



Records management: seven best practices for staying ahead of the curve

Professionals across many industries continue to face significant records management challenges. Traditionally focused on maintaining physical records, companies now must find ways to manage a rising tide of electronic information. Those that fail to update and standardize their records management capabilities may bear higher operational costs, which during an economic downturn could have a multiplying impact on the bottom line.

The need for better records management comes amid heightened scrutiny by both regulators and the court system. For example, organizations must prepare for the coming impact of green technology initiatives on records management.¹ In the United States alone, the American Recovery and Reinvestment Act of 2009 (ARRA) has provided more than US\$90 billion in tax incentives, grants and loan guarantees to organizations that invest in clean technology. Because government agencies will require proof that this support is being used wisely, we can expect stricter reporting, documentation and records retention requirements in the near future.





Despite the need to manage information more systematically, many records management professionals have difficulty getting the attention of upper management. Securing funding for training, compliance and discovery initiatives can be especially hard in the current economy. A survey conducted by ARMA International showed that nearly three-quarters of companies (73%) have policies governing records and information management. Even so, only one-quarter of

respondents felt very confident that they could respond appropriately to a discovery request.

Ernst & Young works closely with client companies to identify industry benchmarks for quality records management programs.. The following guidelines, based on our experience working with global companies, constitute leading practices that can help companies meet the growing challenges of records management:

1) Obtain executive support

Getting buy-in from senior management can be tough due to competing priorities. Many top executives are removed from the

detail of what is actually needed for an effective records management program.² Even when records management initiatives get the green light, companies may not have the resources in place to undertake them properly. One organization, for example, had not revised its retention schedule in more than 10 years. Records managers estimated the overhaul would take one year – they were given 10 days. (Ultimately, the job took three months.) Once the initiative was implemented, however, senior executives better understood why records management was important and became evangelists for it within the organization.

Executive buy-in can be useful in addressing a problem that keeps many initiatives from being implemented successfully: the involvement of different groups across the organization causes many initiatives to progress more slowly than planned. Educating stakeholders about policies, procedures and best practices takes time, and some C-level executives choose to involve themselves in every step of the process, from drafting and editing policies to reviewing the final documentation. While time consuming, this level of commitment ultimately increases internal ownership because employees recognize that the program is a high priority for senior leadership.

¹ The March 2009 Records & Information Management Survey from ARMA International is referred to throughout this article.

² As stated in The Sedona Glossary for eDiscovery and Digital Information Management, a record retention schedule is a plan for the management of records listing types of records and how long they should be kept; the purpose is to provide continuing authority to dispose of or transfer records to historical archives.

2) Define a records management approach

Many companies are streamlining their records management policies, retention schedules and related processes with two main goals in mind. First, they want to make policies and processes as user-friendly as possible. Second, they need to update programs originally designed to manage physical records in a way that addresses the growing volume of information stored electronically. Re-energizing records management to accomplish these twin goals requires the formation of cross-functional working groups that spur collaboration among records managers, IT staff, business unit heads and corporate legal departments. Such groups typically start by defining a strategy for reinvigorating records management; then they focus on tactics aimed at realizing that strategy. For example, a working group might discuss simplifying retention schedules in a way that makes them easy to use, thereby gaining support from the employees who must comply with any new requirements.

One increasingly popular method for structuring retention schedules is the “big bucket” approach, which creates broad categories that lump together records of a similar nature and

Many top executives don't understand the importance of records management or appreciate the time and resources needed to get it right.

retention period. Once the schedule has been updated, records managers work with departmental coordinators to identify record series that apply to each department's information, thereby creating a short list of records series and retention periods that employees can refer to easily. This method simplifies retention schedules and makes it easier for employees to locate records and follow appropriate retention procedures.

3) Create a clear policy governing retention and disposal

The acid test of a records management program is whether it helps organizations respond effectively to legal discovery, the phase of a lawsuit in which disputants can compel other parties to submit documentary evidence relevant to the case. A clear

records management program can speed up discovery and lower its costs in several ways.

A well structured program helps to reduce the volume of records by imposing rules and guidelines by which to manage records and information. Rules and guidelines should include imposing retention and disposition rules. These spell out how long particular types of information need to be kept, as well as how they should be disposed of when they're no longer needed. For example, if accounts payable invoices are to be kept for seven years, they can be flagged for disposal after that time. Before discarding them, however, companies should first check if there are any legal holds in place that would require them to preserve the records for the duration of the hold. They should then review their own disposition rules to make sure that no additional steps are needed, such as shredding confidential



hard copies or performing an additional scrub to erase information stored on computer disks.

A clear records management program also makes discovery response more efficient by defining how the organization will retain only what's required, eliminate duplication of records and organize information logically.

4) Get the message out there

Once executive support is in place and strategy and policies have crystallized, records management professionals must launch a communications campaign to let people within the

organization know that changes are afoot. According to the ARMA survey, only 27% of companies have formal marketing and communications programs to "sell" the value of records management to their employees.

