

Oil is no longer Houston's only lifeblood. As the city has diversified, some of oil's biggest name brands (Exxon and Mobil, Chevron and Texaco, Shell, and ConocoPhillips) have stitched themselves together through mega-mergers. It is into this environment of mammoth mergers and controlling costs that Elsenhans steps, taking the reins of Shell's U.S. retail and refining business.

Elsenhans has spent the better part of her life living in Houston, but her executive posts at Shell took her abroad for a few years. During that time, she kept Houston close in her thoughts — and in her travels. While working as director of strategic planning, sustainable development, and external affairs for Shell International in London, she accepted a position on the board of her alma mater in Houston, Rice University. The board wanted to increase its national and international diversity, but the chair-

man of the board, Bill Barnett, senior counsel at the law firm Baker Botts, worried about Elsenhans' long commute. "She said, 'If you'll give me the schedule, I'll be there.' She's been true to that," Barnett says.

Fulfilling commitments ranks near the top of Elsenhans' priority list. "If someone puts trust in me to deliver or do something, then I will be determined to fulfill that trust," she says. Friends and associates agree with that description. "Lynn jumps into things with both feet and goes after it," says Mary Bass, a partner at the executive search firm Spencer Stuart.

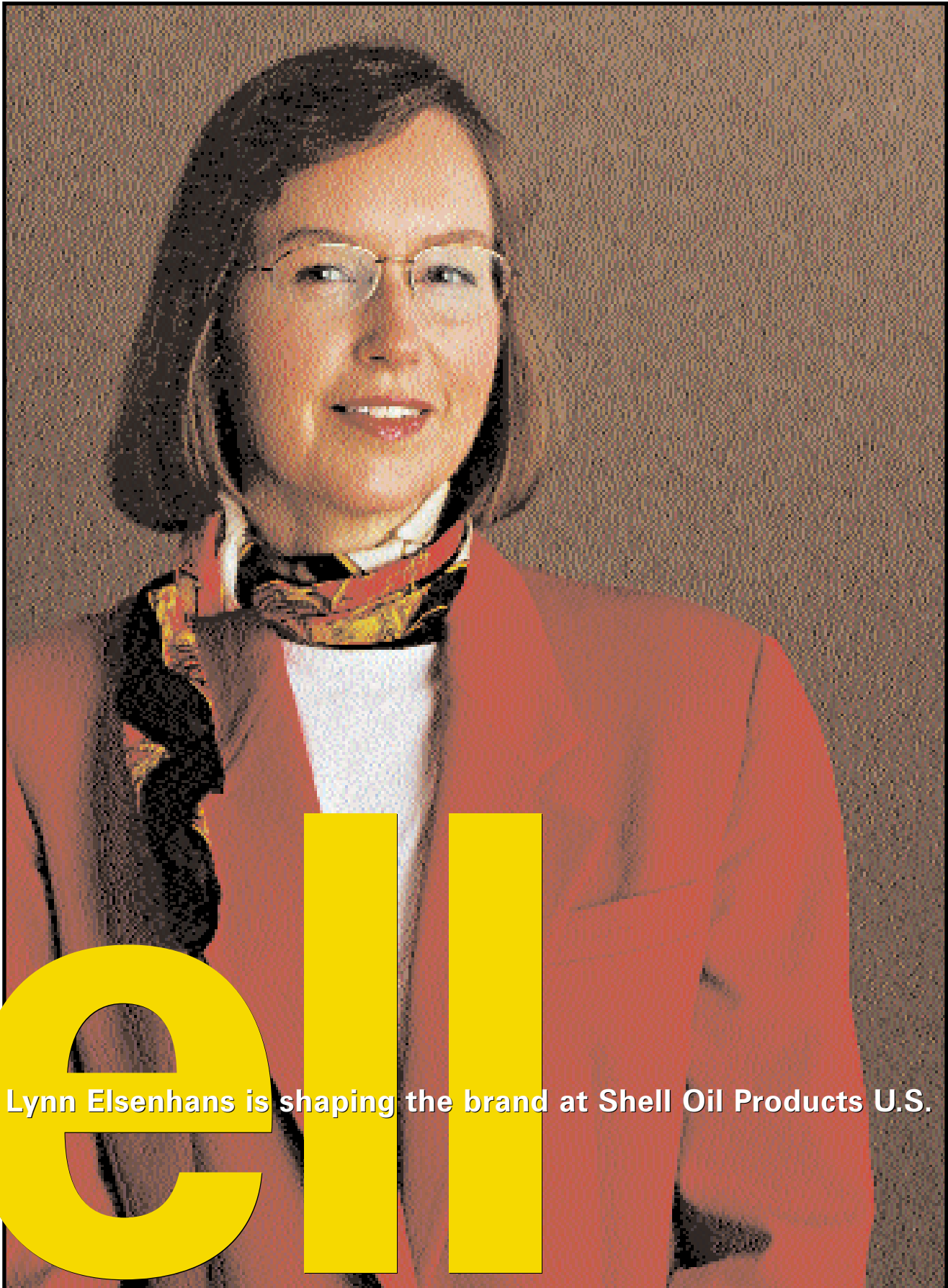
Elsenhans' determination and perseverance were learned at an early age. As a student, she both excelled in and enjoyed math, a course of study dominated at the time by male students. Heeding the advice of her sixth-grade teacher, she refused to be intimidated by those who claimed that math wasn't a feminine subject.

