Sustainability Now Podcast

“Riding Shotgun: Mega IPOs and Founder Control”

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Gabriela

Hello and welcome to the latest edition of Sustainability Now, the show where we explore how the environment, our society, and corporate governance affect—and are affected by—our economy. I'm Gabriela de la Serna, and I'm your host for today's episode.

It may feel like a lifetime ago, but join me in trying to remember what life was like back in June. Everyone, both inside and outside of financial markets seemed to be caught up in the buzz and headlines of the SpaceX IPO — when opinions on the company and its ambition were quite divided. And since then, its share price has already been through some serious ups and downs. And people might still have some strong opinions they’d happily share, even if unprompted.

But it’s not the only blockbuster IPO scheduled for 2026 - OpenAI, Anthropic, and other mega-IPOs are on the horizon. And if you’re an investor, you’re probably not only keeping an eye on SpaceX, but on the upcoming listings too.

So on today's episode, we're looking at something that several of these companies share – and no, it’s not AI. It’s founders with an outsized influence on how their companies are run, relative to their economic stake.

We’ll get into why that matters, and what it means for you as an investor.

So, let's jump right in.

So, What makes SpaceX's IPO really stand out comes down to two things. First, just how big this IPO was— the company was valued at around $1.7 trillion dollars at listing, making it the biggest IPO in history. And second, just how little say an everyday shareholder actually gets over how the company's run. And so, handing over your money without getting a real vote in return might make some investors a little uneasy — because not everyone's comfortable riding shotgun when someone else is fully in the driver's seat. So is it worth trusting a founder's vision with your money, even if you don't get a say in how it plays out?

When it comes to governance structures, this type of set-up actually has a name — control skew: when certain shareholders end up with voting power that’s out of proportion to their economic exposure – so what they actually own.

And with such a large market value at stake at SpaceX, and with more mega IPOs in the pipeline, where founders also hold a lot of control, it’s a really good time to sit down with your nearest governance nerd slash analyst to find out what control skew could mean for investor returns. For me, that person is Jon Ponder, a senior corporate governance analyst at MSCI, and author of a recent blog titled ‘The Performance Record of Control Skew in US IPOs.’ Appropriate, right?

So I asked Jon to take me through the basics of this type of governance model and to tell me how common this is in public markets.

Here’s Jon

Jon

Let's start with the plain-vanilla version, because control skew isn't really a founder-specific idea, even if it tends to show up most visibly with founders. At its core, control skew is any situation where a shareholder's voting power in a company is disconnected from their actual economic stake in it. Normally, when you own 10% of a company, you'd expect roughly 10% of the vote. Control skew is an expression of that link breaking: someone owns a smaller slice of the economics but holds a much bigger share of the decision-making power.

The most common mechanism enabling this is a multi-class share structure, where the company issues more than one class of stock, where these classes hold different voting rights per share. But it's not only founders who end up on the high-vote side of that. It can be a private equity sponsor that's kept a control class after taking the company public, a corporate parent that spun off a subsidiary but kept voting control, or a broad pre-IPO investor group who doesn't want to let go.

We measure this with something we call the ownership-control alignment ratio, or OCA for short: economic ownership divided by voting power. A ratio of 1.0 means your votes and your stake are in balance. Anything below 1.0 means you're looking at control skew, and the further below this 1.0, the more disproportionate it is.

To be clear, this isn't a rare characteristic at the margins. It's becoming increasingly popular. A decade or so ago, this structure was rare among big IPOs. In recent years, it's been the majority. In our dataset, close to half of the large US IPOs over the past decade-plus used a multi-class structure, and of those, the vast majority, around 90%, carried real control skew rather than just a technical multi-class label where voting and economic rights still roughly in line.

Gabriela

So like Jon just told me, this isn't some rare, technical footnote anymore — it's how a huge share of the biggest companies going public today are structured. Which raises the question: what should investors actually be paying attention to here? And, does backing one of these companies really come down to whether you believe in the founder's vision? Before we get into that, I wanted to understand why founders push for this structure in the first place — and whether there's actually a good case for it. So I asked Jon to take us through the pros and cons.

Jon

So naturally we would ask: why do founders want this? And perhaps more importantly, why has the broader market accepted this mechanism en masse? The core argument is that a founder's vision for the company is difficult or impossible to price: you can't put a clean, final number on “this person's judgment about where the business should go in ten years.” Think of sea changes like Brian Chesky's novel approach to accommodations at Airbnb or Whitney Wolfe Herd's shake up of the dating market at Bumble. It's an asset, but not one that shows up on a balance sheet, and public markets aren't great at protecting things they can't quantify. They tend to reward whatever's measurable this quarter.

