

# [***Billionaire Charles Koch Shares His Secret Plan To Pass On His Fortune And Influence***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:69CB-GHX1-JBCM-F02M-00000-00&context=1516831)

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**Highlight:** The free-market crusader will rely heavily on a trio of his disciples, including his son Chase, to carry on his mission and secure his legacy.

**Body**

**The free-market crusader will rely heavily on a trio of his disciples, including his son Chase, to carry on his mission and secure his legacy.**

**By Matt Durot, Forbes Staff**

He's not going to retire, says Chase Koch, 46, of his father Charles, the 87-year-old chairman and co-CEO of their family s $125 billion (2022 revenue) Wichita, Kansas conglomerate, Koch Industries. I think he's still got a long road ahead of him, because he takes care of himself. He's disciplined, he works out six days a week, and he's pretty healthy, knock on wood.

That hasn t kept Charles, a surprisingly folksy, Midwestern grandpa who has been accused of corrupting American ***politics*** from carefully planning what happens after he s gone. In an exclusive interview with**Forbes**, he explains that he has already transferred to Chase and to his daughter Elizabeth Koch, 47, equal amounts of his nonvoting Koch Industries shares. The rest will go to fund his free-market focused charities and causes, after his wife, Liz, 78, is provided for. Charles won t disclose the exact breakdown, but he has already quietly transferred$5.3 billion of nonvoting stockto a pair of nonprofits that will support his vision for human progress. Forbes estimates those shares account for nearly a tenth of the 42% stake previously held by Charles (though he still has 42% voting power).

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After Charles death, Chase will get all his father s voting stock, giving him 42% control of Koch Industries. The second largest private company in America, Koch has evolved into more of a technology enterprise over the last decade with the acquisitions of businesses like electronics manufacturer Molex for $7.2 billion in 2013 and software firm Infor for a reported $13 billion in 2020. The conglomerate s oil refinery business once its main economic engine now accounts for less than 5% of its deployed capital, though it still provides an outsized portion of its profits.

Venture capital subsidiary Koch Disruptive Technologies, which Chase founded in 2017, will play a big role in the company s future, as one of four Koch investment subsidiaries that have poured nearly $70 billion of the company s cash into other businesses (and real estate) over the last 10 years. Chase s venture group has already invested more than $4 billion in 70-plus companies, including Israel-based medical technology firm Insightec and cybersecurity outfit Dragos, whose technology is currently protecting more than a fifth of Koch Industries 500 global operating facilities. Another of Chase s investments, solar equipment maker GameChange Solar, is part of the company s more than $2 billion push into renewable energy. By the end of the year, as much as 30% of Koch s oil refinery in Pine Bend, Minnesota where Chase worked a summer job as a 20-year-old will be powered by the sun. That facility was one of the first investments of company founder (and Chase s grandfather) Fred Koch, who died in 1967 at the age of 67, leaving a small oil refining, engineering and ranching business to his four sons. Charles was 32 when he took the reins.

What he's accomplishing now is more than I did at his age, Charles says of his son. He's a better leader than I am, and he's a much better originator. I mean, he goes to these meetings with all the top tech people in the world and develops relationships with them. He's just super at that.

Chase took his first job at Koch Industries at the age of 15, after burning himself out as a nationally ranked tennis player. But he didn t have much of a choice. My father told me I could either give 100% on the tennis court or he d get me a job, Chase says. I thought I was going to have a job here in Wichita and still be able to hang out with my friends. But he shipped me away to our cattle feed yard in Syracuse, Kansas to shovel cow shit and dig post holes. That was quite an adjustment from the country club.

After graduating from Texas A&M in 2000 with a degree in marketing, Chase returned to the company in 2003 and gained early experience scoping out investments as part of a three-year rotational program that included a stint in Koch s business development group. Determined to learn one of the company s operating platforms from the ground up, he spent the next ten years climbing the ranks of Koch s fertilizer business, where in his late twenties, he was part of a team tasked with building a high-speed fertilizer terminal in Brazil that would have benefited the country s farmers. When his efforts were stalled by regulation, corruption, bureaucracy and red tape, his dad s free-market fanaticism finally made sense.

When I was nine or ten years old, and he was playing me books on tape by Milton Friedman, I really didn't quite understand what was going on, Chase says of growing up with Koch Industries self-described chief philosophy officer and the trademarked Principle Based Management framework he s spent more than half a century refining. Then I was like, Ah! Now I know what my father's been trying to teach me for so long.

