

Industry Watch

A Summary of Findings from User Research on
Compliance and Information Management

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*The Emperor's New Clothes:
The Current State of Information
Management Compliance*



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Copy of the Survey Results
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About Information Management Compliance

The World of Information Management: Information technology increasingly enables organizations to do things better, faster, and cheaper. At the same time, 90% of the information that organizations must manage is unstructured—information that does not neatly fall into the rows and columns of a traditional database. Moreover, unstructured information is at the heart of business processes. Processes cannot be improved until this flow of information is standardized, digitized, and managed. So, within organizations there is a constant push to rapidly deploy technologies to reduce costs and improve processes. This is a world populated by the IT departments and line of business managers within organizations.

The World of Compliance: At the same time, governments and courts at all levels—local, state, federal—are making increasing demands for the trustworthiness, accuracy, and reliability of electronic information. There is a temptation to think of this as just a “Sarbanes-Oxley problem” or a “HIPAA problem.” But this is part of a long-term trend toward defining what transparency and accountability means in an electronic era. This is creating a need to reduce the risks associated with management of electronic information. This is also creating a need to more clearly define and measure the processes associated with management of this information—a roundabout way of saying a need for greater “compliance.” This is a world often defined by the legal, risk management, and compliance departments of organizations.

In March 2004, AIIM International published *Information Nation: Seven Keys to Information Management Compliance* by Randolph A. Kahn ESQ. and Barclay T. Blair (www.aiim.org/infonation). This book makes the case that organizations need to adopt a broader framework for managing their information assets that addresses both the world of information management and the world of compliance—namely, the framework of Information Management Compliance. *Information Nation* pulls together the often-conflicting worlds of information management and compliance and defines a framework of seven “keys” for looking at them together:

1. Good policies and procedures
2. Executive-level program responsibility
3. Proper delegation of program roles and components
4. Program dissemination, communication, and training
5. Auditing and monitoring to measure program compliance
6. Effective and consistent program enforcement
7. Continuous program improvement

In April 2004, AIIM International (www.aiim.org) and Kahn Consulting, Inc. (www.kahnconsultinginc.com) commissioned a survey of end user organizations to quantify the current status of these seven keys. A total of 401 end users completed the survey, which was administered using an on-line survey mechanism.

Executive Summary

Given the revolution in business documentation that has occurred over the past decade—from a world in which paper-based documents and records were the norm to the new world of electronic documentation—it is no wonder that many organizations are facing enormous challenges in addressing this revolution.

Much is said about “compliance,” especially in the context of Sarbanes-Oxley, HIPAA, and other regulatory initiatives. The reality is that many organizations are struggling to adapt to the revolution in business documentation.

Our conclusion is that the reality of compliance is far more complex and far more ephemeral than most organizations will admit. Like the child in the classic children’s story, in terms of managing the explosion in electronic information, most organizations must ultimately admit that “the Emperor has no clothes.”

1. **Good policies and procedures:** Organizations are beginning to understand the stakes involved in information management. This realization is being driven by both external factors (legal and regulatory compliance) and internal factors (process standardization and cost-reduction).
2. **Executive-level program responsibility:** There are clear gaps within many organizations in terms of the most basic level of executive responsibility for information management practices.
3. **Proper delegation of program roles and components:** Only a bare majority of participants have the basic elements of proper delegation of electronic records management roles and components in place. This specific area of performance significantly lags other areas of information management delegation.
4. **Program dissemination, communication, and training:** Gaps in communication and training threaten to undermine the effectiveness of many information management programs.
5. **Auditing and monitoring to measure program compliance:** Employees believe that their organizations have good intentions when it comes to records and information management.
6. **Effective and consistent program enforcement:** Although employees give their organizations credit for good intentions, performance is sorely lacking.
7. **Continuous program improvement:** Most organizations believe that records management failures will be ultimately uncovered by their organizations, although they believe it far from a sure thing.

Key #1—Good Policies and Procedures

- **Summary of Key:** Policies and procedures provide the foundation of every Information Management program. Policies are a manifestation of an organization’s beliefs about Information Management, and they express an organization’s commitment to sound management—an important message not only to employees but to the outside world as well.

