

Mr. & Mrs. Smith

By David Hechler

KATHY SURACE-SMITH FACED A DIFFICULT DECISION IN 1996. She was a lawyer in Paris, enjoying the good life in a city she loved. But her husband, also an expat American attorney, had a job offer back in the States—a great job offer, in fact. Was she willing to exchange the glamour of Paris for the rain of Seattle?

They'd relocated before, each time for her husband's career. But this was different. It would be her first move with no job waiting. It would also be the first time that Kathy, who relished city life, would be moving to the suburbs—with two young children in tow.

It was also a big decision for her husband, Brad Smith. He was working at Microsoft Corporation, leading its nascent government affairs team in Europe. It was Brad's first in-house job. Just one month before joining the software company, he'd made partner at Covington & Burling, and he fully expected to return to the firm after a stint in the business world. But now Microsoft executives were dangling the title of deputy GC in charge of worldwide sales—if he moved to the company's Redmond, Washington, headquarters to claim it.

In many households, there would be a lot of arguing—or resentful silence—over what to do. But when the Smiths explain how they arrived at their decision to return to the States, they could be describing the way they advise their colleagues. They kept their emotions in check; they listened to each other; they went through a litany of questions. Was this a job that Brad really wanted? He'd been fascinated by technology even before Microsoft came knocking, but he hadn't expected to find business so interesting. But what would the move mean for Kathy? She was working as an in-house counsel for the French telecommunications giant Alcatel. She liked it, but she didn't see a long-term future with the company. They'd always planned to return to the United States. And though she was reluctant to leave Paris, the timing seemed right, now that their kids were approaching school age. Given her resume, she knew she'd find a job in the Seattle area too.

It's worked out better than they could have expected. The Smiths are comfortably settled in the suburb of Bellevue. Their children are 10 and 13. And they've become what may be the only two-GC family in the country.

Brad, who is 46, is now the general counsel of Microsoft; and Kathy, also 46, is GC at SonoSite, Inc., which manufactures portable ultrasound equipment in nearby Bothell. Despite the demands of two careers, children, and a home, their

Microsoft's GC is married to—that's right—a general counsel. How do they juggle two high-profile jobs and a family?

PHOTOGRAPHY BY RICH FRISHMAN





Brad Smith and Kathy Surace-Smith in a rare moment of repose at home in Bellevue, Washington. They think they've just about mastered a delicate work-home balancing act.



Kathy and Brad say they avoid checking e-mail as much as they can when they're on vacation. But sometimes they have trouble keeping the laptops tucked away in their briefcases.

22-year marriage seems to work smoothly. Though they come from different backgrounds—she's a New Yorker, he's from the Midwest—they deal with issues, and each other, calmly and directly. While no marriage is perfect, and it's always hard to see what's happening from the outside, friends say the Smiths talk through problems without flashing their egos.

This straightforward approach serves them well at home and on the job. At work, they hire good people, delegate responsibility, and try to remain flex-

ible. At home, they follow a similar approach—and also hire people they can trust when they're not around. (They've had four nannies since the move to Seattle, and they spent six weeks hiring their current one.) "You could argue," says Brad, "that the most important hiring decision we make in our lives is the hiring of a nanny."

Alison Gilligan, who worked with Brad as a piracy specialist before she retired from Microsoft to raise her children, and has been friends with the couple for a decade, says that when they tackle an issue, it's like "a really good volley in a tennis game."

It wasn't exactly love at first sight. He noticed her well before she noticed him.

Freshman year at Princeton (class of '81), he sat a couple of rows behind her in geology. She always seemed to be reading a letter when she walked in, and he surmised (correctly) that there was a boyfriend back home. That wasn't the only obstacle. Back home for her was Rego Park, a white, ethnically mixed working-class neighborhood in Queens, New York. Brad grew up in small towns in Wisconsin. They became friends the following year, but it took Kathy another year to see him as a boyfriend. "I started dating her sophomore year. She started dating me junior year," Brad quips. His first challenge: convincing her that "Wisconsin was on the same planet as New York."

Kathy insists that she liked him, but

couldn't see what they shared. "I grew up in an Italian American household where the loudest person wins," she explains. "He was from a typical mid-western family. They actually had *normal* conversations around the dinner table. In quiet tones." The Smith parents were college graduates; Kathy's parents were children of immigrants and had to drop out of high school to work—her mother in a factory and her father as a construction worker who eventually started his own company.

