Koch’s largest project: Enid expansion

Koch Nitrogen’s facility in Enid, Oklahoma, is already one of the largest fertilizer plants in North America. But it’s about to become even bigger thanks to a major expansion.

Total costs for this three-year project will exceed $1.3 billion, making it the largest in Koch Industries’ history.

Steve Packebush, president of Koch Ag & Energy Solutions, calls this “an important investment that underscores our confidence in the future of our fertilizer business and our long-term commitment to our many customers.”

What does $1.3 billion buy?

At the Oct. 9 groundbreaking ceremony in Enid, Chase Koch, president of Koch Agronomic Services, highlighted plans for the expanded facility.

These include construction of a new urea plant and revamping of existing units, resulting in more than 1 million tons of additional production capacity. Several infrastructure improvements are also planned.

“Over the next three years,” Koch said, “we will continue to improve the efficiency of this plant while boosting its capacity and product quality. And in keeping with our vision and guiding principles, we’ll do it while consuming fewer resources and reducing our carbon dioxide intensity.

“A project this big is pretty complex,” Koch said. “It takes a lot of effort from multiple capabilities to pull it together — including tax, real estate, public sector, operations, engineering and marketing capabilities.

“It’s also been a great help to draw on the knowledge of other Koch companies, such as Koch Membrane Systems.”

What it takes

It not only takes a lot of capital to expand a fertilizer plant, it takes a lot of water. According to Bob Rader, development director for the Enid project, the facility currently uses about 4 million gallons of water per day.

“When the expansion is complete,” Rader said, “our average water usage will probably increase about 25 percent, and even more during the summer months.”

Using that much potable water from Enid’s municipal water system would put more stress on the already tight groundwater supply for the city. “So we’ve been very proactive in suggesting a way to lessen that burden,” Rader said.

That solution is to use Koch Membrane Systems’ technology to further process wastewater being discharged by the city. KMS ultrafiltration and reverse osmosis membranes will enable the plant to use treated wastewater instead of drinking water for much of its processing.

Other planned improvements at the Enid plant include construction of an electric substation to improve power reliability and high-speed loading equipment for trucks and trains.

“Today, it takes us about 36 hours to load an 85-car train with 100 tons of product per car,” Rader said. “When this project is complete, we will be able to load 110-car trains safely in 24 hours or even less.

“We’ll also be able to load trucks twice as fast. Instead of four or five truckloads per hour, we’ll be able to load up to 12 per hour with the new system, while still maintaining our existing system.

“That will really benefit our agricultural customers, who tend to need a lot of product all at once.”

Vision

“During the next 30 years, the world’s population will probably grow by at least 2 billion people,” Scott McGinn, president of Koch Fertilizer, said. “That means an even greater need for efficient food production. Having more and better fertilizers will be essential for meeting that demand.

“This expanded facility in Enid will allow us to provide a far greater quantity and mix of products to meet our customers’ many needs.”

www.kfenid.com
On behalf of Rosemount Elementary PTO and our students and staff, we want to thank Flint Hills Resources for its generous donation to fund our Lego Robotics Club. This gift makes it possible for us to purchase new robots and the software required to run them.

Lego Robotics teaches students to use math and science concepts to solve problems in a creative manner. It also helps develop teamwork and strategic thinking skills that will last a lifetime.

Your generous gift to Rosemount Elementary will help ensure that our students are better prepared for the future, both in and out of the classroom.

Thank you for partnering with us to get our students excited about math, science and learning.

Tom Idstrom, principal
Rosemount Elementary School
Rosemount, Minnesota

At a Nov. 11 symposium in Baltimore, Maryland, six Koch companies were recognized for earning Wildlife at Work certification from the Wildlife Habitat Council.

This certification is part of an international accreditation program that encourages companies to create wildlife habitat areas on corporate land. In most cases, these areas are then maintained by employee volunteers.

The six award-winners included FHR–Corpus Christi, Georgia-Pacific facilities at Leaf River, Monticello and Green Bay, INVISTA–Camden, and Matador Cattle Company’s Beaverhead Ranch.

