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Where ideas and people meet

Insanity Inc.

By Chuck Salter

This is one game of "Jeopardy!" that you won't see on TV. In a packed conference room littered with beer bottles, soda cans, and pizza boxes, a bunch of know-it-alls are shouting answers. They're also objecting to premature buzzer-pressing, to the use of expletives, and, of course, to answers not given in the form of a question.

What looks like Alex Trebek's worst nightmare is a dream come true for Joe Liemandt. He's the 30-year-old founder, president, and CEO of Trilogy Software Inc., an Austin-based company that he started eight years ago, after dropping out of Stanford University. Liemandt leans back, shakes his head, and laughs. Here it is, 10 p.m. on a Tuesday, and about 200 of his most recent hires are having the time of their lives -- while being quizzed not only on the company's products, customers, and employees, but also on its legendary retreats to Las Vegas and Hawaii.

It's just another night at Trilogy University (TU), a highly intense, extremely unorthodox orientation program for the company's newest employees. These energetic recruits are fresh out of college, and thanks to TU, they feel as if they never left campus. Their first three months together amount to a crash course in software, in business, and in Trilogy culture. "It's more boot camp than business school," Liemandt says.

Trilogy is a rising star that's determined to become a much bigger star. It has 700 people and annual revenues of between $100 million and $200 million, and it plans to increase those numbers as fast as it can. Trilogy's ambitious goals are rooted in reality: The company is racing to keep up with demand for its "front office" software systems -- products that optimize and streamline complicated sales and marketing processes for big companies. Trilogy's customers, including IBM, Whirlpool, and Goodyear Tire & Rubber, spend millions of dollars on its technology.

Trilogy understands that the key to fast growth is to recruit the best people it can find, to get them up to speed as quickly as possible, and to turn them loose so that they can make an immediate impact. "At a software company, people are everything," Liemandt says. "You can't build the next great software company -- which is what we're trying to do here -- unless you're totally committed to that. Of course, the leaders at every company say, 'People are everything.' But they don't act on it."

Trilogy does act on that philosophy. How it does so is what makes this young company (average age: 26) so different, so successful -- and, at times, so crazy. "Look," says Jeff Daniel, 28, Trilogy's director of college recruiting, "I don't go around saying this is the place for everyone. It's not. But it's definitely an environment where people who are passionate about what they do can thrive."

In Search of Whiz Kids

What makes trilogy so distinctive? First, it aggressively pursues the least experienced people in the job market. At dozens of college campuses across the country, Trilogy recruiters prowl career fairs and computer-science departments, looking for students who represent what Daniel calls "a good technical and cultural fit." In other words, he looks for young, talented overachievers with entrepreneurial ambition and chutzpah -- people just like Liemandt and his four cofounders.

Recruiting is not just a high priority -- it's a company-wide mission. One of Trilogy's most active recruiters is the CEO himself. Some of the company's top software developers conduct first-round interviews. When Trilogy flies its top recruits (along with their girlfriends, boyfriends, or spouses) into town for a three-day visit, a dozen or more "Trilogians" join them on Sixth Street, the hub of Austin nightlife. A typical evening might include Southwestern cuisine at Z Tejas Grill, a variety show at Esther's Follies, and dancing at Polly Esther's, a '70s club. A morning of grueling, highly technical interviews might be followed by an afternoon of mountain biking, roller blading, or laser tag.

Last year, the company reviewed 15,000 résumés, conducted 4,000 on-campus interviews, flew 850 prospects to Austin for on-site interviews, and wound up hiring a grand total of 262 college graduates. This well-orchestrated wooing is time-consuming and expensive ($13,000 per hire), but it's worth every minute and every dollar, Daniel says. The people whom Trilogy courts are the whiz kids who will most likely develop the next hit software package. And if they don't do it for Trilogy, they'll do it for somebody else.

A second big difference between Trilogy and its competitors is evident in what Trilogy does with its new employees once it recruits them. Rather than bring its new hires along gradually, Trilogy tosses them the keys to the car and tells them to step on the gas. For three exhausting, exhilarating months, they "ramp up" at TU. When they're not learning about the software industry from Liemandt, they're improving the company's existing products -- or creating new ones. Liemandt assures his recruits that the company will push them to the limit and then reward them accordingly. Three weeks into TU '98, for example, he flew the entire group to Vegas, because class members had delivered so much so fast.

Liemandt himself adds to the company's attraction. One of the youngest members of the Forbes 400 list of the richest Americans, he remains a surprisingly down-to-earth guy -- in Daniel's words, "the most unassuming $600 million man you'll ever meet." A baby-faced bachelor, he wears jeans and tennis shoes to work, lives in an apartment without a TV, drives a Saturn, dines at Wendy's, and gets his hair trimmed at Supercuts. In many ways, he's a regular Joe. Yet he's also accomplished what many of the hotshots drawn to Trilogy only dream of doing: He has taken a great idea and turned it into a successful company.

In 1990, a few months shy of graduation, Liemandt dropped out of Stanford to start Trilogy. He and a handful of classmates vowed that they would build a "configurator" that could handle ordering processes for big manufacturers. The configurator would catalog an inventory of parts for, say, a computer or an airplane; then, when someone placed an order, the software would instantly configure the product according to the specifications in that order.

