

**COURAGE,  
CREATIVITY AND  
COMMITMENT**

25 YEARS  
IN THE  
PURSUIT OF  
EXCELLENCE

 **CINCOM.**

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 **CINCOM**<sup>®</sup>

*"Books are not lumps  
of lifeless paper,  
but minds alive on the shelf.  
From each of them  
goes out its own voice...  
By opening one of these volumes,  
we can call into range a voice  
distant in time and space  
and hear it speaking to us,  
mind to mind,  
heart to heart."*

-George Highet, Literary Critic

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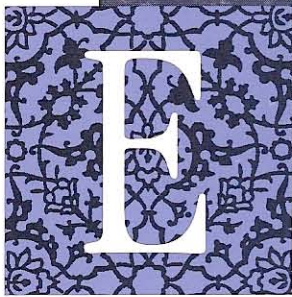
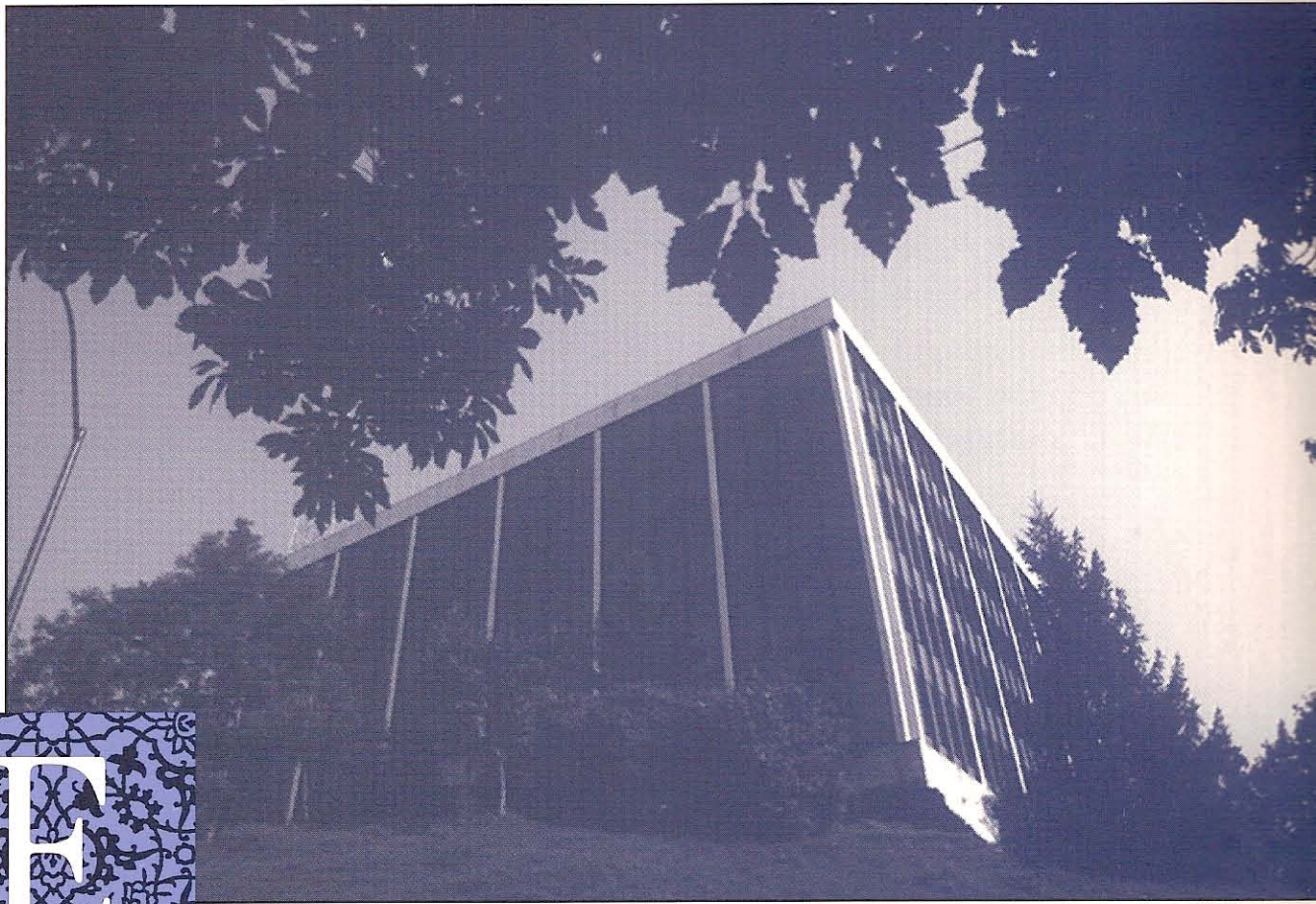
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PREFACE

THE  
CINCOM  
MYSTIQUE

*"There are three kinds of people:  
Those who make things happen,  
Those who watch things happen, and  
Those who wonder what happened."*

*-Anonymous*



Every company has a history. Some companies have a culture. But Cincom Systems has what can be called a mystique—a uniqueness that so clearly defines its people, its practices, and its plans that they are recognizable anywhere.

Alberto Gabbai, president of GRUPPO Formula of Italy, a Cincom agent for years, has observed that “regardless of personal style, all Cincom people seem to have the same basic values. Cincom has survived as an organization when times got tough because of these values. It’s a culture of respect, based on trust, mutual regard, and loyalty.”

Treat people as if they were  
what they ought to be and  
you help them become  
what they are capable  
of becoming.

—Goethe

The Cincom difference is important, because it has contributed to the company's longevity and prosperity. In a field that is littered with competitors that have risen like shooting stars only to fizzle out like cheap firecrackers, Cincom stands virtually alone—a software company that has had 25 consecutive years of growth.

What is the nature of the Cincom mystique? And what was its origin?

Corporate culture is a difficult-to-define mix of attitudes, policies, procedures, and expectations that help shape an organization and give it a consistency in behavior and response. Today, no one questions that

corporate culture is an important element in the success of a firm. But when Cincom began consciously creating its culture, few acknowledged that there was such a thing as a corporate culture, much less that it was important. What Cincom had recognized was that culture can and does powerfully reinforce the competitive advantages a company may possess and serves as a

*When individuals truly believe in and love their work, they will give more to the job than they can ever be forced or intimidated into contributing.*

unifying force among its people, increasing their commitment and motivation, while enhancing productivity and corporate performance.

A corporate culture is defined in part by

- The **values** it advances for employees to embrace
- The **heroes** who are held forth as appropriate role models
- The **rites and rituals** that are created

within the corporation

- The **vision** of its mission to its people and to its clients.

The Cincom culture nurtured through a variety of speaking, writing, teaching,

managing, and exemplifying behavior was one that encouraged quick decisions, risk taking, loyalty to duty and to the client, and ethical business practices. It was one that encouraged each person to act truly *responsible* for the business, not as “merely” an employee, and to step up to the challenges of doing business in an incredibly dynamic, demanding environment.



Rather than following traditional management concepts which emphasized control, Cincom chose an approach that was deeply rooted within the initiative of each Cincomer. The philosophy was that when individuals truly believe in and love their work, they will give more to the job than they can ever be forced or intimidated into contributing.

## Values

Behind Cincom's culture lies a core of strong values shared by almost every Cincomer. What are the core values that Cincom embraces? When people who have been part of the Cincom community a long time describe what makes it special, certain themes occur frequently. The wording may be different, the emphasis will vary from one individual to another, but the same basic issues come up. There are certain core values that are mentioned again and again, values that lie near the heart of the company. These strongly embedded values are the driving force behind Cincom's 25 years of success:

- An entrepreneurial spirit
- Commitment to the company and to fellow citizens
- Creativity
- Ethical integrity and a fundamental spirituality

- Missionary zeal in representing the company and its products
- Decisiveness
- Responsibility and personal empowerment
- Initiative for self-growth
- An emphasis on seeking solutions rather than casting blame

Many of today's top companies share some of these values, but at Cincom they form a unique mixture. Among other strongly held corporate values are:

- Encouraging people to grow and empowering them to do so
- Management that encourages small work groups
- Continuous rejuvenation and reinvention of the corporation
- An open environment where honest communications are encouraged and honest differences of opinion are allowed
- A passion for recruiting the best people
- A continuous seeking of the optimal balance between flexibility and control
- A commitment to managing on the basis of sound principles

### Entrepreneurial Spirit

Cincom has been known virtually from day one for its determined independence. While almost always an underdog, Cincom from its beginnings battled successfully against corporate giants, then most notably IBM, winning more times than it lost. Even today, Cincom must compete against much larger, richer software firms. In the early years of the company, founder Tom Nies humorously compared his team to a collection of amateur football players who loved the game, going up against top professionals such as the Green Bay Packers of Vince Lombardi. "And yet we win more than half the time!" he said.



Cincom Tomahawks, a Cincom sponsored football team for inner city boys aged 13-15. The Tomahawks amassed a winning streak of 64 games at one point. A few of the players went on to become college All-Americans, a few made the pros, and one, Dave Parker, became a baseball legend.

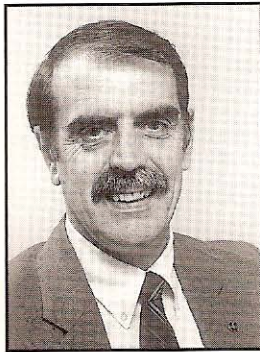
But, starting out entrepreneurial does not guarantee staying entrepreneurial. This seems especially so after a company has achieved financial success and grown into an international presence in its industry. Many of Cincom's competitors over the past quarter century also began as entrepreneurial ventures, but somehow lost that spirit along the way. But Cincom has retained that kind of atmosphere, partly because it has been able to retain its independence and partly because the organization has always remained receptive to innovation. Within Cincom, change has typically been perceived as an opportunity to improve rather than a threat to existence.

Managerial vision in the entrepreneurial organization focuses on opportunity. Rather than presenting problems to be overcome, Cincom tends to focus the company on first developing, then capitalizing on opportunity, encouraging Cincomers to seek solutions rather than fret over problems. For a company whose business had been largely based on providing systems for mainframe computers, for example, the decline of the importance of mainframe computers could certainly be viewed as a problem. Yet Cincom's response has focused on using the shift to multiplatform, enterprise-wide

computing as an opportunity for growth and innovation, seeing widely broadened opportunities. Typically, opportunities which have enabled the technology to grow, leading to products such as TOTAL, ENVIRON/1, MANTIS®, TIS™, CONTROL™, Net/Master, SUPRA® Server, MANAGE:Series™ and CPCS™, have also been organized to help individuals grow and become more entrepreneurial.

#### Commitment

From the very first day, the number one job at Cincom has been to “create and serve the client.” Cincom people have been willing to do almost anything to satisfy a client, from chartering a plane to working extremely long hours.



Brian Hewer, a 20-year Cincom veteran, recalls that the level of commitment has been no different for Cincomers in Europe over the years than it has been for the U.S. members of the

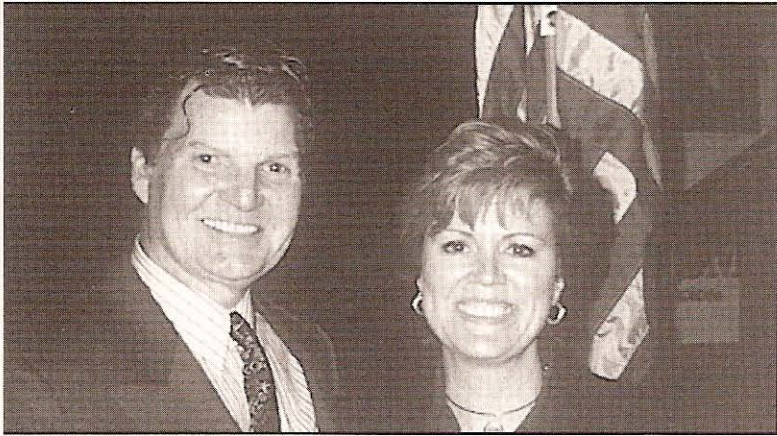
team. “We succeeded because we had a small group of people with no reluctance to do whatever it takes,” he says. “Pulling an all-nighter was nothing.”

