

Factors affecting and influencing exxon mobil



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Environmental awareness among public cause energy companies like ExxonMobil to work in a more responsible way due to increase expectation of public. Today competitive and informed world it is increasingly important and become a necessity for energy companies the change the way the use to conduct their operation and to strive for and achieve operational excellence with following areas are critical such ethical operations, safety of employees, environment , local community etc, corporate governance and corporate social responsibility, security, operations reliability , healthy and energy efficiency with good environmental performance, investment in environmentally sound together economically worthwhile projects. 2

Today environmentally concern and active atmosphere requires from energy companies especially from industry giants like ExxonMobil to not only follow law and regulations in letter and spirit as minimum but go beyond and comply an uphold high standard even to place/areas where there is no particular legal requirement. Therefore it is increasingly important for energy companies especially big names like ExxonMobil to not only achieve good results but also look at the means of achieving those results and develop uphold high ethical standard with strong controls in business and practical approach and actions regarding corporate governance and social responsibility. 2

Energy market is traditionally and by its very nature is significantly different from other business as here decision are made for the future as long as as decade ahead instead months or years in other business and therefore decision making require formal and discipline, organize approach .

Innovation and continuous change in technology is essential in today's energy industry as through technological innovation new opportunities are created by delivering least cost solutions development which is vital for success in this dynamic and competitive environment together with this technological innovation and change is vital and for improving performance as well.

Operating a one global functional organization is one of most significant challenge which today's organization faces with common standard process and culture of one corporation generate significant competitive advantage and finding new ways to increase cooperation and working one big global functional organization is important factor to consider when making change and innovation strategy.

Extraordinary performance of any organization will always depend on the performance people working in it. Therefore any change and innovation strategy must take into account human factors and try to attract and retain outstanding people. Contributing to community in which business is operating is also important factor and therefore must be consider when making strategy for change as it give positive image of an organization which is important asset.

The ultimate aim of any business to make profit and therefore any strategy must take into account the financial worth of different measures to be taken. Global reduction in demand for energy due to recession and other reason create additional pressure on our industry. Leaders around the world are discussing importance of climate change policies which create significant

legislative uncertainties which would have significant and huge long term impact every one using developing or using energy.

The fact is, government and private-sector assessments of the world's energy needs consistently highlight the certainty of rising demand over time. As the world grows and economies develop, future demand for energy will grow dramatically. The International Energy Agency and many others predict that the world's total energy demand will grow by 35 percent in 2030 versus the demand in 2005, even after factoring in the current economic slowdown.

2

Task 2 :

Bureaucracy is a way of organising work in which people are treated as interchangeable and replaceable cogs to fill specialised roles. Two key features of bureaucracy are hierarchy and a specialised division of labour. Other characteristics of an 'ideal' bureaucracy are rules which describe the duties of members, a set of standard operating procedures, and impersonal relations between members. In a model bureaucracy, initiatives and policy directions come only from the top echelons. Work in carrying out policies is done at the lower levels within the guidelines set from above.

Most large modern organisations are bureaucratic in form: government departments, corporations, political parties, churches and trade unions. None of these real organisations are pure bureaucracies. For example, initiatives and policy directions in political parties and trade unions sometimes come from the rank and file.

The main demerit of bureaucratic organizations includes lack of innovation. All the processes and tasks are so much fixed that the innovation process is almost eliminated in bureaucratic organizations. Employees get demotivated because of lesser employee participation and involvement. HR can't be utilized in the fullest manner by optimizing creativity which is the prime disadvantage in bureaucratic structure of the organizations.

Advantages include the increased control and monitoring of upper level management. The success of the organizations depend upon the wise decisions of top management. If the top management is good, then results can be favorable and if the top management is not good then it can result in disaster.

Task 3

Importance of change strategy for ExxonMobil and Potential problems :

Now that we had look at the various factor affecting and influencing the change and innovation strategy now we would look at the importance of change to ExxonMobil.

There is never been more importance and need for energy industry to think ahead and formed strategies which are essential to address the difficult challenges that this industry face and improve the efficiency of value chain of entire energy industry.

In today's increasingly environmentally conscious and concern environment energy companies are not only expected by but required to show more commitment to safety, security, health and of course the environment/
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climate in order to not only survive but achieve superior results. And therefore Exxon has to change the way industry work in past and develop new and innovative approach to things.