But both Brad and Kathy were smart, organized, practical, and unpretentious. They were interested in travel and politics (they ran against each other for seats on a Princeton council; fortunately, five seats were available, and both won). And, of course, they were drawn to the law.

They applied to several law schools, agreeing that they'd continue their relationship long-distance if they landed at different schools. Happily, Columbia accepted them both. Between their second and third years, they spent a year in a graduate program on international law and economics at the University of Geneva. Shortly before they decamped to Switzerland in 1983, they got married. Her family is Catholic and his is Presbyterian, so the ceremony took place on the ultimate neutral ground: the chapel at the United Nations headquarters in New York.

Following law school, Brad clerked for federal court judge Charles Metzner in New York, while Kathy worked as an associate in the New York office of Gibson, Dunn & Crutcher. They moved to Washington, D.C., in 1986, where Kathy remained at Gibson, Dunn and Brad got a job with Covington & Burling. After three years, Covington asked him to move to London. Brad says they wouldn't have gone if it hadn't worked for Kathy, whose firm was willing to arrange a transfer.

Shortly after they arrived in London, an in-house job dropped into Kathy's lap. A Columbia law professor recommended her to the London-based European Bank for Reconstruction and

Development, newly created to fund Eastern Europe projects after the shredding of the Iron Curtain. Kathy discovered she enjoyed the in-house world. "I like the continuity of being part of the management team," she says. It teaches a lawyer the skill of advising clients "in a very practical way—because you're dealing with them all the time."

Brad's offer from Microsoft to lead its

start-ups. "How many deals do you expect in 2006?" he asks someone from the business side. "And who do we want to partner with?"

Alison Gilligan, a friend of the Smiths for a decade, says that when they tackle an issue, it's like "a really good volley in a tennis game."

European team in Paris was equally surprising. He'd had contact with the company through work he'd done at Covington for the Business Software Alliance, a trade association. Brad was initially reluctant to leave Covington (he'd just made partner), but Kathy helped change his mind. How was this going to work for her? Luckily, the bank said she could consult from France. "It was Paris!" she almost shouts. "It was exciting."

Twelve years later, sitting in a nondescript Microsoft conference room last August, Brad Smith is clearly at home in-house. Dressed in khakis and a checked shirt, he is surrounded by his staff of four as they study his overbooked travel schedule for the fall. He travels between ten and 13 weeks a year, and he's trying to figure how to make his commitments fit—especially since Kathy will be traveling too, he notes. John Frank, his deputy general counsel and de facto chief of staff, jokes that he could solve the problem simply by scheduling a trip on Thanksgiving. "That would be popular," Brad says, chuckling.

