

**Save Your Institution Money!
A Records Management
Research Report**



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Preface

There are many paths and directions one might take in discussing records management—its nature, benefits, and techniques. Here, however, we focus on the economic potential of managing records to achieve reduction in direct and indirect costs, to create cost avoidances, reduction of equipment purchases, and improvement of productivity. We will see how positive applications of records management, taken together, can save large sums of money.

It is clear then that businesses and other forms of managed enterprise must make certain that records are properly and accurately created and maintained and that they are maintained compliant with regulatory requirements. Poor recordkeeping practices and lack of response to investigative inquiries can result in costly legal actions and even business failures. The \$90 billion Anderson consulting firm, for example, was put out of business as a result of improper destruction of records. Piper Aircraft suffered a \$10,000,000 directed verdict because it knowingly destroyed records required in litigation. Federal and New York regulators ordered the U.S. Trust Corporation to pay \$10 million in fines to settle accusations that it violated bank secrecy laws and failed to keep complete records in a special trading unit.

Today, all sectors face economic stress that requires cutting costs, improving productivity, and reducing purchases of equipment and facilities. As part of this larger problem, institutions of higher education are information factories. Work in classes, research, presentations, business records—all these, and more, point to the fact that 90% of a university's labor is information based (though some may be mixed with other categories as well as overhead). Formal econometric studies (e.g., Marc U. Porat) in recent decades have shown that a majority of the workforce in post-industrial countries are increasingly employed in the creation, consumption, application, and management of information resources.¹ These efforts include records created by and about members of a swelling global populace as well as those related to a growing number and diversity of managed enterprises. This effect reaches even into our homes where record making and keeping are a daily—if unacknowledged--chore.

This information takes many forms: e-mail, distant education technology, lectures, records, journal manuscripts, research files/project records, newsletters, student evaluations, reports, bulletins, and these can be produced in either large or small quantities. Information at universities is created, shared, stored, retrieved, evaluated, and destroyed (or sent to an archive). Its "life" can be understood in a life cycle model.

Background

Today we face a period of financial challenge in higher education. To respond, we must adopt strategies that deal with our runaway costs and revenue decline. One of those strategies is *records management*.

Brought on by three merging events in the 1940s, records management materialized as World War II sensitized federal managers to address the nation's first paperwork explosion. In the same

¹ Marc U. Porat, *The Information Economy*, v. 1 (Washington, DC: U.S. Department of Commerce, 1977), p. 2.

period, Emmet Leahy, an archivist at the National Archives, worked on conquering the paper tiger facing the government. The balance of Leahy's post-war career focused on development of a new discipline, *records management*, which worked to reduce costs as well as space used for records storage. After the war, college and university campuses fairly erupted with an influx of now-former soldiers enrolling under the G.I. Bill of Rights (1944). This phenomenon led to enormous growth in campus building, recruitment of faculty, focus on research, and significant increases in paperwork as colleges were granting three times as many degrees as they did before the war.

The original--and current--driver, then, in the emergence of records management was cost reduction and cost avoidance. This continues as the principal reason for records management and is the focus of this report.

Introduction

We face a need to reduce costs, save money, and enhance revenue. How can

- We spend less?
- Close weak programs?
- Improve diversity and internationalization?
- Deal with increasing faculty and staff salary expectations?
- Stem falling graduation rates?
- Address state and federal regulation compliance?
- Speak to students' concerns when tuition goes up almost every year?

We postpone campus maintenance and information technology upgrades and yet hope to maintain an attractive, vibrant campus, one that attracts the best students and faculty.

As we consider our strategic directions, it would be useful to remember that every dollar not spent is a dollar toward a better bottom line. In the analysis below, it is money saved, costs reduced or avoided (those things we can do now and in the future) rather than generating income (e.g., more tuition, more overhead from grants)—things harder to do now than before the crisis).

The areas of greatest financial challenge reside at a high, tower top-level of financial struggle. These areas include long-term investments, long-term debt, state appropriations, fundraising, enrollment levels, and available student loan capital.² At a level where campus populations can see and appreciate responsive change, we have reduced use of electricity, improved mass transit, formed larger class sizes, reduced travel, deferred maintenance, and used outsourcing (e.g., mail service, custodial services, and bookstore). Less physically obvious than these, records management works all day every day to provide benefits to all units that participate in it.



