

TEXT OF THE INTRODUCTORY ADDRESS delivered by **PROFESSOR JOHN KELLY**, University College Dublin - National University of Ireland, Dublin, on 7 June 2002, on the occasion of the conferring of the Degree of Doctor of Science, *honoris causa*, on **DAVID O'REILLY**

A Sheánsailéar, a mhuintir na hOllscoile agus a dhaoine uaisle,

The oil world watched with bated breath as the young Irishman, David O'Reilly, took over as the Chairman of the Board and CEO of the Chevron Corporation in January 2000, the first non-American-born person to hold this position, and industrial observers wondered if he was tough enough for the job. The international oil business is indeed a tough and treacherous domain, where survival in the battle of the giants, Exxon Mobil, BP Amoco, Shell and Chevron Texaco demands nerves of steel and tenacity of purpose from its CEOs, 24 hours a day.

The New York Times, in its profile of him after his appointment commented: "You need a very steady hand in a dangerous business where you can get a phone call in the middle of the night that your workers had been kidnapped or a pipeline had exploded. The fact that Chevron picked someone so young who they think has these qualities means that he is probably exceptional. Don't assume that Dave O'Reilly isn't tough enough to do the job"

David indeed is exceptional and certainly tough enough for the job, and he proceeded to take the oil world by surprise in succeeding in doing what others before him had failed to do.

Within six months of his appointment, he had negotiated the merger of Chevron and Texaco, the second and third biggest oil companies in the United States, into the new company Chevron Texaco with some 53 000 employees and annual revenue of more than \$100 billion. Moreover he maintained his position as Chairman of the Board and CEO of the new company. The merger has been recognised by the international business world as a brilliant strategic business move and has earned David recognition and many accolades by the US media. He was named the 2001 Executive of the Year by the San Francisco Business Times and was identified as one of Business Week magazine's "Managers to Watch in 2002".

Again quoting the New York Times:

"the merger has vaulted him into the ranks of oil chiefs like Sir John Browne of BP, Lee Raymond of Exxon Mobil and Thierry Desmarset of Totalfina Elf, men whose flair for taking risks harks back to the bold oil magnates of a century ago".

All of this of course, comes as no surprise to those of us who knew the younger Dave O'Reilly as an undergraduate student in Chemical Engineering in the 1960s. He was an honours student throughout his undergraduate programme. He was, in addition, a leader amongst his class and in the summer following his final examinations in 1968, he organised the financial support for, and he edited, the first volume, Volume 1, of the Journal of the Chemical Engineering Student Society. And, as often happens with student initiatives, there never has been a Volume 2.

It will be remembered that this was the year of student rebellion against academic authority in many universities throughout the world, which, having started at the University of California at Berkeley, spread like wildfire to campuses everywhere.

David was somewhat ahead of his time when in his editorial in that student journal in the Summer of 1968 he wrote:

"The student unrest so prevalent in many cities in the world today has not yet entered our secluded college. However it would be futile to assume that the Irish student can much longer bear the steadily worsening shambles of a "chop suey" educational system. Large staff student ratios and over-emphasis on pure academics are transforming Irish universities into production lines for a bewildered brainwashed product, unknowing victim of a system which is unable to educate him for what lies ahead".

But with great sagacity, he goes on to exempt the Engineering School in UCD from these criticisms. And as is well known, the so called Gentle Revolution of UCD, (well enjoyed by our beloved Chancellor, then a junior lecturer in Earlsfort Terrace), took place almost immediately in the Autumn of 1968, shortly after David left to work with Chevron in California.

It was indeed an extraordinary stroke of fate that in his final year in UCD, the Chevron Oil Company, in its only ever visit to UCD, interviewed the final year class in Chemical Engineering and gave jobs to the top three students in that class, Brian O'Connell, Brendan Sheehan, and David O'Reilly. Whilst his two colleagues chose to return home after a few years to successful careers in Ireland, David O'Reilly stayed on and his rise through the Chevron organisation was spectacular and meteoric.

He started his career as a process engineer with Chevron Research Company in Richmond California, and then in turn as manager of Chevron Chemical Company's Olefins Division in Houston, manager of the Salt Lake Refinery, manager of the Agricultural Chemicals plant in Richmond, general manager of the El Segundo Refinery, vice-president and CEO of the Chevron Chemical Company, and in 1991, vice-president of the Chevron Corporation with responsibility for strategic planning.

In that position, following the collapse of the Soviet Union, he led Chevron into a remote corner of the newly established Republic of Kazakhstan, buying a high-risk 50% stake in an oil well of between six and nine billion barrels, situated beside the Caspian Sea and far from any pipeline. But it was as president of the struggling Chevron Products Company from 1994 through 1998 that David O'Reilly's name became better known throughout Chevron and the international oil world when he turned that company around from a break-even position to making a profit of \$633 million. In the year 2000, David was made Chairman and CEO of the Chevron Corporation, and the following year, Chairman and CEO of the merged company, Chevron Texaco.

When David joined Chevron back in 1968, the oil companies were in general old fashioned in their management style and somewhat hierarchical in their personnel relations. This did not quite suit the young O'Reilly, and in his responsibilities in Chevron, he has brought a relaxed, friendly and dynamic approach to all his dealings with his colleagues of whatever rank. His lack of status consciousness combined with his good humour at all times had singled him out as a new style manager in the Chevron organisation.

As a refinery manager in the 1980s, his edict to "lose the ties", when he noted that the wearing of ties distinguished management from workers, and his strike-breaking action by sitting down at the refinery gates with picketing strikers, saying "what's

the problem lads?", established his reputation as an effective and affable manager. The Financial Times described him as " the One who Listens" and it quoted a colleague as saying: "you never hear Dave use the word "I" when it comes to success. It's kind of like we all cross the finish line together".

But of course Dave has his tough side too with a reputation throughout the oil world for his ability to get results, for his laser-like focus on goals, for his willingness to take risks as he did with the Tengiz oil field in Kazakhstan and the offshore Hibernian well in Newfoundland, Canada, for his determination that his fossil fuel company would not become a fossil, for his doggedness in negotiations and for being a pennypincher with a head for numbers. He himself is less specific in describing his management style as simply: "accessible, focused and a little impatient".

David has a range of honorary positions in the cultural, professional and charitable organisations of the US such as being the Treasurer and Board member of the American Petroleum Institute, a Board member of the San Francisco Symphony and many others. Thus it would appear that our young student from Willow Park School, Blackrock College, and UCD is now the top dog in one of the biggest oil companies in the world and we are all very proud of him.

Our "bewildered and brainwashed" product of 1968 hasn't done too badly and apparently wasn't all that ill prepared for what lay ahead of him back then. I am pleased to welcome him back today with his wife Joan and daughters Helen and Aileen, to his Alma Mater, where he'll be pleased to learn that the educational menu has changed from the *table d'hôte* "chop suey" of 1968 to *à la carte* "smoked salmon".

It is fitting and proper therefore that the National University of Ireland recognises great achievements of David O'Reilly and award him the degree of Doctor of Science, Honoris Causa.

PRAEHONORABILIS CANCELLARIE, TOTAQUE UNIVERSITAS:

Praesento vobis hunc meum filium, quem scio tam moribus quam doctrina habilem et idoneum esse, qui admittatur, honoris causa, ad gradum Doctoratus in Scientia idque tibi fide mea testor ac spondeo, totaque Academiae.