Brian Hewer  
“We succeeded  
because we had a small  
group of people with no  
reluctance to do  
whatever it takes.”

There are hundreds of stories about this whatever-it-takes commitment Cincomers have displayed to get the job done, stories that make a non-Cincomer simply shake his head in disbelief.

Gavin Wilson, for example, joined Cincom at its European headquarters in Brussels in 1977. His first assignment was to write a version of TOTAL to run on the Univac. To do the job, he had to take a taxi in the middle of the night to the outskirts of Brussels where he had found a Univac computer he could use to test his code. For 74 consecutive days and nights, he wrote code during the day and tested it at night. “It was a very difficult but very rewarding experience,” Wilson says. “I think I earned my colors for doing it.”

Cathy Kent, a Cincomer from the Monaco office, remembers a time when she had to sleep on the concrete floor of an airport in Kuwait, on her way to visit a prospective MANTIS client. Unfortunately, she had arrived with a visa that contained a misprint in Arabic. It said “Mr.” instead of “Miss,” and the guards at the airport wouldn’t let her in through customs. Since there was no plane scheduled to leave until the next day, she was stuck in between the tarmac of the landing strip and the baggage claim area.



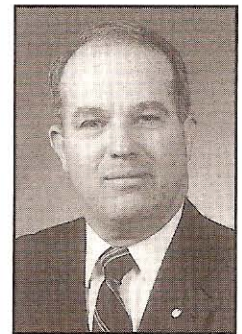
Tom Nies with Cathy Kent  
at her 20-year company  
anniversary celebration

The guards also refused to allow her to retrieve a sweater to warm her against the chill of the frigid, air-conditioned airport, or a pair of glasses so she could take out her contact lenses. Finally, after a good deal of negotiating, she was accompanied by four soldiers who went through her luggage while she watched, getting her a sweater and a pair of glasses. That night she slept on the airport floor, flew out the next morning to Brussels, had her visa corrected, and flew back the next day to meet with the client.

Another interesting experience while on a mission of client support is reported by Cincomer Mike Welsh:

“Rick Moore and I were supposed to implement an online parole system for the Missouri Highway Patrol. Unfortunately, we had to drive through a horrible blizzard to get from Kansas City to Jefferson City, where their control center was located. We didn’t arrive until 3 a.m. because of the blizzard and the treacherous highway conditions, so the duty officer put us up in a room used by rookie highway patrol troopers.

“After we’d been asleep a couple of hours, we were awakened by a sergeant banging on the iron frames of our beds with his billy club. ‘Maggots!’ he screamed. ‘What’s the matter with you? Why are you still in bed?’ We thought that was a pretty rough way to greet a couple of computer programmers, but we stumbled out of bed, got dressed, went to the



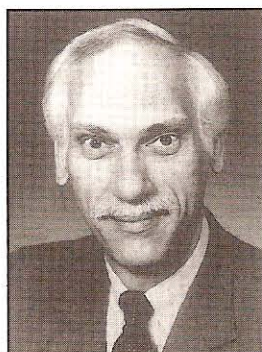
Mike Welsh

computer center, and started working. It was only later we found out he had mistaken us for recruits and thought we should be out on the training grounds.

Or the time... But there are literally hundreds of stories of Cincom people who were committed to getting the job done right regardless of the odds.

Creativity

“One of the keys to Cincom’s success,” according to Mark Gabis, Cincom’s head of



Legal & Administrative Services, “is that it’s a place that has *allowed* creativity. Some companies encourage people to be creative and yet they set up systems and procedures that don’t

Mark Gabis  
“One of the keys to Cincom’s success is that it’s a place that has allowed creativity.”

really allow it. Cincom has always been much more of an open, receptive place for new ideas.”

That view is shared by hundreds of other Cincomers. Perhaps that’s why the company has such a remarkable list of firsts to its credit, and why it continues to be an innovator.

What is the key to building an environment that encourages creativity? As Tom Nies has remarked, “Tell people what needs to be done; don’t tell them how to do it.” Creativity has thrived in an environment where there have been a minimum of

controls, where people are held accountable for producing results, not for following routine procedures. In essence, the culture rewards people not only for doing things the right way, but also for doing the right things.

Encouraging People to Grow and Empowering Them to Do So

Nies has frequently quoted Arnold Toynbee’s theory of the development of civilization, as presented in his classic *Study of History*. In that work, Toynbee studies 13 major civilizations from all periods of human history, analyzing what factors resulted in their decline. In each case, Toynbee cites examples of civilizations which were unable or unwilling to respond successfully to challenge.

As Nies explains, “every group of people is confronted with challenges.” Sometimes they are extremely difficult to handle, sometimes not. Sometimes the people respond quickly, and sometimes they are paralyzed into inaction for a long time. But in every case, by successfully responding to a challenge, they learn. And they grow stronger. But if they fail to respond, they stagnate and eventually wither away. So the goal is not only to seek challenges, but also to find the ways, the means and, above all else, the *will* to respond successfully.

Toynbee suggests that the development of civilizations can be illustrated through the metaphor of someone climbing the sheer face of a cliff. Having moved up the cliff at all is an accomplishment, but at a certain point the climber may find a ledge, a safe point, where it's tempting to rest. But unless the climber resumes the climb, unless he continues to respond to the challenges of the cliff instead of lingering where it's safe, he's finished. And the same is true of companies and of civilizations.

The recent history of such large corporate civilizations as General Motors and IBM may be illustrative cases. Under Tom Watson, Sr., for example, IBM was aggressive and resourceful. It attacked the challenges before it. But somewhere, perhaps because it had achieved so much success, it began to rest. It stopped recognizing challenges and instead sought to capitalize on its past successes.

In an address to new recruits in 1973, Nies said, "To cultivate yourself, you couldn't possibly find a better way than to go out

and seek bigger and bigger challenges. That's what we do at Cincom. That's one of the secrets of our company. We just aren't satisfied. We always want to do something that's more difficult, that has a bigger potential, a bigger payoff, that's more rewarding to the individuals in the company and more satisfying to the spirit."

He then defined the whole company as a challenge/response system, where every

employee will be given opportunities—real challenges—to *think*. Solve problems. Faster. Better. With fewer resources than before. To respond and grow.

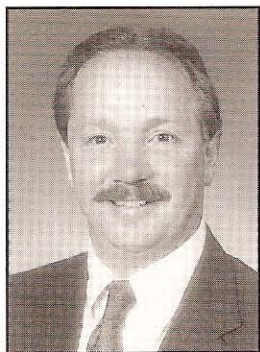
"People need growth, and growth needs

people." It's another saying that Tom Nies first uttered when the company had fewer than 50 employees. Twenty years later it's clear that he wasn't kidding. Hundreds of Cincomers, whether they have a couple of decades' experience or a couple of months, can testify that they have been given quick, meaningful responsibility and expected to stretch, to grow, to become more resourceful and more competent people.

*People need  
growth and  
growth needs  
people.*

The process has worked. They have grown, and because they did, the company has grown, too.

There are hundreds of examples of people growing by being challenged within



Tom McLean

Cincom. One of the most dramatic is Tom McLean, the onetime maintenance man who became a vice president and head of the System Software business unit. Although in reality McLean's career as a maintenance man occurred as a part-time job while he was attending Miami University, the symbolism is apt.

Time and time again, people who showed an interest or an ability were given the opportunity to stretch. Judy Foegle Carlson,



the company's very first employee, went from being a part-time secretary, to helping organize the personnel policies and operations of the company, to assisting in the

organization of the European office, to becoming a programmer in the Ventures group—a group that, for over 20 years,

Judy Foegle Carlson (r.),

Cincom's first employee

with Tom Nies and

Rex Porter (l.), employee

number 1000

ported Cincom technology to platforms outside of IBM and Digital. She was given the opportunity and accepted the challenge.

### Integrity/Spirituality

It's difficult to talk about integrity or spirituality without sounding sanctimonious or self-serving. Perhaps the best way to address this value in Cincom's culture is to cite comments from a few people who have experienced the Cincom culture for a long time:



Rick Rohde

Rick Rohde, a long-time Cincomer with nearly 20 years of experience, maintains that one of the most important components of the

Cincom culture, and one that's most frequently misunderstood, is its emphasis on a moral, even spiritual, atmosphere.

"It's helped the company survive the down times and make the difficult transitions," Rohde maintains. "We've seen competitors pop up, go screaming past us in terms of growth, hit a wall, and end up being sold off. People lose jobs. Clients are left with dead products. But Cincom doesn't operate that way, because we have values that go far beyond the P&L statement."

It's certainly true that Cincom is one of the few companies that has a prayer bulletin board for its employees, one of the few that actively encourages people to talk about spiritual matters, regardless of their religious orientation.

But it's not a matter of religion so much as a matter of integrity. The company's ethical values have overcome many deficiencies. Cincom's clients are loyal because they know the company can be trusted. They learn that Cincom lives by the principle that once you have a client, you keep that client by keeping your promises.

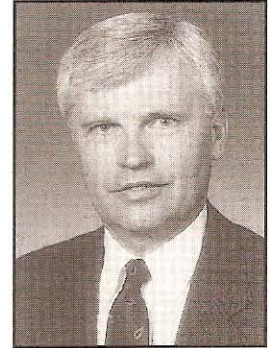
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Cincom is well aware of how important this emphasis on "keeping promises" is to their clients. For example, Paullette Leukhardt of Amherst College, a Cincom client of more than 20 years, was reminiscing with Tom Nies at Cincom's 25-year anniversary celebration when she remarked, "The experiences (with Cincom) *were* great; the memories *are* great."

After his brief stint in maintenance, and a later brief stint in the print shop, collating TOTAL manuals, Tom McLean began his full-time career with Cincom as a programmer. His real love was marketing,

though, and he soon moved into sales in Chicago, reporting to Bill Dorece. In some environments, the words "sales" and "integrity" couldn't be used in the same sentence, but that's not what McLean discovered at Cincom.

"Bill Dorece is a person of the utmost integrity," McLean says, "and in a lot of companies that wouldn't work, not in a sales position where there can be lots of pressure to do what's expedient to



Bill Dorece

make quota. But Bill has an absolute sense of values. He never compromised. I think that's typical of this company. The Bill Doreces of the world thrive here because the culture supports them."

Stan Sewall, who joined the company originally in 1971, maintains that character is the very foundation of Cincom.



Stan Sewall

"This is important to me personally," he says, "and maybe it wouldn't matter so much to other people. But this company is based on a spiritual dimension, a code of conduct, that means it never takes



advantage of people, never cheats clients, always deals honestly. Cincom has spent millions of dollars at times just to keep a commitment made to a client. That's something you don't see in other companies very often." Cincom has always held "principle before profit."

#### Vision

As Peter Drucker points out in *Innovation and Entrepreneurship*, for the three hundred years of industrialization that ended with World War II, progress was defined in mechanical terms—more speed, higher temperatures, higher pressures. Since the end of World War II, however, the model has changed from a mechanical to a biological process. The dominant metaphor now is based on the events that occur within an organism. "And in an organism," Drucker comments, "processes are not organized around energy in the physicist's meaning of the term. They are organized around information."