In total, Koch companies hold 16 Wildlife Habitat Council certifications at 12 sites.

Deer at GP’s facility in Monticello, Mississippi.

Deer at Koch’s headquarters in November. For you to help a bird that most people at the company won’t even see says a lot about your care for the environment and the wildlife that lives in it.

The bird has a fractured ulna near the wrist joint in its left wing. It will take four to five weeks to calcify, and then we will need several weeks to condition it to make sure it is in flying condition for hunting and catching prey.

We hope to release the hawk near where it was found at Koch Industries. For now, your donation is providing food and help with vet care for this and other injured birds of prey (including Bald Eagles) during the winter months.

Thank you for helping fund the rehab of the injured Red-tailed Hawk found near Koch’s headquarters in November. For you to help a bird that most people at the company won’t even see says a lot about your care for the environment and the wildlife that lives in it.

The bird has a fractured ulna near the wrist joint in its left wing. It will take four to five weeks to calcify, and then we will need several weeks to condition it to make sure it is in flying condition for hunting and catching prey.

We hope to release the hawk near where it was found at Koch Industries. For now, your donation is providing food and help with vet care for this and other injured birds of prey (including Bald Eagles) during the winter months.

Ken Lockwood, program director
Eagle Valley Raptor Center
Cheney, Kansas

Charles,

Years ago, you generously agreed to fund the startup of a new company, Dredge-Masters International. We were very successful under your guidance, which allowed us to do what we know how to do — build dismountable dredges.

This ended, unfortunately, following the sinking of one of our dredges in Mexico, which eventually led to your decision to sell DMI. However, rather than just shutting DMI down, you gave us the opportunity to find a buyer and keep the company afloat.

I have always respected you for this decision. You could have easily liquidated the company with little, if any, loss. You appreciated our success and felt we deserved better.

My relationship with you personally and with Koch Industries was always fair, helpful and aboveboard. I wish you and David only the best in your very generous and successful activities.

Don King, president
Dredge Central, LLC
Goodlettsville, Tennessee

In the October 2014 issue of Discovery, INVISTA’s TERATE® polyols were inadvertently omitted from the lengthy list of Koch company products being used in the construction of Building H on the Wichita campus. This INVISTA product is part of the roofing insulation board of the new facility.

Donna Armitage
Melissa Cohlmia
Philip Ellender
Rich Fink
Jeff Gentry
Greg Guest
Charles Koch
Steve Lombardo
Walt Malone
Dave Robertson

Questions? Comments?
Email us at: Discovery@kochind.com

www.kochind.com

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Editorial board

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Since retiring from the FBI, I have too often seen unbridled actions on the part of the Justice Department and the U.S. Attorney’s Offices. They penalize individuals and companies on which they have opened cases, especially when they discover they do not have a prosecutable offense.

The penalty inflicted, a “fine” or “settlement,” amounts to a “saving-face strategy.” This way the government gets something out of the deal so as to not end up looking incompetent for proceeding with the investigation in the first place. Then they turn around and use the monies collected to justify their existence and pat themselves on the back.

In your overcriminalization op-ed, you are exactly right to wonder, “how the little guy who doesn’t have Koch’s resources deals with prosecutions like that.”

Small businesses have had to close their doors because the DOJ not only fined them to death, but also took forever to provide the disposition of the case. This lingering doubt, created by being investigated, can prove to be a death knell when customers become hesitant to do business.

I applaud your contributions to support efforts by the National Association of Criminal Defense Lawyers. We need to address overzealous and unrestrained actions by prosecutors who have little to no checks and balances.

Daniel L. Jablonski
Wichita, Kansas

To read the op-ed and an interview explaining Koch’s views on this issue, visit: www.kochind.com
Monterrey – Employees at INVISTA’s fiber facility in the northeastern state of Nuevo León, Mexico, have assembled what may be a first for Koch: a large-scale MBM®-themed mural.

The mural was created on “Living our Culture Day,” Oct. 29. Measuring 7 feet by 16 feet, it is composed of 72 panels, each hand-painted by a team of employees from the facility.

