# FTI faces millions in losses as exodus to Econic sparks fierce poaching war



The recent exodus of two key economics experts from FTI Consulting to the newly established Econic Partners has accelerated a notable poaching war within the economic consulting sector, a conflict that is reportedly costing FTI millions both in lost business and increased compensation demands to retain remaining talent. Kirsten Edwards-Warren and Enrique Andreu, previously senior figures in FTI’s economic consulting division, have joined a firm launched by Jonathan Orszag, a former executive whose prolonged tenure at FTI ended with termination last year amid growing tensions over financial arrangements.

FTI’s economic consulting segment, a robust revenue generator that reported around $733.7 million in 2023, faces heightened competition as Econic builds its practices in Europe, alongside established operations based in the United States and China. The industry has witnessed a significant uptick in competition-related litigation over the past decade, especially in the UK and continental Europe, which has created lucrative opportunities for economic consultants. Edwards-Warren and Andreu’s expertise in antitrust and competition is crucial, as their past roles involved critical analyses supporting major mergers, a sector well-known for high stakes and complexity.

Orszag’s departure sparked legal disputes between him and FTI, with the company accusing him of plotting to start a competing firm as negotiations for an increased profit share deteriorated. The relationship soured further when Orszag allegedly threatened mass resignations of top staff unless his demands were met. Amidst this turbulence, he counter-sued for wrongful termination, viewing his actions as beneficial for a workforce seeking new opportunities within a rapidly changing landscape. He claimed that personal expertise and credibility in economic consulting are what ultimately matter more than the brand, potentially positioning private partnerships as more attractive contenders than publicly traded entities.

According to recent financial disclosures, FTI’s stock price has plummeted by over 25% in the past year, partly reflecting the aftershocks of Orszag’s exit and the subsequent loss of talent. Chief Executive Steve Gunby indicated that the financial implications for the company are substantial, anticipating that the actual impact on profitability could exceed initial projections of a $35 million hit to operational income by 2025. Up to 10% of the economics division staff has reportedly transitioned to Econic, raising further concerns over the retention of critical personnel.

These developments underscore a broader trend within consultancy firms that have increasingly diversified their offerings into areas including crisis management, financial communications, and sustainability advice. While this evolution aims to establish firms as comprehensive advisors capable of meeting diverse corporate needs, it also raises questions about the risk of diluting core competencies. Some industry veterans advocate for a return to specialised services to maintain client trust and expertise.

FTI’s management asserts its commitment to professional excellence, highlighting plans to bolster its workforce and forge academic affiliations to sustain its competitive edge within the market. The firm maintains that these steps are integral to reaffirming its leadership in economic consulting, even as it grapples with a turbulent operating environment exacerbated by economic uncertainty and challenges in obtaining lucrative merger advisory contracts.

The emergence of Econic, with backing from financial heavyweights like Goldman Sachs, poses not only a market challenge but also a strategic dilemma for FTI. As both companies compete for talent and client engagements in the lucrative economic consulting landscape, the ramifications of these developments are likely to reverberate throughout the industry for years to come.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6, 7
2. Paragraph 1, 2, 3, 5
3. Paragraph 5
4. Not used
5. Paragraph 1, 4, 5
6. Paragraph 2, 3
7. Paragraph 3

