

ROUNDUP

June 1986



FROM THE PRESIDENT'S DESK

Back to Basics

At this time in our history, with the severe decline of the oil business and the increased competition in every part of our other divisions, it is important to look back on the founding principles of Lufkin Industries and on the values that have brought us to where we are today. We realize that we didn't become a worldwide manufacturing concern by ourselves; we had several generations that preceded us laying the foundation for our growth.

There are many different factors that have enabled us to grow over the years, but the following is a summary of the basic guiding principles that have enabled Lufkin Industries to become the outstanding organization that it is today:



"It is important to look back on the founding Principles of Lufkin Industries"

1. We believe in the importance of people as individuals;

2. We believe in people as innovators;

3. We believe in the importance of customer economic growth;

4. We believe in providing superior quality and service;

5. We believe in being the best;

6. We believe in team spirit, individual opportunity and rewards for achievement;

7. We believe in excellence in everything that we do and that work should be fun and enjoyable.

These values are just as true today as they were thirty, forty, or fifty years ago. We must never forget them as we look to the future and plan for our future advancements.

So, let's all resolve to pull together to get through these tough times, and use these principles in building for the future.

Frank B. Stevenson

MAY COVER

Dick McKay is shown surrounded by floats and vans in the Trailer Division storage area. Dick will be retiring May 30th after thirty-one years with Lufkin Industries. See the related story on pages 4 and 5.

THE ROUNDUP

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James Horton, Director of Personnel /
Corporate Communications

Michael Mark, writer

Kurt Martin, Mgr. AV/Photographic Services
Viron Barbay, Photographer

Hazardous Material Safety!

by Michael Mark

What hazardous materials do you work with everyday? How hazardous are they? What makes them hazardous? What will happen to you when you come in contact with them?

Do you know any of the above? Jared Satterwhite, Corporate Safety & Health Director, does and by the time you read this you will also.

"If you work with it, you have the right to know what it will do to you," Satterwhite said. "Our HAZ-COM (Hazardous Communication) program is specifically designed to inform all employees of any hazardous materials they may be working around, what possible short-term and long-term problems could come from working around them and how to work with hazardous materials safely. This program is designed to prevent occupational injury and illness through education.

"This program is the result of an OSHA (Occupational Safety & Health Administration) regulation which Congress made into a law. While the law itself has a long name and lots of numbers, the common name being used with it is the Employee's Right to Know Law."

Every drum, bottle, bag, box, crate, brickett or whatever which comes to LUFKIN is subject to this law and must be properly and legibly labeled with all information needed for everyone to know how to properly handle the substance. There must also be an MSDS (Material Safety Data Sheet) on file in the Safety Office and in the work area on hazardous materials or chemicals which are used by LUFKIN.

The Safety Department is currently compiling the information on



Nick Durham conducts a physical inventory of the chemicals, cleaners, and other materials stored in Foundry warehouse at delivery station #4.

approximately 700-800 MSDS's which have been received.

How will you know about all of this? Satterwhite stated very pointedly, "Every LUFKIN employee who may come in contact with a hazardous material will be trained in how to safely work around the material and how to be aware of the hazards involved. Obviously the vast majority of this training will concern production area personnel, but it will not be limited to those people.

"All employees who could be affected by a hazardous material, whether they are supervisory or non-supervisory personnel will be trained in this program."

Even before the program was fully implemented LUFKIN was getting back some benefits. Satterwhite explained,

"We found any number of different places where the same material was being ordered in small quantities by different departments. We found that by ordering the same material, but in larger quantities we could meet everyone's needs and save money.

"We also found that there were materials being used here which were hazardous, and after checking we found that they could be substituted for with materials that were not hazardous and could still meet our needs adequately."

Satterwhite summed up LUFKIN's feelings by saying, "This is a law which will make all of us aware of what is going on around us and which will make every area of our plant a better and safer place to work."





The

I know.

I started watching him more closely and asking more questions of the Trailer Division employees. I wanted to know why the Trailer Division was so successful.

When you think about it, isn't it a little strange for a man, with a degree in accounting from the University of Texas, to be running a trailer factory. He had never towed, designed, welded or otherwise manufactured, smelled, or possibly touched a trailer. Yet, Dick had seemingly turned the division upside-down.

Trailer Division sales in 1979 when Dick took over the reins, were slightly over 31 million dollars. Sales in 1984 were double that figure, with the 1985 figures at 61.5 million.

I asked Dick about the Trailer Division's success, "Well there is a reason for that and I can't take credit for it. You know they have changed the size of trailers and prices today are different. But the secret of this place is the people out here. These are quality people and they know their business. They helped me everyway and what little I know about the trailer business I learned from these people out here.

