

MBM



LOOKING BACK

Restructure Inc.

Noteworthy

Recommended resources for anyone interested in enhancing their knowledge of Market-Based Management®:

Magazines

“Level 5 Leaders” by Jim Collins. **Harvard Business Review**, January 2001.

Collins, co-author of the hit business book *Built to Last*, has some bad news for big egos. His research indicates the very best companies have leaders with two key traits: a strong will and extreme personal humility. Without humility, Collins believes a company can never be enduringly great. This is a good article to read when considering Koch Principle #6: “Develop and practice humility and intellectual honesty.”

“Stop Fighting Fires” by Roger Bohn. **Harvard Business Review**, July/August 2000. Here’s a good set of tactics and strategies for problem-solving that help a leader avoid getting dragged under by details.

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“Some regard private enterprise as if it were a predatory tiger to be shot. Others look upon it as a cow that they can milk. Only a handful see it for what it really is - the strong horse that pulls the whole cart.”

— Winston Churchill

Too True

Seventy-five years ago, Fred Koch began making the transition from employee to employer. In the process, he learned a lot about what it means to restructure.

Koch had spent most of 1924 and 1925 in England as an employee of the Medway Oil and Storage Company. His boss and mentor at Medway was Charles de Ganahl, a Texas-born entrepreneur.

When Koch returned to the United States, he was invited to join Keith-Winkler, a Wichita-based engineering firm. (Dobie Keith was one of Fred’s classmates from MIT; Lewis Winkler was a self-taught construction expert.)

Fred decided to join on one condition: that he was a partner in the business, not just an employee. Keith and Winkler agreed and sold him a one-third share in their company for \$300. Three months later, Dobie Keith left the firm for a better offer in Boston.

1926 was a tough year for Fred Koch and Lewis Winkler. The two partners barely scraped by with a series of small, low-margin projects. Strapped for cash, Fred Koch

slept on a cot in the drafting room of their rented office.

It wasn’t until Fred’s development of a thermal cracking process – which was sold to several independent refineries in 1928 and 1929 – that the company began to enjoy some success.

What’s easy to overlook in the history of Winkler-Koch is how often the company reorganized. During the six years from 1925 to 1931, the company was restructured or renamed five times.

The firm went from Keith-Winkler to Keith-Winkler-Koch to Winkler-Koch to Winkler-Koch Engineering Company. The Winkler-Koch Process Export Company and two other related corporations were also formed during this time.

When Winkler and Koch ended their partnership in 1945, Fred Koch established Koch Engineering Company. This small start-up quickly expanded into the equipment business and then spun off its engineering business. Koch Engineering grew and evolved into today’s Chemical Technology Group, with over 3,800 employees around the world.

Throughout the past 75 years, all of Koch’s restructurings have had something in common: the pursuit of growth and new opportunities...two things that were hard to find during the lean times of 1926. ■



Charles de Ganahl, Fred Koch’s mentor and employer. Fred’s son, Charles, was named in de Ganahl’s honor.



Fred Koch’s passport photo at the time he worked for de Ganahl.



Lewis Winkler, Fred Koch’s partner for 20 years.