITES
Participants need to be comfortable with the use of Microsoft Excel.

Agenda

INTERNATIONAL OIL ENVIRONMENT
Energy demand and supply. Crude oil reserves and production.
History of the petroleum industry. Role of main actors: OPEC, NOCs, IOCs, INOCs, IEA.
Oil price evolution and long-term scenarios.
Present and future constraints of the Oil & Gas industry (alternative energies, investments, etc.).

UPSTREAM ECONOMICS
Fundamental steps of the upstream business.
Economic aspects and costs, risks.
Understanding the E&P value chain.
Legal and fiscal framework for exploration-production (concessions, production sharing contracts, service contracts).

0.5 d

NATURAL GAS ECONOMICS
Natural gas reserves and production around the world.
Main gas markets; their structures and constraints.
Liquefied natural gas chain, economics and trade.
Long-term sales and purchase gas contracts. Take-or-pay provisions and gas price formulas.

0.5 d

TRANSPORT & INTERNATIONAL OIL MARKETS
International trade and shipping of crude and products.
Various types of markets and contracts: long-term contracts, forward and spot markets.
Case study: how to price & hedge a cargo of crude oil?

0.5 d

REFINING ECONOMICS & PETROCHEMICALS
Basic technical aspects. Development in refining capacity.
Refining margins and costs.
Evolution of products specifications and structure of demand.
Inter-relationship between refining and petrochemicals.
Main petrochemical sectors; environmental and economic trends. Coping with economic cycles.
Case study: working in teams, participants have to calculate refining margins and the main operating indicators.

0.5 d

PROJECT ECONOMICS & DECISION ANALYSIS TOOLS
Economic criteria for investment project evaluations (NPV, IRR, POT, etc.).
Global profitability analysis. Economic cost analysis.
Introduction to risk analysis. Risk management, financial and cost management.
Case studies: participants have to evaluate the economic profitability of a gas pipeline project and LNG project.

1.5 d

STRATEGIC BUSINESS GAME
Introduction to strategy and financial management.
Introduction to the strategic game: participants are introduced to the use of strategic tools.
Communication and workshop:
Participants analyze their respective situation (SWOT analysis) in each of the branches (upstream, refining, retail and petrochemical).
Participants have to implement their decisions and evaluate its impact through the use of an Excel simulator.

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