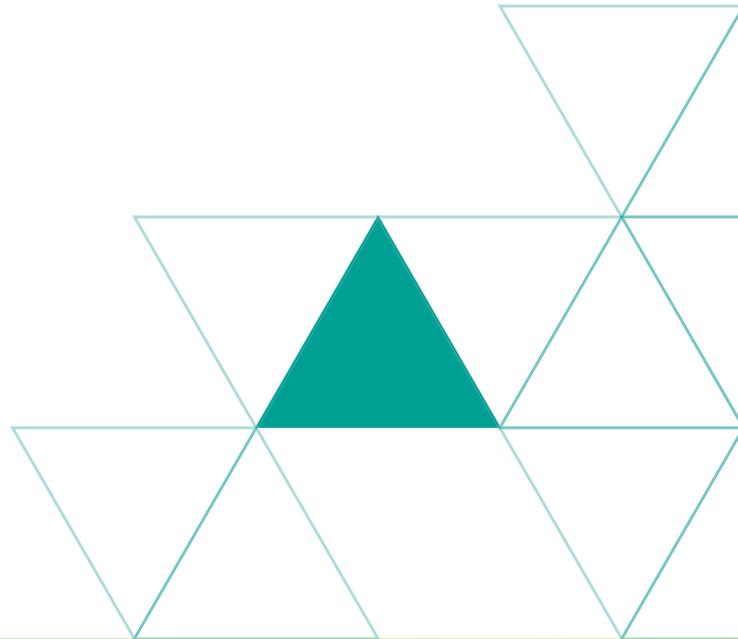


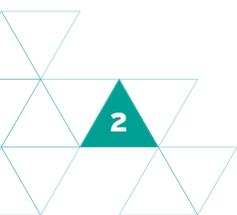
# HUMAN RESOURCES DOCUMENT MANAGEMENT



WHITE PAPER

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This White Paper explores ways to free Human Resources (HR) to achieve its strategic mission: to make businesses more competitive. It will look at off-loading the time-consuming management of employee records, achieving a more rapid response to complex audit and discovery requests, and mitigating risk in protecting some of an organization's most sensitive private information.

## THE ROLE OF HR IN BUILDING COMPETITIVE ORGANIZATIONS

CEOs, and even Boards, are increasingly expecting HR to be strategic.<sup>1</sup> Yet, today “many HR professionals are forced to spend much of their time on administrative tasks, rather than strategic HR initiatives.”<sup>2</sup>

HR is one of the most document-intensive areas in an organization. Managers have to deal not only with the costs (time spent by staff in document management as well as real estate expenses tied to document storage), but also risks associated with protecting a high volume of sensitive information.

One has only to look at the varied types of documents involved in HR management to get a feel for these challenges (Table 1). The average file contains 29 pages of paper<sup>3</sup>—everything from job applications and offer letters to benefit plans and performance reviews.

When organizations make improvements, with any challenge of this magnitude, there is a correspondingly large payoff. In addition to cost savings, reducing the administrative burden on HR opens up opportunities for the business as a whole: “Research shows that businesses that have HR involved in strategy have twice the growth as businesses that do not. In order to fulfill this strategic role and help build a competitive business, HR needs to be flexible, agile and extremely up-to-date on their human capital information.”<sup>4</sup>

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<sup>1</sup>Creelman, D. and Lambert A. “The Board and HR: How board oversight of human capital works”, *Creelman Lambert* (2011)

<sup>2</sup>Shuster, D. “The New HR Manager: Moving From Administrative To Strategic”, *Forbes* (February 11, 2013)

<sup>3</sup>“Best Practices: Shifting HR Resources from Records Management to Strategic Initiatives.” *Iron Mountain White Paper* (2009)

<sup>4</sup>Hong, Y. “Managing HR to Create Competitive Advantage,” *Financial Post*. [www.financialpost.com](http://www.financialpost.com) (March 10, 2010). Updated March 12, 2010.



TABLE 1: Example of HR Records Topology

EMPLOYEE SCREENING AND SELECTION	ON-BOARDING	TALENT MANAGEMENT	GENERAL HR	OTHER (E.G. CLAIMS, LITIGATION)
<ul style="list-style-type: none"> <li>– Resumes and applications</li> <li>– Interview records</li> <li>– Pre-employment testing</li> <li>– Verification and reference checks</li> </ul>	<ul style="list-style-type: none"> <li>– Government forms</li> <li>– Benefit forms</li> <li>– Emergency notification forms</li> </ul>	<ul style="list-style-type: none"> <li>– Performance management</li> <li>– Talent reviews</li> <li>– Training and certifications</li> <li>– Promotions and transfers</li> <li>– Exit interviews</li> </ul>	<ul style="list-style-type: none"> <li>– Wage and salary information</li> <li>– Wage garnishments</li> <li>– Formal discipline</li> <li>– Job-related medical records</li> </ul>	<ul style="list-style-type: none"> <li>– Unemployment</li> <li>– Records related to safety/disability</li> <li>– Diversity reporting</li> <li>– Records for litigation</li> </ul>

## WHAT IS CHANGING?

Controlling costs will always be a force for change. But HR must also deal with several other significant trends that affect document management.

