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Leveraging proactive communications to attract capital, deals and talent

*Some ideas on how to compete in an industry whose number of active participants has more than doubled in the past ten years. By **William Szczecinski***

The onset of covid-19 and transition to working from home necessitated creative communications solutions across all pockets of financial services, but perhaps most starkly within private capital. The pandemic forced general partners within private equity, credit, real estate and infrastructure to face the challenge of conducting tedious processes such as due diligence for prospective investments and capital formation for new fund offerings, to name only two, in an entirely digital setting.

Yet while the acceleration of digital communications trends brought about by covid-19 certainly carries (and will continue to carry) importance, managers must not fail to recognize that a highly pressing question loomed even before the pandemic, and still persists today: How do we compete for capital, deals and talent in an industry whose number of active participants has more than doubled in the past ten years, and growth shows few signs of stopping?

Outlined below are ideas for how private managers can leverage proactive communications to help give them the differentiated approach required to compete more effectively in these three critical areas:

Capital

The urgency to fundraise comes as no



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surprise given the sustained high demand for private strategies by institutional investors searching for yield as near-term return expectations for public equity and bond strategies leave much to be desired. In just the last four years, the share of institutions invested in private equity alone increased to 66 percent, from 57 percent.

In 2021, firms should make an extra effort to ensure marketing and communications initiatives support fundraising goals. Consider leveraging proactive PR to get in front of new audiences of prospective allocators, for example, through well-placed pieces of commentary that would appeal to various

types of institutions in publications they read frequently. Alternatively, firms seeking to market new fund offerings more effectively to existing investors could create informative multi-media content, such as short-form, fund-specific videos easily accessible in an LP data room that could also be repurposed for corporate websites and social media.

Deals

With the amount of dry powder in private equity around \$2 trillion, the need to deploy capital carries heightened urgency, particularly given the vast number of new firms and funds competing in the market. Making the right kind of splash around new deals is of paramount importance in this environment, as tone and tenor of deal-focused media coverage or content can help to signal to unfamiliar investors or future deal targets that your firm maintains a competitive advantage.

As an example, firms could consider developing a media strategy to generate coverage of a transaction, shaping it with supplementary commentary on how the given deal demonstrated the strength of a unique platform in order to set themselves apart from the crowd. In addition, firms may find launching a social media campaign highlighting recent deal activity as an

effective, more controlled tool to showcase aggregate momentum to priority audiences.

Talent

Finally, firms must not overlook the fact that current and prospective employees use publicly available content to inform their opinions on particular team members, the viability of a firm's investment strategy or management approach, and even overall brands. We encourage firms to keep this in mind before launching any sort of public communications initiative by considering whether a prospective employee would

find a given piece of content impressive, informative, or interesting.

To help with the attraction and retention of top talent, firms could consider, for example, spotlighting strongly differentiated deals as case studies discussed in short-form Q&A videos between a lead investor and management partner, or launching a paid amplification campaign on LinkedIn to promote the firm's work in top-of-mind areas for today's recruits such as sustainable investments.

Ultimately no "one size fits all" approach exists, and proactive communications

programs will take many forms based on a firm's specific business priorities or team bandwidth, among other factors. The complexity of real-world scenarios often blurs lines and priorities, but executing some variant of the initiatives above should, at the very least, help your firm to "do no harm." At the most, it can lead to the realization of wholly franchise-enhancing outcomes, such as the attraction of capital, deals or talent. ■

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