

FOUND MONEY:

A BUSINESS CASE FOR AN OFF-SITE RECORDS STORAGE AUDIT



Organizations that use off-site storage for their inactive records do so to save costs and make productive use of their office space. However, the amount of material in storage tends to increase over time — especially if records are not properly maintained and destroyed according to their retention schedules. Such neglect can result in unnecessarily high storage fees and exposure to legal and financial risks. Records storage facilities do offer a wide array of maintenance services, but the organization has the ultimate responsibility for managing its resources.

This paper outlines the benefits of conducting a periodic storage audit and presents a case study of how one company was able to realize significant savings.

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FOUND MONEY: A BUSINESS CASE FOR AN OFF-SITE RECORDS STORAGE AUDIT

Would you be the office hero if you saved your organization over \$43,000 per year in off-site storage costs? This was the case for one of our archival service clients, and although every office is different, there's a good chance you could realize savings too. It starts by taking a closer look at the records and materials you store off-site.

Too often in our experience, records are forgotten after they are sent to storage. Unmanaged storage can result in ever-increasing costs—and risks. Storing records beyond their retention schedules may pose a significant legal and financial risk. In addition, many organizations move items into storage out of convenience or sentimentality, ultimately discovering that they are paying to save items like old office equipment, Christmas decorations, or reams of old stationery.

In short, you are likely storing records off-site to save space and costs. Savings from off-site storage only accrue if records are managed according to a retention schedule and destroyed appropriately. If such actions are not taken, unwarranted storage costs can eat into the savings made possible by placing materials off-site in the first place.

THE BENEFITS OF OFF-SITE STORAGE

Corporations and other organizations use off-site storage facilities for good reason. In 2014 the average Manhattan asking rent for commercial space was \$63.78 a square foot per year.¹ In the same time frame, rents in parts of San Francisco were nearing \$100.00 per square foot per year.² Compare this to costs for off-site storage, which can be \$3.00 per cubic foot per year, depending on volume and location. When you consider that the standard 4-drawer filing cabinet needs approximately 10 square feet of space (footprint plus the space to open drawers and stand next to it) and stores 6-8 cubic feet of records, the choice to store inactive records off-site is obvious.

WHAT IS MEASURED IS TREASURED

What are you paying for off-site storage each year? Most likely you know the answer, or can find out fairly quickly.

Do you know *what* you are paying to store? This question is frequently harder to answer.

The fact of the matter is that only a fraction of your organization's records need to be retained indefinitely. According to the Society of American Archivists, just **3 percent** on average of the total body of an organization's records qualify as archival records and thus have a life-of-company retention value. With 97 percent of records typically generated by an organization ultimately eligible for destruction, corporations must manage a lot of material through the life cycle. And for most of these records, that life cycle isn't very long. Common business records have a typical retention period of less than seven years.



STORAGE AUDITS AND THEIR ROLE IN RECORDS MANAGEMENT

After working with clients in the corporate, government, and not-for-profit sectors, we know that at some point, at least one of these questions will be asked:

- What is in storage?
- Why are we storing that?
- Are we still storing ___?
(our board meeting minutes? architectural drawings from the office move? original signed contracts?)

When you cannot easily determine what you have in storage, it's time for an audit of the storage facility.

An audit can provide answers to these questions:

What's in storage?

- Identify pallet or box contents when holdings lists lack specificity

Who sent it there?

- Identify the responsible business unit

Why is it there?

- Verify against retention schedule

Should it still be there?

- Locate material that doesn't need to be stored
- Compare material to retention schedule
- Apply disposition accordingly



CONDUCTING A RECORDS AUDIT

If your storage facility has not been reviewed in some time, it may be beneficial to conduct your own storage audit. Some areas to investigate include:

Inventory:

- Do you and the facilities managers have an up-to-date inventory of records stored in the warehouse?
- Does your inventory accurately reflect the movement of boxes—permanently removed from the facility, temporarily taken to your office, returned to storage?
- Do you know that destruction has occurred as required? What confirmations do you receive?
- Can the facility “lay hands” on every box being stored?
- Does the warehouse maintain separate pallets and storage areas for client boxes?

