

Valero Energy SWOT Analysis

“SWOT is an acronym for the internal Strengths and Weaknesses of a firm and the environmental Opportunities and Threats facing that firm. SWOT analysis is a widely used technique through which managers create a quick overview of a company’s strategic situation. The technique is based on the assumption that an effective strategy derives from a sound “fit” between a firm’s internal resources (strengths and weaknesses) and its external situation (opportunities and threats). A good fit maximizes a firm’s strengths and opportunities and minimizes its weaknesses and threats. Accurately applied, this simple assumption has powerful implications for the design of a successful strategy.”

Valero Energy

Valero Energy Corporation (Valero) is one of the largest refiners in North America. Its core activities include refining and marketing of petroleum products. With a combined throughput capacity of approximately 3.3 million bpd, Valero is the sixteenth largest company on the 2007 Fortune 500 list. Valero’s large refining capacity gives it a significant competitive advantage. However, rising energy prices could affect the company’s margins.

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Strengths, Weaknesses, Opportunities and Threats (SWOT)

Location of Factor	TYPE OF FACTOR	
	Favorable	Unfavorable
Internal	Strengths <ul style="list-style-type: none"> ➤ Large refining system ➤ Leader in conversion capacity and feedstock flexibility ➤ Strong product portfolio 	Weaknesses <ul style="list-style-type: none"> ➤ Litigations ➤ High dependence on the US market ➤ Lack of own supply of feedstocks
External	Opportunities <ul style="list-style-type: none"> ➤ Growing diesel demand ➤ Strategic refocus ➤ Restructuring retail business 	Threats <ul style="list-style-type: none"> ➤ Rising energy prices ➤ Stringent regulations ➤ Rising petrochemical capacity in the Middle East

WWW.YC