It is this concept of the modern organization which has driven the central vision of Cincom. This vision is that information systems are both the cerebral and the circulatory systems of the modern enterprise. Around these central systems all else functions. And to function well, this

information must be integrated so as to produce and support the integrated enterprise.

Very few managers of the last generation have been able to recognize that shift, however. As a result, many once-powerful corporations have languished as they failed to recognize that faster does not necessarily equate to better. The growth of Total Quality has been in large measure the ascendance of the information organization, whether that organization sells paint or personnel services.

By contrast, Cincom was explicitly founded on a vision of the strategic importance of information. Nies attempted to convince his employer, IBM, that it was the information the computer processed that mattered, not the hardware that handled it. Nies felt that "without software, a computer doesn't even generate heat." IBM failed to grasp this vision then, and has struggled since to adjust successfully to rapid changes in the structure of its business. But Cincom began with the concept of organizing the business around information, and sought ways to simplify the handling, processing, gathering, and distribution of that information. In other words, ways to improve the health of the "business

Cincom has always held principle before profit.

organism.” As one of the company’s early advertising tag lines states, “We create efficiency.”

This fundamental vision continues to permeate the company. Look at the opening of the Cincom mission statement:

*“Cincom will deliver and support high quality business solutions through advanced software technology worldwide.”*

Cincom has always felt that the value is in the solution. And the goal must be the integrated enterprise.

Note the verbs: Cincom is *delivering* and *supporting*—not necessarily *developing* or *building*, which would draw upon the old mechanical model of industry. And note the deliverable that’s mentioned first: business solutions, not software products. A solution is an answer, a digest of information, a way of looking at facts that makes them more meaningful and the business more manageable. Solutions come from the *proper* use of information. The solutions that Cincom delivers and supports come about “through advanced software technology,” to be sure. But the focus is on the outcome, not the product. And that has been the essence of the Cincom vision since the company was organized: delivering positive business outcomes through the use of software. Cincom has always felt that the value is in the *solution*. And the goal must be *the integrated enterprise*.

### Missionary Zeal

Being first doesn’t make you a leader. You’re only a leader when you’re first and people follow you. In Cincom’s case, it was sometimes difficult at first to find followers, because what Cincom was doing was so different that quite often people did not initially understand it. It was based on a new paradigm of how business could operate most profitably.

But Cincomers understood it. And they went forth to preach it.

One problem was that until 1972, IBM offered a bundled product—hardware that included free software. The issue before Cincom was to address the obvious question: Why should I pay for Cincom software when I can get it from IBM for free? As a result, the early sales work involved selling the *concept*, and the *value* of Cincom software and solutions. But soon the success and the values gained from Cincom solutions were so great that seminars with more than 100 attendees were common.

Mike Warren, who joined Cincom in 1969, says that the atmosphere was like being on a crusade. “We were like a merry band of warriors who had an all-consuming mission: slaying the dragon that was IBM.”

But the mission really wasn't "slaying the dragon." It was helping people to better understand the value and importance of proper software. As Robin Adair, a former



Robin Adair

Cincomer who directed its licensee division during its early years, explains, "At the beginning, we all had to go out as missionaries to explain the concept. In Europe there was a long period of public speaking and making presentations. After awhile, the joke was that we should give up selling database software and go into the presentations business. But people had to be convinced. What we were offering compared to existing software was like selling a jet plane compared to old propeller planes. The value delivered and the potential for improved enterprise performance was that dramatic."

#### Decisiveness

In business, time is a weapon, one that can either work for you or against you. The ability to respond quickly by making fast decisions is a major competitive advantage. This is particularly true in an industry where changes occur as rapidly as they do in computer technology and software.

Cincom has amassed a record for decisiveness and, in the process, accomplished all kinds of firsts. It was the first U.S. software company to go to Canada, the first in Europe, the first in Australia, the first in Japan. It was the first to offer a combined database and online transaction processor. The first to provide standard presentations, and standard contracts and prices. The first to sell through seminars. The first to develop partnerships with hardware manufacturers. And on and on.

The point is that being first is risky. It often involves making a decision that nobody has made before. But time is a weapon, and gutsy decision making is a way of using that weapon to your advantage.

In the early years, Nies sometimes compared Cincom to the small P.T. boats that were used during World War II to attack huge battleships. Their main resource was mobility and speed. They were certainly no match for the battleships they opposed in terms of weaponry or armor. What they depended on for their survival was nimbleness, the ability to strike quickly. That's the chief advantage small companies have always had over larger ones. But it's not necessarily an

(In the beginning) "we were like a merry band of warriors who had an all-consuming mission: slaying the dragon that was IBM."

advantage that's available only to small companies. Even after Cincom had grown from being a small firm to being a much larger one, the company attempted to operate quickly, aggressively, and decisively.

Cincom has always functioned best when it has been market driving, not market driven. Only by seeking out markets that really don't exist yet and then driving them can a smaller company truly be first in the market. By contrast, companies who are market driven seek to gain some share of markets that others have created. The difference is one of vision. In the words of George Bernard Shaw, "Some see things and ask why, but I dream of things that never were and ask why not."

Time is a weapon. And gutsy decision making is a way of using that weapon to your advantage.

Driving a market isn't easy, of course. For a small company, it takes decisiveness and the courage to commit limited resources to markets that still aren't apparent. As Shaw also said, "Unreasonable men persist in trying to adapt the world to themselves. Thus, all progress depends on unreasonable men."

## Work Groups

Part of the key to making a decision and doing it quickly is to create an effective and efficient decision-making environment.

John Duckworth of the Manufacturing Solutions Division comments that the Cincom environment, where people often work in small, unified groups, builds teamwork and closeness instead of intense competitiveness.



John Duckworth

Cincom has always used small work groups, empowered to act, as a means to facilitate decision making. The recent restructuring of the company around independent lines of business has served to reinforce the small work group environment. In this way, the speed of a smaller organization can be complemented with the resources that are a strength of a larger organization. Cincom has always believed that small is beautiful and for Cincom, smallness has always been a very large strength.

### An Open Environment—a Place Where Communication Flows Freely

Repeatedly people have commented that in Cincom everyone gets to make a difference and provide input to the process. In fact, for a corporate environment, Cincom seems to have remarkably little politics. Early disagreements are seen to be part of a natural decision-making process. People don't hold grudges against those with whom they have disagreed.

Tom Nies has long believed that businesses are built on relationships and often speaks of the importance of staying in close contact with all people—clients, colleagues, suppliers, and allies. Clearly, within an organization, close contacts are virtually impossible to establish if the environment does not permit frankness, honesty and continuous interaction, or if the environment is fouled with the pollution of politics.

One evidence of the openness within Cincom is the fact that people who have left the company to pursue other interests have frequently been welcomed back later. There are many who have had that experience—including Richard Collins, Jan Litton, Ian MacLachlan, Dale Potter, and Tom Womeldorff, to name a few. Clearly,

Cincom is not a place that's afraid of people coming back with new ideas, new insights and enhanced dedication to Cincom.

Cincom's culture has room for vigorous dissent as new ideas and strategies are being developed. And the company's open-door policy extends to every manager worldwide. No idea is too insignificant nor any concern too minor to find an open forum within Cincom.

### People

Like a few other premier organizations, Xerox and Procter & Gamble to name two, Cincom is recognized as an organization that attracts the highest caliber of people and uses a management style that encourages rapid growth. Cincom is seen throughout the industry as a mentoring organization. In fact, like all premier firms, the company has been a target of recruiters who know that they can find quality people if they look within Cincom.

Cincom has always attracted good people, but it has also gone out aggressively in search of them, too. One of the most intriguing notions around Cincom is the philosophy of "averaging up." Basically, it goes like this: If a manager hires people who are not better than the current average

Cincom has  
always  
functioned best  
when it has been  
market driving,  
not market  
driven.

or as competent or well-educated or intelligent as is the current average, the organization will gradually decline. But if a manager strives to hire people who are better than the current average—people who are smarter, better-trained, more resourceful

than the organization's current average, level—the company's competence will gradually move up.

It's no wonder, then, that many of the leaders in the software industry have come from Cincom. Perhaps more than any other software company, Cincom has discovered and nurtured extraordinary talent. Tom Nies has long said that one

of Cincom's key goals is "to attain, train and retain the very best people possible."

John O'Grady, of Cincom's Licensee Division in Europe, perhaps said it best. "The software business is people. And the key to succeeding is finding and keeping the best." Of course, Cincom also believes that helping each person to grow and to become his or her best is an equally important mission.



Tom Nies

"Pass on the credit.

When you give it away,

you don't lose it."

### Management Principles

Tom Nies never held a management position before becoming president of Cincom. Since he knew he needed to learn, he began a wideranging reading program. Foremost among his early readings were the works of Peter Drucker, where he learned that management had to be based on sound principles, and Theodore Levitt, who has long been regarded as one of the most brilliant marketing minds ever.

In this larger view, one of the first principles of management followed at Cincom since the earliest days has been the absolute necessity to focus always on the long-term, even while successfully implementing near-term steps. As a result, Cincom has been progressive, but not prone to knee jerk reactions to sudden shifts in the market or technology. Taking the long view allows people at every level of the organization to focus proactively on the center of a distant target. That target is constantly in motion, but it doesn't go through the violent fluctuations that short-term targets do in the volatile software industry, when they are not linked into a broader perspective. Reactive management may be necessary at times. But proactive management is usually far superior.

Cincom has discovered and nurtured extraordinary talent.

Another consequence of proactively managing the near-term for the best interests of the long-term has been an ongoing emphasis on Research and Development. For instance, in the past ten years, during a difficult period financially and further burdened by a worldwide economic slowdown, the company has made almost a quarter of a billion dollar investment in new technology. That's a remarkable amount of R&D investment for a company Cincom's size. But it clearly speaks to a commitment to taking the long view and not being focused only on immediate opportunities or profit maximization. And perhaps it helps explain why so many of the companies that were fierce competitors in earlier years no longer exist.

Another management principle that underlies Cincom is the recognition of the value of the people doing the work. As Nies once wrote: "Pass on the credit. Always share the credit with others. When you give it away, you don't lose it." Nies has long believed that "there is no limit to what people can accomplish as long as they aren't concerned

with who gets the credit."

Cincom was focused on client service and had a fundamental commitment to the relentless pursuit of perfection long before these became popular topics for business books and journal articles, or promulgated as automobile ad slogans.

And, as a company that was built on a vision of the key role of information, Cincom has

embraced a management principle that there can never be too much learning. Knowledge is an enabler of all other principles. It is the fundamental prerequisite for creativity. It is the basis for minimizing

risk in a decisive, fast-acting organization.

Principles of management are a lot like the values of a culture. They create an atmosphere within which people are able to work consistently and comfortably. The principles of management that Cincom has adopted, like the values that evolved with its culture, were inherent in the organization from its earliest days.

*All change  
is not improvement,  
but all  
improvement  
demands change.*

Facilitating and encouraging improvement is a passion at Cincom. But that's not surprising. It is, after all, an organization committed to the pursuit of perfection, competing in one of the most dynamic and fast-changing industries ever developed. As Tom Nies often says, "All change is not improvement, but all improvement demands change." Improvement is the goal, and change is the mechanism to gain those improvements needed for Cincom to succeed.

