

Knowledge sharing in action

When Charles Koch wrote *The Science of Success*, his 2007 book about Market-Based Management®, he devoted an entire chapter to knowledge processes, one of the five dimensions of MBM®.

“A knowledge process,” he wrote, “is the method by which we develop, supplant, share and apply knowledge to create value.”

Knowledge is also the sixth MBM Guiding Principle, which reads (in part): “Seek and use the best knowledge and proactively share your knowledge while embracing a challenge process.”

“To succeed in an uncertain future,” Koch wrote, “a company must draw on the knowledge dispersed among its employees.”

With close to 70,000 employees with diverse expertise and experience working at hundreds of locations, KII has a wealth of dispersed knowledge waiting to be shared. This is a true competitive advantage.

The challenge often lies in finding ways to overcome the language barriers, varying business priorities, distances and diverse backgrounds that can complicate that process.



Conferences, such as this gathering of Koch EH&S professionals, can be a vital means of knowledge sharing.

Progress and opportunity

Tim Go, Koch Industries’ managing director of operations, has spent much of the past year promoting improved knowledge sharing across all Koch companies.

“Over the past few years,” Go said, “we’ve made tremendous progress with formal knowledge sharing thanks to many successful initiatives and experiments.

“We’ve tried a lot of things, including best

practice teams, better measures, scheduling cross-company conferences and implementing websites that enable better communication.

“As a result, we’ve seen better knowledge sharing within a site, between sites, within a company and also cross-company.”

Go is quick to emphasize that informal knowledge sharing can be just as important as a highly structured program rollout. “Informal knowledge sharing, where knowledge is shared spontaneously, is probably our biggest opportunity.”

Because of knowledge sharing, employees across all Koch companies have helped generate millions of dollars in additional value by eliminating waste and increasing productivity.

This list of success stories includes everything from engineers and operators to cowboys and consul generals.

Cross-country

Being oceans apart doesn’t mean there has to be a gulf in knowledge sharing.

Erwin Platvoet, director of engineering for John Zink’s process burner design team in Tulsa, Okla., flew to the Netherlands last year to help Koch Supply & Trading solve a problem at its Rotterdam refinery.

“KS&T had been having some issues with run time,” explained Jim Goodman, president of John Zink. “They kept having to shut down the furnace due to carbon buildup.”

Erwin is a subject matter expert when it comes to furnaces, but his knowledge goes way beyond that. After looking at the Rotterdam unit and its operating data, he was able to suggest some simple modifications.

“Thanks to his knowledge, they were able to better balance the input between their furnace burners, which resulted in more efficient heat distribution. When they made those modifications, the improvement was immediate.”

KS&T is now able to run the Rotterdam refinery more reliably while using less energy. Those improvements will likely

mean hundreds of thousands of dollars in efficiency gains each year.

From Wichita to Wiltshire

Similarly, when a British consul general in Chicago wanted to meet with Koch representatives in Wichita, employees at KII’s headquarters turned to employees in Europe for knowledge and assistance.

Madalène Goossens, who is based in the Netherlands, recently joined the Koch Companies Public Sector team.

“When we were advised about the consul general’s visit,” Goossens said, “we created a detailed listing of all Koch company operations and business interests in the U.K.

“Most people – including Her Majesty’s government – don’t realize how substantial Koch’s presence is in Europe.

“At least nine Koch companies,” including Georgia-Pacific, FHR, INVISTA, Koch Fertilizer and Koch Chemical Technology Group, “employ thousands of people who work at more than 20 sites in the U.K.

“We often rely on Wichita for specialized knowledge, especially about MBM-related topics or the background of various Koch companies,” Goossens said. “So it was nice to be able to return the favor.”

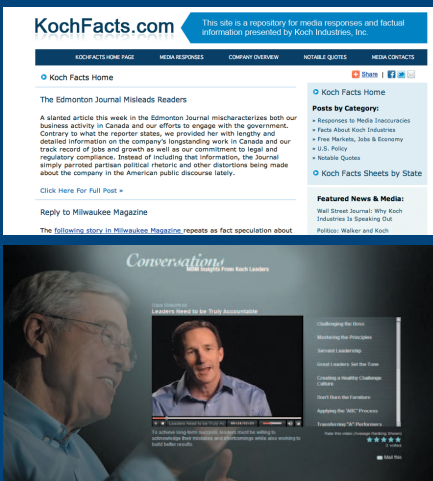
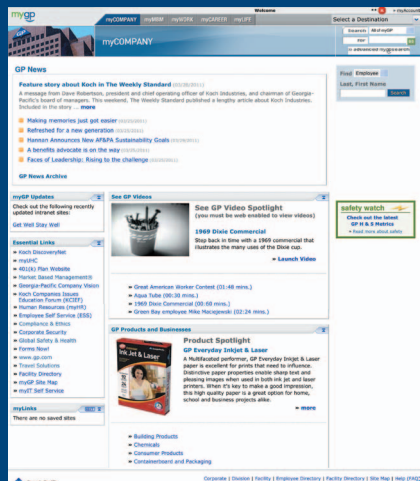
Life or death

Cowboys appreciate the value of knowledge sharing every bit as much as consul generals. They know it can make the difference between life and death.

