

## EY's failed merger: an exercise in value destruction

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The [FT noted](#) this morning that:

*EY has scrapped plans to break up its audit and consulting businesses after months of internal disagreement and opposition from executives in the US.*

They added:

*The Big Four firm's plan, codenamed Project Everest, would have represented the biggest shake-up to the accounting industry in more than two decades.*

Let's put this another way, as I have done to quote a number of journalists since this episode began. It was all about the consultants being free from the risk of the auditors and about both wanting to quote their businesses to take maximum cash now in case the whole Big 4 audit firm edifice collapsed.

As it is, a firm that likes to think it can advise on strategy proved that it was unable to develop a workable plan for itself, with the net consequence being a massive loss of face amidst internal strife that will remain for the rest of the working lives of those involved.

EY might have come up with a better plan for destroying its brand's value than this failed demerger, but it is hard to work out how.

In the meantime, the mess that auditing is in continues.