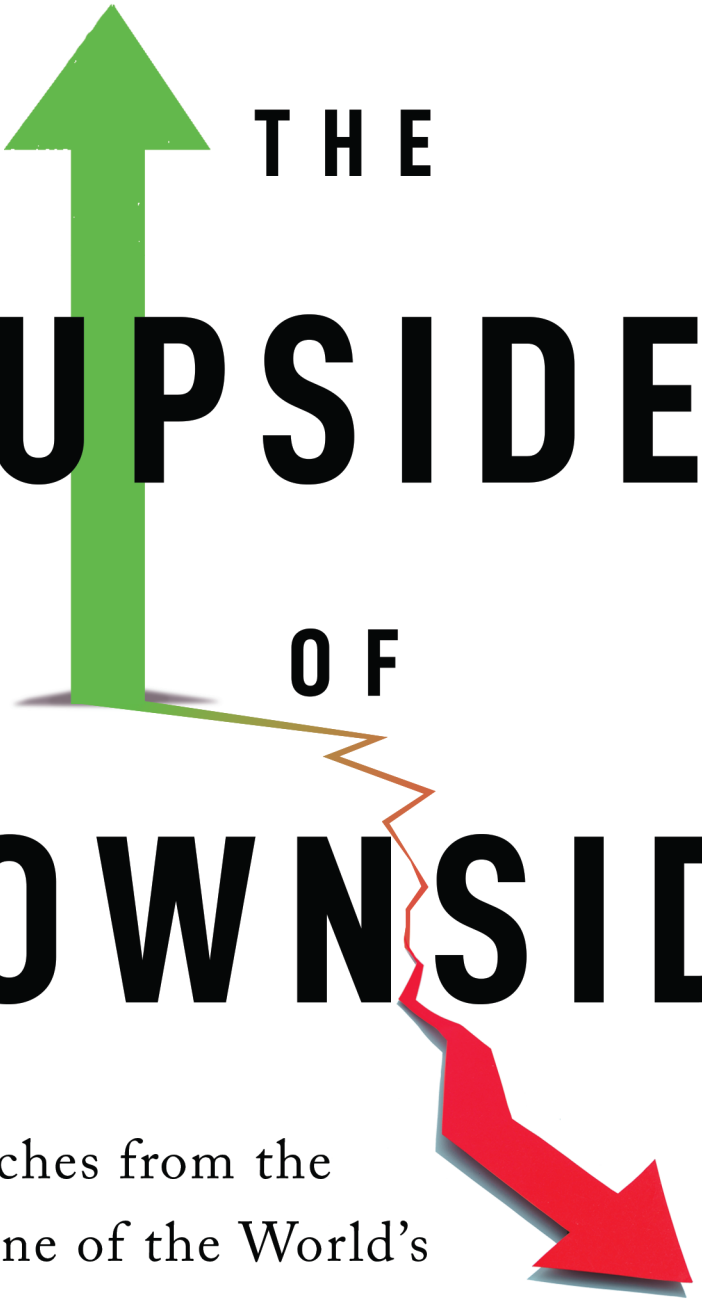
JAMES H. M. SPRAYREGEN



THE UPSIDE OF DOWNSIDE

Dispatches from the Frontline of the World's Largest Corporate Bankruptcies

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Introduction

"Defeat is one thing, disgrace is another."

—Winston Churchill

"My job is to run into the burning building, not away from it."

—Jamie Sprayregen

I still remember the hearing room. There were hundreds of pilots in uniform, flight attendants, machinists who kept the airplanes in good repair, and security workers. I knew they hated me, the lawyer on the other side who was arguing to terminate their pension plan and reduce their benefits by more than a quarter. I would have probably hated me, too, except I knew the alternative was even worse. It was not a choice at this point; the situation had made anything else impossible. The judge was going to grant the request, there was no doubt about it, but that didn't mean we had to gloat over the victory. I told my team: no smiles, no handshakes. Look somber, show empathy. It was the right thing to do. It was also, as it happened, the smart thing to do. Later, the union boss told me that how we had behaved in court made a real difference. He had to sell this plan to his members, and so the emotions mattered. Us acting like we'd just won the lottery would have only made the union members angrier and more resistant. We made it to the end, all sides, no one happy, but no one's *ever* happy when promises get broken. Still, there was no better option.

Most of us don't spend a lot of time thinking about the importance of bankruptcy law. And yet, I would make the case that understanding bankruptcy—understanding failure—is the best way to understand business in America, and to succeed at it. The lessons learned from a lifetime managing failure—building the world's largest and most successful bankruptcy practice virtually from scratch, working on some of the biggest and most complex corporate catastrophes in the entire global economy, dealing with thousands of individuals, impacting many hundreds of thousands of people, arguing in front of dozens of judges, making high-stakes decisions and judgment calls nearly every day—are applicable to anyone looking to build a successful career or a business.

