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The world according to Charles Koch

■ The chief executive of Koch Industries shares his philosophy and vision.

By Bob Cox

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Charles Koch is as much a philosopher as he is a chief executive, and sometimes his message is less than, well, succinct. Academic, even.

Sometimes, though, he can cut right to the heart of a matter in clear, simple language.

Members of the downtown Rotary Club got a sample of both sides of Koch on Monday when the billionaire executive shared his vision for Koch Industries at the club's weekly meeting at Century II.

First there was the strategic thinking of Koch the economic and social philosopher, who just happens to be chief executive of a \$30 billion business that is the second-largest privately owned company in America.

"Today, our vision is to generate superior knowledge and to integrate that knowledge in novel ways to revolutionize the way value is created for our customers - to provide novel packages of goods and services that create superior value for our customers," he said.

In a free-market economy, Koch added, "business is an experimental discovery process of creative destruction. ...New products and methods constantly drive out the old and obsolete."

Loosely translated, that means any business that doesn't quickly recognize the rapidly changing needs of its customers and change to meet them is in big trouble.

Then there was Koch's response to a question about whether the economic health of the United States was endangered because of its reliance on cheaper imported oil.

"We import oil or we import machines. We use it. It improves our standard of living," Koch said.

"What do they get? Paper dollars. To me, it's a non-problem. At some point, they have to come back to this country and buy and invest (those dollars). And that's happening."

No translation needed.

It was a rare local speaking appearance for the billionaire executive who, until recently, has traditionally shunned the limelight. In the past several months, however, Koch has spoken at the Wharton School of Business, Massachusetts Institute of Technology and Washburn University, as well as at ceremonies in which he was inducted into the Kansas Business Hall of Fame.

Koch said his company's current and future success is a result of creating a culture of what he calls "principled entrepreneurship," which he defines as encouraging people to constantly develop their potential in order to create new products or services that bring value to society.

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