On Tax—Tara Rhoades of The Sanity Plea LLC

Len Teti: Welcome to On Tax—A Cravath Podcast. I'm Len Teti, a partner in the Tax Department of Cravath, Swaine & Moore, a premier U.S. law firm based in New York City.

On each episode of On Tax, I talk to professionals in the Cravath network about their life and work in the world of tax. We focus on the human side of tax law, highlighting the people, connections and stories that make the space such a fascinating and dynamic area of practice. I hope you enjoy this episode.

Today, our guest is Tara Rhoades. Tara is the founder of The Sanity Plea, where she serves as a coach, strategist, speaker and educator for lawyers, law firms, students and other professionals. Tara, welcome to the podcast and thanks for being here.

Tara Rhoades: Thank you, Len. It's great to be here.

Len: I know that your law career starts with being a Cravath associate with us here, but how far back do we have to go in your life to chart a course towards the law, and tax law particularly?

Tara: So, it goes back to college. I took a not-very-direct path to law. I started college as a biochemistry major. I thought I was going to go to medical school, and about halfway through college, I realized that's not what I wanted to do, and I decided to do something completely different.

I took a philosophy class, and I kind of dove right in. I took an advanced class on Philosophy of Mind, and I absolutely loved it.

Len: So, you take this Philosophy of the Mind class—you said that's what it was—and how do you get from "I really enjoy the way I was thinking about topics in this class" to "I want to apply to Yale Law School"? How do you get there?

Tara: What I ultimately really enjoyed about it was the logical structure, the problem-solving and grappling with these really difficult problems, like the nature of consciousness, the nature of free will. I really enjoyed just being able to immerse myself in these problems and be able to work my way through, step-by-step, logically to a solution or to a problem with someone else's solution—and that structure actually translated really well to law and to tax practice specifically.

Len: Was there somebody you could talk to at your college about applying to law school or whether these feelings you were having about the subject matter lent itself well to law school? Or did you just kind of decide that yourself and then start applying?

Tara: So, I did know that a lot of philosophy majors ended up going to law school, and I thought, "OK, that seems like a pretty practical path." But I actually decided that I wanted to apply to both philosophy Ph.D. programs and to law school.

I thought I might do a joint degree—a J.D.-Ph.D.—and kind of do this intersection between law and philosophy. I thought that might be the best of both worlds in a sense.

Len: Did you end up actually doing that or did you just go straight to a J.D. program?

Tara: So, I applied concurrently. And I ended up deferring my offer to Yale Law School for a year, and I went to Rutgers for their philosophy Ph.D. program for a year.

Len: Oh, I see. And then something made you realize that you wanted to go to law school instead?

Tara: Yeah. So, I had planned to go to law school, but I thought I was going to take this more academic path. And when I left Rutgers after that first year, I left with an uncertainty about whether getting the Ph.D. was really the right fit for me.

And so, I wanted to get to law school—get a feel for what that was like—and, ultimately, I did decide that practicing law was going to be something that combined things that interested me the most. So, being able to combine that logical reasoning, problem-solving with being able to help people in this highly skilled way.

Len: So, when you get to Yale Law School then, I imagine at some point you start taking tax classes. And I remember that when you were a 2L, you started interviewing with firms like Cravath for 2L tax jobs. But tell me how you first began to have tax revealed to you as a discipline, and how you viewed it as kind of fitting with these other academic interests that you had.

Tara: So, when I started law school, I felt pretty lost. I didn't feel that interested in most of the classes I was taking. I started to panic a little bit because of that. I did enjoy my contracts class.

And even though contracts for first-year law students really isn't focused on drafting contracts, I started to get a sense that's something that I might enjoy doing. And so, essentially, early on, I ruled out litigation as a path for me. I didn't enjoy case law analysis very much.

