

DAVIS POLK
LEADERSHIP INITIATIVE

CASE STUDIES ON LAWYER-LEADERSHIP

Innovation in a Time of
Uncertainty: Lawyer-
Leadership at Davis Polk
and Wardwell LLP



Columbia
Law School

INTRODUCTION

In Fall 2009, Gabe Rosenberg was a first-year associate at Davis Polk and Wardwell LLP. Equipped with a master's degree in applied mathematics and a newly-minted law degree, Rosenberg joined the Financial Institutions Group at a time when the firm and its clients were working hard to make sense of a rapidly changing regulatory environment following the 2008 financial crisis. It was this evolving regulatory complexity the firm and its clients faced that presented an opportunity for Gabe and one of the senior partners with which he worked, Meg Tahyar, to exercise lawyer-leadership.

BACKGROUND

When Gabe started in the Financial Institutions Group, it became apparent almost immediately that the firm and its clients were expending enormous amounts of time, energy, and resources to understand the rapidly-developing legislative and regulatory responses to the financial crisis. Everyone, from the most senior partners to junior associates and legal assistants at Davis Polk and its peer firms, were grappling with these questions.

By Spring 2010,¹ Dodd-Frank was taking shape, and it was clear it would be enormously complicated and full of requirements and deadlines for financial institutions and regulators alike. Meg began trying out different ways of organizing the various requirements and deadlines as each possibility was proposed and debated. Her goal was for Davis Polk to be the first law firm to create actionable information for clients and to do it the day that Dodd-Frank Act became law, not with the usual time lag of two to three weeks. After a few weeks, she had compiled a nearly 100-page draft in Microsoft Word. It was full of information essential to existing and potential clients and sure to be incredibly powerful for anyone who had access to it. As a Microsoft Word document, and given the amount of information and analysis it contained, it also was difficult to navigate.

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted on July 21, 2010, made sweeping changes in federal law governing financial markets. Over 2,300 pages in length, the depth and breadth of Dodd-Frank's impact on the financial regulatory system exceeded that of any law enacted since the Great Depression. Among other things, Dodd-Frank created the Financial Stability Oversight Council, the Orderly Liquidation Authority, the Consumer Financial Protection Bureau, and the Securities and Exchange Commission (SEC) Office of Credit Ratings. It also contains the Volcker Rule, which regulates the ways in which banks can invest and trade, and strengthened whistleblower protections.

LAWYER-LEADERSHIP IN ACTION

Part One: Developing an Idea

Upon seeing Meg's innovative and impressive document, Gabe was struck by its power and had an idea. He thought the firm could turn the draft into a database that allowed clients to sort, search, and filter requirements based on their application to the client. Gabe stopped Meg in the cafeteria as she was picking up her lunch and explained his idea, suggesting they leverage technology to create an Internet-based searchable database to strengthen the accessibility of the information.

Unlike today, the idea that a large law firm would interact with clients through technology was novel. As a result, while Meg appreciated Gabe's innovative thinking and willingness to approach her with such an idea, she was hesitant to introduce technology into the project, given the risk that it would both overcomplicate and slow down her effort. Meg also thought that clients would not want to use a complex technology. She told Gabe that it was a good idea but not worth pursuing because of the need for an IT budget and resources. She finished her lunch, and went back to her office.

Gabe took his own lunch back to his desk to reflect. He believed that a database could be done without introducing the risks Meg had identified. He realized that if he wanted to convince Meg that the project was worth pursuing, he needed to address her justifiable concerns around the novel use of technology, introducing complexity, and slowing down progress. He realized that if he was to see his idea come to fruition, he had work to do. He also suspected, correctly as it turned out, that Meg did not fully understand how simple the technology was and how it would be easy to implement and easy for clients to use.

