

EVC INTERVIEWS OF LOCAL BUSINESS LEADERS

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*The EVC business leader interview series focuses on individuals in our community who are directly impacting the local economy in many positive ways. This month the EVC interviewed **Ziyad Naccasha**, managing partner and co-founder of **Carmel & Naccasha LLP**. Founded with Tim Carmel in 2004, Carmel & Naccasha is a local law firm with offices in San Luis Obispo and Paso Robles that has grown to be the largest law firm in San Luis Obispo County according to the Pacific Coast Business Times.*



ABOUT THE COMPANY

From Carnaclaw.com: “Our attorneys have a broad range of legal experience and have practiced law locally and nationally. The firm’s lawyers focus their practice and provide exemplary client services in the areas of business transactions, real property, land use, municipal law, commercial and employment litigation, taxation and tax controversies, trusts and estate planning, wine law, and insurance coverage.”

Mike Manchak: Congratulations on ten years in business on the Central Coast and the growth you’ve experienced in that time. Considering the economic volatility that has occurred over the last decade, I’m really looking forward to this conversation and learning more about how you not only survived, but experienced such strong growth at the firm during that time period.

I thought we’d begin by talking about your background and what you think is the most valuable lesson you’ve learned that guides your daily business decisions?

Ziyad Naccasha: Thank you very much, Mike, for taking the time to do this and for your kind words about the firm. It’s been a great adventure so far and we’re really looking forward to the next ten years.

I’d say the most valuable lesson I’ve learned as it applies to my business decisions is being able to embrace and adapt quickly to change, especially in the face of adversity. Instead of letting inevitable, unavoidable trials stop or stifle our goals, I’ve learned to grow through them. I mean, I was born in Baghdad. When I was five years old, my parents accepted that they would need to leave our home in Iraq after the government’s decision to nationalize my father’s business. So, they registered my brother and me in boarding school in Lebanon while they took the few belongings they could from our home and abandoned everything else. We then lived in Lebanon for a few years attending a school that taught all subjects in Arabic and French. When the war in Lebanon heated up in 1974, my father and mother had a really hard time trying to figure out where we could go. London was where my mom’s family lived and Los Angeles was where my father’s family lived. My father won the coin toss and our family then moved to Glendale in 1974. Imagine that transition: moving your family at age 47 without knowing the language, without a job, and with no plan other than to give your kids the best opportunity

you could. I truly admire my parents and their ability and willingness to take such significant risk to protect and fight for the health, safety and well-being of our family.

After a few years, my parents decided LA was not the right fit for our family so they took a chance on moving us to SLO despite the fact that they knew no one here. That was in 1977. I attended Mission Junior High School and SLO High, then Cal Poly, where I earned a business degree and even had the opportunity to participate in the London Exchange program. From London I moved to Indiana where I attended and graduated from the University of Notre Dame Law School in 1990. After law school, I landed a position at a Chicago law firm that focused on insurance defense, coverage and transactional work. I practiced law in Chicago for twelve years as an associate and then as a partner before my family and I came to a crossroads that fortunately and unexpectedly brought us back here. During a particularly harsh winter, we decided that as much as we loved Chicago, we longed for a place that had better weather and that would allow us an opportunity to spend more time with our children. So, we moved our young family to the beautiful Central Coast. As you can see, I've experienced a lot of change in my life and I have few regrets about that. All of those changes have impacted my life in different ways, including learning how to make new friends and business partners and adjusting to different cultures and environments. That ability to positively adapt to change has impacted all of my personal and business decisions. I hope I can instill the excitement and open acceptance of change in my kids as they grow and find their way.

Mike: What made you decide to settle in San Luis Obispo considering all the opportunities that must have presented themselves elsewhere?

Z: Honestly, prior to moving to SLO, I was pretty skeptical that the Central Coast would be a good place to do business. But what I discovered was that there are so many people that move here for the same reasons that I did; people that grew up here, who wanted to raise their families here and have a deep appreciation for the values and love of community that we care so much about. It was remarkable how much that underlying bond, coupled with Tim Carmel's business and government connections, created an environment for us that helped facilitate our growth. Coming back to the place where I grew up - the familiarity and comfort of being close to long time (not "old") friends, and getting back to the place that I considered to be home for so long, solidified why I wanted to live here and why I wanted to do business here. I am truly fortunate to have this opportunity for me and for my family.

Mike: Speaking of a broad range of experience to draw from, your biography states that you spend a lot of time counseling domestic and international companies, their shareholders and officers on everything from their formation, to their business structure, litigation and insurance needs. What have you seen as some of the most common challenges growing businesses face?

