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## ARE YOU A TOUGH ENOUGH BOSS?

EX-BOXER THOMAS CHARLTON, CEO OF TIDAL SOFTWARE, THINKS AMERICAN MANAGEMENT HAS GONE SOFT

ZERO-TOLERANCE MANAGEMENT:  
"Burnout is a term I don't even recognize."

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## Stings Like a Bee

Would you work for this man? Invest in his company? Consider him a role model? Read about a chief executive who boxes for pleasure and tears office doors off their hinges. Then tell us, have (other) American managers gone soft?

By [Susan Hansen](#) | Nov 1, 2002

Listen up, all you nice, sensitive chief executives out there: Not everyone in the business world is like you.

In fact, there are a few company builders who are pretty much the exact opposite and who believe that you are a bunch of simpering, sissified CEOs likely to be eaten alive. Case in point? One Thomas Charlton, 36, CEO of systems-management software company Tidal Software, in Mountain View, Calif. Charlton's style: no mincing of words, no coddling of employees. Zero tolerance of anything less than all-out effort.

So tell us, is this a man that more American managers should emulate? Check out his story, register your opinions -- and then log on to Inc.com to read the verdict of your peers on whether Charlton is merely tough (in a good way) or tyrannical (in a not-so-good way), and whether the rest of us are just a bunch of softies.

**The CEO.** Not for Thomas Charlton the usual off-hour stress relievers like running or rounds of golf. A former Golden Gloves boxing semifinalist, Charlton spends his leisure time pounding punching bags -- and pummeling his personal boxing trainer's face. "I don't have too many people I train who want to go at it that hard," says David Morris, Charlton's coach. "He's pretty heavy-duty."

People who have worked closely with Charlton say he brings the same hypercompetitive drive to everything he does. "Here was a kid who absolutely just would give it his all," says Carlos Babini, a former boss, recalling that even as a sales representative Charlton had asked questions and scribbled down notes with burning intensity. In just two years with Babini's company, the numbers that Charlton put up got him promoted from rep to regional sales manager. "It was easy to motivate that guy," says Babini. "He always wanted to know where he stood compared to other people, so he could outperform them."

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TAKE NO PRISONERS: "Burnout is a term I don't even recognize," scoffs Tidal Software CEO Thomas Charlton.

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The intensity was bred into Charlton from the start. His father, Robert Charlton, was also a boxer -- he once fought on the same bill as Gene Tunney -- and he brought up Thomas and four siblings on a character-building regimen of Catholic schools, boxing lessons, and constant admonitions to strive for excellence. Oh, yes: and to never, ever give up a fight. Today Thomas still talks to the elder Charlton several times a week -- and still brags about how, at his father's urging, he trotted back onto his high school football field to finish a game in spite of a severely broken hand.

**The boardroom coup.** Charlton first learned about Tidal through Lacy Edwards, now cochairman of the company's board, whom he met through mutual friends in San Francisco. In 1999, Charlton was running the sales team for another Silicon Valley software maker. But Edwards convinced him that Tidal, with a new job-scheduling product and an influx of venture capital, had huge growth potential. Charlton, who liked the idea of building his own sales team from scratch, agreed to come on as vice-president of sales. Within four months he had landed the biggest sale in company history, a \$325,000 deal with Microsoft. By the end of his first year, Tidal's sales had more than doubled, from \$4 million to \$9.5 million.

But Charlton was butting heads with just about everybody. He argued that the company's new logo was ugly. ("It looked like a toilet bowl.") He argued that Tidal's new software was underpriced and that the company's marketing efforts were a joke. ("We'd go to trade shows and throw the marketing materials in the garbage. Then we went to Kinko's and made our own.") Above all he argued that the company's culture was all wrong. It was too soft. Too complacent. Tidal, as he put it, had a "real loser's stench."

Charlton was ready to walk. First, though, he gave Edwards a detailed reorganization plan blasting the "disease of mediocrity" that had infected the company and proposing the "bold initiative" that he, Thomas Charlton, be named president and CEO. "To say that the management team at Tidal is dysfunctional is an understatement," he wrote. Charlton had the full backing of Edwards, who persuaded founder Gary Leight and subsequently other board members to give Charlton's plan a chance. On May 15, 2000, roughly half of the employees, including then-CEO Terry Ewing and the heads of marketing, customer support, IT, and consulting services, were summarily fired. Charlton took command of Tidal.