> *"It's fine to celebrate success but it is more important to heed the lessons of failure."*
>
> *—Bill Gates*

Bankruptcy is the bottom rung of American capitalism, and yet, it is critical. As Frank Borman, the former chairman of the (failed) Eastern Airlines said, "Capitalism without bankruptcy is like Christianity without Hell." In effect, deciding what to do with a business that's failing is about deciding what matters to a nation. Some countries protect workers at all costs. Mexico has enshrined in its constitution that workers come first. Other countries, like the United Kingdom, are friendliest to the banks that lend the money. In most of Europe, companies are saved at all costs—so that workers don't lose their jobs—but that means you end up with zombie companies for years or decades, existing but not prospering, wasting resources that might otherwise be allocated to innovate and grow the economy. The United States is somewhere in the middle, trying to find a balance, saving companies, and saving jobs when those companies and those workers can still add value, but also not

afraid to redeploy those resources in a way that has a better chance to succeed.

Finding that balance—finding the least worst answer, which is what so much of my life has been spent doing—involves a series of policy questions and choices. When it comes down to it, bankruptcy is about breaking promises. If a company had enough money to do everything it promised—pay its lenders, pay its workers, keep on producing value—it wouldn't be in bankruptcy. Bankruptcy happens when it can't keep those promises, and the work of a bankruptcy lawyer—really a dealmaker—is to figure out the least worst result. It's terrible to cut a pension plan by 30%. It's even worse to have to cut it by 100%. It's awful to close a factory. It's even worse to have to close 12 of them. It's unfair to get 60 cents on the dollar for the money you've lent to a business. But getting 6 cents on the dollar is far worse. These are the kinds of negotiations I've managed for the past 40 years, the kinds of choices I've had to walk many dozens of companies (and their boards of directors) through, to justify to judges, to explain to asset managers, banks, unions, creditors, the media, and politicians. They are choices that involve deeply-held values—socioeconomic, political, cultural, and sometimes even religious—and that's what makes it all so interesting and intense.

Understanding these values, which in practice often lead to conflicting solutions, is critically important to all types of businesses, in the formation of companies, in lending, in our entire financial system, and to society even beyond business. It's not just what the rules are but also the existence of the rules, the predictability that the rules provide. The existence of the bankruptcy system makes a tremendous difference at the top rung of the economy. The willingness of lenders and private equity players to deploy capital is based on knowing the rules of the game and being able to rely upon them. This system that runs in the background of our economy is largely invisible when things are going well. All the fancy documents

negotiated and signed to launch a company or do an M&A deal end up mattering only if something goes wrong. Post-signing, nobody looks at the documents until there is a problem. And then they become completely critical. Things go peacefully unexamined until there is suddenly a moment of stress.

> *"I've failed over and over and over again in my life. And that is why I succeed."*
>
> *—Michael Jordan*

I live that stress for companies and other stakeholders every day. I live in this world of failure—and failure teaches you a lot about how to succeed. It has taught me some incredible lessons about deal-making, about work, and about life. For years I've shared with many people, including students, young associates, colleagues, bankers, consultants, and others, a set of principles to drive their success, rules to live and work by, informed by the cases I've run and the bankruptcies I've helped navigate, including those involving the City of Detroit, United Airlines, Toys"R"Us, Caesars, Chiquita Banana, United Artists Theatres, Reader's Digest, and hundreds more.

Even more important are the bankruptcies that never were, where I could apply my skills and judgment to avoid a bankruptcy and get a deal done with no court involvement at all. My experience in so many failures has enabled me to help legions of companies avoid failure, avoid bankruptcy, and even avoid restructuring at all. I have often said that many of my best deals are the ones no knows about, as managing through failure has enabled me to best understand how to make failure not happen.

> *"Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."*
>
> *—Winston Churchill*

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The Upside of Downside

I founded the worldwide restructuring practice at a major law firm, building it into the leading international restructuring practice. I then left to co-head the Restructuring Group at Goldman Sachs, advising clients in restructuring and distressed situations, before returning to private practice for 16 years. I then went to Hilco Global, a merchant bank in the financial investment and restructuring advisory business and served as vice chairman before coming back to law and joining Paul, Weiss, Rifkind, Wharton & Garrison LLP in mid-2026 as the firm's co-head of Capital Solutions & Restructuring. It has been quite a career. . .so far.

The chapters to come will share the multibillion-dollar stories of life as a bankruptcy dealmaker and the principles that have emerged—*scarcity sells*, *your big moment will come before you're ready*, and more. Failure doesn't always mean what you think it does. There are extraordinary lessons to extract from the struggles of some of the world's largest businesses and from the work it takes to keep the system moving, to serve these businesses and the people involved with them and help them work with their various stakeholders to navigate their way through distress. Failure is easy, but learning from that failure so there is no *next* failure (or no failure at all) is the goal. That can be difficult, but experience makes it easier. This book distills a career of dealing with failure into thoughts I know are relevant to building any career and running and building any business, and I hope my stories can power readers to lasting success.

Chapter 1

1 + 1 = 5

"There is only one thing worse than fighting with allies, and that is fighting without them."

—Churchill

"How long have you been preparing for this meeting?
Forty years."

