

Management Dispute

SITUATION

A service company dismissed its former manager, accusing him of having committed, with the complicity of other employees, mismanagement for the benefit of competing companies of which he was a shareholder.

OUR ROLE

FTI Consulting was appointed by the claimant to give its opinion on the damages caused by the mismanagement of the director.

Our work focused in particular on the following aspects:

- review of the cost accounting to determine the relevant ratios for analysing the consequences of each of the alleged faults;
- analysis of the evolution of the relevant ratios over time and comparison with non-impacted subsidiaries (socalled "double difference" approach);
- estimation of the various heads of damage;
- identification and collection of supporting accounting documents;

- drafting of a report detailing our analyses and conclusions on the extent of the loss;
- assistance in court-ordered expert appraisal.

OUR IMPACT



The misconduct complained of only affected certain establishments, thus limiting the relevance of the claimant's general accounts for the analysis of damages.

The use of management accounting allowed (i) to analyse the accounting data only on the scope impacted by the alleged breaches and (ii) to make useful comparisons with the scope not concerned.



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