

# Alex Gertsburg's 15 Rules for Building the Firm He Wanted to Work for and the One He Wanted to Hire

BY ALEX GERTSBURG

## RUN A BUSINESS, NOT A LAW PRACTICE

Before reading further, you have to decide what you want to do with your time. Do you want to just practice law, or do you want to grow a law firm? If the latter, keep reading.

**Rule 1.** Start with good goals. You can't get where you want to go if you don't know where you're going. We have strategic planning sessions that start with our BHAGs (our "Big Hairy Audacious Goals"), which we put into four buckets: Clients, Employees, Income and Community. We make our BHAGs follow the SMART acronym: Specific, Measurable, Attainable, Relevant, and Timed. I won't tell you the details of our BHAGs but I'll tell you that they're incredibly important to our identity, our core beliefs and our growth.

**Rule 2.** Create a solid plan to execute those goals. All growth-related activity in the firm has to have some purpose, and that purpose has to be well-thought-out and

planned. With respect to the income BHAG, our plan looks like the below image.

What that means is that, for this BHAG, all growth-related tasks and processes are intended to fall into one of the four purposes in the bottom row of the pyramid. In other words, we start from the proposition that to achieve our income goal, all revenue comes either from existing practice areas or business activity, or from new ones that the firm does not do yet. From there, we sub-divide each of those concepts once more, so that all firm tasks, functions, practices, and policies — at least from an income perspective — must either strengthen our current business, grow our current business, plan new business, or execute on a plan for new business. The firm's plans for marketing, hiring, internal processes, and other functions all serve one of those purposes.

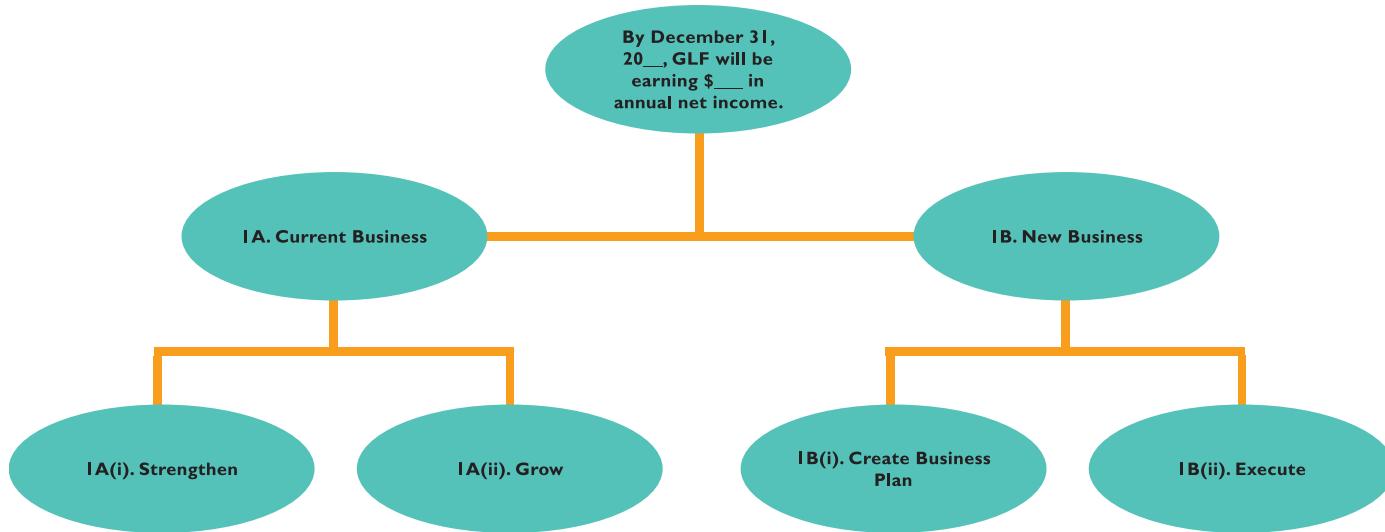
## THE FIRM I WANTED TO WORK FOR

**Rule 3.** Interface with all employees in a regular and meaningful way. Don't wait

until the annual review. I have "1:1s" with all employees throughout the month. Anywhere from 10 – 60 minutes. That way I know what's on their minds and they know what's on mine. We also have voluntary firm-provided staff lunches every Friday, and "senior cadre" lunches every other week.

**Rule 4.** Make billable hour requirements reasonable. Our compensation is more incentive-based than punitive. Our minimum requirement for associates is 1400 billable hours, not the 1800 or 2,000 that I remember, with bonuses for better, harder work, not punishments for failing to hit ridiculously high targets.

**Rule 5.** Scale the firm through good, collaborative processes and policies. We define a process as anything with more than one step that we'll do more than once. You can't scale a business without a good process for creating processes. Ours involves creating good templates, checklists and processes within each department, storing



them in good, user-friendly and accessible cloud-based locations, and bringing in all employees within a department to help create their own processes. This gets us buying in and constant optimization.

**Rule 6.** Culture and fit are critical so protect them. We call this our “jerk-free environment rule,” only we don’t use the word “jerk.” I used to have an abusive boss. He made me hate my job and my firm for tolerating it. Now I have a zero-tolerance policy for disrespectful or unprofessional conduct. Most hires are also interviewed by the other attorneys in the firm. We guard our environment closely, recognizing that we often spend more time with each other than we do with our own families. We’d rather say no to someone we’re not sure about than let the wrong person into the club.

