

Episode 13 **Focus & Culture in a Family-Owned Business (CNC Software)** **August 15, 2019**

Martin Geitz: Welcome to this episode of Simsbury Bank's Manufacturing Matters. My name is Martin Geitz. I'm president and CEO of Simsbury Bank. And I'm delighted to be here today at CNC Software in Tolland, Connecticut to speak with, uh, Meghan Summers, uh, West. Who is the CEO of CNC Software. And I'm delighted to be joined also, uh, by uh, Mark Summers, who is a co-founder of CNC Software. And we're here to talk about their strategic direction and, and, uh, how they've built a really incredible company here. Uh, here in Connecticut.

Martin Geitz: You may wonder why we are, uh, in a series of podcasts and, and, uh, videos focused on manufacturing. What are we doing in a software company? Well, you're gonna learn that here. As a software that drives many of the CNC machines around the country, um, is developed right here by this company. Uh, which is terrific.

Martin Geitz: So, uh, welcome. I'm very delighted to be here with you. And thank you very much for, uh, for participating with us today. So Meghan, maybe we can start off and you could actually talk a bit about, uh, what the company does. CNC Software. Also, uh, you go under the name Mastercam I understand. Uh, and, uh, how you go about your business.

Meghan West: Sure. So first thank you for having us. It's, it's nice to have you here today. Um, so CNC Software is a 35, actually 36 year old company. Uh, we were founded in 1983. And we are located here in Tolland, Connecticut. Um, our flagship product is called Mastercam. And Mastercam is a CAD CAM software that drives CNC Machine Tools. Um, and essentially we've been doing the same thing from the very beginning. Um, 36 years ago we developed tool paths and that's what we're doing today. Uh, we are a global company. So we are in over 80 countries around the world. Um, we have resellers that sell the product. Um, and supply the manufacturing industry.

Martin Geitz: Incredible. And, uh, Mark maybe you could share with us and our listening audience, uh, how, how you got the company going. How, how did this come together?

Mark Summers: Well, it was a long time ago but I remember most of it. I had always wanted to start a business. I worked for a, a machine tool company. And I had a lot of contacts with the customers that, um, had purchased their first CNC Machine Tool. Which was kind of a interesting time back in the early 80's. They were not

as prevalent as they are today. Everybody was buying their first one. And so I got to witness a lot of these, um, situations. But, uh, challenges came along with the, uh, uh, first machine tools. It's like, "Great. This does a lot of cool stuff. But how do I program it?"

Mark Summers: So all of these customers have the same need. Which was, um, they needed a fair amount of math skills. And to program their machine tools. And so, um, I talked three roommates into helping me purchase a computer. And we started to develop a tool to do this programming.

Mark Summers: And, uh, eventually I showed this software program that didn't do a whole lot at the time to a customer. And, uh, he said, "Cool. I like it. Uh, I think I want to buy a copy." And I said, "Great. Uh, I don't know what to charge. But I'll come up with a number."

Mark Summers: And, so, that was kind of the start of it. And we just slowly grew it in New England. And eventually nationwide and worldwide.

Martin Geitz: It's amazing. Well, and we're sitting in a room here that is I guess a testing laboratory for you to, and, and there are, uh, I guess five or six different manufacturers of CNC Machines are represented here.

Martin Geitz: So, uh, clearly your software, uh, that you develop today can be used by a variety of manufacturers. Want to talk a little bit about that?

Meghan West: Yeah. Absolutely. I mean, there are hundreds of machine tool manufacturers. I mean, certainly, they're kind of the cream of the crop and, and we have, um, several of those represented here. Um, but yeah. I mean, anything that, that, um, drives a tool. You know? A mill machine, lathe, router, wire, um, Swiss machine tools. Um, can all use Mastercam to drive their machine tools.

Martin Geitz: It's amazing. And, and so, um, does that require you to work closely with the manufacturers and the machines in order to accommodate whatever their unique design is and process is?

Mark Summers: It, it does. Really it's a good partnership. Uh, it's an important partnership. We have, um, they provide us with machines. We, we fine tune how they're programmed and how they're run. Uh, so we, we try to make them look as good as possible. And at the same time, if we didn't have machines to, to drive, we wouldn't be able to demonstrate our software. So it's a, so it's a key partnership that we like to keep going for forever.

Martin Geitz: That's great. That's great. So speaking of forever. Uh, to have a great company over the long run, you need to have a strategic focus. And I believe the word *Focus* is central to your strategic plan. And your strategic direction. And I wonder if, uh, Meghan you might talk a little bit about your strategic focus and, and what that means to, uh, CNC software.

