

RECORDS MANAGEMENT PROGRAM—PLANNING

A New Look at Information Systems and Records Management

“Information risk management” and “information cost economics” are two key terms that senior executives need to understand relative to protecting today’s and tomorrow’s organizations from unnecessary risk and losses due to litigation, regulatory non-compliance, disasters, or criminal activities in our contemporary litigation-intensive environment. This article focuses on how to plan strategically to prevent or minimize adverse consequences through establishment of a quality information and records management (Information Risk Management) program.

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The success or failure of modern organizations now depends heavily on the adequacy of the information and records used as a basis for executive and managerial decision making, as well as on compliance with state, local, and federal regulations. Many boards of directors, top management executives and managers have assumed their positions without understanding the potential risk (civil and criminal) of not conforming to these requirements. Their first indication often arises during some type of crisis such as litigation, audit or investigation.

An organization’s information is an asset just as plant and equipment, buildings, patents and processes, officers and employees, and any other valuable source of profitability. A new term that needs consideration is that of *Information Risk Management*. The old terms and definitions of records management need to be updated so that modern management techniques and technologies can be applied to current applications and problems. It is the intention of this article to help bring the level of executive management awareness to the point where managers can assure them-

selves that their organizations have the capability to comply with these potential risks when necessary.

We live in a litigation-intensive society and economy in which protecting organizations from unnecessary risks and losses due to litigation, regulatory non-compliance, natural and unnatural or human-created disaster, criminal activities, or pirating of critical resources must be made a major priority. Legally, the stakes are very high and the potential consequences staggering.

Information and Records Management (Information Risk Management, IRM) is a *form of insurance* to offset these potential risks. As with insurance, there is a premium to be paid for the protection.

REGULATORY REQUIREMENTS

Excerpt from Interstate Commerce Act PP 356.3 - Designation of supervisory official.

a) Each company subject to the provision of this part shall appoint an officer or other responsible employee to supervise the preservation and authorize the destruction of records. Such appointment shall be by formal corporate act of the *Board of Directors* or its executive committee or, if the company is not incor-

porated, by formal designation of the owners.

1) Designation may be made by title only, rather than by name and title, and thus obviate the necessity for a new resolution or order each time a successor is appointed.

This type of regulation places the responsibility directly upon the Board of Directors, in this instance, *to appoint a person (title) to establish an on-going records management program and policy which meets these and all the other requirements*. Almost all regulatory agencies have some type of comparable requirements.

Intense competition in the marketplace and in the provision of services not only requires having and providing quality products and service, but also managing all of the related information and records intensive functions thoroughly, efficiently, and quickly. Organizations that make the development of highly efficient information and records systems a high priority are much more likely to succeed and thrive than those which neglect these critical systems.

Besides the regulatory requirements, the potential for litigation can produce additional risk to management. The “Piper Aircraft” decision directed attention to the neces-

A New Look at Information Systems and Records Management ...

sity of an approved and continuing records (risk) management program. Robert Austin, CRM, in an article, "10,000,000 Reasons for Records Management," published in the July 1985 *Records Management Quarterly*, reveals that the courts are concerned with the interruption of a continuing records management policy and procedure. The key words to a legally acceptable program are *records maintained in the ordinary course of business*. To meet the test there must be a semblance of consistent, normal business procedures (retention schedules) and activities (storage and authorized destruction of records, microfilm and other media) that indicate to judicial, regulatory and governing bodies that a standard policy and standard procedures exist and are being implemented.

TOP MANAGEMENT ATTENTION IS ESSENTIAL

Senior management is ultimately responsible for establishing the priorities of directing, controlling and managing the direction of any organization. Strategic planning for resources acquisition and management develops the framework and sets the stage for potential success or failure. Stability and control in progressive organizations are essential—and will be heavily dependent on the adequacy of the organization's information systems and risk (records) management policy and functions.

Information and records—and the systems needed to receive, create, communicate, use, retrieve and manage them—are expensive! Financially, the stakes are high.

WHAT IS "INFORMATION RISK MANAGEMENT"?

"Information Risk Management," in simple terms, is "the analysis and determination of the potential values information—and information and records management systems—add to the worth of an organization compared to the risks to which the organization will be exposed if quality systems are not developed and implemented."

A corporation or other entity can have excellent products or services

available, but not develop the capacities to deliver and thus generate maximum revenue and returns. If, however, top management-led strategic planning results in the development of and an investment in appropriate information and records management systems to support cost-effective and efficient manufacturing, marketing, distribution, customer service and accounting/financial functions, then maximum potential can be realized.

