

TAB White Paper: Strength in Numbers - Strategies in Centralized Filing

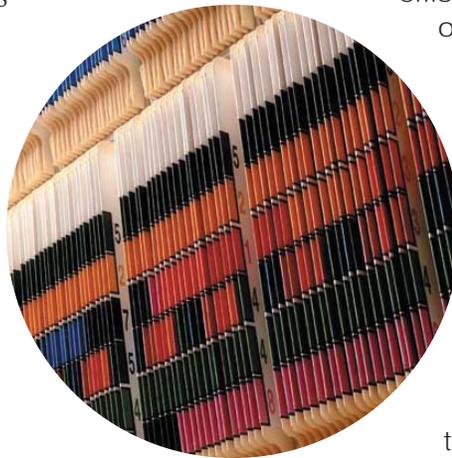
To centralize or not to centralize? It's one of the most common questions in records management.

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1. Introduction

To centralize or not to centralize? It's one of the most common questions in records management. By bringing otherwise small pockets of files together into one large collection, a file centralization project can bring tremendous return-on-investment in by improving user efficiency, space utilization, security, and legislative compliance. But whether your organization will realize such benefits depends directly on your particular needs and the relationship between your business and the records which support it. As informational support for daily business activities and potential legal evidence to defend those activities, physical file collections have remarkable potential to add value to your organization, provided they are used efficiently and managed as cost effectively as possible. The final decision on how to manage the files should weigh the potential advantages of centralization against not only the resources needed to make it happen but also the alternatives available.



"I need my information to be reliable," runs another common argument. "I can't risk someone marking up my documents or changing information."

But even in the face of admittedly popular arguments like these, real world application has shown that central filing can improve both efficiency and reliability. Any employee opposed to walking down the hall should consider how much time he or she has spent over the past year phoning, emailing or visiting colleagues to track down documents needed to complement their own file content. Additional time may be spent photocopying and compiling documents for inclusion in their own desk files. Yes, it will take several minutes to walk down the hall and sign out a file from central storage. But over the longer time, that small time investment may be returned tenfold.

2. When to Centralize: Advantages and Business Cases

2.1 Business Process Efficiency

Centralization can be a tough sell in some organizations. Employees accustomed to keeping their own individual files typically balk at the idea of sharing a single project file with colleagues, especially when that file is no longer located literally within arm's reach.

"I can't run down the hall every time I need a file," some argue. "I'll never get any work done."

Much harder to quantify is the time management impact of making misinformed decisions in the absence of accurate, comprehensive records. Centralized filing can help alleviate this problem by making file content more reliable. At the document level, any one record can take on a very different context when combined with other records. By consolidating all records related to a given activity, transaction or process into one central file, every user of that file is provided with a complete picture on which to base business decisions and perform their own transactions. This is even more important when it comes to 'living' documents which are updated, revised or incorporated into new documents throughout the course of a project or ongoing initiative. When multiple copies of the same document are stored across different locations, competing strands of revisions may develop over

time. Employees expected to collaborate based on consistent information may act based on two very different versions of what was presumably the same document. Combined with processes for authorizing and tracking changes or annotations to documents, centralized filing minimizes version confusion, as all file users are provided the same information.

2.2 Space Savings

As many of today's businesses grow their operations, space for performing daily activities is becoming increasingly scarce and expensive. Shrinking office space is especially troublesome for records managers, as records volumes increase to support the growth in activity. Organizations have more records than ever before and much less space in which to store them.

The records management industry has responded to the space problem with space-efficient storage solutions ranging from streamlined end tab folder designs to high density mobile shelving systems. (For more information, please see Section 3.2.) When integrated into a records retention and disposal program, high-efficiency storage solutions can allow the organization to store three times the amount of records into a space half the size occupied by some more traditional equipment and supplies. But such cost benefits cannot be realized as long as key file collections are scattered across individual offices. As just one example, a mobile shelving system works by increasing the number of usable shelving aisles that can fit in a given floor space. For such a solution to be optimally effective, it must be applied to collections big enough to fill as many shelving aisles as possible. Options which make little or no sense for an individual office can mean serious space savings when files from many offices come together as one large collection.

2.3 Security

For some managers and employees, the thought of transferring files to a central location raises the questions of security. Does centralization mean that the files

will be accessible to all personnel across an organization? While one should never ignore security risks for confidential information, the reality is that a well-designed file storage area can be more secure than conventional office storage. A dedicated file storage room may be equipped with intrusion detection, monitoring systems, card access locks and other security controls which are often deemed unnecessary or unaffordable for single offices, let alone open concept workstations. Nor does every set of files have to be accessible to every person with access to the central file room. Within a room, different file collections may be stored in separate locking cabinets based on who can or should access the files. Even within large high-efficiency storage systems such as stationary and mobile shelving, locking 'tambour doors' can be installed, restricting specific sections of shelving to an identified user group.