Meghan West: Sure. Uh, so as I mentioned, um, you know, and my dad likes to, to say this all the time is that we, we've been doing this same thing for the last 36 years. And that's creating tool paths that drive CNC Machine Tools. Uh, and we're, we're in an interesting time in the manufacturing industry where a lot of our competitors are, are being acquired by larger companies. Um, and I think what ends up happening is, is kind of a decentralization. Um, and what is important to understand about CAM is that it's incredibly complex. It's not a commodity. It's not, um, a product that a customer purchases and then just walks away.

Meghan West: Um, really what our customers are purchasing is a relationship with us because as technology, you know, gets more complex, and, and it gets harder and harder to, to run these machine tools and, um, you know, the, the technology is just amazing. Um, it takes a lot of support. A lot of training to be able to, to use Mastercam and to use it as effectively as possible. Um, and so the fact that we focus simply on CAM means that we do it the best.

Meghan West: So a lot of the competition, you know, they're focusing on CAD, they're focusing on CAM, metrology. Um, robotics. You know, there's a lot of, a lot of that going on. And our strategy has been to simply focus on, on what we do. And partner with people that do what they do best. Um, so we've got a lot of, uh, partners out there that are in the manufacturing industry. And they complement what we do. Um, but that strategy has worked very well for us.

Martin Geitz: And that's what you mean by *Focus*. Focusing on CAM.

Meghan West: Yes.

Martin Geitz: That's your piece. Yeah.

Martin Geitz: That's great. So you are a family owned business. Second generation is, uh, is now running the business. As, as you, uh, uh, continue to, uh, implement your strategy, does being a family owned business, uh, how does that help you? Or how does that create a challenge for you when you're competing with, uh, others in this, in this, uh, industry?

Meghan West: Um, interesting question. So, uh, I guess one of the things is that being a family owned business, um, there's, there hasn't been a lot of change. And, and by change I mean change for the sake of change. You know, it was probably the least amount of disruption possible in terms of a transition. So when, when the second generation took over, I was able to continue working through the same strategy that we've been using for the last 35 years. Certainly, you know, I've made adjustments and, and improvements where, where possible. Um, but you know, in terms of our reseller channel, they, they continue doing business as, as they have been. Um, and I think that was helpful. Um, same thing for our customers. You know, they, they really didn't see a, a big change. And that's good when you're in the CAM industry. You know. You want things to be, um, a good flow. Uh-

Meghan West: So that's, that's been fantastic. And then I think the other part of it is that as a family business, you know. Our focus is not on the bottom line necessarily. It's not-

Meghan West: Are we making our shareholders happy? It's are we making our customers happy? And that allows us to make decisions that are best for our customers and, and, you know, not worrying about external forces.

Meghan West: Um, so I think that's been a, a huge help.

Martin Geitz: Also allows you to think more long term. Uh-

Meghan West: Absolutely.

Martin Geitz: You're not worried about, uh, somebody looking at your quarterly results and how does that affect the stock price. So you're able to think more long term.

Meghan West: Absolutely. And, and because there's gonna be up's and downs. Especially in the manufacturing industry. There are so many, um, variables that affect that. You know, all the stuff that's going on politically. There's, you know, a lot of effect on manufacturing. Um, but we're able to kind of weather the storms a lot more, um, more stable.

Martin Geitz: Yeah. Yeah. That's terrific. So Mark, we had a smooth transition in leadership. Uh, it sounds like. Which is terrific for customers. Uh, probably terrific for employees as well. Um, what's your perspective, now that you are, uh, you know, sort of a step removed from the day to day, uh, what's your perspective on the strategic direction of the company and the focus on, you know, being really strong in, in, uh, CAM?

Mark Summers: Well, it's a good question.

Meghan West: Careful.

Mark Summers: You know? Like, like Meghan said. It's, um, I, I, I feel lucky that, um, I had somebody to transition the business to. Um, uh, and if I didn't, it would, would have probably meant a sale or some sort of merger or something like that. But, um, this transition represents the least amount of change. But in some ways the most amount because she's taken the, the ball and she's running with it. And I, um, I have to be careful about keeping out of her way. You know? I influence a little bit. But, uh, at a distance.

Mark Summers: And so, um, the direction is really to do, continue doing what we've always done but do it in a, a stronger fashion. And she's putting more energy into it. Um, so it's, it's kind of got like a resurgence so to speak. Uh, for example, I think we hired five people this week.