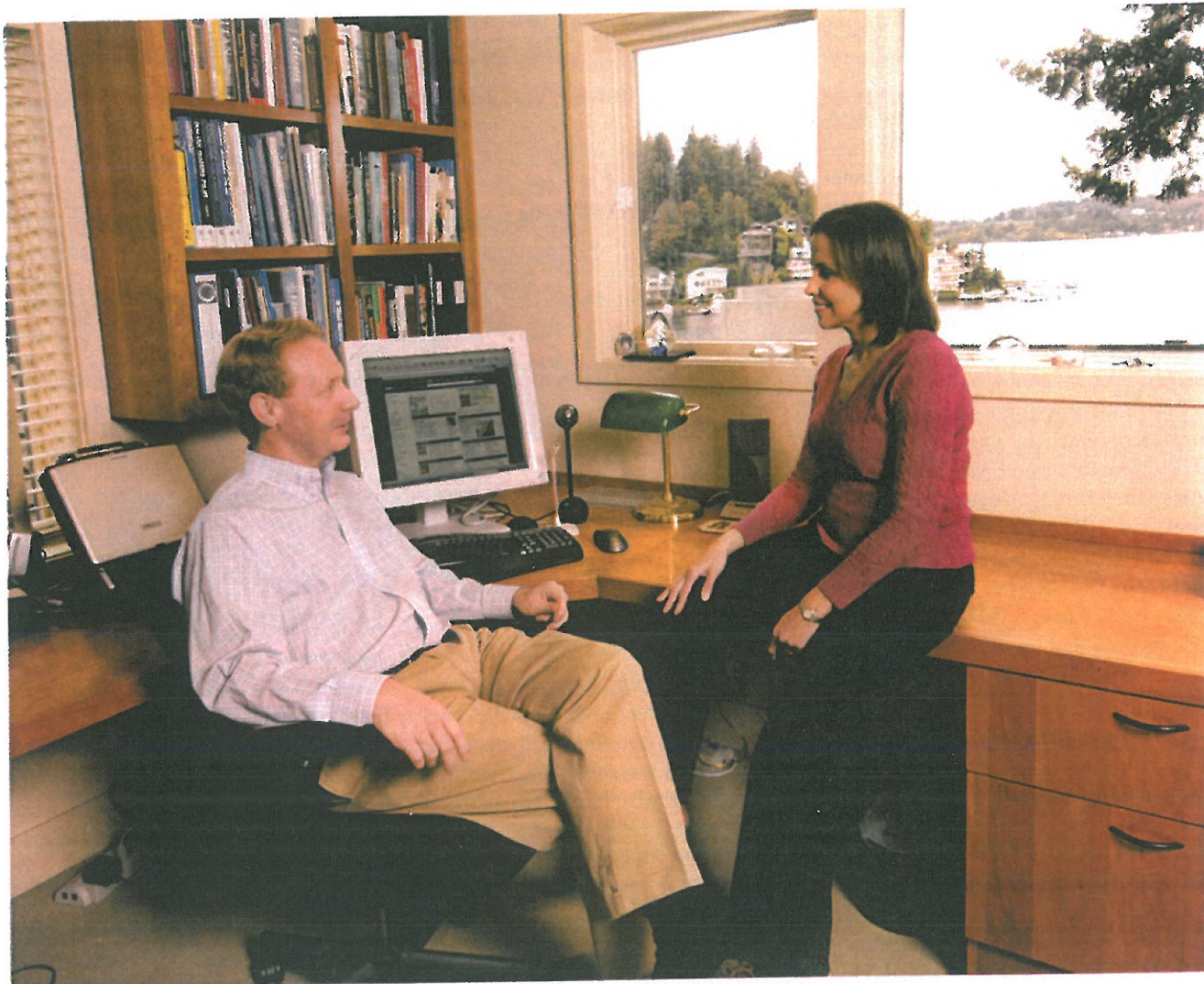
The meetings that follow—mostly with small teams of Microsoft lawyers—are lighter on banter. The participants come prepared with PowerPoint slides, but not laptops; they bring printouts. (Lawyers used to bring laptops, but Brad found too many were checking e-mail,

start-ups. "How many deals do you expect in 2006?" he asks someone from the business side. "And who do we want to partner with?"

Smith is so effective, says Marcia Sterling, general counsel of the San Rafael, California, software company Autodesk, Inc., because of his down-to-earth style. Sterling, on the board of the Business Software Alliance, has known Brad since 1995. She also worked with his patrician predecessor, former Microsoft top lawyer William Neukom. "I could see Bill as the more effective of the two in a press conference in front of a microphone, but I could see Brad as the more effective of the two in a serious negotiation around a conference table," she says.

When he took over from Neukom in 2002, Microsoft was at the tail end of settling the U.S. Department of Justice's antitrust suit. But there was still a huge backlog of litigation. Brad immediately began visiting government officials and adversaries to try to establish a new relationship. It's generally acknowledged that his greatest achievement has been settling lawsuits. He's settled 17 big ones totaling \$7.3 billion since 2003. He's even managed to resolve protracted disputes with longtime antagonists like America Online, Inc., RealNetworks, Inc., and Sun Microsystems, Inc.

Brad's strategy has made a believer of



Paul Cappuccio, who was GC of AOL and retained the top job after it merged with Time Warner, Inc. Not long after Brad became GC, a mutual friend suggested Cappuccio call to congratulate Smith. When he did, Brad invited him to lunch. Microsoft and AOL had an “overheated and overhormoned relationship,” says Cappuccio. (AOL acquired Netscape Communications Inc. after Microsoft’s Internet Explorer all but eliminated the Netscape browser during the first browser war.) Brad wanted to hear Cappuccio’s take on the conflict, and provide “assurances of [their] good intentions,” Cappuccio says. It took many more conversations to build trust, he adds, and the negotiations in 2003 that led to a \$750 million settlement were “hard and sometimes

pretty ugly.” But as far as he’s concerned, the most important factor was Smith. “Brad goes into a situation not thinking, ‘How do I win?’ but ‘How do I give the other guy what he needs?’” The companies don’t act like enemies any more; in fact, at press time Microsoft was said to be interested in forming a partnership with AOL (though Google Inc. was competing to buy a stake in the Reston, Virginia-based company).

