



FHR: a vision for innovation

Flint Hills Resources is not the only private refining and chemical company in the United States with several decades of refining experience.

It is unique, however, in its commitment to Market-Based Management® and its ability to succeed during difficult times.

In 2009, a year when many U.S. petrochemical companies lost hundreds of millions of dollars, Flint Hills Resources remained profitable.

Thanks to its comparative and competitive advantages, FHR has been able to grow and succeed despite the brutal boom-and-bust cycles of the petrochemical industry.

Even so, FHR is focused not on what it has accomplished in the past, but what it must accomplish in the future.

Challenges

Brad Razook, president of FHR, believes the company has entered one of the most challenging periods in its history.

“There’s no doubt that our industry as a whole is facing serious challenges,” Razook said. “Markets are changing and domestic demand for our products is down significantly.

“On top of that, there is a lot of political and regulatory uncertainty. Any number of proposals – including emissions trading systems, greenhouse gas regulations, low-carbon or renewable fuel standards, and green chemistry – could dramatically reshape our business.”

Given these challenges, FHR’s management team believed the company needed an updated vision that would drive innovation and emphasize flexibility for it to react quickly and profitably to this ever-changing landscape.

“Create, sustain and continuously improve long-term competitively advantaged businesses that generate superior returns.”
- From FHR’s vision statement

“We needed to rethink our vision in a way that allowed us to have competitively advantaged businesses for the long term.

“At the same time, we would never change our commitment to our MBM® Guiding Principles, especially 10,000 percent compliance.”

New vision

Flint Hills Resources’ vision, which focused on growth when last updated in 2006, now adds an emphasis on innovation and aggressively pursuing more global opportunities.

“We want to innovate in at least two ways,” Razook explained. “The first is in optimizing traditional commodity chemicals and refined products. But we also need to look for new opportunities in new or emerging markets, such as renewable fuels.

“That will help us to protect and enhance our competitive position while also positioning us to take advantage of step-out opportunities,” he said.

FHR is one of the few Koch companies of significant size without much of an international presence. “We process lots of imported feedstock, but our focus has been on optimizing and operating assets in the United States. That needs to change,” Razook said.

Thrive, not just survive

Several FHR leaders, including Razook, have been hitting the road (photo above) so they can speak directly to employees about the company’s new vision. The essence of their message is simple and straightforward:

“We need to sustain and continuously improve those businesses that have a competitive advantage and can do well over a long period of time, and we need to create new business opportunities that can do the same,” Razook said.

“To achieve that, we need to innovate more and think more globally, but never waver from our commitment to integrity, compliance and our MBM® culture.

“That sounds easy, but I assure you, it requires considerable effort.

“Every one of our employees, myself included, has an important role to play in building our future by making this vision a reality,” he said.



FHR has been recognized as one of the “World’s Most Ethical Companies” three years in a row.
ethisphere.com/wme2010