² NACUBO, *The Financial Downturn and Its Impact on Higher Education Institutions*. [Washington, DC:] NACUBO, 2009.

Universities work in an environment in which colleges, schools, departments, and service organizations are highly decentralized and thus often difficult to manage and coordinate. The leadership of each of these units is responsible for its records, among other things, but they may not be personally knowledgeable about those records and their management challenges. Putting records in basements and attics with few--or no--access tools is not effective “management.”



Problem Identification

Below is a diagnostic checklist that may help disclose the need for a systematic, organization-wide, and lifecycle approach to managing recorded information. How many of these affect your institution? How would you know? How many of these are you willing to let detract from the spending power and productivity of your organization?

- Administrators spend too much time waiting or searching for documents
- Important documents are sometimes inadvertently discarded or removed without authorization,
- Offices are needlessly housing records no longer required for day-to-day business, and current filing systems are no longer able to handle the growing volume and bog down,
- Office space is becoming crowded with filing cabinets—each requiring allocation of 9.1 sq. ft. of floor space (cabinet base, file use space, and passageway space for other staff, wheelchair passage) to house, provide access to, and permit employee traffic while drawers are open and in use,³
- There are no policy-based retention schedules, and “old” records are kept “just in case” and stack up in attics, basements, closets, and passageways because no one is sure what ought to be done with them,
- Important categories of critical records (e.g., vital records, archival records) go unidentified and unprotected—some may be thrown out in the trash,
- Inactive records are banished to hostile environments, such as basements, attics, garages, closets, abandoned buildings and there is neither an adequate list of locations nor an effective index to what is stored there,

Data Loss

Six percent of PCs will suffer an episode of data loss in any given year; each incident costs an average of \$2,557 for fix . . .

David Smith's “The Cost of Lost Data Report”

³ IT objects seem to take up less space than filing cabinets, but the number of technologies grows: computers, printers, external hard drives for backup and more memory (little effort is given to policing files), speakers, USB drives and high-speed port hubs, growing numbers of CD/DVDs in the desk area, manuals--large and small--fax machines, Internet connections, paper and supplies, shredders, cables, and more.

- Records are exposed to dust, dirt, rodents, insects, mold, mildew—all of which accelerate deterioration of records,
- Records storage areas for active and inactive records as well as digital media do not meet national standards for climate control,
- Despite vendor claims, a lack of certainty prevails about the various types, benefits, limitations, and applicability of recordkeeping technologies,
- Backups for each computer (not just network files) not regularly made and all media rotated to secure offsite locations (putting a backup disc next to one’s computer won’t be helpful if the office burns),
- Lack of policy and procedures manuals to standardize uniform and effective information handling processes,
- There is a crisis (e.g., broken water pipes, fire, flood, lawsuits, embarrassing audits, etc.) that publically reveal inadequacies in recordkeeping.
- Corporate image suffers when records needed are “missing,”



Clearly, organizational costs, productivity, and efficiency are bound up in some or all of these problems.

Definition of a Record

A “record” is information documented, or “captured,” information created in the normal business of an organization no matter what the media. More formally, a record is any paper, book, photograph, film, reproduction, map drawing, microfilm, magnetic medium, product specification, report, e-mail, or other information medium that has been prepared or received in the normal course of business. To better understand the concept of “record,” here are some characteristics of records--as opposed to “documents.”

What is a Record?

These have been declared as admissible records by courts:

- Doodles on a paper napkin
- Core samples from oil exploration
- A pipe with a number on it

Selected Characteristic of Records (vs. Documents)
Authentic (is, upon examination, what it purports to be)
Accurate (is a true reflection of act)
Created during business routines

Adequate (to purpose for which kept)
Compliant with all known requirements (internal and external) statues, regulations, managerial policies
Kept for specified period of time (according to records retention scheduling)
Inviolable (chain of custody not broken)
Has evidential value (admissible in court and provides evidence of the organization's growth and development)
Sustainable (persists until retention period ends)
Usable (identifiable, accessible, retrievable)

Table 1: Definition of Records Management

Records management is a resource management discipline. Understanding it is like understanding the college's carpool services. In order to manage this resource, carpool directors need to know how many vehicles they have, the types (cars, trucks, trailers), their condition, their service records, how they are used and by whom, and when they can be sold after their life cycle is completed. Like carpool services, records management follows a life cycle, in this case, of records creation, distribution, analysis, storage, retrieval, and ultimate disposition—destruction (97%) or transfer to the institution's archive (3%).