—Sprayregen

I was perhaps in over my head, pitching to represent one of the biggest and most well-known international clients of my career up to that point, in the early 2000s: Japan Airlines. They were the national airline of Japan, not owned by the government but very much supported by it. They were high-profile, a big deal, and landing them as a client would give the restructuring group at my firm huge additional credibility in the restructuring and business worlds.

The problem was I had no experience working in Japan. In fact, my firm didn't even have an office in Japan. And we were going up against a top law firm that had a major Japanese office and had done work for the airline before, good work the airline was happy with.

I still remember pitching them by phone from the back of a town car on the way to the airport at some crazy early hour in Las Vegas, where I was working night and day on a different deal. Just trying to line up the time zones was almost impossible. I gave them a vision of

what we could do, somehow turning our lack of a local office into a plus by promising I'd partner with a top Japanese law firm. This would give the airline the benefit of top indigenous Japanese counsel backed up by our world-class resources and specialized bankruptcy experience. The best of both worlds. They liked the idea. Except maybe the pitch worked too well. They said the deal was mine if I could find local counsel to similarly pair up with. . .in the 40 or so other countries where the airline did business.

"The job is yours if you can get all of those arrangements in place by Wednesday."

Wednesday? It was Monday. They were giving me 48 hours to find local counsel in 40 countries that would be able to represent Japan Airlines without conflicts, willing to partner with us in doing so, and ready to quickly get whatever internal sign-offs they needed. Of course, I said it wouldn't be a problem.

After I hung up the phone, I asked myself, *how the heck was I ever going to do this?*

I joked afterward that my entire career had prepared me for this assignment. I got on the phone and started dialing. Twenty-five years of running around the world, forming relationships, and investing in my colleagues made it possible for me to call in favors and get my messages answered. I was the president of INSOL International at the time, the leading global insolvency and restructuring association. I grabbed the member directory, in those days a hard copy, and started going through the names. I knew people in maybe 30 or 35 of the 40 countries, so I began to reach out. I knew people who knew people in the other five countries. I asked for intros and started lining up calls, talking and talking, time zone to time zone, checking boxes off my list, one by one by one.

By the end of the day on Tuesday—the end of the day somewhere in the world—I had all 40 arrangements lined up. We got the client. With half a day to spare.

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The Upside of Downside

"Luck is the residue of design."

—Branch Rickey

There are probably people who would read the story I just shared and think it's a great illustration of luck: how lucky I was to be president of INSOL; how lucky that everyone answered my calls; how lucky to get everything squared away in time to get the deal. And there was definitely a bunch of luck involved. Maybe if it were a week later, a number of the people I knew would have been on vacation, or conflicted out of the deal, and maybe there would have been one straggler of a country where I couldn't manage to land a partner in time.

Except I think about how many things I had done in my career to put myself in a position where making it happen at that speed was even a plausible possibility. I tell younger folks to put themselves in the position to be lucky, but it wasn't luck that got me to the point where my network was robust enough for 40 or so people to answer my calls and jump at the chance to partner with me and my firm on this. It was the result of the way I'd lived my life and functioned as a professional. You spend a career developing relationships, putting in the reps, being someone with integrity (so others trust you and want to work with you), becoming an expert, and executing at the highest level. You don't know how or even if it's ever going to pay off, but you do all the right things to put yourself in a position for luck to find you. . .and I truly believe eventually, in some form, it will. That's how you make your own luck. That's how you choose to be lucky.

"Only those who will risk going too far can possibly find out just how far one can go."

—T.S. Eliot

I sometimes tell a story someone once told me about a God-fearing man with not a lot of money who is desperate to win the lottery.

Day after day he prays and prays: please let me win, God, please let me win. Finally, one day he hears the crack of thunder, and a booming voice rings out from the Heavens, "Help me out here; at least buy a ticket!"

You can't win if you don't play.

And so every day, you need to play.

Not the lottery, though.

> *"The strength of the team lies within the individual. And the strength of the individual lies within the team."*
>
> *—Basketball coach Phil Jackson*

The thing I did to put myself in the position to win the Japan Airlines deal was spend decades building relationships. This, above perhaps anything else, is what I have always thought of as one of my best skills. The chapters to come will be about strategy and scarcity and alternatives and judgment, all of which are important, but fundamentally it all comes back to people and realizing that we are better on a team than individually. "Collaboration has explosive upside," says statistician and professor Nassim Nicholas Taleb, most famous for his book *The Black Swan* about randomness and unpredictable events. "[It is] a super additive function, i.e., one plus one equals more than two and one plus one plus one equals much, much more than three."

