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## New boss, same credo

New Koch president Dave Robertson will continue company's mission

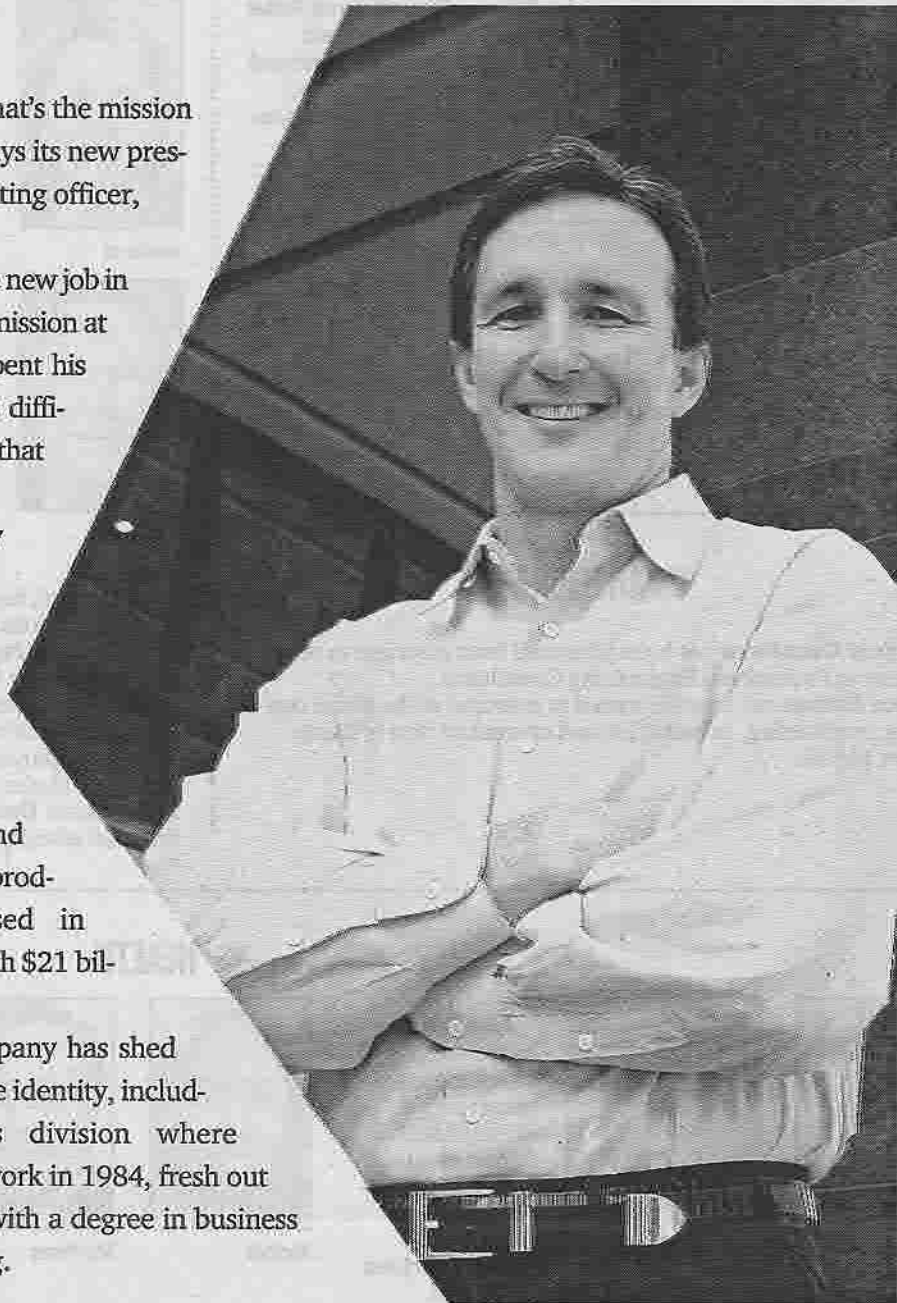
BY PHYLLIS JACOBS GRIEKSPoor  
The Wichita Eagle

**C**reate value. Grow. That's the mission of Koch Industries, says its new president and chief operating officer, Dave Robertson.

Robertson, who assumed the new job in December, will carry out that mission at the company where he has spent his entire career. But, he said, it's difficult to predict the direction that growth will take.

Koch, unbounded by any single industry sector, has reached into widely differing worlds for its most recent large acquisitions: Invista, the fibers and resins business it bought from DuPont in 2004; and Georgia Pacific, the paper products company it purchased in December 2005 in a deal worth \$21 billion.

At the same time, the company has shed businesses once tied to its core identity, including the asphalt products division where Robertson, 44, first went to work in 1984, fresh out of Emporia State University with a degree in business administration and marketing.



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Jeff Tuttle/The Wichita Eagle



### Who is **DAVE ROBERTSON**

#### Education

Bachelor's degree in business administration and marketing from Emporia State University

#### Family

Wife, Kathy, and three children

#### Hobbies

Working with his children's sports teams,

snow skiing, water skiing and golf

#### Career at Koch

Hired in 1984 in asphalt products; variety of positions within Koch refining interests and Koch Agriculture Co.; president of Flint Hills Resources; president and chief operating officer of Koch Industries.

Also serves on the board of Koch Industries, the board of Koch Chemical Technology Group and is chairman of the board of Flint Hills Resources.

### Now you know **KOCH INDUSTRIES**

Koch is the largest privately held company in North America, with more than \$80 billion in annual revenue and 80,000 employees in 60 countries. It has about 1,800 employees in Wichita. Its headquarters are at 4111 E. 37th St. North.