Program Administration

The program is administered using a network of assigned records administrators and coordinators in offices that participate. Additionally, there is a small centralized records management office staff. Final responsibility for the program application lies with departmental managers. A self-assessment and certification process is conducted annually.

Program Benefits

Records management program benefits include:

- Reduced costs associated with recordkeeping
- Quality service
- Increased executive and managerial effectiveness
- Increased staff productivity
- Reduced records volume
- Vital records identification and protection
- Enhanced use of appropriate records technology
- Improved legal compliance



Most of these have a resource or performance connection. According to Robek,⁴ these include:

- Control of the creation, volume, redundancy, and growth of records
- Reduction of operating costs through active management and intelligent outsourcing decisions
- Assimilation of emerging cost-effective records management technologies
- Ensuring legislative, regulatory compliance as well as other risk-management concerns, such as litigation
- Safeguarding the organization's vital information, including historical records
- Supporting enhanced performance and productivity of business processes
- Enabling quicker and better management decision making

Records management offers a variety of asset-management benefits: protection (e.g., of privacy, data ownership, intellectual property); monitoring (e.g., auditing, due diligence, compliance); maintenance (e.g., storage, preservation, retention according to policy); documenting (e.g., past decisions and actions).

Functional Areas in Records Management

Here we can only introduce each cost-saving program component briefly. The basic functions of a records management program, once senior administration agrees to its being creating on campus, include:

The management of *active files* is an integral part of a comprehensive records management program. This function is particularly important since these records cause the greatest expenditures in space, staff, and equipment.

Costs of Forms

Businesses spend \$1 million a year designing and printing forms but \$25-35 billion a year filing, storing, and retrieving them, and some \$65-85 billion processing, maintaining, and distributing them.

The role of the active files function is to reduce costs but at the same time increase efficiency and effectiveness in the workplace. Some 83% of all business documents consist of forms. In working with a team to create a form, records managers can set up forms control systems that include (1) analysis of the process or procedure requiring the form's use, (2) identification of where the form should be positioned in the specific business process, (3) creation of layout and then design of the form, (4) upload or install form (if digital) or have it printed and procured (if paper), and (5) then dissemination to the forms' users. This activity creates an opportunity for records managers to participate at the important creation stage of records in order to reduce short and long-term costs and enhance productivity.

⁴ Mary F. Robek, Gerald F. Brown, and David O. Stephens, *Information and Records Management: Document-Based Information Systems*. 4th ed. (New York: Glencoe, 1995), p. 8-11.

Taking a **records inventory** throughout the organization identifies records as to types, locations, volumes, and conditions in which the records are housed. From the inventory, a variety of program initiatives emerge (e.g., identification of vital records, privacy and confidentiality issues, opportunities for application of appropriate technology)



Using information from the records inventory and legal research tools, records management develops **retention schedules** for all the records series in the organization regardless of media or location. Among the issues to be addressed are: how long records must maintained in the creating office and then later in offsite storage, confidentiality, security, status as vital or archival records, medium in which the information is recorded (paper, film, tape, etc.), and how should they be disposed of—destruction or transfer to an archival repository).

The master records retention schedules will often include:

1. Name/title of the record series.
2. Records retention code showing staff receiving the records at the records center that the records series has been assigned an agreed upon schedule (unscheduled records are often not accepted for storage).
3. Brief description of the series and notation of any other records series to which it is related.
4. Other offices in the organization, if any, which contribute any data or information to the record series, noting the nature of that information—this may affect the final retention decision.
5. Total number of years records must be retained.
6. Number of months or years scheduled for use and maintenance of the record series under active use in the originating office.
7. Maximum number of years record should be retained in any office other than the office of record.
8. Whether the record series is a vital record needed for rapid recovery of business in the event of a disaster and off-site location where backup copies are being kept.
9. Total number of years record series is scheduled for retention and service at the records center (in-house or offsite commercial records center).
10. Whether record series has been (a) appraised to have archival (historical, informational, legal, fiscal) and permanent value (b) is to be transferred to the company archives (or other location), (c) at what point in time.
11. Whether record series is to be microfilmed or imaged (or otherwise duplicated) prior to destruction and at what point in the record's life cycle.