Potential problem from changing the manner in which energy business use to operate will be most importantly cost as new approach to things required financial and other resource. ExxonMobil is in operation since past 125 years and its would be very challenging to difficult to change the culture and manner in which it work in past such as bringing safety and health concerns embedded in the culture in of ExxonMobil would require lots of efforts training and commitment from senior management and middle management.

The energy industry is has the most important role to play as it has played in past (by providing significant tax revenue to governments, providing huge employment and increase share holders value)in the development of not only national economies but global development.

The potential problems are legislature and people are taking energy industry as source of additional tax revenue which is though short term view which will restrict growth in long term and so that new jobs and high energy cost for consumers.

The oil and gas is expected to remain primary source of energy and expected that almost 60% of energy supply of world till 2030 will be through oil and gas.

Although there is enough oil reserve according to source there are four trillion barrels of oil and gas reservoirs are present around the world but problems with their extraction as only one trillion is extracted till now

Therefore there is still significant amount challenges ahead in terms of scale of efforts and technological deployment required and required for long term not for years and months but decade and generations as this new supply of energy will come from thousands of mile away or thousands of feet below the sea level, so to keep energy supply stable international energy agency estimate that an investment of 25 trillion dollars required .

There is another problem associated with the energy demand and finally is the environmental impact on increase energy as carbon dioxide emission of the world is increasing by an average on one percent per year.

The continues improvement of operations will not only result in result in fueling the economic growth in this turbulent time but also meet the future need s of energy product. There is huge demand of energy in future expected and therefore this demand will create opportunities for energy companies to develop new source of energy and improve their existing operation to improve efficiency.

The problem with improving efficiency is that it require financial resource and with measure taken by governments to increase tax on energy products limiting its ability to invest in improvement of its operations but energy industry must continue to improver their safety and reliability of operation with efficiency of its plants and increase shareholders return.

Task 4

Issues encountered during implementation of change

Exxon mobile has an effective strategies to deal with the problem arises as a result change and innovation strategies takes place.

ExxonMobil responded on setting high standards for operation through its operation integrity management systems which provide a framework to ensure its operation safe and according to standard set. In past there were very few incident with very rate of work related injuries and illness show effectiveness of its safety strategy in past. ExxonMobil reduce its corporate wide lost time incident rate by setting priorities, measuring progress and holding people accountable

Exxon has given particular importance to operational efficiency in past and therefore they can claim that operational efficiency in build in deep inside in their culture

Operations safety and integrity are central to the successful execution of ExxonMobil's business strategies. The objective of operational excellence is embedded in our company culture and drives continuous improvements in all areas of our business.

ExxonMobil has developed a wide range of management and operating systems that address critical aspects of our business, including: ethics, safety, corporate governance, security, health, environmental performance, operations reliability, business controls, project investment and execution, energy efficiency, profit improvement, and external affairs. The disciplined

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application of these management and operating systems, deployed through our functional organization, has consistently delivered superior results.

Operate in a Safe and Environmentally Responsible Manner ExxonMobil's long-term safety performance leads the industry. Its commitment to safety, security, health, and the environment creates a solid foundation for superior results in all aspects of our business. ExxonMobil's senior management and employees are committed to the goal of creating an incident-free workplace, and our culture reflects this objective. ExxonMobil drives improvement in environmental performance with the goal of reducing incidents with real environmental impact to zero. It conducts business using an approach that is compatible with both the environmental and economic needs of the communities in which we operate.

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affairs. The disciplined application of these management and operating systems, deployed through our functional organization, has consistently delivered superior results.

Uphold High Standards

ExxonMobil adheres to all applicable laws and regulations as a minimum standard, and, when requirements do not exist, they apply responsible standards to their day to day operations. Which shows believe that a well-founded reputation for high ethical

standards, strong business controls, and good corporate governance is a priceless corporate asset. This means that how they give importance to achieve results is as important as the results themselves.

They choose the course of highest integrity in all of their business interactions. Directors, officers, and employees must comply with their Standards of

Business Conduct.

Invest with Discipline

The energy industry is a long-term business that requires decisions to be made with a time horizon that is measured in decades, rather than months or years, and that spans

multiple business cycles. Projects are tested over a range of economic scenarios to ensure that risks are properly identified, evaluated, and managed. This approach enables superior investment returns through the business cycle. ExxonMobil proven project management system incorporates best practices developed around the world. Emphasis on the early phases of concept selection and effective project execution results in investments that maximize resource and asset value. ExxonMobil complete a rigorous

reappraisal of all major projects and incorporate learning's into future project planning and design, further strengthening our capabilities.