But Brad’s win-win approach hasn’t always worked. When Microsoft withdrew its support for a Washington State gay rights bill last year after a prominent clergyman threatened a boycott of Microsoft products, gay rights groups and many Microsoft employees criticized the company. After the bill’s defeat, the company tried to deny that it was

The Smiths share a home office overlooking Lake Washington. They discussed who would get the view out the picture window (Brad got it because Kathy’s too short to see out).

responding to the clergyman’s threats. But Brad was quoted as admitting as much. Finally, after reviewing its handling of the matter, Microsoft announced it would support a future gay rights bill. Looking back, Brad acknowledges the missteps, some his own: “I do think part of the job of the general counsel is often to interact with people who disagree with the company. You can’t expect to be in the firing line without getting fired on once in a while.”

Unlike Brad’s corner office on the Microsoft campus, Kathy’s is a cramped,

windowless space featuring simple pine furniture that looks like it's straight from Ikea. One day last summer, Kathy sits at a small round table next to her desk. Her attire is as plain as the furnishings: a simple green pantsuit. Today she's scheduled a series of one-on-one meetings with colleagues. First up is Patrick Martin, director of medical society relations, who begins by telling her about the next newsletter for SONOPAC, the company's political action committee. PACs are usually associated with bigger companies. SonoSite only achieved its first full year of profitability (\$3.7 million) in 2004, six years after it was spun off from ATL Ultrasound, Inc. But the company's equipment is sometimes used for screenings that aren't reimbursed by Medicare (which traditionally pays only for diagnostic tests), and the company is lobbying to change that.

During the meeting, Kathy's assistant walks in with a yellow Post-it note. Kathy smiles as she reads it. "It's a Mommy intervention," she laughs. "The nanny said one thing, and [my daughter Julia] thinks she's going to get Mommy to undo it. That's not going to work." Kathy calls after the meeting to find out that the crisis has blown over. While she has her on the phone, she presses her daughter to clean her desk. "How about if you do it later?" Kathy prods. "You have to do it sometime. It's getting to be a horror."

Later, she walks down the hall to the office of Kevin Goodwin, the company's CEO. Like all her meetings this day, it's informal, with no presentations or written reports. But it's an important matter. Neutrino Development Corporation—a Bellaire, Texas, company created by a patent lawyer to house his inventions—has sued SonoSite, claiming that four of its devices infringe Neutrino's patent. A federal judge in Houston granted Neutrino summary judgment on the infringement claim, but SonoSite has countersued, arguing that the patent is invalid because a similar device was on sale more than a year before Neutrino

applied for a patent. A trial is expected in early 2006.

Kathy's there to update Goodwin and lance his anxiety. It's an important skill in the GC's toolbox, and the tone of what she says seems as important, in some ways, as the content. She describes how the lawyers are preparing. She sounds calm, quietly confident—neither underscoring nor dimin-

the always-busy Kathy threw herself into such domestic chores as sewing curtains, and she felt Brad wasn't sufficiently appreciative of her handiwork. Kathy doesn't remember that, but she does recall an episode from her first maternity leave. She felt incompetent and overwhelmed. On one particularly challenging day, "he had the temerity to make some comment about the appear-

The kids jot down the top five reasons why it would be great to be the GC of a company.

Number one? "You're in charge."

ishing the importance of the case. Goodwin, on the other hand, sounds anything but relaxed. He peppers her with a host of questions, then asks about possible outcomes. When she finishes, Goodwin, who seems satisfied with her answers, grabs a gym bag from behind his desk and dashes off.

Even under stressful circumstances, Kathy "has a presence that conveys confidence and calmness and humor," says Julie Dahlberg, who knew her when they were associates at Gibson, Dunn in D.C. Back then, Kathy worked closely with a senior banking partner who had a legendary temper. When things went wrong, "he used to yell and slam his fist against the wall," Dahlberg says—until Kathy confronted him. She got him to agree to place \$25 in a kitty every time he lost it. Everyone who worked on his cases was invited to a party funded by these "fines."