Just ask Bob Kilmer, manager of the Matador Ranch in Texas.

“A few years ago,” recalled Kilmer, “there was a near miss at the Beaverhead Ranch that almost resulted in fatalities. Two employees, working on the 440-volt electrical system for a center-pivot irrigation system, were almost electrocuted.”





Koch company intranets, websites, e-mails, newsletters and other publications all promote knowledge sharing.

As a result of that near miss, the Beaverhead Ranch developed a protocol for working on electrical equipment. That protocol was immediately adopted by the employees at the two other Koch ranches.

The members of the committee – chosen by employees at each Koch ranch – range from cowboys and camp men to farm crews. During their monthly conference call, they discuss a broad range of safety, environmental and compliance issues.

they know we value humility and they don't want to appear boastful," said Tim Davies, a senior business consultant for the MBM team.

"The knowledge sharing by this committee has really helped us build our safety program," Palmer said. "We've now gone more than three years without a lost time or reportable incident."

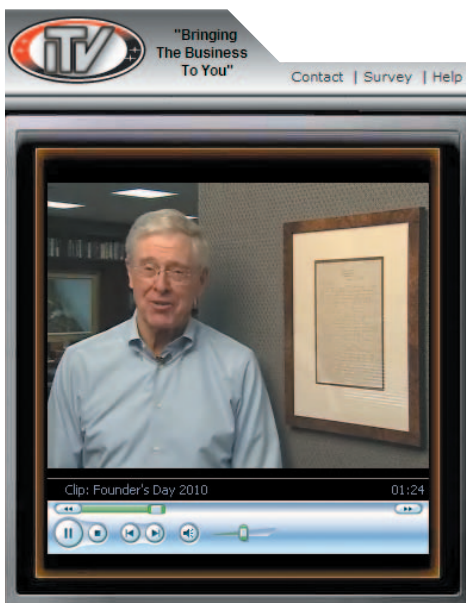
"So they tend not to speak up unless they're specifically asked for their opinion.

What's more, the ranchers routinely share knowledge about markets, feed prices, weather trends and various operating procedures. All of these have the potential to affect ranch operations, regardless of location.

"What we need is for more people to be proactive about sharing their knowledge. That way we won't miss as many opportunities and we can create more value."

The key, Davies adds, is to share knowledge that really makes a difference, not just an endless stream of opinions.

"If knowledge sharing does not lead to effective action," Davies said, "it has not been successful. We also must make the effort to apply what we've learned so we can create real, long-term value."



This streaming video tool, developed at Georgia-Pacific, enables thousands of employees to watch important videos simultaneously without compromising Internet access. Both the tool and the videos are examples of knowledge sharing.

"They also sought knowledge outside the company," Kilmer added. "They set up a meeting with the local power company representative to learn how his professionals deal with electricity."

Kilmer also points to the importance of the Matador Cattle Company Safety committee, established by Larry Angell (who recently retired from Koch) in 2000. It is now led by James Palmer, manager of the Spring Creek Ranch in Kansas.

Speak easy

Tim Go believes knowledge sharing is a valuable concept for all employees, but it won't happen at all if employees don't make the effort to share.

Sharing with society

The importance of knowledge sharing extends far beyond the boundaries of business, a point that Charles Koch emphasized in his book.

"Those who think knowledge is power are sometimes slow to share with others," admits Go. "But an even bigger problem lies with those who never speak up at all.

"Knowledge is more than just numbers and measures," Koch wrote. "In a free society, knowledge is also created and shared through verbal exchanges.

"We believe it's a mistake to keep important knowledge to yourself, or to share knowledge only after someone asks for your help."

"Societies that value freedom and prosperity protect their citizens' rights to free speech, which greatly facilitates the discovery and dissemination of knowledge."

"You must proactively share your knowledge and viewpoints with those who would benefit," Koch wrote. "Otherwise, knowledge cannot become as powerful a tool for spurring growth and improvement."

No wonder, then, that Charles and his brother David have made it a point to share their knowledge regarding the importance of economic freedom, which history and theory have shown to be essential for the well-being of society as a whole.