So, I started going to 1L receptions when firms like Cravath would come to campus, and just trying to talk to a lot of people, saying, you know, I think I'm interested in transactional practice, maybe corporate M&A. And just from having conversations with people about my philosophy background, about my interests, people were able to pick up on, "You know what, tax might actually be a great fit for you."

And so, that was the first time I really considered tax practice. And the more I heard about it, the more interesting it sounded to me because of the parallels between how you solve a tax problem, the complexities in that, and a lot of the work I did when I was in philosophy.

Len: I don't remember, but you must've spoken with Steve Gordon, because I think he did a lot of the Yale interviewing back then—is that right?

Tara: I did. So, actually, I got very lucky, and Steve interviewed me on campus for 2L summer positions. I knew at that point that I wanted to explore tax. And so, when I looked him up, I was very excited to see that he was the Head of the Tax Department at the time.

And Cravath also was one of my top choices, so I had really kind of hit the jackpot with that interview, and I just really loved talking to Steve. He really solidified that interest I had because he talked about partnerships and how partnerships are sometimes viewed as entities—how they're sometimes viewed as an aggregate of their partners.

It felt very philosophical to me. I really enjoyed that. And, ultimately, I split my summer at Cravath between tax and corporate, and tax just felt like the best fit for me.

Len: Can we talk about how you experienced the early part of your career and what you remember about that?

Tara: Absolutely. So, when I started at Cravath, I didn't really have a lot of mentorship or know what to expect out of Big Law. And I had been in challenging academic environments before.

Like with that Philosophy of Mind class, I really kind of immersed myself in that. I was used to being in environments where there was a very steep learning curve, and I felt like I had to kind of catch up.

But I think what was most challenging was just the fact that there were these very real-world consequences for making a mistake. It was very different from the academic world.

I think there's this tendency by law schools and by people at law firms to tell associates, you know, "You've got to look out for these traps for the unwary." It feels like there's just this immensity of what you don't know.

You're looking at a document that you've never seen before, and you're expected to dive in and be able to just be a lawyer and do what you need to do, and you don't really come in feeling like you have the tools to do that.

Len: Can you tell me, when a first-year or second-year associate who's your client now comes to you and says things like what you just said, what do you say to them? What's the response?

Tara: So, I draw on some of the lessons I learned for myself at the time. What ultimately kind of pulled me out of that very intense fear was I took a step back and I thought—I was very scared. I thought about quitting because I was very scared of making a mistake.

And so, I took a step back and I said: "OK, if I quit, there's a certainty in what I'm giving up. If I quit now, I'm probably never going to go back. I'm never going to find out if this is something that I was able to do." And then I tried to think about it from a more logical standpoint.

There was a lot of emotion involved, so I tried to take a step back from that emotion and think, "I'm being put in these situations by very smart people who know what they're doing, so, logically, there must be not a very high chance of something really dramatically awful going wrong."

So, I tried to have a little bit more faith in that system. This system's been in place for a long time, and if it was very high risk, this is not the way it would be done. And so, I tried to draw on that. So, even though I felt like there was this enormity of what could go wrong, in reality, there was a very small chance of that.

And so, I really tried to remind myself of the benefits of taking a risk. So, there was a risk involved in it, but if I didn't take that risk, I wasn't going to get any kind of payoff. And so, I reasoned that if I quit, I'm definitely losing out. If I stay in it, worst case, I end up losing out anyway, maybe in a more embarrassing fashion—but unlikely. And so, that's ultimately what kept me in it.

Len: I think all of this is well said. I remember the sense I got from you about being worried about making a mistake, but I also really credit the recognition that our Firm—but also really any firm doing what we're doing—is designed to both give junior lawyers outsize responsibilities and support junior lawyers who are not able to manage all of these outsize responsibilities all of the time. There is a lot more support than I think people really understand.

Number one, we're sort of watching what you're doing every day. We're reviewing a lot of what you're doing every day. Number two, well before a transaction closes with an analysis that isn't right, a senior associate—maybe even a corporate associate, a tax lawyer on the other side, your tax partner—is going to say: "Wait a minute. Can we just talk about this? I'm not quite sure I processed all of this." And therefore, there's a lot of room to make mistakes.