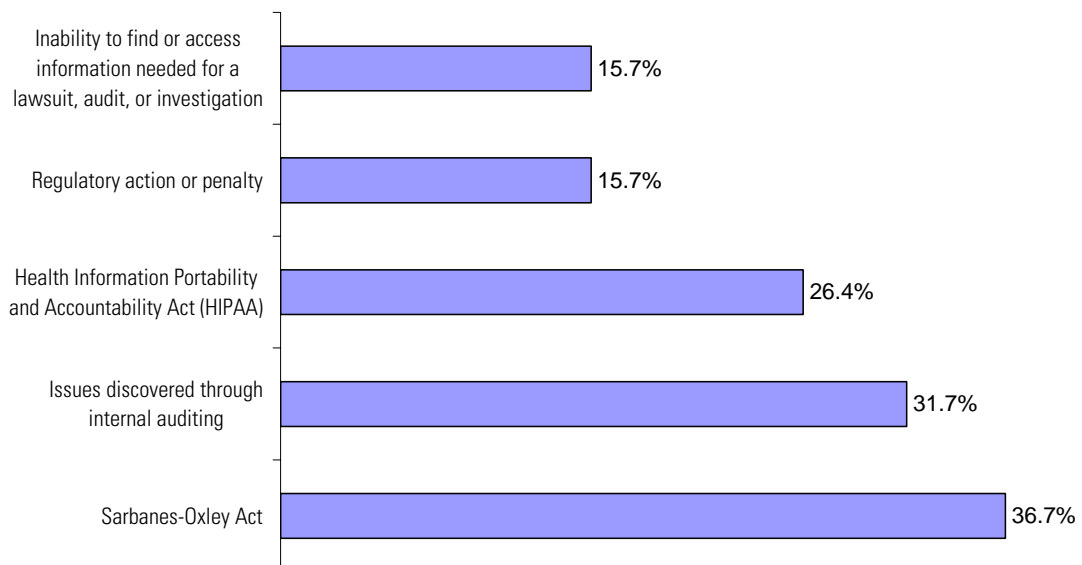
Findings:

Organizations are beginning to understand the stakes involved in information management. This realization is being driven by both external factors (legal and regulatory compliance) and internal factors (process standardization and cost-reduction).

Over 80% of the survey respondents indicated that they have already made changes to the way in which they handle information assets or are actively consider such changes. Organizations were asked whether they had made or were planning to make changes in their information management policies as a result of the following, and the top five answers are reflected in the chart below:

- Sarbanes-Oxley Act
- Issues discovered through internal auditing
- Health Information Portability and Accountability Act (HIPAA)
- Regulatory action or penalty
- Inability to find or access information needed for a lawsuit, audit, or investigation
- Lawsuit or court action
- Electronic Signatures in Global and National Commerce Act (E-SIGN)
- SEC 17 a-4 (17 CFR 240. 17 a-4)
- Security breach
- FDA Part II (21 CFR Part II)
- Gramm-Leach-Bliley Act
- Theft of information
- California Database Protection Act (1386)
- Privacy failure
- EU Data Protection Directive (Directive 95/46/EC)
- Destruction of information needed for a lawsuit, audit, or investigation

In the last 18 months, has your organization made, or does it plan to make in the next 18 months, changes to the way that records and information are managed as a result of the following...



Key #2—Executive-Level Program Responsibility

- **Summary of Key:** The success of any important organizational activity depends in large part on the commitment of the organization’s senior management team. This commitment can be expressed in concrete ways, such as funding levels; and less tangible ways, such as making it a priority at the executive round table. IMC is no different. A successful Information Management program requires senior executives and managers to step up and take responsibility for the program’s development, implementation, and ongoing improvement.

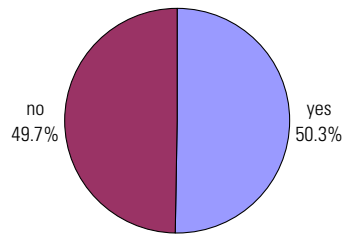
Findings:

There are clear gaps within many organizations in terms of the most basic level of executive responsibility for information management practices.

