



LABOR & EMPLOYMENT

Analysis Group provides incisive economic and statistical analysis of employment practices in the context of both litigation and risk management. Our expertise encompasses disputes related to compensation, recruitment, hiring, promotion, placement, and disciplinary and termination practices. Our work is distinguished by strategic insights and a mastery of labor economics, econometrics, statistics, and finance.

Nationally recognized labor and employment attorneys and their clients rely on Analysis Group to assist them with expert witness testimony, compliance with employment regulations, and proactive assessments of success in achieving diversity goals. We are well-versed in the application of labor laws in support of quantitative analysis in both the U.S. and Canada and have a demonstrated ability to navigate complex databases and tackle difficult analytical problems. In particular, we excel at understanding and carefully accounting for the full range of variables and influences involved in the most challenging employment issues.

In addition to our assignments for Fortune 500 companies across many industries, we have worked with governmental agencies, educational institutions, and other nonprofit organizations, as well as individual employees and classes of litigants. Our specific areas of specialization include employee stock options valuation; economic loss valuation; employment discrimination litigation; pay equity reviews; and class certification. We also have significant experience in assessing disparate impact, both in reduction-in-force-related litigation and in proactive audits.

**LABOR AND EMPLOYMENT
EXPERTISE BY INDUSTRY**

Communications
Consumer services
Education
Financial services
Health care
Legal services
Manufacturing
Oil & gas
Public utilities
Real estate
Retail
Transportation

● **VALUATION** Excellence in valuation methodology is a hallmark of our firm. Our valuations in employment-related disputes reflect deep technical proficiency with sophisticated modeling, statistical, and econometric techniques.

ECONOMIC LOSS VALUATION

We have tackled many of the most challenging economic loss valuations in recent years. Valuation of losses suffered by corporate executives, financiers, or other high-net-worth individuals – due to discriminatory treatment, wrongful termination, breach of contract, or wrongful death – poses unique challenges. Utilizing our finance and valuation expertise, we tailor each calculation to accommodate all relevant case-specific information, including proper valuation of employee stock options. We also investigate labor market conditions and mitigation opportunities for displaced employees. Our depth of knowledge in economics, finance, and statistics enables us to offer highly defensible estimates of economic losses, whether the objective is credible expert witness testimony or prudent settlement.

LOST EARNINGS ANALYSIS IN PATTERN OF ABUSE CASE Analysis Group was hired in this pro bono case to determine lost earnings in an arbitration involving a man in his forties who had been a victim of abuse in the 1960s, and had subsequently been unable to sustain gainful employment. To calculate what the victim's earnings would have been in the absence of the abuse, Managing Principal Pierre Cremieux relied on observed educational and earnings levels attained by the victim's siblings as well as on a national database that included earnings by age cohort and educational level over time (see page 5). Based on these data, he determined the educational attainment and earnings of the victim's siblings relative to their respective cohorts and estimated the likely educational attainment and earnings of the victim relative to his cohort. In part as a result of Dr. Cremieux's arbitration testimony, the victim was awarded the maximum settlement allowed by the arbitration guidelines.

● **LITIGATION** Our practice professionals, in frequent collaboration with leading academic authorities, conduct rigorously executed analyses in support of litigation. Our clients look to Analysis Group for expert witness testimony and economic consulting in matters involving such issues as gender discrimination, pay equity and compensation disputes, lost earnings, and termination. We rely on our core strengths in statistical analysis, sampling, benchmarking, and longitudinal research to develop our analyses in each of these areas.

EMPLOYMENT DISCRIMINATION LITIGATION

We work closely with leading employment litigators to evaluate claims of discrimination on the basis of age, race, gender, religion, and national origin in employment class actions and “pattern and practice” litigation. Our expert support spans all phases of the litigation process, including assistance with discovery, creation of databases from company records or public sources, assessment of alternative statistical approaches and sampling, development of legal strategy consistent with preliminary findings, development of critiques of opposing experts’ studies, documentation of opinions, and expert witness testimony.

PAY EQUITY REVIEWS

In our studies of compensation equity, we assess whether statistically significant pay disparities are present among employees with comparable qualifications. We carefully model the effects of individuals’ functional and hierarchical positions in the workplace, and account for all other relevant, legitimate influences on pay, such as education and experience.

CLASS CERTIFICATION

Our empirical assessments of class certification focus on the typicality and commonality of claims of proposed class members, implications for using common method of proof, and the representativeness of named plaintiffs’ claims. We provide reviews of corporate organizational structure, and the distribution and movement of employees through that structure. We also study the similarity of the outcome of the disputed employment practices for the named plaintiffs relative to the desired class and within the class itself.

We have assessed and calculated the number of potentially damaged class members and assisted in settlement talks to ensure appropriate relief to the damaged class members.

