**Intro Meetings**

It is universally known that email inboxes are very scary places. As you enter your inbox, the specter of unread, follow-up, and still-to-be-responded-to messages create an ever-present menacing feeling that we all battle daily. The inbox of a capital allocator's research analyst is a particularly ominous place. Other than direct cold calls (which have been diminishing for the past several years), the inbox serves, for all intents and purposes, as the primary top-of-funnel for most capital allocators. Recommendations from trusted network members, cold reach-outs, and placement agent client lists, all come through email. For many years now, I have been trying to educate capital-seeking GPs/sponsors and placement agents to respect, or at least have empathy for, the prospective LP's inbox. It is not uncommon for a research analyst to receive 20+ (sometimes multiples more) emails a week from sponsors or sponsor affiliates seeking capital. The sheer number of incoming emails is overwhelming for most analysts so capital seekers must be efficient, thoughtful, and cognizant of the likely abyss that their outreach is falling into. Regardless of the treacherousness of the email approach, there will be some engagement – whether it is due to genuine interest, quota adherence (box-checking), or basic politeness, it is inevitable that some prospective LPs will reply.

The most cherished form of response is the offer to have an "intro meeting". Intro meetings signal that there was at least something in the intro email that piqued interest. Intro meetings mean a lot but can also mean nothing if the opportunity is squandered. Intro meetings usually run between 30 minutes to an hour – they tend to be in-person or virtual, and they tend to be a relatively more acute sniff test than the scrutiny of the intro email. Intro meetings can be the start of a long and fruitful relationship or just provide ammunition for the dreaded "let's stay in touch because this is not a fit for us at the moment" deflection. Although there is no real formula to ensure future LP interaction, below, I am listing a few things that usually entice me to further engage with a GP after the initial meeting. These are not meant to be foolproof hacks by any means, actually, most of them fall into the "common sense" category, but so many GPs focus so much on hitting what they believe is important that they overlook some basics.

- **Reverse research**: The intro meeting is an important data point in the ultimate due diligence process (if it continues after this meeting). When a GP communicates evidence of reverse research, this goes a long way in showing the prospective LP that the manager is serious about engagement and also understands the two-way nature of a potential relationship. What is reverse research? This is a term I just now coined for lack of a better way to define what I mean – it is meant to describe research done by a GP on a prospective LP. Reverse research does not have to be a dissertation-level undertaking, it just has to show that a GP is informed enough about the prospective LP to focus the conversation on the most mutually beneficial topics. Research topics can be asset pool size, past investments, mutual network connectivity, sector inclination/proclivity, etc. Good reverse research makes the prospective LP feel seen, and it also serves as some sort of subliminal pre-qualification of the GP because it cleverly conveys (albeit prematurely) that there is a match.

- **Coherent strategy description**: Most LPs don't expect poet laureate caliber descriptions of investment strategies. However, there is a certain level of clarity sought when hearing a manager's story (especially for the first time). An incoherent strategy description at the first meeting will more often than not lead to no future meetings. The message should be clear and the conviction in the strategy should reverberate throughout the whole interaction. All GPs have their unique presentation styles – LPs know this and are fine with this, but what falls into the "unforgivable" category is a strategy description that lacks clarity related to "what the opportunity is", "what evidence led to the discovery of the opportunity", "how the GP is uniquely equipped to exploit the opportunity", "how the GP will actually exploit the opportunity", "what risks should everyone be aware of regarding the opportunity", and "the potential reward for pursuing the opportunity". Answers to these should roll off the tongue with confidence.

- **Transparency**: There is nothing that ruins a first meeting more than the perception of a lack of transparency. This perception is usually incited by a few things which include, the glossing over of some glaring issues (such as an unclear depiction of performance, overly cherry-picking or slicing and dicing past deals, large fundraising gaps, confusing personnel changes/turnover, etc.), being excessively tethered to the pitch deck and hence disallowing free-flowing discussions, constantly resorting to the "we can talk about this more in the future or after an NDA is signed" as a way of deflecting tough questions, etc. A perceived sense of a lack of transparency during an initial meeting disincentivizes prospective LPs to pursue further interaction.

- **Authenticity**: Speaking with a manager who lacks authenticity makes it very easy for prospective LPs to put an "average" tag on the GP and just move on. Hearing regurgitated market talking points and excessive jargon insinuates a lack of originality and also makes the potential investor feel like time is being wasted. Most GPs have some unique insights that can be conveyed, but a lack of good advice and an ill-informed sense that most LPs are formulaic and monolithic causes the repetition of what they think LPs want to hear. The absence of authenticity or unique points of view will inevitably relegate a GP to the "dead on arrival" pile.

- **Openness to feedback**: I have always believed that anyone who endeavors to participate in the very competitive capital raising/investing arena deserves respect. However, research analysts have a job to do, so beyond the customary reverence, we have to be critical. Some GPs react very poorly to loaded questions that are designed to not only generate interesting answers but also to assess a manager's disposition. Defensive, combative, and/or dismissive answers are very telling because they give a peek into how a future relationship could look like, and also how that manager likely interacts with colleagues, portfolio companies, and other parties. On the other hand, the managers with the highest integrity and non-egotistical confidence in themselves and their strategy, tend to be open to feedback and are ever willing to intellectually meander during introductory conversations.

- **Clear motivation**: As I have written about before, motivation is a slippery concept to grasp when assessing a GP. The omnipotent "wealth creation" motive is always the easy/predictable answer, but things are always more complex than they seem on the surface. Of course, some managers are only playing the game to get rich, but there are a few who see what others don't. These desirable few will inevitably also get rich (sometimes they are already rich), but their motivation supersedes money – I have come across many managers who are driven by interesting factors such as "proving that a particular niche is economically viable", "elevating the wealth of people they work with", "winning in the face of naysayers", "proving that people of a particular background can succeed", "proving that longevity can be achieved in a fast-changing business", etc. If a good glimpse of a manager's motivation can be ascertained at the intro meeting, and if that motivation is viewed as sustainable, further engagement usually occurs.

- **EQ**: Emotional intelligence tends to be innate – it is extremely challenging to teach or coach someone to be aware of cordial/respectful ways to interact with others. Some might ask, "What does EQ have to do with being a good investor?" My answer is that unless you are investing in a very mechanical manner with limited interaction with people, EQ has everything to do with investing – good EQ does not necessarily make you a good investor, but bad EQ can erode whatever good attributes you have as an investor. A GP's EQ is on full display at intro meetings – this is the first time both parties are sizing each other up and are being on their best behavior (particularly the GP). So any glaring displays of a lack of EQ will have detrimental consequences. On rare occasions, the strategy/opportunity is so appealing that LPs will offer the GP a second chance at a first impression, but to a great degree, rude or belligerent initial interactions will halt further engagement.

Private assets investing, like most things in life, is a people-oriented endeavor. Striking the right balance between the transactional and the human aspects of relationship building will always be effective in creating ongoing engagement. Intro meetings may generally seem monumental for the sponsor and somewhat trivial for the prospective LP, but the truth is that these initial direct interactions have the power to enhance or diminish the possibility of a potentially rewarding relationship.

*Anthony Kwesi Hagan*
*Founder and Head of Research, Freedomization™*
*March 24th, 2024.*