So it seemed smart to start this book by asking how you can develop relationships with the right people and how you can become the kind of person who other people want to know. We'll start with the former. How you connect with people is mostly about your orientation in the world. You have to be interested in others, genuinely. Over my career, I have met thousands of people on all sides of the table—colleagues, clients, opponents, fierce adversaries—and I've become friends with hundreds of them, good friends with perhaps many dozen, mostly because it's more fun to

talk to people and develop relationships than not. These good friends were on all sides of my deals. It's good for business development, but if that's the reason you're doing it, people can easily see through that, and it doesn't truly help you—and might even hurt. People respond to genuine interest not because you are looking for direct and immediate economic benefits but because we are all human, and we're all searching for connection. Good things might happen down the line, but that shouldn't be the reason you do it. The vast majority of these relationships have never resulted in new business, and that's okay.

At the same time, you have to be the kind of person people want to be connected to. In the professional world, that means they must respect you and find you somewhat pleasant and, more important, useful to interact with. Part of this is about being multidimensional, not just talking about work but having other things you can chat about and connect over. You want to be an interesting person because clients and colleagues will like you more and want to spend time with you. Being interesting raises your odds of success, in any field. Interesting means different things to different people. And it's interesting to try to work out what other folks are interested in. It could be the deal at hand. It could be sports, politics, history, opera, or all kinds of other things. Figuring that out is part of the art.

You, of course, first and foremost, have to do great work. But that's table stakes. Delivering an A+ product is the bare minimum. People require and expect that. But even among the people delivering an A+ product, not everyone delivers A+ service. A+ service is actually easier than an A+ product. But more people seem to have a problem delivering it. It is easy to return calls and emails quickly. It is easy to show up. I tell people that I haven't always been the smartest, but I've often compensated for that by being the fastest. That's not a knock on my product, but it's a statement about my service. I was always "smart" enough to respond quickly.

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1 + 1 = 5

"Process is substance."

—Jamie Sprayregen

Answering emails and calls promptly is a sign of respect and just one piece of making sure people respect and trust you and want to help you. I call this the *dignity of process*. Having other people feel respected and treated appropriately is so important, even when the substantive answer you might be giving them isn't the one they want to hear. In fact, it's especially important when the substantive answer is going to be a bad one.

I learned this most dramatically when I was dealing with compensation and promotion issues at my old firm. For the people who were getting what they expected, the meetings were easy and pleasurable. Everyone wants to hear they're doing great work, getting a raise or a bonus, or making partner. When someone is being told they aren't going to become a partner or they have to leave the firm, these are harder conversations. The instinct is to spend as little time as possible having these conversations, as these aren't the most fun to have, but that is the opposite of what needs to be done. If you try to truncate these talks, the reaction of the person on the other side of the table will be more negative, and their willingness to buy into the plan, whatever it might be, will be zero. People being told they aren't succeeding to the level they hope to be need more time in terms of feedback and review, more support, more hand-holding, and more dignity. Partly because it's the right and empathetic way to treat people and also because it's good business. These people can become your enemies or your friends, and for almost anyone I had to inform they wouldn't be making partner, I would also tell them I would be their best advocate to help them find their next position, and I would deliver on that.

For a long time, we didn't have an alumni program, and our chairman and I, and some others, thought this was bad business. Some of

my partners would act like people were the enemy when they left. Except those people were often leaving to become general counsel at all kinds of organizations. They were leaving to go either to places that would need to hire law firms in the future or perhaps to other firms—which were potentially going to be in a position to help or hurt us going forward as different situations arose. Why shouldn't the firm cultivate a good relationship with its alumni so that it was talked about positively instead of leaving a bad taste in people's mouths by making them feel like traitors when they walked out the door—or like we had pushed them out without giving them a second look? We changed the practice, with an appropriate push from the top of the firm and me about it. I looked at our competitor professional services firms that had wonderful alumni programs, a big reception every year, and plenty of future referrals. We were missing out.

The thing about being a restructuring dealmaker is you eventually have to make peace, fundamentally—all sides have to eventually agree on a plan (we'll get into the mechanics more later). The same thing should hold true in the best situations of people management. And the truth is that the people we were asking to leave the firm, or who were reading the writing on the wall and jumping to another opportunity, were almost never bad lawyers (or bad people). There were a lot of very close calls. These were terrific professionals, and I helped many of them find jobs at top firms—as partners—or other landing spots where they could maybe become referral sources. I called the chairs and senior partners of many other law firms to recommend they hire our people. Even if they didn't land at spots where they could perhaps send us business, we could still surely remain friends. These would sometimes be people I would have to go up against later, and it was better to have a good relationship with them, not lingering anger and resentment on their side about how they'd been treated.

All these dignity of process points apply just as much within the deal world. The worse the substance of the answer I ever have to give

a client or another stakeholder, the more the dignity of process is necessary. As I developed more and more experience, it was not hard to see pretty quickly where a deal might end up as far as whether a client was going to end up getting most of what they wanted. . .or, more often, not. But even if I "knew" from experience that the client ultimately would probably only recover 50 cents on the dollar on its bankruptcy claim, I couldn't always say that right away. It's hard for people to accept they are going to be losing a bunch of money. They will push back and fight and insist that can't be the outcome if you just blurt it out right at the start. You need to get there over time, help them understand, and take them on the journey, so when you do have to break the ultimate bad news, they get it, and they know you've done your best to avoid the inevitable. Even if it was always inevitable. It's the same principle about dignity. People want to be taken seriously, know their needs have been listened to and understood, and feel like and believe you have run through a brick wall to get them the least worst result.