They did their job and it sure made it nice for me. I get a lot of the credit, but that's not right because these folks know their business and they are good at it."



On May the 30th, Dick McKay will retire as vice-president of the Trailer Division from Lufkin Industries. Dick started his career with Lufkin Industries in the billing department, in August, 1956. He has served as the Machinery Division Purchasing Agent, Vice-president and Manager of Industrial Supplies, and Vice-president of the Trailer Division.

The first visits that I made to the Trailer Plant impressed me in a peculiar way. It was not a bad impression, with two facts prevailing. Each trip involved taking pictures for solving problems and everyone that you talked to worked for Dick McKay.

Do you see what was shaping up in this newcomer's mind? The Trailer Plant had many problems and everyone worked for Dick McKay.

I didn't honestly think that they had so many problems, and I realized that those people were making improvements and increasing productivity. But, you could phrase the question however you liked....Who is your boss? Who is your manager? Who is your supervisor? Everyone claimed Dick as their immediate boss? I was beginning to think that Dick was Lee Iaccoca's brother, or maybe Dale Carnegie's nephew. I knew that Dick had to be the most dynamic person employed by Lufkin Industries. Then I met Dick Boy! Was I surprised. Dick's not dynamic at all. He is just one of the nicest, warmest people that

Real McKay!

"What little I know about the trailer business I learned from these people"

Now read that statement again and you will learn something about Dick McKay. "The secret of this place is the people"; Dick recognizes the greatest resource is people. "They know their business"; Dick respects his employees' knowledge of the trailer business. "They helped me everyway and what little I know about the trailer business I learned from these people"; Dick put complete trust in the employees of the Trailer Division and he has listened to them. "They did their job and it sure made it nice for me"; how often

have you complained about your co-workers impeding your work or left them out when you bragged about "your success".

Forgive my sermonizing, but we have emphasized teamwork in many articles and columns over the years, and here in Mr. McKay is a real team player.

You might wonder where Dick learned teamwork. He attended public school in Lufkin, then attended four institutions of higher learning before he started earning a



Dick McKay is presented a barbeque by Lavan Watts, from the employees of the Trailer Division.

living. These were: East Texas Baptist College; Stephen F. Austin University; University of Texas; and the Southern Methodist University Law School. Dick also spent three years in Germany, as a radio repairman in the signal corp of the Army.

This hasn't answered the question of where Dick learned teamwork, and maybe we don't need to answer the question. What we can do is reflect on the good of it in Dick McKay. I can't think of a better honor than for people to want to claim you as their boss. If you are someone's supervisor, take some lessons from Dick: Respect your employee's knowledge. Don't wait for something to appear in the suggestion box; solicit your employees ideas. Listen to your employees and grasp exactly what they are saying. Communicate responses to their input. Let them do their job. And most of all, enjoy what you're doing.

We have had so many fine employees retire from this company, that it is hard to turn loose of all that knowledge and experience. We will miss all of those who have left and we will miss The Real McKay. Thanks for what you have left for all us . . . Boss.

Story and photos by Kurt Martin

Golf Tournament Highlights



First place scramble team: (left to right) Thomas Anderson, Jo Ann Anderson, Jimmy Little, and Ray Stephens.



Second place scramble team: Barney Ray, Darcy Faircloth, Cheryl Faircloth, and Jim Masters.

Gray skies and occasional mists, did not get in the way of stiff competition in the annual company golf tournament.

This year something new was added that added pressure to the individual scores. The best individual score would determine who would represent Lufkin Industries in the Crown Colony Pro-Am golf tournament.

After the regular 18 holes, Jim Still, Machinery Sales, and Doug Williams of Material Control, were tied at 80.

It only took one hole of sudden death play to decide the winner. Doug took a par while Jim 3-putted to a bogey, making Doug the champion.

Doug played in the Pro-Am for Lufkin Industries on April 28th.



Doug Williams, right, and Jim Still, left, display their 1st and 2nd place trophies.

Credit Union Sets Milestone!

The assets of the LFM Federal Credit Union crested 10 million dollars in April, almost doubling in one year's time. Martin Cortines, manger of the credit union, reported that the shares on deposit are 8.8 million and IRA's on deposit are 1 million dollars.

According to Martin, "We paid out 190 thousand dollars in dividends for the first quarter of '86."

The financial report card of the twenty-two year old credit union looks great since the first 700 dollars were collected in 1964, especially in the last year with the unsettled economy in the oilpatch.

The credit union staff is real proud of their new computer system. It is improving all the services offered with speed and accuracy.