Because the teams worked on their panels independently, the 60 employees had no idea how their handiwork would be combined and used.

When the panels were assembled, several messages relating to MBM, Koch’s 10 Guiding Principles and INVISTA’s Business Process Transformation project were revealed.

The lesson of this exercise was simple: individual contributions at work can make a big difference to the company as a whole.

Montreal – Molex, which has been a Koch company for just over a year, recently completed an important acquisition when it bought SDP Telecom at year-end. (OpLink, a fiber-optic company, was acquired by Koch Dec. 23.)

Montreal-based SDP, which has manufacturing facilities in China, specializes in wireless technology for the booming smart phone market. SDP also provides satellite technology and military applications, such as isolators, couplers, filters and waveguide assemblies.

“As telecom becomes increasingly wireless, there is intense pressure to provide better infrastructure for supporting web-enabled smart phones that can handle enormous amounts of data,” said Tim Ruff, senior vice president of Molex.

“SDP not only specializes in that sort of technology, it represents an important step towards achieving our vision of offering totally integrated solutions to our global markets.”

SDP’s founder, Shyam Gupta, was a finalist for Ernst & Young’s Entrepreneur of the Year award in 2009. He believes the acquisition will create enormous value for customers.

“Molex and SDP can now provide a unique value proposition for deeper technical engagement with wireless equipment makers,” Gupta said. “Together, the companies have many new opportunities for growth in multiple segments of wireless markets.”

Xinjiang – According to UNICEF, more than 25 percent of rural schools in China lack hand-washing facilities and 17 percent have no water supply at all. That scarcity of sanitation results in many illnesses and absences, especially for girls.

To help fight this problem, GP Cellulose launched the Green Hand™ Project in 2013 with the U.S. fund for UNICEF, a business-to-business initiative that helps fund UNICEF’s efforts to provide water, sanitation and hygiene for Chinese schoolchildren.

“The Green Hand Project is unique,” said Pat Boushka, president of GP Cellulose, “because it enables us to connect with our customers in a different way. It ties back to their local communities. It creates value while helping improve thousands of lives.”

GP donates one dollar for every metric ton of Golden Isles fluff pulp purchased by GP customers in China. (Fluff pulp is used in many hygienic products, including baby diapers and feminine hygiene products.)

Customers in China who buy fluff pulp from GP Cellulose are allowed to use the Green Hand logo on their packaging, further promoting the program.

GP’s minimum commitment over two years is $500,000. The Green Hand Project is helping improve water and sanitation conditions in schools for about 15,000 Chinese schoolchildren.

“Even the smallest things — like soap and water, and having a clean place to wash your hands — can make a big difference,” Boushka said. “And by starting with children, we can affect generations to come in a way that is sustainable.”

“The customers we took with us to see these schools were overwhelmed by the experience,” Boushka said. “You really can’t help but be inspired.”
2. WTI crude oil trades for $95.14 per barrel.

10. Molex celebrates two grand openings in Asia: the Molex Korea Plant and the Global Tooling Center in Chengdu, China.

4. FHR announces it will cease crude oil refining at its North Pole facility in Alaska.

20. FHR sponsors Junior Achievement’s Job Shadow Lunch for South Texas students interested in engineering.

3. Koch Fertilizer changes its name to Koch Ag & Energy Solutions.

21. FHR gives a $1 million gift to the Texas State Aquarium to help create a new Center for Excellence in Science, Technology, Engineering and Math.

26. INVISTA hosts a groundbreaking ceremony for its new HMD and nylon 6,6 polymer plants at the Shanghai Chemical Industry Park.

14. Optimized Process Designs is awarded its first major gas plant project in the booming Bakken Shale area of North Dakota.

28. Koch Fertilizer Trading announces the opening of a new bonded warehouse in the port of Paranaguá, Brazil.
INVISTA announces the availability of LYCRA® fiber produced with a renewable, bio-based raw material.

Koch Pipeline Company announces the addition of a new, 24-mile pipeline in South Texas capable of carrying about 200,000 barrels of Eagle Ford crude oil daily.

Molex acquires the heavy-duty connector business of Italy-based Westec s.r.l.

