

Records Management at Procter & Gamble: A Commitment to Good Governance



“Lost customer files. The inability to produce e-mail messages results in \$10 million fines and a judgment of \$1.4 billion. Shredding of files helps fell two giants.”

The past few years we’ve seen headline after headline detailing just how serious the management of records and information is in government and corporate settings. It has contributed to the downfall of multibillion-dollar corporations, irreparably damaged public images, and spawned far-reaching legislation and regulations that affect businesses around the world.

Yet too many executives still have a difficult time understanding how records management supports the business. Many still think of it as a backroom operation housing musty files crawling with paper mites. In reality it is a component that can make an organi-

zation into a smarter, more effective, and efficient operation.

Procter & Gamble (P&G) CEO A.G. Lafley is one of those rare executives who understands the powerful role records management plays. “Records management is important at P&G,” states Lafley. “First and foremost, it’s part of P&G’s commitment to good governance. Second, it helps ensure we have the right information available at the right time in the right place to make smart business decisions. Third, it makes us more efficient and helps keep costs low – and lower costs ensure P&G brands provide superior consumer value.”

It’s this commitment to and understanding of records management’s central role in the company’s success that has helped P&G’s records management program gain international recognition. Procter & Gamble was awarded the Iron Mountain/ARMA International Award for Excellence in Records Management for

Overall Program Excellence in September 2005. This is the highest honor bestowed a records management program. The previous year, the company won the same award for Best Program Innovation.

An important element of that success is the support the program has from the top echelon of the enterprise. According to Global RRS Manager Randy Moeller, P&G's records management program was presented to the company's top 50 officers by the CEO and P&G's chief legal officer. That sent a loud and clear message that P&G recognizes the key role the program plays in the company's success, said Moeller.

In preparing its application for the coveted Iron Mountain/ARMA International Award for Excellence in Records Management, the records management team went to the top. "Even though we have great relationships with many executives, we decided to ask A.G. [Lafley] why he felt records management is important at P&G," Moeller said. "In a thousand years we could not have come up with a better explanation."

The three reasons cited by P&G's CEO instantly became the program's mission statement, and it guides their efforts every day.

"First and foremost, it's part of P&G's commitment to good governance." Over the last few years it seems that almost nightly the evening news has carried one story after another of governance issues at companies, with trust being one of many casualties. Maintaining trust with their consumers and shareholders has always been a part of P&G's core beliefs. The corporate retention schedule helps in this governance issue by providing evidence that the company recognizes and follows the laws of the 80-plus countries in which it operates. The length of time they retain records is based on what is stated (if any) by law and then business needs. These laws are periodically researched to help ensure they haven't missed anything.

Supporting the schedule and the program in general is a corporate policy that states an employee is expected to review their records against the retention schedule. This is further supported by records management questions in controlled self-assessments and internal control audits. A process has been developed where departments hold record review days and document the results, which are needed for the assessments and audits.

In another governance role, Records Management partners with the Legal and Tax groups regarding the processes for litigation and revenue issues to aid in identifying, locating, and securing needed records.

"Second, it helps ensure we have the right information available at the right time in the right place to make smart business decisions." One way the program aids this is by the results of employees disposing of records past their retention date. Having less to look through to find something makes employees – and therefore the company – more efficient. When the retention

schedule rolled out, Records Management received numerous comments on how much easier and faster it made locating and using records when needed.

One example is Records Management's redesign of the system that manages the company's laboratory notebooks, which are critical in supporting patents and the reapplication of gained knowledge. The result was the graduation of a handful of sites and a few thousand notebooks to 17 sites globally and 100,000 notebooks. Timely access to these records supports the research and decision-making process involved in the creation of new and improved products, enabling the company to get them into the marketplace quicker and therefore be more competitive.

Records Management has also worked with departments and their system support and implementation groups regarding records management standards for electronic records. This can range from creating, locating, and migrating records, among other issues, to ensure that records are accessible and useable when needed. The

department is also working with the paradigm shift from paper to electronic records so the information they contain remains trustworthy.

"Third, it makes us more efficient and helps keep costs low – and lower costs ensure P&G brands provide superior consumer value." The work noted within the first two statements aids in lowering internal operating costs. Whether through less hard drive, server, or file space, having less costs less and allows the worker to be more efficient. With the roll out of the retention schedule which is currently a third of the way done globally, P&G has already opened up more than \$500,000 of drive space.

P&G's effort in making existing knowledge available for reapplication by their employees avoids the costly expense of recreating this knowledge. Each day saved in launching a new or improved product, or reducing internal cost, allows products to be priced more effectively. This increases the chance of winning at the first moment of truth, which is the moment when a consumer chooses a brand while shopping.

"We have been very honored in winning the Iron Mountain/ARMA International Award for Excellence in Records Management and I thank ARMA in providing this opportunity to share these examples of our records management program at P&G," says Moeller. "I hope this gives others a better understanding on the impact a records management program has on an organization and encourages them to learn more."

P&G has been named among the top five Most Admired Companies in 2006 by FORTUNE magazine and P&G ranks as the third Most Admired Company globally. Randy Moeller is the Global RRS Manager at P&G and can be reached at moeller.rj@pg.com.

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