This applies to dealing with all constituencies in any particular situation. You can't skip steps and go right to the end. There isn't any dignity in that. We all want to be taken seriously and have our needs understood. That doesn't always mean people are right about what they want, incidentally. "If I had asked my customer what they wanted, they would have told me a faster horse," said Henry Ford. Or as Steve Jobs said, "People don't know what they want until you show it to them." I've often said that people may think they want a pear and the debate is how much bigger of a pear. What they don't know until I explain some potential creative alternatives is that what they really want is an apple. Sometimes it's an education process over time to get someone to where you think they should be, or to convince them a solution they may be skeptical of is actually the right one. And sometimes you do need to tell someone what they want just isn't possible.

That is why many times I've been in deals where I have flown a long way for a very short meeting just to give people bad news

instead of doing it on the phone or over email. People respect you when you show up, and some of those pieces of bad news have led to opportunities because people very much appreciated the dignity they were treated with. That takes us to the next point.

"90% of life is showing up."

—A famous comedian

Or, as I sometimes say, if you don't want to get deals done, send emails; if you sort of want to get deals done, do it on the phone; if you want to get deals done, be there in person. I know we live in a virtual world, but I still think there's no replacement for actually showing up, especially in your journey to become the kind of relationship builder who can make deals like the Japan Airlines one a reality. Many times, showing up on one deal plants the seeds for people to think of you for another. Steve Jobs has a quote I quite like:

> "There's a temptation in our networked age to think that ideas can be developed by email and iChat. That's crazy. Creativity comes from spontaneous meetings, from random discussions. You run into someone, you ask what they're doing, you say 'wow,' and soon you're cooking up all sorts of ideas."

I travel a lot. I went to India not long ago, for 36 hours. I went for a dinner and to receive an emeritus award from INSOL India, but more specifically I went to keep up contacts and maintain relationships. People asked why I would waste my time doing a 36-hour round-trip all the way to India, but there were 100 people in the room, maybe 50 of them I've known for at least 10 years, and it's both a contact base and individuals with whom I have a genuine

interest in keeping up with their lives. Seeing people once a year for 10 years forms a different relationship than if you just meet them once. There was no specific revenue that emerged from my trip, but I started talking to one person who had traveled from Singapore, and as I mentioned what I was working on, he said he'd introduce me to a couple of people he knows in the United States and Singapore in the space, and someone else who works at a top fund that could be useful in something else I'm working on. . .and you never know. His introductions in fact did lead to two real opportunities. So, I flew to India and talked to a guy from Singapore to get business in the United States and Singapore. That wasn't the purpose of the trip, but it was a semi-serendipitous benefit. Again, you have to buy the lottery ticket to win the lottery.

Travel is also helpful to see the world and give yourself different inputs than the ones you get at your desk every day. You get exposed to different cultures, different points of view, and different ways of doing things. It might give you new perspectives on why you do certain things and if perhaps you can do them differently, or better, whether on a small scale or a large one.

Not to mention that showing up can be quite efficient. Years ago, I had a vision to start an Asian restructuring practice. I wanted to run it out of Hong Kong. The way I did my diligence on who to hire was to go to an INSOL event, a senior professionals' conference in Hong Kong, and for three days have the chance to talk informally with top bankruptcy professionals from Hong Kong and all over Asia. I asked everyone I met to tell me the top three folks they would hire if they were going to start a practice in Hong Kong. I heard about one particular person over and over, from twenty of the most important professionals in Asia, and did in three days an amount of diligence that would have taken six months to manage virtually—and people opened up much more in person than they would have on a phone call. I hired the guy I kept hearing about.

And he not only turned out to be great but is also a dear friend to this day. Go long on airplane tickets.

> *"If you can't do a deal on a handshake—that tells you a lot about someone."*
>
> *—Jamie Sprayregen*

This is another way to make sure you're building relationships with the right people. You want the people you can trust. And obviously you want to be a person who can be trusted in return. I was once working on a foreign deal where someone I knew had been appointed as the administrator of a large estate and needed a US lawyer to handle that piece of the deal. It was big enough that it could pay for all the international travel I'd done over my entire career, one opportunity that made all the prospecting and relationship building worth its while in an economic sense. It was a complex transaction, and the lawyer on the other side and I went back and forth for a while. Eventually we came to a decent agreement, something that was reasonable for both sides, and we shook hands. A few weeks later, she called me. "Handshake's off. There's actually no deal," she said.

I responded, "No, you can't do that, we shook on it."

She said, "Yes, I can."

I know lawyers create fancy documents that get signed and that a handshake isn't legally binding. But it is to me! "Look," I told her, "I know who brought you into the deal in the first place; I know the people at the top of their firm. My firm and their firm have done a lot of business over the years, and if I can't trust your handshake, that's a problem, and it will affect their business going forward."

