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SAFELY FILED:
The Importance of Business Record Protection to Business Continuity

Documents, records, and reports are vital to the daily operation and financial survival of every business. That is why it's so important to safeguard them from theft, fire, severe weather, sprinkler damage, mold and mildew or any other type of hazard that might occur in the workplace. Protecting business records ensures the information they contain is available any time it is needed, and also speeds recovery from an unplanned disruption. This article discusses various protection methods for paper and electronic records and how to reduce threats that could damage or destroy these valuable business assets.

Although most businesses increasingly rely on electronic communications and digital records, many also maintain a variety of paper or hard copy files, some of which are critical to operations or important for compliance purposes. Common storage mistakes include relying on antiquated filing cabinets, maintaining active paper files on open-space shelving, or placing older files in storage boxes in a back room. These paper files are just as important as electronic and digital records and should be included in the duplication and storage procedures that are described in this article.

DETERMINE WHICH RECORDS ARE CRUCIAL

The first step in safeguarding paper documents is to determine which records are the most vital. Examples of the types of documents typically considered vital include: payroll, financial records, strategic plans, production records, customer/client/patient lists, inventories, building plans/blueprints, insurance records and documentation, research data, purchase agreements, bills of sale for goods and services, contracts, lease paperwork, licenses and permits, and employee records. The following questions also may help prioritize which records are most vital:

- Is the record required for business success?
- Is it required for legal reasons?
- Is it required by a regulatory agency?
- Is it required to support recovery efforts?

If answering YES to any of the previous questions, then answer the following:

- Is it possible to re-create?
- Are copies unavailable at a remote location?

SAFEGUARDING STRATEGIES

Once the most crucial documents are identified, determine where they are stored, their format, and how to retrieve them when needed. Additionally, take steps to safeguard and/or duplicate those files in accessible electronic formats such as on CDs, DVDs, flash drives, magnetic tapes, backup servers, or in the "cloud."

DO-IT-YOURSELF PROTECTION MEASURES

Small businesses with limited budgets can develop their own document protection plan, but some of the steps require time to perform the work and money for supplies. It is important not only to start these processes but also to complete them and to duplicate newly created records on a regular basis. Here are some options.

- Duplicate records and store one set of copies on-site and one set at an off-site storage location far enough away from where the originals are stored to avoid being subjected to the same weather or facility risks.
- Purchase off-the-shelf document scanning software in order to scan records and documents and file them digitally on a computer, to the "cloud," or on an external hard drive, flash drive or CD/DVD.
- If duplicating or scanning is not an option, securing the records on-site can be considered. For privacy protection only, purchase roll-top security door filing systems. If looking for fire protection, purchase fire-resistant storage cabinets that can withstand higher temperatures for a certain amount of time, and also can be locked for privacy and to mitigate theft. There are even simpler measures for water and flooding protection, such as waterproof file bags.

To minimize the risk of water damage, avoid storing records on or close to the ground.

ON-SITE STORAGE CONSIDERATIONS

Even with a back-up system in place for vital records, it is important to store originals on-site in a way that reduces the likelihood they will get damaged or destroyed. The following are some risks common in document storage areas and ways to address them.

FIRE SUPPRESSION SYSTEMS/SPRINKLERS

Fire suppression systems, installed in accordance with National Fire Protection Association standards, are critical to an overall property protection plan, and care should be taken to ensure storage boxes do not affect the performance of these sprinklers. Nothing should be stored within three feet of overhead fire sprinkler systems. If a sprinkler head is obstructed or struck by a storage container, the head can be damaged or broken causing the water in the pipes to dislodge and soak valuable records. In addition, placing anything close to an overhead fire sprinkler system could obstruct the sprinkler distribution patterns, which would adversely affect the performance of the sprinkler and most likely soak the items closest to it.

FIRE, SMOKE & HEAT

In areas without an overhead fire sprinkler system, document storage areas should be equipped with a monitored smoke or heat detector. These will quickly alert a monitoring company and the fire department, which will reduce the response time should a fire occur. Since paper is combustible, be sure to store paper records away from ignition sources such as electrical rooms, hot work operations (i.e., welding, soldering and brazing), open flames, heaters, and sparks.

WATER DAMAGE

Flooding can affect any geographic region and can happen as a result of damaged windows, rising water, broken pipes, overflowing sinks or toilets, or water seepage through the roof or ceiling. To minimize the risk of water damage, avoid storing records on or close to the ground. If the business is located in a high-risk flood zone, records should be stored above the property's Base Flood Elevation. The local building department can assist with finding this information or it can be found on the local floodplain maps.

