MResolution

Financial Challenges Process

FREQUENTLY ASKED QUESTIONS

One of the biggest potential obstacles to resolving employment lawsuits through mediation is a defendant facing financial challenges. M Resolution has developed a process to help parties and counsel spot, evaluate, and address these challenges before and during mediation.

THE PROBLEM

Why are financial challenges an obstacle to mediation?

Undetected or under-appreciated financial challenges can lead to distrust between the parties and can sabotage mediation. A defendant's financial condition can significantly affect negotiations, valuation, and the timing/structure of settlement payments.

Why do these issues often go undetected, and why doesn't a standard request for financials work?

Financial challenges are hard to spot and often surface only on the day of mediation. A struggling defendant may not fully understand its own situation, and may distrust a plaintiff's demand to share financials — even when defense counsel encourages it — out of fear tied to the pending lawsuit.

THE SOLUTION

How does M Resolution uncover financial challenges before mediation?

Because financial issues are difficult to unpack on the day of mediation, M Resolution starts the process early with a short Financial Challenges Survey, followed—if needed—by a no-cost Interview and Evaluation well before the mediation date.

THE SURVEY

What is the Financial Challenges Survey?

A short, 10-question survey completed by counsel for each party within two weeks of booking the mediation. It takes just a few minutes, and if financial challenges are identified, the case moves onto the next step(s).

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THE INTERVIEW & EVALUATION

What happens if the survey reveals financial challenges?

A one-hour Zoom Interview is scheduled with an M Resolution mediator, the defendant representative(s), and defense counsel, held within two weeks of the survey and at least eight weeks before mediation. It is offered at no additional cost and is highly encouraged once challenges are identified.

What is the Financial Challenges Evaluation?

If the Interview reveals significant to severe financial distress, the defendant may opt into a free Evaluation (a $5,000 value) by an independent CPA/outsourced CFO. The consultant reviews the financials and delivers a clear report on the severity of the challenges and the defendant's ability to pay a settlement. The defendant then decides how much of that report, if any, to share with Plaintiff's counsel.

Does going through this process mean the defendant must share its financials?

No, the defendant will control what is shared. We encourage parties to share information leading up to mediation. The key is making these decisions early so the table is properly set up for the day of mediation, and to avoid unnecessary surprises.

WHY DO IT

Is there any downside to using the Financial Challenges Process?

We have not yet found any. Defendants only stand to gain more information and be better prepared for mediation. Meanwhile, plaintiffs and their counsel may gain more information and can be confident they won't be surprised by financial challenges arguments on the day of mediation. In addition, this process will allow the mediation to stay on track and help avoid a costly second session.

Will being on the Financial Challenges Process guarantee a discount or payment plan?

No, completing the Survey, Interview, and/or Evaluation does not determine the mediation outcome. The process simply helps both parties and the mediator confirm, rule out, and/or understand the financial issues at play so the mediation itself can be more productive.

If you have any other questions that are not answered in this FAQ guide, please contact our office at **admin@mresolution.com** or **(916) 382-0383**.