That doesn't mean we want to make mistakes. We want to try and learn from the mistakes so that we don't make the same mistake twice. But I think that's a really kind of mature reflection that if you step back and you realize Cravath's not going to be taking huge existential risks with its reputation on every first-year associate—even though the first-year associates sort of feel like they're really being given a lot of responsibility—once you realize that safety net exists and, more to the point, there are really strategic and useful ways to use the safety net to support the work you're doing, then I think you can really grow very quickly.

So, during the course of that first year, it strikes me that at Cravath, we always assign first-year associates with officemates who are more senior, more experienced.

Was that a useful resource for you at the time? I forget who your officemate was, but did you have someone in the Firm who wasn't a partner you could talk to about these sorts of experiences?

Tara: Oh, yeah. Absolutely. I felt a lot of camaraderie with all of the attorneys that I started my class year with. But my officemate, Kiran Sheffrin—who's now Of Counsel at Cravath—she was my officemate in my first year and I found it really helpful.

We spent such long hours in the office that it almost felt like she was my roommate in some ways. We would talk about issues we were having or things we were trying to figure out on our deals. Sometimes we would joke about, "Is it time to go ask Len a question?" You know, "Is it time to go ask Steve a question?"

Not only that—we supported each other through the ups and downs of personal issues we were going through, and it really was a very tight bond and it was a very great resource.

Len: One of the best parts about being a young lawyer is slowly learning that you're not the first person to experience these things, even if maybe the legal issues are novel or the law just changed.

Still, the feeling of "I'm not really sure I understand this," or "I'm not really sure I know what I'm doing," or "My goodness, I'm messing this up"—those kinds of feelings are feelings that just about everybody feels in many professions.

And the fact that there's resources literally right in your office to be able to just sort of say, like, "Did you ever, like, really goof something up that was easy and you sort of felt like you should have done that better?" And have somebody validate those feelings and to see that they've come far from those kind of initial stumbles—it's a huge resource.

And I think more people ought to recognize that even though it's new for them, it isn't new for just about everybody who's ever done the thing that you're doing, and that there's a lot of camaraderie to be shared.

I remember a LinkedIn post of yours I saw recently that talks about your very first review at the end, I guess, of your first year, and I thought it was an amazing post. I wonder if you would just tell the audience that story because I think it brings together some of the themes that we're talking about in this conversation.

Tara: Absolutely. And I think what you said really rings true—especially what you said about the safety net. Sometimes I actually use that wording, especially to an early career associate who's experiencing a lot of fear.

I talk about the invisible safety net that is there. It's invisible in a lot of ways for a good reason, right? To just let associates know that they can take on this responsibility to the extent that they feel they're able to, and that they're encouraged to do that.

If they felt like someone was always looking over their shoulder, I don't think associates would grow in the same way. That post—I remember it very well.

We had worked on credit agreements before, but I was working with you on an M&A deal for the first time. This was the end of my first year at Cravath, and I was starting to get my footing a bit more. I was starting to experience less fear, a little more excitement about the prospect of getting better at my job.

I was starting to feel more confident, and you and I were in the middle of this really intense M&A deal. And I get called into Steve's office around 5 p.m., and I didn't know that it was my annual review. I didn't even know there was going to be an annual review.

And so, I go in and Steve Gordon's there, and he was very kind, very gentle as he always was. And he said, "You know, Tara, I talked to every attorney that you've worked with in the past year, and they all said the same thing. They said that when you get a document, you completely dissect it. You look at it backwards and forwards and up and down and from every angle, and you find every possible issue that there could be."

And he said, "It's great that you are so detail-oriented. People really recognize the strength of that. I recognize the strength in that." And he said, "But what I want you to focus on now is I want you to turn up your confidence a little bit."

