

FRED TANNENBAUM

Be Humble, Be Prepared and Survey the Field

by Dan Rafter

A painting of Custer's Last Stand hangs in Frederic D. Tannenbaum's office in Chicago. It might seem like an odd choice for inspiration. But Tannenbaum, a partner at **Gould & Ratner**, says the painting serves as a metaphor with a host of important lessons.

Don't be arrogant. Never underestimate anyone. Don't overestimate anyone, either, especially yourself. Be prepared and see the entire field—the big picture.

And always have a plan "B." Things don't always work out as planned, and you need alternatives.

"I love history," Tannenbaum says. "History teaches us so much. Now, Custer's Last

and venture capital. It also includes honors from business publications, legal journals—including honors from *Leading Lawyers Magazine*—and national associations. These groups have honored Tannenbaum as a leader in the fields of family-owned businesses, mergers and acquisitions.

It's clear, too, that Tannenbaum has truly earned these honors. He has represented more than 250 middle-market businesses, private equity or venture capital funds, entrepreneurs and senior executives during his career. He has worked on more than 500 mergers, acquisitions, strategic alliances and divestitures during the last two

led me to the field of law," Tannenbaum says. "It may even sound really corny, but I have always sensed that lawyers are involved in everything important that happens. Whether it is politics or business or anything else, people are always saying to let the lawyers handle it, let the lawyers finish it. Lawyers and the law are the central focus to so many political, socioeconomic and cultural threads in our society today. To me, being involved in something that is so important sounded really neat."

Whatever the reason, Tannenbaum's clients are glad he did choose to become a business attorney. If he hadn't, they'd never have been able to benefit from his advice and legal representation.

"My partner is an attorney. He keeps telling me that he loves Fred," says Hugo Sonnenschein, one of the owners of real estate company Sonnenschein Capital in Evanston, which owns and operates commercial properties and businesses in Switzerland, Mexico and the United States. "When a lawyer says that about another lawyer, you know there's something special there. And Fred, he's just done an amazing job for us."

A Father's Example

Custer is far from the only person who has taught Tannenbaum important lessons. The lawyer learned much, too, from his father.

Tannenbaum's father worked in marketing for his entire life. He taught his son how important it is to succinctly and clearly express a point of view. He also taught Tannenbaum the importance of determining your audience and tailoring your message to that audience.

"Law incorporates many of the more exciting traits of marketing," Tannenbaum says. "It's about how to get the audience to accept the message. It incorporates the whole idea of tailoring your client's point of view to resonate with the particular audience to maximize the chances of that audience being receptive. That is so important in both marketing and the law."

Tannenbaum didn't follow his father into marketing, though, choosing instead to attend law school at the University of Wisconsin at Madison. His main reason? Tannenbaum wanted to make a difference in a field that he considered to be one of the most important.

The law seemed to Tannenbaum like a field where sound logic, a well-crafted argument and compelling evidence could overcome the sometimes-arbitrary nature of life.

"In marketing, there is a lot of arbitrariness," Tannenbaum says. "The whole idea of packaging a point of view, of finding the right audience might not even

pay off because of arbitrariness. The housewife might not like the peanut butter regardless of its attributes.

"In law, though, the power of your persuasiveness and the logic of your argument can often prevail over the abject arbitrariness of someone's fickle taste. At the same time, law is usually more important than selling peanut butter. And, in my opinion, it's faster, too. A deal can get done quickly. Selling a campaign for peanut butter takes a long, long time."

It seems clear that Tannenbaum would not have been quite as satisfied being a marketing pro. As an attorney, though, he has clearly found his calling.

A Business Confidant

John Galanti, a wildly successful entrepreneur and investor, has worked with Tannenbaum for more than 20 years. During this time, Tannenbaum has helped Galanti start and invest in early-stage companies, operate businesses, grow them organically and by acquisition, sell these businesses, and succeed generally in the world of private equity and venture capital.

The relationship between Galanti and Tannenbaum has many dimensions. Galanti today says that he doesn't merely think of Tannenbaum as his lawyer. He's his business confidant and friend, too.

"Fred really is more of my business confidant than he is my lawyer, though he's a fabulous lawyer, too," Galanti says. "Unlike most lawyers with whom I've dealt in the past, I think of Fred as more of a business partner first. Then the lawyer part comes in behind."

Tannenbaum has a knack, Galanti says, for uncovering the big picture of every transaction. Instead of focusing merely on how a business transaction can get done, Tannenbaum will analyze the many implications involved in a deal. This includes everything from the impact a transaction might have on a personal level to the implications it holds for his client's taxes and estate.

This skill is a rare one, even among the best of attorneys, Galanti says.

"I've dealt with a lot of other attorneys," he says. "There are a lot of good, smart people out there. But I think Fred has a unique perspective. I'll say it again: He seems to be a businessman first, then a darn good lawyer behind that, whereas I see a lot of lawyers who have a tendency to lead as your lawyer and not as a business partner."

