

White Paper

# Managing Your Documents Before They Manage You

A Beginner's Guide to Document Retention





## Overview

As your business has grown, the amount of paper lying around has grown, too. More invoices. More employee tax forms. More customer contracts. If not controlled, your documents will multiply and create chaos in your office—bottlenecks that could ultimately threaten the success you've worked so hard to achieve. Sensitive customer information will be lost, damaging the trust they have in you. Visas will expire, leaving your organization open to fines. Checks won't be cashed as soon as they need to be, reducing your cash flow. Invoices will not be paid on time, damaging your credit and your reputation. Overall, the vitality of your business will be threatened.

As a small to mid-sized company, developing a document retention strategy may not be one of the top priorities on your list. But if you can't manage your documents now, how can it possibly get any easier down the road when your company is bigger, and your paper burden is even larger?

At Docufree, we specialize in end-to-end document management. We help companies like yours reduce the burdens and bottlenecks associated with too much paper, helping reduce costs and increase efficiency along the way.

Included in this white paper are helpful tips from us that can assist you in developing a strategy that will help you keep your business-centric information secure, easy-to-find and compliant. This information is meant to be used as a guide in helping you develop a strategy that works for you. It should not be construed as legal advice.

### For More information

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### Developing a Strategy:

- 1) Establish a document retention process owner—This person will be accountable for doing the research, establishing the policy and getting everyone on board. This is the person who will own this process going forward and ensure all timelines are met.
- 2) Create an inventory of your various document types, determine what documents should be kept and for how long—At this point, you should involve others across your organization. Consider establishing document management champions in each functional area that has a lot of paper—accounts payable, remittance processing and human resources. Find out what kind of information they have, how long they keep it, and how they currently secure it. Ask them what their best case scenario would be for them in any future solution.
- 3) Determine a budget—For some businesses, good document retention may require some budget dollars, at least on the front end. In order to develop a budget, it's important to know what you are spending now, including the hidden costs. How much time are employees spending scanning documents or filing hard copies? How much office space is being used to store boxes of old documents? How much computer and server memory are you adding annually to keep things operating efficiently?
- 4) Develop a corporate records policy and retention schedule—For some documents with little to no business value, you may be able to purge them often. For others, there may be regulatory requirements that require you to keep them for a certain amount of time. See Appendix A for a list of legal document retention requirements. The best advice is to contact an attorney or your state record's management association for up-to-date guidance on government requirements.

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- 5) Communicate your strategy—In order for your strategy to be successful, it's important that your whole organization buys into it. Distribute your policy to your employees. If you are deploying new technology, it's important that all users know how to use it, so training should be considered. If there are important dates being set for an annual purge of documents, it's important that people have enough time to make sure they are complying before deleting files. It is also important that up-to-date definitions of your documents be shared so that everyone is on the same page as to what is being kept and what is being destroyed.
- 6) Conduct periodic audits to confirm that your employees are complying with the published corporate records policy. Use the feedback you receive to update your strategy as needed to ensure it remains effective.

### Tips for Increasing Efficiency:

Deploying a document management strategy can be especially hard for small to mid-sized companies who are already stretched thin. The following tips can help you implement your strategy quickly:

**Start with scanning**—If you've been accumulating boxes of documents for years, just the thought of sorting them or scanning them can serve as a mental roadblock to getting your business organized. In cases such as these, try outsourcing your backfile conversions to someone who specializes in this area. Shop around for providers who can quickly and cost-effectively scan your old documents and deliver them to you in easy-to-store formats. It's important that any format you use be easily searchable in case you need the document in the future. It's

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It's also important that any provider who handles your information be secure in how they handle it, so be sure to ask about the vendor's internal security policies.

**Consider document management software**—If your documents are currently stored on hard drives, archaic servers or in boxes scattered around your office, your critical business information is at risk. To ensure the security of your information, consider document management software that will allow your employees to easily store and search for what they need so that all of your information is in one place. You'll feel better knowing that your data is secured in one place, and your employees will be happier with their new more-efficient environment.

**Outsource your paper-centric departments**—With today's technology, it is entirely possible to automate many of the critical areas of your business—such as accounts payable. Consider providers who mix document outsourcing solutions with cutting-edge technology in order to reduce your costs and increase your efficiency. You can then move those employees to other areas where their efforts are helping you grow your business instead of just focusing on day-to-day activities that don't add value to your organization.

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**About Docufree**

For over ten years we've been helping businesses work faster by transforming the documents they hate into actionable transactions they love. Whether you need document scanning, document storage and retrieval, automation with workflow or office services, we're here to help.

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**Appendix A**

The following information is provided as reference only and should not be taken as legal advice.

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules	7 years
Year end financial statements	Permanently
Insurance policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of products, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years