

Supply Chain Management in the Oil Industry: Challenges and Opportunities

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Abstract : In this globalization era, the supply chain management has acquired strategic importance in diverse business environments. In the current highly competitive business environment, the success of any business considerably depends on the efficiency of the supply chain. The importance of petroleum industry cannot be avoided in the global market; however, supply chain management in the petroleum industry is facing various challenges, particularly in the logistics area. These logistical challenges have a main influence on the cost of crude oil; therefore, the opportunities to save cost in logistics still do exist. The large oil producing companies are undertaking future contracts through 'swaps or options' practice that saves their millions of dollars. The objective of this paper is to throw light on the supply chain challenges and opportunities in the oil industry and on swap practices which are widely employed by large oil producing companies around the world, such as Chevron Corporation, Saudi Arabian Oil Company, BP and Exxon Mobil.

Keywords : logistics, oil industry, swap practice, supply chain management

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