



Executive Assessment Report For:

**Mark McMurray, EVP-Downstream Operations
Husky Energy**

October 26th, 2007



Executive Assessment Report-Mark McMurray

Job Challenges for Mark McMurray

Mark, you have been heading up downstream operations for Husky Energy for the past 18 months. Prior to this role you were the VP of Sales and Marketing for the 300 Husky Energy branded stations, and you were promoted into the EVP position with the acquisition of the Mohawk assets. You currently have P&L responsibility for the network of over 600 Husky Energy and Mohawk service stations reporting to you. You face four major challenges as the EVP-Downstream Operations. First, it appears likely that you will miss your end of the year rebranding target for the Mohawk service stations. Second, you have had a difficult time integrating the Mohawk staff into the Husky Energy culture. Mohawk has always been a very entrepreneurial, work hard-play hard culture, where the Husky Energy has been successful as a command and control, operationally focused organization. This culture clash has resulted in a high level of turnover among the key Mohawk leaders over the past 12 months, which has negatively impacted both the Mohawk rebranding efforts and the financial performance of the Mohawk assets. Third, BP and Shell have embarked on an ambitious campaign to expand the items sold in their convenience stores and do major appearance upgrades of their service stations. The Husky Energy and Mohawk stations look shabby in comparison, and you are seeing a corresponding reduction in market share, revenues and net margins wherever Shell or BP has completed their upgrades. Fourth, Husky Energy still needs to acquire one or two service station chains in the eastern Provinces if it is to be known as a national player. You will need to play an active role in the due diligence, acquisition, and integration of these new assets. However, given the performance of the Mohawk assets to date, you believe there may be some doubts about your ability to manage a larger downstream operation.

Leadership History and Transitions-Mark McMurray

Mark, prior to and during college you worked at one of the original Husky service stations as an attendant. After graduating from the University of Calgary with a degree in Business, you were promoted to a Service Station Manager in another Husky Energy station in Calgary. You stayed in this role for about six years, where you gained significant hands on experience with marketing, sales, customer service, finances, and automotive repair operations at the service station level. During this time your station went from one of the worst to one of the best in



terms of market share and profitability, and you attribute this success to hiring the right attendants and mechanics and molding them into a customer oriented team.

Because of your success running a station, you were promoted into a District Manager role and put in charge of 15 service stations around Saskatoon. This was a very difficult time for you, as you inherited an underperforming group of service stations and many of the Store Managers were not A players. You spent most of the next four years doing your best to turn around your district--eventually replacing 12 of the 15 Service Station Managers and implementing a set of policies and procedures around customer service, product displays, and automotive repair operations. These changes helped to improve local market share and profitability, but you felt the Store Managers never fully embraced your changes nor operated as a cohesive team.

Wanting to move back to the Calgary area, you then took a marketing position in HQ to work on a company rebranding and market share initiative. You were only in this role for six months when you were promoted to the Regional VP of Alberta Downstream Operations because of a medical retirement. In charge of 10 District Managers and 170 service stations, you spent six years upgrading your District Manager talent, implementing a highly successful rebranding initiative, and driving best practice sales and operations procedures through your service stations. While in this role you had reputation for developing innovative marketing and sales strategies to grow market share and revenues and for consistently hitting your numbers. However, you also had a few run-ins with your peers and some morale and turnover problems with your District Managers.

Despite these problems with your peers and direct reports, the performance of region was so good that it helped you to get promoted to the SVP of Downstream Operations for Husky Energy. During the five years you were in this role you expanded downstream operations from 220 to 300 service stations and improved revenues by 40 percent. You also were also responsible for significantly increasing the commercial business and realizing a 25 percent increase in market share. Because of your role as the SVP of Downstream Operations you were also part of the Mohawk due diligence team. You liked the entrepreneurial culture of Mohawk,



and you thought there would be a number of synergies by folding their service stations into the Husky Energy brand.

