

KENNY KLASSMAN

Building Business Beyond Real Estate

by Elizabeth Davies

It's not easy, when you're a commercial real estate lawyer, explaining to your elementary-aged children what you do for a living.

But Kenneth Klassman, a partner at Taft Stettinius & Hollister LLP, had the chance to do just that when he represented the developer of a 78-unit apartment building just two blocks from his Bucktown home. He passes that building every day and uses it to explain his job to his sons, Harrison and Julian.

"It was great," he says. "My kids could see it being built, so they could get a better idea of what I do."

What his boys might not have grasped are countless contracts, permits and financing details that were in play long before those construction trucks hit the neighborhood. And that's where their dad truly shines: keeping multimillion-dollar developments on track from behind the scenes.

"I really like the tangible aspect of real estate," Klassman says. "I can drive around and see the projects I've worked on."

The 41-year-old is a popular real estate lawyer in Chicago, in part because of the time he puts in before the contracts are signed.

"One of my mentors told me, if you show a client you care, you'll have that client for much longer," he says. "I spend a lot of time trying to figure out a client's goals and how to achieve them."

In particular, Klassman sees value in tailoring his advice and offerings to clients based on their individual needs. Whether it's a phone call versus an email, or explaining nuances versus giving overviews, Klassman communicates with each client the way he knows they prefer.

That's something that only comes from putting in face time.

"Every client has their own risk tolerance," he says. "You're constantly trying to balance that. Knowing your audience is huge. If you talk to everyone the same, you won't accomplish as much as if you figure out how they will respond. Everyone has a different style, and it's our job to adjust to the client's style, not the other way around."



A TWIST ON TRADITION

Klassman's start in real estate came soon after law school when he worked as in-house counsel for a developer. He later landed at Horwood Marcus & Berk, working in both its real estate and business and finance groups.

There, Klassman fine-tuned his skills in business law and became an equity partner, head of the real estate group and member of the executive committee before he moved to Taft Stettinius & Hollister in 2018. Early on in his career, Klassman realized he could twist the traditional way law had been practiced. Rather than be siloed, he attracts clients with his expertise in real estate and then finds a way to expand the relationship using his business knowledge.

"Throughout time, I realized you could use real estate as a launching pad," Klassman says. "You could start out with a lease and then say, 'What else does your business need?'"

From his time working with companies as a business lawyer, Klassman has deep experience that allows him to give perhaps deeper advice than his clients expected.

"My number one job is to analyze risk," he says. "But I'm never afraid to give my business opinion or use the knowledge I've learned from practicing for 17 years."

Case in point: Klassman has witnessed clients, in a rush to close a deal, forgo a routine search for financial obligations attached to

the property they are purchasing. It can end up burning the buyer when they realize their new property has a backlog of unpaid taxes or the like.

That is what his client was inclined to do in one deal. Klassman recalls the client wanted to buy a manufacturing facility for \$100,000. Despite the client's urgency in closing the deal, Klassman pressed the issue that the client really should wait for the results of a search for financial obligations tied to the property.

"It wound up the company operating at the property owed over \$1 million to the state," he says. "For \$100,000, they almost bought a million-dollar problem."

Klassman's bent for business has brought him a sizeable venture practice. He's comfortable engaging with entrepreneurs, some of whom are young and taking on significant assets for the first time. Klassman helps them navigate the process from launching a company to stewarding capital.

"The day you take money from people, you have two jobs," he tells them. "The job you were doing before, and now the job of spending their money wisely."

And so, Klassman takes extra time with his youngest clients, some only 22 or 23 years old and unfamiliar with corporate budgeting. He'll mentor them and help them understand the business world they're entering.

In return, he finds that he's better able to

represent his clients.

“I try to spend time with all of my clients so I can understand them, their business and their projects—that’s how I can be most helpful,” Klassman says. “If you care about your clients, you become a counselor, not just a lawyer. It makes the work you are doing more meaningful, and you build authentic relationships with your clients.”

His responsiveness and practical approach have been appreciated by client Daniel Wander, senior vice president of Terraco, Inc.

“I had a very tough transaction that needed to close in a week,” Wander recalls. “The deal was a simultaneous close of two properties with a difficult purchaser attorney. Kenny was able to push this attorney in a non-threatening way to get the deal completed.”

A CHOICE CAREER

Growing up in suburban Cleveland, Klassman was an avid reader of historical nonfiction—a genre that sparked his interest in the law. Whether they were political figures, business leaders or founding fathers, Klassman found a common thread weaving between the people in his books.

“It seemed they were able to go in a lot of different directions, and one thing they had in common was a law degree,” he says. “I wasn’t exactly sure what I wanted to do. I figured I could get a law degree and see where it took me.”