#### Major divisions

■ **Petroleum and Chemicals:** Refineries in Alaska, Minnesota and Texas and one in the Netherlands; 4,000 miles of pipeline transporting about 900,000 barrels of petroleum-based liquids daily.

■ **Ranching:** Matador Ranch in West Texas; Spring Creek Ranch in the Flint Hills; Beaverhead Ranch in western Montana

■ **Chemical technology:** Provider of industrial equipment and engineering services for refining and chemical manufacturing as well as environmental products to reduce emissions and increase safety.

■ **Commodity and Financial Trading:** Trading floors in Houston, New York, Calgary, Rotterdam, London, Mumbai (formerly Bombay), Moscow and Singapore

■ **Minerals:** One of the world's largest handlers of dry-bulk commodities; markets and trades more than 30 million tons of product annually to customers in the utility, cement, steel, pulp and paper, and fertilizer industries

■ **Financial services:** Municipal finance and trading, financial guaranty reinsurance and collateralized debt obligations

■ **Fibers and polymers:** World's largest integrated producer and marketer of premium fibers, polymers and intermediates; brands include Stainmaster and Lycra

■ **Forest and consumer products:** Wide array of building products, packaging and paper products; brands include Quilted Northern, Brawny and Dixie.

■ **Business development:** Koch Genesis offers venture capital to entrepreneurs, targeting those who can add value to existing Koch companies.

NEWS 2 USE

# KOCH

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Robertson's first job with Koch was in asphalt products as a marketing coordinator.

"Make that trainee," he says with a smile.

He interviewed with Koch recruiters on Emporia State's campus.

"I didn't even know who Koch was," he said. "I think they hired me because they felt sorry for me. I had just had shoulder surgery and I gave wearing a coat and tie my best effort, but I looked pretty pathetic."

Never did he imagine one day becoming president of Koch Industries. Or that Koch would grow to become the nation's largest privately held company when he attained that role.

"It's been an amazing ride," he said.

## Getting his start

For his first "real" job at Koch, Robertson moved to Billings, Mont., where he was a sales representative, selling asphalt emulsions in western Montana.

It was the first time he had lived far from his family in Olathe and the first time his new bride, Kathy, had been away from her family in Andale.

"It was pretty traumatic, especially for Kathy," he said.

But they adjusted during their 18 months there.

"We learned to love the country," he said. "It's beautiful, beautiful country."

During the next six years, he worked in North Dakota, Wichita and Ohio in asphalt and asphalt products marketing. He also worked in supply and distribution, buying raw materials for asphalt plants.

In 1992, he and his family came back to Wichita to stay, and he began learning the refining side of the business, handling marketing management of refined products, including gas, diesel fuel and jet fuel.

Then, in 1996, he found himself at the center of a big Koch move into agriculture — one of the few serious mistakes in the company's history.

"We had ranches, feedlots, grazing operations and lots and lots of cattle," said Robertson, who was president of Koch Beef.

At the same time, Koch invested in other ag businesses, including flour mills, a pizza-crust factory and animal feed with the acquisition of Purina Mills.

Three years later, Robertson was in charge of the effort to sell all of those assets.

"The reality is, we learned that agriculture management wasn't what we're good at," he said. "We did a poor job of due diligence, we overpaid, we overleveraged, we lost money. It was a real learning experience."

But Koch as a company — and Robertson as a decision maker — have put the lessons of the experience to good use.

"One of the reasons that was so difficult is that we went into it in a big way too fast," he said.

"Now, we venture into new areas in a smaller way. The idea is to make sure that our due diligence tells us our capabilities do apply. If we make mistakes, we want them to be experiment-size mistakes, not bet-the-company size mistakes."

## Return to growth mode

By the end of December 1999, it was a smaller, leaner and better-organized Koch Industries. Robertson became president of Flint Hills Resources, the company's refining and chemicals business.

The company moved back to growth mode, beginning a series of acquisitions, including the additions of Invista and Georgia Pacific.

The continuous cycle of buying and selling is the Koch business model and part of what makes the company unique.

"We constantly evaluate everything we own, establishing a current value for every asset," Robertson said. "If someone else in the marketplace puts a higher value on a given asset than we do, we consider selling that asset."

At the same time, he said, Koch will buy virtually any business that promises to flourish with the application of Koch's core capabilities.

"One of the real benefits about Dave is that he fully understands the ins and outs of Koch's market-based management philosophy," said former Koch spokesman Jay Rosser, who worked with Robertson for many years.

"Beyond understanding, he applies it, and he teaches it well."

Koch is unique for its ownership structure, which has only three primary shareholders, and its commitment to pouring 90 percent of its profits back into the company. That commitment provides the revenue to fuel growth, Robertson said.

## Learning the ropes

His new role means a steep learning curve for Robertson, who notes that he has spent exactly half his life at Koch Industries.

His past roles have left him well-steeped in the traditional oil, chemical and trading sides of the business, but fibers and polymers and forest products are new to him, as well as to Koch.

"I spend my days in lots of meetings and in traveling to plants, meeting people, learning all I can about how everything works," he said.

It is not unusual for a workday to begin as early as 6 a.m. and run as late as 7 p.m.

"I can say that Koch is not and will never be an easy place to work," Robertson said. "If you're looking for a big title and big pay with not much to do, then this is not the place."

"But this career is incredibly rewarding," he said. "Learning is fun. I feel very fortunate to be a part of it."

"It's been a dream for me."

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