

Joining the Ranks Of Rich Secretaries In the Internet Age — Ms. Schjerning Didn't Know Much About Stock Options Till She Got 10,000 of Them

April 21, 1999 - The Wall Street Journal

(See highlighted text regarding Palo Alto Staffing Services)

SAN JOSE, Calif. — As a secretary, D'Anne Schjerning became a millionaire. In 1994, James Clark, her boss at Silicon Graphics Inc., told her he was leaving to start a new company called Mosaic Communications. She asked whether she might go with him.

Mr. Clark was delighted that she was willing to take a flier on the new enterprise. And she was his first hire. There would be no raise in pay, he told her, just the same \$53,000 she was already making, but he would throw in 10,000 stock options that would allow her to buy Mosaic shares at half-a-penny each.

To Ms. Schjerning, who now is 58 years old, it was a meaningless gesture. "I didn't know what a stock option was," she says. But she admired Jim Clark, who, she says, is a smart and generous guy, and she figured that her own income would increase in the new job.

Little did she know. On Nov. 28, 1994, Mosaic changed its name to Netscape Communications Inc., and on the day of the company's initial public offering, Ms. Schjerning made 20 years' pay. She thus joined the small but growing ranks of millionaire secretaries of the Internet age. (Dozens of companies, including UUNet in Fairfax, Va.; Ascend Communications Inc., in Alameda, Calif.; and Cisco Systems, in San Jose, boast millionaire secretaries.)

These days she is a retired secretary, free to spend her days golfing, driving her Dodge Durango and watching the financial news on CNBC.

"It used to boggle me when Jim talked about millions. For me, a \$100 bill was a huge thing," she says.

Things have changed for Ms. Schjerning and others, too. The Newport Beach, Calif., chapter of the International Association of Administrative Professionals, a secretaries group, has brought in an accountant, Simon Pearlman, to speak on tax planning and stock options. Secretaries "are having discussions that are very similar to the discussions executives have," says Mr. Pearlman, who runs a CPA firm in Irvine.

At the same time, a Silicon Valley secretarial-help firm, Palo Alto Staffing Services, in the past year began specializing in Internet start-ups. As a result, 70% of the firm's placements are in companies that offer stock options. Secretaries are realizing that "if you're at a traditional company, you'll do better by joining a start-up and getting stock options," says Cathy Searby, the company's president.

Meanwhile, help-wanted ads for secretaries, like one that ran April 11 for a receptionist at Homestead Technologies, in Menlo Park, Calif., mention stock option packages even before they tout vacation days. All this excitement may be just what is needed today on Professional Secretaries Day. According to the Bureau of Labor Statistics, the number of secretaries in the U.S. has plummeted to 2.8 million in 1998 from four million in 1986.

"There's been a shortage because of the image problem," says Rick Stroud, a spokesman for the administrative professionals association in Kansas City, Mo. (Last year the group changed its name from Professional Secretaries International.)

Of course, most companies' stock options never do go through the roof. A woman interviewing in Ms. Searby's office says that three times she has received stock-option packages from computer-software companies and three times they have fizzled.

Ms. Schjerning, one of the lucky ones, still doesn't want to be compared to a lotto winner. "I earned every penny of it," says Ms. Schjerning. "Believe me." Indeed, even before Ms. Schjerning understood what options were, she knew that the job she took with Mosaic was a grind. She put in 14-hour and 16-hour days, working alongside Mr. Clark, engineer Bill Foss and Netscape co-founder Mark Andreessen. There was a decided lack of creature comforts. For two months, before Netscape got its office, she had to work at Mr. Clark's home using a TV tray as her desk.

Soon, Ms. Schjerning came to be known as "Netscape Mom" -- and she put the title on her business card. It was apt. She did all the things secretaries do -- managing Mr. Clark's schedule, fending off people who wanted too much of his time -- but she also bought dinners, straightened ties, brushed dandruff off shoulders, scrubbed toilets and cleaned the office. "I'd find old pieces of hamburger and pizza," she says. "They were like little kids, you know."

Says Mr. Clark: "She was kind of like a dorm mother in the early days. I think she actually did their laundry occasionally."

When she started at Netscape, Ms. Schjerning's own home was in a trailer park in San Jose where she had moved in order to care for her aging parents. "I would go home from work and be absolutely exhausted and then go in and check on them," she says.

Despite the hardships, Ms. Schjerning made her mark on the company. "Without D'Anne, there would be no Netscape," says Mr. Foss.

On Aug. 8, 1995, the company's shares opened in Nasdaq Stock Market trading at \$28 and quickly jumped above \$70. And despite a caution from Netscape's then-CEO Jim Barksdale to ignore the stock price, employees were riveted. As an executive secretary, "I had to act restrained," says Ms. Schjerning. "But it was difficult." A fellow worker had come in with an electronic stock ticker and had put it on her desk.

Netscape's stock closed its first trading day at \$54. D'Anne Schjerning, still living in the trailer park, was worth \$1.08 million.

Ms. Schjerning started selling shares in December 1995 and over the next three years, she sold all of her stock for a total of \$1.2 million, to "better my life," she says. (The thrice-divorced Ms. Schjerning also gave 4,000 options -- 20% of her holdings -- to her sons, now 36 and 38 years old.) With the proceeds, she treated herself to frequent massages, trips to Mexico, season tickets to the San Jose Sharks hockey team and a white Cadillac. "I had the nicest car in the whole mobile park," she says.

After she retired in 1997, Ms. Schjerning paid \$365,000 for a townhouse in a wealthy retirement community outside San Jose. On a Monday morning early this month, Ms. Schjerning's phone rings, interrupting her concentration on the stock ticker running along the base of her television. "I know!" she squeals to her friend on the other line, a secretary at America Online Inc., which had just acquired Netscape. "AOL was at 170!" (Ms. Schjerning still has some AOL stock she bought for what she calls her "play account.")

"Does Ms. Schjerning know how to set up a charitable trust for tax purposes?" asks the secretary, Jane Hoelker. Ms. Schjerning urges her to talk to an accountant.

As she hangs up the phone, Ms. Schjerning remarks: "I never thought I'd be asked these questions. These are things I had never heard of before."