

VITAL RECORDS PROTECTION

BY VAN CARLISLE

A vital records protection (VRP) plan is designed to prevent the loss or destruction of records that are essential to an organization's continued operation. It's an essential part of business planning for organizations of all sizes. A VRP plan isn't the same as a records management policy, although VRP can exist within the context of a formal records management program.

VRP entails storing vital records and documents in fireproof files and safes. (Note: The term *fireproof* technically means totally resistant to fire. No product is fireproof, in the literal sense of the word, as the only matter that is 100 percent resistant to fire is water. However, many government regulations and private industry best-practice guides use the term *fireproof*.) National Fire Protection Association Standard 232, "Protection of Records," recommends that when you keep vital records on-site, you should store them in a fire-resistant file or vault that has been tested and rated by Underwriters Laboratories (UL). It's imperative to use products that are tested by UL or other nationally known independent testing labs. Avoid equipment with manufacturers' or non-independent ratings. UL, in particular, is the best, as no other testing and standards organization matches their reputation. As long as any VRP product carries a UL listing, the terms *fire-resistant* and *fireproof* may be used interchangeably when describing files and safes.

How much should VRP cost? Most organizations, especially those facing government regulations, have little choice but to invest in VRP products. However, the question of how to justify the business value of VRP purchases plagues thousands of purchasing officers, security pros, and busi-

ness contingency planners. One way to figure out the ROI for VRP products is the cost-per-filing-inch formula. To figure out the annual cost per filing inch, add up the expense of the fireproof cabinet, the cost of the space the cabinet occupies (the square footage of the container's footprint multiplied by the annual cost of office space per square foot per year), the labor costs incurred maintaining vital records, and the cost of the materials used (file folders, labels, pens, and so forth). The final number is the cost per filing inch.


Price shouldn't be the overriding factor when the issue is protecting vital records and documents. Considering that the majority of businesses who lose their vital records in fires every year don't recover and end up shutting down operations forever, the cost of adding this equipment really is negligible when compared to the cost of trying to replace what has been lost in a devastating fire or other disaster.

To determine what to protect, draft a list of the records that are essential to your organization. The list should generally include:

- **accounts receivable**—These records are essential to document claims and collecting outstanding accounts.
- **accounts payable**—Vital to disclaim any unwarranted or already paid bills, these records also protect credit ratings (with records to notify creditors, many of them are willing to offer extended terms).
- **inventory**—To get a full and fair settlement from your practice's insurance, your inventory documentation is key.
- **general accounting**—This financial story of your organization is needed to maintain continuity after a disaster.



- **tax records**—If there's doubt about any payments or amounts, the government will win if you're unable to prove your case with records.

- **contracts, leases, legal papers, and records required by government regulations**—Some courts have ruled that fire isn't a valid excuse for failing to produce payroll, personnel, or OSHA records for a government inspection. 

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