

HOLD PHASE

Who actually owns the MIP? Fund, CFO, or counsel?

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Ask a fund manager, a CFO, and the deal counsel who owns the management incentive plan, and you will get three confident answers, each pointing at one of the others. Everyone has a piece of the responsibility. Nobody has the whole picture. That gap is where most administration failures begin.

The previous article in this series ended on an observation: the three most expensive administration mistakes are not really three separate errors, but three symptoms of the same gap, an administration that belongs to everyone and therefore to no one. This article takes that gap seriously and asks the question directly. Who should own the MIP?

It is a question that rarely gets asked out loud, because in most programmes the answer is assumed rather than decided. The fund assumes the portfolio company handles it. The CFO assumes counsel set it up properly and that it therefore runs itself. Counsel, whose engagement ended at closing, assumes someone picked it up afterwards. Each assumption is individually reasonable. Together, they produce a plan that nobody is watching.

This article does three things: it defines what ownership of a MIP actually involves, it examines each of the three natural candidates honestly, and it looks at how the gap forms in practice, because it almost never forms on day one. It forms at the handovers.

What owning a MIP actually involves

Before asking who should own the plan, it is worth being precise about what the job is. Ownership of a MIP is not a title, and it is not the same as having signed the documents. It is a working role with a concrete job description:

- Keeper of the single source of truth. One person is responsible for the register being current, reconciled, and authoritative, and for every other view being explicitly a copy.

- First responder to events. When someone joins, leaves, or an equity round completes, the owner ensures the event is recorded at the time, at the right value, against the right terms.
- Guardian of the calendar. Vesting dates, option windows, filing deadlines, repurchase periods: someone has to see them coming rather than discover them.
- Navigator of the documents. The owner knows which document governs which question, where every side letter sits, and what was actually agreed, not just what people remember agreeing.
- The person who escalates. When an event raises a question the documents do not clearly answer, the owner recognises it early and brings in (external) legal or tax counsel before it hardens into a dispute.

Notice what this job requires: time to do the work when events happen rather than when it is convenient, knowledge of both the documents and the mechanics, and continuity across the whole holding period. Keep those three requirements in mind, because each of the natural candidates is missing at least one of them.

The three natural candidates, examined honestly

THE FUND MANAGER

The fund has the strongest incentive of anyone: the MIP exists to protect and motivate the management team that drives the fund's return, and the fund will feel every administrative failure at exit. But the fund sits at the wrong altitude. A deal team runs several portfolio companies at once, does not see the day-to-day events inside any of them, and learns about a leaver or a mid-life allocation after the fact, if at all. The fund is the right party to demand that the plan is well administered. It is rarely in a position to do the administering.

THE CFO

The CFO has the opposite problem: perfect proximity, no capacity. The CFO sees every joiner and leaver, sits next to the payroll and the cap table, and is the natural first point of contact. But the MIP is never the most urgent item on a CFO's desk, and it loses to whatever is, month-end, refinancing, the audit, the next acquisition. There is also a quieter complication that deserves to be named: the CFO is usually a participant in the plan. For most routine administration that is workable; for leaver determinations and valuation questions it puts the CFO in the uncomfortable position of administering rules that apply to their own equity.

COUNSEL

The lawyers who structured the plan know it better than anyone, at closing. But their engagement ends when the deal completes, and their cost model is built for advice, not administration. Asking deal counsel to maintain a participant register is like asking the architect to do the building maintenance: they are superbly qualified and entirely the wrong instrument. Counsel should absolutely stay in the picture, for the questions that need legal judgement. Making them the day-to-day owner mistakes expertise for availability.

CANDIDATE	WHY IT SEEMS LOGICAL	WHERE IT BREAKS DOWN
Fund manager	Strongest incentive; feels every failure at exit	Wrong altitude: no visibility of day-to-day events, spread across multiple portfolio companies
CFO	Closest to the events; natural first contact	No time, the plan always loses to the urgent; usually a participant in the plan themselves
Counsel	Deepest knowledge of the documents	Engagement ends at closing; cost model built for advice, not ongoing administration

None of the three candidates is wrong to be involved, all three are essential. The mistake is assuming that involvement adds up to ownership. Three parties each holding a piece of the responsibility is precisely how a plan ends up with no owner at all.

