

## Client Profile: CMC Rescue, Inc.

By Ron Zollars



*Ventura County Sherriff's Department using CMC Rescue equipment during a hoist-training operation*

In the movie industry, countless disaster films have been produced. Thanks to a dazzling array of special and technical effects in Hollywood, there never seems to be a shortage of apocalyptic events depicted on the big screen. In fact, some of the highest-grossing movies have centered on natural or environmental disasters. However, in real life, the emergency responders and search and rescue teams are real people (not actors) who put their lives in harm's way in their attempt to rescue an individual, a family or an entire community. Natural disasters such as flooding, earthquakes, firestorms, hurricanes, tornadoes, the collapse of coal mines, climbers trapped on mountainous ledges, and ships capsizing are prime examples. In the U.S., Hurricane Katrina is one of the largest catastrophes ever recorded. And when tragedy strikes, it is the search and rescue professionals who spring into action to extricate the victims who are trapped and often immobilized. Undoubtedly, one of the most important pieces of equipment used is the rescue harness which has to be strong, durable and reliable in precarious situations.

CMC Rescue, based in Santa Barbara, Calif. has been producing state-of-the-art equipment for its customers for more than 30 years. The company was founded in 1978 by James Frank who at the time, sought to create a manufacturing division when they were unable to locate specialized pieces of equipment that he felt should have been available to rescuers. Frank is a search and rescue pioneer and one of the top people often involved with Santa Barbra County's search and rescue teams. He has been an avid volunteer since the 70s and is still active today, as are several

of the employees at CMC. The company has three full-time rescue instructors: one is a retired firefighter; and two are active search and rescue volunteers. They also use approximately eight part-time instructors who are active firefighters. In the early days, Frank said it was just he and a couple of other rescuers. In emergency situations they would turn off the phones and close the door because they were out in the field. Search and rescue employees at CMC have had to evacuate residents during Santa Barbara's wildfire season.

This is only one example of the many calls they respond to when needed. In addition to backcountry search and rescue, rope rescue and swift water rescue, they are called to support law enforcement when an at-risk person is lost, after automobile accidents, and mass-casualty incidents. One of CMC's personnel in Los Angeles was called to help in Haiti following their disastrous earthquake in 2010. CMC personnel also assisted during Hurricane Katrina. The employees contacted some of the rescue volunteers that they knew were sent to New Orleans and asked what they needed. Based on their response, CMC employees pitched in and bought personal items (soap, shampoo, toothbrushes and other essentials) and the sewers made little bags to hold supplies and shipped them to the search and rescue volunteers. These dedicated men and women often put their lives on hold as they go into very grueling situations. It's not unusual for the volunteers to be away from home for extended periods of time.



*The Yosemite Search and Rescue cache is home to a wall of CMC Rescue equipment*

CMC's customers in the U.S. and abroad are typically the county and municipal fire departments and their technical rescue teams. Products also are sold to search and rescue teams, private industry, the military, the police, the entertainment industry, and numerous state and federal agencies such as FEMA, the border patrol and the FBI. CMC enjoys international success in Canada, Asia, Central and South America, Australia, South Africa, and parts of Europe. Their international markets account for approximately one-third of overall sales. Expanding global sales continues to be a top priority for the company.

Today, all of CMC's harnesses, straps, packs and bags are manufactured at their Santa Barbara facility. "We've learned that it takes much more than a sewing machine and some material to produce life support products," said Jim Frank, founder and chairman at CMC Rescue, Inc. "It requires highly trained production personnel and a quality-based inspection program backed by a sound design and engineering."

In the early days, the original name of the company was California Mountain Company because mountain rescue was the focus. As the market expanded and other types of rescue technology evolved the name was abbreviated to CMC. At CMC Rescue, besides making products they also have a successful training school. Frank explained that their philosophy always has been based on educating the customer rather than using the school to deliver a sales pitch. He said that there are many opportunities to also learn while teaching and in turn they feed this back into their product development program.

"More than 30 years ago, I was told that a carabiner with a brake bar was no longer considered safe for rope rescue and that I should get a Russ Anderson Figure 8 descender," said Frank. "Such a rescue specific item was not available at climbing shops and I learned that several had to be ordered at a time. This looked like a business opportunity, so I bought six with the intention of selling the other five. There have been many changes in the last 33 years. Rescue specific products were introduced, and the National Fire Protection Association 1983 Standard on Life Safety and Rope and Equipment for Emergency Services was developed to provide consistency in testing and labeling. Today we've started to see descenders that automatically stop and lock themselves, harnesses made from high-tech materials for comfort and strength, carabiners with a variety of safety locking systems, and specialized communication equipment to meet the changing needs of our rescuers."



*Rescuer with patient being lowered in a litter during a high-angle rope rescue training evolution*

Beth Henry, CMC Rescue's chief financial officer joined the company 11 years ago and had previously worked for a business litigation law firm before joining CMC. She admitted that CMC was only meant to be a practice brush-up interview. However after meeting with the founder and CEO, she was very impressed and knew this was her type of company. Henry said in the early days CMC primarily dealt with handwritten order forms that were torn from catalogues and mailed in with a check. "We basically waited for the phone to ring, relying on word of mouth with the search and rescue community," she said. "The first catalog in 1978 was photocopied and the mailing list was generated from our founder's personal contacts."

