



INVEST IN YOUR EFFICIENCY WITH IMPROVED RECORDS MANAGEMENT



Today, companies are investing in improved records and information management (RIM) because of its direct correlation to business success. One key component of RIM is an organized and efficient color-coded filing system; the benefits of which can range from improved employee productivity to protection from liability to increased profitability. Although the investment in a filing system may be difficult to justify at first, the return will be immediate and more prevalent over time, as suggested in the following examples.

Employee efficiency

Color-coding can help increase worker productivity by making information easily accessible, resulting in faster document retrieval times. Employees can respond to requests for information more promptly, increasing overall service and allowing them more time to spend on core business responsibilities, rather than searching for records.

Legal protection

The benefits of a filing system reach beyond the internal impact. In fact, efficiency and organization can positively affect a company's legal liability, including eliminating risk of obstruction of justice and contempt of court.

MAKE AN IMMEDIATE IMPACT ON YOUR BOTTOM LINE

Research has shown that the cost to re-create a lost or misfiled record is about \$100 per file. An organization with 64,000 files and a conservative misfile rate of 3 percent typically has 1,920 misfiled records each year. At \$100 each, misfiles could cost this company a staggering \$192,000 annually.



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FILING SYSTEMS DEFINED

Understanding the differences between color-coded filing system approaches and incorporating the most efficient solution can positively impact your productivity, profitability and overall success. The following filing system definitions and considerations can assist you in choosing the approach that's right for your business.

Alphabetic

Alphabetic filing, which is commonly used for small or non-automated filing systems, allows for direct access to information and is uncomplicated to manage. Files are color-coded and arranged by last name, product, company or another identifier that can be alphabetized.

This approach requires minimal training, as almost everyone understands alphabetic organization. However, because the system can involve infinite combinations of letters or name redundancies (i.e., two John Smith files), filing complexities are common. In addition, problems with phonics and fundamental spelling errors make misfiles prevalent.

Alphabetic systems can grow unevenly around particular areas of the alphabet like "S" and "T", causing congestion and resulting in file shifting to accommodate growth (see Figure A). Furthermore, during destruction, when purging occurs throughout an entire file area, back-shifting becomes necessary because files are not removed evenly.

Straight Numeric

The straight numeric approach is ideal for filing systems of less than 10,000 files, and is most effective when files are more easily numbered than named; when a permanent sequence of records suggests a number; or when the records themselves bear an identifying number, such as an invoice or case number. Files are color-coded and arranged according to a number or combination of numbers, most commonly in straight numeric order (1, 2, 3, 4, ...500, 501 etc.).

This approach is based on using sequential combinations of 10 digits (0-9), which simplifies the filing process and makes it less error-prone than alphabetic filing. Unfortunately, file activity in this type of system is often concentrated at the end where the most active records are located leading to an uneven distribution of files in larger systems, congestion and inefficiency (see Figure B).

This approach can provide added security, as numerical classifications, with the exception of confidential numbers like birthdates and social security numbers, are harder to identify at first glance than files labeled alphabetically by name.

Terminal Digit

Terminal Digit is widely recognized as the best method of color-coded filing, particularly for large filing systems of 10,000 files or more; where purges are frequent and back-shifting should be avoided. In this system, file numbers are divided into pairs and like-ended numbers are grouped together. Files are placed in the system beginning with the last two digits, then by the middle two digits and finally by the last digit or digits.

This approach provides equal file distribution throughout a system eliminating overcrowding and underutilization of space, and resulting in sections that expand and contract equally (see Figure C). This is a major benefit because inactive files are

ALPHABETIC, STRAIGHT NUMERIC AND TERMINAL DIGIT FILE ROOM LAYOUTS

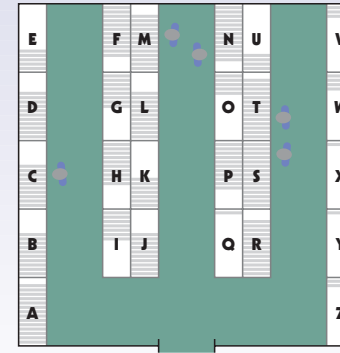


Figure A: Alphabetic systems provide a simple, easy-to-understand approach, but can sometimes grow unevenly around particular areas of the alphabet.

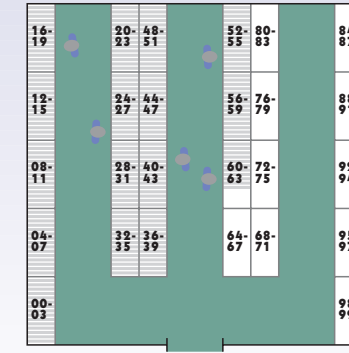


Figure B: Straight Numeric systems are easy to implement and understand, but they often cause uneven distribution and back-shifting within the file room.

