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**A CENTURY OF ENTREPRENEURS:
THE LUFKIN INDUSTRIES STORY, 1902-2002**

by Bob Bowman

When American settlers migrated to Texas early in the 1800s, they found vast virgin pine forests, almost park-like in appearance, between the Trinity and Sabine rivers. Entrepreneurs soon built a few sawmills powered by steam and hand labor, but for the most part, the lumber industry in Texas was confined to Orange and Jefferson counties, located on the coast of the Gulf of Mexico. Lacking alternative transportation methods, logs were floated down the Sabine River, sawed into lumber, and placed on steamboats bound for Galveston and other ports.

It was not until the 1880s, when Houston railroader Paul Bremond built a narrow-gauge line from Houston to Shreveport, that large sawmills found a reason to move into interior East Texas. Most of the new mills – located in places such as Diboll, Lufkin, Corrigan, and Cleveland – were built within close proximity to Bremond's Houston, East and West Texas Railroad, giving them overnight access to Houston and Shreveport as well as connecting railroads capable of carrying lumber to Dallas and other distant cities.

One of the region's earliest sawmills was the Angelina County Lumber Company, located in the community of Keltys, a few miles north of Lufkin. In 1888, German immigrant Joseph H. Kurth purchased a small sawmill from the Keltys family and took on three partners, merchant Simon W. Henderson, Sr., and brothers Sam and Eli Wiener. The mill was incorporated in 1890 as the Angelina County Lumber Company. By the turn of the century the company was part of a rapidly growing industry in Texas. In 1907, the state reported an annual production of 2.2 billion board feet of lumber, the third highest figure among the United States.

As the lumbering industry grew in East Texas, sawmills reached out farther for timber, and more railroads were built to reduce logging costs. By 1900, steel railroad equipment had replaced wooden tram tracks and larger locomotives and flat cars penetrated deeper into the woods for timber. Whenever repairs were needed for locomotive or sawmill equipment, parts were purchased in Houston, Rusk, or Tyler. Often, major breakdowns forced mill owners to do business with firms as far away as Milwaukee and St. Louis. Sawmills were sometimes shut down for weeks as the owners waited for the arrival of spare parts, resulting in lost revenues for the mill owners and layoffs for the sawmill workers.

The Kurth, Henderson, and Wiener families, who had expanded their holdings to include other sawmills throughout East Texas, decided to address the machinery-and-parts issue. To them, Lufkin seemed an ideal location for a foundry and machine shop, so in 1902 J.H. Kurth and Frank Kavanaugh, Sr., owner of a small repair facility in Rusk, Texas, agreed to move the Rusk

foundry to Lufkin. On February 28, Kavanaugh, his son Frank, Jr., Simon W. Henderson, Sr., and Eli Wiener signed a company charter as founding directors of Lufkin Foundry and Machine Company. The charter said the company was founded "for the purpose of purchase, manufacture, and selling all such machinery, as is manufactured and repaired from ... iron, steel, brass, copper, zinc, tin, lead, etc., and for the purchase of such material as may be needed therein or pertaining to said manufacturing establishment."

The company's board of directors elected Kurth president, Kavanaugh Sr., vice-president, Wiener secretary-treasurer, and J.A. Peavy, one of the original shareholders, assistant secretary-treasurer. R.B. Shearer, a Lufkin businessman, sold three lots located on Block 88 of the City of Lufkin to the new company for \$850 in June 1902. Construction of the foundry was an important event in a town that depended on timber and sawmills for its livelihood. The foundry was located one block from Cotton Square, which in 1902 was the center of business, social, and political activity in Lufkin.

Kavanaugh moved his family to Lufkin and Lufkin Foundry and Machine Company began repairing sawmill and locomotive equipment. An ad placed in the *Lufkin Weekly Tribune* proclaimed that the foundry was equipped with new and up-to-date equipment such as slotters, shapers, boring mills, lathes, planers, hydraulic presses, pipe machines, drill presses, cold saws, and radial link machines. The foundry had a locomotive pit to run engines into the shop for repairs or rebuilding. The company also provided a variety of supplies to sawmills, including saws, nuts and bolts, chains, and other goods.

