

A photograph of Lee Raymond, Chairman and CEO of ExxonMobil, standing on a carpeted staircase. He is wearing a dark blue suit, a white shirt, and a red and blue patterned tie. He is looking directly at the camera with a slight smile. The background shows the wooden railings and carpeted steps of the staircase, with warm lighting creating a professional and sophisticated atmosphere.

An interview with Lee Raymond

# Building on a great legacy

This is the first in a series of interviews with ExxonMobil Chairman and CEO Lee Raymond. It looks at some of the issues and events that have shaped the company and the oil and gas industry. Next: How ExxonMobil is taking on the world's toughest energy challenges.

## **‘Change is inevitable. We should not be apprehensive about it. We ought to embrace it.’**

### **Q: What have been the defining influences on the oil industry’s development since its inception?**

**A:** I think that most people understand and recognize that the modern oil industry really flowed from the events that began in the oil fields of Pennsylvania. As America grew, the industry had to grow. Fortunately for the United States, we had a lot of indigenous resources that the industry found and developed. The biggest influence in the creation of the industry was the link between economic growth and the improvement of living standards and the availability of energy, a large part of which comes from oil and gas.

The other great story over a long period of time has been how technology has been developed and used in the industry. My guess is that someone just beginning a career today is going to look back in 2044 and say, “I can’t believe what technology

is today versus the first day I came to work.” I hope that is true, because it is so critical to the industry and to the company. It is that continued evolution in technology that has enabled the industry to do the truly remarkable things that it does today. If you just think back to when you were 40 years younger, and you look at the technology today, you just can’t believe it.

### **Q: What are the most important lessons of that experience?**

**A:** The oil industry has a long way to go. The facts are that, even with all the political rhetoric, oil and gas are going to be around for a long time. We will need adequate supplies of oil and gas if we expect to have the economic growth that I think everybody agrees the world needs.

I cannot imagine what would happen to the world if there were no energy to support economic growth. There would

certainly be no way to address social issues. Because of that, the oil industry will continue to have a vital role to play in the world. And that won’t change.

I think there is a general realization that for economies to grow, you have to have access to energy, and you have to have access to it on competitive terms. No one has come up with any idea about how to have economic growth without energy. Some people may not like to talk about it, but the reality is that if you are going to have growth on a large scale, you have to have access to energy.

### **Q: Why have ExxonMobil and its predecessor companies been more successful than the competition for so many years?**

**A:** I think the company has been successful first because of the people. I am not saying that only we have had good people. That is obviously not true. But I do think that we

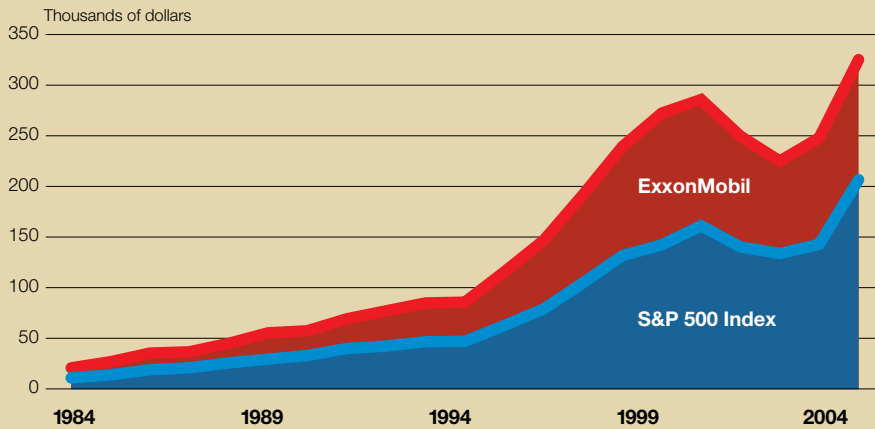
have had a system for a long time to assemble and develop the very best of the best. That system has given people valuable experience in job positions and in geography, and it has helped them to grow and learn.

I think that being able to run a system that is as close as I can imagine to being a meritocracy has set us apart from others. And in a sense, we have run a system that is nearly the embodiment of the American dream. I think that has served the company well since the very early days.