Differentiate with Proprietary Technology

Technology is vital to meeting the world's growing demand for energy. ExxonMobil has a long-standing commitment to fundamental research to develop and grow our technical capabilities and to deliver advantaged technologies for all of our businesses. ExxonMobil have a wide array of research programs designed to meet the needs identified in their functional businesses. Over the past five years, ExxonMobil have invested more than \$4 billion in research and development. ExxonMobil global

functional organization enables rapid deployment of new technologies to ensure early value capture. 2

It is also important to create and support a culture where every employee and contractor understands he or she must take part in creating a safe workplace. For instance, ExxonMobil refineries in Beaumont and in Joliet, Illinois, they have worked to achieve OSHA recognition as "Star" sites in OSHA's Voluntary Protection Program (VPP). 2

ExxonMobil commitment to safety also yields benefits reflected in the bottom line - especially important in these challenging economic times. A safe workplace is a more productive one.

operational excellence refers to a constant focus on improving efficiency, a more efficient operation yields numerous benefits, including lower costs and fewer emissions.

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In terms of identifying energy savings at ExxonMobil, their Global Energy Management System has proven to be one of their most important tools for bringing about positive, long-term change. This initiative helps identify potential energy efficiencies in their operations, and allows them to use resources more effectively, ultimately reducing energy usage and emissions from their operations.

This energy efficiency program began by tapping knowledge from their best operations around the globe. We looked at every link in the energy chain, documented their best practices and then applied those lessons to their worldwide operations. Each day, as part of this initiative, they track more than 12,000 energy variables worldwide, using them to improve both individual plants and global operations. Since 2000, they have identified \$1.5 billion in potential efficiency savings, approximately 60 percent of which have now been captured. 2

One of ExxonMobil's most important energy efficiency stories is one that is critically important to refining - cogeneration.

ExxonMobil currently has interests in approximately 100 cogeneration plants in more than 30 facilities around the world. Their latest expansion in Antwerp, Belgium, inaugurated a 125-megawatt cogeneration facility. That new plant will reduce Belgium's carbon dioxide emissions by approximately 200,000 tonnes per year.

Leveraging Scale and Integration

There are also opportunities for refiners to capture efficiency benefits from world-scale, integrated manufacturing sites. At ExxonMobil, more than 75 percent of their refining capacity is integrated with either their lubes or chemical businesses – or in some cases, both. These integrated operations allow us to optimize manufacturing processes, lower costs and improve product yields.

Integration also brings significant “circuit synergies.” ExxonMobil global network of reliable and efficient manufacturing plants, transportation systems, and distribution centers enable them to provide fuels, lubricants, and other high-value products to customers in more than 100 countries and territories. Their global supply organization directs raw materials to their refineries, finding the most efficient processing configuration and determining the best way to supply products to their customers around the world. Every day, this network lowers costs and optimizes overall supply chain performance.

ExxonMobil also think it is important to find ways to improve product yields and increase feedstock flexibility. Their refineries currently have 40 percent more conversion capacity than the industry average, allowing to produce more, higher-value products per barrel of crude processed.

In fact, since 2003, they have added about 90,000 barrels per day of additional conversion capacity to refineries – effectively adding one new conversion unit to facilities every two years.

In addition, by using proprietary Molecule Management technology ExxonMobil continue to grow raw material flexibility. As part of this program,
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they have developed molecular fingerprinting technology that enables them to better understand of the key characteristics of a crude well beyond its physical characteristics, right down to its chemical and molecular makeup.

This, in turn, has allowed them to make a step-change improvement in crude selections that maximize yields of higher-value products, while at the same time increasing utilization of new and lower cost crudes. In fact, last year they processed 150 crudes new to individual refineries. 2

Long-term Investments

This brings me to a key point of investing through the business cycle.

ExxonMobil, believe that to be successful long term, they must continue to invest to sustain competitiveness regardless of business conditions.

ExxonMobil know that in the long run, demand for energy and for refined products will grow and to meet future demand, they must act now and invest capital and human ingenuity into expanding supplies and increasing efficiency. That is why they continue to invest in improvements and new projects, even during these challenging times.

