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DECISIONS, DECISIONS: From leases to lunches, Managing Partner Stuart Liner calls all the shots at L.A.-based Liner, Yankelevitz Sunshine & Regenstreif. "I trust my instincts," he says.

VIRGINIA LEE HUNTER

Control Tower

Forget committees and consensus: At Stuart Liner's firm, management is a one-man band

By Kellie Schmitt
RECORDER STAFF WRITER

LOS ANGELES — On a recent afternoon in Westwood, Stuart Liner is listening to Leslie Cohen debate whether to take her practice group out for an end-of-year lunch.

"I feel like they need care and feeding, but if you don't think it's necessary, I won't do it," says Cohen, chairwoman of the firm's bankruptcy group.

"Tell them to take the afternoon off instead," Liner tells her without hesitation. "You're a busy person. Your time is best spent working with clients."

Shortly after, Liner picks up a conference call with the leader of the firm's San Francisco office. They talk briefly and agree—within five minutes — to renew the lease there.

From time management to firm management, Liner, 43, is seen as a benevolent dictator at Liner Yankelevitz Sunshine & Regenstreif, a 108-lawyer firm based in Los Angeles. In an extreme example of the CEO model, Liner runs the show with no board of directors, no committees and no elections. It would take a vote by 80 percent of his partners to overturn one of his decisions — and no one's ever tried.

While the largest law firms are increasingly adopting CEO-style management models to streamline strategy and speed decision-making, smaller firms are typically more consensus driven and see that as a selling point.

Management experts say the Liner model holds some pitfalls, and probably isn't scaleable. But with Liner at the helm, he and lawyers there say, it frees everyone else up to focus on lawyering.

Maybe it's working: Last year, Liner says, the firm grossed more than $50 million — up 25 percent from 2004 — and earned profits per partner of more than $750,000.

"The system is driven towards partners' best use of their time," Liner said. "Even a bad decision is better than indecision."

On a practical level, his philosophy translates into shorter and smaller meetings. The firm's 28 partners haven't met in more than two years.

"I think it certainly enables everyone in our firm to be at our own highest and best use," said Cohen, who added that her book of business has quadrupled since joining Liner Law. "He does [management] better than anyone and we trust him."

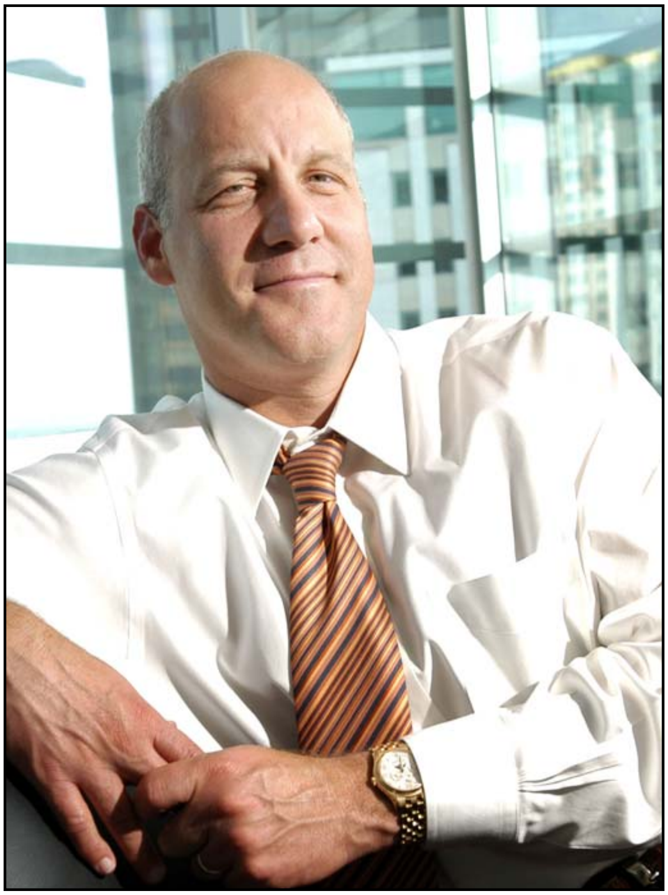
Ed Poll, a Southern California-based consultant and legal coach, said Liner's approach means partners don't have to juggle busy practices with management duties. At firms where they do, he says, management usually becomes a "second-class citizen."

"Lawyers think they're not running a business," Poll said. "But we're a service business, and we need to cater to the needs of customers."

"We run a financially tight ship, and we're able to do that because we have a CEO that is running it like a business," added Cody Cluff, the firm's chief financial officer.

GROWING THE PIE

Liner started the firm with Steven Yankelevitz 10 years ago, when the firm they were at was mulling a merger that didn't interest them. Initially



VIRGINIA LEE HUNTER

TIME IS OF THE ESSENCE: Liner Yankelevitz Sunshine & Regenstreif Managing Partner Stuart Liner, who proposed to his wife less than three weeks after they met, doesn't like delay. "Even a bad decision is better than indecision," he says.

focused on real estate litigation, the duo debuted with "lint in their pockets" and one associate each.