Warehouse Management:

- Is there centralized control over off-site storage?
- One contact to arrange for pickup/delivery?
- One contact for invoices?

Better tracking of what you have been storing and what you should discard can represent a substantial opportunity to save on costs and increase operational efficiencies, as one company recently learned.

CASE STUDY: HOW ONE COMPANY REALIZED SIGNIFICANT SAVINGS ON OFF-SITE STORAGE

History Associates was contracted to assist a large corporation in gaining a better understanding of the types of records kept in storage. Company managers were concerned about consistently applying their corporate records schedule to ensure legal and regulatory compliance. They also wanted to see if they could reduce the financial burden of their off-site storage inventory.

History Associates' team of records managers spent sixteen weeks at the company's off-site storage facility in New York state, reviewing what the company thought were roughly 13,000 boxes of corporate records stored there. At the client's request, the team opened and visually inspected every box, inventoried its contents in a tracking database, appraised the contents per the corporate records schedule, assigned the appropriate disposition, and re-palletized the boxes by disposition category. They created reports for each lot, including description, date range, and record type data, for the corporation to assess the records.

On a rolling basis, the corporate archivist and the records custodian from each company division reviewed the reports and the boxes to ensure the appropriateness of our team's decisions; they also used our reports to discard materials that were past retention or did not need to be saved, schedule materials for future destruction, and properly store permanent records or those of historical value.

Findings

As the management team suspected, the corporation was storing a great deal of material that was past retention or superfluous, accruing unnecessary storage costs. However, the audit also determined that because of inconsistent record-keeping, the company was paying to store thousands of boxes that no longer existed; in fact, only 9,646 boxes—74 percent of the material they were paying for—were actually in storage.

In addition to this correction, History Associates applied the records schedule to the inventoried boxes, enabling the client to significantly reduce its off-site storage volume.

66 Percent – Discard

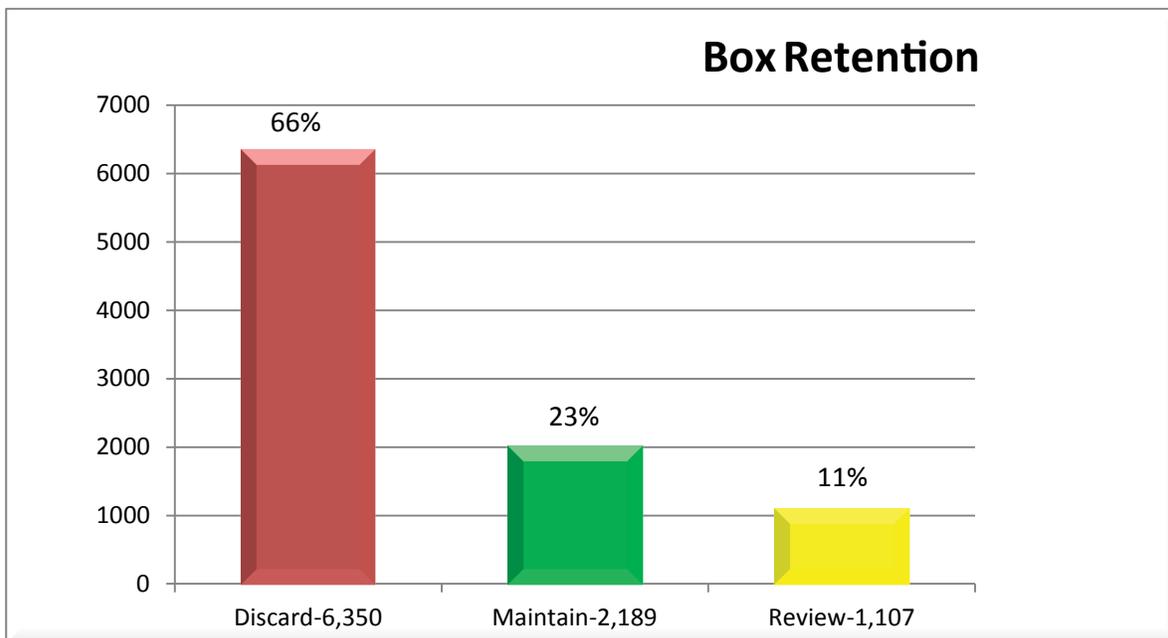
History Associates determined that approximately **two-thirds** of the material in off-site storage could be **discarded immediately**: roughly 6,350 of the stored boxes were past retention and eligible for shredding or recycling. Two percent of this material should not have been stored at all.