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Koch Disruptive Technologies founder and CEO Chase Koch.

Photo by Guerin Blask for Forbes

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In 2014, Chase was asked to run the entire fertilizer business. But nine months into that role, he fired himself, after realizing that operating a business with thousands of employees in 30 countries wasn t for him. It was at his next stop, a subsidiary focused on enhancing fertilizers to make them more efficient and environmentally friendly, that he was first exposed to the Silicon Valley entrepreneurs who were disrupting agriculture and the idea for Koch Disruptive Technologies was seeded. They had tremendous tailwinds and that's where all the technology was, Chase says. I was kind of born into this idea of creative destruction, but I didn't know I was absorbing it as a kid. It was kind of just pumping through my blood all that time.

Chase has been a board member of Koch Industries since 2013 and was named an executive vice president this past March, in addition to holding onto his job as head of the group s venture arm. As part of his new role, he meets weekly with the conglomerate s leadership group to talk company-wide strategy, providing him with yet another opportunity to interact with his father. They sort of poke fun at each other and banter a little bit, says Dave Robertson, 61, who was named Koch s first-ever co-CEO in March as part of that same leadership transition after running the conglomerate s day-to-day operations for 17 years as chief operating officer. Charles will go really deep on something philosophical, and then Chase will summarize it in like three words with something that's very simple. It's kind of funny.

I m sure being Charles Koch s son is not an easy deal, so I think the way Chase has handled his lot in life is pretty impressive, adds Robertson, who joined Koch Industries as a 22-year-old graduate of Kansas Emporia State University and is credited with turning around the conglomerate s struggling oil refinery business in the early 2000s. On the one hand, Chase grew up pretty well, so he could have been an entitled shit. But he's not anywhere close to that. And then he could have thought, Well, I ve got to measure up to my father. But I think he's gotten comfortable saying, Hey, it's okay for me to be my own man.

Charles dismisses widespread speculation from outside the company that his son is a shoe-in to replace him as CEO. Chase doesn't want my role because he s strong on division of labor by comparative advantage and wants to focus where he can contribute the most, Koch says. Let's say I get hit by a bus tomorrow. What's in place will be the immediate succession, because we ve already set it. Dave's the CEO. He is now. So there doesn't need to be any change. What they do after that will be up to the board and the stockholders, and they will work that out.

Chase, whose voting power will be matched only bythe heirs of his late uncle David Koch(d. 2019), insists his passion is for innovation and that the role he s been in since March is where he can add the most value now. We don t think about it as a family business. We think about it more as a meritocracy. As soon as we start thinking about it like the next Koch needs to have this role or that role, I think we re in trouble, he says. But, he adds: I don t want to take anything off the table.

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Koch Industries chairman and co-CEO Charles Koch.

Photo by Guerin Blask for Forbes

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Chase has been called Charles Koch 2.0 . He s also been labeled The New Koch and credited with steering the family away from the toxic partisan ***politics*** of his father. Neither of those are true, Chase says, arguing that his dad has empowered hundreds of thousands, if not millions of people with his business and social change work. Not only is he an incredible father who s taught me all these principles and values that I'm going to pass on to my kids, but he s also a mentor in business. And he's like my best friend, too. But Chase adds: The greatest gift he's given me is just permission to be my own person.

Meanwhile, Charles nonprofit network, Stand Together, is run by another young protege: 45-year-old Brian Hooks, who coauthored Charles latest book,**Believe in People: Bottom-Up Solutions For A Top-Down World (2020)**, after meeting him at the libertarian Mercatus Center two decades earlier. It was kind of a sleepy organization, and he was very entrepreneurial, so four years out of college [at the University of Michigan] he was running it, Koch says of Hooks before jokingly recalling their chance meeting in the men s room during a board meeting. We met in the toilet there, and that s been our relationship ever since. Hooks and Koch co-CEO Robertson also run Believe In People, one of the two new nonprofits that received Charles stock, with Chase who also heads the second nonprofit, CCKc4 (his initials).

Hooks insists that Charles motives have never been self-interested, as his boss critics often contend. I think Charles is probably more responsible than anybody for making sure classical liberal principles have a seat at the table when it comes to solving society s problems, he says.