**Rule 7.** Celebrate often. We start all staff meetings with “Wins” to get us into the right mindset and to remind ourselves that we are good at what we do. We have quarterly “Play Hookie Days” to remind ourselves to have fun — we’ve taken the staff boating, to the movies, to comedians, to Cedar Point. Staying positive and cohesive is incredibly important to growing a good organization.

#### THE FIRM I WANTED TO HIRE

Going from outside counsel to in-house counsel and then back to outside counsel is a pretty unique experience. Having both perspectives — as attorney and as client — gives you a leg up in growing the good and eliminating the bad.

**Rule 8.** Focus on budgets and alternative fees. There’s nothing worse than sticker shock. It’s a punch-in-the-gut feeling. It makes clients distrust their lawyers and trust is our stock in trade. We’ve found that giving budgets and budget updates early and often builds and maintains that trust, and allows us to treat our clients the same way we would want to be treated by any professional we hired.

Like budgets, we believe that flat fees, contingency and reverse contingency fees, holdbacks, caps, and bonuses give clients predictability and flexibility, and give the firm an upside for being efficient and effective. We give every client the ability to opt out of hourly billing.

**Rule 9.** Over-communicate. Our clients entrust us with the most stressful things in their lives. And they’re paying us a lot of money to handle them. The very least we can

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do is be responsive and keep them updated.

I get acid reflux whenever a client calls to ask us for an update on their case. To avoid that problem, we have a Weekly Status Update policy for any matter that takes longer than a week to complete. Clients can choose different frequencies, and different practice areas have different content fields, but in general, our Weekly Updates inform our clients of recent activity, expected activity, key dates and pending issues and requests. It’s been amazing to see how grateful and receptive to this process our clients are. They really appreciate it. (I got the idea from Pat Lamb at Valorem Law in Chicago; also a great author of the fantastic book *Alternative Fee Arrangements for Litigators*.)

I get similar indigestion when one of us doesn’t return a client’s call or e-mail within one business day. Our motto is “minutes or hours,” not “days or weeks or whenever.”

**Rule 10.** The Value Adjustment. We empower clients to vote with their wallets every single month. We give them the ability to adjust any invoice by up to 10% in either direction depending on whether

we completely live up to or exceed their expectations. The only thing we ask them to do is to tell us why so that we can grow from the experience. (Another thank you to Pat Lamb for that one.)

**Rule 11.** Help clients save money through innovative, proactive services. All of our senior attorneys have served as in-house counsel or run their own businesses. They know the cost of reactivity. We therefore offer an on-retainer General Counsel service to give clients an in-house attorney and predictability in fees. More than that, though, we have developed a service called CoverMySix, which is a unique legal audit of the six areas we believe generally impact the most legal exposure for a small- and mid-sized business: customers, employees, partners, vendors, insurance, and IT/internet practices. CM6 provides clients with report cards and solutions to major problems to help them avoid crises before they arise. It’s ideal for cleaning up legal messes for companies that don’t have their own in-house counsel, at a fraction of the cost of in-house counsel.

**Rule 12.** Don't just be a lawyer, be a business grower and a connector. There are thousands of lawyers out there. How many of them help their clients *make* money? That means connecting them with good CPAs and insurance agents and real estate professionals and consultants. That means helping their sales by connecting them with other clients and contacts. That means sending them copies of good business books like *The Success Principles* and *The Checklist Manifesto* and *Good To Great*. In general, it means always looking for opportunities to help them grow.

**Rule 13.** Market like your business depends on it, because it does. We blog every week and stay active on social media, where thousands of sets of eyes learn about our practice areas and our expertise regularly. We host a podcast called *Best.Podcast.Ever*, where we interview local and national business and political leaders and other successful people and pass their success secrets on to our clients and other listeners. We are active in chambers of commerce and networking groups. We maintain good relationships with people we meet, and we try to help them without charge as we do with friends and family.

**Rule 14.** Give back. As I said in Rule 1, one of our BHAGs is community-facing. Three

years ago, we started the We Solve Problems Essay Contest. The goal was to teach high school students two of the most important business skills they'll need after graduation: problem-solving and communicating, skills that lawyers should already know well. The idea was to have business owners do that teaching, and raise prize money from the community. When we started, we had 1,500 eligible students in two high schools and we raised \$10,000 and gave it all away. Today, having completed our third year of the contest, we have now included seven high schools, over 6,000 eligible students, and have given away a total of \$38,000 to schools and the students who wrote the best one-page essays that solved real world problems. It's been incredibly rewarding watching and helping these students develop and excel in these critical skills, and helping them connect with business owners, some of whom have continued to mentor the students after the contest.

**Rule 15.** Always be growing. I don't mean that in terms of size and dollars. I'm talking about learning and failing. We have "lessons learned" sessions after every significant engagement. We rely on templates and checklists for every engagement not just to ensure we're not missing

something, but because we want to constantly optimize them as we learn more. I described above how we start staff meetings with wins. Well, we end meetings by asking "What's one thing we can do to make the firm better?" It's the 1% Rule. Small, incremental improvements compound exponentially.

And become friends with failing. Welcome it. "Fail forward fast." Keep trying new things. Don't worry about the fact that it's not what a traditional law firm does. Tradition is boring. Doing what you love and helping other people is gratifying. Exponential growth is exciting.



*In 2005, Alex Gertsburg left his large firm litigation position to become in-house General Counsel at a telecom company. Eight years later, in November 2012, Alex formed a business law firm. He had two clients and one secretary and a room of empty offices. Today, the Gertsburg Law Firm has 13 employees, 700 clients and offices in Chagrin Falls and downtown Cleveland. This article contains the principles Alex used to build his firm. He has been a CMBA member since 2001 and can be reached at (216)-526-2500 or at ag@gertsburglaw.com.*

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