Part Two: Creating and Workshopping a Prototype

As Gabe continued to think through the challenges he faced, he moved on parallel tracks. First, he began learning as much as he could about the issues Meg's Word document explored to better understand them substantively. At the same time, he took another pass at convincing Meg of his idea. Gabe went to Meg's corner office that Friday and suggested he mock up his idea over the weekend and bring it to her first thing Monday morning. He told Meg that it was so simple that he, a first year associate, could create a prototype of the technology over the weekend.

Meg was impressed by Gabe's courage and his confident knowledge about the technology. It is a rare first year associate who will enter into a senior partner's office to let the partner know that she is wrong about something. She realized that without seeing what Gabe was explaining, she did not fully understand it. She responded to his challenge and said, if it is that simple, "Show me on Monday."

LAWYER-LEADERSHIP IN ACTION

Part Two: Creating and Workshopping a Prototype (cont.)

Monday morning, Gabe showed Meg a prototype of what he had in mind. Seeing the prototype in action created a major “aha” moment for Meg, who realized that it could be a game changer. As Meg explored the tool, her questions to Gabe shifted from whether the tool could work to how it could work better, indicating the many services the tool could potentially provide that the firm’s existing and potential clients desperately needed. They quickly settled on a subscription-based service as the best way to bear the costs of the IT development and upkeep.

Together the two quickly came to recognize the tool’s potential—to generate financial value, serve clients’ needs, and provide thought leadership to the field. Equally obvious were the risks the project posed and the many reasons it could be a tough sell with others at the firm. First, Gabe was new to the practice of law, new to the firm, and at the bottom of an established hierarchy. Second, the tool was not the way Davis Polk or its peer firms did business. They were in the legal services business; not subscription peddlers or technology experts. A subscription-based monthly fee would be a significant departure from the hourly fee for a service approach. Third, the database would require significant upfront time and investment, with any payoff appearing only later, if at all. That, too, was a significant departure from the firm’s and its competitors’ billable hours approach to generating revenue.

Meg also knew, however, and as illustrated by her own experience, that the process of demonstrating the tool and letting the questions it generated expose its potential value while alerting them to the remaining problems to be solved could provide a way through the expected thicket of doubts. If the idea was as powerful as she and Gabe thought, showing the prototype in action would reveal those strengths. If not, the process would help them and the firm avoid a big mistake.

After polishing the idea, Meg and Gabe worked through the details with the other partners in the Financial Institution Group. They then got time with the firm’s management committee to present the steadily improving tool to them. While some initially expressed the anticipated skepticism—the firm was not in the business of developing software or selling subscriptions—Meg and Gabe emphasized the database’s potential and its consistency with what the law firm clearly is: a producer and disseminator of knowledge. The tool would help existing and potential clients better access that knowledge in a time of significant uncertainty. Meg and Gabe helped their colleagues see that instant and pliable access to that database could help

LAWYER-LEADERSHIP IN ACTION

Part Two: Creating and Workshopping a Prototype (cont.)

establish the firm as the thought-leader in the burgeoning regulatory area created by Dodd-Frank. Meg knew that during a time when all law firms were attempting to win work from clients related to this significant regulatory change, having a different and novel product could serve as a “calling card” to capture the attention of clients and generate valuable client meetings.

In addition to vetting the idea internally, Meg and Gabe extended the demo-and-learn process to a handful of clients and other potential users. They wanted to know from these communities, as well, what functionality was most of interest, what changes users immediately wanted, and the degree to which they would be willing to pay for access. Additional rounds of meetings—more demonstrations, more questions and improvements, more partners and clients, and more reports to the firm’s management committee—followed.

With each meeting, it became clearer they were onto something significant and also how they could refine and improve the usefulness of the database. One important suggestion came early on from a senior lawyer employed by a longstanding client, who asked to be provided, alongside the database, with a daily email update about every regulatory action and decision taken by the regulators that had happened the day before. Another important piece of feedback from a mid-level lawyer with another client was the need for a way to download information from the database directly into their own newly-created Dodd-Frank project management systems.