**How he manages people.** The legends of Charlton's early days at Tidal are numerous and, uh, colorful. There was the time he told Tidal's head of marketing he didn't know what the hell he was talking about. "God, he was pissed," remembers Charlton. "It was awesome." And the time he picked up a screwdriver and literally took the door off a sales support staffer's office, after that hapless individual ignored orders not to keep the door shut. And the time, lest anyone forget, that Charlton was so eager to get a certain customer's files from another exec's locked credenza that he grabbed a hammer and pried the lock open. "He just appeared to me to be crazy," says Patti Stephenson, who was Tidal's leading sales rep at the time. Not to mention an arrogant young know-it-all whom, she adds, she once told to "fuck off." (Charlton says Stephenson's bluntness won his respect.)

The first several weeks after the coup are also the stuff of Tidal lore. Charlton making calls and racing to meetings. Charlton conducting breakfast-through-dinner job interviews. Charlton walking around in his pajamas with a cup of coffee because he hadn't gone home. Charlton making a Do Not Disturb sign in Spanish so that Tidal's cleaning staff would stop trying to vacuum around him.

From the start, Charlton made it clear that he wouldn't be working overtime alone. All remaining staffers were expected to take on work outside their job descriptions while the company scrambled to rebuild. Late-night Tuesdays and Thursdays were mandatory. Twelve-to-fourteen-hour days became the norm. Employees often came in as early as 6 a.m. and routinely worked weekends. The pace hasn't slowed much since then, even though a full management team and staff are now in place. Charlton, who has been known to bring his cell phone with him to the bathroom, still has a penchant for setting up 6 a.m. conference calls with Tidal sales managers and for riding everybody else hard. "The treadmill is running a helluva lot faster now," he declared at a training session for Tidal managers early this year. "If someone isn't working hard enough, they're not committed."

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Despite the "huge commitment" required by Charlton, "I was excited to be part of it."

--Patti Stephenson

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A big believer in performance measurement, Charlton has instituted strict goals for everyone from software developers to the company's marketing staff. The 25 or so so-called inside sales reps, for instance -- whose job is to cold-call customers and generate leads -- are required to average roughly 100 calls a day and to produce at least 10 solid sales prospects a month. Even the outside public-relations person is expected to produce at least eight press releases and place one major article per quarter. New sales hires immediately get the message that they need to demonstrate dedication to their jobs; indeed, Tidal's job-offer letter to sales reps explicitly states that their employment is contingent on their ability to score at least a 90% on an "entrance exam" on the company's training materials the day they start. Not surprisingly, Charlton's approach has spread through the company. "We're as serious as a heart attack," says Jim Griffin, a buddy of Charlton's from a previous employer who now oversees Tidal's inside training programs. "It's a lot easier to be a manager if you're a hard-ass up front."

Charlton pushes his sales staff to do whatever it takes to bring the deals home. If that means reps have to stay longer in a frigid midwestern city in the dead of winter, as was the case with Tidal regional vice-president Paul Throldahl last February, no problem. Throldahl had called Charlton on a Friday afternoon from the Minneapolis airport to say he'd obtained an oral commitment on a deal with General Mills. Charlton claims he ordered him to check back into a hotel until he had a signed contract. And if closing a sale means calling customers at home or at a hotel in the middle of the Pacific, so be it. Charles Smith, an IT manager for a nationwide copy-shop chain, remembers being stunned when a Tidal rep began sending him faxes and calling him on his cell phone at a conference he was attending in Hawaii, in hopes of finalizing a contract. "It was like, 'Hey, these guys really want this,'" Smith says.

**What customers (and competitors) think.** The copy-shop chain ended up signing a \$125,000 enterprise license agreement with Tidal. But the software company's hyperaggressive style has put some customers off. Charlton himself admitted that a top buyer for Compaq's IT department "wasn't too happy about it" when a Tidal sales rep called him at home to see if Tidal had beaten out another competitor on a Compaq deal. Tidal ultimately won the contract but only after getting a stern warning that calling Compaq managers at home was out of line, according to one Compaq insider. Tidal had less success landing a recent deal with a major Philadelphia media company, though not for lack of trying. The systems

administrator, who was overseeing the company's purchase of job-scheduling software, recalls that one "too pushy" Tidal rep called him 10 times in one particular month. Nor did he quit there. "Oh, my gosh, he went up the chain, down the chain, around the chain," recalls the buyer. "Everybody who was involved in the project was getting a phone call. It was like, 'OK, you guys can stop any time now.'" In the end, the company opted to go with a Tidal competitor -- whose sales rep called the buyer only about once a month.

