

James O'Donnell Interviewed by Reuters on “Zombie Firms”

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Reuters

In a [Reuters](#) article on the rise of “zombie firms” in private equity markets — struggling portfolio companies unable to attract buyers — partner James O'Donnell comments on the challenges limited partners (LPs) face when seeking to fire the buyout firm and replace it with another firm to wind down the assets.

James says that, with voting thresholds frequently set high to do this, often 75%, gaining such a level of consensus is difficult.

“Often there are conflicting interests between LPs,” he notes. For example, big LPs may view any single disappointing fund as a rounding error on their wider portfolio. Others may have cash tied up in other vehicles with the same manager, making them unwilling to rock the boat. The upshot is that firing managers is much rarer than in other arms of the asset management industry, like listed UK investment trusts, where a simple majority will often do.”

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