Martin Geitz: Wow.

Mark Summers: And so the number of people has grown dramatically. Sales have grown. Um, uh, number of partners we have has grown as well. And I think our resellers, uh, who are our partners, uh, and our customers sense this. And it's created a, um, uh, a tighter stronger company. So it's all, all positive.

Martin Geitz: It's great. That's great. You both mentioned partnerships and partners. Do you want to talk a little bit more about how that is so important to your strategy Meghan?

Meghan West: Sure. Well, as I said, I mean, so we are a small family business. And the way that we're able to compete with these larger, you know, multinational corporations is by having strong partners. So that, you know, essentially our exposure is much bigger than just being a 200 person here in Tolland, Connecticut. Um, if you add up the number of resellers, sub dealers, OEM partners, um, referral dealers. We've got about 2000 people representing Mastercam around the globe. Um, so that shows you how important partners are to us.

Meghan West: And, and the fact that we have local representation around the globe I think has been a really important piece of our strategy. So whether you're in Thailand, or Japan, or Texas, or California, you have somebody that understands the way that you're doing business. Um, and, and understands any kind of cultural, um, issues that you may be having. Or political issues that you may be having. And, and I think that's been a, a really big help.

Meghan West: Um, adding to that, you know, partners that are in the industry that aren't necessarily in the CAM industry, but in the manufacturing industry, the fact that they are representing Mastercam or that they're acknowledging that Mastercam is, is a good product to use, um, I mean that's word of mouth. And that's incredibly strong. And that's done a lot to really strengthen our brand.

Martin Geitz: Mm-hmm (affirmative). That's terrific. Um, you know, in talking about partnerships, uh, and, and talking about, um, you know, how you focus your strategy. Um, you know, one of the things that, uh, has got to be important to you also is the culture of the company. Just in walking around here today and you know, seeing some of your folks.

Martin Geitz: And seeing the campus here. It really appears to be a very, um, uh, uh, employee friendly, uh, company. Uh, which I you know, leads to a very customer friendly company. But I wonder if you could talk about the importance of culture. Do you think about culture a lot? Is that an important part of the drivers for you as a, as a company Meghan?

Meghan West: Absolutely. Um, I think that that's the beginning of it. You know, because I always say that what drives me is not necessarily, again, the bottom line. And of course we have to be a profitable company to be sustainable. That's, that's a

given. Um, but how I define success is whether or not people walk in the door and they're happy. Because if you have happy employees they're gonna be productive employees.

Meghan West: And the same can be said about our resellers. If they're happy to be partners with us, then they're going to be more productive. And that flows right into the customer. You know, if the customers are happy, they'll be loyal customers. And, and that means we end up having a profitable business.

Meghan West: So, um, yeah. I mean, I think it, it really, you focus on, on the people. Because you know, I think we're all here to make a living. Of course. But, you know, I think at the end of the day you want to be part of something that, that you're proud to be a part of, and fortunately we have a pretty amazing company that has made a very positive impact on the world. Um, you know, some of our customers have done things like create burn masks for, for burn victims. Or you know, we've got companies that send their products into outer space. And we've got products that, you know, they're, they're shaping the world. Um, and so it's, it's pretty exciting to be a part of that. But in terms of, of culture. You know, we have been fortunate enough to have the flexibility to, you know, make sure that, that our, our employees are happy. And, and it's, you know, the, it's little things, like having a, a, you know, beautiful campus to come to. Or you know, we have a garden outside that, you know, we, we pick the, the vegetables and leave them at the front. And people can kind of go grocery shopping on their way home.

Meghan West: Um, we've got a lot of groups of people that meet at lunch time and go for a run or, um, go for a bike ride. We've got yoga on Wednesdays. We have food trucks on Fridays. Um, and you know, those are some of the perks I think of the culture. But when you really get down to it, you know, if you define what our culture is, it's collaborative. It's, um, challenging but respectful. You know, we, we push people to challenge each other. Um, and do it in a respectful manner. But I think that's how we get to the best possible solution. Um, focus on quality. That's, you know, as we talked earlier today. It's, you know, everything that you see in the building is quality. And that expectation goes down to the product, so you know? It's kind of a trickle-down effect. But I, I think you know, at the end of the day we like to have fun. Um-

Meghan West: Most of our meetings were, there's some kind of laughter or some kind of story. Um, you know, it doesn't feel like work. And I think that's what makes it great.