Concurrently, if top management-led strategic planning thoroughly identifies the potential risk and invests in appropriate systems to negate possible losses, there is double assurance that maximum potential will be realized.

"Information Risk Management" needs to be incorporated into the thinking and planning of executives and managers. Careful evaluation of potential that may be realized through effective use of information and careful identification of risk to be minimized will result in positive outcomes.

WHAT IS "INFORMATION COST ECONOMICS"?

"Information Cost Economics," a term closely related to "Information Risk Management," may be defined as "the determination of quality information values (and information and records management systems values) compared to overall organizational costs for purposes of structuring appropriate information records management systems." In other words, "is our information and are our information and records management systems giving us returns and value in relation to overall cost that are appropriate for our organization?"

Many factors will affect the balances within information cost economics throughout the 1990's, including:

- Extent of success in determin-

ing the value of information as a component of successful organizations.

- Extent of success by senior management in evaluating information utility vs. organizational cost to determine appropriate systems.

- Further availability of evolving and refined technologies.

- Rate of acceptance and implementation of technologies and systems offering potential for increased output and productivity at lower cost.

- Rate at which more powerful technologies become available compared to decreasing cost for those technologies.

- Availability of systems to meet unique needs of specialized organizations.

- Inter-connectivity and information sharing capabilities of the technologies.

- Extent to which senior management and management at all levels make information cost economics a priority.

ASSESS ORGANIZATIONAL NEEDS AND ESTABLISH INTEGRATED SYSTEMS

More and more organizations are benefiting from the creation of a formal "Information Systems and Records Management Strategic Planning Group" (or similar title) to assess the adequacy of information and records management systems in place, to determine and prioritize total organizations' systems needs, and to assess the information risk management and information cost economic situations for organizations. The composition of such a group might include representatives from various organizational elements as shown in Figure 1.

Information systems and records management programs often struggle within organizations because of

Continued on page 6

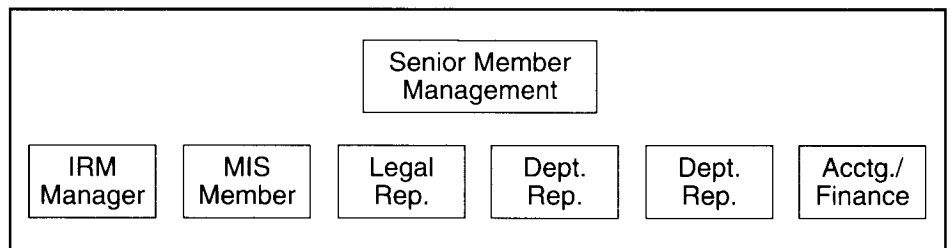


Figure 1. Information Systems & Records Mgt. Strategic Planning Group



A New Look at Information Systems and Records Management ...

Continued from page 4

a lack of organization-wide assessment and planning. Steps should be taken to assess needs comprehensively and to foster a climate for integrated systems that can implement, link, and utilize appropriate technologies.

WHAT'S THE DIFFERENCE ... IN INFORMATION?

Edward N. Johnson, CRM, in an article published in the June, 1985 issue of *Information Management*, helped records and systems professionals by clearly explaining the difference between source information and data. He defined the difference between Data Base Management (DBM) and Document Base Management (DocBM) as follows: "A data base is a collection of computer-stored data from which a wide range of users can draw specific data to meet their needs. Data base management brings objectivity, methodology, order, control and structure to data base design and implementation."

Johnson further states, "Document Base Management (DocBM) performs a similar role for an organization's scattered, diverse document filing or storage systems. It provides an integrated, uniform management system for all of the document files of an organization." DocBM then is composed of both source document information as well as computer generated output (printed on paper or reproduced on other media for distribution or archival protection).

Mr. Johnson further states, "There are two major forms of information INTELLIGENCE and EVIDENCE." This statement relates Data Base Management to Intelligence, and Document Base Management to Evidence for a more traditional perception of the terms.

CULTIVATE RELATIONSHIPS BETWEEN MIS AND IRM

All organizations need computers and well-managed, formalized Management Information System (MIS) programs. Likewise, all organizations need Information Risk Management (IRM) and well-managed,

formalized records management programs. And the two must work closely together.

Information Risk Management (records management) departments and programs should be responsible for the development, implementation, and maintenance of organizational policies and procedures to provide for the management, control, and protection of all records from receipt or creation to ultimate disposition.