And I really loved the way he phrased it, because it was just this small tweak. It didn't feel like this huge change that I had to make. I didn't have to fundamentally change the way that I was doing things. I just had to be a little more confident in my judgment.

And him saying that you should be more confident in your judgment made me feel more confident because he trusted that I had good judgment. There's so many ways that could have gone wrong, with someone else's style in giving feedback.

Someone could have said, "Tara, you're wasting so much time. Clients don't want to pay for this. You're going about this wrong. You're focusing on the wrong things." And that would've been devastating.

I would've felt like I had this huge mountain to climb, or I would never be able to climb it. But the way he did that, the way he recognized my strength and how it could be focused in this more efficient way, really helped me.

Len: It's a great story. It rings so true to me because, number one, that's the way I remember you and the advice that we intended to give you. But, number two, it's the way I remember Steve.

When it comes time for Steve to really mentor somebody or give feedback, he always found a very, I think, appropriate way to do it.

And you're really right to recognize that somebody else delivering essentially the same message can really mess it up and might have done some real damage to your or any associate's future.

We have a lot of useful, I think, lessons for junior associates, but this is a useful lesson for more senior lawyers who are supervising young lawyers experiencing their first couple years out of law school, in a whole bunch of different ways.

It's a good lesson that the way you give feedback is almost more important than the feedback itself sometimes. And I'm not talking about being polite. Being polite is table stakes, but being thoughtful about the way the particular individual is going to respond to the way you put it, I think, is really useful.

I also happen to remember that I think that feedback really helped you because your second year was very different, right? Do you remember feeling like you had a better handle on things and could show it when you were a second-, third-, fourth-year associate?

Tara: I definitely felt like there was exponential growth in my second and third year, especially. I remember by the end of my second year—so, going into my third year—I really had a deep confidence at that point.

I had really put in the work to understand a lot of the ins and outs of tax: how you spot the important problems and how you go about solving a problem, and accepting that a lot of the time you're not going to know the answer right off the bat.

That getting comfortable with dealing with uncertainty day-to-day—not only uncertainty in that the answers are never 100 percent clear, but also just the uncertainty of what's going to come up that day, and what problem's going to come up that you've never seen before.

That exposure over time together with that advice—being told, "You should trust in your judgment"—that really enabled me to hone those skills and develop that confidence, and feel that I could approach any problem and not be scared.

A lot of that fear had really melted away by the end of my second year, and I had the confidence that I could do anything. I felt very confident in my ability to advance in tax, to be an excellent lawyer, to be able to take on leadership roles. And I really felt like I was forged in fire in a lot of ways. I saw fear and risk and uncertainty in a totally different way than when I started.

Len: That's great. And so, now, at this point, you're sort of on a rocket ship to the moon in the tax world. I remember you lateraled to another firm and over the course of a couple of years continued to thrive and grow, and you made partner.

What do you remember about that part of the journey—about staying around a firm to go up for partner, about making partner, and then transitioning to those new responsibilities of leadership, mentorship, et cetera? What do you remember about your journey through that part of your career?

Tara: I remember at the time that I was considering leaving Cravath—when you get into your third and fourth year, you feel a lot of times like you're at kind of a crossroads. A lot of people go in-house at that point. I considered going in-house. I started to really think about my career in law long-term and where I wanted it to go.

And, ultimately, I decided that I really enjoyed acting as outside counsel, and I wanted to stay on that side of the fence.

And I was really interested in exploring more private equity M&A work from the tax perspective, and I thought maybe I would go in-house at a private equity firm at some point. I didn't feel ready, necessarily, to do that at that point, but I wanted to get that experience and explore that possibility.

And when I moved, I remember being recognized for a lot of those skills that I was able to hone because of my time at Cravath. And so, that built my confidence even more. And from the time I was a second-year associate and all the way through when I decided to leave, when I was a partner, I really enjoyed teaching and mentoring junior associates.