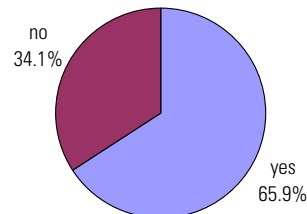
Organizations that are involved in the deployment of enterprise content management technologies have significantly greater awareness of the importance of executive accountability than those that are new to these technologies. Seventy one percent of organizations that are advanced in deployment of content and information technologies (“well on the way” or “deploying enterprise scale capability”) report that there is a statement from senior management in their employee manual about information management. This contrasts to less than 50% of organizations that have not yet begun deploying information management technologies.

Overall, barely 50% of user organizations even address information management policies and practices in their employee manuals, and only two-thirds have heard anything from an executive in their organization about records and information management in the past 18 months.

Is there a statement from the CEO or other senior execs in the employee manual about information management?



Has an executive communicated with you via an internal memo, email message, or presentation about records and information management issues in the past 18 months?



Key #3—Proper Delegation of Program Roles and Components

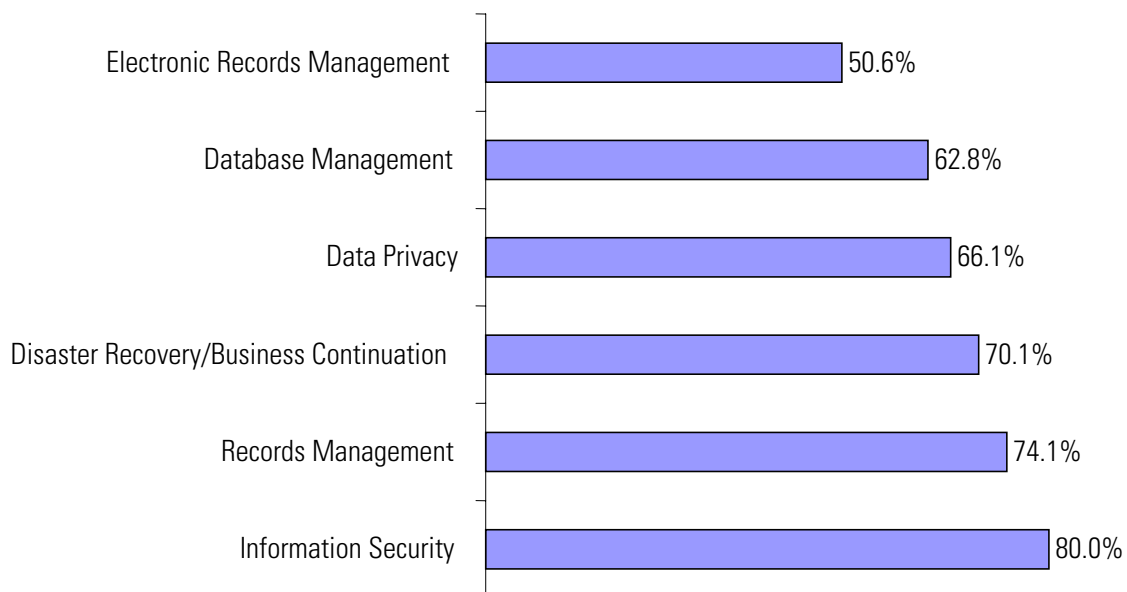
- **Summary of Key:** Responsibility for the Information Management programs must be delegated only to those individuals with appropriate training, qualifications, and authority. Every employee in an organization shares responsibility for compliance, but specific roles and responsibilities also must be created, and appropriate authority delegated to oversee specific program components.

Findings:

Only a bare majority of participants have the basic elements of proper delegation of electronic records management roles and components in place. This specific area of performance significantly lags other areas of information management delegation.

The area of electronic records management, critical to delegation of an effective information management strategy, needs far greater attention from senior management. In looking at the basic elements of delegation—people, policies, procedures—organizations have done far more in the areas of information security and traditional paper-based records management than they have in the area of electronic records management. Less than 31% respondents have the core building blocks of delegation in place for electronic records than for traditional records—a huge inconsistency given that most of the documentation of business and organization processes is now conducted electronically.

