

Setting up a Document Management System for Small Business

There are a lot of different document management “solutions”, many featuring software that advertises the advantages of having a paperless office.

Document management software, however, is designed to improve your business’s handling electronic files. The problem is that many small businesses have to deal with mixes of old-fashioned data on paper and electronic files – and in many cases, the proportion of paper data is much larger.

One solution to the problem of having a mixed data environment would be to use a document imaging system to convert all of your business’s documents to electronic form. But this is too expensive and time-consuming for many small businesses.

The good news is that you can put the basics of a document management system in place without purchasing any special software or going through wholesale document imaging. Your document management system doesn’t have to be complex; you just have to invest some time in planning and implementing it.

The Basics of a Document Management System

Setting up a document management system involves three steps;

- creating a document management plan,
- implementing the document management plan,
- and following through.

The first step, creating a document management plan, involves answering these four questions:

1. What are the rules for creating documents?

Invoices, payment reminder letters, sales brochures, email, balance sheets, spreadsheets, reports – All businesses create a variety of documents in the course of doing and keeping track of business. And to keep things organized, all businesses need to establish rules about creating documents.

- For instance, are there in-house templates for some of your standard business documents, such as letters and invoices, and where are they located?
- Is there an in-house style guide that needs to be followed?
- Should new documents be dated and/or time-stamped?
- What procedures should be followed for sharing or reviewing documents?

For some small businesses, the only point about document creation that matters will be where the templates for various business documents are located and how to use them. But if document creation within your business involves different people collaborating on, reviewing

or updating documents, you'll need to spend some time deciding how these things should be done to ensure efficiency and consistency.

2. How will documents be stored?

There are actually two aspects to this question. The first involves the physical aspects of storage. Even if your small business is storing documents in filing cabinets, there are costs associated with storage; not just the cost of the filing cabinets themselves, but the cost of time when you and/or your employees file documents or go to retrieve them. In fact, the largest cost associated with storage, for most small businesses, is probably the cost of the time wasted when people are looking for documents.

The second aspect of storing documents is organizational; how will documents be filed? The key to filing documents is to follow good file management practices. As a corollary, you need to know how you'll archive documents. You need to decide how you're going to handle files that are out of date or just ready to be moved to the back burner in your document management system.

Near the beginning of each year, for instance, I go through the various work-related files on my computer, weeding out those that are no longer current, and create new folders labeled by year and/or subject, moving files as needed.

The same can be done with paper files; it's not difficult to remove old(er) documents from a file folder and label and create a new one with "Old" in the title. Some software offers automatic archiving options. Microsoft Outlook, for instance, allows you to archive old email.

3. How can documents retrievals be simplified?

Once again, good filing practices can go a long way towards solving the problem. Referencing some of the past RIMA Foundation articles on the executive brief column will get you started. If you do things such as consistently follow a file naming convention, documents will be much easier to find.

And whether you're a sole proprietor who works solo or a business owner with employees, I recommend creating a File Locations List, which will remind users of where particular types of files go – and where to find particular documents. If your business is like most, remember to include whether or not the file will be on your computer system or filed in a physical location such as a filing cabinet. For instance, suppose that I use picture in my business. An entry in my File Locations List might be:

Picture – computer – drive F:/picture – file in appropriate subject folder
- non-digital – filing cabinet 3 – Photos – alpha by subject

The complete list would be printed and posted both by all computer workstations and by/on the filing cabinets.

4. How can documents be secured?

The first line of defense for document security is securing the business premises themselves. All businesses need to have security systems, such as alarm systems, installed – even home-based businesses.

Businesses may also need or want to invest in other security devices, such as window bars/grills, security cameras and/or patrol services. You can spend all the time you want creating multiple passwords and encrypting files in an attempt to protect your electronic files, but it doesn't matter much if someone can just wander in and steal your computer and accompanying hard drive.

All filing cabinets should be lockable and kept locked after business hours (and locked at lunch time if no one reliable is going to be in close proximity).

General security procedures for electronic documents involve backing up documents regularly and keeping document backups somewhere other than the same hard drive where the original documents are located. Off-site is best to guard against having your business data wiped out by natural disasters.

Small businesses with colleagues or employees sharing the same computer network may also want to restrict some users' access so they can only use or see some of the network's resources. Even if a user is allowed to access a resource, such as a software program, particular documents can be password protected. Contents of documents can also be encrypted, making them accessible only to those who have the required encryption key.

Employee theft is another threat to data security. Small businesses with employees should make résumé fact checking and getting background checks on employees a matter of policy.

Once you have created your document management plan by answering the questions above, you're ready to implement it, making sure that all your staff know the details of your business's document management system and are following appropriate procedures when creating, storing and retrieving documents.

You'll also have to be sure that everyone who accesses and uses documents within your organization follows through, doing things such as naming and storing documents appropriately. I recommend spot checking on a regular basis to test whether particular files can be easily found and to guard against misfiling.

You can set up a document management system in a day but implementing it consistently over time will be the key to its success. The rewards are huge – being able to find what you want to find when you want it and peace of mind.

Oyedokun Ayodeji Oyewole is the President of Records and Information Management Awareness Foundation (RIMA Foundation), a Not-for-profit NGO that seek to promote proper management and security records and information for the benefit of the society and humanity. He can be contacted at: president@rimaw.org