12. If records are to be destroyed, indicate whether the record is sensitive, confidential, or privileged and then the destruction appropriate method to be used (e.g., cross-cut shred on site or by commercial document destruction firm or ribbon-shred onsite by internal staff or off site by commercial destruction company)

These features are the foundation for the master record retention schedule, which shows all the records created and maintained by the organization, along with all citations and other documentation. Normally, the records management office uses all of the data from the master retention schedule in determining protection for vital and archival record, destruction process, and other procedures.

Vital records are those which contain data or information essential to the survival of an organization in the event of natural or man-made disaster. As many as 80% of businesses are unable to continue when their vital records are destroyed. Some of these records will be unique, that is, there is but one copy being created.



Inactive files management is a strategy to continually move files out of more expensive office space when they have become inactive (often defined as a reference rate of less than one search per file drawer per month). Removed files are typically placed in a high-density, low-cost records storage environment (either in-house or outsourced). Here labor, space, shelving, and supplies are much less expensive than in the office environment. Records retention programs, policies, procedures, and schedules—discussed below—drive the transfer of inactive records. Frequently, consultants find that some 60 percent of records may be removed from university offices:

- Destroy about 30 percent of records that are wholly obsolete and may be destroyed on site
- Move about 30 percent of the remaining records to an inactive storage facility pending their predetermined destruction at the end of their required maintenance period.
- Keep the other 30⁺ percent in the office as they are active and used in current work

Removal of 60 percent of records seems a good answer to complaints that “we have too much paper.”

Saving from the management of inactive files is compelling. For example, Sandy Santori, Minister, Management Services for the Canadian Province of British Columbia reported in a 2002 speech that “The three contracts to private storage [records] facilities totaled \$2.3 million in the last fiscal year. For every dollar spent to store [700,000 boxes of] records in these off-site centers, it is estimated that the government [of British Columbia] saves four dollars.” A 4:1 return on investment is acceptable almost everywhere. Greater strategic focus can yield an 6:1 return on investment. A cost study presented here reveals a savings to the University of Tennessee, Knoxville, of over \$333,000 (see below).

On average, three percent of the total body of an organization's records qualify as *archival records* and thus have a permanent or a "life-of-company" retention value. Archival records form a record of both the past and present, showing long-term growth, development, and accountability to stakeholders. They also record long-term functions and activities. Records with archival value normally fall into one or more of the following categories: historical, legal, fiscal, or informational.

Institutions with Records Management

Records management started in the federal government and spun out into all other sectors, including higher education in the 1960s. The first significant higher education records management program was founded at the University of California System in 1963 by President Clark Kerr. Objectives of this program were the following:

- To assure economy and efficiency in the creation, organization, maintenance, use, and retrieval of administrative records
- To promote sound records management practices
- To establish and monitor a program of records disposition to assure that university records are not maintained longer than necessary but are maintained as long as needed to meet administrative and legal requirements
- To assure the protection of records vital to the university and
- To ensure the preservation of records of historical importance.

<http://www.policies.uci.edu/adm/records/intro.html>

These goals continue today as central elements of records management on campuses.