Magically enough, after some very candid back-channel discussions, the handshake deal came back. I share this story not to say you should threaten to blow up someone's professional existence if they

try to back out of a handshake agreement but rather that you can't go around breaking promises (albeit legally unenforceable ones) and expect people will still want to work with you. You will not be the person who can get deals to happen if everyone in your ecosystem doesn't trust you mean what you say and you're not going to renege on promises.

I still have to deal with that person sometimes, and I do, but I also know I can't totally trust her. People remember who you are and how you behave. And you never know what relationship or what deal will come back to you and become important in your future.

You need to find shortcuts sometimes to figure out quickly who you can trust and who you can't. So many deals—maybe even most of my deals over the years—have been done on handshakes and napkins and morphed into 100-page documents later. I remember a huge deal, a complex case involving the government being accused of unlawfully seizing assets from a bankrupt company, where the general counsel of the government agency and I and a hedge fund manager sketched out a deal on a cocktail napkin, a complex arrangement between the government, the hedge fund creditors, and my client. This never could have happened without a tremendous amount of built-in trust.

You can identify trustworthy people through facial expressions and body language even beyond the words they say. You can get a lot from watching people. I never like to take notes in meetings. Someone else can take notes; I want to be paying attention, looking at how you're saying what you're saying. I want to feel whether I can actually trust you. Even on Zoom, you can tell a lot. You can feel it on the phone. Nothing replaces being in person, but you can still tell a lot no matter the medium.

It's not going to click with everyone. You're not going to build those kinds of relationships with everyone you meet or everyone you work with. I think of it as the law of large numbers. Have enough

relationships, enough people in your network, and eventually you'll build those important relationships, and beyond that, eventually some of those relationships will pay off in ways you don't expect. You need to be a trustworthy person in every interaction because it's right, which is enough on its own, and also because you never know which interactions will matter. They all matter. There are plenty of times I've been wrong about who I think will succeed and who will fail, and thus who will be in a position to be professionally helpful to me, but if you plant enough seeds, it doesn't matter whether you're right about which ones sprout. And sometimes you merely make new friends, which is great, too.

> *"Your brand is what other people say about you when you're not in the room."*
>
> *—Jeff Bezos*

It's those handshake deals that fall apart that come back to get you. Or, said differently, if someone doesn't trust your handshake, you don't know how many deals they're killing for you without you ever knowing it. You often need someone behind the scenes to go to bat for you in order to get hired. But sometimes even more powerful than the people vouching for you can be the ones who knock you out of the deal—I call them the "vetoers"—and you will never know who they are and what deals you were never approached with because of them. A junior person in a room might say you didn't return their call, or they used to work for you and you didn't treat them well. And then all the praise in the world might not be able to bring you back into the mix. Your job is to make sure you have no vetoers in the room. You want everyone to have respect for your talents and how you carry yourself. This doesn't necessarily mean being liked. It is more important to be respected than liked, and being liked isn't enough. I have plenty of friends I like tremendously

but don't want to do business with. But I would also say being respected and liked aren't mutually exclusive. You can be respected *and* liked, by lots of people from the senior level on down.

You're thinking maybe no one takes that junior person seriously, the one who says you didn't return their call or treat them well. Except even if that's the case (and it's not), junior people become senior people, and then they're the ones making the decisions. It goes in both directions, actually. You don't have license to treat people badly when you're the junior person, because people will remember you when you're more senior, and you don't have license to treat the junior people badly because one day they'll be the senior people. I always watch how people treat receptionists, assistants, and others on the way into the room. It tells you a lot about a person.

Reputation lingers. People don't forget. Who knows what will happen in someone's career and when they might think of you? I left my old firm for a few years in the middle of my time there, to go to Goldman Sachs, in a story I'll share later in the book. When I left Goldman to go back to the firm, there was a company I had been doing work for, and on my way out I mentioned to the CEO perhaps I could become their lawyer. They didn't have a lawyer yet. They did a bunch of interviews, of me and others, and ended up asking the folks at Goldman if they had any views on me. I was endorsed when I could have just as easily been vetoed in the room. After all, I left Goldman. They could have said, "Eh, Jamie abandoned us; let's not give him any work." But if you're a good leaver and perform well up until the moment you leave, it definitely helps.

I can't count the number of clients I've gotten because someone said something about me in a room I wasn't in. I can't count the number because I'll never know (though some have of course told me afterward). But if you treat people fairly and honestly, if you do the right thing—not only in the eyes of your own organization but in the eyes of the people across the table and the people watching from

the sidelines—you become far more likely to be talked about in ways that get you work going forward.

"Random acts of kindness are remembered."