Georgia-Pacific announces plans to invest about $40 million in new plate-making technology and equipment at its Dixie® plant in Fort Smith, Arkansas.

Koch Industries and the Charles Koch Foundation announce a $25 million grant to the United Negro College Fund.

At a ceremony in London, KS&T’s global gas business receives the Natural Gas House of the Year Award from Energy Risk magazine.

GP Professional acquires SPG Holdings LLC, a manufacturer that specializes in products for the foodservice industry, such as sandwich-wrapping paper.

Koch Minerals completes its 40 percent investment in Big River Steel, a $1.6 billion greenfield “mini-mill” in Osceola, Arkansas, that will convert recycled scrap into high-quality steel.

John Zink Hamworthy Combustion acquires ETI, a supplier of custom-engineered oil and gas processing equipment.
Koch Nitrogen announces a $1.3 billion expansion project at its Enid, Oklahoma, plant — the largest construction project in Koch history. When completed in three years, it will increase production capacity by more than 1 million tons per year.

GP announces $65 million in planned investments at its Madison, Georgia, plywood facility.

Koch Agronomic Services introduces two additions to its portfolio: AGROTAIN® ADVANCED and AGROTAIN® DRI-MAXX stabilized nitrogen.

Koch Equity Development partners with Goldman Sach’s merchant banking division to acquire Flint Group, a Europe-based supplier of printing inks and packaging products.

David and Julia Koch celebrate the opening of the new plaza at the Metropolitan Museum of Art in New York, funded by his $65 million gift.

INVISTA’s Seaford, Delaware, plant celebrates its 75th anniversary. This facility was the world’s first nylon plant.

Founder’s Day — Koch unveils an interactive audio guide and app enabling employees to take a self-guided tour through the company’s history.
6 FHR and Stabilis Energy announce joint venture plans for a liquefied natural gas production facility in Odessa, Texas, to serve the Permian Basin.

16 GP announces plans to invest $37 million at its Gurdon, Arkansas, lumber operations to expand production capacity by about 60 percent.

31 Molex wins Chicago Innovation Award for its contribution to the groundbreaking DOW POWERHOUSE™ Solar Shingles, residential roof shingles that turn sunlight into power.

3 Koch Pipeline Company releases a first-of-its-kind mobile app for providing helpful pipeline information.

19 Koch announces a definitive agreement to acquire Oplink, a California company that designs, manufactures and supplies fiber-optic products and services for the telecommunications industry.

2 FHR breaks ground on a $600 million project to process more domestic crude at its Corpus Christi West Refinery.

4 Koch Agronomic Services acquires the biological research business of Mendel Biotechnology, Inc.

16 Koch Industries and the Fred & Mary Koch Foundation announce the largest-ever donation to the Wichita State University Foundation: $11.25 million.

31 WTI crude oil trades for $59.10, down 38 percent for the year.
Using less resources

A key part of Koch Industries’ Vision involves “using less resources” while providing the products and services that help people improve their lives. At the 2014 Koch Industries Energy Conference — held last September in Wichita — KII chairman and CEO Charles Koch re-emphasized this point during his opening remarks.

Speaking to the 180 Koch company employees who attended, Koch said: “We need to use resources more effectively and more efficiently than our competitors. Efficient energy consumption is a huge part of conserving resources.”

During the three-day conference, several Koch companies were recognized for their success in reducing energy intensity, applying innovations and sustaining results. Their accomplishments benefit both the environment and the bottom line.

Energy intensity reductions

INVISTA was the leader in the Improved Energy Intensity category, with four sites earning recognition for significant reductions in the amount of energy required to produce products.

In Waynesboro, Virginia, one of the locations where INVISTA makes LYCRA® fiber, the site energy team decided to focus on improving the efficiency of centralized utility systems.

From 2010 to 2013, the site reduced energy intensity by 22.5 percent — helping make progress on its goal to reduce overall energy intensity 20 percent by the year 2020.

The INVISTA facility in Chattanooga, Tennessee, was also recognized for its achievement in this category. From 2010 to 2013, it reduced energy intensity by 30 percent.

