

# More than common cents

Litigation advisory services help attorneys make sense of dollars **Interviewed by John Burnell**

Information is power, and perhaps nowhere is it more powerful than in the courtroom. Common business deals and transactions often have financial impacts and long-term implications that are far from obvious.

Forensic accounting, economic modeling and other specialized analyses are among the resources for improving the quality of financial information used to support legal arguments. Attorneys rely on litigation advisory firms to provide these and other services to best protect their clients and maximize judgments and settlements.

*Smart Business* spoke with Robert A. Ranallo, an attorney, CPA and partner at Skoda, Minotti & Co. who directs the firm's litigation advisory services, consulting and valuation practices.

## What do litigation advisory services encompass?

Litigation advisory services involve taking financial information that attorneys get in the course of litigation and helping them see what's relevant. Accounting and financial experts help the litigation process by organizing, analyzing and synthesizing financial data so that it's understandable, meaningful, and can provide guidance for the proceeding.

Litigation advisory services can include damage modeling and computation; forensic investigations; lost profit analysis; criminal tax defense; economic crime defense; mediation and arbitration; labor negotiations; support in divorce matters; and more.

## Do clients typically arrange for these services through their attorneys, or hire them on their own?

We are almost always hired through attorneys. Over the years, we've consistently worked for and against the best attorneys in the area. They understand what value a litigation advisory service provides and the situations where they're beneficial.

## Shouldn't law or accounting firms provide these services on their own?

Financial and legal matters can each get



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very complicated, and attorneys and accountants can provide a tremendous amount of help to each other. In disputes, CPAs don't always fully appreciate who has the burden of proof, exactly what needs to be proved, and the essential elements for presenting the point of view. Once liability is established, litigation often comes down to one side's expert witness against the other's expert witness, so you need to tell a persuasive story very concisely to the jury.

Lawyers often need to be educated by CPAs. CPAs can be very effective in getting lawyers to understand the parameters of the economic impact in a dispute and the relevant economic factors. Some attorneys are already very knowledgeable from a financial perspective, so the CPA helps develop a more refined approach to the argument. The CPA's role is almost always determined by the facts at hand.

## What are some of the most common ways litigation support services are used?

The mainstream for litigation advisory services is analyzing economic damages resulting from transactions. For example, Company A and Company B have a contract, and Company A sues B for breach. We would typically be engaged to analyze the

data to determine damages resulting from the alleged breach — for example, lost profits. Typically, we initially start as consultants, but often become expert witnesses who give depositions and testify in court.

## What are some advantages to using a litigation advisory services?

We're often engaged at the front-end of a dispute to provide impartial, third-party analysis that parties can use to guide their legal or settlement strategy. This approach is usually utilized by very seasoned, skillful lawyers who understand the benefits of avoiding a prolonged, scorched-earth, 'win-at-all-costs' legal strategy that will typically result in long delays and prohibitive legal fees to the client. The effectiveness of this approach often depends on how much influence the attorneys have over their clients. Sometimes we're used to find facts and provide information, and sometimes parties agree to be bound by our findings and recommendations.

## What should companies look for in a litigation advisory services provider?

Look directly at the qualifications, credentials and experience of the individuals within the firm who will be handling the work. Focus on their knowledge and familiarity with the legal process. You should also look at the firm's history, especially its breadth and depth of experience. Each case is different, and past experience is usually very relevant. References are very important, so it's valuable when lawyers recommend firms they've worked with in the past. The best advertisement for a good litigation advisory practitioner is word-of-mouth endorsements from satisfied lawyers.

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