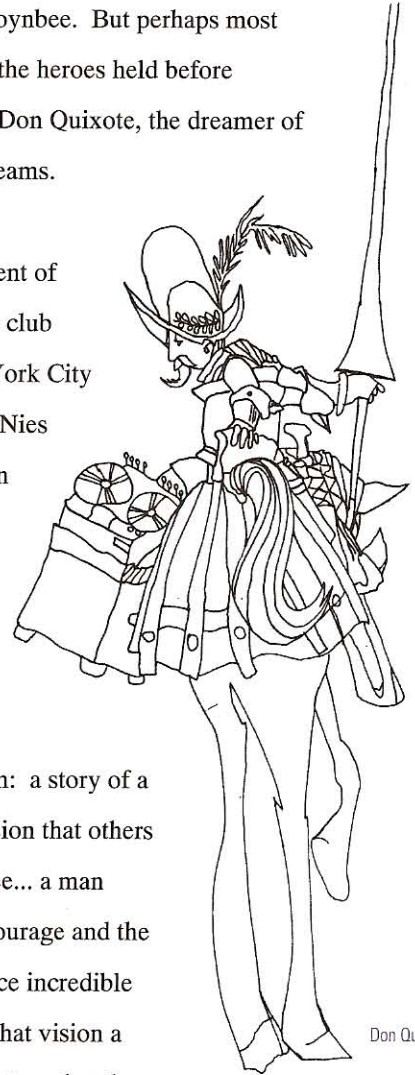
Another of Nies' early mentors was the futurist Alvin Toffler who wrote in *Future Shock* in the early 1970's, "Today change is so swift and relentless in the technosocieties that yesterday's truths suddenly become today's fictions, and the most highly skilled and intelligent members of society acknowledge difficulty in keeping up with deluge of new knowledge—even in extremely narrow fields." Two of Cincom's most cherished principles arose from this insight: (1) continuous improvement is an absolute necessity, and (2) the education, training and development of a company's people are all imperative for the organization to remain responsive and competitive—in short, to lead.

## Company Heroes

The company's heroes are varied. Company letters have cited Booker T. Washington and Vince Lombardi in the same paragraph. Points have been illustrated with references to Leonardo da Vinci and Michelangelo, John Foster Dulles and Arnold Toynbee. But perhaps most distinctive of the heroes held before Cincomers is Don Quixote, the dreamer of impossible dreams.

At a social event of an IBM 100% club held in New York City in 1968, Tom Nies attended a then brand-new musical, *The Man of LaMancha*.

What he saw galvanized him: a story of a man with a vision that others couldn't yet see... a man who had the courage and the character to face incredible odds to make that vision a reality. No matter what the personal cost, Don Quixote would do whatever it took to accomplish "the right" as he saw it to be.



Don Quixote



The lasting effect of the Quixotic character led Nies to establish Don Quixote as a symbol for Cincom Systems. In 1974, the company formed the Quixote Club to recognize outstanding accomplishment among Cincom people. A corporate hall of fame, no higher distinction exists within the company than election to the Quixote Club. Membership is extended to Marketing, Engineering, Support, Sales, and Administrative contributors alike. Those who have made the commitment to have the “whatever-it-takes” attitude that sets them apart, join the club. These members are the top 10 percent of the entire company as selected by their peers and managers.

### Company Rites and Rituals

As for rites and rituals, the company has developed some unusual practices: the

Cincom proms were unique in the business world. These were formal black-tie events held in the early years at which every Cincomer attended a gala celebration.

The company flew in all of its people and their spouses, even those located overseas, to enhance a sense of team unity and accomplishment, while communicating corporate goals and plans.



There are stories about Cincomers working days and nights without sleep to meet a client’s deadline. There are stories of Cincomers flying into remote locales under horrible circumstances

to make sure an installation was done on time. Almost every Cincomer knows of one of these stories. They represent Cincom’s never-ending pursuit of providing the very best to its clients—to do whatever it takes.

Cincom’s “Knockabout” sessions, held annually, were the first such meetings in the software industry. They brought software industry experts and users together to share ideas about Cincom products and new technologies.

Seminar selling and a definition of the business goal as the transference of knowledge rather than the creation of software products, were both examples of an early Cincom orientation toward a consultative partnership with clients.

But perhaps the most widely respected and consistently observed ritual in the corporate culture has been the practice of working incredibly long hours with relentless perseverance to make sure a job is done right.

Brian Hewer, Tom Nies,  
and Suzanne Nies at a  
Cincom Prom

Preface:

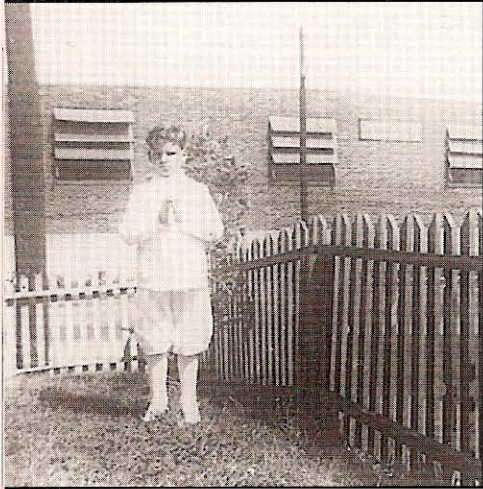
The Cincom  
Mystique

1972

First European sales to 3M Corporation and P&G Europe.

## Cincom's Vision: The Roots of the Culture

More than any other individual or factor, Tom Nies has shaped the Cincom culture. His values, insights, and principles have in



Tom Nies as a young boy

large measure become those of the company he founded and heads. This has not been the result of an act of egotism, but rather the natural consequence of positive leadership. In fact, the same phenomenon has occurred in virtually

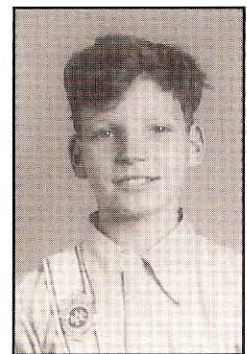
every company that has been organized and run by a strong leader. Thomas Watson Sr. at IBM is an obvious example; Walt Disney is another; so too is Alfred Sloan within General Motors. Within the computer industry the list is lengthy indeed: Gates at Microsoft, Johnson at Texas Instruments, Perot at EDS, Sculley at Apple, and many more.

Essentially, any individual who creates or leads an organization will create one which in time becomes his or her "Lengthened Shadow." It will reflect the leader's values, interests and vision of the future. It's no surprise, then, that Cincom should be able

to find the foundation of its culture largely in the personal experiences and beliefs of Tom Nies.

One of his favorite authors, Taylor Caldwell, has written that the roots of a tree quite often extend far below the surface. Nies' own roots, and therefore the roots of Cincom's culture, can be traced back to his family of origin, his education, his training at IBM, his reading, study, and everyday experiences. Even though one's experiences and memories are precious heirlooms, they are, at the same time, heavy with responsibility. For it is these formative experiences which form character. And since character forms character, Cincom's roots, in fact, extend over several generations in time.

Tom Nies' father, Matt Nies, was the youngest of seven children from a poor family with its origins in Austria, Bavaria, and Hungary. His family came



Tom Nies, school crossing guard

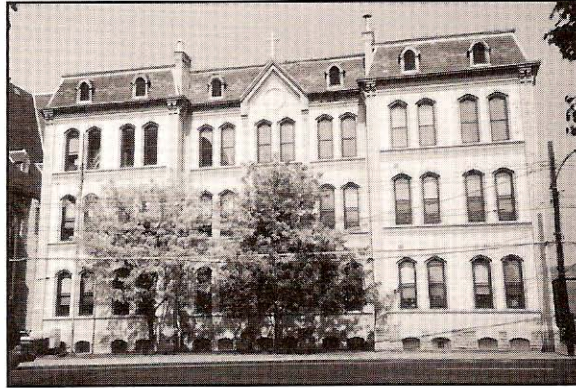
to the United States from Austria/Hungary and shortly after the voyage, the boy's father died. This left his widow, fresh from an immigrant boat and able to speak only German, with no means to support her large family of youngsters.

It is no surprise that Cincom should be able to find the foundation of its culture largely in the personal experiences and beliefs of Tom Nies.

During World War I, virulent, and often violent anti-German sentiment created harsh conflicts in the community and prejudice directed against many German-speaking immigrant families. In part because of the need to help support the family and in part because of the resentment directed against him as a German, Nies' father never went beyond a first grade education. But he was raised with the strict Catholic values, and was instilled with a sound moral attitude which was deeply steeped in an old world Catholic moral and work ethic. That ethic focused on hard work and doing a good job for its own sake without a primary focus on accumulating wealth. Nies' father lived his life with a firm resolve that one had to keep every promise and had to always do one's best. Nies recalls, "He was in every sense a duty-driven person who valued honor and justice with profound esteem. In essence his guidance was 'always do your duty and all will be well.'"

His mother, also the youngest child in a family of six children, came from German and Swiss stock, and like her future husband, was withdrawn from school in order to help raise the family. "Make something of yourself" was her counsel, "so you can help your family and community."

This advice reinforced his father's standard: "Never compromise your principles and always remember that promises made must be promises kept."



St. Francis deSales  
Latin School

Tom Nies was born during the depths of the Great Depression, of parents who both had long struggled. It was in this environment, with a heritage steeped in Catholicism and an education based in Catholic schooling which required great sacrifices of his parents, that he grew up. When Nies was in the sixth grade, he took intelligence and aptitude tests the local archdiocese gave each year to its students in order to select certain boys for an honors educational curriculum. As a result of his scores, he was invited to join 32 other boys to attend St. Francis deSales Latin School—an elite curriculum designed to bring together the outstanding students in the area in an environment of intellectual stimulation and moral formation.

Always do  
your duty  
and all will  
be well.

The curriculum was heavily academic. The seventh and eighth grades were completed in one year so that the boys were moved into high school work sooner. Nies himself took six years of mathematics and four years of Latin along with a host of scientific and literary courses while in the program. It was an atmosphere that stimulated growth and required students to stretch. The Latin school students were often placed in classrooms with other top students who were two years older and expected to compete on equal terms.

Perhaps one of its greatest strengths was that the Latin school was a highly stimulating environment. Students could share their ideas freely. They could explore positions and dig deeply into material. As a result, there was a cross-fertilization of knowledge among the students and faculty through frank, challenging discussions and intellectually demanding work. And since all the boys were the very top students, each one positively stimulated the other.

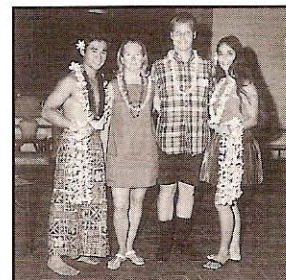
Nies went on to graduate from college—the first one among his family, his relatives or his ancestors to

Tom Nies with daughter, Vicki, graduation day, June 10, 1962



do so. The sacrifices made by his family which enabled him to attain this education were later to benefit many others.

Nies found his educational environment bracing, and attempted to duplicate it within Cincom, hoping to provide the same kind of stimulating environment



Suzanne and Tom Nies at IBM Gold Circle, May 30, 1968

where people could best grow. “I think that many people come to Cincom and are enlarged by it,” he has said, “but at the same time they also enlarge their peers and the corporation as well.”

By joining IBM, Nies found a company that then-seemed to embody the values he felt were important: Always fulfill your commitments. Make sure that a promise made is a promise kept. Work hard but be ethical. And IBM in those days promoted a family environment too. The old traditions of personal messages from the president of the company, of “family” dinners, were still practiced in the early '60s. IBM employees were singing the IBM company song written by Tom Watson, Sr., entitled “Ever Onward.” This was the IBM Nies joined in 1962.