Tannenbaum has also assembled a team at Gould & Ratner of talented legal and businesslike minds that work with him. Galanti refers to Tannenbaum as the quarterback of this team, the person in the



Stand may not be the epochal event in American history. But for me, it serves as a metaphor to teach so many lessons which I try to incorporate in my daily business."

It's clear that Tannenbaum has learned well his lessons from this vignette of Custer, and from many others, too. After all, he's managed to craft a thriving career as one of the country's top business lawyers.

A list of Tannenbaum's achievements is a long one. It includes recognition by the Illinois Venture Capital Association that he is one of the country's tops in private equity

decades. He has tackled more than 250 venture capital transactions during this same period. He has also served as de facto general counsel for more than 70 small and medium-sized businesses across the United States.

For Tannenbaum, this success stems from one central fact: He is passionate about the law and equally passionate about serving his business clients. It doesn't hurt, either, that he knows how fortunate he is to have found his ideal career.

"I guess there was no great epiphany that

middle of every transaction making sure that his teammates are in the right places at the right times.

The team that Tannenbaum has put together is important to Galanti, too. Tannenbaum's team members handle everything for Galanti, from his business's complex legal issues to his personal taxes and estate planning.

"It's not unusual with entrepreneurs that your business and personal lives are always intertwined," Galanti says. "Everything sort of blends together. That's what makes it so productive and enjoyable when you're dealing with Fred. He makes sure that he and his team address all the issues that we face. Really, this may sound odd, but Fred is a hero of mine. He is just a tremendous friend, a tremendous business confidant and a darn good lawyer, too. By having someone like Fred who is always in the middle of the team, I am always assured that all of the pieces are going to come together. He's always thinking beyond the deal to the personal implications, the debt implications and the tax implications. I feel like I have a circle of protection around me when I'm working with Fred."

Working With—Not Against—People

For Tannenbaum, the practice of law has meant an opportunity to help entrepreneurially minded individuals and family-owned and middle-market businesspersons realize their dreams.

He points to one of his closest friends, a man whom Tannenbaum describes as "brilliant." This man had carved out a successful career as an executive at a large, public company. But something was missing.

The man wasn't satisfied. He wanted more. "He was clearly a Cadillac wrapped in an eggshell," Tannenbaum says. "He was in the wrong place at the wrong time. He was more of an entrepreneurial person. He needed to be creating something."

Tannenbaum helped his friend realize that his life goals would be better served if he started his own company and ran it in his own style. The friend listened. Taking Tannenbaum's advice, he started his own business, one involved with the early stages of fiber optic communications.

Tannenbaum represented his friend and helped him navigate the many complexities of starting a new business. In the end, everything worked out well: Tannenbaum's friend built a highly successful business, one that continued to grow into a behemoth. But even more importantly, the entrepreneur discovered that he was far better suited to building businesses than he was at working as an executive at companies that had already carved out their own success.

"I've always been interested in looking at other people's ideas and in working with people," Tannenbaum says. "Couple that with being able to help people, and I think that I've found a truly wonderful career. People criticize lawyers and often make them the butt of insensitive remarks. However, law does help people accomplish

their goals. Being able to do all of this made me understand that law truly is the place for me to be."

By building a successful business law practice, Tannenbaum has also been exposed to an entire world of novel entrepreneurial ideas. Many of these ideas have fallen by the wayside over the years. But others have taken root.

Many we even take for granted today.

Tannenbaum points to a day many years ago when he was sitting in an airport lobby with one of the founders of the wireless telephone industry. Tannenbaum and his client were working out ways to buy and roll up the paging companies that dotted the southeastern portion of the country.

"I remember enthusing, 'Isn't this paging technology cool?'" Tannenbaum says. "My client looked at me and said, 'This is nothing. The cell phone is coming. That's really going to be something.'"

It took a while, but Tannenbaum's client was right. Today, it's difficult to imagine conducting business without the help of cell phones and mobile communication devices.

But on that long-ago day in an airport lobby, this technology was just getting started.

"For two years after that, I still thought you spelled 'cellular' with an 's,'" Tannenbaum says. "Today, kids look at you funny if you mention the days when we didn't have these devices, which are now tethered to us. It is exciting to be on the cutting edge of break-through technology. That often happens in this business."

A Busy Practice

Today, Tannenbaum stays busy handling a variety of acquisitions, divestitures, mergers, strategic alliances, venture investments and day-to-day business issues for his business clients. A quick glance at some of his recent successes on the Gould & Ratner Web site tells the story.

Tannenbaum recently helped a western U.S.-based manufacturer of photovoltaic inverters sell its business to a public company for an amount in the very high eight figures.

He helped a private equity fund make several purchases of agriculture-based businesses throughout the country, including one based in the southeast with operations in six countries for an amount in the middle eight figures.