Some professionals create makeshift programs with supporting collateral such as brochures, tip sheets and web-based training modules. A few display impressive creativity in these efforts. One company hired a marketing firm to brand its program with a cartoon character associated with records management. The company incorporated the character into its corporate communications, especially its web-based training. In addition to internal branding, some use acronyms and other mnemonic devices to help

employees remember key concepts and responsibilities. This can increase internal awareness and strengthen records management compliance.

In particular, employees should be aware that email is often a key source of information pertinent to regulatory investigations or litigation. Employees may be asked to judge whether a particular email constitutes a record and should be retained. For that reason, communications must spell out clearly which emails employees should save and which ones they can discard.

5) Stay on top of regulatory requirements

Companies that operate in highly regulated industries must keep close track of new regulations that could affect their records management programs. For many organizations, understanding legal and regulatory requirements continues to be a challenge. The Lilly Ledbetter Fair Pay Act of 2009, for example, lengthens the statute of limitations for filing an equal-pay lawsuit. To defend against such a claim, organizations may need to lengthen their retention policy for some types of employee records. Some organizations have already changed their retention schedules in response; others are waiting to see

how their legal departments interpret the new legislation.

The process for identifying new regulations differs among organizations. At some, individuals or small departments are charged with monitoring new legislation. Other companies employ less formal methods such as word of mouth, thereby increasing the difficulty of addressing legal and regulatory issues. Some organizations use a bottom-up approach, counting on individual business units to track legislation and alert headquarters if they spot a change that seems important. No matter how it's done, identifying new regulations is necessary if companies' records and information management programs are to remain compliant with legal and regulatory requirements.

6) Monitor compliance and measure performance

Once they create a records management program, organizations should establish mechanisms for monitoring compliance with retention policies and measuring the effectiveness of the records management processes they have in place.

The two activities are related but distinct. Monitoring determines

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how much an organization adheres to its own policies and addresses any compliance breaches that are uncovered. Performance measurement evaluates how well a records management program helps the organization achieve its objectives. Metrics might include reduction in the cost of information storage or in legal and other costs associated with discovery. Some organizations also measure the number of employees trained.

According to the ARMA survey, 61% of organizations do not monitor employee adherence to records management policies and procedures. Yet without periodic measurement, organizations have no way to assess their compliance level. Moreover, monitoring and compliance often go hand in hand: the old management adage that employees do what you inspect, not what you expect, often

holds true for records management. In addition to demonstrating the company's commitment to effective records management, performance measurement can give senior executives the information they need to refocus resources on the organization's weakest areas of compliance.

Organizations should incorporate records management compliance into the internal audit plan, possibly by developing a self-assessment tool that allows employees and others to benchmark their compliance with company policy. Organizations operating in multiple countries also must remember that each country may have its own requirements. A company with facilities in countries with stringent privacy laws, for example, may need to retain employee information differently than it would in the United States.

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7) Identify and use the right technology tools

Managing information successfully requires the right technology. Records management professionals today confront a vast array of IT tools, with numerous providers offering specialized products. Finding the right mix of solutions to meet one's needs can be difficult.

Many organizations rely on patchwork solutions involving multiple tools, including those used for document repositories, collaboration sites, email, archiving and electronic discovery. A survey by Gartner, Inc., reported that 70% of organizations had six or more distinct repositories for various types of information.

Email management presents a particular challenge. According to Gartner, the proportion of critical

business data stored in email may be as high as 60%, and most companies are not managing this information effectively. Many use mailbox size limits that automatically delete email left in a user's inbox past a specified period. This requires users to determine whether an email is a record – and if so, how and where to store it. With the right information tools, staff will know where official records are kept, making them less likely to create unnecessary duplicates. The right tools can also help by automatically linking to existing records instead of creating copies.

A good IT infrastructure also increases retrieval efficiency and enhances organizational search capabilities by helping people find information easily. A key criterion for success lies in providing unified access – the ability to search across different information

repositories using a single tool. This reduces the likelihood that people will waste time using various non-standard tools to scan multiple repositories.

Plans and forecasts

Applying the principles of records management to the realm of electronically stored information is necessary for every business that wants to reduce costs and minimize risk. Many companies will be challenged to incorporate sound enterprise-wide records management practices. To be most effective, they will need to look closely at their IT environment and locate the areas of greatest risk to the organization. Companies also may want to retain advisors familiar with the regulatory, technological and auditing dimensions of the records management process to help them. Finally, building cross-functional working groups can help generate support for these initiatives as collaboration improves the odds of sustaining the buy-in needed to obtain funding and resources.

The volume of electronically stored information will continue to grow, consuming valuable resources needed to manage, search for and retrieve it. Now is the time to establish sound strategies that encourage action and help organizations control an ever-expanding mass of information.



Pass or fail?

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EYG no. WW0197
1003-1142527