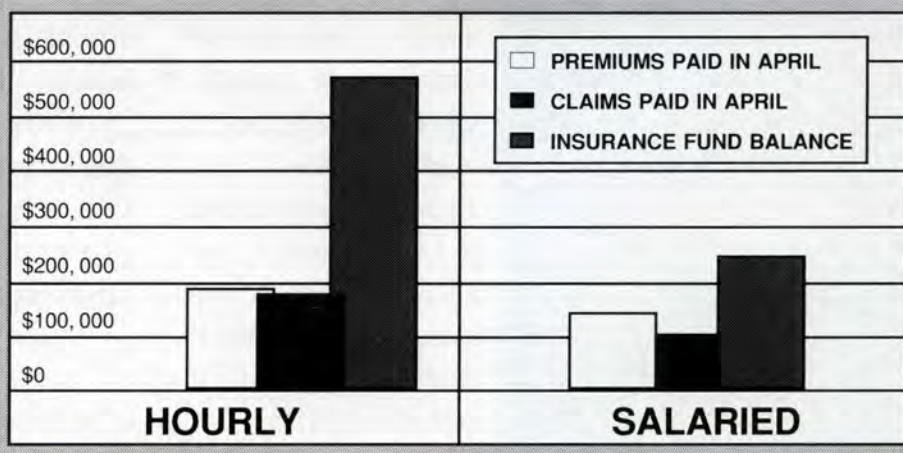
Martin wants to remind everyone that there are loans available for new cars, used cars, home improvements, vacations, satellite dishes, boats and facelifts.

Current interest rates for loans are: new cars, 11%; used cars, 14%; signature loans, 15%; and share loans are 10%.

Interest paid for shares on deposit is 8% for balances less than two thousand dollars and 9% for balances above two thousand dollars.

If you haven't joined the credit union, drop by and visit with Martin, Linda Smith, Lisa Anglin, Leona Kendrick, and Sarah Lewis.

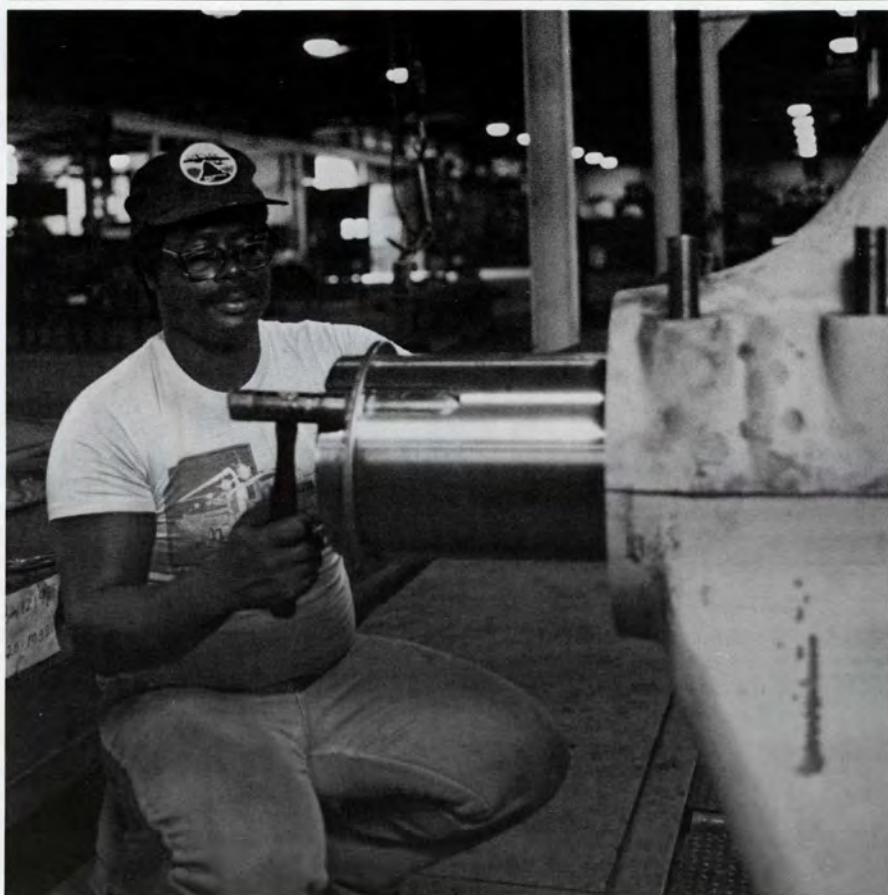
Insurance Update



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The Lufkin Team



Vernon Woodson

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William Cooper

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