"I was young enough not to be scared off," Liner said. "I instinctively felt I was capable of founding a law firm."

Liner's orderly, light-filled corner office near UCLA is the firm's hub. A revolving door of people step in to talk legal strategy, debate a recruiting emphasis or discuss an upgrade for the firm's IT system.

Liner regularly talks to his partners one-on-one about everything from their cases to their expense reports to their accounts receivable. He asks about their kids, keeps tabs on their stress levels and ends conversations with a "See you later, pal."

Seventh-year associate Heather Gilhooly says she appreciates Liner's open-door policy and personalized approach.

"He realizes that not everyone fits into the same mold in terms of how their legal career is developing," said Gilhooly. "In big firms, there's a lock-step, molded path and everyone fits into it. If I had only that option, I would leave the profession."

Liner's job may sound all consuming, but it's not. He usually leaves by 5 p.m. to get home for dinner with his wife and three young children. But, he adds, pointing to his BlackBerry, "my wife says I never turn this off."

Since his partners don't have to fit management tasks into their schedules, they can go home sooner too. "It's bad for the firm if partners' kids hate them," Liner said.

Billing 1,500 hours a year exceeds his expectation. No one bills more than 2,200 at the partner level.

About 70 percent of the firm's work is in litigation, but corporate is coming on. The firm also aims to devote about 20 percent of its time to contingency fee work, though the percentage now is closer to 10.

Liner says he brings in $5 million to $10 million in business a year, though he doesn't spend much time practicing, other than advising.

The compensation system is structured to reward teamwork. The firm awards credit to the partner who brings in the work and to the partner who handles it. Partners can get credit for bringing work in or credit for doing the work, but not both.

"The idea is to grow the pie instead of hoarding," Liner said.

'A LUCKY SKILL SET'

Liner first met his wife, Stephanie, on a blind date orchestrated by one of his partners. He proposed less than three weeks later.

"I trust my instincts," he said.

For Liner, the key to making quick decisions is to build consensus among the key players and then pull the trigger. That way, he knows what people are thinking but doesn't have to involve those who aren't directly affected and may complicate the process.

With the San Francisco lease extension, Liner and his staff researched the market and canvassed lawyers in the branch. But the final decision did not warrant a firm-wide meeting.

Candia Shaffer, the firm's chief operating officer, used to work in the branch office of a large national firm. There, she saw just how long it took to get things done by committee. It took weeks to make a decision that takes Liner Law a few minutes.

"There aren't as many egos around here." she said. "The lawyers really want to practice law. And for the most part, they feel management [duties are] just in their way."

The system is glued together by trust, said Shaffer, who's been at the firm eight years.

"Stuart's true to his word, and he doesn't play games with people," she said. "Sometimes you have to have thick skin — he says everything that's on his mind."

The firm isn't for everyone, and the model isn't for every firm.

Cluff, the CFO, said Liner's personality is a big part of why it works.

"People want to be around him and want to follow him," Cluff said. "Lawyers by definition are smart and aggressive and they can be difficult to lead. You have to have a very charismatic personality to keep people together."

Cluff has seen Liner step in during contentious battles over client origination credits or control of a case. When Liner gets involved, Cluff said, they listen.

"Sometimes they refer to him as a benevolent dictator, but he's the ultimate consensus builder," Cluff said. "He's aggressively going up and down the halls, saying, 'Hey what's going on?'"

Liner says he'll listen to competing viewpoints. "If someone really wants to push for something, I will be pushed," he said. "I am willing to be proven wrong."

But lawyers who aren't willing to cede control aren't going to fit in very well. And as the firm grows, Liner may not be able to keep up. Cluff said Liner used to manage every detail, and now relies more on support staff.

"He's a guy who is used to being in control, and that will be his biggest challenge," Cluff said.

Charisma can be an impediment to good leadership, cautions Robert Fortunato, a legal consultant and leadership expert.

"It can make people follow you for not always the right reasons," he said.

While an autocratic role can speed responses in times of crisis, opposition is useful to clarify ideas. The span of control of one leader usually has a breaking point of about 100 lawyers, Fortunato estimated.

With Liner Law now eyeing East Coast expansion, that could be an increasingly important consideration.

Poll, the legal consultant, said Liner will need to disperse power and groom a successor if he wants the firm to span more than one generation. And it will need an infrastructure that isn't dependent on one leader's personal style.

Liner acknowledges his keen memory is "a lucky skill set." He rarely takes notes and can quickly recall past advice or input he's given partners in particular cases. He checks e-mail and shoots off replies while simultaneously advising partners on the telephone.

For now Liner, who has a side business building and selling multimillion dollar homes, says the firm is too fun to leave.

Down the road, he said, he may decide to cede some control. And he'll probably do it quickly.

"At the end of the day, you can dawdle around, but your instincts are probably the right ones," he said. "Everything is about building momentum."

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