### GLOBALIZATION

As companies expand, acquire, merge, and enter new geographies, so do HR record-keeping requirements. And with the increased distribution of HR documents comes a need for more centralized control and 24/7 access that is both fast and secure.

### TECHNOLOGICAL CHANGE

HR departments have already embraced technology in everything from recruiting to performance management to outplacement. However, the conversion, storage, and management of HR records present opportunities yet to be fully exploited.

### FLEXIBLE RESPONSE TO CHANGING WORKFORCE

Employees are becoming more distributed, mobile and self-servicing. Managers now expect fast, open self-service over the Internet. In a world where tablets are outselling PCs,<sup>5</sup>

managing HR files means providing faster access to more information with stronger security.

### DISCOVERY AND COMPLIANCE

New regulations are increasing the burden of adequately and consistently managing HR records. In the U.S., changes in Federal Rules of Civil Procedure (FRCP) means a discovery involving any records must be fast and complete – hard to accomplish in a paper-based HR environment. Concurrently, compliance regulations have created greater requirements for retention and stricter controls over private and Personally Identifiable Information (PII), especially in the European Union. Matters of compliance and record retrieval come to a head in the case of a law suit “if documents are retained on a haphazard basis - e.g., with some documents in some departments being deleted every three months and other departments retaining every piece of paper or kilobyte of information without limitation - it won’t help your cause before an attorney or a judge.”<sup>6</sup>

<sup>5</sup>“IDC Forecasts Worldwide Tablet Shipments to Surpass Portable PC Shipments in 2013, Total PC Shipments in 2015” IDC <http://www.idc.com>, (May 28, 2013)

<sup>6</sup>Anderson, K. “United States: Having A Good Document-Retention Policy” *Mondaq* [www.mondaq.com](http://www.mondaq.com), (September 4, 2013)



## WHAT DO THESE CHANGES MEAN FOR HR MANAGERS?

Fifty-six percent of HR departments across North America report that the top reason for process transformation is to *free internal staff to focus on strategic issues*.<sup>7</sup> At the same time as HR managers struggle to contain cost, they are charged with the more strategic work of sourcing, developing and retaining talent. It is hard to find time for strategic work when burdened with managing paper documents.

Most HR processes are manual and use paper documents. Even if files originate in electronic form, many are still printed, signed, copied, mailed, and stored in file cabinets in multiple locations. Over time, these distributed and sometimes inconsistent processes can lead to poor reporting, inadequate audit capabilities, weak security controls and high storage costs.

Table 2 summarizes the key issues facing HR Managers in document management, their impact on the organization,

and the goals HR Managers need to establish to lessen their impact.

## FINDING SOLUTIONS FOR DOCUMENT MANAGEMENT

HR has three tools for creating a fast, efficient and secure HR Document Management:

- Streamline and update processes.
- Use technology to automate document management.
- Outsource or out task document management work that is not a core function in your HR department or requires specialized expertise.

In fact, these tools work best in combination. Updating processes in the absence of better automation involves a lot of effort which may not maximize gains. Automation in the absence of outsourcing misses the chance to dramatically reduce HR's administrative burden.