2.4 Legislative Compliance

As the recorded output of daily business transactions and tasks, records are more than just sources of information; they are also recorded evidence that may be needed to respond to litigation, audits or other legally sensitive situations.

An effective centralized filing system supports legal risk management by offering a single control point for monitoring and managing the creation, sharing and possible disposal of records. Centralized control means improved compliance with the many statutes and regulations impacting records management, such as:

- **Records retention requirements:** Many of the laws impacting an organization's operations and administrative activities set requirements for records retention. These include explicit

requirements to keep certain records for specified time periods, as well as implied retention requirements in the form of limitation periods for law suits, monetary claims, audits, and other legal actions. Relevant records will need to be kept for the duration of the limitation period to initiate or defend against a legal action. Whether direct or indirect, records retention requirements must be met, and doing so requires a documented due diligence process, preferably at the corporate level. By centralizing file content and the processes for monitoring their storage and retrieval, an organization is better able to apply records retention schedules by reviewing files for possible disposal, avoiding the risks associated with individual retention and disposal habits.

- Corporate Accountability Requirements:** Legislators throughout North America and other regions have responded to high profile corporate accounting scandals with new reporting and accountability requirements. The Sarbanes Oxley Act of the United States requires senior executives to sign off on the integrity of their company's information and sets jail terms for inappropriate alteration or disposal of records. Similar requirements continue to emerge from Canadian provincial securities commissions and other regulatory agencies. For senior executives to attest to the integrity of records, corporate-level controls must be in place to guard against the inconsistencies and gaps that may arise from too much reliance on individual habits. A centralized filing system can provide this control by limiting and monitoring who can create, access, modify and dispose of critical recorded information.



- Privacy legislation:** Countries in North America, Europe and beyond have also

developed legislation to protect personal information and individual privacy rights.

While the details of privacy laws differ across different jurisdictions, certain basic requirements are more or less universal. Most privacy laws require organizations to limit the collection, use, disclosure and retention of personal information to that which is necessary for the completion

of authorized business purposes. When multiple files are maintained by individual team members, documents containing sensitive personal information will be copied, sometime unnecessarily. This not only violates requirements to limit the collection and retention of personal information; it also increases the risk of an information security breach, whereby information is used or disclosed either internally or externally for unauthorized purposes. In contrast, central filing systems support the legislated restrictions by minimizing the duplication of sensitive documents and managing information creation and access via a single control point.

3. How to Centralize: Techniques and Tools

In order for a file centralization project to optimize return on investment, it must do more than simply bring several inefficient or ineffective filing systems together into one room which most staff would be inclined to avoid whenever possible. An effective file centralization project adds value for an organization by creating a single new and improved system which makes for more efficient storage and more reliable information retrieval. Such an outcome depends on careful analysis and design that takes into account all aspects of file management, including file content, arrangements and storage equipment.

3.1 File Consolidation & Conversion

Bringing together parallel versions of the same logical file also integrates a wide range of personal filing habits. Possible areas of variation may include:

- **File enclosure formats:** Is the file folder legal or letter sized? Is the label tab located at the top of the folder or on the end? Are there divider tabs, fasteners, pockets or any other special folder constructions? Consistency is necessary for the consolidated collection to function as a well integrated whole. As much as possible, all files within the collection should follow a clearly standardized physical format. In setting this standard, it may be useful to start with the different formats that already exist and choose aspects which best meet the needs of the files. If space efficiency is a major concern, it will likely be better to combine an end tab folder design with a lateral shelving solution, avoiding the space inefficiencies associated with top tab folders and hanging file folders. Similarly, if document security is a significant issue, file fasteners and/or pocket folders may be needed to protect documents from loss or misfiling.
- **File Label Definitions:** Efficient, reliable information retrieval requires that files be subdivided and labeled according to a standardized descriptor, such as a name, number, or some consistent combination of identifiers. When subsets of files within the same collection are labeled with different identifiers or combinations of identifiers, users will need to check multiple sections within a file storage area, slowing retrieval. In an even worse scenario, users less familiar with the piecemeal arrangement may not be aware that multiple file orders exist, causing them to miss necessary information altogether.
 - **Internal File Arrangements:** Even once files are arranged efficiently on a shelf, it is important that users have clear

expectations as to how documents are arranged within a file.

Are individual documents arranged in reverse chronological order with the more recent documents on top, or some other clear sequence? Are files subdivided by special folder tabs based on document types or business process? If these patterns are not clear and consistent for all users from one file to the next, finding documents within a file may be inefficient at best and unreliable at worst.