And part of the reason I talk about fear a lot on LinkedIn and as part of my coaching practice is because I want more junior associates to know that they're not alone in those feelings. Like you said, there is a lot of support. Associates don't always feel empowered to seek it out, or they don't want to seem like they don't know what they're doing or appear like they're not going to be able to hack it.

And so, I want people to know that those experiences are very common, and that you actually can come out on the other side much stronger. And so, I made that a big focus when I was a more senior associate, and when I was a partner. I mentored a lot of associates formally through the mentorship program, and I mentored a lot of lateral associates, and I mentored a lot of people in my department just informally.

I wanted to make myself known as someone that associates could come to, that I was someone who wasn't going to judge, that I was someone who was going to empathize with them, and someone who is going to be able to give them practical advice about how to move forward and navigate difficult situations.

Len: So, this is bringing us, I think, to what is to me one of the most interesting questions for this episode. And that is why you decided to give up partnership at a Big Law law firm and start this coaching practice, an entrepreneurial kind of decision.

I'll just observe in asking that question that many of our guests have left tax—many of our guests have left law—but all of them, or almost all of them, have used their tax experience as a jumping-off point to what I would consider to be kind of a natural next step.

And I think what we're going to learn from you is that this is a natural next step. It's just kind of a different natural next step than going to a bank or going in-house or becoming a general counsel or something like this—but it's still unusual. And so, I wonder, how did that come to you? How did that dawn on you as something that you'd be really interested in doing?

Tara: It really comes back to a lot of those points about I really enjoyed teaching and mentorship. That was my favorite part of my job, really, at the end of the day.

And another favorite part of my job was partnering with the corporate team, and those sorts of relationships also, I think, influenced my decision to become a coach.

I think some of the best tax attorneys are people who can really forge that truly collaborative relationship with different parties: with your corporate counterparts, with your clients, even with your opposing counsel. Because on the transactional side, ultimately, you're working toward a common goal.

And I think great tax attorneys are the kind where the corporate team is wanting to call you. They value your advice. You're someone that's not going to just present them with problems or make their life harder; you're someone that is going to make their life easier.

And so, I saw myself in that role across the spectrum of law practice—so, with the junior attorneys that I was mentoring, with my corporate counterparts, with my clients—and I enjoyed those relationships so much that I wanted to become a coach.

It wasn't an overnight decision. For years, really, I thought about, "What would I do if I weren't a lawyer anymore?" Because certainly, I enjoyed the problem-solving aspect of law; I didn't necessarily enjoy a lot of the process of being a lawyer.

I enjoyed the idea of doing something completely on my own, and I actually considered becoming a solo practitioner for a time. I wondered if that was the right combination of my skills.

And maybe I would've ended up going down that path, but around the time I was considering that, the pandemic hit. And so that really changed my thinking, at least in the shorter term, and it gave me more time to grow my skills as a lawyer and reflect on what my values were for my long-term career.

So, ultimately, building those relationships and serving as someone that could really help someone solve their problems, and not just their surface-level problems. That's a big role of the coach, is to help the client find the real problem and to ask the right questions, and I think that brings in a lot of my skills that I developed as a lawyer.

As you know, sometimes our clients come to us with questions that at the surface level seem like one thing but as you become a better and better lawyer, you learn to see: "OK, well, what's going on beneath the surface here? Is there a different issue that really needs to be addressed?"

Len: So, I want to ask you how it's going, and I want to ask you what you've learned since you've started, but before I get there, I want to ask you some nuts-and-bolts questions that are on my mind.

Like, how do you decide where you're going to get clients from? How do you market yourself? What are the things that you do to get that kind of operation off the ground, and where did you go to figure out the answers to those questions?

Tara: One place I started was to get coach-specific training. Coaching really is a unique kind of skill. And the more I learned about it, the more I realized that I wanted to get that training in addition to the experience I already had as a lawyer.

