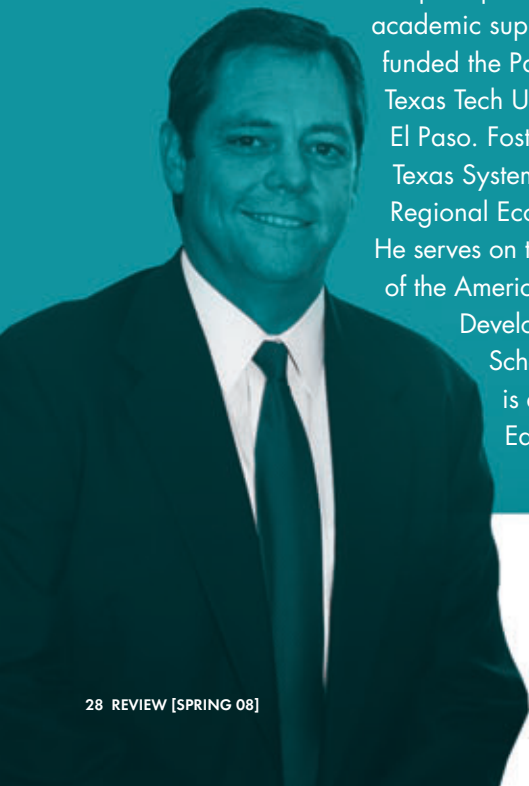


a place for

optimism



**PAUL FOSTER** is president, CEO and chairman of El Paso's Western Refining Co., a supplier of gasoline, diesel and jet fuel to markets in Phoenix, Tucson, Albuquerque and El Paso. A 1979 graduate of Baylor with a degree in Accounting, he provided the lead gift for the Paul L. Foster Success Center at Baylor, a one-stop shop for students to obtain a combination of academic support and career counseling. He also funded the Paul L. Foster School of Medicine at Texas Tech University Health Sciences Center at El Paso. Foster is a regent for the University of Texas System and is chairman of the El Paso Regional Economic Development Corporation. He serves on the boards of the El Paso chapter of the American Red Cross, the Texas Economic Development Corporation and the Hankamer School of Business Advisory Board. He is a former member of the Texas Higher Education Coordinating Board.



Paul Foster  
Leadership Perspective

leadership perspective

**PEOPLE SOMETIMES CALL ME A RIDICULOUS OPTIMIST.** Instead of trying to determine whether the description fits, let's examine the line between acting prudently and taking a risk to achieve goals. The line is razor thin, but we need a dose of both prudence and risk to navigate the world successfully. And although the mistakes that accompany risks can hurt, they can also help if we learn from them. I base this belief on my own experiences.

# ridiculous or not,

## RECENTLY, AT A COMMENCEMENT

**CEREMONY** at Texas Tech, students heard my story of graduating eight months after I expected to, and got a kick out of the tale. Laughing about it is therapeutic, but it was not so funny back in 1979, when I thought I had graduated in May only to discover that was not the case.

I enrolled at Baylor University on a full scholarship that I lost because I let my grades drop. I worked several jobs so that I could afford to continue as a student, and I did get through the process. But as the course of events unfolded, I received erroneous advice from a counselor who told me I should drop one of my majors instead of graduating with a double major in Finance and Accounting. He said I had enough hours to graduate with an Accounting degree and advised me to take an incomplete in a finance class. All I needed to finish the class was a term paper, but it was a huge project. I followed the counselor's advice.

Driven by a desire to start earning money right away, I skipped graduation to start a week early at my new job as an internal auditor for Southern Union Gas Co. in Dallas. About a month later, Terry Maness, now dean of Hankamer School of Business, called me. He was an assistant dean then and the sponsor of my fraternity. He asked me if I thought I had graduated. "Of course," I told him. He told me that I had not. He said I had to complete the finance class to graduate. To do that, I needed to finish the paper.

My new job required me to have a degree. Dr. Maness called my boss and explained the situation to him, and I remained employed. I spent summer weekends at the SMU library working on the paper. My new goal was to graduate in August. I finished the paper and sent it by overnight mail to the professor.

After several weeks of not hearing from Baylor, I called the business school and discovered that the professor had been ill and had not had a chance to look at the paper. I missed August graduation. With help again from Baylor, I kept my job, ended up with an "A" in finance and graduated with the December class. Since it was still 1979, my ring bore the accurate date.