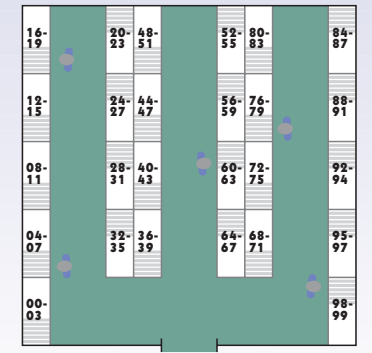


Figure C: Terminal Digit systems are more complex in design, but provide equal distribution of files, eliminating overcrowding or backshifting.

located throughout the system, so purging results evenly, eliminating file back shifting. Because files are grouped by blocks of numbers and waves of color, misfiles are infrequent or easily located.

Unfortunately, retrieving blocks of files in straight numeric sequence is difficult in a terminal digit system because those files normally next to each other are evenly distributed over 100 or 1,000 sections. Although this is often the most effective filing approach, it is complex in design, so consider consulting with a professional to help you determine if this approach is right for you.



File System Application Guidelines

APPLICATIONS	ALPHABETIC	STRAIGHT NUMERIC	TERMINAL DIGIT
• Small filing application.	✓		
• Non-automated filing systems.	✓	✓	
• Small-to-medium numeric systems of less than 10,000 files.		✓	
• Records that are more easily numbered than named.		✓	✓
• Pre-numbered records such as invoices, social security numbers, etc.		✓	✓
• Large numeric systems of 10,000 files or more.			✓
• Where filing activity is high.			✓
• Where file purges are frequent but back-shifting is not practical.			✓
• Where security is an issue.			✓
• Where barcoding is planned.			✓

Understanding both the characteristics of different color-coded filing approaches and your organization's needs will help determine the best solution for you and the result will be a well-defined filing system that increases efficiencies and overall business success. ■



Color-coding creates visual cues with bands of color that help to quickly indicate the location of a misfile. This will drastically reduce or eliminate misfiles and positively impact your profitability.

Accessibility/security

A color-coded filing system promotes safekeeping of important information by creating a central repository that is organized and accessible. Records are properly managed, monitored and, at times, locked in a secure room.

Labor savings

One of the most significant costs associated with ineffective filing systems is labor. At \$100 to \$150 per lost file, costs can add up quickly. In addition, the labor cost to retrieve a misfiled document is 10 times the cost to retrieve an accurately filed one.

Peace-of-mind

One of the most important, yet intangible, benefits of an efficient filing system is management's peace-of-mind in knowing that all critical business information is accounted for, accessible and compliant.

A critical asset to every business, records management is becoming a priority in ensuring the success of an organization. When an investment is made in color-coding and other improved practices, companies realize many operational benefits that will support longevity, legal compliance and profitability. ■

Ask the **EXPERT**



Ask the Expert is your opportunity to receive information management advice from industry experts. From new technology to process improvements, you will learn ways to capitalize on information assets. If you have a question, visit www.systecgroup.com and follow the Ask the Expert link. Your question will be answered in about a week.

Q: We want to convert our current filing system to a color-coded, straight numeric system. Where do I begin?

A: Begin by evaluating your file inventory, including quantity, content and relevance. If you have a retention and destruction plan, make sure all necessary files have been purged and destroyed accordingly. Consider your business needs. Are you redesigning your system to accommodate growth or is it strictly for efficiency? Take into account how often you need to access your files and the compliance guidelines impacting your organization. Select the appropriate file folder, color-coded label design, and then determine label content based on straight numeric filing guidelines. Put procedures in place to incorporate the system, including timelines, expectations and results. Set aside time to complete the transition without interfering with business. Consider working with a professional who can provide the tools you need to plan and implement your new system, including color-coded folders, label print systems, tracking technology and more. ■

SYSTEC SOLUTIONS

Whether you are designing a new filing system, incorporating color-coding or enhancing an existing filing system, let SYSTEC recommend a comprehensive strategy to create a functional, organized and compliant solution. SYSTEC will identify your filing system needs, match the most appropriate filing approach and provide everything you need, including filing accessories, labeling systems, custom folders and storage equipment, to keep your system organized, accessible and compliant. From planning to implementation, SYSTEC is your single source for file system planning.

For more about how SYSTEC can help you with your filing system needs, call 1-877-7SYSTEC or e-mail us at info@systecgroup.com.



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