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Permit No. 276  
Tulsa, Okla.

# Tulsa Business Journal®

A NEIGHBOR NEWSPAPER

Financial, real estate and other business news

VOLUME 15, NUMBER 17

THE TULSA AREA'S MOST COMPREHENSIVE BUSINESS COVERAGE

April 29 - May 5, 2005

## Commitment leads to life-changing values, international award

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Joseph Moeller had accepted a job with Humble Oil Company in 1966 when he received a call begging him to go to one more interview.

The soon-to-be University of Tulsa graduate agreed to Dr. William Day's request.

It was a life-changing decision. He opted to go with Koch Industries, at that time a little-known private company – one that follows the path of "creative destruction."

He considers that decision – and to marry his wife Mary – as two of the most stellar moments in his life.

Moeller now is president and chief operating officer of a company whose value has grown 1,400-fold since 1960. That compares to the S&P 500, which has increased 103-fold during the same period, assuming reinvestment of dividends.

Koch revenues in 2004 were greater than companies like Disney, Microsoft and AT&T.

His marriage has lasted 40-plus years.

Moeller received the Beta Gamma Sigma International Award for business achievement, the first University of Tulsa graduate to receive the honor and one of three in that division this year.

Applicants from more than 400 universities worldwide were considered for the award that focused on business and humanitarian components.

Moeller, in accepting the award, told those assembled to pay close attention to decisions they make.

"Three decisions in my life were most significant," he told a classroom full of students, faculty and friends. "I had to choose my mate – or maybe she chose me – choose my vocation and the education that prepared me for it, and choose my employer."

Koch Industries follows the path of Market Based Management®, a business philosophy that encourages employees to think like owners and principled entrepreneurs. That philosophy drives employees to create long-term value and practice "creative destruction," the honoree said. Through creative destruction, Koch companies focus on changing to meet the market's needs.

Companies must drive change at all levels if they want to succeed long-term, Moeller said. Through MBM®, Koch company employees have the opportunity to be successful and give back to their community.

This management approach also creates an incentive system that makes it possible for a person within the company to earn more than his or her supervisor because they have added value to their job. This applies to all levels, from a cowboy on the Montana ranch to executives. It is a concept that is applied to Koch's worldwide operations.

It also eliminates "boat riders" because everyone is pulling along at the same pace towards the same goal. It means increased profitability because long-term value is created.

Koch Industries, being a private company, is concerned about profitability, Moeller said. The difference, however, is the demand to meet profitability status demanded by Wall Street brokers or shareholders doesn't exist.

Charles Koch, chairman, wants the company to focus on growth rather than worry about investors.

The company is always experimenting with new ideas, he said. Unsuccessful efforts are eliminated in favor of those that work.

Anyone not willing to be innovative in today's competitive market will find others stepping in, he said. Eventually, the non-innovative company will go out of business.

"Our point of view is that we want to be different," Moeller said. Sometimes it means selling off assets because they no longer fit the plan. That doesn't mean they are bad and aren't profitable. That particular asset better fits another company's business plan.

Community involvement – being a good corporate citizen – is encouraged.

That corporate culture is part of the overall attitude that it is important to give back, he said. "To me, people who are active in local organizations feel they are giving back and have an opportunity to live personal values."

Recalling his own experiences and how he was recruited to Koch Industries 39 years ago, Moeller said he counsels young people to take a close look at their values and potential employers.

Find out whether the company is lawful in its dealings, has integrity, and is in compliance with regulations, he said.

Koch's policy is 10,000 percent compliance with government regulations. That means 100 percent of employees are in compliance with all laws and regulations 100 percent of the time.

It makes no difference whether a company has one, three, five or thousands of employees. A company can be brought to its knees, even forced into bankruptcy when regulations aren't followed.

"If employees do not have that compliance commitment at the top of their personal list, we prefer they move on," Moeller said. Compliance is mandatory at Koch Industries, from the chairman of the board down.

Looking at the company's worldwide scope with operations in 50 countries and doing business in more, Moeller said the company principles apply. Laws of the host country are followed and culture is respected.

Moeller told the assembled students he has been on the TU campus so often recently that some might have thought he was a student.

He has been active on the TU board of directors and is excited about the school's commitment to excellence.



Joseph Moeller

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