11 Percent – Review

Of the remaining one-third of the boxes, approximately 11 percent required review by the corporation because they contained records of mixed dispositions or required clarification on retention instructions. Approximately half of these boxes were subsequently discarded as a result of the review, reducing the collection by another 550 boxes.

23 Percent – Maintain

Twenty-three percent of the materials were recommended to be kept. According to the company's records management policies, permanent records would remain in storage indefinitely and temporary records would be kept for the time assigned in the records schedule and then destroyed.

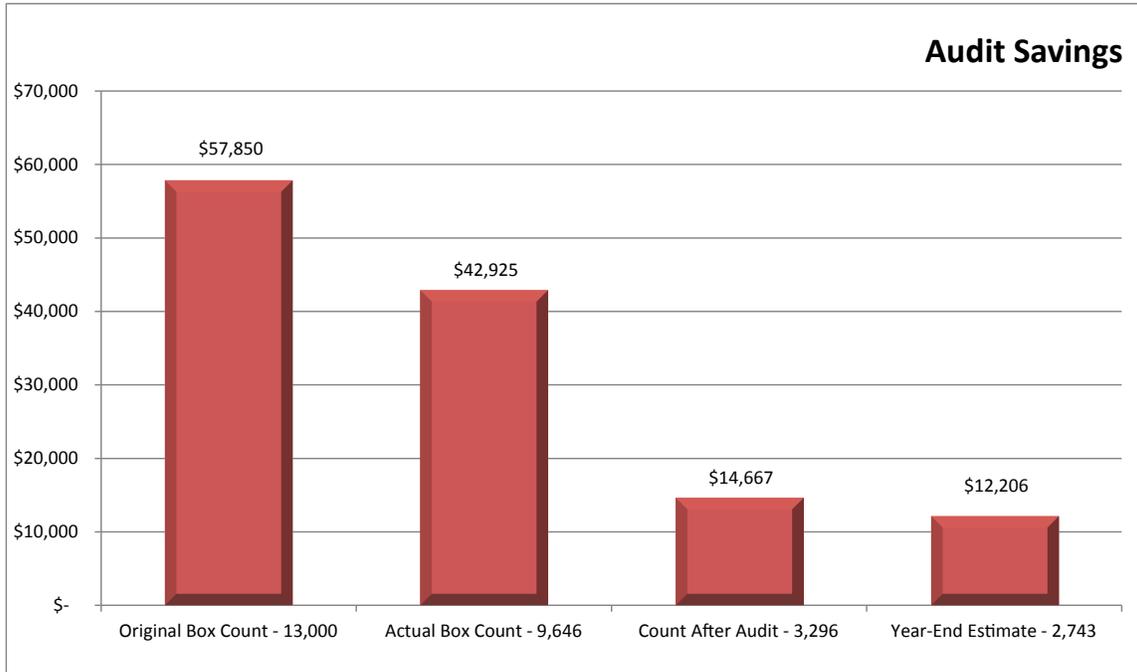


COST-BENEFIT ANALYSIS: THE COMPOUNDING COSTS OF INFORMAL OFF-SITE STORAGE

Storage fees vary greatly depending on volume, location, facility, amenities, and other factors. At an estimated \$4.45 a year per box,³ the company would spend roughly \$57,850 a year in off-site storage. As a result of the audit, the corporation eliminated paying to store over 3,000

phantom boxes and 6,350 boxes of records that were either past their destruction dates or were otherwise okay to discard. With History Associates' help, the company was able to reduce storage costs to \$14,667—a savings of approximately **\$43,183**.

