

Research Course on Value Creation by Oil and Gas Industry Sectors

This course is designed to provide students with an understanding of how companies in various sectors of the oil and gas industry create value for shareholders and other stakeholders. The course will introduce students to the major drivers of value for each of the industry segments and will present a framework for analyzing shareholder value creation through the financial lenses of growth, profitability and risk. The financial profiles of the segments will be reviewed in light of the strategic choices available to companies within each segment, the overall leadership models prevalent in the different segments, and the distinctive capabilities required for successful execution.

The course will then proceed to the evaluation of the relative performance of companies within a specific segment of the industry. Students will be asked to research financial statements and build out the financial performance data for the company or companies they have been assigned and compare the performance of their target company with its peers. From investor presentations, students will characterize the strategic portfolio and business model choices made by their target company, its leadership and organizational philosophy and its distinctive capabilities.

The intent will be to publish a report on the findings for each sector that will provide a deeper, more objective and longer term comparative analysis of value creation by companies within the study sector than is generally available from financial analysts. The summary reports will focus on the strategic implications of the successes and failures of the studied companies and the strategic lessons that can be drawn from these results. Students will benefit from an enhanced ability to connect what companies do and how they do it with the value they create for shareholders.

Summary reports are now available for class research projects on the international super-major oil companies (IOCs); National Oil Companies (NOCs); and (shortly) independent oil and gas companies (independents). The current class is investigating U.S. independent refiners, and future classes will address midstream companies with emphasis on Master Limited Partnerships (MLPs), and oilfield service and supply companies (OFS).