Each morning, J.H. Kurth, president of both the foundry and Angelina County Lumber Company, rode his horse-drawn buggy from Keltys to Lufkin to visit the plant and discuss business with its manager. During the twenty-eight years he served as president of the foundry, Kurth never had an office there, preferring instead his daily, two-mile jaunt.

Lufkin Foundry and Machine Company was one of the first industries built to serve the needs of East Texas' sawmills and, with Angelina County Lumber Company, paved the way for Lufkin's industrialization. The senior Kavanaugh and his son often went to the sawmills to repair and check machinery and specialized in "hurry up jobs."

The company's future directions were put in motion in 1905 when W.C. Trout, a thirty-one-year-old sawmill machinery salesman from Milwaukee, took an interest in the fledgling foundry, bought forty shares of its stock, and was elected secretary of the company, succeeding Eli Wiener. Trout was born on April 10, 1874, in Peterboro, Ontario, Canada, the oldest of five children in the family of W. H. Trout, an engineer active in the Canadian and Wisconsin lumber industry. W.C. Trout wanted to be a horse doctor and worked as a veterinarian's assistant. Toward this end, he was assisting with surgery on a German farmer's mule and told to administer the chloroform and watch the mule's eyes. If they failed to blink, he was to remove the chloroform. But Trout became so interested in the operation, he forgot to watch the mule's eyes. The mule never blinked, and Trout's career as a vet ended.

Before arriving in Lufkin, Trout worked in the laundry business, in a machine shop, and finally wound up designing and selling sawmills in the South, where the industry was booming. The move to East Texas appealed to his ambitions, and when he came to Lufkin he already had several inventions under his belt, including a carriage which moved the log toward the saw and produced the proper thickness of boards, and the Trout steam feed valves, which were made in Lufkin after Trout arrived.

The senior Kavanaugh was named vice-president and general manager of the company in 1903, but resigned in 1906, and moved to Mansfield, Louisiana, to manage another foundry.

Trout was always at his office at 6 a.m., went home for breakfast, lunch, and dinner, and returned to his office after dinner, working late into the evening. He was not content for the foundry to remain a repair shop and in a short time designed the shop to manufacture machinery to equip the sawmills of East Texas and Louisiana. His routine was to travel to a sawmill, sell a job, return to Lufkin, design the machinery, and have it built by his foundrymen. His designs, it has been said, were "hell for stout."

The company struggled in the 1920s and frequently had trouble collecting for its work. On one of his visits to the foundry, Joseph Kurth asked how collections were coming. The treasurer said, "We expect a lot of checks in the mail next week." Kurth then asked how many bills the company owed. The treasurer, said, "Not many, I sent checks yesterday to cover all our bills." Kurth was astonished. "You mean you mailed out checks with no money in the bank to cover them. Young man, you're going to end up in Huntsville." But the checks arrived just as predicted.

By 1923, the foundry had a payroll of \$350,000, and W.C. Trout went shopping in the oilfields for a product to compensate for the foundry's declining sawmill and locomotive business. With oil discoveries at Spindletop in 1901, Saratoga in 1902, Sour Lake in 1903, and Humble in 1905, oil had become a major industry in Texas. But the method of extracting crude oil from the ground, the standard oilrig using a walking beam and sucker rods, had not changed since oil was first produced in the 1800s.

Lufkin Foundry and Machine Company had made some oilfield equipment, largely for refineries, during World War I, and in 1923 began producing rotary drilling equipment. The Lufkin-Taylor rotary was an improvement in rotary drilling for oil and was among the first oilfield equipment made by the company. The company also built giant central power units which could pump as many as thirty wells at a time. These were commonly called "pump jacks" although the term is often mistakenly applied to pumping units. The company also made swivels, traveling and crown blocks, and other pieces of equipment used in the oilfield.