Continuous improvement

In Foshan, China, INVISTA operates one of the newest and most energy-efficient spandex plants in the world. The team at that site proved it’s also possible to improve energy performance in a big way at very modern facilities.

At INVISTA’s Qinglon site in Qingpu, China, the company aggressively focused on reducing energy waste, which lowered energy intensity by 24 percent versus the site’s historic baseline rate.

Koch is not alone in applauding both of these accomplishments.

In 2013, the Foshan site received energy improvement recognition from the Sanshui district, Foshan City and Guangdong province. That same year, the Qinglon site was recognized as an Excellent Energy Management Company by local officials.

Halfway around the world in Stevens Point, Wisconsin, FHR’s asphalt terminal proved that even a small facility can make a big difference. As a result of improvements in the site’s steam system, energy intensity dropped by 65 percent while throughput doubled.

Employees benefitted from training classes that developed their knowledge and skills, and the site has been able to sustain its improvements with only minimal steam system maintenance.

Sustaining

In 1992, when Dixie® built a new facility in Bowling Green, Kentucky, it wanted a world-class manufacturing site.

Dixie® utilized the most advanced paper plate technology, combined with a high-performance work system and facility designs that emphasized optimized energy use.

Throughout 23 years of operation and two changes in ownership, the Bowling Green plant managed to maintain its energy assets near the optimized base case.

What its employees didn’t do, however, was settle for that level of performance. By upgrading lighting, improving control strategies and making other changes, employees in Bowling Green have pushed down the average energy usage per machine every year for the past 11 years.

In fact, from 2000 to 2013, energy consumption for the Bowling Green site dropped by 13.6 percent off its already efficient baseline.

Rather than settling for what used to be best in class, GP employees at this site continue to search for other innovations and initiatives that will improve energy efficiency even more. GP’s Cellulose operation in Brunswick, Georgia, was another winner in the Sustaining category.
Over the past five years, the Brunswick site has improved its use of self-generated fuels by nearly 3 percent and of purchased fuels by over 23 percent. Key to Brunswick’s improvement was the establishment of an energy leader and energy team in 2008. Their efforts have resulted in several capital investments (large and small) as well as waste elimination initiatives.

That focus and ownership helped this Georgia-Pacific facility enjoy ongoing, sustained improvement.

Another facility recognized in this category was INVISTA’s La Porte, Texas, plant, which produces intermediate chemicals and polymers used in making spandex fibers, polyurethane, pharmaceuticals and many engineering plastics. As of May 2014, the La Porte site had succeeded in lowering energy intensity by almost 12 percent since 2010.

What makes this accomplishment even more impressive is the fact that the facility team relied on process optimization rather than capital spending to generate that improvement.

Two other INVISTA sites were also recognized in this category.

A combination of optimization and capital investment helped the Maydown, U.K., site achieve a more than 20 percent reduction in energy intensity for the 2008-2013 time period.

Also earning recognition for sustaining its energy performance was INVISTA’s Seaford, Delaware, site — home of the world’s first nylon production plant.

Thanks to its continuous efforts, the energy team at Seaford led the way in reducing the amount of energy consumed by 25 percent between 2010 and June 2014.

**Innovation**

GP had two sites and INVISTA had one in the Innovation category (making INVISTA the company with the highest overall number of sites recognized). In addition to winning in the sustaining category, GP-Brunswick was recognized for a first-of-its-kind application within the company.

By using an available oxygen supply to displace air in a lime kiln, GP reduced the energy needed and eliminated the use of #6 fuel oil, saving about $1 million annually.

The environmental benefits are also impressive. They include less dust formation, reduced sulfur emissions and important process benefits.

In keeping with MBM®, knowledge about this innovation was quickly shared with other mill sites, allowing them to replicate the idea and multiply the benefits.

Energy leaders at GP’s facility in Camas, Washington, which makes paper towels and office paper, earned recognition for rethinking the plant’s lighting arrays.

After extensive planning, the plant team had decided to use induction lighting as a way of saving energy. But after further investigation and a few experiments, the plant decided to install advanced LED technology instead.

