

# COMMUNICATING THE BENEFITS OF CHANGE - HEWLETT PACKARD CORPORATION

*Posted on 21/02/2012*



Juan Carlos Luna

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## **Changing the way legal departments work will produce greater efficiencies and value to the business if the reasoning behind it is clear, says Juan Carlos Luna at Hewlett Packard**

The economic pressures now facing many businesses have undoubtedly helped provoke a change in the way legal departments manage their responsibilities but the process is also part of the continued wider evolution of the in-house role, says Houston-based Juan Carlos Luna, Director of Legal Projects – Europe and Global Regions for Hewlett Packard Corporation (HP).

“There is broad awareness that the days of the legal department as a mere cost centre are gone. The legal team must demonstrate the value it brings to the business and that it is working in the most efficient ways possible. But the leap required to make this happen must be a collective one, you have to show the benefit for all those involved.”

This first requires an understanding of a company’s commercial strategy. If the legal team is to help facilitate growth, and ensure all the correct business and regulatory protections are in place, it must recognise the relative value of what it is being asked to do, says Luna.

“The legal department must define the legal agenda but it does not have to have the monopoly on performing all the ‘legal’ work.”

By defining what matters are high risk and low risk, having clear operational policies and drafting standard form contracts, the legal department can better manage work processes, make the most of new technologies – HP uses predominantly “off the shelf” products – and encourage those parts of the business that can manage their own legal needs to do so, he believes.

“This requires breaking down legal issues into their component parts and objectively defining who is best placed to manage each element.” At HP this meant recognising the difference between what work the legal department was actually doing and what it should be doing – what high volume, routine matters could be managed more efficiently by someone else.

“We chose to outsource a large part of our everyday work to a legal process outsourcer (LPO), which left us able to better operate as ‘business lawyers’. By focusing more on higher value and riskier issues our work has become defined more by the business goals.”

This change was quickly recognised by many in the business divisions, says Luna. “By increasing our interaction with the commercial side of things people began to see the legal team as able to offer a positive contribution rather than a department to be avoided at all costs.”

But as well as better defining the value of the team and streamlining the back office functions, including e-billing, emphasis was also placed on how outside counsel was retained including through the use of key performance indicators (KPIs). What proved important was to understand how the legal department should be working, but this demanded comparable statistics for a business like HP – conducting and commissioned research by business sector, company revenues, size of legal department and practice focus, he says.

“It also included comparing how we used external law firms. In areas such as litigation, for example, we needed to know where we were spending our money, why, and what results were being achieved.”

Luna's own career, first in private practice and subsequently with EDS and Compaq – which were acquired by HP – demonstrates that change always bring new legal and operational challenges. For a legal team, this means having to ensure however that it is not left behind and focused on merely managing the legal processes.

“At HP our solution was to define what 'success' means for us, in terms of understanding what are the most high risk and high value matters, and how a more considered use of support for day-to-day issues – whether through LPOs or law firms – can help us better demonstrate our own value.”  
But imposing new processes and having the right tools is only half the story. Legal managers need to explain why things must evolve to achieve any kind of positive result.

“This means recognising what is already being done well, what areas could be improved upon, and highlighting what could be done by someone else. Managing change is fundamentally about communication. You cannot impose the solution, you have to reach it by consensus.”

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