Trout traveled all over the oilfields seeking business for his company and constantly heard complaints about the old standard rigs. In 1923, he went to lunch with Ross Sterling, president of Humble Oil and Refining Company and a future Texas governor. Sterling described an experiment his company's engineers were conducting in an Orange oilfield, and challenged Trout to build

a worm-gearred apparatus for pumping oil. As a result, Lufkin Foundry and Machine Company built the first gear-enclosed oilfield pumping unit and installed it on an Humble well at Goose Creek, now known as Baytown. But the units did not stand up as well as Trout wanted. They were often too small to handle large amounts of water, resulting in failed gears and cracked shafts. The experiment cost the company some \$100,000.

Trout did not give up. W.L. Todd of Standard Oil said he liked the geared unit but would not purchase it until some type of counter-balancing was developed. During a lunch in 1925, Trout made pencil sketches of his counter-balancing ideas. Using his sketches, the company's shop crews experimented with rotating counter-balancing ideas.

In August the company came up with a unit Trout liked. It was installed in the Hull, Texas, field of Humble, where it worked to everyone's satisfaction. Trout later wrote, "The well was perfectly balanced, but even with this result, it was such a funny looking, odd thing that it was subject to ridicule and criticism, and it took a long time, nearly a year, before we could convince many the idea was a good one." The design patented by Trout in 1926 led to nearly two decades of dominance by Lufkin in the manufacture of the unique pumping unit, now the standard throughout the world. In the 1930s, the company's sales soared as more and more oil fields were discovered in the United States, but the company suffered with the arrival of the Great Depression, although less than many others largely because it had little debt and a cash reserve. The company had manufactured cotton gins since the 1920s, but when the price of cotton collapsed, this aspect of their business folded. In 1932 the company shipped only thirty-two pumping units.

By the middle of the 1930s, the Lufkin Foundry's business began to improve, and a new oilfield product, the twin-crank pumping unit, was created. The company began developing international markets. Business was so good that in 1939 employees received a Christmas bonus for the first time. To celebrate, Trout planned a trip to Europe for his family, but when he applied for a passport he discovered, much to his consternation, he was not an American citizen, but a Canadian.

By now, Trout had thirty-four patents for sawmill and oilfield equipment and his employees in Lufkin had nine more.

The 1930s were eventful for the company and Lufkin in two other ways. During his travels in St. Louis, Trout discovered that a malleable iron foundry in the city was having labor problems. He convinced the owners to move to Lufkin and in 1938, Texas Foundries, Inc., was chartered in Texas. The company produced its first castings on March 17, 1939, with Trout as its first president.

In September 1939, an acquisition by Lufkin Foundry and Machine Company led to another product strongly identified with the company, highway trailers. That year, the company bought the Martin Wagon Company, which had been founded in 1910 to make eight-wheeled wagons to haul logs from the woods to the sawmills. Daniel Webster Martin had invented the eight-wheeled carts for use in the logging industry, but Lufkin Foundry and Machine

Company found that with improvements, the eight-wheeled vehicles were ideal for moving heavy equipment in the oil fields. From the purchase of Martin Wagon Company, the foundry began making products to serve the trucking industry, including van-type trailers and other vehicles in daily use on America's highways. The company's first van-type trailer was designed and built for the Beall Brothers Department Store chain of Jacksonville, Texas. It was called the Lufkin Liner.

In 1939, Lufkin Foundry also built the first commercial gears for Southland Paper Mills of Lufkin, the first paper mill to manufacture newsprint from Southern yellow pine wood fiber. At the time, Chicago had the closest gear manufacturer. With the gear reducer as the heart of its pumping unit, it was a natural transition for Lufkin to manufacture gears and gear reducers for industries in Texas, leading to the foundry's third major division. By 1982 – forty years later – half of the original Lufkin-made gears in the Southland paper mill were still running.

