

Six Stages to Better Records Management

These are challenging times for American business. Within just the past few years, thousands of new laws and regulations have been passed aimed at rooting out lax and illegal corporate management practices. The laws serve a vital purpose, of course, but they also create significant new burdens on millions of ordinary companies.

Consider:

- Sarbanes-Oxley (SOX), the 2002 law designed to strengthen accountability in publicly held firms, imposes an average annual compliance cost of nearly \$7 million, according to The Hackett Group, an Atlanta-based business consultancy.
- The average Securities & Exchange Commission (SEC) fine against corporations has skyrocketed by 400% since 2000, climbing from \$1 million to \$5 million per incident.
- The corporate litigation load has so swelled that the typical \$1 billion company now must juggle an average of some 140 lawsuits at a time.

The Roadmap to Compliance

As steep as these costs are, there is both comfort and hope in the fact that all public companies face the same new requirements and that, by working together to develop a sound strategic response, firms can minimize or eliminate many of them. The most powerful tool that companies possess in this regard is an effective "Compliant Records Management (CRM) Program"—that is, a program to prudently manage corporate records and documentation. With an effective CRM program in place, companies can fully comply with the new regulatory requirements while operating their businesses with a minimum of interference or interruption.

According to Iron Mountain Incorporated, the Boston, Massachusetts, based leader in compliant records management services, there are six critical stages in the roadmap for building a successful CRM program. The first stage is to **organize** the program by carefully defining the program's governance, implementation, and administration, ensuring that these parameters precisely match the company's needs and resources. The second stage is to **assess** the state of the company's current records program and to inventory the firm's physical and electronic records. Once that inventory is complete, the company then needs to construct a "master plan" for carrying its program forward.

The most critical aspect of this master plan is consistency. Compliant records management systems and processes

need to be established for handling both electronic and physical records in a consistent manner throughout the company—and throughout the records' lifecycle. In addition, standard policies need to be implemented across media types, geographies, and business units.

The Best Defense

The third stage in the roadmap for an effective CRM program is to **develop** a well-organized and easily understood classification structure that gives authorized managers easy access to corporate records at all times. The reason: when companies are called upon to submit a document, merely having it in the company's possession is not enough; the company also must be able to produce it in a timely fashion. Similarly, companies need to assign retention periods for records based on legal, risk, and operational considerations, and to create a consistent disposition policy so that expired records are destroyed in the appropriate manner and time.

The fourth, fifth, and sixth stages all relate to the CRM program's ongoing operation. Specifically, the program must be **implemented**, typically in a carefully phased rollout that is accompanied by communication and training sufficient to build internal support and knowledge. The program then needs to be **managed** on a continuing basis, and it must be systematically **audited** according to defined metrics in order to ensure its superior performance.

The good news is that, by practicing responsible records management in this way, companies can minimize compliance costs and adverse legal consequences even amid today's strict regulatory regime. Accomplishing this goal won't be easy. But the best defense is a good offense, and in the records management compliance realm, an effective CRM program is the best offense available.

To learn more about creating a successful Compliant Records Management Program, please download Iron Mountain's white paper "The New Corporate Imperative" at www.ironmountaincrm.com/bw



1-800-567-8903 www.ironmountain.com/crm