HUMIDITY & MOISTURE

If document storage areas are not temperature-controlled, humidity, mold, or mildew can damage or destroy documents. In choosing a storage area, be sure to avoid rooms prone to excessive dampness, leaks or floods, poor air circulation, or areas with overhead plumbing.

DOCUMENT MANAGEMENT VENDORS

Another document protection option is to outsource records management to a third-party specialist. Document management vendors use computer systems and software to store, manage and track electronic documents and electronic images of paper-based information captured through a document scanner. Records management professionals are able to convert paper files to electronic files and design custom-archiving strategies for easy access, enhanced security and better storage. Although there are costs, there are also benefits for these services, including:

- space savings;
- cost-savings (reduced document storage expenses, reduced printing and copying needs);
- greater efficiency;
- legal compliance and accountability;
- enhanced workflow processes; and
- strengthened disaster recovery and business continuity plans.

DISPOSE OF INFORMATION IN A SECURE WAY

It is necessary for all businesses to periodically review records and remove those that no longer are needed for operations, finances, or to comply with federal or state record retention requirements. When disposing of these items, be sure to do so in a secure manner in order to protect confidential and sensitive information. Paper records should be shredded and recycled prior to disposal and not simply placed in the trash or another vulnerable location. Electronic records stored on a computer's hard drive should be deleted and then emptied from the computer's "recycle bin." To safely and securely erase and destroy any hint of an electronic record stored on USB flash drives, magnetic tapes, CDs/DVDs, hard drives, shared drives or servers, the device should be physically destroyed by crushing, pulverizing, incinerating, shredding or using hard drive eraser software or disk wipe software.

When using an outside contractor or service to dispose of records, consider requesting a certificate of destruction. This type of certificate states the records have been destroyed or disposed of, and the activity has been verified to ensure all identified electronic data has been removed.

RECORDS NEEDED FOR DISASTER INSURANCE CLAIMS

To help support insurance claims after a loss, the following types of paperwork may be needed; therefore be sure to have duplicate copies of:

- Historical sales records;
- Income and expense information: keep copies of the most recent profit and loss statements and/or income tax forms, as well as recent financial audits;
- Other business records that could assist in projecting what profits would have been had business not been interrupted;
- Receipts for equipment, inventory, and other insured items;
- Records of extra expenses incurred after the disaster, and of shipments received or sales made after the disaster;
- Copies of recent physical inventories of stock and other contents items; and
- Balance sheets and similar financial records showing values of assets.

DOCUMENT PROTECTION AS PART OF A BROADER BUSINESS CONTINUITY PLAN

Safeguarding business records can improve the efficiency of daily operations, but it may become even more critical following a disaster. For example, Hurricanes Katrina and Sandy damaged or destroyed hundreds of thousands of business records. Most of these were the only existing copies because the businesses did not have duplication safeguards in place. In some cases, paper restoration experts may have been able to clean damaged documents - page by page - but for most businesses, the documents and the important information in them was destroyed forever, which hampered recovery efforts for the businesses.

Beyond document protection, the Insurance Institute for Business & Home Safety (IBHS) recommends all businesses have a business continuity plan in place. IBHS has created OFB-EZ™ (Open for Business-EZ), a free toolkit to help small businesses with planning, recovery, re-opening faster, and reducing losses after a disaster or emergency. One of the first steps in the OFB-EZ toolkit is to "Know Your Operations," including the files and records that are most vital. Learn more about and download the OFB-EZ toolkit at www.disastersafety.org/open-for-business.

CONCLUSION

The best way to protect vital information is to make sure it is kept in a safe and secure environment with copies/backups that are accessible in a number of formats. It's time to clean out the basement storage room filled with shelves, file cabinets, and boxes of paper documents and to make sure document storage systems are as up-to-date as all other business operations.

ADDITIONAL RESOURCES

These resources can provide more information about document management, document retention and document destruction:

- IRS document retention guidelines: www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/How-long-should-I-keep-records
- U.S. Equal Opportunity Employment employee record management guidelines: www.eeoc.gov/employers/recordkeeping.cfm
- Professional Records & Information Services Management Trade Association: www.prismintl.org
- National Association for Information Management: www.naidonline.org
- The Association for Information Management: www.arma.org

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