"Records" must be comprehensively defined to include any media form including hardcopy (paper), source document microforms (microfilm), computer-output microfilm (COM), magnetic media (diskette, tape, or hard disk), and all optical media. The risk management functions should be responsible for confirmation that all recording media meets regulatory and legal evidence requirements.

The objectives of information risk management and information cost economics principles—implemented through collective efforts of MIS and IRM professionals and their programs—should focus on cost control, establishment and operation of appropriate recordkeeping systems, and improving productivity and profitability of the organization through providing information in a timely manner to those who require it.

Quality information systems and records management programs should be able to demonstrate to legal and regulatory authorities that the organization is making every reasonable attempt to retain and dispose of records according to well-developed procedures, in the normal course of business/operations, and in accordance with good business practices.

OTHER CONTRIBUTIONS OF IRM PROGRAMS

Specific contributions of Information Risk Management (records management) programs should include:

- Assisting top management in the creation, and board approval, of organization-wide policies including administrative and budgetary authority, that direct all levels of management to comply with records management procedures.

- Assisting and directing all management areas in the develop-

ment and maintenance of comprehensive records retention schedules for all media in accordance with legal, regulatory, administrative, and operating procedures.

- Designating official custodians for each records class and type.

- Identifying vital records and preserving records having archival or historical value to the organization.

- Storing and disposing of semi-active and inactive records.

- Developing and standardizing uniform filing and indexing conventions.

- Implementing new technologies such as CAR, COM, optical disk, barcoding, shelf-based filing systems utilizing color coding and computer-based file tracking, and related systems to facilitate overhead cost reductions and increase productivity.

- Controlling the procurement and inventory of records management systems, equipment, and supplies and managing or interacting with off-site facilities for records storage.

- Assessing, auditing, and administering records management policies, procedures, and regulatory requirements to assure cost-effective operations and to assure that the organization is minimizing their risk.

AUTOMATE THE RISK MANAGEMENT PROGRAM

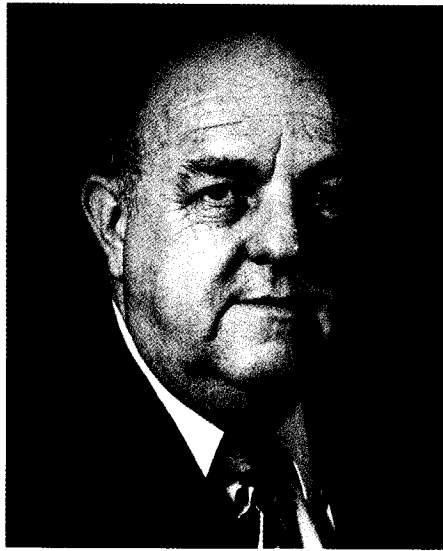
Resolving information risk management and information cost economics issues should be greatly enhanced through seizing opportunities to automate—to blend the power of computers to augment records management programs and systems. Today's and tomorrow's organization will continue to have database and document-based systems. To be most effective and efficient, these need to be linked.

Information systems and records management professionals are strongly encouraged to seek records management user-developed computer-based software packages that are flexible, accessible, maintainable, and expandable, and which have multi-tasking potential for automating, linking, and integrating information systems and records management functions and programs.

SUMMARY

Forward thinking senior executives and top management leaders need to learn, apply, and ultimately benefit from implementing information risk management and information cost economics concepts within their organizations. Organization-wide information systems and records management requirements need to be assessed more thoroughly and specifically than ever before. Partnerships should be developed between MIS and IRM functions and professionals. The contributions of risk/records management programs should be clearly identified and assigned so that the benefits can be realized.

The potential for further automation of information systems and records management functions needs to be carefully assessed in order to best augment human endeavor, increase productivity, and positively affect the bottom line. All possible—if senior management support becomes a catalyst for quality systems in progressive organizations.



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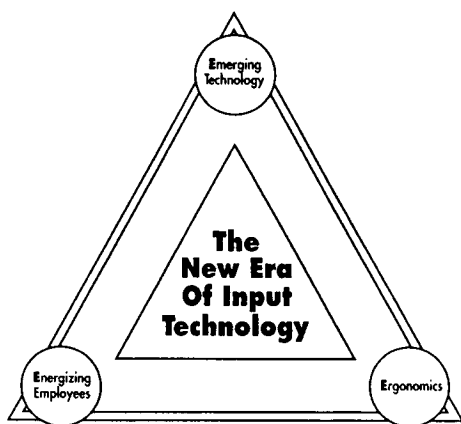


conferences, colleges and other organizations such as BFMA, AIIM, DPMA and ASM in both the United States and Canada.

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