Lynn Elsenhans first saw Houston's skyline on a postcard given to her by her father more than 40 years ago, when she was 5 years old. "It would be a great place to live and a great place to have a dog," Elsenhans says, quoting from the card. The postcard was prophetic. Today, she is a dog lover and, once again, a Texan, having recently returned to Houston from London to take a position as president and CEO of Shell Oil Products U.S., a division of Shell Oil Products, which is one of the five main operating companies owned by Royal Dutch/Shell. The promotion brings her back to a city and an oil industry vastly different from what she experienced growing up here in the 1960s, when her father worked for Exxon.

Refining

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By Sherri Deatherage Green Photograph by Pam Francis



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Lynn Elsenhans is shaping the brand at Shell Oil Products U.S.

She graduated from Rice University with a major in mathematical science at a time when about 85 percent of the graduates in that field of study were male.

After receiving an M.B.A. from Harvard University, Elsenhans returned to Houston and took a job in 1980 as a process engineer

including refining, pipelines, and all of Shell's gas stations/convenience stores, as well as retail lubricants such as Pennzoil-Quaker State, rests squarely on the shoulders of Shell Oil Products U.S. and Elsenhans. She takes over amid uncertainty about the effects of Iraq's shaky politics on oil

domestically in 2006. Independent owners run most of the stations. As such, they may choose to switch to another fuel brand (other than Shell) or stick with Texaco. Since late 2001, the company has rebranded Texacos in some 75 markets. Of those stations the company targeted,

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at the refinery section of Shell's Deer Park manufacturing complex near Houston. She has been with Shell ever since. "I wanted to work in an industry that mattered," she says. "The energy business is one of the most important in our economy. It fuels the economy and gives people a good quality of life." She has moved through an array of jobs, taking on more responsibility along the way that culminated in her appointment, in 1999, as president of Shell Oil Products East in Singapore.

Back home now, Elsenhans wears at least two hats. As country chair, she is Shell's top representative in the United States. But her power emanates from her role as president of Shell Oil Products U.S. Since Shell's globalization in the 1990s, during which the company reorganized along business rather than geographical lines, much of the power held by the country chair has been transferred to Royal Dutch/Shell headquarters in Europe. Still, domestic responsibility for Shell retail products,

prices and as Shell digests the Pennzoil and Quaker State brands and the acquisition of thousands of Texaco gas stations within the past two years.