But it was an IBM undergoing rapid change. After the introduction of the System/360 series of computers, IBM experienced extreme pressure for hypergrowth. The company had bet everything on the System/360, and cost pressures were so great that for a while employees couldn't even make a long distance call without management authorization and IBM quickly became a company heavily in debt. Because of those cost pressures, IBM began cutting back on service and support. Soon, the old slogan "IBM means service" was seldom said.

Clearly, the company was moving forward in its technology and expanding its marketing focus, but in the process it was abandoning some of its core values. It was a business trying to capitalize on growth and to maximize profit. This became the credo for the "new" IBM of the '60s, while the old ideals were rapidly de-emphasized.

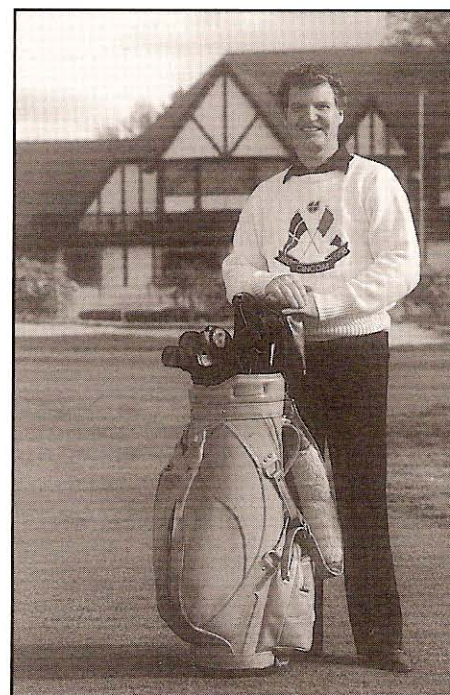
Nies had already established an outstanding record at IBM. He graduated first in his class from the national IBM sales school, setting scoring records in the process and was assigned to work with one of IBM's top field sales representatives. Later, Nies grabbed the number-one spot himself, achieving over 600% of quota in a single

year. He was later made a project manager for one of the first System/360s ever installed in an online mode. The task required tremendous software development, and in the process Nies gained some significant insights into the importance of software. But IBM wasn't interested in software. It was trying to off-load software responsibilities to its customers in order to cut costs and enhance IBM profitability.

But Nies saw that customers were going to need more software and more services than ever before, not less, as IBM was then promoting.

To Nies, it looked like an area where there were great opportunities. And it might also give him a chance to create the kind of company he dreamed would be possible, one that was more like the old IBM but still could achieve good growth and profits too. But above all it would be a company that wouldn't abandon its core values, even as it sought profits and growth. From its inception in the mind of its founder, Cincom was to place "principles before profits."

Tom Nies, 1988



Nies dreamt of creating a company that wouldn't abandon its core values, even as it sought profit and growth.

Many people come to Cincom and are enlarged by it, but at the same time they also enlarge their peers and the corporation, as well.

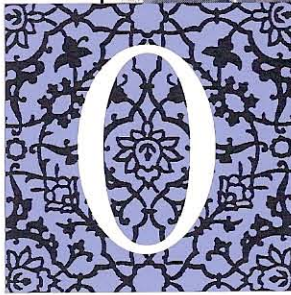
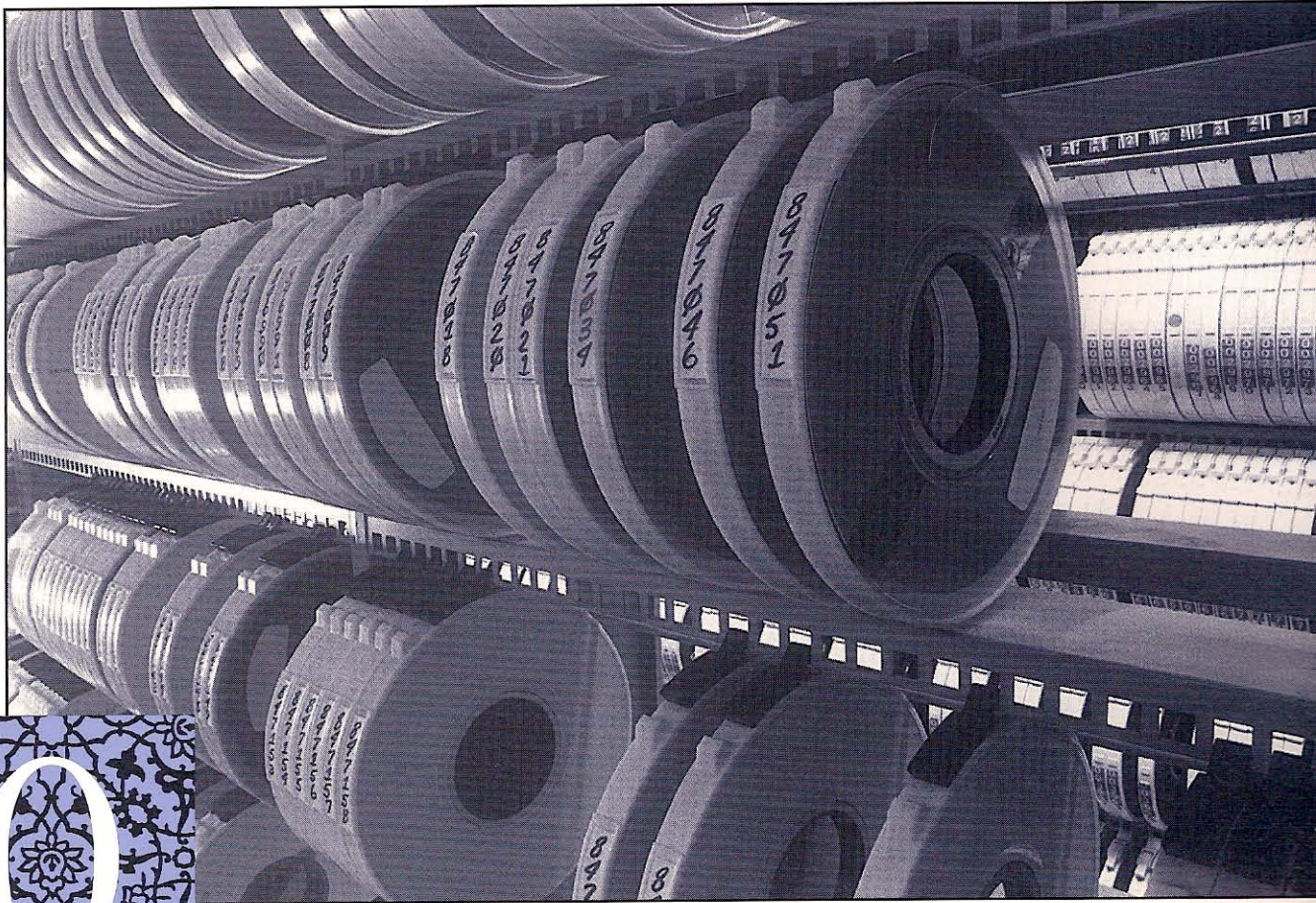
PART ONE

THE EARLY YEARS:

THE INCUBATION  
OF EXCELLENCE

*"The beginning is  
the most important part  
of the work."*

-Plato



In the evening of September 29, 1968, three men—Tom Nies, Tom Richley, and Claude Bogardus—gathered around a card table in the basement of Nies’ home. Their purpose was to develop the foundation of the company they had decided to form—the company that became Cincom Systems. Their assets consisted of the \$600 cash that Nies had contributed, their experience in the rapidly growing computer industry, and a shared vision of the importance of software in the information-based society they saw emerging.

The important thing is this: to be able at any moment to sacrifice what we are for what we could become.

—Charles DuBos

Their original intent was to create a consulting firm that focused on providing software solutions to users of IBM computers. Nies, who had been one of IBM's most successful salesmen, had recognized the importance of software to the computer systems he was selling. Unfortunately, in those times IBM was content to include software with the computers which they sold and to provide as little service as was necessary. IBM then believed that the opportunities were in the hardware, the problems in the software. Nies saw it differently. But try as he might, he could not interest IBM in the importance of software in any context but as a mechanism to "sell more iron."

Frustrated with IBM's view of the industry, Nies decided to leave IBM and do something else. Originally, he had no definite intention to start a business. And he had no other position when he left IBM.

"It didn't seem right to collect a paycheck from one company while also looking for a new job with another," he explained. "So I resigned first and then began to develop an opportunity."

Two of his former colleagues at IBM, Richley and Bogardus, understood and shared Nies' vision. Both came from the

technical side of the business. In IBM terminology, they were system engineers—technical specialists at IBM—and both of them had an affinity for the software component of the business. Their backgrounds and talents complemented Nies'; like him, their educational backgrounds, their experiences with IBM, and their vision of the future of the computer industry had also led them to grow frustrated with IBM.

Until Cincom revolutionized the way software was viewed, system programming was normally performed either by the computer manufacturer, who included it with the machines, or by the computer users who developed or tailored software to their own needs. The software provided by the computer manufacturers had a number of drawbacks. For one thing, it was proprietary. For another, this software was typically so general that it did nothing particularly well. In addition, it usually required massive amounts of computer resources, and performed poorly. This software also excessively consumed the time of scarce computer programmers and analysts. Another damaging complaint was that the software often did not work as advertised. Manufacturers too often shipped software that contained bugs which



turned up at the client site. The users were unwittingly functioning as test sites for the system software, with the massive costs of this testing being borne in large part by the users.

But with only a few exceptions, such as American Airlines, which wrote its own code when building the SABRE reservation system, few computer users were able or willing to create their own system software. That was the niche Nies thought he and his



partners could exploit. He was confident they could fill this latent need and satisfy this dormant demand by creating superior system software packages, and then marketing and supporting these

technologies. He believed that clients would pay for software if it would significantly outvalue and outperform the so-called free software it may be required to compete against.

The three men, sitting around a card table with assets of \$600, were confident that even if IBM attempted to prevent such

solutions, the value they were offering would be so great that they could take on IBM and win. But then, September 29 was the Feast of St. Michael, the archangel who led the fight against the Great Dragon. And St. Michael was often the chosen patron of those engaged in great struggles. Then, too, there was the Man of LaMancha, Don Quixote, on his perilous quest “to fight the unbeatable foe.” So perhaps the moment just felt right. In any event, these three were determined to pursue the “impossible dream” of helping users to build successful integrated information systems.

### IBM or P&G?

While Tom Nies’ title was President, his focus was primarily on marketing and selling, not presiding. He laid the foundation for Cincom’s marketing and selling philosophy, structure, and organization, for its client service policies and compensation plans, for its approach to the marketplace and its long-range vision. Above all else, Nies developed the strategy of providing high-value, low-cost solutions. And, just as Richley and Bogardus based their technical work on the experiences and knowledge they brought to the company, Nies’ ideas were the result of his education and experience.

September 29 was the Feast of St. Michael — the archangel who led the fight against the Great Dragon.

When Tom Nies was growing up in Cincinnati, his view of a business career centered around a specific image: Procter & Gamble. For a young man growing up in the Reading neighborhood of Cincinnati, near Procter & Gamble's major local manufacturing plant, going to work for Procter & Gamble represented the epitome of success. As he neared graduation from the University of Cincinnati, Nies had performed well enough in his studies to be

offered a number of attractive job interviews. But the one that really mattered to him, the one he cared about the most, was with P&G. His elation upon doing well in the

interview and receiving an offer from P&G was so great that he began to excitedly tell some of his classmates about it.