Would a Success Center like the one Baylor is creating have helped me? I don't know. A Success Center would not have made me study more, but it would have been a place to go to ask questions. Although some students do not need help, and some students have a great support system to draw from, I was on my own. I didn't know anyone who had gone to Baylor, and I didn't know anyone in the administration. I was not the type of student who became well acquainted with professors, although I should have done so. Creating the Success Center was not my idea, but it was a no-brainer for me when the people at Baylor explained it to me. The core of my philosophy of leadership is allowing people to succeed.

To the extent that I can, I try to create opportunities. I try to provide resources and direction, and allow people to grow at their own pace.

Another big challenge in my life, a more recent one, was putting together the plan to obtain Western Refining and getting the financing to do it. It was difficult to get enough capital to buy the assets of the former El Paso Refinery. We formed our company in 1997 and acquired the assets we needed in 2000. We have realized most of our goals and took the company public faster than I thought because of good timing and market conditions. We have grown through acquisition, which is something I envisioned. Motivation and perseverance took us through that difficult period.

No matter what any of us ultimately decide to do in life, we should make sure the pursuit is something we enjoy. That does not necessarily mean we should seek the best paying job or that we should set a goal of accumulating wealth. We should, however, strive to make a difference. The prize we attain does not necessarily need to be significant to everyone, but it must be important to the person seeking it. In the end, we have to be able to look back and say, "I enjoyed my life."

Back to ridiculous optimism. Is optimism ever ridiculous? Can optimism and prudent behavior coexist? Yes. Sometimes pursuing our dreams is the only prudent thing to do.

# Building Success from the Ground Up



**Baylor is a large part of my foundation. As the only university I attended, it symbolizes a stepping stone into my life and career. I tell my family that Baylor represents our roots, that it's a great place to go for an education, and that you will enjoy the time you spend there.**

I attended Baylor on an academic scholarship and I worked because Baylor was relatively expensive. My father was a farmer in Cisco, a town of about 4,000, and my parents were unable to help me financially. My job was at Merrill Lynch where my early passions resided. My early observations of Wall Street operations gave me a broad understanding of how capitalism works in our economy.

I was shy as a student. I observed how people acted, and I thought about my basic beliefs. My mother, Mina, taught me the importance of quiet learning and often quoted Abraham Lincoln on the value of keeping your own counsel: "It is better to be silent and be thought a fool than to open your mouth and remove all doubt." Many solid people go about doing what they should be doing in life without making a big fuss about it.

## FROM EARLY LESSONS, I BELIEVE THESE THINGS ARE IMPORTANT:

→ **Lead by example and not by rhetoric.** Excellence is what you live, not what you talk about. I try not to ask others to do things that I would not do. If you treat people the way you like to be treated, that works. It's not any more complicated than that, but it is harder to do than to say. I have heard others say it and not do it, and I have worked for people who treated me differently than they wanted to be treated. The idea of treating others as you want to be treated builds a strong and committed team.

→ **Find your passion.** What you do when you don't have to do anything is probably your passion. If you find something you enjoy and people will pay you to do it, you are on the right path.

→ **Do not second-guess.** Our people are excellent. We don't need to treat them like children or criticize them. We give them responsibility and cheer them on. I try to create that thinking, and I want it to permeate the organization. It works, and it's fun to watch.

→ **You end up doing what dominates your thoughts.** I am goal and task oriented. I set a course, and I stay the course. Patience and tenacity are important. I don't like negativity. It leads to negative accomplishments. I am not naïve, but I believe we should stay as positive as possible.

→ **Some days, the best thing you can do is nothing.** This is true particularly when you are in a valley. I say this often, especially to my children. It has become a principle of my leadership.