Husky Energy acquired the mid- and downstream assets of Mohawk, and you were promoted to head up the downstream operations of the 300 Husky and 300 Mohawk service stations. You currently have a team of five Regional VPs and VPs of Finance, IT, Human Resources, Legal/Risk Management, and several Director level positions reporting to you. Some of the specific challenges you face as the EVP-Downstream Operations are described at the beginning of this report.

In summary, you have had a very successful career in downstream operations at Husky Energy and have been a Service Station Manager, District Manager, Director of Marketing, Regional Vice President and now the Executive Vice President-Downstream Operations. You have never run an operation of this size before, nor have you ever been involved with the integration of a new acquisition. Up until now you have only spent six months working in a corporate position, and you have never held positions in mid- or up-stream operations. Over the longer term, you would like to move into either the COO or CEO roles, but you understand that you will need to overcome the challenges you are currently facing plus get some refining and exploration experience before you would be ready to move up.

Skills or Behaviors to KEEP DOING

- ***Strategic and Creative Thinking:*** Mark, you are a very bright individual who has a strong capacity for both strategic and innovative thinking. You gather appropriate data, can accurately discern the veracity of the data, can differentiate between symptoms and root causes, can generate multiple alternatives, and will make timely, sound decisions that will help improve the market share and net revenues of downstream operations. A big picture, out of the box thinker, you prefer to completely redo existing processes or systems rather than tweak what is already in place. As the EVP-Downstream Operations, this skill helps you to identify operational and financial problems, prioritize issues, and develop long-term solutions that will directly impact service station

performance. This skill will become even more important if you get the opportunity to move up and take on a COO or CEO role.

- **Customer Focus:** Your 360-degree feedback raters were uniformly glowing with their ratings of your customer focus. You build trusting relationships with Husky Energy's key commercial customers, ask them questions in order to accurately identify their concerns, develop solutions that meet their needs, and deliver on your commitments. As you well know, customer churn is a concern, as BP and Petro-Gas are actively trying to grow their commercial lines of business. You need to continue set the example for the rest of downstream operations by focusing on customer service as one of the keys to improved financial performance.
- **Drive for Results:** Mark, you have a very strong sense of urgency and are highly motivated to get results. You have set high performance standards for yourself and others and will do whatever it takes to get the job done. As the EVP-Downstream Operations, you are trying to create a more performance based culture that emphasizes customer, operations, and financial goals and you hold people accountable for getting results.
- **Play the Role of a Charismatic Leader:** Your personality and 360-degree feedback results indicate that you are likely to be perceived as a charismatic leader. You come across as an intense, driven, enthusiastic, engaging, and visionary individual who has the capacity to draw others to your vision. Your enthusiasm helps others in downstream operations get excited about where the organization is going and what it could achieve. In addition, this capacity to be a charismatic leader serves you particularly well in times of chaos and crisis, such as when you started to integrate the Mohawk assets. However, you also need to be aware that your staff can get burned out working for you, as they may have difficulties handling your high emotional intensity over the long-term. Overall the advantages outweigh the disadvantages here, but you need to be aware that there is a dark side to your charisma.

Skills or Behaviors to START DOING

- **Be More Patient:** Mark, people like you who are smart, driven, and achievement oriented often have little patience for others who do not share the same qualities. You

do not suffer fools gladly and you have little tolerance for people you perceive to be unconcerned with organizational performance. It may well be that downstream operations has yet to fully embrace being a metrics driven, performance-based culture. A large part of your job as the EVP-Downstream Operations is to create this kind of culture, but because of your personal intensity and strong sense of urgency, you may end up turning people off rather than getting them to enthusiastically embrace the new performance standards. Getting your staff to understand how they personally benefit from and what behaviors they actually need to change to fit with the new culture will take time. When you get frustrated with their lack of progress and react in your typical fashion (which is to push even harder), you only end up turning more people off and achieving even poorer results.

