Strategies for Managing Uncertainty

All organizations must cope with future uncertainties. These uncertainties affect the strategic choices they make. They must commit scarce organizational resources to future outcomes which they have little assurance will come into being. Marcus explores how decision makers in the energy industry made choices in the face of such uncertainties, specifically examining two major uncertainties they confronted in the 2012–2018 period – price volatility and climate change. Marcus tells the story of how different companies in the integrated oil and natural gas sector and in the motor vehicle sector responded to these uncertainties. In the face of these challenges, companies in the energy industry hedged their bets by staking out paradoxical or contrasting positions. On the one hand, they focused on capturing as much gain as they could from the world’s current dependence on fossil fuels and on the other hand they made preparations for a future in which fossil fuels might not be the world’s dominant energy source.

Alfred A. Marcus is Professor and Edson Spencer Endowed Chair in Strategy and Technological Leadership at the Carlson School of Management, University of Minnesota. He is the author, co-author, or editor of seventeen books, including Innovations in Sustainability: Fuel and Food (Cambridge University Press, 2015), which won the Academy of Management ONE 2016 Outstanding Book Award.
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Booms and Busts in the Energy Industry

ALFRED A. MARCUS

University of Minnesota
This book is dedicated to Ariel, David, and Laura, the next generation, and to my maternal grandfather Ignaz Fried, who influenced me in many ways but from whose life I learned that calculated wagers and hedging are important.
# Contents

*List of Figures*  
*List of Tables*  
*Acknowledgments*  

<table>
<thead>
<tr>
<th>Introduction: Calculated Wagers and Hedging</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part I</strong> The Problem</td>
<td>13</td>
</tr>
<tr>
<td>1 Risk and Uncertainty in the Energy Industry</td>
<td>15</td>
</tr>
<tr>
<td>2 The Management of Risk and Uncertainty</td>
<td>28</td>
</tr>
<tr>
<td>3 Hedging in the Energy Industry</td>
<td>42</td>
</tr>
<tr>
<td>4 Booms and Busts in the Energy Industry</td>
<td>54</td>
</tr>
<tr>
<td><strong>Part II</strong> Challenges in Major Sectors</td>
<td>85</td>
</tr>
<tr>
<td>5 The Oil and Natural Gas Sector</td>
<td>87</td>
</tr>
<tr>
<td>6 The Motor Vehicle Sector</td>
<td>107</td>
</tr>
<tr>
<td>7 The Electric Utility Sector</td>
<td>132</td>
</tr>
<tr>
<td><strong>Part III</strong> Oil and Natural Gas Company Strategies</td>
<td>157</td>
</tr>
<tr>
<td>8 Strategies to Try to Offset Plummeting Prices: ExxonMobil</td>
<td>159</td>
</tr>
<tr>
<td>9 Strategies to Try to Offset Plummeting Prices: BP</td>
<td>181</td>
</tr>
<tr>
<td>10 Strategies to Try to Offset Plummeting Prices: Shell</td>
<td>202</td>
</tr>
<tr>
<td>11 Strategies to Try to Offset Plummeting Prices: TOTAL</td>
<td>222</td>
</tr>
<tr>
<td><strong>Part IV</strong> Motor Vehicle Company Strategies</td>
<td>249</td>
</tr>
<tr>
<td>12 Strategies to Take Advantage of Plummeting Prices: GM</td>
<td>251</td>
</tr>
<tr>
<td>13 Strategies to Take Advantage of Plummeting Prices: Ford</td>
<td>280</td>
</tr>
<tr>
<td>14 Strategies to Take Advantage of Plummeting Prices: VW</td>
<td>324</td>
</tr>
<tr>
<td>15 Strategies to Take Advantage of Plummeting Prices: Toyota</td>
<td>337</td>
</tr>
</tbody>
</table>
Contents

Part V Conclusion 399

16 Oil and Gas Companies’ Strategic Moves 2017–2018 401
17 Motor Vehicles Companies’ Strategic Moves 2017–2018 445
18 Ambivalence, Paradox, and Hedging 514

Bibliography 525
Index 532
Figures

1.1 Annual average domestic crude oil prices  

5.1 Proven oil reserves 2017 (millions of barrels)  

5.2 Decline in ExxonMobil, BP, shell, and TOTAL revenue and profits: 2014–2016  

5.3 US refiners’ market share in 2016 and sector revenue 2013–2016  

6.1 The percentage decline of the US metal stamping and forging segment 2012–2016  

6.2 The performance of Bridgestone and Michelin tires 2012–2016  

7.1 The levelized cost of electricity ($/megawatthour)  


8.1 ExxonMobil profits and revenue 2012–2016  

8.2 ExxonMobil’s declining margins  

9.1 BP profits and revenue 2012–2016  

9.2 BP and ExxonMobil safety incidents: 2009–2013  

10.1 Shell’s revenue and net income 2012–2016  

10.2 Shell’s upstream capital expenditures by region 2013  

10.3 Shell’s revenue versus income by region 2013  

11.1 TOTAL’s revenue and net income 2012–2016  

11.2 The locations of TOTAL’s oil and natural gas production  

11.3 TOTAL’s 2014–2016 downsizing of its upstream business  

11.4 TOTAL’s downstream revenue and profits 2014–2016  

11.5 TOTAL’s R&D spending 2014–2016  

12.1 Earnings before interest and taxes of major auto producers in 2015  

12.2 GM’s global market share by region 2014–2016  

12.3 GM’s revenue and net income 2014–2016  


13.2 Ford’s global market share and revenue 2012–2014  

13.3 Ford’s global vehicles sold and market share 2014–2016
List of Figures

14.1 VW sales growth 2006–2016 329
14.2 VW dollar revenue and profits 2012–2016 329
14.3 VW performance by brand 2013–2014 344
15.1 Toyota’s Japanese and US sales in dollars 2001–2016 362
15.2 Toyota’s global unit sales 2012–2014 377
15.3 Toyota’s 2012–2014 global sales in millions of yen 377
15.4 Toyota’s global market share in different regions 2010–2014 378
15.5 Toyota’s global unit sales 2015–2016 388
15.6 Toyota’s 2015–2016 global sales in millions of yen 389
15.7 Toyota’s total number of vehicles sold 2012–2016 389
16.1 The average quarterly income and revenue of major oil companies 2015–2017 432
18.1 Risk, uncertainty, ambivalence, paradox, and hedging 519
Tables

4.1 DOE projections of GDP annual growth by region
   2012–2040  page 58
4.2 Booms and busts in energy markets  83
5.1 Estimated decline in Aramco revenue 2012–2016  99
5.2 Decline in revenue in the oil and natural gas sector  104
12.1 GM brands and major global markets  254
12.2 GM product sales and global market share 2012–2014  266
13.1 Indicators of Ford quality and safety 2009–2014  298
13.2 Ford’s product mix 2014  306
13.3 Ford’s estimates of lifetime CO₂ emissions of different
engine configurations  308
13.4 Ford’s estimates of fuel economy of different engine
configurations  308
13.5 Indicators of Ford quality and safety 2014–2016  313
15.1 Toyota’s advanced automated driving technology for
improved intersection safety  375
15.2 Toyota’s major research centers  384
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