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Building Byte by Byte

Gerald L. Sauer and Eve H. Wagner credit their ease starting a litigation boutique to being on the cusp of the technological revolution.

By Susan McRae

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LOS ANGELES — Like many small firm and solo practitioners, Gerald L. Sauer and Eve H. Wagner had an entrepreneurial urge from the get-go. So when a third lawyer at Greenberg Glusker Fields Claman & Machtinger, where all three were equity partners, broached the idea of launching a new firm, they were eager to listen.

The more they talked, Wagner said, the more excited she became that it was going to happen. Then, at the last minute, the third partner pulled out.

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SAUER & WAGNER

Wagner remembers she was on a business trip in Italy when Sauer called her with the news. She was so depressed she knew leaving the firm was the right decision.

"Then, Gerald said on the phone, 'When you get back from your trip, why don't we discuss whether we could do it without him,'" Wagner said. "And, I was like, 'Oh, thank god.'

"I was so excited about starting my own firm. It was like starting my life over again. I was 37. It was so invigorating. It just gave me all this new energy. I thought, 'Wow, I'm taking control of my life with someone I trust. This is going to be great, and it's going to happen.'"

Thirteen years later, they have no regrets.

While their practice is similar to the work they did at Greenberg Glusker, the



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Eve H. Wagner and Gerald L. Sauer at their Century City litigation boutique.

two-partner litigation boutique Sauer & Wagner is somewhat unique for such a small firm in that it represents both plaintiffs and defendants in a wide variety of areas, including intellectual property matters in the entertainment field, commercial and business cases, employment issues, real estate, consumer law and some securities class actions. They also do their own appeals.

Wagner, 50, also does mediation and arbitration for the courts and privately, and counsels companies on preventative actions in employment matters.

The pair attribute their ease in setting up shop in part to being on the cusp of the technological revolution. In 1997, software was coming out that automated a lot of the administrative duties, such as billing clients and logging hours. So, they didn't have to hire a bookkeeper or accountant.

And, they already were ahead of the technology curve.

Wagner was the first associate at Greenberg Glusker to have a computer. Only one partner had one when Wagner joined the firm in 1987. Wagner had used a computer in law school and said she couldn't understand why no one else had one. She offered to pay for her own, but the firm agreed to buy one for her.

"I think there was a resistance that she would look like a secretary, that it was a negative thing," Sauer said. "I remember when Westlaw and Nexis were coming online. We were sitting in a partners' meeting, and one of the older partners gets up and says, 'Well, you cannot rely on the computers for research. If you type in the wrong search, you're going to miss something. You don't have the books to turn the pages.'

"There was such a resistance in a big firm to change. We definitely didn't view the world that way, and it made it easier to leave."

Another boost to their new practice came when Wagner's husband, graphics designer Paul Wagner, decided to go out on his own at about the same time.

He started Innovative Presentations, designing Web pages and courtroom graphics. The partners credit his expertise for winning them more than one jury trial, including one against their old firm Greenberg Glusker, by adding catchy illustrations and video clips of depositions to their courtroom presentations.

"When you're putting on a trial, you are telling a story," Sauer said. "Anything you can do graphically or with videos to peek behind the curtain, instead of having talking heads sitting there, the jurors love that."

Paul Wagner gives the lawyers a discount on his services that they pass along to their clients.

The biggest overhead in starting any firm, they said, is paying for space.

For lawyers who are unsure of how many clients they are going to

have, they advised, it is better to start out small, such as renting an executive suite.

For Sauer and Wagner, however, even though they knew it would cost a little more, they decided to take the plunge and lease their own office.

"We decided to dive in all the way and have faith," Wagner said. "When our clients come, they'll see we have our own space with our name on the door.

"We'll make it small, but we'll make it nice."

They leased 2,000 square feet on the fifth floor of the same Century City high-rise where they are today. A client offered them some furniture he had that had been left behind by the banking investment firm Drexel Burnham Lambert, when it closed in Los Angeles. They added some finishing touches of their own, like a marble entryway.

"We were terrified, of course," Wagner said of committing to the expense. "There was a discussion of whether to put a sink in our space or not. That was a lot of money. We said, 'Oh forget it. What do we need a sink for?' Then, we were rolling along and doing quite well and thought, 'Wish we had done the sink.'"

Six years later, they moved to their present location on the 11th floor, doubling their size. They gutted and redesigned the space, with lots of windows and natural light. They bought all new furniture and original art. And, this time, they put in a sink.

They were fortunate in the beginning that not only did some big clients come with them — Sony Pictures, Michael Jackson and the real estate firm of Jon Douglas Co. — but, a month after opening their doors, they got retainers from others, including DreamWorks Studios.

"So, while lawyers should be prepared to wait 90 to 120 days [for payment], we were able to draw almost immediately," Sauer said. "The cash flow came in, and we were off and running."

As for staff, rather than hire a traditional secretary, they decided to look for computer-literate undergraduates, who were thinking about becoming lawyers. They try to hire

people who will commit for two years. In exchange, the person gets a chance to learn how a firm functions from the inside out and decide whether it's right for them. They are invited to observe the lawyers in trial and sit in on depositions.

One reason the lawyers came up with that model is because Wagner herself started out that way. She began working as a legal secretary at Gibson, Dunn & Crutcher when she was 17, while going to night school. She then got a job as a paralegal that she continued doing part-time while attending what now is called USC Gould School of Law.

"The people I worked with trained me and taught me a tremendous amount," Wagner said. "So, I always thought it was such a great opportunity. There are so many people out there who want to learn. It can be a mutually beneficial relationship."

The partners charge \$475 an hour, somewhat more than other small firms but still much lower than big firms. They also accept contingency cases, something they couldn't do at their previous firm. One case they are particularly proud of involved a sexual harassment claim by four women

that they were able to settle favorably.

"One of the great things about being in our own firm is we can pick our clients," Wagner said. "When somebody comes in and they are really hurt by something, we can take that on and champion their cause, even if they don't have any money because we can do it on contingency."

Their staff size fluctuates according to their work. They currently employ two lawyers, a paralegal and two assistants, but they have had up to four lawyers working for them. They also will tap into the contract lawyer labor force when needed and have partnered with a big firm on some cases.

"Again, it comes back to technology," Sauer said. "It's technology that's allowed us to do these things. We can do cases much more efficiently and economically than a big firm.

"Also, I think it's the personal relationship. They know us. You walk into a big firm... you may be drawn into this partner and then you get shuffled off to someone else. In our firm, you usually come in for Eve or myself, and that's who you get. You call, and you're going to get us. You're not going to have to wait a day for a return call."

The partners say they have no desire to grow much larger or to add on partners. If they need to make a decision about the firm, they just wander into each other's office and have a discussion, as opposed to going to a 75-partner meeting and arguing on and on.

"The goal when we left was never to grow and turn this into a large firm," Sauer said. "The reason you leave is not to do that.

Sauer, 52, who was an associate at another mid-to-large firm, Adams Duque & Hazeltine, before joining Greenberg Glusker, said even the founding partners of large firms will talk about the "golden years," when the firm had only 10 people and how the ensuing years had changed it.

"We want to keep it a small and close-knit firm, where we know who our people are, and our clients know who the people are," Wagner said. "The bigger you get, the more stressful it is, the more politics, and you start becoming what we left. And we don't have any interest in becoming a 10-, 20- or 30-person firm."

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