

We Are On Fire Right Now

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In the latest PD&D Fireside Chat, Heppelmann discusses how working on a dairy farm influenced his work ethic today; why he launched Windchill Technology — and later sold it to PTC; why entrepreneurs die; Rolex watches; the future of PLM technology; the things that keep him up at night, and more.

Last month, [PTC](#) [1] [announced](#) [2] that James Heppelmann, the company's President and Chief Operating Officer, will succeed Richard Harrison as PTC's Chief Executive Officer, effective October 1, 2010.



PD&D: What did you learn from working on a dairy farm as a child that still influences you today?

James Heppelmann: I think there were three main things I learned from that experience. First, I learned a strong work ethic — because nobody works harder than farmers. Dairy farmers work 365 days a year, and frequently put in 12 to 15 hour days, especially in the busy summer season, and nobody complains.

Second, a results-driven “get things done” ethic, because the project list seems endless — just putting in hours doesn’t move the needle.

Third, a strong affinity for equipment operation, maintenance and repair, which ultimately drove my interest in engineering.

PD&D: It’s been said that you have “product development running through your veins.” Do you really possess such an itch for engineering?

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Heppelmann: From the time I was very young, I was both operating and repairing equipment. The first purchase I ever made with my own money was a set of socket wrenches, and the second was a set of open-face wrenches.

A kid growing up on a large farm is exposed to more equipment, more mechanisms and more engineering in a year, than a city kid might see in a lifetime. Together, with a strong aptitude for math and science, that really drove my interest in engineering.

PD&D: Everyone has to start somewhere. How did you get your foot in the PLM industry door?

Heppelmann: While I was a mechanical engineering student at the University of Minnesota Institute of Technology, I had the opportunity to do an internship with Control Data Corporation, which at the time, was in the CAD and PLM industry.

CAD was cool, but as an intern I was directed to work on the less glamorous Product Data Management (PDM) products which were a precursor to today's PLM offering. I had a natural aptitude for these products and quickly emerged as one of the company's top experts in PDM, even as an intern.

PD&D: You are often credited as driving some of the most significant PLM advancements in technology. What would you say is your most notable accomplishment?

Heppelmann: The way we fundamentally embraced the Internet and Web platforms and architected a software system that readily scales across departments, geographies and even supply chains has proven to be an very good idea.

Today you might expect this, but when we were doing it, we were alone and it was pure innovation.

PD&D: At what moment did you decide to launch Windchill Technology? What was the root cause?

Heppelmann: I worked with first generation PDM/PLM systems that were mainframe based, and second generation systems that were client/server. Both methodologies worked, but the first time I ever downloaded Netscape and surfed the web on my dial-up SLIP connection, I realized that everything in PLM had to change.

After some work, I realized that trying to retrofit any existing application would produce sub-optimal results versus what was truly possible with a clean sheet design.

Even though I didn't really know how to start a company, I knew this was a powerful idea and I left my job to go start Windchill, knowing I could figure it out on the fly.

PD&D: How did things change when Windchill was acquired by PTC?

Heppelmann: Because I had been building the company myself, I knew how hard it was, and I could see that PTC had so many of the key assets that a startup company needs.

Big things that are hard to come by, like money, a sales force and a customer base. So I gathered the Windchill team together and told them that while working for PTC will be very different, I thought it could be very good for us.

I also told them that the recipe for success inside of PTC would be different from the recipe we had been following standalone, and that we needed to be open and flexible and work within the system while leveraging its strengths and assets.

That was really important. So many entrepreneurs die inside a big company because they can't adapt, and they can't let go.

PD&D: You've held multiple titles and roles in your many years in the industry, what's the most interesting or memorable thing that ever crossed your desk?

Heppelmann: Learning, in some detail, how Rolex watches are designed and how they are manufactured.

I somehow had the mental impression of Swiss craftsmen bearing wooden mallets while wearing lederhosen, but in truth it is one of the most high tech products and most high tech processes I've seen.

A typical watch has 600 moving parts, and queues up energy all day to make the date indicator flip in 1/60th of a second. Their automated production system is first rate.

PD&D: What does the future hold for PLM technology? Where can it go from here?

Heppelmann: PLM has been changing a lot, and I expect this to continue. One of the biggest changes over the years is the influence of electronics — and then embedded software — on product development.

But we've also seen PLM work its way into the core of manufacturing strategy, of aftermarket service strategy, supply chain strategy, reliability strategy, and more recently, even green strategy.

I think that many people felt that ERP systems would subsume PLM, but in reality the ERP vendors have struggled to keep pace with the change and are probably in a relatively weaker position than they were a dozen years ago.

PD&D: What are your plans for PTC once you take over in October?

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Heppelmann: I don't anticipate you will see big changes for two reasons. First, our business is on fire right now and I don't think any major changes are warranted.

With a \$500M PLM business growing more than 25 percent, what we are doing appears to be working well.

Second, the company's current strategy is already my strategy. I've been in a position to direct the company's strategy for years, and I really like where we are and what we are doing.

We made a commitment to our investors to deliver 20 percent earnings growth, and we will use that commitment as a lighthouse to guide our decision making regarding growth, investments and profitability.

PD&D: Given the current state of the economy, what keeps you up at night?

Heppelmann: Our business in the U.S. is very strong right now, and has picked up recently in Asia, especially China and Japan. But we need the business in Europe to be stronger, too.

We are forecasting solid business in the back half of our FY10, but issues like "Greece and the PIIGS" could drag on the European economy and slow the economic recovery that we would like to see.

For more information on PTC, visit www.ptc.com [1].

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[1] <http://www.ptc.com/>

[2] <http://www.pddnet.com/news-ptc-to-name-james-e--heppelmann-to-chief-executive-051010/>