As they are scalable, size and funding (private or public) are not critically important in deciding to create a records management program at an institution. The two following tables support this view:

Harvard University	Yale University
University of California, Berkeley	University of Texas
University of Washington	Johns Hopkins University
University of South Carolina	Ohio State University
University of Missouri System	University of Michigan
Rutgers University	Louisiana State University
UCLA	University of Washington
Wayne State University .	Catholic University.
University of Wisconsin	Emory University
University of Illinois	SUNY System

Table 1: Selected Larger Higher Education Institutions With Records Management

Smaller institutions might think that records management is the province of larger institutions. This is not the case as institutions listed below also chose to field records management programs:

Moody Bible Institute
 Dartmouth College
 Pierce College
 Antioch University
 Central Washington University

Houston Community College
 Southern Alberta Institution of Technology
 Wright State University
 University of Tennessee, Chattanooga
 University of Delaware

Table 2 Smaller Institutions

In some ways, records are in all higher education institutions organizational orphans—they are every unit's information asset and, frequently, one of their largest “problem.” Without records management, they are no one's specific organization-wide responsibility. IT's interests and priorities often fall well outside the needs of managing records—rather than data. The Registrar's office focuses on student records, only one of the significant populations in a university. (See Appendix: Faculty Produced Records, below.) The need, then, for records managers may become acute.

Cost Reduction Features of Records Management Programs

There are several ways to point up the economic ascendancy of information at a university. For example, a budget analysis at the University of South Carolina found that only 14% of the budget was being spent on non-information activities (e.g., custodial, grounds keeping).⁵ It may be, then, that today the assertion is valid that white-collar work is 90 percent information based—creation, dissemination, storage, retrieval, evaluation, and destruction.

In 1990-91, the National Archives and Records Administration (NARA), published a study which showed that the cost of maintaining a cubic foot of records in office space cost \$20.57 while that same cubic foot costs \$1.14 (a savings of \$19.43) in a high volume, low-cost records center.⁶ In 1988-89, the reported cost was \$23.10 vs. \$1.59, a savings of \$21.51.⁷

What, then, do higher-education records managers do, what is in their area of expertise, what do they create? Most importantly, how do they save money? There are numerous functions of records management for which they are responsible. It is the collegiate records manager who works, often in the background, to design systems that increase cost-efficiency and reduce or avoid records-related costs through:

- Discouraging wasted resources in the creation of new records when the information needed is already identified as available in other offices
- By systematic purging, the elimination of space wasted on multiple convenience

Are Records Really Valuable?

Trying to resurrect Iraq's oil industry, authorities discovered that seismic charts for 200,000 kilometers of land were destroyed. Each chart cost approximately \$15,000 to create. The value of the records? \$3billion.

Newsweek, July 21, 2003

⁵ Donald A. Marchand and John J. Strucker, *Information Management in the State University*. [Washington, DC:] Commission on Federal Paperwork, 1977.

⁶ *Records Facts Update*, 4, ii (Summer, 1990).

⁷ Phone conversation with a cost accountant at NARA (November 13, 1992).

copies of records now needlessly maintained in different offices for long periods. In the 1980s, one university office had copies of requisitions going back to the 1950s. Why?

- Reducing the amount of valuable floor space, filing equipment, and clerical time consumed by inactive or obsolete records being unnecessarily stored in offices. Cost reductions would be achieved through a continuous, systematic transfer of inactive records from high-cost offices to a low-cost, high-density records center. In the office, clerical effort/time can be substantially reduced when the number of records to be scanned for a particular item is reduced by removing the inactive and irrelevant records.
- Providing a low-cost, high-volume centralized, well managed repository (a “records center”) or non-current records in which all inactive--but still needed--records, including confidential files are stored, retrieved, and delivered by vehicle, telefacsimile, etc. on a timely, inexpensive basis when called for.
- Providing centralized, reduced-cost microfilming for records with long-term or permanent retention requirements and those which need duplication for security, or backup reasons.
- Providing centralized and lower-cost computer scanning services of consistent quality
- Developing cost-effective standards for recordkeeping and filing procedures so that filing activities are more efficient and the number of expensive misfiles is reduced to a minimum.
- Offering centralized document destruction/shredding services both on a scheduled and an on-call basis, thus eliminating the need for acquisition and maintenance of duplicative shredding equipment and, at the same time, recovering costs by selling paper to recyclers.
- Reducing the costs of acquiring new filing equipment by freeing up and returning to active use hundreds of pieces of filing equipment currently used unnecessarily to store inactive records.

Missing Files?

At any given time, between 3 and 5 percent of an organizations' files are lost or misplaced. The average cost of re-creating a document is \$180. Annual losses for a Fortune1000 company with one million files is \$5 million dollars.