He assisted a family-owned food distribution business in making several acquisitions of similar distribution businesses on the East Coast, West Coast and Midwest.

He helped a billionaire investor invest in a wireless tablet manufacturing and software-development company based in the Southeast.

Tannenbaum also recently helped a private equity fund make several mezzanine loans and workouts, a package that totaled almost \$150 million.

Tannenbaum has stayed busy in the telecommunications arena, too, where he recently helped facilitate a PCS entrepreneur

joint venture with a major wireless carrier to buy, build and operate a cellular company with facilities and licenses across the country. The initial debt and equity capital of the joint venture stood at close to \$500 million.

Tannenbaum has made an impact in the entertainment and media fields, too. He recently helped a Web-based, health-and-food video production company raise several rounds of venture capital with early-stage and strategic investors. The move significantly grew the company's platform in the United States, in Latin America and in the Middle East.

He also helped an outdoor advertising company sell its operations in California, Nevada and Illinois for a sum of \$30 million.

Besides working with his colleagues at Gould & Ratner in Chicago, Tannenbaum is especially proud of his role in helping operate and grow LawExchange International, an association of like-minded law firms throughout the world in such places as China, Brazil, Israel, India and Europe.

"Clients do not care whether you have offices around the world," Tannenbaum says. "What they care about is your access to a seamless web of legal coverage across the world with like-minded, efficient, caring and competent people whom you know."

"We are fortunate that we have forged deep personal and working relationships with some of the best lawyers and law firms across the country and the world so clients get the service they need and deserve."

Real estate entrepreneur Sonnenschein says he isn't surprised at the impressive resume that Tannenbaum has forged.

Sonnenschein tapped Tannenbaum as soon as he formed Sonnenschein Capital seven years ago to raise capital and invest in overseas real estate as well as in U.S. mineral resources. Before that, he enlisted Tannenbaum's advice to help him with a variety of legal matters associated with Sonnenschein's venture capital business and investments.

Tannenbaum worked with Sonnenschein to maneuver his business through its tricky first years, helping the entrepreneur arrange the private equity deals that made the business viable.

"Fred is a very proactive, smart guy. He does great work," Sonnenschein says. "What more can you say? He's smart, efficient and very thorough. We think so much of him that we've referred a lot of business to him over the years."

Good Fortune

Tannenbaum is that rare person, the one who's found a career that fits perfectly with his personality, skills, and passions, as well as with the needs of a large, sophisticated and demanding client base. He does not take this for granted. And, in keeping with that Custer painting on his office wall, it's also something that he won't take full credit for.

Tannenbaum credits much of his success to the people he's met while building his career. These people have taught him a host of valuable lessons, Tannenbaum says. He's

just been smart enough to pay attention.

"I've been blessed so far with having the good fortune to have met some wonderful people in this business," Tannenbaum says. "I've met so many good-hearted people. I always tell my wonderful kids that there are a lot of smart people in the world. But what you really need is to combine having good brains, a firm stomach—which means courage and tenacity—and a good heart. I've been blessed. I've met a lot of people like that. It helps, in the words of Emerson, to hitch your wagon to a star. I'm fortunate enough to have hitched my wagon to many stars."

Some of these stars currently work at Gould & Ratner, Tannenbaum says. The partners at the company have helped mold him into a lawyer who isn't one-dimensional, Tannenbaum says. They taught him the importance of being a business counselor and adviser to clients in addition to acting as their lawyer. His colleagues and team all operate with those core values and principles.

This has paid off in a client base that is fiercely loyal. As Tannenbaum puts it, clients know that they can find a one-dimensional lawyer anywhere. When clients land an attorney, though, who also thinks like a business person, they tend to stay with that lawyer.

Tannenbaum has one other explanation for his business success, and it's a simple one: He cares about his clients and their businesses.

"I am not just trying to get fees. I'm not just going through the motions," he says. "This is truly a personal relationship business, and I hope that clients feel that I deeply care about them as people and care about their businesses as not just money-making machines but manifestations of themselves and their personalities."

Tannenbaum even has an acronym to describe this: CARE.

And here's what it stands for. The "C" is for comprehensive services, collegiality and collaboration. The "A" stands for (business) advisory services, which is something Tannenbaum provides beyond his legal representation. The "R" is for responsibility, which is simply being responsive, on time and on budget. The "E" stands for efficiency, experience and enthusiasm.

By remembering this acronym, and by occasionally glancing up at that portrait of Custer's famous Last Stand as a metaphor for the need to keep your ego in check and be prepared, Tannenbaum says, he's learned to never take his career, or his clients, for granted.

Tannenbaum knows that lawyers can't be truly successful without careful preparation and without taking a look at the entire landscape of a case. He also knows how important it is for lawyers to always look for alternative solutions and to avoid overconfidence.

Lawyers who don't do this can quickly go from being a general one day to being outmanned and outgunned the next. ■