As Gabe and Meg worked to flesh out the database and email updates, progress reports, and other associated products, they pulled together a team of legal assistants, associates, counsel, and partners to create content for the database and push the ideas even further. The management committee supported an IT team working on building the back end. Gabe spearheaded the work within and outside the firm, with help and support from Meg throughout—pressure-testing beta versions of the product with clients, coordinating with IT to ensure effective and timely implementation, and supporting colleagues from across the firm as they learned to populate and update the database.

LAWYER-LEADERSHIP IN ACTION

Part Three: Launch

Within a few days of Dodd-Frank's passage, a beta version of the database and daily email launched for select clients. By the end of 2020, there were two dozen subscribers, more than enough to support the IT and legal costs and, indeed, enough to turn a profit. With more users and feedback pouring in, Gabe, Meg, and the team streamlined the systems and processes needed to keep things running smoothly. In the end, it ran as a paying subscription service for almost 10 years, far longer than anyone anticipated. As Dodd-Frank implementation slowed, the most valuable part of the service turned out to be the daily email. After 10 years, the database was wound down and the daily email was, during the Covid-19 pandemic, made free to all.

Indeed, the database was a success beyond what anyone involved could have predicted at its creation. It provided guidance to countless clients and others, including academics and regulators, during an uncertain time. It served as a backbone for a number of related products, including email newsletters, informational hubs, and frequently cited rulemaking progress reports. It generated a number of new clients for the firm. And, while today it seems like a “no brainer,” in 2010 it changed the way Davis Polk thought about the way it provided legal services to clients, opening up new ways of thinking about the digital future. Indeed, in allowing the work that went into this database to proceed, the firm showed a willingness to make upfront investments to create new kinds of products and services for clients. Countless hours from partners, counsel, associates, legal assistants, and the IT department alike were required to create and launch the database and supplementary materials. The firm would only get paid if financial institutions subscribed. It required the firm to show patience, diligence, creativity, and embrace of multidisciplinary teams. And, it was driven by a willingness to listen to and learn from existing and potential clients about what they needed and wanted, and an agility to respond accordingly.

Meg and Gabe worked together throughout the existence of the database and associated subscription service. After seven years at the firm, Gabe was made a partner in the Financial Institutions Group.

THE PRACTICE OF LAWYER-LEADERSHIP

For Meg

Leading Self

For Meg, this experience of Lawyer-Leadership illustrated the power that comes from leading oneself to effectively engage in problem solving. When Meg identified the information and deadline challenges that clients would face under Dodd-Frank, she got to work—digging into the details of the proposed legislation, learning the draft legislation well enough to understand what would be relevant, interesting, and challenging for existing and potential clients. She developed a clear vision for what those in the sector needed and went about creating it with urgency. In this way, Meg identified and faced the problem with curiosity and courage. Undaunted by the increasingly complex regulatory landscape and the stresses felt by her colleagues and clients as they sought to make their way through the financial crisis's aftermath, she gathered and analyzed evidence to understand the problem, its stakeholders, and potential solutions. And, she worked to synthesize the information in a way that she believed would be useful. Her hard and persistent work in this regard is what made it possible to create a product that was not just interesting, but was useful to clients.

Leading Others

Meg's efforts also illustrate the power that can come from developing and effectively communicating a strong vision and strategy. Once Meg began advancing the database within the firm, she collaborated with her colleagues on the management committee, in the Financial Institutions Group, and in IT to ensure they shared a common vision and were invested in the database's success. She took time to learn about and respond to the needs of other stakeholders and considered both the resources and the relationships that would be necessary to accomplish the task at hand.

Meg also effectively engaged in management and teamwork. From the outset, Meg maintained a positive relationship with even the most junior associates on her team. The fact that Gabe felt comfortable going to her with an idea, and then going back to her a second time after she initially said no, is a testament to her approachability and open mindedness as a team leader. And as the effort picked up speed, Meg helped Gabe stay at the forefront of the database's development and engaged in extensive power sharing. Though he was junior, Meg let Gabe train and manage the team building the database, present the prototype to existing clients, and continue owning the project. By allowing Gabe to stand firmly at the center of the effort, she helped him master the substantive content, hone his own managerial skills and capacity to engage with internal and external audiences, served as a powerful mentor to him, and shared the stage.

