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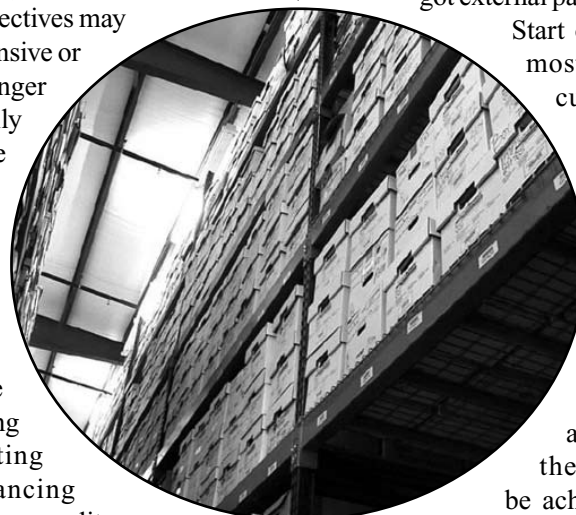
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**The Rewards of Measuring Performance Within a Records Management Operation**

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**THE OBJECTIVE** – Measuring performance can provide for a structured method in which both short and long term goals/objectives are further clarified. When management clearly identifies specific goals within various components of a program or business, the resulting comparison of actual results versus the original stated goal helps to document whether the organization is progressing toward the stated goals. Some objectives may be described as baby steps (reference from the classic Bill Murray/Richard Dreyfuss film “What About Bob?”). Other objectives may be much more comprehensive or complex and may take longer to achieve. Fundamentally both individuals and the organization as a whole need to know whether they are learning from errors and/or avoiding making the same mistakes over and over again. In other words, are we improving and getting better? Are we attracting more customers, enhancing the deliverable, improving quality, growing profits, expanding capacity, maturing as an organization, etc.?



**THE RESULTS** – Communicating performance offers a powerful statement to both internal and external partners about the health of a specific process or program or even the overall organization. On the most fundamental level, many reporting methods about performance are pretty well known and quite obvious. Students are obviously measured and their long term education path dictated through grades and report cards. Publicly-held companies offer annual reports or other communications about their financial performance; with such reports often containing ancillary information about other achievements of the business.

I’ve personally witnessed the benefits of incentive-based compensation programs as they impact customer perceptions. A number of years ago I was fortunate to work for a company that implemented pay increases for employees that were tied to a combination of individual and team goals. In this specific situation and as an example, initial implementation resulted in people pointing fingers and getting frustrated with each other. However ultimately staff learned that they could best overcome shortcomings as a team (and compensate for weaker links) by helping identify

challenges, helping train people where there were deficiencies and by even innovating to avoid having problems or errors occur in the first place.

**What Needs to Be Measured?**

Within your organization, you’ve probably got the same fundamental components as we do. You’ve got the company as an entity. You’ve got team members as individuals. You’ve got customers or end users of your services. And you’ve got external participants such as vendors.

Start out by identifying what’s most important to both the customer/user and to the organization. Make sure that the external promises you make and the expectations you set are routinely achievable. The same in turn needs to be said for the goals you set for both the company and team members within the company: goals must be achievable and measurable.

Look for processes that impact one or more core units within the business or organization.

Lastly make sure to consider two other key criteria as you establish measurements. First, get feedback from everyone...you may be surprised how many great ideas come from non-management. Second, make sure the people responsible for all levels of the overall process being measured buy in to why you’re measuring and what the goals are for timeliness, productivity, growth, profitability, etc.

Within a commercial archive operation, we measure productivity, performance, growth and financial objectives.

For productivity, we measure things like the number of units handled per hour (such as retrievals or re-files of boxed records, media containers, slotted tapes, open shelf file folders, etc.) and units per mile (such as the items delivered or picked up in between our facilities and our customers’ offices).

For performance, we measure things like our on-time delivery percentage, whether new or re-file materials are placed into a shelf position within a certain amount of time, did we complete a project in a timely manner, did we enter descriptive information within 24-48

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# The Rewards of Measuring Performance Within a Records Management Operation

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hours of receipt, did we get invoices out within the first five business days of the month, etc.? These are time specific transactions that are fairly easy to capture and record; especially in today's environment of scanning barcodes every time an object moves (and where audit trails keep this information in searchable tables within a database).

For growth, we might capture basics like net accretion, customer retention, specific levels of activity for various services, increases for primary vertical markets and our overall space utilization. However we should also consider tracking sales and marketing activities such as the effectiveness of certain campaigns, how much we invested on print media versus online media, how frequently we gain customers through referrals, etc.

And for financial measurements, you'll obviously compare expense versus revenue. But since real estate costs are fairly predictable each month, consider more importantly 1) your labor and transportation costs against specific service revenues; 2) the percentage of costs attributable to internal team members versus outside staffing; 3) percentages of overtime; etc.

## ***How to Measure, Communicate and Act on Results***

As noted previously, technology today should offer you the opportunity to track the movement of every item within your business

or operation. Every box, every file, every tape, every blueprint, every email, every edit to a website should be captured within an activity file or be searchable such that you can compare performance from any given time period to any other given time period.