How the ownership gap actually forms

The gap almost never exists on day one. At closing, everyone is paying attention: the documents are fresh, the deal team is engaged, counsel is still in the room. The gap forms afterwards, at a small number of predictable handover moments.

The post-closing handover. The deal completes, the deal team moves to the next transaction, counsel closes the file. Whatever was agreed about "the company handling the administration" is rarely written down as an actual mandate with a named person. The plan passes from a team that knew everything to an organisation where nobody was told they now own it.

CFO succession. The average holding period outlasts the average CFO tenure. When the CFO who lived through closing leaves, their successor inherits a spreadsheet and a folder, but not the context, the history, or the mandate. Every CFO transition is a point where institutional memory of the plan drains away.

The quiet years. Between events, the plan looks like it is running itself, which reinforces the belief that nobody needs to own it. In reality the quiet years are when small discrepancies compound unnoticed, until the next leaver, equity round, or the exit process surfaces them all at once.

The dangerous property of the ownership gap is that it is invisible while it costs nothing and undeniable only once it costs a great deal. No alarm sounds when a plan stops being owned. The first signal is usually a question in due diligence that nobody can answer.

An honest opinion: ownership is a role, not a person

The question in this article's title is, deliberately, slightly wrong. Asking whether the fund, the CFO, or counsel should own the MIP suggests that one of the three existing parties simply needs to try harder. The more useful framing is that ownership is a role, with the job description set out above, and the real question is how to make sure that role is genuinely filled, with the time, knowledge, and continuity it requires.

In practice there are three workable models. The first is internal ownership with a real mandate: a named person inside the company, often in finance or legal, who is explicitly given the role, the time to do it, and access to counsel for the questions that need it. This works well when the plan is simple and the person stays. Its weakness is exactly the two handover moments described above.

The second is external ownership by a specialist: the role is placed with a party whose entire job is administering incentive plans, who carries the record, the calendar, and the institutional memory across the whole hold, independent of who comes and goes internally. This is, transparently, the model MIP Desk exists to provide, and the honest case for it is continuity: the specialist does not resign, rotate to another deal, or close the file at completion.

The third is a hybrid: internal day-to-day contact, external record-keeping and oversight. For most PE-backed companies of meaningful complexity, some version of this is the pragmatic answer, the company keeps proximity to its own people, while the record and the discipline live somewhere that does not depend on any single person's tenure.

Whichever model fits, the test is the same, and it is brutally simple: can you name the person who owns your MIP, one name, not a committee, and would that person give the same answer? If either half of that test fails, the plan is unowned, whatever the org chart implies.

What this means in practice

FOR FUND MANAGERS

Ask the one-name question at your next portfolio review. "Who owns the MIP?" is a five-second question that reveals more about administrative health than any report. If the answer is a committee, a shrug, or three different names, you have found a gap worth closing early.

Make ownership part of the post-closing checklist. The handover from deal team to business-as-usual is where the gap is born. A written mandate, this person, this role, this scope, costs nothing at closing and prevents years of drift.

Treat CFO succession as a MIP event. When the CFO changes, the plan's institutional memory is at risk. Make the handover of the register, the documents, and the open items an explicit part of the transition.

FOR CFOS AND MANAGEMENT TEAMS

If you own it, get it acknowledged, and resourced. Owning the MIP informally means owning the blame without the mandate. If the role is yours, make it explicit, and make sure the time and the access to counsel come with it.

Be honest about the conflict. As a participant, you should not be the sole judge of leaver determinations and valuation questions that touch your own equity. Route those to the board or to external support as a matter of process, not exception.

Document for your successor, not for yourself. You know where everything is. The test of good administration is whether the next CFO could take over the plan in a week without calling you. If not, the knowledge lives in your head, which is exactly where the ownership gap starts.

One last thought

Every MIP already has an owner on paper: the documents were signed, the responsibilities legally allocated, the structure duly established. What most plans lack is an owner in fact, a person who carries the record, watches the calendar, and answers for the truth of the numbers, year after unglamorous year.

The difference between the two is invisible right up until it is expensive. Closing that gap is not sophisticated work; it is a decision, a name, and a mandate. The programmes that sail through due diligence are the ones where that decision was made years earlier, deliberately, explicitly, and long before anyone needed to ask. That is the discipline, and it is the work we do at MIP Desk.