

BARRY SCHATZ

Sorting Out the Business of Divorce

by Elisabeth Martin

Before there was Barry Schatz, prominent divorce attorney, there was Barry Schatz, party favors salesman.

"I was very entrepreneurial in college," Schatz says. "This will sound silly, but it was very lucrative: I had the party favor franchise for the campus... My business wound up paying for all my entertainment and household expenses."

That humble operation helped prepare Schatz, 63, for a much bigger business venture down the road: opening his own law firm. In 1983, he and fellow attorney Michael Kalcheim launched Kalcheim & Schatz, the forerunner to his current matrimonial law firm, **Berger Schatz**, with partner Michael Berger.

While the daily demands of operating a nationally recognized firm differ substantially from delivering party favors to fraternity houses, both endeavors showcase the

business acumen that's made Schatz a success throughout his career.

"Starting a new business (in college) intrigued me," he says. "I basically applied what I learned to starting my own business once I became a lawyer. They're different fields, but they have similar principles."

Moving to the Midwest

That first foray into the business world took place on the Pennsylvania State University campus, where Schatz received his bachelor's degree in history in 1968. As a child growing up in the suburbs of Philadelphia, Schatz had two uncles who were attorneys but didn't give much thought to the profession at the time.

"I knew I wanted to be a professional of some sort, but I didn't know in what," he says.

It was a six-month stint in the Army Reserves after college that got Schatz thinking

about law school. While his unit was stationed in Texas, Schatz met several law school students and young attorneys in the group and began considering his next move after military service.

Because of his military commitments, Schatz applied to law school in the summer of 1969, long after most schools had handed out acceptances for the coming year. Then a friend suggested he contact the John Marshall Law School in Chicago.

"I'd never heard of it," Schatz says. "I called them up the day after Labor Day in 1969 and asked them if I could get in, and they said I could get in...as long as I registered before school started, which was the next day. So I literally packed my car and drove from Philadelphia to Chicago, and I've been here ever since."

Schatz spent his law school years clerking all over town, even working in the public defender's office during the school year. He dabbled in fields from personal injury to entertainment law, eventually narrowing down his focus after he tried his hand at real estate work.

"It opened my eyes up to the business side of the law, which I found fascinating," he says.

As his final year of law school wrapped up, Schatz opted to delay his final course until fall semester to make studying for the bar easier over the summer. He had a post-graduation job already lined up at a Philadelphia firm that specialized in business transactions, but a friend suggested that Schatz clerk for a Chicago attorney in the meantime.

The attorney was Samuel Rinella, one of the leading divorce lawyers in the country at the time, and what was meant to be a summer job for Schatz became a full-time career. Needless to say, he never returned to Philadelphia.

During the 11 years that he worked with Rinella, Schatz says, the two disagreed only over one thing: Schatz's long, 70's-era hair.

"He wanted me to cut my hair, and I said, 'What does my hair have to do with my ability to practice law?' And he said, 'Nothing, I don't like long hair,'" Schatz recalls. "So I cut my hair maybe half an inch and came back, and he said, 'I thought I told you to cut your hair,' and I said, 'I did'...I look back on it now and smile."



'More of an Art Form Than a Science'

Working at family-owned Rinella and Rinella, which handled divorces of the very wealthy, exposed Schatz to a dizzying array of assets that needed to be divvied up. Determining the worth of those assets soon became Schatz's passion.

"I try not to get involved in custody litigation. It's always been the business aspect for me," he says. "The nature of (Rinella's) practice really opened me up to what divorce law really is about, and it's about how people accumulate their wealth, how they use their wealth, and what their standard of living is."

Under Rinella's mentorship, Schatz hired appraisers and evaluators, interviewed accountants and consulted with other experts to hash out the worth of his clients' interests in closely held companies. This type of valuation work was ahead of its time, he says.

"The more I wrote, the more I learned," Schatz says. "My conclusion was that valuation was really still more of an art form than a science, but it's a very interesting aspect of the law."

Rinella also taught Schatz to include the client every step of the way, whether there's good news to be shared or bad news to be broken.

"You never want to have a situation where the client says, 'I didn't authorize you to do that,' or, 'How did we get here?'" Schatz says.

However, Schatz draws the line at sharing in his clients' personal battles with their estranged spouses.

"Some lawyers really think it's their job to be agitators, to take over the role as a protector of the client...and I don't think that's the role of a lawyer," he says. "I try to maintain calm and bring calm."

Taking the Plunge

After Samuel Rinella passed away in 1983, the time seemed right for a new venture. Schatz had become partner at the firm, but the lure of being his own boss seemed too big to ignore.