But she hasn't always felt so confident. During her senior year at Princeton, Kathy was quoted in a *New York Times* article on the challenges that women face balancing family and career. "It's scary to me," she told the *Times* reporter in 1980. "I want both things and wonder whether having this great career is going to mean sacrificing the rest."

Like any couple, Brad and Kathy have their disagreements. Before she got her first job at Gibson, Dunn, he says,

ance of the living room. I remember turning around and saying, 'You're just lucky this kid is still alive,' " she says, laughing. "Isn't it funny?" says Brad, "I have no recollection of that."

On a weeknight last summer, Kathy and Brad scurry around their kitchen, preparing dinner. They live in a large modern house; a Volvo sits in the driveway, and Lake Washington looms out back. Though the immediate surroundings look rustic, it's an easy walk to Bellevue's shops. When Kathy finishes grilling the salmon and heaps the trimmings into serving bowls, she calls the kids. Julia, the 10-year-old, pops in first; at her mother's direction, she leaves to pry her brother away from his computer. At last Greg arrives, and the family eats on the deck with a view of the sun descending toward the lake. Dinner conversation—occasionally interrupted by jet skiers who buzz by—includes a discussion between mother and son about the importance of vegetables.

Afterward, a reporter asks the children to write two Letterman-style lists: the top five reasons it would be great to be the GC of a company, and the top five reasons it would be terrible. Greg completes the first, and they collaborate on the second. Number one on Greg's list: "You can always negotiate your way out of things because you do it in your job."

His and Hers

Brad's Microsoft Corporation and Kathy's SonoSite, Inc., by the numbers and the products they make.



Company:	Microsoft Corporation	SonoSite, Inc.
Headquarters:	Redmond, Washington	Bothell, Washington
Founded:	1975	1998
General counsel:	Brad Smith	Kathy Surace-Smith
CEO:	Steve Ballmer	Kevin Goodwin
Number of employees:	63,564	470
Share price, dollars (November/52-week range):	28/24-28	37/23-37
Revenue, 2004:	\$39.8 billion	\$115.8 million
Net income, 2004:	\$12.3 billion	\$3.7 million
Revenue increase, 2003-04 from 2003:	8%	37%
Main product:	Windows (PC operating system)	SonoSite Titan (handheld ultrasound device)
Number of offices abroad:	102	11
New product buzz:	The long-awaited Windows Vista operating system, due in late 2006	The new 7.5-pound MicroMaxx handheld ultrasound device, released in 2005* Offers withdrawn

The lowlights? "You travel many places, and you're never home." And: "On vacation, you always have to do work." (Julia interjects: "Yeah, Dad, you always bring

that he phones home every day, whatever time zone he's in, and by trying to return before the weekend.

The two have other commonsense

The most important skill for working parents may be negotiation. It's an art that comes down to empathy, says Kathy: "It's the ability to understand the other perspective, the perspective of the person sitting on the other side of the table." It's true whether the chair is occupied by the boss, or a spouse, or a kid.

And the better you understand the person, the more likely you are to succeed. Brad recently asked Greg if he wanted to walk with his parents to an ice cream shop. For 99 percent of American youth, no negotiation would have been necessary. But Greg preferred to sit in front of his computer and surf the Net. Brad, however, knows that his son has a precocious interest in business (he reads *Fortune* and *Business Week* cover-to-cover), so he tried another tack. "We filed a lawsuit against Google today," he said. "If you come, I'll tell you what it's all about." (It worked.) ■

Kathy used to spend hours cooking because that's what her mother did—until she realized it's okay if the nanny helps.

your laptop!") Perhaps most interesting, they deem one aspect both great and terrible: "You're in charge."

The lists spark a long conversation with Kathy and Brad on the pressures at work and home, and how they try to strike a balance. They draw a line when it comes to family vacations—doing their best to limit business phone calls. Brad strives to compensate for all the time he spends traveling by making sure

strategies for keeping sane. Delegating, for example. Kathy says GCs need to rely on specialists. And that principle applies at home, too. She used to spend hours cooking because that's what her mother did—until she finally realized that it's okay if the nanny helps. She also delegates to her children. She sometimes announces to her squabbling kids: "Mom is not coming; figure it out yourselves."