Martin Geitz: Yeah. So Mark as, uh, when you were starting this company with you and a handful of people, um, has culture always been part of how you saw, uh, this becoming a very successful company over time?

Mark Summers: Yeah. You know, I didn't really think about culture as much as I thought about the product, the details of the product. But, um, it, it's definitely been an important part of the company. And, um, you know, an interesting part of the

culture that's changed since Meghan took over a few years ago is that we don't worry so much about finding local, local talent.

Mark Summers: Where with so much technology now and being able to, to dial in and, and web meetings and that sort of thing we, uh, Meghan's focused on finding the best talent. Not only around the country, but around the world, and, and they can still collaborate just as well as they can if they came into the building every day. So, this, you know, there's a lot more people. But in some way it doesn't, it doesn't feel like it because they're spread out a lot further. So that's kind of part of the culture, um, that we've, we've been able to create based on the technology that's available.

Martin Geitz: That's amazing. So how do you, with so many of your key people not necessarily coming here every day, but out around the world, how does that affect your culture? How do you embrace them in your culture?

Meghan West: So we, we talk a lot about that. Because you know? We want to make sure that as new people come on. And like he said, we, we had five new people start on Tuesday. Um, we're up to I think 14 new people this year, and growing pretty, pretty rapidly. And so it is important to make sure that you're focusing on culture. Um, the, there are a lot of different ways to do that. Um, one of them is that we use the, the scrum methodology. So all of our product teams meet daily.

Meghan West: And I think that's part of it is that, that constant connection. We've got tools like Skype for business, Microsoft Office 365. There are a lot of different ways that we're able to communicate, and our HR team and our admin services team is always coming up with different ways to stay, keep people connected. Um-

Meghan West: For example, um, we are, uh, very proud to sponsor a all-female battle bots team called Witch Doctor.

Martin Geitz: Wow.

Meghan West: Yes. Um, and they are, are going to be on TV in a couple weeks. And so we are creating a group chat for the entire company. So everybody's going to do a viewing. We'll have a, a group chat that everybody can kind of talk about the episode as it's, as it's airing. But it's all online. It's all, you know, behind the computer.

Meghan West: But there's all, all sorts of different ways to, um, to keep them connected. We do quarterly meetings. Um, you know, and we broadcast that out to, to everybody.

Meghan West: Um, so that they can all participate and stay connected. And, um, in fact the, I think it was the last one we, we handed out mugs. Actually these are the mugs with our mission on it.

Meghan West: And our admin team is absolutely fantastic. They had already shipped out the mugs to all of our off site employees.

Meghan West: So that as soon as the meeting ended, I mean, there were some employees that within minutes they got them delivered to their doorstep. So-

Martin Geitz: Sounds great.

Meghan West: It's, it's just being aware of it and, and being conscious of it. Um, I did want to mention you asked dad about how he thought about culture. And I, I think part of it and why it's so special is that it was never forced; I think the culture takes on the personality of your founder. And, and he's kind of a fun guy. Um, I don't say that to him all the time. (laughs) but I think it was just very genuine. You know, it was, it was never forced. It just kind of, um, you know, it developed with him. And, and, um, his two brothers. They, they are both, um, part of the history of the company. And I think that was, um, that was a big piece of it. And as a family we have a lot of fun together and, and we're always challenging each other, and staying very connected. So I, I think that's a big piece of why it's ended up the way it has.

Martin Geitz: In talking about, uh, attracting quality people and the people with the skills that you need to be successful. Simsbury Bank has many manufacturing company customers, who use the machines that are in this room and I assume are using your software in those machines, and one of the common themes that I hear from our manufacturing, uh, uh, company customers is, uh, the challenge with, with workforce. With, with getting folks here in Connecticut who are able to come and work on the factory floor. Or be the engineers to, you know, design the products and so forth. And, um, and so I know there's a lot of, uh, you know, work going on in our state. Uh, community college system and, and, uh, UCONN has got a wonderful engineering, uh, program.

Martin Geitz: Uh, but I'm interested in, in the software world. Uh, you know, are you, how, how, how would you describe the availability of talent in Connecticut? Are we, are there things that, uh, we ought to be doing as a state to, uh, you know, create and then, uh, uh, the well-developed folks who would then choose to stay here and work in Connecticut? Any thoughts on that? You've got a twinkle in your eye. I think you've got an opinion here Mark. (laughs)

Mark Summers: Well, no that's kind of might be kind of a long-winded answer. Everybody's got their own opinion on the politics of the state. And, and you know, the business climate. And what we could do to make business, um, more attractive for people. And you know, it's definitely concerning when we see big businesses that are high wealth individuals leave the state.