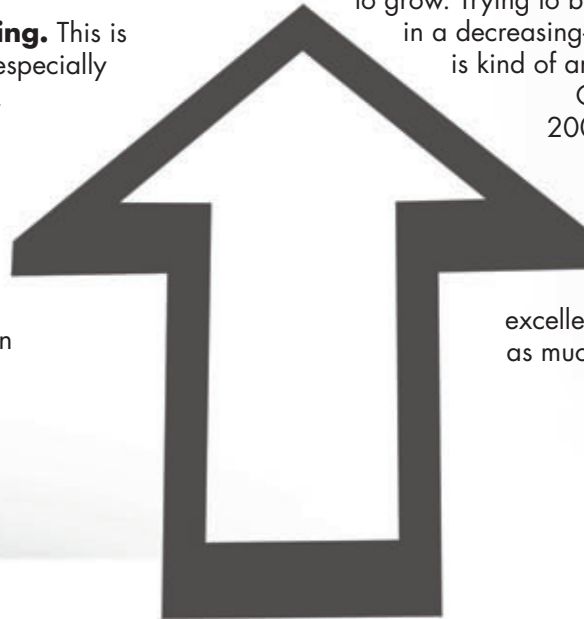
After graduating, I went to work at Arthur Andersen, which was then one of the Big Eight accounting firms. After Andersen, I worked at a publicly held oil and gas company, Southland Royalty in Fort Worth. The company was taken over in a hostile bid in 1985. I was the CFO. We took what we had from our termination agreement and started over. We established the company with a vision of acquiring oil and gas production and hiring good people.

The philosophy revolves around people and doing things we like with people we like. The vision is simple and we have not changed it.

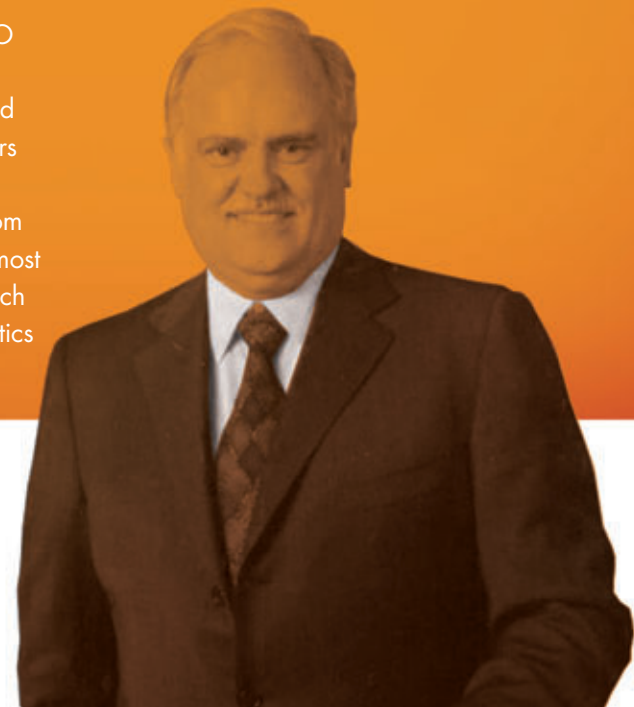
Obviously, we started small. In 1986, the company then called Cross Timbers Oil Company had just seven people and a great attitude. Today we have 2,400 employees across the United States, though our main office is in Fort Worth. I like Fort Worth's tradition and western culture. It's a great place to raise a family and build a company. What XTO does can be done here, and not in a big shiny glass tower. That's not our style. We work in restored buildings that have character. Even though we employ hundreds, employees say that the company is the best place they have ever worked, that it's like family.

The challenge for our business, which is among the top 10 natural gas producers in the country and number two in Texas, is to replace a significant part of the business every day and to maintain rather rapid growth as size increasingly becomes our enemy. If we did nothing, we would lose 20 percent of the company in a year. So we have to replace production and we have to grow. Trying to be a growth company in a decreasing-asset business is kind of an odd thing.

Our growth goal for 2008 is 20 percent, and I believe we can do it. We built the company on a clear idea created by people of excellence. And we have as much fun as we can.



**BOB R. SIMPSON** is a co-founder, chairman of the board and CEO of the Fort Worth-based XTO Energy Inc., one of the top 10 natural gas producers in the United States. He is the former CFO of Southland Royalty Co. He earned a bachelor's degree in Accounting with honors in 1970 and an MBA in 1971, both from Baylor University. He is married to Janice Simpson and has seven children ranging in age from 5 to 34. A generous supporter of Baylor, Simpson and XTO Energy most recently provided for the Simpson Athletics and Academic Center, which will be located on University Parks Drive. The center will include athletics training rooms, offices, and an academic center for Baylor athletes.



Leadership Perspective  
**Bob Simpson**