Hooks also has good things to say about Chase, who has carved-out a unique role for himself at Stand Together as the founder of its venture capital subsidiary, Stand Together Ventures. Hooks goes so far as to call the third generation Koch s VC arm the future of the nonprofit network, crediting it with helping to bring tech founders like Sal Khan of Khan Academy and Patrick Collison of Stripe into the network. Chase is going out and finding people who are in the growth stage of their careers, who have a disruptive mindset and a demonstrated ability to drive innovation in their fields, and then saying, Hey, can you help us do the same thing with our social change strategies?

Chase also founded Stand Together Music, which connects organizations like The Phoenix (sober living) and Café Momentum (internships for formerly incarcerated youths) with artists like Aloe Blacc and The Chainsmokers and event promoters like Live Nation to amplify their work (with concerts, for example). He even plays guitar in two bands: Memento Mori and 2 ØT (as in the 2nd Law of Thermodynamics), which he launched in 2021 with Omar Jahwar II (aka II). Jahwar II is a former drummer for Chance The Rapper. The performer's father, Bishop Omar Jahwar, worked with Stand Together on gang violence reduction (and referred to Charles as an OG ) before succumbing to Covid in 2021 at the age of 47.

I had just been through a divorce, so I was going through a lot myself, says Chase, who has three young kids with his ex-wife. So we said, Hey, let's just play music together."

Charles daughter Elizabeth does not have a role within Stand Together (though she did FaceTime her parents from a trip abroad when Chase s band performed at an event in Wichita last New Year s Eve). Charles says it s unlikely Elizabeth will ever join the board of Koch Industries and that she s fine with Chase getting all his voting stock. She's running her own business and doesn t want to spend a lot of time understanding and making good decisions for the company, Charles says of Elizabeth, who earlier this year told the**New York Times**she used to mispronounce her last name, in a fruitless attempt to not be hated, before realizing in therapy that her crippling internal dialogue was distorted. She has lived with bad Perception Boxes [a term Elizabeth trademarked], and it messed her up, Charles adds. So she is passionate about helping others to not go through what she did. That led Elizabeth to launch Los Angeles-based company Unlikely Collaborators in 2015. Its mission: To untangle the stories that hold us back as individuals, communities, nations, and humanity at large.

I could not love my parents more, says Elizabeth via email, crediting her mother and father with inspiring her to found her company. The values and principles both Pop and Mom raised me with curiosity, grit [and] a deep longing to be of service are the same values that got me through the most painful and confusing periods of my life.

Elizabeth s lack of involvement with Koch Industries could save her and Chase from reliving one of the most painful periods of their father s life, when two lesser known Koch brothers, Bill and Frederick, conspired to oust Charles as chairman and CEO. The coup failed when Bill s twin, David, sided with Charles, and the other brothers agreed to be bought out in 1983, prompting more than a decade of litigation over the payout amount (reportedly around $800 million) before a settlement was reached in 2000.

Charles still gets choked up when talking about David, who he says was a much better engineer than I ever dreamed of being and credits with growing the company s engineering business 500-fold, before losing his decades-long battle with cancer in 2019. He was good at challenging on the board, and when the others tried to take over, he was absolutely solid. They tried everything they could to talk him into it, but he said, No way, this is wrong. He had complete integrity, and he wanted to contribute, so when he got sick, that was so frustrating. It drove him nuts. (A representative for Bill Koch, who**Forbes**estimates is now worth $1.6 billion, did not respond to requests for comment. Frederick Koch died in 2020. David s widow, Julia Koch, replaced her late husband on Koch Industries board).

Julia is interesting to me, and great, because she comments where she thinks she has something to add, says Robertson. She doesn t try to weigh in on things she doesn't feel she has knowledge of. I mean, that's what we want all of us to do. A lot of where she'll engage would be around our consumer products at Georgia-Pacific [which makes Angel Soft toilet paper, Dixie cups and Brawny paper towels], for example. Or reputationally she'll say, I'm hearing this in New York City , and she can give us some insight into what all you nice east coasters are thinking about us. (Julia Koch declined to be interviewed for this story.)

It s possible Elizabeth could surprise her father and serve a similar role one day. But Charles isn t worried about history repeating itself. The way we brought [our kids] up is you need to find your gift and your passion, focus on that, and don't worry about what other people are doing, or if other people seem to have more success, he says, when asked if the experience with his brothers influenced how he prepared Chase and Elizabeth to inherit their stakes in the family company. Our parents tried, but they didn't talk about these things. It was kind of old school, where you didn't hug as much or tell each other you love em. I didn't want that [for my family].

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