But before Liemandt and his four cofounders could build a big company, they had to build one heck of a configurator. So what if far-more-experienced developers had already spent years trying to build one? Like today's TUers, the company's founders were supremely confident of their ability.

Those early days are now the stuff of legend. Liemandt says that his efforts didn't feel particularly fateful at the time. "It was clueless central," he says. "We built stupid products that didn't work." He and his friends shared a computer, cranked code around the clock, and argued with one another. Eventually they got it right. And Trilogy has emerged as a flagship company of the new economy -- a business success whose story has been featured in the pages of Rolling Stone.

That just-do-it-now spirit still marks life at the company -- and gives Trilogy a recruiting edge against its more established rivals. "You don't have to sit around here earning tenure before you can see a customer," says Daniel. "One of our TUers, a guy from Harvard, is already working on accounts in France. I go out and tell my recruits, 'A kid your age was here for a month and a half, and now he's in Paris. That's Trilogy.' "

Smart, Talented, Interesting, Cool

The entrance to Trilogy University is home to the class photo gallery. The walls by the elevator are plastered with snapshots taken at the picnic on the first day of school, at the softball game between TUers and Trilogians that took place on Liemandt's 30th birthday, during the boat ride to a Tex-Mex restaurant that Trilogy rented out, and during a trip to Vegas that the class recently took. "People ask me,

'How can you hang out all the time with the same people you work with?' " says Joshua Walsky, 22, a Cornell University graduate. "I tell them, 'Well, Trilogy hires people who are smart, talented, interesting, and cool. Those are exactly the sort of people I want to be around.' "

On a small sign posted in the facility, someone has written TU's business hours: 8 a.m. to midnight, Monday through Saturday, and noon to 8 p.m., Sunday. TU has more than its share of inside jokes, but that isn't one of them.

Located in an office building off Capital of Texas Highway in northwest Austin, TU sits just down the hill from company headquarters (which Trilogians call "uptown"). Like many office complexes, the building is divided into sections. But TU is no ordinary office. As in a computer lab, software manuals and compact discs are scattered among IBM ThinkPads. And as in a dorm, each section's space is decorated with bizarre mementos. "The sections are like social units," says Danielle Rios, 28, a section leader. "You bond and learn about Trilogy culture -- how we operate, how we talk, how we party, how we work."

TU is harder than any college course. Indeed, TUers claim that going through it is like cramming a year of college into three months. "At college, you're taking sips from the fountain of knowledge," says Jamie Sidey, 23, one of 26 recruits from the University of Pennsylvania. "Here it comes so fast, it's like a fire hose." Sidey is all but drowning in new ideas and information -- and he loves it. "I had this epiphany recently. A bunch of us were sitting around, and I realized, 'I'm in a room with 14 of the smartest people I've ever met, and we're having this high-level discussion, and none of us thinks it's anything out of the ordinary. This is great!' "

TUers wear what they want, and they set their own hours. They eat catered lunches and dinners in the TU conference room, and they snack out in the TU kitchen, which contains an endless supply of Power Bars, frozen entrees, cereal, and soda. On Friday afternoon, Trilogy throws its own weekly happy hour, called Party on the Patio, or POP.

That's where Brendan McGeever, 22, and Darin Weeks, 28, two more Penn graduates, are relaxing after working hard and playing hard at TU. As the beer, the margaritas, and the music flow around them, McGeever says, "I wasn't ready for college to end. None of us were. Now it doesn't have to."

TUers are living out their dream, Liemandt says. "They just came out of school, and they're like, 'I studied a lot. Now I want to work a lot. So don't bore me, and don't spoon-feed me. Give me really hard stuff and lots of responsibility, and I'll go deliver.' And by sheer force of will, they do deliver. They come up the learning curve very quickly."

That's the upside of youth. The downside is that these smart young people have virtually no business experience, and they often don't recognize the importance of teamwork. That's why each TU class is broken into small teams. Some teams do assigned projects. Others, like a group that is feverishly developing a car-order product for the Web, pursue their own initiatives. These new-product teams enjoy Liemandt's blessing -- for now. "They are totally clueless at times," Liemandt says. "They come up with an idea for a product, and they don't let anything get in their way, even though their basic business plan has this huge hole in it. They expect magic to occur. So I tell them, 'You've got to explain the magic to me.' "

Stars and Sponsors

Trilogy didn't get really serious about the people factor in its business until five years after its founding. Back in 1994, during a review of the latest crop of recruits, a Trilogy vice president mentioned that one hot prospect had gone elsewhere.

"What happened?" Liemandt asked.

"I don't know. It's not really a big deal," the VP replied.

But to Liemandt, it was a huge deal. " 'We're giving lip service to how we build our company,' " he recalls

thinking. He asked John Price, 39, vice president of marketing, to give the issue some thought. Price's solution was to create Trilogy University. Price would hire the 50 most promising college graduates that he could find, and the CEO would teach them everything they needed to know about developing and marketing software.

