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It's vital that businesses properly protect crucial records

Information is the lifeblood of business. An organization's vital records comprise the most crucial information, and the often costly task of storing and managing them is a necessary evil that no business of any size can afford to do without.



VITAL RECORDS

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The broad definition of a vital record is one containing information that is critical to reestablishing or continuing the business of an organization in the event of a disaster. Vital records also are crucial

to preserving the rights of the organization, its employees, its customers and its stockholders.

Typically, only a small percentage, about 3 percent to 5 percent, of records is considered vital.

But for some organizations, such as medical practices or financial companies, this percentage is dramatically higher due to the sensitive nature of the business and the need to keep in compliance with government regulations such as the Sarbanes-Oxley Act and the Health Insurance Portability and Accountability Act, better known as HIPAA.

As a starting point, familiarize yourself with the established categories of recorded data that are widely considered vital.

1. Contracts/ agreements that prove ownership of property, equipment, vehicles, etc.;

2. Information such as current or unaudited accounting and tax records,

current personnel and payroll records, client account histories and shipping delivery records;

3. Current client files;

4. Current standard operating procedures;

5. Produced reports and summaries;

6. Software source codes to both licensed programs and systems, and custom developed applications and registration keys.

How long should you keep a record? It depends on the nature of the business and the accepted best practices for your industry. For records that would help you through an audit, experts recommend keeping them for at least seven years.

The next step is to design and develop the process you will use for vital records protection, or VRP. Most companies use various combinations of the following three approaches.

■ On-site storage of paper and electronic records in a fire-rated vault, safe or file cabinet;

■ Off-site storage at another location of the organization;

■ Storage at a vendor that specializes in off-site vital records storage.

It can be tempting for a cash-strapped small business to outsource the task and store all vital records off site. This can seem like a very attractive option, because it looks like an easy and cheap answer to a complex problem. In fact, this may be the best choice for your organization — every company is different and your insurance provider can help you figure out the best system for you.

Still, regardless of how you design your VRP program, at some point in the life of a

document (or disc) it will be located on site and will need to be protected.

For small to medium-size enterprises, a plan that involves combined on-site/off site storage is the most common approach.

To make the mistake of using standard metal filing equipment for on-site storage needs, no matter how extensive they may be, is nothing less than a recipe for disaster.

Designate an out-of-the-way room or storage area, make sure it can be secured and access-controlled, and stock it with the appropriate number of fireproof filing cabinets and safes.

It is imperative to use fireproof filing cabinets and safes that are tested by Underwriters Laboratories or other nationally known independent testing labs. UL, in particular, is the best, as no other testing and standards organization matches its reputation.

One "trick" to be wary of is a product (usually a knock-off product manufactured overseas) that claims to be "built to" a certain UL class specification claim.

This is marketing speak and it leads customers to believe, erroneously, that they are getting a UL rating, but in reality UL has never tested it, and how it will stand up to a real fire, flood or impact is anyone's guess.

The message to small to medium-sized businesses is clear — consider the extent to which their ongoing business depends on vital records and develop and implement a VRP plan today.

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