And so, I got coach-specific training through the International Coaching Federation, as well as through an organization called the National Board for Health & Wellness Coaching, and the Professional Association for ADHD Coaches.

And so at that point, I had already decided I wanted to be a coach, but that really added to my skillset.

When it comes to being an entrepreneur, typically you're trying to help your potential clients solve some kind of problem. And I knew that there were a lot of lawyers out there that had various topics they needed to address when it came to their careers.

I knew from my experience at law firms that a lot of associates and more senior attorneys, they do wonder: "Should I go in-house? Is this what I want to do for the rest of my career? Do I want to stay a lawyer or not?" People grapple with these difficult questions.

And while there is support within people's organizations, I think sometimes people feel a little more comfortable opening up to someone who's outside of that organization, who has an outside perspective that doesn't necessarily have a stake in one decision versus another decision.

And I encourage people to seek out advice from other people too when I'm coaching them. I wouldn't tell someone not to go talk to their mentor at their organization because I think that advice is also valuable, but I think putting all of that together with outside advice can be really helpful.

Len: And how is it going? I mean, are you getting clients from law firms who are putting associates in touch with you? Are you getting clients by word of mouth at this stage?

Tara: It's going great. I'm getting work from law firms. So, sometimes law firms will hire me to coach one of their attorneys, and I get work also directly from attorneys through LinkedIn, through referrals, and it's kind of a range.

Sometimes I get law students reaching out to me who want coaching, and sometimes I have people who practiced for longer than I did reaching out to me.

Len: Great. And then one curiosity is you've called your business The Sanity Plea, and I wonder if you would just explain the thinking behind "sanity" and this label. How do you think about it as a brand?

Tara: When I was thinking about naming my business, I wanted to draw on something that had a legal connotation. So, that was a place where I started because I did want to primarily market to attorneys.

And I liked the idea that this name, I thought, was memorable and playful, in a sense. But it also captures, I think, something deeper about what a lot of attorneys experience, which is that it's easy to feel out of control in some sense at various points in your career or your life.

And I think that feeling of being out of control really can lead people sometimes to make bad decisions—to make hasty decisions, decisions that ultimately make them more unhappy. And so, I liked the idea of capturing this sense of taking back control and gaining confidence in decision-making.

Len: That's great. In the few minutes we have left, I'd like to ask you a question we ask all of our guests at the end, and that is what you do in your spare time. Do you have any spare time as an entrepreneur starting your own business, and how are you filling it?

Tara: One of my interests outside of work is I love movies. I love going to the movies, and my favorite genre is horror, and specifically what some people refer to as elevated horror or art house horror. So, those include films by directors like Jordan Peele, Ari Aster, the Cronenbergs.

And what I like about those films is I think they're getting at deep truths about humanity, and so that's part of what interests me about coaching, too. But they get at those truths in these really creative ways—like, not only through things that are frightening or disturbing or unsettling, but also sometimes in these really absurdist and humorous ways. And I just enjoy that spectrum of experience.

Len: So, on a Friday night or a Saturday night when you were looking for something to do, you would go to a small art house theater or something showing these movies?

Tara: Yeah. Yeah, sometimes. I really enjoyed the way they would transport my mind to a completely different world, to a completely different set of things that you have to worry about as you're following the main character through probably the worst thing they've ever gone through. It puts a lot of things into perspective, and it does it, I think, in a really fun way.

Len: That's great. Our guest today has been Tara Rhoades. Tara is the founder of The Sanity Plea, where she has a professional coaching business, but as we've heard, she started as a tax lawyer. Tara, it's been great to have you. Thanks for joining us.

Tara: Thank you for having me, Len. It was a pleasure.

Len: And that's a wrap for Season 8 of On Tax—A Cravath Podcast. We'll be back in the spring with a full slate of new conversations with people in the world of tax. You can find us online at cravath.com/podcast. And don't forget to subscribe on Apple Podcasts or Spotify.

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