Does your organization have formal programs (e.g., designated employees, policies, procedures, and information technology) that address the following topics?



Key #4—Program Disseminating, Communication, and Training

- **Summary of Key:** The organization must take steps to effectively communicate Information Management policies and procedures to all employees. These steps might include, for example, requiring all employees to participate in training programs, and the dissemination of information that explains in a practical and understandable manner what is expected of employees.

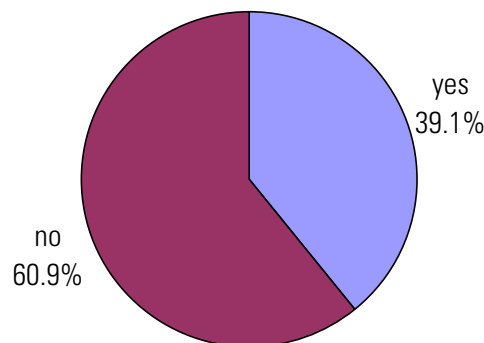
Findings:

Gaps in communication and training threaten to undermine the effectiveness of many information management programs.

One of the most stunning survey results is that over 60% of respondents report that their organization does not regularly deliver training for employees on records and information management issues—a clear barrier to creating a valid program.

The training that is conducted is focused on records and information managers (52.4%). While training for these employees is important, perhaps of even greater importance is training focused on general employees and IT staff. Only 31.3% of general business executives and 30.3% of IT staff report training. Just over half of organizations that have deployed ECM technologies report training, compared to only 24.6% of organizations with little or no ECM experience.

Does your organization regularly deliver training for employees on records and information management issues?



Key #5—Auditing and Monitoring to Measure Program Compliance

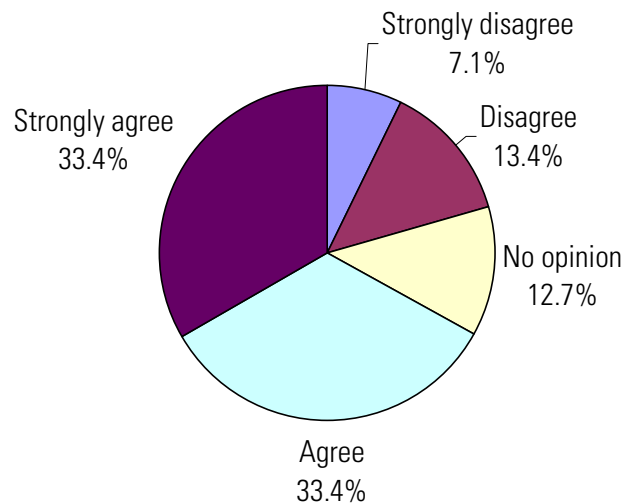
- **Summary of Key:** The organization must take reasonable steps to measure compliance with Information Management policies and procedures by utilizing monitoring and auditing programs. The best Information Management policies and practices in the world will not protect an organization unless they have the means to find out if employees are in fact complying with those directives. This is the role of auditing and monitoring—to provide management with a method of measuring and improving IMC.

Findings:

Employees believe that their organizations have good intentions when it comes to records and information management.

Two-thirds of those surveyed “strongly agree” or “agree” with the statement “my organization takes records and information management issues seriously.” Organizations that have deployed ECM technologies have more credibility with their employees (78.9% believe their organizations are serious) than those that have not (less than 50% believe their organizations are serious.)

Agree or Disagree: My organization takes records and information management issues seriously.



Key #6—Effective and Consistent Program Enforcement

- **Summary of Key:** Information Management program policies and procedures must be consistently enforced through appropriate disciplinary mechanisms and the proper configuration and management of Information Management related systems. The existence of a compliance program is not sufficient, in and of itself, to justify not charging a corporation for criminal conduct undertaken by its officers, directors, employees, or agents. Indeed, the commission of such crimes in the face of a compliance program may suggest that the corporate management is not adequately enforcing its program.