Mark Summers: It hurts the tax base. And I think Connecticut is one of the few states where there is a, a, you know, a little, uh, I don't want to say an exodus but, you know? More people leaving than coming in. So what could we do to make it better.

Um, you know, I think, uh, keep listening to the business people and understand why they're leaving. And see if we can, uh, understand the repercussions about, um, ideas to, to turn that around. You know, how can we keep businesses. Um, you know, fortunately we're doing pretty well here. We have no plans to go anywhere. We're, we're moving pretty solid. Um, we have a lot of people around us and the building and all that. But, um, you know, some businesses are more mobile. Um, and they, and they can leave. Um, but, uh, I think it, it deserves a study. You know, we have to keep looking at it. You know, why are people leaving?

Martin Geitz: Yeah. Yeah. How about, you know, tracking quality people here in Connecticut?

Meghan West: You know, uh, we've been very fortunate. Um, uh, I mean, I might be bias, but I think we've got the best of the best here.

Meghan West: I mean, we're, we've been incredibly lucky to find some really incredible employees. But I think part of that is, is that we do provide a good place to work. I guess that's our social responsibility to Connecticut is to provide a good place for people that are in the state to be able to come work. Um, but that being said, you know, we, we don't limit ourselves. You know, the technology has allowed us to be able to look outside of the state. So, um, that's helped us to, to really find the cream of the crop as well, and we'll continue to do that.

Martin Geitz: That's great. That's great. Well, this has been fascinating. I, I am wondering. Are there, uh, other areas to, to, what did we miss in our conversation? What else, uh, uh, would you like to, uh, talk about as final thoughts here? Final comments?

Meghan West: Well, just, just one final co-, on the, uh, thought on the workforce development. I mean we, we certainly do a lot to, um, you know, make an effort to, to in-, improve workforce development. We've got, um, a sponsorship of MakerspaceCT. I don't know if you want to talk about that a little bit?

Mark Summers: Uh, it's a, it's a new, uh, business venture in Hartford, and I don't know if you know what a, a makerspace is. But it's a, it's a business that, um, acquires different technology and machinery. Um, welding machine, woodworking, sewing. A lot of different technologies. And so if you have an interest in a certain subject or a skill, you might enroll. Um, uh, as a member, and take classes. And, and get, uh, training and, um, learn a new skill. Maybe start a small business.

Martin Geitz: And what is your connection with that? Are you providing software? Are you-

Mark Summers: Yeah. We, we provide software to help drive the, um, some of the machine tools there.

Meghan West: Yeah. But the lack of skilled workers is certainly a concern to us because those are our customers.

Meghan West: So there's no pipeline then you know, who are we selling to five to 10 years from now. Um, so we, we do certain things like that. We're a sponsor for workshop for warriors. Which is a-

Meghan West: Training program for trans-, transitioning veterans that are going from military life to civilian life. They learn how to use Mastercam and I think there's 95% job placement at this point. Which is fantastic.

Meghan West: And then getting them started early. We've got manufacturing day coming up in October. Uh, last year I think we had 200 students come through the building. And get an opportunity to see, you know, what you can do in the manufacturing industry. So-

Martin Geitz: Right. Right. That's great. That's great. Fantastic. And, and do you, uh, do you engage with UCONN? Or the community colleges? And, uh, the state universities as well?

Meghan West: We do. Yeah. UCONN has been a, uh, great partner of ours. They developed something called the formula SAE car. And we do some work for them here. We create some of the parts for their, their car. And they always bring the car down and whip it around the parking lot. Which is a lot of fun for our employees to see. Um, and we've actually got a couple of, uh, interns that are working here for the summer that are from UCONN and, and several employees that have come right from UCONN as well.

Meghan West: And the community college system has been fantastic in Connecticut. They're really doing, um, a great job pushing advanced manufacturing.

Martin Geitz: Yeah. Yeah. That's terrific. Any final thoughts Mark? Founder of the company.

Mark Summers: Uh, really, um I'm just happy that it's still going and that it's in good hands. I've got all the confidence in the world in the leadership. And, um, I think it's gonna continue in the right direction for a long time.

Martin Geitz: Thank you Mark Summers founder of CNC Software. And thank you Meghan Summers West. Uh, for joining us on this Simsbury Bank Manufacturing Matters podcast. And video. Uh, and we look forward to, uh, our next episode down the road.