And so, Klassman studied political science at the University of Wisconsin-Madison then attended Chicago-Kent College of Law. There, he took a class taught by Jeffrey Rubenstein, senior principal with Much Shelist.

“Kenny is a wonderful lawyer,” Rubenstein says. “He has always evidenced the highest integrity, with a warm and pleasant personality.”

The fact that Klassman is in a legal career so many years after law school remains a bit of a surprise to him.

“I’ve enjoyed the business aspect of it more than I thought,” Klassman says. “You’re managing people, receivables, payables, doing sales with the acquisition of new clients.”

In that way, Klassman connects deeply with his business clients.

“All of my clients have the same issues I have, whether they are real estate developers, venture capitalists or general business concerns,” he says. “You’re on the front lines, working to keep your clients happy.”

For example, real estate developers are still businesses.

“They still have a staff,” Klassman points out. “Some are spending \$50 to \$100 million to construct buildings, but they still have employees and receivables.”

Because of those connections and the variety of work he encounters, Klassman’s real estate and business practice has proven to be deeply satisfying.

“Every day is different,” he says. “I’m working on different businesses, different real estate projects every day. I have some clients at the beginning of their real estate careers who are buying three-unit buildings, and I have experienced developers building multiple 200-unit-plus towers.”

Beyond that, Klassman has found camaraderie among his clients.

“I get to work with people I like,” he says. “Most of my friends are my clients, and most of my clients have become my friends.”

He earns the respect of clients and peers alike with his combination of intelligence and practical problem-solving. Firm partner Cezar Froelich recruited Klassman to Taft Stettinius & Hollister after meeting him professionally on a number of deals. He has continued to be impressed with Klassman’s work.

“He has the technical skills, but he also has a practical instinct,” he says. “He is quick to solve a problem rather than just throw his hands up.”

“It took him two seconds to solve that problem. The client was happy with how quickly we were able to get that done.”

Case in point: Froelich’s client wanted to purchase a large site near Richmond, Virginia, but there were some issues that would cause problems if ever the client decided to resell the property. Klassman proposed a 99-year lease, a solution that the client loved because it reduced up-front costs while avoiding those resale issues.

“It took him two seconds to solve that problem,” Froelich says. “The client was happy with how quickly we were able to get that done.”

Indeed, Klassman wants to make sure he is never the reason a deal doesn’t close.

“I want to focus on what needs to be done to make a deal happen and make sure it continues to move forward,” he says. “Most problems can be solved, and I like the challenge of trying to solve them.”

GIVING BACK

About 15 years ago, Klassman met Bartlett Johnson, who today heads the commercial real estate market division for Wintrust Financial Corporation. Johnson says he and Klassman “grew up” in the real estate industry

together, having closed some \$100 million in transactions since they began.

“Kenny is a great adviser to his clients,” Johnson says. “He understands the law, contract negotiation and what is important to each party. He understands business and does not get stuck on irrelevant topics.”

In addition, Klassman’s experience lends itself when extraordinary circumstances arise. Johnson remembers a multifamily construction deal that nearly was put on hold for months because of a problem with the survey.

“Kenny was able to quickly work with the borrower, the survey company and public utility company to resolve the issue in a little over one week, which kept the project on time and on budget,” Johnson says. “Plus, it really kept our credit team comfortable with our plan to move forward. Without Kenny’s knowledge and willingness to jump in, this could have become a major issue.”

Since making Chicago his home after college, Klassman has taken a keen interest in improving the community around him. He serves on the board of directors for the Chicago Artists Coalition, which helps emerging artists launch their careers.

He continues to serve as a board member for the political science department at the University of Wisconsin-Madison, where he develops alumni support and assists with fundraising efforts.

He is a member of the American Bar Association and the International Council of Shopping Centers, and he serves on advisory boards for the Commercial Lease Law Insider and Commercial Tenant’s Lease Insider.

Away from civic responsibilities, you’ll likely find Klassman spending time with family. An avid golfer, he has started teaching his boys to golf as well. He also tries to delve into their interests, including the computer building game Minecraft.

“I’ll bring home blueprints or something from an architectural magazine, and they’ll try to replicate it on Minecraft,” Klassman says.

Klassman also enjoys snowboarding, is active in a bowling league, and takes in concerts or art shows with his wife, Erin, who works as an in-house securities lawyer.

Both personally and professionally, Klassman knows he is in a good place. He looks forward to watching his children grow as his practice does, and he sees nothing but opportunities ahead for both.

At the end of the day, Klassman might not have gone to law school with the intention of working as a lawyer. But his career in real estate law is something he’ll never regret.

“Most of the people I talk to want to be talking to me,” he says. “I practice happy law.” ■