- ***Better Deal with Stress:*** Related to the notion of patience is learning how to better deal with stress. Your assessment results indicate that you wear your emotions on your shirt sleeves. On the positive side, this can be very contagious when you are in a good mood and things are going well. These positive emotions can serve as a type of motivational fuel that helps employees achieve better than expected results. On the negative side, you easily get irritated by others and your bad moods make it difficult for you to build strong relationships with staff members. Your staff will emulate the emotions of their leader; therefore you need to keep your negative emotions closely in check when you get frustrated with your organization's lack of progress toward goals.
- ***Build High Performing Teams:*** Because you cannot run downstream operations by yourself, getting your VPs aligned to the organization's vision and goals and getting them to work together as a team will be an important first step to building a high performance culture. However, right now your team has not really bought in to your vision and often appears to be working at cross purposes. Part of the problem is the high level of turnover in your staff, which may in turn be due to some of the behaviors you need to start and stop doing that are described in this report. The sooner you can get a handle on some of your more problematic behaviors, the sooner you will be able to start building a high performing team.

Skills and Behaviors to STOP DOING

- **Intimidate Others:** Although you are bright, intense, driven, and enthusiastic, at times you can also come across as somewhat intimidating to others. This is particularly the case when you are dealing with people you perceive to be B or C players or when you are frustrated with a person's lack of performance. Your intimidation of others is not only affecting your team, but it is also having a negative impact on your peers and could ultimately derail your career as the EVP-Downstream Operations if you cannot keep it under control.
- **Control Reactions in Stressful Situations:** Related to the intimidation factor is the fact that you need learn to keep your emotions better in check when progress is thwarted. As we discussed during your assessment, you have several dark side personality traits that will impede your ability to build high performing teams, and these counterproductive tendencies are much more likely to emerge during times of stress. You clearly have a chaotic, stressful job—the type of job that provides a perfect opportunity for dark side traits to emerge. You need to learn how to better control your reactions in stressful situations and recognize the warning signs for when your dark side traits are being exhibited. You also need to find a trusted subordinate who can provide you with feedback when some of these negative behaviors are being exhibited.

Concluding Comments

Mark, your assessment results indicate that you have great potential as the EVP-Downstream Operations at Husky Energy. You are a bright, ambitious, charismatic, and customer focused individual who possesses many of the characteristics associated with leadership success. But your assessment results also reveal that you also have some liabilities, such as impatience, a tendency to intimidate when frustrated, inadequate emotional control, and a lack of team building skills. It is important to note that your assets far outweigh your liabilities, but your liabilities, if left unchecked, may well result in your derailment as the EVP-Downstream Operations. The best course of action at this time is to identify the triggers that are causing your dark side to emerge and develop strategies to minimize the emergence of these behaviors. This in turn will reduce the level of turnover on your team, help you to gain alignment and buy in to the organization's vision and goals, and ultimately help you to create a metrics driven, performance oriented culture across the 600 service stations in Husky Energy.

Executive Summary

The following table provides an overview of the assessment results for Mark McMurray. During the assessment process, Mark was evaluated on 16 competencies critical for leadership and managerial success. The “◆” symbol is used to indicate how Mark was evaluated on each competency. When the symbol appears in the far right (green) column, the corresponding competency is considered to be a clear strength. When the symbol appears in the middle (yellow) column, the corresponding competency is considered neither particularly strong nor weak. When the symbol appears in the far left (red) column, the corresponding competency is considered to represent a clear opportunity for improvement. Based on these assessment results and the performance demands or requirements facing Mark, specific recommendations regarding what Mark should start doing (or do differently), stop doing, and/or continue doing are provided on the previous pages.

Competencies	<i>Clear Improvement Opportunity</i>	<i>On-Par for Position</i>	<i>Clear Strength</i>
Leading the Business			
Analyzing Problems and Making Decisions			◆
Thinking Strategically			◆
Financial and Technical Savvy		◆	
Planning and Organizing			◆
Managing Execution			◆
Leading People			
Inspiring Aligned Purpose			◆
Driving Change		◆	
Building the Talent Base	◆		
Fostering Teamwork	◆		
Building and Sustaining Relationships			
Creating Open Communications		◆	
Building Relationships	◆		
Customer Focus			◆
Credibility			◆
Adaptive Capacity			
Personal Drive			◆
Adaptability	◆		
Learning Approach		◆	