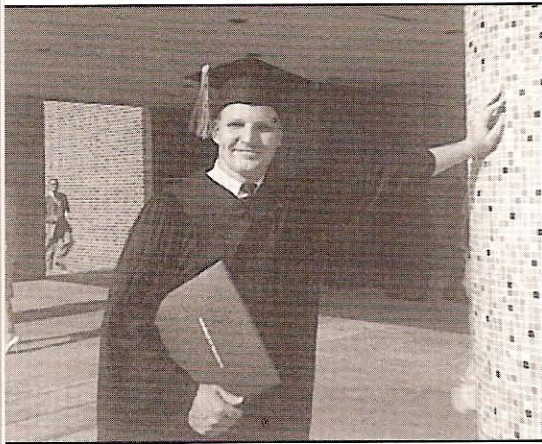
"I was probably being a little too enthusiastic," he recalls, "letting everyone know in a perhaps bragging way that I had received an offer from P&G. So another student challenged me: 'If you're so good, why don't you go try to get an interview with IBM?' I have to confess that I had

never heard of IBM before he challenged me. I knew nothing about IBM, and had never before even heard of computers."

But Nies decided to accept the challenge. He got the interview. Soon he was asked to go to IBM's local headquarters for another interview, and then he was invited to meet with the Cincinnati branch manager for yet a third interview. It was clear the company was interested in him.

In fact, during his conversation with the IBM Cincinnati recruiting manager, Nies was asked what the minimum salary he could accept was. P&G had already offered him \$475 a month, and he didn't want to accept less than that. So he told IBM he would appreciate \$500 a month minimum. And, sure enough, he received a job offer from IBM for a starting salary of \$6000 a year. IBM even then was not known to pay more than the absolute minimum salary necessary. But that didn't matter to Nies. He was far more interested in the opportunity than the pay.

"Now I was really confused," Nies said in an interview. "I'd always dreamed of a career with Procter & Gamble. But here was a company I knew little about, but which obviously had a very impressive



Tom Nies,  
University of Cincinnati

reputation, offering me a job at a salary comparable to P&G's offer."

While growing up, Nies had often turned for advice and encouragement to a couple of elderly women, known affectionately as "the biddies." The biddies were the mother and aunt of his boyhood friend Jerry



Jerry Shawhan

Shawhan, who is currently a senior executive at Cincom. He went to them again and explained his dilemma. What should he do? The biddies listened carefully and asked a few questions about the two companies. Finally, they

encouraged him to go with IBM because they believed it was the company of the future.

### "Big Blue"

Nies had an outstanding career at IBM, from his sales training class, where he graduated first with the highest marks anyone had received to that point, to his performance in sales, where he was consistently one of the top account executives in the company. And yet just six years after joining the company, he left. Tom Nies no longer trusted IBM's view of the future, centered almost exclusively on

hardware. He had lost faith in IBM and its vision forward. And through his experiences there, he had fallen out of love with computers, and fallen in love with software—an area of little interest to IBM.

From his IBM experiences, Nies also grew to believe that an employee must be able to trust his employer. As he has said, "Of course, employees need to know they can trust their company. They want to feel that the company communicates with them directly and honestly, and that they're being treated as adults, not adolescents. But, they must also trust the company's judgement of the future." This philosophy is not only applied to the treatment of Cincomers, but also to clients, competitors, and everyone who comes in contact with the company. Cincom believes it is vital to continually communicate its vision of the future to all involved with Cincom, as well as to be true to its promises and ethical in all its behaviors.

For the same reasons, challenges were always based upon reasonableness and justice. It made more sense, he thought, to establish reasonable, challenging quotas and then reward people for achieving them, than to set targets beyond achievement. But, at IBM Nies also learned that fair challenges

Employees need to know they can trust their company. But they must also trust the company's judgement of the future.

were quite often beyond what people once thought possible. Although sales quotas established by IBM's management were often felt to be unreasonable, Nies always significantly exceeded them. Even at IBM he was one of those unreasonable men who create and facilitate change and grow through challenge.

Nies learned a lot of positives from IBM, ideas he adopted when he had the chance to lead Cincom. He saw that it was important to invest in people through training, to give them significant responsibilities early on, and to give them the opportunity to make as much of their jobs as they could. And IBM reinforced his Latin school understandings that good people, well-led and well-trained, can be counted on to exceed expectations.

"I've long believed that most people use only a small portion of their potential," he has explained. "What we faced in the early years was the challenge of competing for people against much bigger companies with much larger budgets. But I believed that if

we could hire good people, and help them use more of their potential, we'd accomplish a lot more than other companies could do with so-called superstars who were using less of their potential. Our goal was to help people become the superstars they might be rather than try to find superstars already developed."

As a result, Nies spent a lot of his time in the early years inspiring and encouraging a

can-do attitude among Cincomers, giving them an environment in which to grow and challenges to meet. In a sense, Cincom was empowering people long before the concept itself became popular.

*Cincom was  
empowering people  
long before the  
concept itself  
became popular.*

Nies long felt that his primary mission to Cincomers was to help them to personally realize that they might be far less capable than they thought they were, but at the same time had far greater potential than they ever imagined. The key was to open the eyes of their understanding to this reality—to encourage them to grow.

## Making Computing Make Sense

Tom Richley and Claude Bogardus had also been influenced by their experiences at IBM. After his military service, where he worked in data processing, Richley finished his college education and joined IBM. So unlike Nies, he had heard of IBM and its reputation before he accepted IBM's offer of employment.

During his tenure with IBM, Richley went to work with Claude Bogardus. In fact, Bogardus was senior to Richley, both working as SEs helping to give birth to the modern data processing industry. In this process, the two began building software tools to make their jobs easier. Just as programmers today will create macros to handle frequently used tasks, so they recognized the value in building reusable standard sets of code modules.

In the course of working on their projects, both Richley and Bogardus saw that there were ways to do things better, to use the computer more productively, to get more out of it. They saw opportunities to use software to sell the applications instead of the hardware. But, at the same time, they weren't being paid to be creative, nor was their kind of innovative thinking particularly rewarded or even welcomed at IBM.

Richley's specialty was applications for manufacturing environments, particularly those oriented around the bill of material processor, and he began crusading for a new data handling concept—a database. He tried for months to convince IBM management to investigate the field and market database technologies as stand-alone products. The answer was always, no.

One night, while Richley was working at a client site to complete an installation, he got a phone call from his wife.

"Tom, you just got an urgent phone call from Claude and some guy named Tom Nies," she said. "Maybe you ought to talk to them."

"That call," Richley has said, "was actually the sound of reality—not opportunity, but *reality*—knocking at my door."

## Beginning the Adventure

So there they were a few days later, meeting in Tom Nies' basement, with a card table and a phone among them, trying to figure out what they would do.

They divided the work among themselves. Nies would be President and Director of Marketing. Richley was to be Executive

Vice President and Director of Technical Support. And Bogardus was Secretary-Treasurer. They decided to call the company United Computer Systems and made a list of possible clients. They would go forth to solve problems, offering the highest possible quality computer support services and solutions to users of data processing systems at the lowest costs possible. The plan was to provide greater value at lower cost.

Each of them was doing everything to make the business a success, but there was a clear division of labor. Besides his primary responsibilities in sales and marketing, Nies was also responsible for general



Suzanne and Tom  
Nies at daughter  
Vicki's baptism.  
April, 1962

administration activities and establishing business goals and plans. He also scheduled and organized the others' time. Richley was primarily responsible for doing the development work on the database and for handling consulting assignments. Bogardus kept the books, handled consulting assignments, and did contract programming.

In these early days, the support of Tom Nies' wife, Suzanne, was invaluable. Even though she is often not mentioned today when discussing Cincom, the fact is that her contribution to the formation of the



Tom Nies with his  
children, Vicki,  
Jennifer, and Thom.  
November, 1966

company was of great importance. From the very beginning, Suzanne covered home base, answered the phone, typed all needed correspondence, encouraged the effort, and always supported her husband, no matter what. In this, she played the part of a role model for all involved. Over the years, thousands of other spouses were to play similar roles of self-sacrifice as they too provided support, encouragement and understanding to their mates as they dedicated themselves every day to the process of building the company.

The day after meeting in Nies' basement, Richley called the data processing manager at Hillenbrand Industries, a man named Charlie Perkins.

"Charlie, I wanted to be the first to tell you, I've left IBM." There was a long pause at the other end of the line. Finally, Perkins

said, “Tom, it’s 10 o’clock at night. Be here tomorrow morning.”

The next morning, Richley drove to Batesville, Indiana, met with Charlie Perkins, and left with a contract for United Computer to do consulting work with Hillenbrand.

Meanwhile, Claude Bogardus landed a contract with a Cincinnati-based company he had worked with previously, and Nies was selling their services to American Tool, Champion Paper, and U.S. Shoe. They were underway.

On one of the first sales calls Nies made, to American Tool, he was able to show how the company’s five-year plan for data processing development might be achieved in a single year if certain database approaches were employed. That experience was repeated time and time again over the next decade, as the young company with its innovative technology helped clients make quantum leaps forward. The value of the solutions Cincom offered was immense, even though the price was quite modest.

In recalling the first few weeks of the company’s history, Claude Bogardus tends

to downplay his own contributions. But he doesn’t minimize the role his two colleagues played.

“The entire software industry owes Nies and Richley a tremendous debt,” Bogardus said recently. “It all began with them. And they complemented each other perfectly.”

In Bogardus’ opinion, “Nies was in a class by himself when it came to interacting with people, organizing the business, marketing, and setting long-term goals. He had the insight right from the start to effectively organize marketing and technical support operations with the meager resources we had. The big challenge was to find good people, organize and train them, and have them become productive as fast as possible. In the beginning, there was tremendous pressure. But Nies remained calm and kept his composure throughout.”

As Bogardus recalls the early days, Richley operated in bursts. “He’d read, talk, think, and sort of hang around for awhile. Then he’d suddenly erupt into action and work 40 or 50 hours straight through, maybe grabbing ten minutes of sleep here or there. He was extremely creative in how he got the software to work and in the ideas he had. And he made sales calls, because we

all had to. It was just the three of us. But it provided him with great feedback about how things were working.”

In fact, Richley drove around with the young company’s entire product line—a box of punch cards which contained the code that eventually became TOTAL—in

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We offer an interactive, on-line data base query facility so easy to use - it's almost child's play.

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**Cincom Systems, Inc.**  
 The TOTAL Information Systems People.

An early ad featuring 8-year-old Eric Nies

the trunk of his car. He would visit a potential client, install the code, demonstrate it, try to close new business, then put the punch cards back in his trunk and go on to the next

opportunity. One of the jokes in the early days—a joke that had more than a grain of truth to it—was that a strong rainstorm or a leak in Richley’s trunk could have wiped out the company.

Bogardus himself had a solid educational background and experience in computer consulting procedures that added credibility to the fledgling company immediately.

Bogardus was particularly skilled in access methods. He supplied many customers with macro-driven IOCS systems for second generation IBM hardware (the 14xx and 70xx series of machines). He also developed a file organization system using an innovative concept of records chained on multiple linkpaths, with a directory to manage the chain anchors. This combined the concepts of the second generation control

sequential access method and a partitioned library. In addition, Bogardus authored several papers on randomization techniques.



Eric and Tom Nies

September 29, 1993

Cincom’s 25th

Anniversary

But one of the first contracts the company landed, with Nutone, was nearly their undoing. Eager to establish some cash flow and somewhat unaware of what the job would entail, the young company bid a fixed price professional services contract for \$17,000 to Nutone to resolve some of their computing problems. Unfortunately, the scope of the job quickly got out of hand and it wound up eventually costing several hundred thousand dollars to complete.

Courage, Creativity and Commitment

25 Years in the Pursuit of Excellence

1974

Data 100 Series Seventy placed in company—first in-house computer consisting of a card reader, a printer, a tape drive, and a cathode ray terminal.