Tidal's competitors, for their part, complain that the company's sales force isn't just aggressive. They claim that Tidal will do whatever it takes -- including slashing its prices and hyping what its job-scheduling software can actually do -- to win a contract. "They used to drop their price through the floor," says Tim Donovan, former product manager for Tidal competitor, AppWorx. In several instances in which the two companies went head-to-head, Donovan claims, Tidal tried "to win deals away" from AppWorx by, for instance, giving away a \$100,000 software package for the price of a three-year support contract. "It really was 'Get the deal at all costs,'" Donovan says. Charlton insists there's "no truth" to those claims. "We stay to a pretty regimented price," he says. "We don't discount." As for his competitors' criticism, Charlton shoots it down as sour grapes. "I think [our competitors] are a little mad because we're growing faster than they are," he says.

**What the employees think.** Marketing vice-president Phil Sheridan, who worked for two other high-tech companies before joining Tidal, says the company's no-nonsense management style (not to mention its new jeans-only-on-Friday dress code) isn't for everyone. "We just bring a little more discipline to the deal here," notes Sheridan. "We're not part of that 'anything goes' kind of culture." Indeed, some recent hires found the "commitment" Tidal required -- that is, the 70-hour workweeks -- too grueling and were gone within a month. "I guess they thought we were kidding about the hours," says director of operations Jorge Montoya.

Montoya recalls that life at Tidal was easier before Charlton took charge. But employees are hoping all their hard work will pay off when Tidal goes public -- a goal Charlton has been driving everyone toward since he took charge of the company. From the start, Montoya notes, Charlton didn't just make big promises about plans for an initial public offering. He was actually bringing in million-dollar deals and hitting initial revenue targets -- and leading the charge from the top. "All of a sudden, people are thinking, 'Hey, we can make a lot of money doing this,'" he says. All at once those stock options seemed as if they might really pay off. That new sense of common purpose has helped foster a kind of finals-week camaraderie at the company. Individual staffers say they don't mind putting in long hours so much because they know everybody else, including the CEO, is working just as hard.

"It kind of brings out the best in people," says Tidal chief technologist Derek Evan, a 16-year veteran of the company. "People seem to have rallied. They're willing to do what it takes." Former sales rep Stephenson, who is now director of international operations and technical services, says she was well aware of the "huge commitment" she was in for when the new boss took over. "It would have been a lot easier to say no -- a lot easier," says Stephenson, who's married with two kids. But despite her early reservations about Charlton, it was hard for her not to get caught up in his drive to instill a whole new spirit at the company. "I was excited to be part of it," she says.

**The results.** When Charlton took over, Tidal was losing \$800,000 a quarter and burning through a \$4.5-million infusion of venture capital. Since then the company has doubled its revenues, secured an additional \$12 million in venture funding from J.P. Morgan and other investors, and grown from 40 to

100 employees. For the year ending June 30, 2002, revenues stood at just over \$15 million. Charlton declines to comment on when Tidal will actually become profitable, though he hopes the company will be ready to go public when the market rebounds.

Even when the news is good, Tidal isn't above putting a little extra positive spin on it. A year ago the Gartner Group, an influential tech consultancy, reported on the growth in market share of Tidal and other job-scheduling vendors. Tidal posted a news release on its Web site claiming that Gartner had ranked it "the fastest-growing independent software vendor in [its] segment." Gartner said that its report included no such formal rankings and asked Tidal to remove the statement, which the company did in early April.

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Charlton was brought up to never, ever, give up a fight.

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But then, extreme zealotry in the line of duty isn't the sort of thing that bothers Charlton. In his worldview, there are winners and losers, and winners win by working harder and longer and smarter than everybody else. Maybe he has tempered some of his intensity since taking over as CEO; he no longer pries open file cabinets or yanks doors off their hinges, and, his colleagues say, he only rarely flings nearby objects (like his telephone) against his office wall. But Charlton, the former Golden Gloves boxer, insists that doesn't mean that his stamina is flagging. Not even close. "Burnout is a term I don't even recognize," he scoffs.

And he's definitely not letting up on the Tidal staff. Especially not his younger brother Henry, the Tidal sales vice-president. After Henry came down with pneumonia last winter, Charlton dashed off an E-mail to Stan Chin, Henry's manager at the time. "Do not be alarmed, and do not allow him to slow down his pace," wrote Charlton. "It's only stage one pneumonia, and I do believe we have at least two stages to go."

**Susan Hansen is a former senior editor at *Inc.***