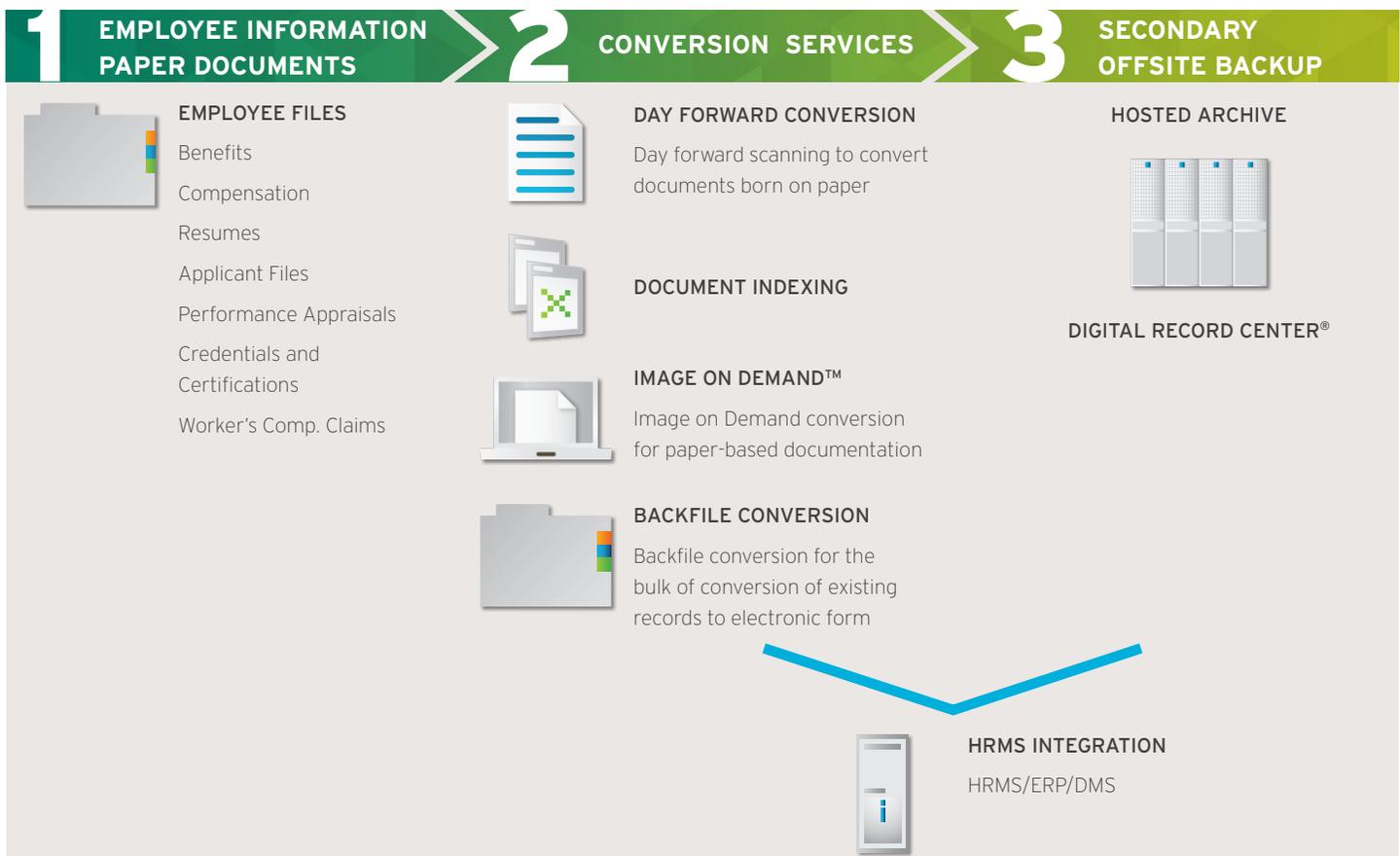
TABLE 2: Key Document Management Issues Facing HR Managers

ISSUES	IMPACT	WHAT HR MANAGERS MUST DO
<ul style="list-style-type: none"> <li>- Growing volumes (and duplication) of paper and electronic records</li> <li>- Manual processes to copy, email, mail, and file HR documents</li> <li>- Inconsistent document processes across locations</li> <li>- Lack of reporting or audit capability for more complicated internal and external requests</li> </ul>	<ul style="list-style-type: none"> <li>- Slow, sometimes incomplete ability to access employee files</li> <li>- Higher labor costs</li> <li>- Missing HR files</li> <li>- Duplication of effort</li> <li>- Can't verify document retention</li> <li>- Delays in processing paperwork</li> <li>- Risk of fines for noncompliance</li> <li>- High storage and shipping costs</li> <li>- Privacy and security concerns</li> </ul>	<ul style="list-style-type: none"> <li>- Create fast and easy access to documents</li> <li>- Ensure document security, backup and recovery</li> <li>- Reduce storage and shipping costs</li> <li>- Improve reporting and audit capabilities</li> <li>- Increase productivity</li> <li>- Reduce exposure to compliance fines</li> <li>- Optimize use of HR staff</li> </ul>
<p><i>These issues are significant not only on a day-to-day basis. Their impact can build over time and create a crisis during trigger events like M&amp;A, facility moves, law suits, and audits.</i></p>		

<sup>7</sup>"Global HR Transformation Report" SharedXpertise (2010).



FIGURE 1: Integrated HR Document Management



The data – and this is not really surprising – shows that improving document management has a big payoff. Two-thirds of those adopting paper-free processes report a payback within 18 months and half actually get payback in a single 12-month budgeting period.<sup>8</sup> Also, people experienced with paper-free processes report that, on average, going digital speeds up responses to stakeholders by 4.6 times.<sup>9</sup>

Furthermore, specialists in document management are continually developing better solutions to technical issues like security, enabling organizations that “provide persistent, end-to-end protection throughout an electronic document’s lifecycle.”<sup>10</sup> Automated and outsourced solutions, build on the foundation of well-executed processes, are effective and get better every year.