The project also provided destruction dates for the boxes stored temporarily per retention schedules. Managing the sorted materials to these dates will allow for the ongoing annual removal of hundreds of boxes, resulting in additional savings.



For example, of the audited boxes, 33 percent came from the 1990s and 47 percent came from the 2000s. Most of the materials had a maximum retention of ten years or less, so they had been ready for disposal years ago, costing the corporation thousands of dollars in unnecessary storage. Looking ahead, the project was completed near the end of a calendar year when another 553 boxes would be eligible for destruction, **saving another \$2,461 per year**. Another 450 boxes were scheduled for destruction at the end of the following calendar year. In subsequent years, the influx of new boxes to storage vs. the boxes scheduled for destruction should normalize.

The fixed cost for conducting the audit was roughly \$160,000, plus disposal services. Thus, the corporation was able to recoup the cost of the project and begin to realize ongoing savings in a little over three years' time.

An additional benefit of the audit process is that now the corporation has an updated, verified inventory of the materials it has in storage. This allows for a faster location and retrieval of requested documents and a more organized means for the ongoing destruction of records according to their retention schedule.

Start today

When organizations do not actively manage their records, off-site storage can become a costly and troublesome burden. Informal inventory management can result in the loss of important documents, increased time and money expended to search and recall materials, and unwarranted storage costs for phantom or non-record boxes. Corporations also face legal risks when they maintain records past their retention.

If you suspect that you are paying for records storage you don't need, consider the potential savings that could be used to invest in upgrading your records management programs or to reduce overall operating expenditures to improve the organization's bottom line. A storage audit can not only help determine potential savings, but it can also provide peace of mind in knowing that you are efficiently managing company resources and you can quickly locate and retrieve valuable information when needed.



History Associates can help

Our archivists have helped hundreds of organizations manage their records and archives. If you're considering a storage audit, we'd be happy to discuss your project in confidence, whether you need hands-on support or you just want to ask a question.

NOTES

¹ <http://www.longstreetrealestate.com/id2.html>

² <http://www.bizjournals.com/sanfrancisco/blog/real-estate/2014/03/san-francisco-trophy-office-rents-highest-jll.html?page=all>

³ To protect client confidentiality, we used an aggregate number of \$4.45 per box, using an average of storage rates obtained across the United States and setting the volume of each box at 1.2 cubic feet. This number does not include additional fees for pickup and delivery of requested files, refiling returned boxes, etc.

ABOUT HISTORY ASSOCIATES

History Associates specializes in helping organizations manage and use historical resources. Since 1981, we've assisted corporations, government agencies, professional associations, cultural institutions, individuals, and others in preserving their legacy and artifacts, telling their stories, and answering their historical questions. Over the years our clients have come to value our ability to complete projects on time, on budget, and tailored to their needs.

Our experienced archivists and records managers bring a great variety of knowledge and skills to every project—knowledge and skills earned through their broad experience working with government and private sector clients.

- ▶▶ Needs assessments
- ▶▶ Facility and program planning
- ▶▶ Records surveys
- ▶▶ Inventories
- ▶▶ Collection processing
- ▶▶ Descriptive cataloging
- ▶▶ Other archiving tasks for projects large and small

Organizations like IBM, Legg Mason & Co., and the National Park Service have trusted us with their historical collections. We will treat your archives with the same high level of care and attention.

CONTACT HISTORY ASSOCIATES

We'd be happy to discuss your archives in confidence, whether you need project support or you just want to ask a question.

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