“We could have reneged on that contract, or tried to renegotiate it,” Nies said, “but to do that would have established a pattern of doing business that way. So we went ahead and completed the project at a cost of 15 to 20 times of what we were paid for it. We believed that promises made must become promises kept, no matter what the cost, no matter what the pain.” It was imperative even then that the company keep principle before profit, and it was difficult situations like this one which tested

We believed that promises made must become promises kept, no matter what the cost, no matter what the pain.

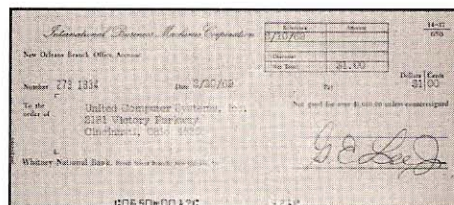
principle. Early on, Cincom saw adversity as an opportunity to strengthen character.

That experience established a couple of principles. The first was that Cincom would stand by its contracts and honor the commitments its people made—no matter what. From that time forward, Cincom’s commitment to keeping its word has been a vital part of the corporate culture, though sometimes a painful and difficult principle.

The other principle was to avoid fixed-price contracts whenever possible. Other such fixed-price arrangements also proved to be bad business in the long run and it became apparent that the complexity of the industry made it extremely difficult to bid any such

project on a fixed-price basis with much confidence in the accuracy of that bid.

In spite of the losses from Nutone, the little company did manage to grow. In fact, it even managed to show a profit during its first year—a profit of \$1000 on total revenues of \$155,000. This record of making an operating profit continued on through each year of Nies’ initial 16-year presidency.



Cincom had established a fledgling corporate culture, one that was

Cincom Systems’ first customer—IBM!

based on a pattern of principled management and ethical business practices, a culture that has grown stronger and more consistent over the 25 years since its formation. In the long run, that philosophical foundation proved to be more important than the initial \$1000 profit could ever have been, even had that first year’s profit been multiplied a thousandfold.

“Damn the torpedoes, full speed ahead.”

—Admiral Farragut



W

hile the basement of Nies' home was a start, the three men soon decided they had outgrown their card table, and they rented an inexpensive office on Victory Parkway. The space was Spartan but the price was right. And the real estate salesperson told them that the beams sticking through the roof were actually a cathedral ceiling.

"Victory is not a name strong enough for such a scene."

—Lord Nelson  
(1758-1805)

But now that the company had an official office, they needed someone to manage it. As the mother of three young children, Suzanne could no longer double as office manager once the company's headquarters were moved to a remote location. Nies contacted a friend who taught secretarial studies at the University of Cincinnati, and asked for a recommendation. The professor thought of someone who just might be perfect.

That young woman was Judy Carlson (then Judy Foegle), and after the company's founders and Suzanne, she was to become



Judy Foegle Carlson

Cincom's first employee.

Judy began working as a part-time employee, answering phones, running errands, and doing the typing. But almost immediately she began to exceed expectations.

Bogardus says, "Judy civilized us. She made us keep to a schedule. Kept us on track. She kept a 'tickler file' in her head so we never missed an appointment, always followed up with people."

Foegle continued her studies, graduating from the University of Cincinnati in 1969 with an Associate degree in Secretarial

Studies and began working at Cincom full-time.

As she recalls, "I did whatever needed to be done around the office. I kept the books, did the payroll, handled the accounts receivable and payable."

She did the company's taxes, too. Soon, in fact, she was doing the books for other small companies in their office building to help bring in some additional revenue.

Because Nies was traveling constantly by this time, all over the country, Foegle typically signed his name on the payroll checks. On one occasion the bank stopped payment on a check because the signature didn't look right. It turned out that it was one that Nies had signed himself!

The company was growing, adding new people. As they grew, they began to rent other offices in the building, gradually filling it. The problem wasn't in finding office space, but in finding the right people to occupy those offices and to do the work. In that regard, the young company was extremely fortunate.

They succeeded in weaving a vision of the future that was incredibly compelling.

At first they went after hand-picked talent, people they already knew, including former colleagues. Sitting in living rooms late at night like college basketball coaches, they tried to recruit the talent they needed to build a winning team. And they succeeded in weaving a vision of the future that was incredibly compelling. Among the first recruits were Jan Litton and Doug Hughes, men who shared that vision of software as a viable business in its own right.

Later, Cincom added dedicated recruiters, establishing a more systematic approach to finding outstanding young talent and bringing it on board. The company wasn't willing simply to run ads and hope the right

people would come to them or to rely on the judgments of outside recruiters. Instead, the company sought out specific individuals who seemed to be the type of person needed. After all, the destiny of the company was in the hands of its people, so they needed to be the right people.

So dedicated to this concept was the company that at one time, almost 5 percent of its total staff was engaged full-time in the recruiting area. And from its earliest days, the company recruited through the attractiveness of its technology and the compelling nature of the vision Nies would articulate. In fact, many of these early employees came from the ranks of the company's first clients. When they saw



what the little company, its products, and its people could do, they wanted to join. They wanted to be part of the excitement. They too wanted to be a part of the family.

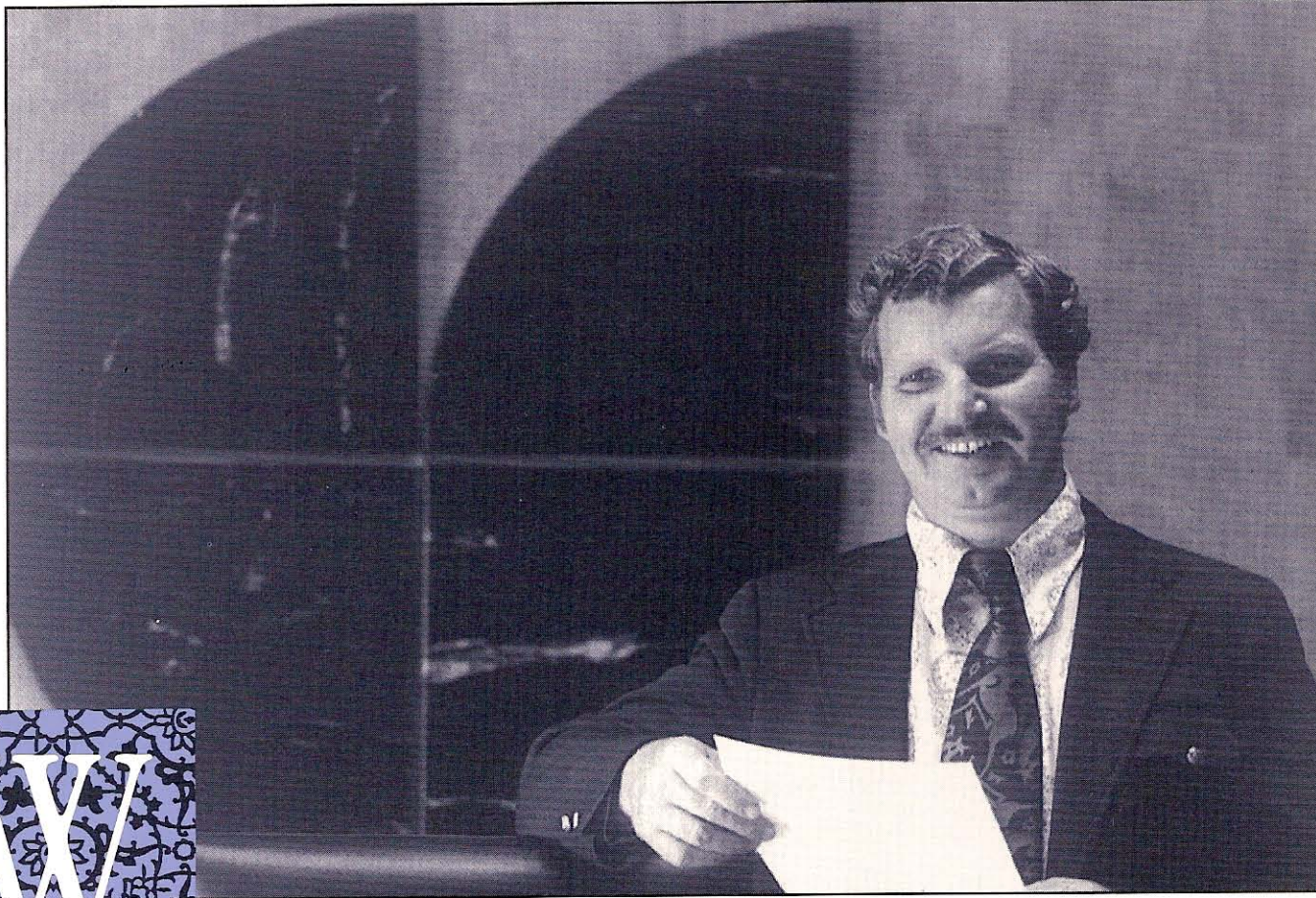
Tom Nies, Jan Litton,  
Doug Hughes, and  
Stan Sewall  
celebrating Jan  
Litton's 10-year  
company anniversary

1974

Data 100 Series Seventy placed in company—first in-house computer consisting of a card reader, a printer, a tape drive, and a cathode ray terminal.

Part One:  
The Early Years

An Office  
on Victory



When Nies and his colleagues formed the company, they decided to incorporate. But, what should they call it? This was an interesting question.

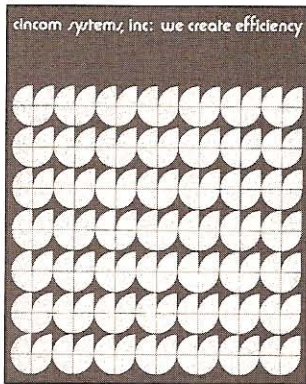
Nies felt it should be something broad, something that did not pin them down too much, since at that stage they really were not sure in what areas they should focus. After some reflection, he decided on “United Computer Systems.” It was common enough, it suggested the kind of work they did without being too restrictive and it did connote the “united” idea that was felt to be so essential to winning teams. And as they kidded each other later, it put them ahead of United Data Processing, at least in the phone book. They never dreamed that in the not-too-distant future they would surpass United Data Processing as Cincinnati’s largest computer firm.

A good name is  
rather to be  
chosen than  
great riches.

—Proverbs 22:1

So they went forward, calling their new company United Computer Systems but otherwise not giving much thought to the name. They were too busy trying to build the business to worry about its name very much. That is, until the lawsuit arrived.

“We were being sued for infringement by another company in Cincinnati,” Nies



recalls. “They claimed we were violating their trademarked name—United.”

In reality, the lawsuit was basically an attempt to harass and possibly extort money

from this upstart firm that had been attracting attention around the Cincinnati area. There was no merit to the claim at all.

Perhaps the litigants expected the young company to settle out of court. If so, they made a serious miscalculation.

Nies was determined to fight the lawsuit with the most vigorous defense he could muster. The principle was simply that one could not cave in to threat and intimidation no matter what. The case was eventually won and even became a legal precedent

with a significant opinion being written by the presiding judge.

At the time, the lawsuit was a nuisance and a distraction. But the way in which it was defended said a lot about the company. In fact, it established clearly that this company was willing to stand up for principles, not give in to matters of convenience nor be intimidated or bullied. Above all else the company would not compromise principle.

However, in the process of researching information to defend the company, Nies discovered that there was another company with a name that truly was similar to United Computer Systems. It was located in Kansas City and was called United Computing Systems. The names were just too close. It was clear that with planned growth, there would be grounds for confusion.

So they began looking for another name.