Z: Planning. You see a lot of people who invest in businesses without receiving or seeking out counsel to be truly ready to make that commitment: whether it's financial or even in the formative stage of their structure or otherwise. A big part of what we try to do is counsel companies and individuals we work with through that process as early on as they will allow so they can minimize those challenges as they progress and grow. It is so important to focus, early in the process, on the services or products they sell. Having systems in place is key. Having employment manuals and agreements between the owners to make sure there is a clear path forward on how to run the business and even separate from it at some point also is vital. Some of the most common issues that come up and must be addressed early on are licensing, permitting, land use, exit strategies, insurance and protecting intellectual property and equipment from potential liability. And then there is the planning for, but avoiding at all costs, the "fun"

of litigation: not only lawsuits that are covered by insurance, but those that are funded directly by the business.

Mike: What new or forthcoming laws are you following related to business formation?

Z: Local governments, the State of California, and the federal government continue to enact legislation (and don't forget the Courts' interpretation of these new rules) which require business owners to stay on their toes.

As you may have heard, California underwent a major overhaul (actually, a complete replacement) of its rules regarding limited liability companies. While the changes may not impact everyone, if you are a member of a limited liability company, it's still a good idea to review your formation and operational documents regularly to make sure you are in compliance. For instance, under the old rules, if you wanted to have the company operated by a manager, and not by the owners, then you could just check the box on the Articles of Organization and you could be a "manager-managed LLC." Now, you must check the same box and have a written operating agreement specifying this preference. Changes like that one are important to stay on top of.

Also, while you're busy trying to get your business off the ground (or grow an existing business), don't forget that California and the IRS always seem to have the classification of workers' issues in their sights – meaning, they don't want you calling your employees "independent contractors" to avoid paying taxes and insurance. The penalties can be quite harsh, so it is important to speak with qualified tax and legal counsel if you're unsure.

Internet privacy gets a lot of coverage in the news, and so California has added some rules to protect its citizens from potential abuse. For instance, a new rule requires an operator of a commercial website or online service to disclose how it responds to "do not track" signals or other mechanisms that provide consumers a choice regarding the collection of personally identifiable information about an individual consumer's online activities over time and across different websites or online services. The operator also must disclose whether other parties may collect personally identifiable information when a consumer uses the operator's website or service. Bottom line, if you have a website, you should have a privacy policy and you should stick to it.

Mike: You've now practiced law for nearly 25 years, what keeps you motivated?

Z: I really love the service part of what we do. I know that sounds cheesy, but it's true. I love helping people figure out, sort through and find solutions to the challenges they face. Seeing clients succeed is really motivational. The hope is that we've been able to play a helpful, influential and trusted role in that process and hopefully be an important, but silent reason for that success and continued motivation.

Mike: As one of many companies and law firms that have started locally in a relatively small community, what would you tell other entrepreneurs seeking to start or grow their business?

Z: Listen to people, even and maybe especially the ones that have something negative to say. Really try to step outside yourself to understand what they're communicating to you and try to learn and grow from it, whether you agree or not. There are lessons to learn in every one of those conversations and they are teaching opportunities for your partners, colleagues, clients and vendors. Also, invest in and be loyal to your employees. Their career, their families, their benefits and their success depend in large

part on how well you do every day. As a firm, we try to never take that for granted and are often awed by the hard work, dedication and great accomplishments of our attorneys and staff.

Mike: Describe your firm's culture and philosophy.

Z: We're a team. Tim and I consider every person in our firm to be a contributor to our overall success, to our reputation and to the impacts we collectively have in our community. A lot of businesses, government organizations, and other entities have an enforced and rigid hierarchy, especially law firms. But Tim and I, like many of our colleagues here, really enjoy the people we work with. They're smart, capable, experienced and each brings a unique perspective. Good, strong, trust-based relationships are at the heart of any successful business. So, we involve as many of our employees in major decisions as we can. Things like opening a new office in Paso, hiring more team members and other decisions that have a broad impact on the firm. Every attorney that works with us has been hired with the goal of having them be a part of the long-term sustainability of our firm. Our decisions, especially the major ones, have pretty much always been unanimous.

Mike: What's your most memorable book, and why?

Z: There are two: Steve Jobs written by Walter Isaacson and Outliers: The Story of Success by Malcolm Gladwell. Steve Jobs was a visionary with quite a few rough edges. The struggles he faced on a much larger scale, I found also apply to small businesses here. The competition, personnel issues and the sustainability of a business apply to us just as it does for Apple. Isaacson does a great job of crafting that story and reporting on Steve Jobs' life. Outliers is a study on what key elements produce successful people. Gladwell studied a lot of people who have become truly great in their field, including Bill Gates, The Beatles, professional sports figures and musicians, and discovered that a mixture of luck, timing, and hard work create the highest achievers. He discovered that it takes about 10,000 hours of training to do anything well, so hard work really is the most important thing. One of his other conclusions was that there is no such thing as a child prodigy. Consistent, hard work with years of training and practice are the true ingredients common among successful people. I agree with his conclusions and have found in my own life that there are very few short cuts if you want to do something right.

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