The number of lighting fixtures needed dropped from 1457 to 1188, leading to not only energy savings but maintenance savings — all while providing more and brighter light in work areas.

This project was part of an overall program that saved GP $6.5 million in 2012 and 2013.

Rounding out the group of sites recognized at the energy conference was INVISTA’s Kingston, Ontario, plant, which makes fiber for airbags.

INVISTA relied on heightened employee engagement to complete a co-generation project early, which resulted in significant cost savings. By scheduling the overhaul in mid-summer rather than spring (a change that required significant rescheduling of shifts), INVISTA was also able to reduce energy charges.

**Conclusion**

In his comments at the 2014 Energy Conference, Dave Robertson, KII’s president and COO, exhorted attendees “to keep pushing, to innovate and to find further improvements.

“I really believe that will be a big factor in how successful we are in the future. “We definitely need to continue to find ways to be better than our competitors,” Robertson said. “And energy consumption is clearly a way to do that.”

Koch company employees can watch videos of the general presentations from the 2014 Energy Conference at: [http://2014energyconference](http://2014energyconference)
Four years ago, the MBM® team began producing a series of videos highlighting MBM case studies. Each video lasts about 30 minutes and includes interviews with employees who were directly involved in applying MBM to their business.

The fourth video in this MBM series of case studies is now available. “The Transformation of Corpus Christi” describes the improvement and tremendous growth of FHR’s Texas refinery complex as a result of employees applying MBM.

In the video, KII’s chairman, Charles Koch, points out that transformation is nothing new for Corpus Christi. This facility has, he notes, “been transformed not once, but three times since we acquired it in 1981.

“MBM has enabled us to improve the plant’s competitive position, guided it through some very tough times, spurred tremendous growth and inspired employees across Koch to work together to capture a major business opportunity involving Eagle Ford crude.”

The word “transformation” is not used casually by Koch.

“When MBM is applied as a lens to envision a new model for a business and as a guide to put it into effect,” Koch said, “it can be transformative.”

The Corpus Christi case study is available to Koch company employees as a streaming video or in DVD format.

Put that in your pipe

For years, Fred Koch was fascinated with the possibilities of fiberglass. Some of his earliest experiments with the product included pop-up camping trailers and cooling towers (a forerunner of central air conditioning units).

The company started researching resin pipe in 1957 and began manufacturing fiberglass pipe and pipe fittings for oilfield use in 1959. Compared to traditional steel pipes, these products were lighter and easier to install, resisted corrosion better, usually lasted longer and cost less.

In 1968, the year after Fred died, Koch Fiberglass began marketing its Blue Streak brand of fiberglass pipe and fittings, ranging from an inch and a half to four feet in diameter.

Koch Fiberglass finally turned a profit in 1972. Unfortunately, that profitability didn’t last.

In 1984, Koch Fiberglass was sold to Milwaukee-based A. O. Smith Corporation, then sold again in 2000 to Varco International of Houston.

The year Koch Fiberglass was sold, Charles Koch stressed the importance of innovations like Blue Streak — even though it was ultimately unsuccessful.

“New ideas, good and bad,” Koch said, “are the lifeblood of our company and must be encouraged and recognized at all levels and from all our people.

“Without the constant flow of new ideas, we won’t continue to be better than our competition. That’s why we need to encourage all ideas — bad as well as good, since we won’t get any ideas at all if we discourage what we think are bad ideas.”

RAPTOR™ nylon pipe

Last year, 30 years after Koch exited the fiberglass pipe business, INVISTA introduced a new twist on an old idea: RAPTOR™ nylon pipe, made from corrosion- and impact-resistant nylon 6,6 polymer.

The company’s slogan for the new product is: Made of Tough™.

“In 2012, we discovered there was a strong need for line pipe that was tough enough for the oil patch but much easier to install than traditional options,” said Vikram Gopal, INVISTA’s vice president of technology and the lead developer of RAPTOR™ nylon pipe.

“We believed that our experience with nylon 6,6 could meet that need.”

When tested, RAPTOR™ nylon pipe resisted corrosion and abrasion better than steel and had much better impact resistance than fiberglass or high-density polyethylene.