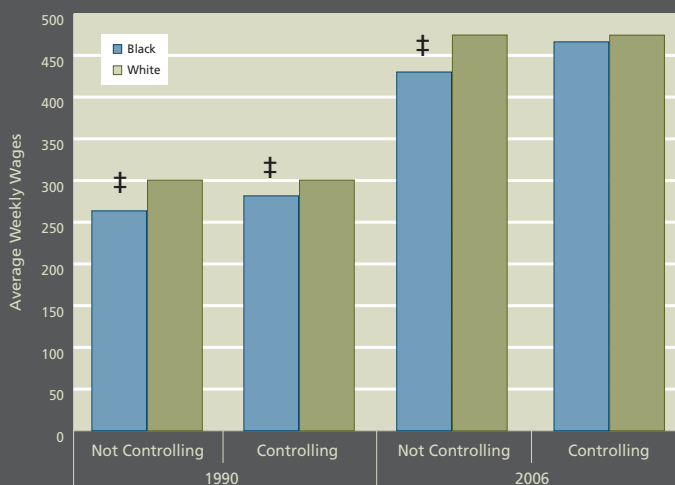
Lost Earnings Analysis in Wrongful Termination Case

Our firm was retained by plaintiff's counsel to determine the economic losses suffered by the CEO of a major corporation in a wrongful termination matter. The Analysis Group team, led by Managing Principal Dr. Keith R. Ugone, researched defendant's public filings, payroll information, benefit packages, and employment agreements, as well as various third-party documents. We then quantified the compensation components lost by the CEO including lost base salary, bonus, 401(K) company matching, various allowances, reimbursements and non-monetary benefits, and relief from the tax effects associated with legal fee reimbursements. We calculated the present value of the components of economic losses and the prejudgment interest associated with each, and provided deposition and arbitration testimony.

Economic Loss Analyses in Wrongful Death Case

Analysis Group helped defendant's counsel evaluate economic losses suffered by families of 104 decedents who died in a plane crash in Indonesia. Led by Managing Principal Dr. Keith R. Ugone, our team helped prepare document requests, evaluate plaintiffs' damages claims, prepare for mediation, and issue reports, in addition to testifying at deposition. We also identified and supported subject matter testifying experts. Components of claimed economic damages, which varied greatly due to the diversity of decedents' educational background, career path, and nationality, included lost future earnings, business value, and household support. The Analysis Group team conducted extensive research on life and work life expectancies, social security systems, household expenditures, and other relevant economic factors across countries.

USING CPS DATA TO COMPARE WAGES BY RACE



‡ indicates that the difference between groups is statistically significant at the 5% level ($p < .05$).

Drawing on the Bureau of Labor Statistics' Current Population Survey (CPS), Analysis Group assessed variation in weekly income among selected samples of young white and black employees. We found that in a 1990 sample, the young black workers earned an average weekly wage of \$263, compared with \$301 for the young white workers. After controlling for workers' characteristics (education, state of residence, etc.), the wage gap between the cohorts dropped to \$19, but remained statistically significant. In a 2006 sample, the wages increased to \$430 for blacks and \$473 for whites. After controlling for variation in characteristics using multiple regression, the wage gap in the selected sample was no longer statistically significant. These findings underscore the importance of controlling for confounding factors as well as the benefits of applying multiple regression to analyze wage differentials.

● **PROACTIVE ADVERSE IMPACT STUDIES** Workforce reorganizations or reductions can expose employers to substantial litigation risk. Analysis Group has perfected a quick and accurate method to assess the potential adverse impact from reductions in force, reorganizations, or broad-based wage and salary reductions. We analyze how reductions may affect protected employees and pinpoint potential vulnerabilities. In some cases, we also offer advice on alternative plans to assess and eliminate problems before layoffs or pay cuts are finalized, which can assist in mitigating the risk of litigation. Our consultants are experienced in indentifying and using the appropriate types of statistical analyses to examine disparate impact in terminations, promotions, and other employment events as well as in the context of pay equity.

LAPD Pedestrian and Motor Vehicle Stop Data Analyses

Analysis Group was retained by the City of Los Angeles to analyze data on police stop and search activity for possible evidence of racial profiling by LAPD officers. Under a Consent Decree with the Department of Justice, data on pedestrian and motor vehicle stops, including the perceived race of those who are stopped, have been collected by LAPD since 2002. The Analysis Group case team recommended a number of analytical and statistical techniques for evaluating these data. These techniques were designed to determine whether, after controlling for legally valid influences on law enforcement activity, minorities are stopped and/or searched at a disproportionate rate compared with non-minorities. Analysis Group completed its study and presented a final report to the City of Los Angeles in July 2006.

Assessment of Adverse Impact

Analysis Group helped a large professional services company prepare an assessment of potential adverse impact from proposed pay reductions for a workforce of thousands of employees. We evaluated how the use of performance ratings to determine pay would affect African American, Hispanic, Asian, and Native American employees, as well as its impact on older employees and women. The client adopted our recommended alternative methods for achieving the cost reductions it desired.

More information on our Labor & Employment practice, including staff and expert biographies and additional case experience, is available at www.analysisgroup.com.