An integrated HR Document Management Solution can offer standardized, centralized document management

and storage capabilities that make it easy to find what you need, when you need it. Figure 1 shows what this kind of integrated solution looks like.

There are four aspects of HR document management that need to be considered:

### INTELLIGENT CONVERSION

HR has to assess its needs and processes to choose a conversion strategy that fits best. Customers can choose from one of three alternatives:

- **Day forward conversion:** Determine a point in time and begin scanning selected, or all, HR records from that day forward
- **Image on Demand:** Convert documents as they are requested from storage
- **Backfile conversion:** Completely convert all backfile (historical) records

<sup>8</sup>©2013 AIIM - The Global Community of Information Professionals

<sup>9</sup>ibid

<sup>10</sup>Deshmukh, P. and Pratik Pande, “A Study of Electronic Document Security” *International Journal of Computer Science and Mobile Computing* Vol. 3, Issue. 1, (January, 2014)



The decision process involves consideration of factors such as the frequency of retrieval or activity rate of the records, the volume of records in the backfile, and the volume of records created on a go-forward basis.

## DATA EXTRACTION AND CLASSIFICATION

Indexing records as they are converted will significantly improve access and retrieval time and enable legally defensible response during discovery or an audit. Classifying documents into functional categories and cross-referencing key document types allows for associated files to be easily identified and retrieved. HR records already in electronic form should use the same indexing schema. Note: it is critical to maintain chain of custody and tightly control the process as paper documents move toward the conversion site and are stored or destroyed after imaging.

## OFFSITE STORAGE FOR SECURITY AND STORAGE SAVINGS

Using a hosted archive for centralizing HR records offers a number of advantages. HR records are available 24/7 while staffing and storage costs are borne by the host. The offsite archive also serves as a backup to ensure Business Continuity and Disaster Recovery for HR records. Finally, an experienced hosted archive service provider will likely have security resources and processes that would be expensive to duplicate.

## INTEGRATION WITH HR MANAGEMENT SYSTEMS (HRMS/ERP/DMS)

To allow managers to call up all documents associated with a specific employee, there should be links between the imaged, indexed documents and the HRMS, replacing the burdensome task of manually collecting distributed HR information – calls, emails, faxes, shipping invoices, vouchers, receipts, and copies – with a few mouse clicks by authorized managers at their desktop.

## OUTSOURCING AND HIGHLY-SPECIALIZED EXPERTISE

Administering the high volume of paper cycled through and ultimately stored in corporate files that are documented by HR is not the best use of HR staff's time. Furthermore, it is expensive to use HR staff to handle

document management. According to IDC surveys, knowledge workers spend, on average, 8.8 hours per week searching for information.<sup>11</sup> HR's time is not free. According to data from the Occupational Employment Statistics survey, in the US the median hourly wage of Human Resources managers is \$47.94<sup>12</sup>; costs in Europe will be comparable. Given that HR likely spends more time than the average knowledge worker handling documents, it adds up to a significant misuse of resources.

However, to focus solely on costs is too narrow a perspective. The real value in reducing the burden on HR professionals is that they can devote their skills to more strategic activity. The real value of an up-to-date document management system is that it improves service and reduces risk. As with any successful business project, the value is as much in helping the organization get results as it is in saving money.

It makes sense to outsource document management to experts who have both the specialized expertise and primary mission to create the best and most secure centralized access to HR documents, using standard, consistent proven practices that demonstrate compliant HR records management. In addition, HR managers can leverage the investments made by document management service providers in the latest technology, processes, and security.

## FOR MORE INFORMATION

Learn more about Iron Mountain's HR solutions that make it easy to find what you need, when you need it and give you more time and resources to commit to your strategic initiatives while improving your ability to prove chain-of-custody to auditors, litigators, and regulatory bodies.

<sup>11</sup>Boyd, A. "Managed Print and Document Services for Controlling Today's -- and Tomorrow's -- Information Costs" *IDC Executive Insights* (January, 2011)

<sup>12</sup>"Occupational Employment and Wages, 11-3121 Human Resources Managers" *Bureau of Labor Statistics* (May, 2012)





## **ABOUT IRON MOUNTAIN**

Iron Mountain Incorporated (NYSE: IRM) provides information management services that help organizations lower the costs, risks and inefficiencies of managing their physical and digital data. Founded in 1951, Iron Mountain manages billions of information assets, including backup and archival data, electronic records, document imaging, business records, secure shredding, and more, for organizations around the world. Visit the company website at [www.ironmountain.com](http://www.ironmountain.com) for more information.

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