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/29307777-7949-41a7-805e-ac7e385fabf3> - Please view link - unable to able to access data
2. <https://www.ft.com/content/aff9b298-7c3e-43bc-a8d5-d84ed17e11c1> - FTI Consulting faces significant challenges following the termination of Jonathan Orszag in 2023, who subsequently founded Econic Partners. This new venture has successfully attracted top professionals from FTI, leading to a projected decline in FTI's 2025 profits and a 14% drop in its share price, reducing its market capitalization to $5.9 billion. The situation presents FTI with a dilemma: increase salaries to retain staff or risk declining revenues. Orszag argues that personal expertise and credibility in economic consulting matter more than the brand, giving an edge to private partnerships over publicly traded firms. Supported by Goldman Sachs, Econic is anticipated to attract more FTI employees, further straining FTI’s resources. The situation has led to legal disputes, with FTI suing Orszag for breaching fiduciary duty and Orszag counter-suing for wrongful termination. Despite the turbulence, Orszag views his actions as beneficial for the long-term interests of the workforce.
3. <https://www.ft.com/content/b7edda60-e780-409e-a101-bc5a4781ec1b> - Many consultancy firms have evolved into 'everything advisers,' offering a myriad of services to major corporations beyond their original scope, including crisis management, financial communications, sustainability advice, and geopolitical risk analysis. This diversification mirrors the expansion seen in professional services across various industries, such as accounting and management consultancy. Firms like Brunswick, FGS Global, Teneo, and others now provide comprehensive advisory roles covering corporate culture, executive succession, and more. The drive towards becoming one-stop shops is partly due to increasing economic, geopolitical, and corporate challenges that businesses face, leading them to rely on versatile superadvisers. However, this expansion comes with risks, as diluting core expertise and overextending can harm reputations and client trust. Some industry veterans and clients remain skeptical of the multidisciplinary approach, preferring specialized services. Additionally, the influx of private equity money into the consulting industry has increased the pressure on these firms to grow revenue, often at the expense of their focused, traditional strengths.
4. <https://www.ft.com/content/b9f416e8-a548-4c8d-8aef-39b469da3945> - Ofwat, the water regulator for England and Wales, has sparked conflict of interest concerns by employing consultancies that were simultaneously advising water and sewerage companies. Over the past six years, five advisory groups, including PwC and Deloitte, worked for Ofwat while also providing regulatory or management advice to water companies. This comes as Ofwat is negotiating price increases with water companies and may face replacement recommendations from a government commission due to criticisms of its regulatory approach. Notable conflicts included PA Consulting advising Thames Water while assisting Ofwat with a price review, and PwC advising Southern Water while receiving payments from Ofwat for regulatory advice. Ofwat defended its practices, asserting rigorous conflict procedures, whereas PwC and other firms emphasized their adherence to professional standards. These revelations have led to political calls for replacing Ofwat entirely.
5. <https://casetext.com/case/fti-consulting-inc-v-orszag> - In the legal case FTI Consulting, Inc. v. Orszag, FTI alleges that negotiations with Jonathan Orszag deteriorated due to his demands for increased compensation and control over Compass Lexecon. In June 2022, Orszag purportedly threatened to incite a mass resignation of key staff unless his demands were met. In October 2023, he allegedly told an FTI executive that the company had two options: either sell Compass Lexecon to him at a fraction of its value or accept his departure to start a competing firm. FTI chose to terminate Orszag for cause on November 20, 2023. Two days later, Compass Lexecon entered into a consulting agreement with Orszag to avoid service interruptions for clients. The court found that the restrictive covenants in Orszag's employment agreement were enforceable, given his position and extensive contact with employees and clients.
6. <https://www.stocktitan.net/news/FCN/econic-partners-launches-as-premier-economic-consulting-firm-for-fv3unxlwp6op.html> - The emergence of Econic Partners poses a material competitive challenge to FTI Consulting's economic consulting segment, which historically has been a significant revenue driver for the company. The competitive dynamics warrant careful analysis from several angles: Market Position Impact: FTI's economic consulting segment, which generated $733.7 million in revenues in 2023, faces a new sophisticated competitor. Econic's impressive roster of experts, including former DOJ Chief Economist Nathan Miller and several renowned academics, could potentially attract high-profile antitrust and regulatory cases that have traditionally been FTI's domain. Strategic Implications: The involvement of Dennis Shaughnessy, FTI's former Chairman, in Econic's Board of Managers is particularly noteworthy. His deep understanding of FTI's operations and client relationships could give Econic strategic insights into market opportunities and potential client acquisition strategies.
7. <https://www.itiger.com/news/2513258314> - In the first quarter of 2025, FTI Consulting experienced several senior departures in its U.S. competition division within its Compass Lexecon subsidiary. The company anticipates that these departures, along with potential departures of less tenured professionals, may impact its ability to attract and retain clients, leading to increased compensation costs to retain staff in the segment. While the precise impact remains uncertain, FTI expects these factors to result in substantially reduced revenue and erosion of adjusted segment EBITDA margin in economic consulting compared to 2024.