



Ghosting - Limited Partners (LPs) keep disappearing on General Partners (GPs) - Why?

The bone-chilling coldness of being professionally iced is agitating, irritating, and baffling at the same time. Many societal segments call this phenomenon "ghosting", which means suddenly disappearing from one party after they believed a connection, relationship, rapport, or traction had been established. As I mentioned in a prior piece called "[LPs Can Do Better](#)", "ghosting" is the most common complaint I have heard from GPs seeking capital from LPs. Feedback from the piece included several GPs and placement agents concurring with the "ghosting" grievance, and many LPs acknowledging that they could improve how GPs' status is communicated throughout the investment process. I also received prodding from both sides of the capital-raising aisle to go into more detail regarding why "ghosting" happens in the first place. Below is my attempt to illuminate some root causes of "ghosting". I don't intend to justify any behavior but rather show the very human goings-on behind the scenes within many allocator organizations.

- **Internal politics is always a tricky animal:** As we all know, there are a myriad of moving pieces within every organization. An intricate whirling dervish of indecision, bottlenecks, power struggles, committees, fiefdoms, inertia, apathy, personality clashes, formalities, ambivalence, ho-hum-ness, and procrastination plague almost every workplace in some variation. Allocator entities are not immune to these drawbacks and sometimes timely communications to fundraising GPs get caught in the crossfire. Internal politics and hoop-jumping will usually take priority over external demands, particularly when the external entity is a capital seeker (and not a paying client or a party that is owed fiduciary attention). Without diminishing the consequential nature of clear and prompt communication from LPs, the message for GPs here is that "it is not personal". In the hierarchy of "must be done immediately", reaching back out to GPs often falls low on the list. To potentially get a clearer picture of what is actually causing the delay, it is always a good idea for a GP experiencing "ghosting" limbo to subtly nudge and try to schedule an informal querying coffee or dinner session with its [champion/ally within the allocator organization](#).
- **Internal investment dynamics (timeline, return targets, etc.) changed:** Similar to the above point about the dynamic nature of internal politics, investment goals can also be in flux within allocator organizations. Asset class preferences, return targets, underlying sector exposure desires, rebalancing exercises, etc. can quickly alter the course of analysts working on potential investments. Consequently, these course changes can sometimes render all previous work on investment strategies/sponsors obsolete, putting analysts in a difficult spot because relations have been built. However, since analysts are aware that favored GPs within the previous (and now outdated) investment goals have done nothing wrong, they sometimes put them on ice. There is no malice in this – it is just a way to buy time because investment goals could change again, or an opportunistic case could eventually be made to proceed with this manager. Providing this level of detail to GPs can be cumbersome, and although this type of freezing of a relationship is not malicious, it still feels like "ghosting" to the naked eye. Once again, GPs who have nurtured a relationship with an ally within the allocator organization will ultimately be able to learn what is truly going on.
- **The ball was just dropped:** Sometimes the mind's reel projects dramatic scenes in vivid technicolor while the true reality playing out is just a boring documentary about basic human shortcomings. To-do lists are aplenty in every work environment. The problem is that most people never get to the bottom of such lists. Procrastination and conscious deferring of unpleasant tasks can relegate even seemingly important tasks to the back of the line until they become a faint murmur of their original importance. When strongly pushed on why certain GPs were ghosted, a common answer by LPs is "My bad" or "We just dropped the ball on



that one". These things happen in everyday life. When you combine a GP who conscientiously tries not to be a nuisance with an allocator prone to procrastination, an ideal environment for "ghosting" is created. In such cases, GPs who can acknowledge the likely busyness of an LP and downplay the awkwardness of re-engagement after a long period can deftly restart a relationship.

- **Avoidance of crafting a bad news message:** A good rapport and a positive trajectory of a budding relationship between an LP and a GP sometimes make it difficult for the LP to deliver bad news when findings require it. This sounds unprofessional but it does not make it untrue. Ultimately, we are all dealing with people and people will do people things. In uncomfortable situations, pure avoidance and variations of "burying one's head in the sand" are common responses. For LPs in this predicament, prescribing a one-time dose of "Grow Up" with a daily regimen of "Be Professional" can help reduce symptoms of this timidity. For GPs, assuring all potential LPs that [any feedback is useful regardless of how critical](#) may pry a response and maintain the possibility of one day growing the relationship.
- **Silence may be the loudest note to get a message across to tone-deaf GPs:** A few ghosting-guilty LPs I spoke to were adamant that it was their last resort to get a message across to some GPs who seemed incapable of accepting rejection. Generally, persistence is a commendable quality, but if you keep trying to reverse a blatant (or polite, non-exact) "NO" with incessant appeals for re-engagement, it is unfair to label being ignored "ghosting". We all win and lose some, and it is often better to cut one's losses than play the guilt card or try to create a glimmer of hope when the spark isn't there.

Very much like in the dating world, "ghosting" has emerged as a menacing truth in the pinball-like game of relationship creation between GPs and LPs. Attempting to uncover the causes of "ghosting" reveals a very tangled yarn of human sensibilities that have varying difficulty levels of untwining. It would seem that "honesty is the best policy" is the most likely panacea to the torment that "ghosting" causes, but investment world realities show us that transparency tends to be graded on a sliding scale.

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