—Jamie Sprayregen

It's worth being explicit about my advice here: treat people well because it's the right thing to do, not because it will drive business. At the same time, it will surely drive business. In my firm's New York office, there was a woman named Ursula who ran the conference room floor for 25 years. Ursula started when there were five people in New York and stayed as we grew to become the biggest law firm in New York City. She was truly lovely, originally from Ireland with a lilting accent and awesome interpersonal skills that charmed everyone. I was chief among the many problem-creators who always needed more conference rooms, often at the last minute, for emergency client meetings or for team huddles on cases or deals. She was air traffic control, a master at getting people the space they needed and doing it with a positive and pleasant attitude. Clients loved her, associates loved her, partners loved her—and even the adversaries loved her, because they knew she would take care of them with space and snacks. There were so many times people said, "Let's just meet where Jamie is, it's easier." In her annual reviews, I would write that she was worth 10 associates for the good feelings she engendered in our clients. I do believe it drove business for the firm and certainly contributed to retention and satisfaction.

When she retired, the firm threw her a party. I was out of the country and couldn't be there, but I wrote a note to be read aloud about how she was the hero of the firm and a true ambassador for our brand (and I sent a present, too). Clients "always commented on her unfailing friendliness and politeness," I wrote, "when sometimes they weren't so polite themselves." I heard she cried when the note was

read out loud. She moved back to Ireland. She can't make me any money. But who cares? She's just terrific, and I love staying in touch with her.

"Become the person worth collecting."

—Jamie Sprayregen

Some of the ideas in this chapter have skewed toward people in more senior positions: how to have hard conversations about promotions and raises, how to manage client relationships and develop business. Many of the ideas are entirely experience-agnostic: we should all treat each other well, no matter our level, and we should all be interested in people, in cultivating relationships simply for the sake of relationships, and we should show up when we can.

But throughout my career, there's one characteristic I've seen drive more corrosive behavior than anything else, one personality element that becomes the difference between someone people gravitate toward and someone people run away from. To be someone that the right people will want to be connected with, work with, and bring opportunities to, you need to have a handle on your insecurities and not let them drive your decisions and actions. Some butterflies are a good thing, I like to tell folks, but not too many. And insecurity can hamper people who are senior in their careers just as much as it can hurt those who are more junior. If a judge on the bench is insecure, she will treat you in a different way than if she feels settled and like a master of her domain. If an opponent is insecure, he will make different choices and express things in different ways, and it is important to recognize what is driving those behaviors.

Steve Jobs said, "A-players hire A-players, B-players hire C-players," and he's right. Secure people want to hire individuals as smart if not smarter than they are; insecure people are afraid to. I want people around me who are smarter than me, every time.

They unlock more capacity in me, because I don't have to worry about whether they can get things done or make the right decisions. People manifest their insecurities in different ways, mostly accidentally. Sometimes in the seemingly irrational positions they take or the ways they arrive at them. Being secure involves being comfortable when you don't know the answer or aren't sure. It means being comfortable that you might be wrong. Insecurity can lead to paralysis at exactly the moment when a decision must be made.

Especially when people are younger, insecurity can create huge problems. Younger partners can sometimes be tricky to manage because they are senior enough that they don't want help, especially in front of the client. There have been occasions where I've had to step in, but I'm sensitive to not undermine the partner, my relationship with the client, or my obligation to the client, to the firm, and to our brand. It's hard to figure out when to intervene, but it becomes easier when people come to me early for advice. Insecure people often wait too long to ask for help, which makes it harder to fix things. Secure people prevent harm by reaching out before problems fully blossom into crises. You want to do everything you can to prevent a crisis, even if that means pushing hard to overcome your natural insecurity.

I dealt with a critical player on a multibillion-dollar, highly complex situation who was incredibly smart but also intimidated by the big-shot lawyers who were involved. The way he managed his insecurity was by making silly rules and silly pronouncements, and the result was that things didn't go as well as they should have. Insecurity has little to do with intelligence. You can be super-smart and insecure, or you can be less smart and quite secure about it (and I know which person I would rather work with). As you get to know the people around you, figuring out their insecurities can help you unlock the things you need to get things done. Is the person insecure because they did the original deal for something and now it has

fallen apart and the company is in bankruptcy? Are they getting blamed for it? Is the problem that they have been told to swoop in and fix things they aren't sure they can? Or does it all go much further back in their life?

Reading people is important. Another reason for in-person contact. Knowing how you can sidestep someone's insecurities and make them unlikely to drive things in the wrong direction is important. But most important is tackling your own insecurities before they're ever noticed by others. I don't think you can train people to be secure, but you can certainly do your best to recognize the circumstances in which you are insecure and either practice them to get better or at least mask or minimize your issues to the extent possible so they don't bring you down.

Overcoming your own insecurities is the best way to become the kind of person that people want to hire, help, and refer business to. It is also the best way to make the title of this chapter a reality and turn 1+1 into 5 or even 10 or 20. You maximize your team's potential by being someone who doesn't bring it down with your own struggles.

That said, a tad bit of insecurity can be useful to stay focused—just not too much!

"I wake up every morning out of business."

—Jamie Sprayregen

You might be wondering what any of this has to do with bankruptcy, and the reality is that it does and it doesn't. This first lesson is a bit of a warm-up to get us started. I couldn't help companies navigate failure if I myself was failing. I have to be in the strongest position—with strong relationships, strong teams, and a sense of personal security—to walk into the most pressure-packed, tense, often angry business situations that my clients are facing. They need someone who isn't weighed down with their own burdens. They need someone who understands people and can be the calm in the

center of the storm. They need someone who can assemble 40 lawyers from around the world, in 40 different countries, in 36 hours, all ready to jump.