THE PRACTICE OF LAWYER-LEADERSHIP

For Meg (cont.)

Leading Others (cont.)

Last, Meg remained open to learning and improvement. Meg was driven by a belief that if the database was ultimately to have value, there needed to be a process that sought progressive and rigorous demonstration of the possibilities associated with the idea. By seeking out feedback from clients and other potential users of the database and then pushing, supporting, challenging, and learning alongside Gabe as they refined the idea and put it into action, she sought continuous improvement. Meg facilitated a culture where receiving feedback was a critical component of the work, not the byproduct of something gone wrong.

Leading Change

The way in which Meg led change highlights the impact of effective vision and strategy and management and teamwork. Indeed, Meg leveraged her strengths and those around her to chart a new direction for her colleagues and her clients. As the idea got off the ground, she collaborated with Gabe and sought input from both internal and external stakeholders to imagine a structural change to the way the firm did business. She sought the input and buy-in from those in positions of authority at the firm, from those charged with building the database, and from those who would be using it. She maintained optimism about the possibilities the database presented during a time of uncertainty and challenge and identified and secured the resources necessary for putting those possibilities into action.

For Gabe

Leading Self

For Gabe, this experience illustrated the power of a strong vision and strategy. Gabe thought he could help bring Meg's idea to fruition, but he needed to learn the substance of what she was doing well enough to technologize it. Success required exhibiting the self-awareness to know what he knew and what he needed to learn. Moreover, when his initial pitch to Meg did not go well, he engaged in self-reflection to consider where he could improve his effort to achieve success. Gabe had confidence in his knowledge and vision, realizing that the technology was much simpler than Meg did. He was not discouraged by the fact that he was so junior and that a senior partner had told him no. He did what few associates would do, he went back for a second shot at explaining how the technology would work.

Leading Others

Gabe also illustrated what effective management and teamwork looks like, even as a junior associate in a large hierarchical law firm. To achieve success, Gabe effectively engaged with

THE PRACTICE OF LAWYER-LEADERSHIP

For Gabe (cont.)

Leading Others (cont.)

people across and beyond the firm. He communicated and collaborated with cross-disciplinary teams composed of lawyers and non-lawyers alike. He sought to generate buy-in from his peers, senior lawyers, and the IT department alike—as they were all necessary to create a product that would ultimately help solve the problems of the firm’s existing and soon-to-be clients.

Throughout the effort, Gabe and Meg were clear in their communications with the larger team. Everyone needed to understand what the vision was, why it mattered, and how it was to work. The team also needed to feel comfortable raising issues and calling Gabe when problems arose. On more than one occasion, for example, Gabe would hear from IT that a particular function or feature of the database was not technologically feasible. This too became an opportunity to improve the idea by developing alternative ways to implement it. They had to maintain open communication channels, remain flexible in their thinking about what the database and related products could and should do, and all the while keep things moving forward.

Leading Change

When Gabe first saw the Word document Meg had created, he sought to collaborate with her to strengthen its accessibility. In so doing, he exemplified the power of a strong vision and strategy. More specifically, Gabe and Meg together imagined a world in which a structural change to the way the firm thought about its client services business could benefit the firm’s clients and generate additional business. Not only that, Gabe modeled strong learning and improvement. He approached the challenges he faced with curiosity, courage, and flexibility and maintained a growth mindset. As the database shifted and evolved over time, in response to feedback from colleagues and clients, Gabe adjusted his approach. And ultimately, the product created was a more robust, more refined version of what he had initially conceptualized.

ADDITIONAL INFORMATION

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FOR MORE INFORMATION

For more information on Columbia Law School's Davis Polk Leadership Initiative and the ways in which it seeks to equip students with what they need to be effective Lawyer-Leaders in their lives, in their careers, and in the world, visit <https://leadership-initiative.law.columbia.edu/>.

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