Nies still felt strongly that the company should not be named after its founders, since the company was to be built by all of its people, not just a few. Nor should it be named after anything which localized the company to the Cincinnati area or to the United States for that matter, since even

then, Nies was thinking globally. It should also be distinctive.

But what would that be?

Anyone who has tried to name a baby or a pet or a product knows how maddening the process can become. Something different, but not too different. Something catchy and easy to remember, but not cute or coy.

Nies and Richley were in Philadelphia, making a sales call on Philco. As they walked up the entranceway to the front doors of the building, Nies began wondering about their potential client's name. Where did it come from? Was it derived from "Philadelphia Company"?

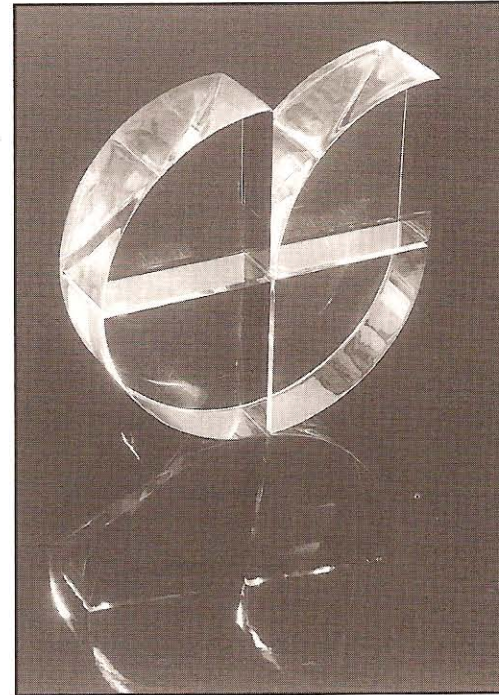
And at that moment it hit him: He took two words that were very important to him—Cincinnati and computer—and contracted them to form the name, Cincom. Then by simply adding the word Systems, the name described the company perfectly.

It was a moment of sudden, creative insight, the kind of creativity that Cincom needed to learn how to harness and produce on a regular basis. So along with books on management and marketing, Nies now added books on creativity, ingenuity and

innovation to his reading list. One of the books was *The Act of Creation* by Arthur Koestler. In it, Koestler argues that three essential qualities must be present to produce a creative idea. One is adequate **preparation**, usually in the form of formal and rigorous training in a discipline. A person has to have a head filled with the right kind of knowledge and experience, and must have a firm grasp of the background information. Nies was certainly prepared in that sense. His mind was filled with names from all the research he performed in

defense of the company against the lawsuit.

The second element, according to Koestler, is **pressure**, intense pressure which stimulates the creative process. Unless it's truly important that the person find an answer or solve a problem, unless the pressure is mounting steadily, Koestler argues that it's not likely that he or she will come up with a truly creative idea. The lawsuit itself had created considerable



One of the hallmarks of Cincom throughout its history has been the creativity of its people.

pressure, of course, but the discovery of another company with a name that really

## Cincom Systems, Inc.

was similar  
had added  
much more.

Nies planned to have customers in Kansas City some day, so the name United Computer Systems would have to be given up eventually.

The final element is an **outside factor**, something extraneous and disconnected with the issue at hand that triggers a sudden coalescence of ideas and feelings into a

## Cincom Systems

creative  
response. It's  
a coming

together of disjointed events or observations in the mind of one individual into something new. Seeing the name "Philco" in letters several feet high was just such an outside factor for Nies. And in a flash he had a new name for the company. Cincom Systems!

One of the hallmarks of Cincom throughout

## CINCOM

its history has  
been the  
creativity of

its people. That's no accident. In establishing management systems, Nies has deliberately attempted to create an

atmosphere that is conducive to creativity.

Employees have received extensive training and exposure to the knowledge they needed to possess. The industry itself creates pressure, but Cincom adds more. Pressure has been created in the form of deadlines, goals, objectives, and challenges, and from the demand for growth, from the need to become better, to be more competitive. The final element, the outside trigger, is the chance factor—

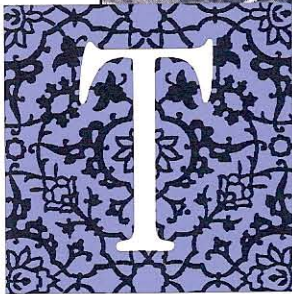
the element of luck or good fortune that leads to insight and a sudden awakening. But this luck must come to a prepared and eager mind, receptive to new ideas, or it passes unnoticed.



Tom Nies celebrating  
another milestone  
among many.

Since Cincom has always been prepared, eager and receptive to new ideas, the company has a record of creativity and leadership that few can match. That has been true in the company's management practices, in its marketing approaches, and in its products.





he company was prospering and growing, based primarily on the combination of the simplicity and the power of its one product, the database management system named TOTAL. This was chosen to connote the idea of the “total solution” for database management system needs. This combination of power and simplicity of use, which so greatly lowered cost compared to any other approach, was a winning position for TOTAL.

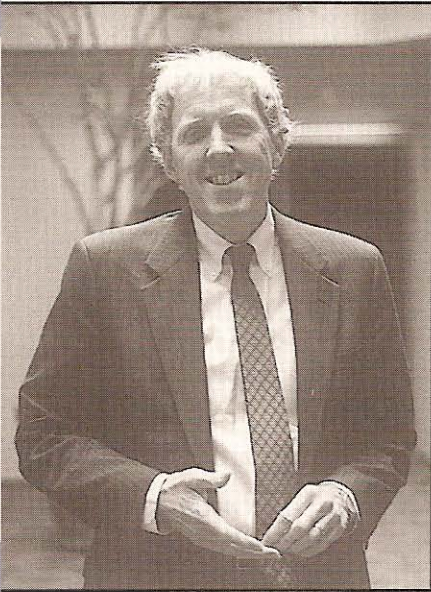
Never underestimate the ability of a small dedicated group of people to change the world.

—Margaret Mead

Photo above: Dick Collins, Mike Farrell and John Kellett pose with “Cincom’s newest area manager.” The “Cincom TOTAL man” has vowed to continue our fight against all competition in the Amazon jungle.

At first, employees going on sales calls carried TOTAL around as a box of punch cards. Of course the power of the product

was not directly proportional to the amount of the program code provided. But once, while the system was being installed, a customer noticed that TOTAL consisted of a half-filled box of punch cards, a seemingly trivial amount of software to carry a price tag of \$20,000. So, the system was put on a spool of tape



Doug Hughes

so it wouldn't look quite as insubstantial when installed. This was Cincom's first step forward in product packaging. In reality, even after it was greatly enhanced, TOTAL always remained an extremely simple, yet very powerful product. This combination of characteristics came directly from the concept of providing greater value and lower cost to clients. Power and simplicity! The TOTAL position. It proved to be a legendary success story.

Later, Doug Hughes, who had once taken a technical writing course, became the logical choice to write the documentation on TOTAL. Since there was no convenient way to print the manual, he key punched it onto cards and listed the cards to produce a printed document. It was about 40 pages long. Today, the concepts for Cincom's SUPRA Server are embodied in over 2,000 pages of documentation.

What was TOTAL? What made it so different? And how was this tiny company able to make such a huge success of this system?

The underlying concepts and techniques of TOTAL evolved out of understandings gained by Richley and Bogardus during their IBM experience. Both had been involved with access methods and manufacturing applications. TOTAL was not a direct copy of any of that work, however. Rather, it was a natural development of technology in which existing concepts were combined and synthesized with emerging ideas into something new and much more powerful. In many ways TOTAL and its creation is a prime example of Koestler's principles of creativity.

The initial challenge faced was that nobody wanted to pay for software, since IBM was providing it free with their equipment. Typically, IBM bundled the software into the purchase of any computer, because neither they nor their customers saw the software as anything more than a necessary tool to make the machine do its job.

To some extent the original direction of Cincom Systems reflected the prevalence of that attitude. They didn't begin the company to sell software. Instead, they planned to sell consulting services to make the available software function more effectively. The problems they were called upon to solve led, perhaps somewhat unexpectedly, to the development of a set of tools, which eventually became the first product. In fact, Doug Hughes recalls going out on a sales call to present the set of tools that became TOTAL. After seeing what it could do, they said to him, "Okay. We'll buy it. What does it cost?" Hughes couldn't answer, because they hadn't thought of a price yet. In fact, the company had not even thought about selling software products. It was a business that did not exist yet.

## The New Frontier: Changing Paradigms

But those early Cincomers were selling more than just improved access methods or problem solutions. They were pioneering the concept and philosophy of database as a way of managing information, and the concept of information as the key corporate resource. To a large degree, what they were doing was missionary work, trying to plant seeds and instill new ways of thinking. Sometimes it could be extremely slow going. But then farming of crops, just like the farming of concepts and ideas can, at times, be a long drawn-out process.

In fact, clients had an extremely difficult time shifting their mindset regarding software. Earlier, IBM itself had been unable to comprehend Nies' vision of the importance of software. So too the early potential clients had a hard time seeing the value of integrated information systems, or grasping the idea that the enterprise should center about information, which was nothing more than data in context.

Resistance to the concept of software as a separate resource, one that should be seen as an investment, was so strong that almost no one was willing to buy it. As a result, Nies came up with the expedient of renting software to clients. That proved to be one

of the most creative and valuable concepts developed during the early years of Cincom, because it led to the creation of a steady revenue stream upon which to base growth and with which to fund future development. TOTAL for IBM's DOS operating system sold in 1970 for about \$30,000, but it rented for only about \$1,000 a month. Since many of those rental agreements lasted for years, Cincom ended up receiving far more revenue than the purchase price would have yielded. And the client was spared the pain of trying to justify what then was a relatively huge capital outlay for what most computer users felt should be provided free.

Positioning is not what you do to the product. Positioning is what you do to the mind of the prospect.

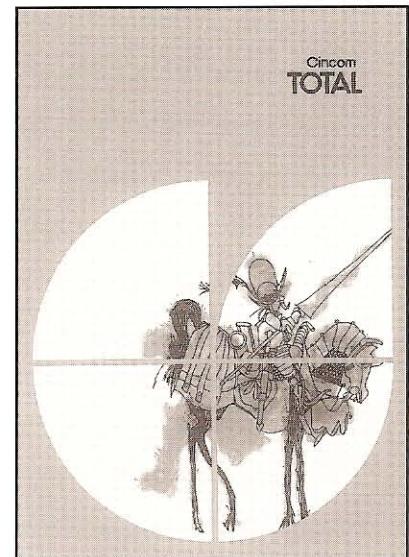
### Pioneering Solution Selling

But the original pricing models included more than just the idea of renting software. In the original discussions of what the price might be for a half a box of punched card code, Richley suggested that "\$5,000 would be the cost to support the product." Nies suspected it might cost over \$10,000 to sell each copy, and that much more development would eventually be required. So the minimum price would have to be at least \$20,000. Bogardus and Richley were flabbergasted. Such a price was unimaginable! Since Nies felt this was the absolute minimum price possible, he took on the task of formulating the sales strategy

and the value message needed to justify such a price. Included in this process were lots of examples of cost savings and user testimonials which confirmed these statements as well. Value-based selling was one of the most important concepts that Cincom introduced. And to sell value, one had to first become very familiar with clients' needs. Thus, solution selling, another Cincom software innovation, flowed directly from this concept of value delivery.

In 1981 Al Ries and Jack Trout, in their insightful

book *Positioning*, wrote that "positioning is not what you do to the product. Positioning is what you do to the *mind* of the prospect."



Over a decade earlier, Cincom was already positioning TOTAL as the most powerful and yet simplest DBMS available, and therefore, one of the greatest values in the industry, available at a very low cost.

1977 TOTAL  
product brochure