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READY, SET, GROW!

## Records Management Is Hot ...

By Ian Thomas

The concept of off-site business records storage has been around since the 1940s and continued to gain popularity through the years. However, right up until the 1990s, you may have wondered if you should look seriously at this professional opportunity. Well, if there was ever any doubt about whether records storage was a good business to get into, this decade is setting new heights.

Why is that, you ask? The simple reason is that records storage is dying as an industry and records management is taking over, with an ever-increasing importance in today's businesses. This is because mis-managing critical business records can result in disastrous consequences. And dealing with events after the fact can be dangerous and costly. So whether we are talking about a government agency, or simply a company competing to succeed in the marketplace, effective management of records has become critical.

To understand better the creation of this new approach to managing data (records management), let's step back to the beginning of the 2000 decade and see what has changed.

**Fraudulent accounting and investigative reporting, and publicizing the mishaps of several well-known companies thrust records management and corporate accountability into the spotlight.**



Photo courtesy of O'Neil Software

### Looking Back At Records Storage

Initially, the traditional business model for records storage was simply to save storage space in buildings that were experiencing ever-increasing rates. The typical argument went something like this:

"The average file cabinet holds about eight boxes worth of files. The same cabinet consumes about nine square feet of floor space. If you are paying \$15 per square foot annually for office space, these eight boxes cost you \$135 per year to store or \$16.88 per box per year. The average cost to store a box in a commercial records center is \$3.75 per year. This translates into a monthly box average of 31 cents for storage, plus 15 cents in service fees (indexing, retrieval, etc.)"

Jim Oakley – mrfeasibility.com

So the records storage business was built on the simple idea that economies of scale gave net results, but there was a downside to this approach. As everyone could calculate the above numbers and therefore their margins, many sales simply turned into commodity sales, with repre-



Offering records management requires a large investment and high level of commitment, but some self-storage operators are finding great opportunities in this growing industry.

sentatives simply selling cheaper storage to compete.

Just as things looked bad for records storage, the business world took a turn for the worse. Fraudulent accounting and investigative reporting, and publicizing the mishaps of several well-known companies thrust records management and corporate accountability into the spotlight. Additionally, non-compliance with industry and government regulations began to result in expensive litigation, financial penalties, bankruptcy, and even worse—jail sentences. All of this was due to poor or inadequate recordkeeping.

The good news is that it helped focus light on the importance of effective records management. Society started demanding higher standards for the accuracy and availability of business content. And the processes and information that drive business were forced to become more auditable, transparent, and comply in a more regulated environment. In fact, in the two years following 2001, more than 20 new laws were enacted throughout the world that impacted how organizations gather and disseminate information—more passed in some industries than were written in almost a century. From the Patriot Act, which permits transparency into the activities of individuals within a country, to FDA regulations which require transparency around the safe production of a new drug, government regulations started to create a more secure environment.

Another important piece of legislation was the Sarbanes-Oxley Act (SOX) of 2002, enacted in response to the high-profile Enron and WorldCom financial accounting scandals. It is administered by the Securities and Exchange Commission (SEC), which sets deadlines for compliance and publishes rules on requirements. This Act states that all business records, including electronic records and electronic messages, must be saved for “not less than five years.” The consequences for non-compliance are fines, imprisonment, or both. SOX is fairly detailed, but it does not tell a business how to store their records, nor does it assist with business processes.

### Turning To Self-Storage

And that’s where self-storage companies and your business come in. Legislation was introduced due to lack of control.

## Records Management Resources

More in-depth information is available from the following organizations:

### ARMA International

ARMA International (Association of Records Managers and Administrators) is a professional association of 10,000 members in 39 countries. It provides education, research, and networking opportunities for those working with corporate information resources. Visit [www.arma.org](http://www.arma.org).

### PRISM International

PRISM International (Professional Records & Information Services Management) is the trade association for companies that provide customers with protection, access, retention, storage, and disposal of their information. Visit [www.prismintl.org](http://www.prismintl.org).

### Institute of Certified Records Managers

The Institute of Certified Records Managers (ICRM) is an international certification organization for professional records and information managers, incorporated in 1975 to meet the requirement to have a standard by which persons involved in records and information management could be measured, accredited, and recognized according to criteria of experience and capability. Visit [www.icrm.org](http://www.icrm.org).

### National Information Standards Organization

The National Information Standards Organization (NISO) is a non-profit association accredited as a standards developer by the American National Standards Institute. To help achieve international consistency, NISO has developed standards for libraries, information retrieval, scientific and technical reports, and computer formats. Visit [www.niso.org](http://www.niso.org).

Should you decide to diversify into records management, you can work with your customers to help introduce some of the necessary controls. True records management is the discipline of managing records to meet your customers’ operational needs, accountability requirements, and community expectations.

So the successful records storage companies have evolved into records management companies. And if you search the Internet, virtually all of the leading companies now adopt this new terminology, which expands on the original records storage concept. It is not uncommon to read service descriptions that emphasize control, such as this:

“Utilizing the industry leading software technology, RS-SQL, ensures point-to-point tracking throughout all stages of storage, retrieval, delivery and pickup. Additionally, RSWeb.NET helps clients control their records inventory by tracking retention schedules and destruction dates associated with a corporate retention policy. This gives clients an easy to use method for searching their records inventory, requesting service transactions, and generating

a variety of inventory and activity reports to help them better manage Records & Information Management program.”

In order to offer the necessary controls, it should be clearly understood that records management is more of a business venture rather than a real estate investment and involves much more intensive management. To compete, you need processes, structure, software, managerial skills and a desire to provide high quality services and not simply to exist as a storage location.

The rewards? The greater control your records management business can provide your customers, the more successful you will be. The greater access you can provide your customers to their information, the more valuable you will be. And the faster you can get the information into your customers’ hands, the more tangible your services will be. You become an extension of their business, providing true value.

Forrester Research Inc., an independent technology and market research company, projects the records management market to grow at compound annual growth rate of 84 percent to \$1.3 billion in

2008. So is the time right for you to consider this thriving, profitable industry?

Consider the words of the leading consultant, who specializes in records management and self storage:

“Records Management is an option for any self-storage facility wishing to diversify and add high value to its service base. It’s like mining gold in a gold mine.”

Cary McGovern – Fileman.com



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