With this in mind, multi-class shares are essentially a way of enshrining that unquantifiable asset structurally. Instead of trying to convince every new shareholder each year that the founder's long-term judgment is worth deferring to, the company just locks in the voting control up front. That lets the founder keep making the calls, while still opening the door to public capital. The IPO gets the company access to the market's money without handing over the market's say in

how that money gets used. It also means the founder can focus entirely on strategy and operations, without worrying about maintaining support.
The flip side is exactly what you'd expect. Minority shareholders take on the full economic risk, both upside and downside, without a proportional say in the decisions driving it. DoorDash is one of many examples of just how far the gap can stretch. The company's co-founders together held under 10% of the company's economic stake at IPO, but thanks to a proxy agreement and multiple voting class B shares, Tony Xu controls roughly 70% of the vote (although this number has fluctuated slightly over the years). Board composition, M&A, how capital gets allocated, all of these decisions stay with the controlling holder, regardless of how the public shareholders feel about it. And because most of these structures don't sunset, that gap between who bears the risk and who makes the calls doesn't necessarily close as the company matures. It can persist for the life of the company.

Gabriela
So Jon just laid out the case for control skew, and against it — so we have the founder's vision as an asset, and the DoorDash example of just how far that voting gap can stretch. But let's make this practical, because 'investors' covers a lot of different people. And so for example, if you actively pick your own stocks or follow proxy voting and shareholder engagement, this is probably already on your radar. But most of us aren't in that group — most 'investors' hold a pension or money in an index fund, and don't vote directly at all; and instead your fund manager does, if they do it at all. Either way, you're carrying the same risk Jon just described — and if a company like DoorDash has a rough run, you feel it in your retirement account whether or not a vote ever crossed your desk. So this isn't just for people who read 10-Ks for fun — it touches anyone with retirement savings, which is most of us.
So that's the theory — the case for founder control, and the risk on the other side. But theory only gets you so far. Now, the real question is whether this trade-off actually shows up in performance . We didn't want to leave that to opinion and it happens that Jon actually looked at over a decade of these IPOs to actually test this. Here's what Jon found.

Jon
So what we wanted to attempt to quantify was if this structure led to meaningful differences in performance outcomes post-IPO. We looked at this rigorously by compiling the 63 US companies that raised at least a billion dollars in their public debuts since 2011. First thing that jumps out, and it echoes what we just said: in the early 2010’s, basically none of these big IPOs had multi-class structures. In recent years, it's evolved to become the clear majority.
We then compared each company's total shareholder returns against the MSCI USA Index, the benchmark for the broad large and mid-cap US stock market. Looking from each company's IPO date through the end of last year. On average, both groups underperformed that benchmark, but the typical skewed company underperformed by about 22 percentage points a year, versus about 16 points for the non-skewed group. Only around one in eight of the skewed companies beat the benchmark, versus one in five of the others.
This average gap isn't really the headline, though. The real story is downside. The companies that saw the deepest losses of more than 70% from peak were concentrated in the skewed group, with 80% experiencing this decline vs. roughly half of non-skewed. And when skewed companies fell, they fell further: the typical

skewed company lost close to 90 cents of every dollar at its worst, versus about 70 cents for the other group. So, the clearest, most consistent divergence sits in that “severe but not total” loss zone, not necessarily at the very worst outcomes.
Any time you see a pattern like this, the obvious pushback is: isn't this just a proxy for something else?
So, we tried to break the pattern using the usual suspects, and it didn't break. I won’t get into an exhaustive list, but some key tests included analysis based on sector, timing, and valuation.

Gabriela
So if there's one thing to take away from this: on average, control skew doesn't add a lot on top of what you'd already expect from a big IPO underperforming the market. But it clearly raises both the odds, and the depth, of a serious loss — and that held up even after Jon tried to rule it out with sector, timing, and valuation.
So if you're going to back one of these founder-controlled companies, the key question isn't just whether the business looks promising — it's whether you're genuinely on board with the founder's vision, since that vision is really part of what you're paying for.
So these mega-tech IPOs on the horizon aren't just hyperscaling valuations, they're hyperscaling governance risk too
And that is it for the week. A massive thanks to Jon for his take on the news with a sustainability twist. And thanks to you as well for listening and sticking around. The research that we discussed on today's show is freely available on MSCI's website. If you liked this episode, don't forget to subscribe and maybe even share it with a friend or colleague. That's all from me. Thanks again and catch you next time.

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