“It provides flexibility, is economical and can be installed using existing equipment,” Gopal said.

“With shale gas production increasing across North America, our RAPTOR™ nylon pipe has become an attractive wellhead option for transporting oil, gas or water.”

To watch a promotional video of INVISTA’s RAPTOR™ nylon pipe in action, visit: www.raptornylonpipe.com
Last year was Koch Industries’ third-best ever, trailing only 2013 and 2012 in terms of net income. The value of the company has now grown 4,600-fold since 1961, including distributions. By comparison, the S&P 500 is up just 160-fold (on the same basis) during that same period.

I attribute much of our growth to the understanding and application of Market-Based Management®. By providing employees throughout the company with principles and tools for capturing opportunities and solving problems to better serve our customers, MBM® has helped us grow exponentially.

The widespread adoption of its five dimensions has made the company better — not only more productive, but more principled. Similarly, I believe society as a whole would benefit from having a comparable framework and set of tools for evaluating institutions and policies. Although the idea that such a framework could benefit our country may seem improbable, this approach is one that has been validated in our company for decades.

MBM is based on the principles of a free society and I am confident that a systematic application of the same principles in society can have a beneficial and transformative effect on overall well-being.

**Five dimensions**

As with MBM, the framework for a free society has five dimensions, beginning with vision and ending with incentives.

Just as we have established visions for KII and each Koch company, we need to articulate a vision for a free and flourishing society. A free society is rooted in a complex and inter-related set of ideas and values that provide long-term peace, civility and well-being. Today (and throughout history) these ideas and values are under attack from those with radically different points of view, some of whom endorse violence and terrorism, while others promote over-reaching policies that lead to decreasing freedom and opportunity, and increasing dependency and poverty.

Contrary to these viewpoints, societies that are organized around a vision of freedom have proven to be the most successful at enabling widespread well-being, especially for the least fortunate.

Second is the dimension of culture. A free society requires a culture based on principled entrepreneurship, in which people succeed by helping others improve their lives. They are cultures of integrity, responsibility and tolerance.

The foundation of such a culture is respect for the moral dignity of all people, no matter what their race, creed or station in life may be. A free society requires and reinforces the qualities of personal responsibility and self-control.

Individual rights is the third dimension. Foundational to free societies are secure individual rights, including property rights, with equal protection for everyone under the law. They must remain so to encourage the efforts and investments that make free societies so innovative and productive.

The role of government is limited to those activities for which coercion works better than voluntary cooperation and competition. This includes protecting our persons and property, defending the country against foreign aggression, enforcing legal decisions and contracts, and protecting against significant externalities such as epidemics.

The fourth dimension involves free speech and market signals. The open flow of knowledge leads to innovations and the best use of resources, increasing well-being throughout society.

Realizing these benefits requires an environment that fosters learning through freedom of speech and thought. This cannot exist if we are prevented from challenging the status quo or stopped from voicing our dissent.

Free markets, undistorted by subsidies or anticompetitive regulations, transmit knowledge of how best to satisfy people’s needs through a system of prices and profit and loss.

Incentives is the fifth dimension. When individuals are rewarded for helping others improve their lives, people throughout society benefit. Whether someone’s motives are altruistic, self-interested or a mixture of both, free societies encourage this mutually beneficial behavior. They discourage individuals from attempting to gain at the expense of others by cheating or manipulating the laws and regulations.

As with MBM, all five of the dimensions in this framework must be applied holistically to achieve meaningful results. The best incentives in the world can’t offset a lack of vision, and society as a whole loses if the law treats one group differently than another.

For decades, I have studied what conditions, culture and structure bring about the most benefit for all. I’ve learned that governments and organizations, like people, should stick to their comparative advantages.

To advance a free and flourishing society, I believe we need a framework like the one outlined above. To make it a reality, we need to encourage people from all walks of life to join us in the effort.

As Frederick Douglass said 160 years ago, “I would unite with anybody to do right; and with nobody to do wrong.” I would like to see all of us devote ourselves to doing what is right.