The biggest lesson I've learned from a lifetime of being deep in the world of failure is that when the world is collapsing around you, there is great value in being the person who knows how to put it all back together again in a calm, cool, and collected manner. I say that I wake up every morning out of business because any or all of my clients can fire me at a moment's notice. Even when I do a great job, the engagement eventually ends, and I need to find new clients. My area of the law on the company side is generally not a repeat business model. There is no guarantee I am getting any work today unless I am adding value and being the lawyer and advisor my clients need and want me to be. Doing a great job today is what leads to getting hired tomorrow. Even more, every day I have to reinvent myself, adjusting to be the person my clients and colleagues need right now. I still remember one situation where I was nearly replaced. A new CEO was hired into a firm I had been representing for about a year. The CEO had just left a big oil company, where he was represented by Harvey Miller, the biggest player in the entire restructuring field. Plus, the CEO had brought in a new general counsel who had come from Miller's firm. Miller contacted the CEO and asked to represent the company. This was a high-stakes client. I was very much at risk of being replaced. I wasn't replaced. I still don't know why, but I assume it was because I was performing each and every day. A client once told me that when he was younger, at the end of every day his then-boss would say to him, "You did a good job today; you are rehired for tomorrow." Having that attitude about your work keeps some tension on the line and makes sure you try to do your best.

None of that is specific to bankruptcy law. That's every role and every industry, in success and in failure. We all need to be the people

who the people we work with need us to be. We have to show up as our full selves, secure and ready for action.

Most especially when the business is on fire.

In the next chapter, I'll go from relationships to the nuts and bolts of restructuring and how all of this plays out in real-world situations with relevance far beyond the world of bankruptcy. My clients all want perfection, but things are rarely perfect. Everything is about choices, and the biggest choice we have to contend with isn't whether something is the best it can be, but whether it is better (or really less worse) than whatever else is possible.

Career Timeline

Pre-1974: Grasscutter, Delivery Boy, Fishmonger, Snow Shoveler, Boat Hauler

1974–1978: High School Wrestler

1978–1981: House Painter

1980–1982: Bartender, Bouncer, Short-Order Cook

1985–1989: Lord Bissell & Brook

1989–1990: Rudnick & Wolfe

1990–2006: Kirkland & Ellis

2006–2008: Goldman, Sachs & Co.

2008–2024: Kirkland & Ellis

2024–2026: Hilco Global

2026–?: Paul, Weiss, Rifkind, Wharton & Garrison

About the Author

James H.M. Sprayregen is the co-head of Capital Solutions & Restructuring at the global law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Jamie has spent more than four decades leading many of the largest and most complex restructurings in the world, representing debtors, creditors, boards of directors, and other key stakeholders. Among the institutions represented have been Caesars Entertainment, Reader's Digest, United Airlines, TWA, Japan Airlines, Chiquita, United Artists Theatres, Toys "R" Us, a major creditor of the City of Detroit, and legions of other national and international companies. *Chambers USA* sources have described Jamie as "a rock star—the Mick Jagger of the bankruptcy bar," "probably the best restructuring lawyer in the world," "a luminary in the field," and "a restructuring genius and one of the best strategists in the country."

Named "Global Insolvency & Restructuring Lawyer of the Year" by *Who's Who Legal Awards* in 2013, he has been inducted into the Turnaround Management Association's Turnaround, Restructuring, and Distressed Investing Industry Hall of Fame and in 2010 was selected by the *National Law Journal* as one of "The Decade's Most Influential Lawyers." In 2018, the *M&A Advisor* honored Jamie with the Lifetime Achievement Award.

Jamie founded the worldwide restructuring practice at Kirkland & Ellis, building it into the leading international restructuring practice, and then left to co-head the Restructuring Group at Goldman Sachs from 2006 to 2008, advising clients and deploying capital in restructuring and distressed situations, before returning to private practice for 16 years. From 2024 to 2026, he served as the vice chairman of Global Strategy & Growth at Hilco Global, a diversified financial services company and subsidiary of ORIX Corporation.

From 2013 to 2015, Jamie served as president of INSOL International, the world's leading international insolvency association. From 2014 to 2024, he was an adjunct full professor of finance at the Wharton School of the University of Pennsylvania, where he taught a joint course on corporate restructuring with Penn Law. Jamie is a Fellow of the American College of Bankruptcy Fellows, a member of the National Bankruptcy Conference, and a former member of the ABI Bankruptcy Reform Commission. He is a frequent speaker and writer on issues pertaining to restructuring.

Jamie received his BA, *cum laude*, from the University of Michigan, and his JD, *cum laude*, from the University of Illinois College of Law. He is admitted to practice law in New York and Illinois. And, most importantly, he loves his family, kids, and grandkids.