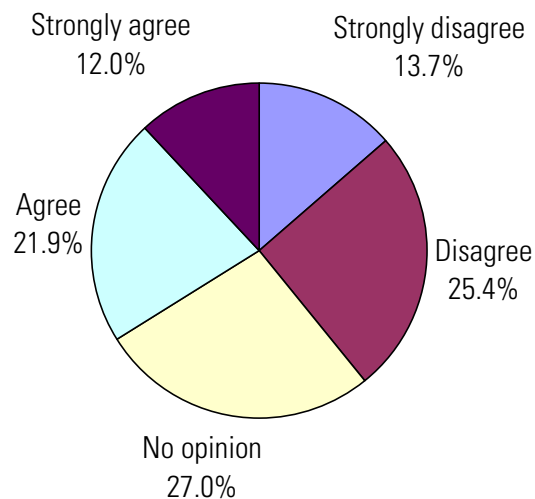
Findings:

Although employees give their organizations credit for good intentions, performance is sorely lacking.

Only about one-third (33.9%) of those surveyed agree with the statement “my organization’s records and information management directives are consistently enforced.” IT executives are more skeptical about performance than either records managers or general business executives (28.6% of IT staff agree with the statement, compared to 35.0% of general business executives and 34.6% of records managers).

Employees at organizations that have deployed ECM technologies believe these technologies have had an impact (45.6% of employees from advanced ECM organizations agree with the statement, compared with only 18.8% of those with little or no ECM experience).

Agree or Disagree: My organization’s records and information management directives are consistently enforced.



Key #7—Continuous Program Improvement

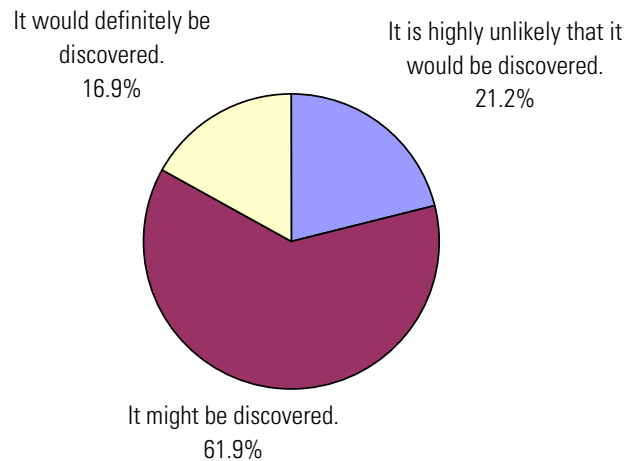
- **Summary of Key:** When improper management of information is detected, the organization must take all reasonable steps to respond appropriately to the activity and to prevent further similar activities—including any necessary modifications to its Information Management Program.

Findings:

Most organizations believe that records management failures will be ultimately uncovered by their organizations, although they believe it far from a sure thing.

Less than one in six survey respondents are firmly convinced that their organizations would uncover records management failures. This is a level of process performance that is far less than typical of other key organizational processes, and a level of performance that would not be acceptable for other processes.

What do you believe is the likelihood that a failure on your part or on the part of another employee to adhere to records and information management directives would be discovered by your organization?



Conclusions

Clearly there is much that organizations need to do if they are to adapt to the revolution that has occurred in business documentation and create information management systems that are transparent, auditable, and accountable.

Perhaps even more than the data itself, some of the unsolicited comments by survey participants indicate the degree of challenge facing organizations:

- “Our organization has over 14,000 employees in various sites around the city. There seem to be several 'homespun' rules at different sites, each varying slightly from the others. It is difficult to get people to change to the one set of rules compliant with managing state records, most of which are open to the public.”
- “Policies exist, are continually updated, but not strictly enforced.”
- “Compliance is a top organizational priority, but gaps remain.”
- “Key IMC stakeholders are separated and segregated into different internal organizations that disrupt and work against a cohesive and structured IMC overall program.”
- “Very poor acceptance, everyone thinks the records in their department belong to them and no one has a right to tell them what to do or not do with them.”
- “There was a flurry of activity after a consultant was brought in but follow-up seems to be minimal.”