SELECTED PROFESSIONAL STAFF

MANAGING PRINCIPALS

Pierre Y. Cremieux

Ph.D. and M.A., economics, University of California at Berkeley

Dr. Cremieux has extensive experience in employment and compensation matters. His research includes U.S. air transport labor and wage patterns; unemployment insurance; job search productivity; the impact of minimum wage laws and the effect of health care regulation on health care sector employees. He has served as an expert in a number of matters involving termination, lost earnings, and alleged discrimination. Dr. Cremieux has taught a Ph.D. course in labor economics at Boston University.

Jeffrey H. Kinrich

MBA, finance and quantitative methods, University of Maryland; M.S., statistics, Stanford University; CPA

Mr. Kinrich has frequently testified in federal and state courts and has directed numerous large-scale analyses involving a broad range of litigation areas. He specializes in damage quantification and valuation in commercial litigation, and has significant experience in breach of contract, employment, construction, fraud, antitrust, business interruption, marital dissolution, dealership disputes, and tax litigation. His employment-related work includes analyses of loss of individual earnings in connection with wrongful termination, employment, and personal injury claims.

Bruce A. Strombom

Ph.D., economics, University of California, Irvine

Dr. Strombom is an expert in statistical and quantitative analysis, applied microeconomics, and finance. He frequently serves as a consultant and expert witness in both commercial litigation and public policy matters. His labor and employment experience includes cases involving alleged discriminatory employment practices, racial profiling by law enforcement officers, lost earnings and wrongful death. In addition, he has broad experience quantifying damages in antitrust, breach of contract, intellectual property, product liability and general commercial disputes.

Keith R. Ugone

Ph.D., economics, Arizona State University; M.A., economics, University of Southern California

Dr. Ugone has provided financial and economic consulting in numerous cases involving lost earnings claims. He has developed damage models in personal injury and wrongful death and wrongful termination cases, investigating both lost earnings and lost non-salary benefits. He has broad litigation experience in breach of contract, business interruption, antitrust, intellectual property, and securities-related issues, and has testified more than 100 times. He is coauthor of "Lost Earnings of Persons," *Litigation Services Handbook*.

Marc Van Audenrode

Ph.D., economics, University of California, Berkeley; M.A., economics, University of California, Los Angeles

Dr. Van Audenrode is an expert in labor economics, antitrust, econometrics, and public economics. He has a broad range of experience in earnings and compensation, employment practices, public policy, and data analysis. His recent work in employment economics includes analyzing the impact on wages and employment of rules restricting the right to sub-contract for unionized firms, and authoring an expert report that assessed a fair compensation for Quebec provincial judges.

VICE PRESIDENTS

Stephen Cacciola

Ph.D., economics, Yale University

Mark Gustafson

M.P.P., John F. Kennedy School of Government, Harvard University

George Kosicki

Ph.D., economics, Cornell University

Dov Rothman

Ph.D., business administration, Haas School of Business, University of California, Berkeley; M.Phil., development studies, University of Cambridge

Jimmy Royer

Ph.D. and M.A., economics, Université Laval, Québec

Evan Hoffman Schouten

M.A., economics, and Ph.D. candidate, The University of Chicago

Stephen A. Schurman

Ph.D., finance, Graduate School of Business, the University of Chicago

David W. Sosa

Ph.D. and M.S., agricultural and resource economics, University of California, Davis

SELECTED ACADEMIC AFFILIATES AND EXPERTS

Dennis J. Aigner

Professor Emeritus of Management and Economics, and former Dean, Paul Merage School of Business, University of California, Irvine

Arnold I. Barnett

George Eastman Professor of Management Science, MIT Sloan School of Management

George J. Borjas

Robert W. Scrivner Professor of Economics and Social Policy, John F. Kennedy School of Government, Harvard University

Marcel Boyer

Bell Canada Professor of Industrial Economics, University of Montreal; C.D. Howe Scholar in Economic Policy, C.D. Howe Institute

Pierre Fortin

Professor of Economics, University of Quebec at Montreal

Jonathan Gruber

Professor of Economics, Massachusetts Institute of Technology

Brian J. Hall

Albert H. Gordon Professor of Business Administration, Head, Negotiation, Organizations, and Markets Unit, Harvard Business School

Robert E. Hall

Robert and Carole McNeil Senior Fellow, the Hoover Institution, and Professor of Economics, Stanford University

Jonathan S. Leonard

George Quist Chair in Business Ethics; Chair, Haas Economic Analysis and Policy Group, Haas School of Business, University of California, Berkeley

A LEADING PROVIDER OF ECONOMIC ANALYSIS

Analysis Group provides economic, financial, and business strategy consulting to leading law firms, Fortune 500 companies, and government agencies.

Founded in 1981, with over 500 professional staff, we assist law firms with all aspects of litigation and advise corporations and government clients on business issues that require expert analysis and interpretation of economic and financial data.

We help organizations create strategies for innovation and growth.



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