While the development of the pumping unit dominated activity at Lufkin Foundry and Machine Company in the 1920s and 1930s, no less an impact on the company's future was made by the men and women who committed their futures to the company. Many of the employees who came to work before 1920 stayed, and many new employees who arrived in the 1920s also remained until their retirement. The employees were hard-working, tough, and exceptionally loyal. There were also a few characters, such as Jake Cahal, a one-armed watchman noted for his punctuality. Cahal watched the clock until exactly twenty-five seconds before time to blow the whistle. Then, in a long sweeping walk, he would move to pull the cord in the blacksmith shop. Cahal was so beloved that his fellow employees took up a collection to buy him an artificial arm.

Another character, John Kimball, a former railroader who was accustomed to hard work, had little patience with slackers and cursed incessantly. One day, Kimball almost severed his finger at the first joint. He bit off the rest of the finger, put his glove back on, and continued working.

One of the strangest initiation ceremonies for new workers in the shops was the badger fight. A new employee, equipped with stovepipes to protect his legs, was handed a chain restraining a dog and a rope attached to a badger inside a wooden box. With a surrounding crowd yelling at him and warning him to watch out for the badger in the ensuing dog fight, the new hand yanked the rope, emptied the box, and, to his surprise, dumped out a chamber pot filled with scrap metal. The "badger fights" continued for twenty years and amazingly no one ever revealed the sting to the next victim.

With the arrival of World War II, the company found itself immeshed in the production of war weaponry. Employees made final-drive gears for Sherman tanks; marine gears for Army cargo boats and landing craft; carriages for 155mm Howitzers; and three-pound cast-iron practice bombs for Navy pilots. In its trailer division, the company produced truck trailers, mobile laundry units, and gasoline transports.

By 1943, eighty-five percent of the Lufkin Foundry's production was for the war effort. The company operated three shifts, including Sunday, and for

the first time women were employed in the shops as welders because male laborers were difficult to find.

W.C. Trout urged his employees to buy war bonds and plant victory gardens. He made available a pasture behind the plant for those who did not have garden spots. Washington officials, including Congressman Lyndon B. Johnson, were frequent visitors to the plant and security measures were tight. When the Army and Navy instituted its "E award" for excellence in the civilian supply system, the company was one of the few war plants in the country to be given an E-flag and lapel pins for all employees.

One of the most interesting stories involving the company during the war occurred in 1942 when a Japanese submarine sneaked along the California coast and fired two torpedoes at the Ellwood oil field. The only casualty was a Lufkin pumping unit. It was the only war damage inflicted on American soil.

Along with war weaponry, the company added several new products to its line during the 1940s, including a gasoline engine primarily for pumping units, a smaller beam balanced pumping unit, heavy-duty worm winches for rear mounting on crawler tractors, and hoist and truck winches. The company also began making castings of highly alloyed iron. With nearly \$20 million in government business during the war years, the company took a giant leap in prestige and customer service. It was never a small company again. When Lufkin's Johnnies came marching home, they found a stronger, revitalized company and in 1945, W.C. Trout organized the first company-wide employee Christmas party.

When Trout marked his seventy-second birthday in 1945, 800 employees surprised him with a barbecue and gave him a framed hinge from the company's first machine shop door and a poem that included this phrase: "Recall all those machinists, wearing aprons worn to a fringe. And from this group comes Jess Belote, who saved for you this old hinge." Two years later, Trout found himself in declining health and asked to be relieved of the company's presidency. He passed away on April 24, 1947, and Belote, his old machinist buddy, and other employees paid for a plaque honoring Trout's leadership.

In January 1948, the company's board of directors named Walter W. Trout, W.C. Trout's son, as president. The younger Trout had been born in Milwaukee, came to Lufkin with his family, and was educated in Lufkin's schools. He worked in the foundry as an errand boy and thought he was on the company's payroll, but he later discovered his father was putting the cash in his pay envelope.