Next Steps

Here is a sample of resources available from AIIM to help users address the challenge of Information Management Compliance:

- **Information Nation: Seven Keys to Information Management Compliance**—published by AIIM International and available for \$29.95 (AIIM professional members receive a 30% discount). www.aiim.org/infonation.
- **Electronic Records Management Survey: A Call to Action**—results of a survey of over 2,000 end users conducted by AIIM, ARMA, and Cohasset Associates. www.aiim.org/industrywatch/documents/Call_To_Action_ES.pdf.
- **Managing Email in the New Business Reality**—results of a survey of 1,000 end users conducted by AIIM and Kahn Consulting Inc. on key issues involved in email management. www.aiim.org/industrywatch/documents/EmailSurvey1-9.pdf.
- **AIIM Webinars**
 - **Records Management: Do It Right!** www.videonewswire.com/event.asp?id=22066
 - **HIPAA Compliance: Putting the Pieces Together** www.videonewswire.com/event.asp?id=21809
- **Recent articles from AIIM E-DOC Magazine**
 - **The Compliant Organization.** Like it or not, a new slew of government regulations will affect customers of content management this year—and compliance is not optional. www.edocmagazine.com/vault_articles.asp?ID=27788.
 - **Records Management: More Than Technology.** While the importance of sound organization records management is undeniable, some of the recent hubris may be a tad bit overblown. www.edocmagazine.com/vault_articles.asp?ID=27755.
 - **Email Archiving: Off The Record.** Are you sure you're capturing all of the necessary metadata around your email files? www.edocmagazine.com/vault_articles.asp?ID=27756.
 - **Records Management for a .Net World.** www.edocmagazine.com/vault_articles.asp?ID=27758.
 - **It's Not Rocket Science.** Setting records management procedures isn't hard, but follow through and enforcement is key to success. www.edocmagazine.com/vault_articles.asp?ID=28112.
 - **Electronic Records Management - Planning Is Good.** The "Go-Set-Ready" mentality for establishing an ERM strategy is an easy road to trouble. www.aiim.org/emtag.asp?ID=28021.

About AIIM

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AIIM, the international authority on Enterprise Content Management (ECM), is leading the way to the understanding, adoption, and use of the technologies, tools, and methods associated with managing documents, content, and business processes. ECM tools and technologies provide solutions to help users with four key business drivers: continuity, collaboration, regulatory compliance, and reduced costs.

As a non-profit association for more than 60 years, AIIM provides industry news and information, educational events and career development, industry standards and advocacy, and professional networking. Complete information about AIIM is available on the Web at www.aiim.org.

AIIM provides:

- **Market Education**—AIIM provides unbiased information through AIIM E-DOC Magazine and mID (Managing Information and Documents), the leading industry magazines in, respectively, North America and the UK; its 20-city Content Management Solutions Seminar in the U.S. and Canada; the IM Expo event held throughout the UK, and Inf Ireland.
- **Professional Development**—This industry education roadmap provides a variety of opportunities. IM University is a multi-faceted program offered in Europe. The Web-based Fundamentals of ECM Certificate Program familiarizes users with the core concepts and technologies related to ECM. The AIIM Webinars round out user education on key issues.
- **Peer Networking**—Through chapters, networking groups, programs, partnerships, and the Web, AIIM creates opportunities that allow, users, suppliers, consultants, and the channel to engage and connect with one another.
- **Industry Advocacy**—AIIM, as an ANSI (American National Standards Institute)-accredited standards development organization, acts as the voice of the ECM industry in key standards organizations, with the media, and with government decision-makers.

About Kahn Consulting, Inc.

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Kahn Consulting, Inc. ("KCI"), is a consulting firm specializing in the legal, compliance, and policy issues of information technology, information management, and records management. Through a range of services including information management program development, risk management audits, policy development and evaluation, product assessments, legal and compliance research, and education and training, KCI helps its clients address today's critical issues in an ever-changing regulatory and technological environment. Based in Chicago, KCI provides its services to Fortune 500 companies and state and federal governmental agencies in North America and around the world.

About EMC

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