An important and fortuitous alliance was forged early on between two young engineering students who were college roommates at Cal Poly, San Luis Obispo. Following graduation, CMC Founder and Chairman James Frank and Rich Phillips both had illustrious careers with various companies. According to Henry, over the years, the two friends always kept in close contact with one another and Rich Phillips would often lead some of CMC's management retreats. "Jim was an aeronautical engineer and Rich an industrial engineer. Jim often would call Rich into management retreats to lend his expertise. Rich would organize those events and lead the strategic discussions," said Henry. In 1994 Phillips officially joined the company full-time. Three years ago as Frank began turning over more of his day-to-day corporate responsibilities, Phillips assumed the role as president and chief executive officer.

Phillips explained the reason that CMC Rescue decided to pursue an employee stock ownership plan or ESOP. "I had some business dealings with SAIC in another company I worked for and they were passionate about employee ownership," said Phillips. "Jim Frank and I were discouraged from pursuing an ESOP by both financial and legal contacts. We were told ESOPs were not really that practical and were, in fact, falling out of favor as a realistic option for business owners seeking an exit strategy. I persisted and we attended an ESOP conference in San Diego put on by the Beyster Institute which planted the seeds for employee ownership – even if they didn't grow for a few years."

We asked Phillips when the board of directors determined that it would be advantageous for CMC to pursue doing an EO plan. "After nearly five years of attempts by other companies to purchase CMC, it became evident that strategic acquirers would offer the highest share value," said Phillips. "But they would not be able to assure Jim that CMC's operations would not be assimilated by these larger businesses – resulting in the loss of many jobs for then-current employees. Jim came to the realization that employee ownership could realistically be the only way to assure continuation of CMC with its current operations and employees."

Henry said that once she clearly understood how well the ESOP concept fit CMC's needs, she wrapped her arms around it and ran. "Good thing I didn't know then how unusual it was to draft the plan document and do two major stock transactions in 13 months. The primary driving factors for us moving forward were: 1. sustainability of the business; and 2. exit strategy for the current shareholders. Jim's commitment to the team of employees who created the success at CMC was very generous and took precedence over other options."

CMC Rescue became 92 percent employee owned in 2011. The company has instituted several programs to help promote and educate the benefits of employee ownership. "We celebrate

Employee Ownership Month in October with an offsite company picnic and a variety of other events focused on education and team building," said Henry. "We have our first communication committee up and running, coordinating these events and posting visible evidence of employee ownership around the building. I've been experimenting with sharing financial results to see which performance metrics are most meaningful, and all managers are learning to promote the new culture of openness, teamwork and accountability."

According to Henry, she says that employee ownership has remarkably changed the culture of the company in many ways. The ownership culture has become a consideration in almost everything they do. The company has been learning how to better formulate plans to drive it more deeply into its everyday behavior and they are more open and collaborative than ever before.

The major benefits that have been derived out of doing the ESOP are abundant said Henry. "The ESOP model promoted by the Beyster Institute, the NCEO, The ESOP Association and others has given us the healthy business focus we needed. For me personally, it forced me out of my office and into the company of very impressive business people – generous people (from other ESOP companies) and they love to talk and share their experiences. This is how we came to embrace the concepts of open-book management and collaboration."

CMC Rescue's community service projects are a part of their everyday culture. "Whenever an employee brings up a worthy cause that we can manage in the business environment we do it," said Henry. "Fun runs/walks for charities, food drives, blood drives, rescue mission donations, the Salvation Army. Given the nature of our business, we are often contributing to causes benefiting firefighters and search and rescue volunteers. We've received incredible generosity from our employees – sometimes donating their own time to sew backpacks and care packages out of scrap materials. Several employees currently are spearheading sustainability and environmentally responsible (green) programs around the office."

The company also received special recognition from the U.S. Department of Commerce. CMC won an award for its success in exporting products to help with the balance of trade. CMC has been especially strong in Asia and Canada but sees much more potential in other world markets for its products and rescue school training.

We asked about CMC's future plans and also what makes them so unique from other organizations. "Grow the ownership culture and invest in employee and organizational development," said CEO Phillips. "Develop leading new products for our customers, continue to expand our presence in work and rescue communities worldwide, and make employee ownership as valuable as possible for every participant in the future. We are in business to support a noble cause – saving lives – so high-ethical standards have always been engrained in our culture. Also, the company was founded by rescuers for rescuers, so our expertise can't be stressed enough. Our instructors travel all over the world training search and rescue personnel, fire, military, industrial, and entertainment industry individuals. I'm proud of all of them and they represent CMC's standards beautifully."

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*CMC Rescue, Inc. executives (L to R): James Frank, founder and chairman; Beth Henry, chief financial officer; and Rich Phillips, president and CEO*