Under Walter Trout's leadership, the company's world-wide sales force was enlarged, the gear business came of age, and the Trailer Division, as well as a mill supplies division, were expanded. But Trout may be remembered best in Lufkin for a Christmas gift he received in 1965, which produced international media coverage. For years, Trout had promoted the idea of a small zoo for Lufkin, and an old friend, C.B. Wentworth of Philadelphia, promised to donate a small, exotic animal to Trout's zoo. When the animal arrived in Lufkin, it was exotic, but far from small. All Trout could say when he saw his Christmas gift standing in a delivery van was "Good grief." The hippopotamus, nicknamed Hippy by the children of Lufkin, became the nucleus of Lufkin's

Ellen Trout Zoo, now one of the finest small-city zoos in America.

By the 1950s, Lufkin Foundry and Machine Company had established a world-wide reputation for sturdy, dependable oilfield pumping units, commercial gears, and cargo trailers. The company's employees continued to come up with new products, including an air-balanced pumping unit, after purchasing the rights to the invention from Lacy Oil and Tool Company. The air-balanced unit enabled the recovery of large volumes of oil from greater depths. Company engineers also began researching the use of ductile, or nodular, iron, and became a world authority on its use. In 1954, the company developed nodular iron gears for use on its pumping units and set an industry standard.

During the 1950s an important visitor to the company's trailer plant was Wild Bill Elliott, the Saturday matinee cowboy star. Elliott came to Lufkin to pick up a custom-made van, which included a dressing room for movie locations with compartments for six horses and another area for tack equipment.

With the arrival of the 1960s, Lufkin Foundry and Machine Company grew bigger. It began manufacturing the Mark II pumping unit, which used a uniform torque system, and the Bethlehem Supply Company and its inventory of pumping units was purchased. Moving Bethlehem's equipment and inventory to Lufkin from Tulsa required 147 truckloads and seventy-seven railroad cars. The company also undertook its largest capital expansion program by building a new trailer manufacturing location south of Lufkin. The building, the largest ever built in Deep East Texas, covered eight acres under one roof.

Robert L. Poland, who joined the company as an engineer after World War II, became the company's fourth president in 1967, succeeding Walter W. Trout. One of Poland's achievements was to change the company's name to Lufkin Industries, Inc., in 1970. The company's old name had been shortened to Lufkin Foundry, and Poland felt the company's image as a world-class machinery manufacturer was being diluted when customers were greeted by telephone operators using the blacksmith-sounding name, "Lufkin Foundry." The company literally dominated the pumping unit market. Where there were twenty pumping unit makers in the 1950s, only two remained in the 1970s.

Walter W. Trout died in 1971, and the company's employees placed a plaque honoring his service alongside the one honoring his father. The 1970s also saw Lufkin Industries experience its greatest growth in history. By the end of the decade, thanks largely to the 1970s oil embargo, the company exported twenty-six of every 100 pumping units it built. In 1979, it shipped machinery to all fifty states. Today, it serves Puerto Rico as well.

In 1970, at least seventy percent of the 100,000 pumping units built by the company were still in operation. The one-hundred thousandth unit, a conventional unit using the same type of counter-balanced crank as the one designed by W.C. Trout in the 1920s, was painted gold and shipped to a Gainesville oil field with a historical plaque.

One of the company's units did more than pump oil. A Lufkin-made, air-balanced unit was used by the Atomic Energy Commission in 1971 to pump

water from a cavity holding a nuclear device 6,000 feet below Alaska's surface. The unit, weighing 80,000 pounds, was the largest pumping unit in the world. In recent years, another Lufkin unit was set up on the rim of the Grand Canyon to pump water from the river below to the rim as part of an effort to relocate an Indian settlement from the canyon floor. In 1976, another Lufkin pumping unit went on display in the Smithsonian Institute in Washington as part of a bicentennial exhibit.