Nor is inconsistency between files the only problem associated with organizationally dispersed files. Any consolidated file pulling together different desk files will also likely feature significant duplication in the form of copies, drafts and versions of documents.

Keeping all these copies would be an inefficient use of space, not to mention increasing the sheer volume of documents a user would have to leaf through in order to find information.

The same problems can be observed when clearly outdated drafts and document versions compete for space with official, up-to-date records. Outdated versions might be mistaken for official records, creating chaos if they are used as the basis for organizational transactions and decision making.

Any organization centralizing its files should address the issues of inconsistency and duplication head on by performing a file conversion. All files collected from users and departments should be assessed and compared in terms of file format, label definitions, document order and possible duplication. All redundant or duplicate documents should be securely disposed of, with the remaining records brought together according to one user-friendly, space-efficient system. Files should be audited both

before and after the actual physical consolidation in order to ensure that standards are followed and records are readily usable for authorized staff across the organization.

3.2 Space Planning & Storage Design



For a centralized filing system to add value, it should help the organization save costs associated with storage space.

Effective filing solutions optimize the storage potential of an existing office space by allowing organizations to store more files using less square footage of floor space. Here are just some of the options available for meeting this goal:

- **Lateral Filing:** More traditional vertical filing arranges files from front to back in a pull out drawer which. A four foot deep vertical file cabinet requires an additional four feet of floor space at the front to accommodate the pull out. Lateral filing avoids this problem by arranging files from left to right, reducing the necessary clearance space to no more than the length of single file folder. When lateral filing is combined with an end tab folder design, the clearance space drops to zero, as file labels can be read and folders removed without a pull-out drawer or shelf.
- **End tab folders:** End tab file folders are designed to hold labels on the side rather than the protruding tab featured in many top tab folder designs. This eliminates the need for pull out drawers or shelves, as well as the cumbersome hanging folders that take up so much space in many filing systems. Also, without the protruding top tab, end tab folders are shorter, allowing the filing system to

stack more usable rows of shelving on the same square footage of floor space. Finally, because it is not necessary to have the top of the folder at eye level, end tab labels allow files to be stored at a higher position while still keeping label information perfectly readable. This readability is increased even further when an end tab folder design is combined with a color-coded labeling solution. The combination of end tab folders and color-coded labeling can allow as many as seven usable filing rows, increasing the utilization of available floor space by up to 140%.

- **Mobile vs. Stationary Shelving:** Mobile shelving systems are equipped with rollers which sit on tracks in the floor. Instead of one aisle for every two rows of stationary shelving, a mobile solution can function with as little as one aisle, which users move to access files in a given row. Less aisles means less space utilization, allowing an already efficient lateral filing system to store the same volume of records in as little as half the storage space.

3.3 Centralizing Control: File Retrieval & Sign-out Procedures

Once files have been centralized into a single efficient system, successful maintenance of the system depends on careful processes for storing and using records. Some of the key strategies and supporting tools for effectively maintaining a centralized file collection include:

- Documented procedures and step-by-step guidelines for creating, arranging, locating, retrieving and re-filing files on a daily basis.
- Dedicated administrative support personnel with exclusive responsibility for ensuring files are

compiled and arranged correctly. For optimal control over collections, some organizations allow only designated personnel to arrange, retrieve or re-file, thereby reducing the risk of human error associated with a broad base of users directly accessing file storage. Other organizations have staff responsible for delivering files to users via scheduled file runs or on an as needed basis.

- “Out-cards” and other physical tools for identifying when a file has been removed from storage and signed out to a particular user.
- Electronic indexing and tracking of file content, storage location and sign-out status. Depending on the size and complexity of an organization’s business operations and file collections, these tools may range from a simple spreadsheet to a sophisticated electronic records management system, complete with barcode scanning of files during retrieval and re-file.

4. Not for Everyone: Alternatives to Centralization

4.1 When Centralization Just Doesn’t Work

For many organizations, centralizing file collections is an excellent way to improve the usability of key information assets while managing those assets more efficiently. But depending on the particular relationship between the organization’s business activities and its records, those benefits may not always apply.

For some organizations or departments, there may be a very real business case for storing files according to a decentralized model, even when some file content may overlap from one location to the next.