The Texaco prize practically fell into Shell's lap. In the late 1990s, Shell formed two joint marketing arrangements. The Equilon partnership controlled marketing and refining for Shell and Texaco in the West and Midwest, and the similar Motiva alliance included Saudi Refining in the East. Then Chevron and Texaco merged and the Federal Trade Commission got nervous. Fearing market dominance, the FTC forced ChevronTexaco to sell its Equilon and Motiva interests. As a result, Shell has exclusive rights to Texaco's retail brand in the United States until July 1, 2004. Even if the gas station has a Texaco star on it, it is being operated by Shell or Motiva. Currently, Shell is racing the clock to convert the best Texaco stations to its brand before Chevron Texaco regains the right to use the second half of its name

90 percent to 95 percent will trade their red stars for yellow shells, Elsenhans says.

The Texaco retail opportunity knocked at the right time for Shell, which continues to focus on cutting costs — it is selling several inland refineries and pipelines, for example, to concentrate on more profitable coastal locations. In addition, Shell is improving efficiency and giving its existing U.S. stations a facelift. Before it took in the majority of Texaco's 13,000 stations, Shell had already topped the U.S. market, selling about one-third more gas than Texaco, even though its retail outlets numbered only 9,000. Shell is placing special emphasis on converting high-volume convenience stores, and hopes to pare the total down to between 13,000 and 15,000 stations.

One of Elsenhans' goals is to bring the retail business, once isolated by the joint partnerships, closer into the corporate fold. Equilon melded into Shell Oil Products, and Shell has

taken a larger ownership role in Motiva, now a 50-50 partnership with Saudi Refining.

Although the company is spending some \$650 million to rebrand Texaco stations, it jumped at the chance last year to precipitously boost its standing in the brand-loyal auto lubricants sector. Shell spent \$1.8 billion and assumed \$1.1 billion in debt to acquire the Pennzoil-Quaker State Company and gain the two leading consumer brands. Shell's motor oil sales skyrocketed from 2 percent to nearly 40 percent market share. "The other thing that Pennzoil-Quaker State does for us is provide a platform for growth in some foreign countries where we did not have a presence," Elsenhans explains. "Pennzoil-Quaker State also brings additional retail and consumer marketing skills that we would hope to be able to transfer to the retail outlets."

Elsenhans arrived at the president's desk with skills honed through years of moving up Shell's ranks. As president of Shell Oil Products East in Singapore, and in her role managing the Deer Park Refinery, where she worked closely with the Mexican firm Pemex (Petróleos Mexicanos), she had the opportunity to learn from other cultures. And in both jobs, she says, she learned the value of great teams.

Like many executives, Elsenhans has pulled pearls of knowledge from all of her assignments, including her most challenging one. In 1995, she led a business transformation team of 14 charged with changing the company culture. "Many times in large companies, we get very inwardly

focused, and one of the things we tried to do was get line managers to be more externally focused," Elsenhans says. "We were also trying to get leaders in the organization to be more inclusive in the way they operated."

That unit has since gone global and become part of Shell's corporate learning organization. "I learned a lot about myself as a leader," Elsenhans says of the experience. "I had the opportunity to get a lot of feedback on what I did well and what I didn't do well." She found that her strengths and weaknesses represented opposite sides of the same coin. Her strong organizational and analytical skills combined with decisiveness, forthrightness, and a sense of urgency occasionally rubbed people the wrong way. "My strengths, taken to extreme, appeared to others as making judgments too quickly and not getting enough input from others," Elsenhans says. So she softened her feedback, practiced patience and empathy, and learned to let go of her need to be right.

At age 47, Elsenhans has come full circle. She moved to Houston with a dog, Flora, on her mind. Her 14-year-old yellow Labrador died in March. As she and her family mourned Flora's passing and packed up their London residence to return to Houston, tunes from Texans Lyle Lovett, Jerry Jeff Walker, Robert Earl Keen, and others provided background music. Elsenhans eagerly anticipated returning to her Sunday Tex-Mex lunch and workout routine and to the city she first glimpsed on a postcard from her father. ■

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