"Don't I have another job to do?" Liemandt protested. But he knew that Price was right.

The idea behind TU was to re-create the spirit of Trilogy's startup years -- indeed, to turn Trilogy into a perpetual startup. The logic is clear: Ramp up recruits, overload them with responsibility, let them suffer a bit, and see what they come up with. Ultimately, at TU, results are what get rewarded.

That results-oriented logic applies to the other half of the recruiting equation: assessing the candidates who want to join the company. Trilogy doesn't just evaluate its recruits -- it also evaluates the evaluators. "There was a lot of disagreement over candidates," says Liemandt, "so we said, 'Let's track the data and see who's right.' "

In job evaluations, Trilogians are ranked on a scale of one to three, with one being a "star." Employees whose recruits are on their way to becoming stars become "sponsors." Today there are 60 such sponsors in the company, and rarely does a candidate get hired without one. In sponsoring a candidate, Trilogians are not only saying they believe that he or she will be a star performer; they are also accepting responsibility for his or her performance. "If you hire someone and you're wrong, it's your job to be a mentor and to fix the situation," says Liemandt.

To improve the process of evaluating candidates, Trilogy turned another business convention -- "only managers interview recruits" -- on its head. To a large degree, Trilogy's best interviewers are also its best developers and programmers, its best consultants and salespeople. After all, who better to recognize talent than the company's most talented in-the-trenches employees?

Graham Hesselroth, 26, one of Trilogy's top developers, conducted about 350 interviews last year. He's considered to be one of Trilogy's toughest interviewers and one of its best judges of talent: He sponsors only a handful of recruits, but those whom he does sponsor are virtually assured of becoming stars. His approach is direct: "You'd better blow me away." If Trilogy is going to keep improving, he reasons, it needs to hire developers and consultants who are better than the ones now on board.

Hesselroth, who wears his hair in a long ponytail, seems more relaxed than other Trilogians, most of whom radiate a caffeine-enhanced energy. Calmly and methodically, he probes a recruit's mind, testing her degree of expertise, her passion, and her ability to solve multiple problems under pressure. He asks himself, "Would I trust this person to write a critical piece of code for me on my next project? Will I get along with her? Is she going to go postal on me during the next crunch cycle?" He switches back and forth between problems, trying to confuse the candidate, to overload her mental circuits: "In an environment like Trilogy's," Hesselroth explains, "you need the capability to characterize complex systems and to develop insights in a short amount of time."

During college recruiting season, Jeff Daniel crisscrosses the country at a dizzying pace. Some mornings, he wakes up after three hours of sleep and can't remember which campus he's visiting. Stanford? Harvard? Carnegie Mellon?

Some nights, he'll switch on his laptop at 3 a.m. and send email to recruits: Dude, how did that exam go? . . . I see it's snowing again in Ithaca. I hate to tell you, but it's 70 degrees today in Austin. . . . I'm coming in next week. Let's have dinner.

That commitment pays dividends. Trilogy is a small company, but it has a big presence in many of the nation's top computer-science departments and engineering schools. Chris Ostroot, 31, successfully tapped 33 students from Carnegie Mellon's Class of 1998 -- more than any other technical employer recruited from that university this year. In August, at Trilogy's annual awards banquet (which Trilogians call "prom"), she was named the company's "Superstar" and was awarded a 1999 Saab convertible.

On college campuses, Trilogy sponsors lectures and computer clubs, along with various traditional recruiting events. "At Harvard, you'd think Trilogy was the biggest software company in the world," says Rob Lilleness, 31, a Harvard MBA and a recent hire.

Because there is such a shortage of talent these days, Trilogy doesn't limit itself to recruiting only graduates with technical degrees. Roughly half of all TUers are liberal-arts majors. "We can take English majors who know nothing about software and make them great marketers," Liemandt says. "What's important is that you're very good or the best at something. It doesn't matter what."

Identifying college recruits is one thing -- after all, they're looking for jobs -- but finding great industry hires is another matter. Trilogy has tried everything from telemarketing to giving away coffee mugs. The most successful method? Referrals.

A Trilogy subsidiary called pcOrder.com, for example, held a drawing: By sending in a qualified technical resume of someone they knew, entrants became eligible to win a Porsche. Out of 2,000 submissions, the company found 24 leads that resulted in new hires. "People who are not looking are often the ones who are really good, and they're the hardest to find," says Venky Veeraraghavan, 26, director of industry recruiting.

Because it hires such top-notch talent, Trilogy itself has become a target of recruiting -- a nice compliment, to be sure, but also a potential curse. But Liemandt isn't worried about headhunters. "My job is to make this company so compelling that you want to stay. I do that by continuing to hire the best people. The number-one reason that our employees give for not leaving is 'I wouldn't be able to work with these people anymore.' It always comes back to the quality of the people."

Chuck Salter (csalter@bcpl.net [1]) is a Fast Company contributing editor based in Baltimore. You can learn more about Trilogy Software Inc. on the Web (www.trilogy.com [2]).

Links:
[1] mailto:csalter@bcpl.net
[2] http://www.trilogy.com