A certain advantage also comes from the size of the company and the financial strength we have had right from the very beginning. It has enabled us to be in the position to always take a longer-term view of issues. This is a long-term business and a long-term industry. It is highly capital-intensive, and there are a lot of ups and downs. The people who have managed the company through its history have

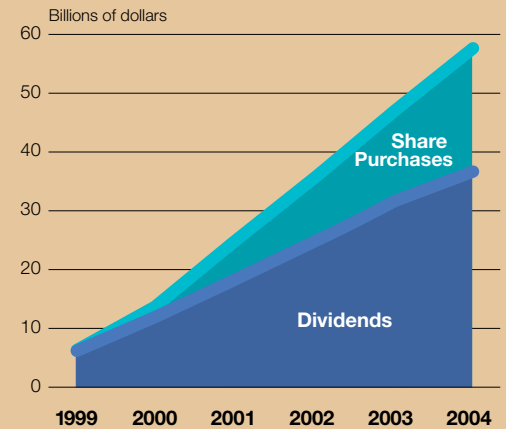
## Delivering Superior Returns

Value of \$10,000 Investment



## Superior Shareholder Distributions

Cumulative Distributions



The success of ExxonMobil's business approach over the years is reflected in the company's shareholder returns, which have exceeded the Standard & Poor's 500 Index since at least 1984. Shareholders have also benefited from a significant growth in distributions through dividends and stock buybacks since the merger of Exxon and Mobil in 1999. In total, ExxonMobil has distributed \$57 billion to shareholders since the merger — an amount equivalent to the market capitalization of ConocoPhillips or The Walt Disney Company.

always taken a very long-term view. They have been risk-takers, because that is what this business requires. But they always managed the company with a thoroughness and discipline in how we do business that tends to set us apart from others to this day.

**Q: How has being a multinational company shaped ExxonMobil's culture and identity?**

**A:** We were one of the first multinational oil companies in the world. A lot of people talk about it now, but when we became a multinational company early in the 20th century, I don't think there was any-

body else in the United States who really had that multinational perspective.

That is a great source of strength, because it has been beneficial for our people to have opportunities to see the world. Our employees have been ambassadors for America through most of our history. On the other hand, those who joined the company from outside the United States have helped bring a perspective of other cultures in other parts of the world that many Americans will never see and will never experience.

Fundamentally, I think people know who we are. The people we attract, and the great people who come to work for

us, understand a lot about ExxonMobil when they come to work for the company. In fact, I think that the values we espouse and live by — our integrity, the way we do things with openness and transparency, our strong belief in technology, and our commitment to excellence — are the most important reasons they come to work for and stay with the company.

**Q: What are your thoughts about future environmental challenges?**

**A:** During the past 150 years, the United States and the world underwent tremendous economic and population

growth. By almost any measure, the environment is much better now than when I was growing up. But that progress has not been free, and society has spent a lot of money to achieve significant environmental improvements.

The question is: How do you balance the desire for economic growth with the goal of achieving growth in an environmentally acceptable way from both a science point of view and a cost point of view? That is an issue that the political process is going to grapple with for many years.

On one hand, the notion that the oil industry or industry in general is not cognizant of that or is not sensitive to it

## **‘The people who have managed the company through its history have always taken a very long-term view.’**

— that is simply not true. On the other hand, the notion that there is an unlimited amount of money to deal with environmental issues is equally untrue, so how you balance that is a significant political issue.

The tension is inherently there, so the only perspective you can have is that everybody must bring everything they can to the table — in terms of understanding and implications — and do so in an objective way, with the idea of trying to figure out how we get to the balance. It does no good for people to get up and explain their rhetoric, because that is not going to solve any problem or do much to help society.

**Q: What will company leaders have to do differently in the future to remain successful?**

**A:** Well, they will have to do some things the same — by that I mean our commitment

to technology and our recognition that we are always going to have to change.

I have made the comment before, and I’ll make it again. Change is inevitable. We should not be apprehensive about it. We ought to embrace it. We should always try to make our ability to adapt to change a competitive advantage, because we can do it better than anybody else can do it. That is better than resisting change and trying to run away from it — or acting as though it is not there.

I suspect that the pace of change ahead may be even faster than in all the time that I have worked here. Of course, I don’t know what the future holds. But I do know that it is critical for us to have people with the experience and the vision and the expertise to adapt the company to the future.

**Q: It has been said that the oil business was built on a handshake. Is that still true today?**

**A:** The reality is that given the size of the company we are today, it is hard to visualize that we could do business on just a handshake. Today, that might not work too well. To a degree, we still do things on a handshake in the sense that you are not going to do business with somebody that you don’t trust. I don’t care how many contracts you have and how many lawyers you have. If you don’t trust somebody, you’re just not going to do

business with them.

At ExxonMobil, we take the view that whenever and wherever we do things, we want people to be comfortable with us and trust us as partners, as suppliers or as buyers. We recognize that modern business requires that there be a lot of other things done to complete transactions. But fundamentally, we want people to understand that when they do business with ExxonMobil, they are dealing with a company that values integrity — which is really the same thing as doing business on a handshake. [theLamp](#)

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