It's also important from a quality, productivity and accountability standpoint to be able to confirm what activities are attributable to the individual handling (or responsible for) specific transactions. How many items did Bill handle last week as compared to the previous week? How many deliveries did Robert make last week and what percentages of those deliveries were made within the promised time frame? What accounts did Jennifer close last month or last year?

To a very large extent, the simpler the measuring process is and the easier it is to obtain the results to be measured, the more effective your program. Measurements should be made weekly or monthly as they apply to both service performance (so you can make adjustments and avoid any possible service failure that might reoccur) and that impact incentive based compensation. Some financial measurements or real estate related measurements may be better

suited to quarterly versus year-to-date (or current year against previous year) results.

And while some portion of your results and measurements may be strategic, confidential or on a need-to-know basis, the vast majority should be considered for organization wide, internal publication. Remember that a key benefit or result of this measuring process could be a culture in which everyone works toward common goals and where everyone feels the pride in achievement (or the motivation to improve where results fall short).

Communication of various results can occur within weekly employee evaluations, within newsletters or can be displayed on

large posters or graphics that hang on a wall in primary foot traffic areas of the organization. These charts should be updated regularly, should benchmark the results and need to be adjusted as new goals are set. It is obviously critical to keep improving. While some goals may stand the test of time and remain consistent (like "absolutely, positively overnight" for folks like FedEx®), other benchmarks or goals (like the number of stops for a morning or afternoon delivery route) may require adjustment as either volumes of items handled increase or decrease, or as new tools or technologies are implemented. And remember to celebrate the victories. Your people are more likely to embrace your service culture and truly feel valued when recognition is a key component of reaching what everyone set out to achieve in the first place.

A former associate that managed operations for a multi-market commercial archive operation taught me a valuable method of remembering the fundamentals when it comes to the measurement process. Dennis called these the "Four R's": reinforce (communicate goals and keep the end goal in sight); reevaluate (did you both measure something meaningful and achieve the intended results); reinvent (adjust processes or goals as needed over time); and reward (achievements need to be recognized).

*Jim Teske is President and Founder of District Archives USA. You can contact Jim at (205) 422-4675 or visit their website at [www.districtarchives.com](http://www.districtarchives.com).*



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# Save Money on Records Management Business Insurance

By Carl A. Gerson

There is more to keeping down insurance costs than negotiating the best rates. Here are a few areas to consider that will help your business keep insurance costs down. Of course, every business is different and requires its own analysis from your broker. The records management industry is unique and not every insurance broker understands it, so talk to an insurance broker who is a specialist in your industry.

## CONTRACTUAL LIMITATION OF LIABILITY:

This is possibly your most important protection from liability. It designates a specific value to each carton or file – the industry standard is typically \$1 or \$2 per unit. The value of business records varies and could be based on both the intrinsic value as well as the reconstruction cost of the records. Without the ability to define the value of each individual box, you must set a limit to their value.

Many customers mistakenly assume that your facility has the full burden of insurance for their stored materials. Make it clear that customers' goods are not insured for their full value. Remind customers to discuss the extent of the coverage for their stored material with their own insurance agent. A separate "letter of understanding" outlining this fact should be used and signed by your customer as well as the contract.

In a recent lawsuit, an award was made based on the value of the records lost, not the \$1 or \$2 per-box figure for which the boxes were insured. While this is not a typical case, ask your broker if you should increase your Warehouse or "Property of Others" limits. You can also have special coverage for specific customers who want more protection due to the value of their stored materials.

## BUSINESS INCOME & EXTRA EXPENSE INSURANCE:

These two coverages both replace your lost income your business would have earned during the time you are closed after and while recovering from a loss as well as pay for the extra expenses to get back in business as quickly as possible. However, a Business Interruption Insurance claim

can be difficult to settle because lost income (not gross revenue) must be accurately predicted far in advance. "Revenue" is the total amount of money brought in by the business. Your "income" is your net profit. Coverage is usually limited to a specific time frame or ends once the property becomes usable again for business. This means that when your warehouse is repaired or rebuilt your coverage essentially ends. It will however take many years for you to regain your lost revenue.

If the amount of insurance bought does not match the amount you should have bought, a co-insurance penalty can decrease your final settlement. You will also need to provide exhaustive records at the time of claim to substantiate your loss of income and will probably need the services of a good accountant to aid you in your negotiations with your carrier.

In conjunction with the insurance broker Capacity Coverage Company, Lloyds of London recently launched an exclusive program called Storage Plus to provide increased business interruption coverage for the records storage industry.

This new coverage is written on an "agreed-amount" insurance form -- the insurer pays an agreed amount depending on the number of record storage boxes destroyed. The claim only involves documenting the number of boxes destroyed. When a disaster occurs that destroys storage materials, in addition to having to handle insurance claims, you also lose the future revenue storing those materials would have generated. Storage Plus is designed to replace your potential lost revenue - not only your lost income. Typical Business Interruption coverage is limited to a specific time frame. Storage Plus compensates you for the revenue you would have had if the destroyed boxes had continued to generate storage income. Storage Plus can also be used if customers want higher per box coverage.

Lawsuits are only one potential business consequence of a records storage facility fire. After a fire, you often need to lease temporary space and purchase new equipment to stay in the business while struggling to keep your employees paid. It is advised to project these potential costs in advance to ensure your combined Business Income and Extra Expense insurance limits are enough to meet them.

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