

# Sooner Scene

## A DISTINGUISHED ALUMNUS RETURNS TO O.U. WITH ADVICE ON PROFITS AND PROGRESS

**S**PRING is the time for evaluation, tension, honors and commencement on every college campus. Included for honors are usually prominent alumni who have demonstrated in open competition the real values of a college education.

When Lewis H. Bond was elected to honorary membership in Beta Gamma Sigma on May 5, 1962, his spectacular career highlighted for the undergraduates the old-fashioned virtues of intelligence, hard work, perseverance, integrity and character. Lewis Bond graduated from the University of Oklahoma with a B.S. degree in petroleum engineering in 1947. As an undergraduate he achieved membership in the engineering societies, Tau Beta Pi and Sigma Tau. He married a University of Oklahoma coed from Sentinel, Oklahoma, Le Kathrin Ozbrin, and moved to Texas to begin a career as a petroleum engineer.

However, in January of 1953 he accepted a position at the Fort Worth National Bank. His rise in this new career was rapid, and he has been president and director of the bank since March of 1959.

In his remarks to the students during his recent visit to the campus he had some very interesting comments on the relationship of "Profits to Progress." Here are some excerpts:

"You and I live in a nation whose people are the best fed, clothed, sheltered, medicated and entertained people on the face of this earth. What you and I have is what all of the "have-nots" in this world want and covet and would like to take away from us. The benefits and advantages we enjoy daily, and which we almost take for granted as our birthright, were made possible by our free enterprise system based on invested capital seeking a profit.

"Whether we are the sole owners of a business or partners, or if we invest our time and talents in an enterprise as employees, we are seeking a common objective . . . profits . . . Profits on our investment of capital or our labor.

"But here we have the traditional oversimplification of something with complex ramifications, not to mention taxes, poor management, losses, overhead, reserve for bad debts, an occasional employee with sticky fingers, unexpected liabilities, and dozens of other factors that can prevent profits.

"In a well-managed business, these stumbling blocks can usually be overcome

if the organization is sufficiently imbued with the profit-making philosophy. This is not much of a problem with a small owner-managed proprietorship. An individual in business for himself is well aware of the necessity for a profit. He is cost-conscious in the extreme, because the results of his actions are reflected almost immediately in his income. In larger companies, however, it is sometimes easy to lose sight of this, because of the magnitude of the operation. Not only the employees, but even the management of these companies, sometimes has a distorted view of the relative importance of the several goals which a company may have. For example, last September the National Industrial Conference Board and Stanford Research Institute held several round table discussions in San Francisco. Fifty industrial leaders from all over the free world participated in discussions of the major goals and problems of business. One of the questions considered was "Why are we in business?" Each participant answered the question as it related to his own business, and a number of them mentioned that, of course, it was necessary to make a profit, but quickly went on to some other objective, and several of the executives stated that profit was not the primary reason for being in business.

"I doubt if any of us would enjoy a business in which profit was the only motive, because all of us like the personal satisfaction of selling a quality product, or of performing a worthwhile service, or of contributing both time and money to civic and social progress. The point is that profit is the one essential which makes all the rest possible.

"I am talking about activities that make profits in the long run, and not the kind

of expediency that concentrates on today's dollar, with no thought for the result it will have on tomorrow. In other words, conducting a business so that year in and year out the customers will be satisfied and will help the business grow and prosper.

"It is no secret to anyone who follows national trends that the profit margins in companies in general have been shrinking steadily over the past 10 or 15 years. Revenues are up sharply over this period, but costs have increased at an even greater rate. While wages, taxes and, in fact, practically every other segment of our national economy have expanded with inflationary pressures, corporate profits have gone the other way, accompanied by capital expenditures for plant and equipment.

"There are, of course, a number of reasons for this profit squeeze, but probably one of the most important is the fact that costs, particularly labor costs have risen faster than productivity.

"Another reason is, I think, that we are living in an increasingly competitive world, and *world* is the proper term here, because our industries are now competing with those in many foreign countries, often in areas of extremely low labor costs by our standards.

"There are many attacks on profits these days, from sources both responsible and irresponsible and, from within the government and without. The very word has begun in some circles to have a slightly disreputable connotation. To me, it has a different significance.

"Profits are the spur to economic progress, and the main reason that new ventures are organized. The reason people buy stock in a new enterprise is to share in its future profits — they hope. We in banks examine closely a company's profit performance when we are considering a request for credit. The profit system is our country's principal bulwark in the race with Russia for world supremacy. If profits are squeezed so badly that industry cannot modernize and expand, we will lose the race." —RBG

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