Other Lufkin pumping units have found their way into museums. One was placed in Odessa's Permian Basin Museum, another went to the East Texas Oil Museum at Kilgore, and a third rests in Shreveport's Sci-Port museum. And a little-known Lufkin product, a chain saw, may be viewed in the Texas Forestry Museum at Lufkin. More company gears were turning up in marine vessels, including two booster retrieval ships used off Florida's coast near the Kennedy Space Center.

In 1977, Lufkin Industries marked its seventy-fifth anniversary as one of Texas' most venerable business institutions. It did so at the peak of its prosperity. Oil prices were at their highest levels in history, which created a new momentum in drilling in the U.S. and on foreign soils. Sales of the company's pumping units, now considered the standard in the oilfield, reached record levels.

The surge in the 1970s enabled the company to modernize and expand its manufacturing facilities and build cash reserves to more than \$100 million while adhering to its long-time conservative business principles. As it turned out, that conservative approach probably saved the company's life. As the 1980s arrived, oil prices plummeted, drilling activity came to a halt, and the oil patch found itself in a deep slumber. The collapse of the oilfield economy carried with it banks, real estate, and other segments of the economy.

Fortunately, Lufkin Industries' considerable cash reserves helped ride out the storm. Few industries were able to sustain annual losses of \$10 million or more for six and seven years and survive. But Lufkin did. Most of the company's employees remained on the payroll and the company's shareholders continued to receive dividends. The company's solid reputation for building durable, long-lasting pumping units also helped. While some 200 pumping unit manufacturers collapsed, Lufkin was still selling units, but far below the numbers to which salesmen were accustomed.

In 1985, Bob Poland retired as the company's fourth president and was succeeded by another engineer, Frank Stevenson, who, like so many of Lufkin's executives, began his career in the ranks. Stevenson had the misfortune to preside over the company during most of the 1980s as the drilling slump deepened. In 1993, Stevenson retired and Douglas V. Smith was invited to succeed him after twenty-one years with Cameron in Houston.

A more favorable industrial economy, accompanied by restructuring, resulted in the return to profitability during the 1990s. Under Smith's leadership, the company pursued a strategy of modernizing its operations, extending its marketing efforts around the world, and adding businesses and products that fit the company's expertise.

Several acquisitions in the U.S. added to the service capabilities and introduced Lufkin to the computerization of the oil patch. Today, the company's service personnel can be found installing and diagnosing controls that are not only manufactured but also programmed by Lufkin employees using state-of-the-art systems.

Lufkin oilfield products are manufactured around the world, including facilities in Canada, Argentina, Venezuela, and Indonesia – all important markets for Lufkin. Simultaneously, marketing offices have been added in Japan and Europe to support the gear business. A gear manufacturer was acquired in eastern France to support the company's European efforts. New product offerings came with this acquisition, including applications for hydroelectric generation and even another oilfield product used on drilling rigs.

The company's trailer and foundry divisions also serve a greater number of market segments with additional products and first-class facilities. The company's foundry produces 400 tons of iron per day for a variety of customers, not just for internal use.

With the arrival of 2002 and the company's centennial, Lufkin Industries has overcome much of the slump of the 1980s although oilfield activity may never be the same in the U.S. Its employees are apt to find themselves on the working end of computers every day, something seldom imagined a few years ago. And assembly work requires more brain than brawn today. But Lufkin Industries has maintained much of the flavor of the early days in its concerns for safety, quality, and the involvement of its employees. The company employs many children and grandchildren of its early employees and, like their forefathers, they still contribute immensely to Lufkin's history and progress.

Lufkin Industries "went public" in the 1950s, but the founding families, the Kurth, Henderson, and Wiener families, still hold an ownership position in the corporation. The direction, principles, and ethics of the company reflect their standards and expectations.

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