Information Week

Recommending money-saving techniques associated with the recordkeeping process such as:

- Use of letterhead stationery without watermark or color--saving some 20% per ream
- Use of cross-reference sheets in files instead of filing many photocopies at multiple filing points
- Reducing reproduction and distribution costs by reviewing and paring report distribution lists
- Providing litigation support by insuring that all records are retained as long as legally required and, simultaneously, by



destroying in a legal, systematic, policy-based, and timely manner non-permanent records when no longer required.

- Identifying in the *Records Retention and Disposition Schedule* records for special protection classified as vital to continued functioning in the event of loss through disaster (e.g., fire, water damage), theft, or vandalism. Because of the involvement of irreplaceable records, any planning for disaster prevention or recovery should include the records management program.
- Routine destruction of scheduled records (and oversight of recycling paper, microfilm and x-rays to remove the silver content).
- Improve productivity (fewer staff hours unnecessarily misspent on records work)
- Reduce costs of equipment (e.g., eliminate and/or re-use file cabinets)
- Make optimal use of economies of scale (e.g., when 10,000 records storage boxes are bought, each box costs less than one purchased alone)
- Assist in designing forms—paper and electronic—to reduce wasted effort during the completion of the forms by staff or users and to improve the effectiveness of the records management program’s effort to reduce time spent on data collection
- Work with offices to reduce the number of square feet used by staff for information work; this would respond to the unlikely chance of more space being built and would increase the amount of space for work and personal space



Appendix: Faculty Produced Records

Administrative and student records are easily recognized and their value and volume easy to calculate. University faculty, however, are high-volume producers of records, though they may not always recognize them as such. Faculty records are still university records as they are created during the normal course of faculty “business” (i.e., teaching, research, and service). When they leave the university, faculty turn in their keys and their parking permits; they should also leave behind at the university records center and archives the records created during their sojourn with the institution. Their research and grant records should be retained for the required period of time, and the records center can house them easily and return them on request. The influence of the campus research committee can make this parting of records from faculty easier to bear. What follows is a partial list of faculty records:

University faculties are high-volume producers of records though they may not always be recognized as such. Faculty records are university records as they are created during the normal course of business. When faculty leave the university for whatever reason, they must turn in

their keys; they should also leave behind at the university records center and archives records created during their sojourn with the institution. What follows is a partial list of faculty records:

Curricula vitae	Bibliographies	Honors
Awards	Degrees (honorary)	Press releases
Diaries	Oral Histories	Interviews
Biographical publications	Proposals	Contracts
Genealogies	Correspondence	Notes
Letters	Printouts of e-mail messages	Review records
Promotion records	Papers (mss)	Articles
Applications	News clippings	Agendas
Committee minutes	Reports	Vertical subject files
Directories	Manuals	Personal reference libraries
Research data (e.g., lab books)	Documentation	Reports of findings
Photographs	Negatives	Slides
Audiotapes	Videotapes	Specimens
Compact discs/DVDs	Films	Maps
Plans	Drawings	Speech notes
Abstracts	Slides	Transparencies
Student recommendations	Course syllabi	Class notes
Outlines	Assignments	Exams
Grade books	Attendance records	Publisher contracts
Referee's reports	Galley proofs	Printouts of e-mail

How is storage of these records at the records center a benefit to the institution? First, removing the records from research-active faculty offices to the records center recovers both declining space and current "lost" dollars of floor space.

All of these are university records, should be inventoried, scheduled, and stored for their inactive retention period. Hopefully, the typical custodial battle about to whom the records belong might be overcome through the university's Research Committee.

Author

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Pemberton is president and chief consultant for **Information Management Associates, Inc. (IMA)** <http://www.theimpros.com> founded in 1988. Among their higher education consultancies are Johns Hopkins University, the University of Missouri, the University of Tennessee, Franklin University, and Murray State (Kentucky) University. Homer S. Fisher, Vice President for Business and Finance *emeritus* at the University of Tennessee, said, "Mike Pemberton knows more than anyone else about making records management work in a university." Those with questions are encouraged to contact Pemberton at imainc@mindspring.com or 865-919-5878.