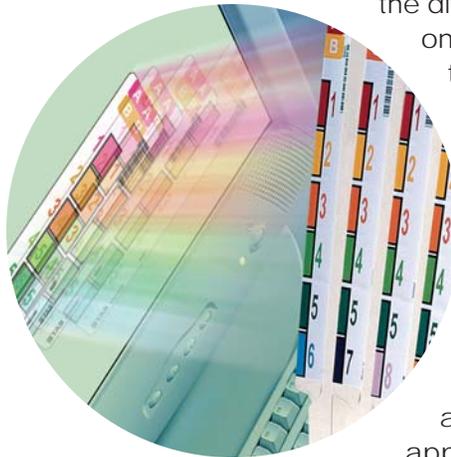
Some situations where a decentralized model might work better include:

- **Active working files:** For very current projects and transactions, certain documents may be accessed on a daily basis. When groups of employees contribute regularly to the same initiative, each may have a legitimate need to keep their own working file in their office or desk, at least while they are actively engaged in the project. In this case, the decentralized nature of the file need not be permanent. A particular user’s documents may easily be integrated later into a central file, either when the project ends or when the user’s own role in the project ceases.
- **Sensitive file content:** Some files (or portions thereof) may contain sensitive or confidential information such as individual personal information, proprietary data, trade secrets, or business negotiations. Such information should be accessible only to those with an authorized business need to know the information, which may be limited to one or two persons within the team, such as a divisional manager or Human Resources representative. While security concerns can certainly be mitigated in most central storage locations, the rationale for installing specialized security measures is limited when the cost benefits of shared filing no longer apply.
- **Geographic Concerns:** Centralized files work well when their different users are located on the same premises or have access to a prompt file delivery service. But sharing a consolidated file collection may be less practical when team members are located throughout different buildings, cities, or regions. This is often the case in the natural resources sector, whereby a corporate headquarters located in an urban

centre will be supported by operational field offices, which may be located in remote areas with limited access to same-day couriers and other file retrieval aids. Organizations with geographically dispersed operations and employees may need to maintain separate file collections at the field sites, even when doing so means duplicating documents which are stored at the corporate headquarters.

4.2 Alternative Strategies for Managing Records

1. Virtual Centralization: Even when it is not practical to store certain file collections in a single location, control of those records can still be centralized at the organization-wide level. Many files which stay with their respective creators and users may still better serve the organization if sub-files related to a project or client were tracked from one user to the next. Just as staff may need to consult and share information with an entirely separate area of the company, so too can files located in different offices work together as a single logical filing unit. Regardless of their physical location, files can be centrally controlled via common numbering schemes, naming conventions, content arrangements, or indexing systems. Electronic records management systems are especially effective at identifying and retrieving files related to a single corporate-level concern from different locations and custodians.



2. Document Imaging: When an organization's different work locations are distributed across a city or even across a country, it may not be practical for different users to depend on a single centralized file. Yet the usual need for reliable,

efficient information retrieval will still apply.

Some organizations may wish to consider digitizing records by scanning the original paper and storing the electronic images on a single repository that is accessible across the different work locations. Depending on the different rules of evidence and technical standards that might apply to a given organization, the digital image may serve as either a legally accepted substitute for original paper records that have been securely destroyed or as the "circulating copy" of centrally stored paper records. In either event, document imaging programs should follow stringent quality control standards to ensure the integrity and accessibility of all imaged documents in compliance with applicable industry standards.

5. Moving Forward: Questions to Consider

From ants to humans, animals from all ends of the food chain have shown that it is easier and more effective to escape predators, access food and develop habitats in herds, packs or other groups. Nevertheless, some of the more successful species on earth spend their lives grazing or hunting as solitary individuals. Both scenarios work in their respective contexts, with each species following a pattern that best responds to its environment.

The question of whether records are best managed in larger, more centralized collections is equally dependent on environment and context. The legal risks, information needs and cost limitations of one organization may make it a ripe for centralization, with most file collections consolidated in one high-

efficiency, secure storage area. Other organizations may find records quicker to access, easier to protect and more cost effective to store across individual offices and departmental collections.

Any question of how to best manage records depends directly on the short and long term operational goals, practical challenges and cost limitations which define the business supported by the records.

In deciding whether to centralize your organization's file collections or a subset of those collections, consider the following questions:

- Would my organization's business decisions and transactions be made more efficient and/or reliable by having all related files stored in one location for sharing by different team members?
- Could my organization realize cost savings and/or free up much needed workspace by eliminating duplicate documents and consolidating files into a single efficient storage design?
- Is my organization looking for opportunities to improve legislative compliance and corporate risk management via more reliable information security and integrity controls?

If the answer to any of these questions is yes, then a centralized filing system may be exactly what your organization needs. Whatever your decision, any records management solution should be based on careful data gathering, creative solution development, and implementation strategies which respond to the dual role of records as information support and legal evidence. By averting risk and supporting efficiency all at the same time, effective file management will allow your organization to survive short-term challenges and flourish over the longer term.



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