ExxonMobil announce late last year regarding significant investments to increase production of low-sulfur diesel. We plan to spend more than \$1 billion to expand their refineries in Texas, Louisiana, and Belgium, to meet the growing demand for low-sulfur diesel. When completed next year, these expansions will increase diesel production by approximately 6 million gallons a day - the equivalent to the diesel produced from about four average sized

refineries. With these expansions ExxonMobil is taking steps not just to meet that demand but will be meeting growing demand with a more advanced, cleaner-burning fuel. 2

Any discussion of demand growth in developing countries must include Asia Pacific. Between 2005 and 2030, we expect total liquids demand to grow about 2 percent per year in this dynamic region. This translates to an increase of 65 percent by 2030. Refiners will need to move aggressively to meet that demand growth.

Next month ExxonMobil will participate in a celebration marking the completion of the Fujian Petroleum and Petrochemical Complex, a joint venture between Sinopec, the Fujian Province in China, Saudi Aramco, and ExxonMobil. This expanded facility will process 240 thousands of barrels per day of crude, and includes a 250-megawatt cogeneration facility. But even with this ambitious project in place, more capacity will be needed as energy demand soars around the world.

Investing in technology for the future

Interestingly, some people do not realize that the oil and gas industry is a high-tech industry! But the best hope for addressing the enormous dual challenge of meeting growing energy demand while mitigating emissions is through development and deployment of new advanced technologies.

Developing and deploying promising technologies requires long-term thinking, focus, and disciplined investments - the same fundamentals that have driven our businesses for more than 100 years.

ExxonMobil's more recent technology developments. One of their technology focus areas directly relates to consumers - our work on advanced vehicle technologies. In the world's massive transportation sector, even tiny improvements in efficiency can yield impressive benefits to both consumers and society.

As an example, their energy-saving plastics are making vehicles lighter, and their improved tire inner liners help reduce tire weight and keep them inflated longer, which is important for fuel economy. They have also developed lower viscosity lubricants like Mobil 1 Advanced Fuel Economy which can improve fuel economy by up to two percent versus motor oils most commonly used. To put that savings in perspective, if one-third of U. S. motorists reduce their gasoline consumption by two percent, it would prevent the emission of about 8 million metric tons of carbon dioxide per year, which would have the same effect as taking about 1.5 million cars off the road.

ExxonMobil are also improving vehicle-battery technologies. In 2007, ExxonMobil unveiled new separator films NaN, developed by their chemical company, for lithium-ion batteries. These films have the potential to improve the energy efficiency and affordability of next generation hybrid electric vehicles. If just 10 percent of the light-duty vehicle fleets were hybrids, the resulting carbon-dioxide reduction would be equal to taking five million cars off the road. 2

And finally, ExxonMobil scientists and engineers are working with those from other industries on a breakthrough technology that could advance the use of

hydrogen fuel cells. This new technology, which has been under development for more than a decade, will be applied first to industrial applications, such as forklifts. Their approach - quite different than most - converts traditional hydrocarbon fuels, such as gasoline, into hydrogen directly on-board the vehicle, eliminating the need for separate facilities to produce and distribute hydrogen.

Measured on a "well-to-wheels" basis, this on-board hydrogen fuel system could be up to 80 percent more fuel-efficient, and emit 45 percent less carbon dioxide, than internal-combustion engines.

ExxonMobil is also investing in integrated solutions that could be even more transformative.

In 2002, ExxonMobil launched the Global Climate and Energy Project in concert with Stanford University. Along with our co-sponsors General Electric, Schlumberger, and Toyota, we are investing \$225 million at Stanford and other leading institutions around the world to research and develop truly game-changing technologies.

Our goal is to bring together some of the world's best scientific and engineering minds to perform fundamental scientific research - research that can redefine the field.

Conclusion

Few industries are more instrumental to economic growth and development than the energy industry. And in the years ahead, the role energy industry play in meeting the world's increasing energy needs will only grow.

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Looking at current economic challenges, ExxonMobil must maintain our commitment to safety, reliability, and continuous improvement in our operations.

And finally, the world's shared energy challenges will require long-term planning and a steadfast commitment to develop and deploy new technologies that meet multiple objectives. A commitment to innovative thinking and deployment of new technologies will expand energy supplies, increase energy efficiency and reduce greenhouse gas emissions - all helping to keep people, communities and nations safe and prosperous.

Not only will these strategies ensure ExxonMobil return value to shareholders, they will be key to economic growth and increasing opportunity for all.

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