"I just decided that I wanted to do what I'm doing on my own as opposed to doing it for someone else," he says.

Schatz left Rinella and Rinella, formed a partnership with Kalcheim, signed a lease on new office space, and held his breath, hoping for some work. As it turned out, all of his clients at his old firm followed him.

"I went from not knowing if I had any clients to having a full caseload," he says. "The hardest thing for a lawyer to get is new business, and for me, I have never had that problem."

Former clients are still the main source of Schatz's referrals, sending friends and family members his way and occasionally returning themselves. During a single week this past summer, Schatz says, he met with four clients

he represented in previous marriages more than 20 years ago.

"I don't know if there's some kind of epidemic going around from my former clients, but I must have done something right, that they called me back," he says.

While at Rinella and Rinella, Schatz had toyed for years with the idea of forming a partnership with Michael Berger, a Chicago divorce attorney at another firm with whom he'd become friendly. But when Schatz was ready to leave the firm, the timing wasn't right for Berger to make the move.

It took another four years for the two to come together, forming Kalcheim, Schatz & Berger in 1987 with current partner David Levy and a handful of other attorneys. When Kalcheim departed from the firm several years ago, the firm became Berger Schatz.

The partnership between Berger and Schatz seemed like a "natural fit," according to Berger, who had admired his co-founder's work ethic since meeting him.

"As young lawyers, we saw our mentors practice and saw the good and the bad in how they practiced, and would talk about how we thought practicing matrimonial law should be done, and how a law firm should operate," Berger says. "I think there was mutual respect and recognition of talent and an agreement that we would both work hard. We both had worked hard."

The firm grew to include 12 lawyers within three years and soon inched its way up to 20 attorneys. Today, 33 attorneys and about 30 support staff in two offices—a Loop location and a North Shore location in Bannockburn—comprise Berger Schatz, with more expansion in the North Shore office on the way. The firm is one of the largest matrimonial law firms in the country and enjoys a low attrition rate.

"We've had legal assistants with us for over 20 years, and that says a lot. I think it goes to quality and character of the environment that we have here, and Barry's had a lot to do with environment of this firm," Berger says.

Employee-friendly practices like flex time, encouraging staff to take their vacation days, and in-house continuing legal education have been Berger Schatz's hallmark since its inception, Schatz says. New business is also handled through teams, giving staffers a chance to work on a variety of projects.

"It doesn't matter who brings in the case: We all work on it, and we all lend our strengths," Schatz says. "We work very hard, and we do very well for our clients."

Leon Finkel, who joined Berger Schatz as an associate in 1987 after coming over with Berger from their previous firm, says Schatz takes a sincere interest in his employees professionally and personally. When Finkel was preparing to

be a first-time father in 1987, he says, Schatz was a big source of encouragement.

"We talked about it, and he assured me I would be a success," Finkel recalls.

Finkel became an equity partner at Berger Schatz in 1996 and has a ready answer for those who ask why he's spent the bulk of his career at the firm.

"It's two things," he says. "One, I always wanted to be a litigation attorney, and I wanted to know I was doing it at very highest level, and two, because we're family here."

Inspiring a New Generation

Over the years, Schatz has firmly established himself among the legal elite, becoming active in the Illinois State Bar, where he was the chair of the Family Law Section, the American Academy of Matrimonial Lawyers, and the American Bar Association. Schatz also lectures publishes articles on matrimonial law regularly, has argued successfully before the state appellate and supreme courts, and serves as a faculty member for the Illinois Institute of Continuing Legal Education.

Two people who have taken notice of Schatz's accomplishments are his children, who have both followed their father's footsteps into the divorce field. Lora, 33, is a child therapist who specializes in high-conflict divorces, while Jonathan, 28, practices family law with a competing firm.

Both worked in Berger Schatz's offices while they were teenagers and during summers in college, and Schatz couldn't be happier with their career paths.

"They decided independently on their careers, but I was pleased with their choices," he says.

The impact of Schatz's work has also touched his 38-year marriage to his wife, Ellen.

"I appreciate what I have more than I ever have," he says. "It's a pleasure to go home every night and not have the strife that other people have."

When considering what else he might like to accomplish in his career, Schatz is thoughtful but realistic.

"I'd like to be able to write and lecture a little bit more, which I don't think is going to happen," he says. "The practice has gotten bigger and bigger, and I always underestimate how long things will take."

Still, you won't find Schatz complaining about his work load.

"My day goes very fast. I work nine or 10 hours a day, and I'm always pushing back the clock," he says. "I find the business very enjoyable...we try to help people transition from a destructive relationship to a more positive phase of their life, and to see people who we've represented be successful in that transition is very rewarding." ■