

# Editorial Extract **FILEforce**

Extracted From Paperless Ponderings  
File Force International Pty Ltd  
1 300 300 395 (Australia)  
theboss@fileforce.net

**Serious Records Management**

|                |                           |
|----------------|---------------------------|
| <b>SUBJECT</b> | <b>THE COST OF FILING</b> |
| <b>Date</b>    | <b>September 2003</b>     |

While every effort has been made to ensure the accuracy of the attached information it is given to you as an expression of opinion of the author. FILEforce International does not purport to be nor is it an expert on the topic. Paperless Ponderings in the periodic publication of FILEforce International © 2003., Harry E Haxton BEcon, FRMA, AFAIM. Editor.

## WHAT IS THE COST OF FILING ?

(Notes from a Breakfast Talk to the RMAA in September 2003)

Except in isolated instances part of the mystique of Records Management is that no one really knows what the costs or benefits of their records system really are!

I would have a better chance of telling you the cost of a file system for a small tradesperson that I would for a corporation. The cost is really, and simply, what they are willing to spend, or what they see as an acceptable spend for the risk they are covering. Many of the costs are thus unrelated to any specific outcome....read on.

The questions I continually hear from people in the private sector are, "How much should I spend on my File System" and "What is the industry standard?" The problem is there is no answer. (if anyone has worked on this conundrum, I hope my comments in this article will cause them to give me a call.)

**"Opportunity Cost"** is probably most quoted when we hear of things such as, "A misfile costs \$???" or "98% of all records are never used again after 75 days." We talk about the opportunities lost, but never the opportunities gained.

**"Replacement Cost"** is often quoted by those trying to sell you yet another "Ditto Device" – so you can create an image of the 98% of the stuff you will not look at again!!

**"Labour Cost"** for the small business is very easy to calculate. It's zero because they do not have anyone dedicated to keeping records.

**"Indirect costs"**, are the ones we can all have a ball with. There are so many different excuses for producing yet another piece of paper "just in case". Indirect costs relate to that special collection in the four-drawer cabinet in your room, or the extra copy kept on the floor behind your desk in case the "official" record is lost. We all know how easy it is to add to the confidence we have in our own file systems, because the official one does not always deliver. These are very indirect costs, as they are duplicate costs.

How do I go about calculating the cost of my File System, Knowledge Base, Enterprise Knowledge or whatever I decide to call it?

## SIMILAR INDUSTRIES

Should two mining companies or two engineering companies have similar costs? The reality is they are totally dependent on the "whim" of management and how they assess the risk to the bottom line. Some managers see records as a necessary evil, and others as a cost centre to be managed. Few, however, see them as a profit centre from which they can benefit. Perhaps the only industries where some cost comparison could be valid are Health Care and Hospitals where there is sufficient regulation to force some conformity. Even among government agencies we find a huge chasm between the information haves and have-nots.

## RISK MANAGEMENT

Records Management is all about the perception and the management of the risk of losing, or not having, information. How's this for risk management? We leave all the old archive records in a heap in the shed out the back. Why? Because right now we cannot justify the expense of listing



them correctly – but, if there is a crisis, and I need to find a file, we can throw half the staff into the shed to see if they can find it, and if they can't, tough. Why spend money on something that may not be needed? Believe it or not, for most small businesses and professional offices this is still the preferred way to cope with old records. Records, particularly old records, are seen as a hindrance rather than an asset.

## AUSTRALIAN STANDARD

The standard does tell us what we should do, and promotes discipline in the profession. However, it does not ever attempt to give a BENCHMARK.

I believe the average “Joe” is looking for a BENCHMARK, not another lot of research he must conduct to even start to find a solution. Sorry people, again no joy there.

## MAJOR SOFTWARE

It is all the same, but there are price differences. Because of the infinite number of options available in any one package, no two applications of the same software are the same, even in the same industry group. To be effective they require 100 % commitment by all the staff (not just the records staff) – which is rarely the case.

Yes, the software all works but I cannot guarantee it will work with the combination of people and policies in your organisation.

## PEOPLE, IGNORANCE, TRUST AND PHOTOCOPIERS

The biggest costs to any enterprise are

- the cost of duplicate systems i.e. the cost of storing the same piece of information two or three times.
- Ignorance of what happens to a digital file when it is saved with the “Button” to the EDMS (Electronic Document Management System). I am constantly amazed, again, to see that some people actually print a document and then scan it into the system for storage. A goodly bit of double handling, as the original digital version is generally quite acceptable to most EDMS's.
- trust – the historical village rivalry that says my department is better than yours - bad infrastructure, training or personality clashes that accelerate the cost of filing.

## HERE'S WHO TO BLAME

If you want to point the finger, then it should fairly and squarely be pointed at the education system that forces children to lug around all the books and notes from each day's teaching. The quality of the information is never measured, but the really bright kids are considered to be the ones with the largest rucksacks (giving spinal injuries to their owners). Yes, children are forced to provide **PROOF** they have done the research, **PROOF** they were paying attention at school and **PROOF** they could find **THE PROOF!** They soon learn it is wise to each copy the information, place it in their rucksack and cart it all around the school. So, later in life, whether or not there is a teacher to check the rucksack, they (we) still have the ingrained need to collect records to prove we haven't forgotten what we learnt in school: to take another photocopy – just in case.

Regrettably, there is no standard cost for a File System.

The cost of any system is inversely proportionate to the risk Management is willing to accept.