



# Gotcha's and Ah-ha's of Becoming Paperless

by Jo Day and Kevin Day

**B**ecoming “paperless” is an exciting undertaking for a planning firm. Use these tips to help make sure your system meets your expectations—and to avoid the buyer’s-remorse blues.

## The Paperless Process

Below is the approach we find that works best in shifting a firm to electronic document management.

### **Gotcha: Don't buy the scanner first.**

One big mistake planners make is thinking, “If we buy a scanner for the office, we’ll at least start using it—we’ll figure out the process as we go along.” The result of this approach is usually a fragmented filing system in which it is difficult to find what you need.

**Ah-ha: Implement in phases.** Where does most of the paper volume come from in your firm—investment paperwork? Planning files? If you attempt to scan all of the paper coming into your firm at once, then your staff will be quickly overwhelmed, and your chances of success diminished. Instead, pick one area of your practice and focus your efforts there first.

**Before buying anything, design the workflow process.** You need to develop a workflow process for all the ways paper comes into and out of your firm, such as how to...

- Scan incoming and outgoing mail
- Scan data collected from clients during meetings
- Scan new client data and review client

“If you attempt to create your filing system and processes as you go, then you will be creating an inconsistent filing system from day one.”

packages

- Implement a meaningful shredding schedule

If you haven’t thought through how these processes will work, then you have no business buying hardware or software.

**Gotcha: Do not create as you go.** If you attempt to create your filing system and processes as you go, then you will be creating an inconsistent filing system from day one. You will have neither time nor desire to go back and fix it later, despite lessons learned along the way. It is like moving into a house thinking you’ll paint the interior later—it doesn’t happen, and you are never quite satisfied.

**Ah-ha: Stress-test your design.** You need to test your design and process before you begin filing all of your client files into the system. Take your most complicated client (you know who this is) and scan and file their documents. If you are satisfied with the outcome, then you are ready to proceed. If not, repeat for another client. As you make decisions, write them down—if it’s not documented, then you don’t have a system.

**Go live.** After going live for a given phase, monitor the filing process for a couple of weeks to ensure the filing and the workflow processes are running smoothly.

If it is, turn your attention to the next phase.

**Gotcha: Ensure client privacy.** If you need to send information to a client or on their behalf, e-mailing it is the obvious choice; but if the file contains confidential information, you should have a process in place to password protect it and to provide passwords to clients. We know of one firm that asks the following question on their new-client intake questionnaire: “What password would you like us to use when sending confidential information via e-mail?” The password is stored on the client’s contact management record and is used to encrypt confidential documents sent via e-mail.

## Buying a Scanner

### **Gotcha: “All-in-one” is not one for all.**

Most firms we know who have office copiers with built-in functionality rarely use this feature. Why not?

First, when someone is scanning, someone can’t copy, and vice versa. Second, an employee must walk to the copier to scan and return to their desktop computer to file.

The scanning feature purchased in

conjunction with a department-level copier can add \$1,000 or more to the cost of the equipment. Given the cost and inefficiency, there is a better way.

**Ah-ha: Decentralized filing.** An important goal of scanning should be to streamline workflow. You want your staff to work in “real time,” scanning paper at the source.

In a decentralized filing system, a staff member who is primarily responsible for processing investment paperwork ideally should have a scanner on his or her desk. When they receive account paperwork to process, they can scan and file those documents immediately. It will be just as fast for this staff person to scan and file the documents as it would be to make a copy for someone else to file later.

For users who process more than a handful of documents each day at their desks, we like the Fujitsu 4120c. It takes up very little room, has a 50-page document feeder, scans double-sided at a rate of 25 images per minute, and can be bought for less than \$1,000.

## Evaluating Software

When evaluating document management software, think and ask questions about how the application helps streamline your workflow. Here are some points to consider:

1. **Consistency.** **Ask the vendor to show** you features of the software that help you file consistently (no matter who or how many people are filing)
2. **Speed.** Determine how much time is involved in filing documents—look for features in the software to help speed up this process.
3. **Compliance.** How does the software help you meet the compliance requirements of the Securities and Exchange Commission, the National Association of Securities Dealers, or your broker/dealer?
4. **Transition.** How can you transfer existing files from your network into the system? If you decide to stop using the software, how difficult or costly is it to move out of it?
5. **More than paper filing.** Most financial service firms initially focus on filing paper, but your goal should be one filing system for *all* of your files. How does the filing software interact with electronically generated files such as Word and Excel?
6. **Redundancy.** How is the system redundant? For example, if your server goes down, is there still a way for you to retrieve files?
7. **Integration with other applications.** Does the document management software talk with your contact management or investment management software? If so, you can realize some wonderful efficiencies (see “Do More than Store,” *Journal of Financial Planning*, September 2003).
8. **OCR.** Some filing software applications rely heavily on a feature called optical character recognition. OCR software converts scanned images into image plus text files so you may both perform text searches *for* files and *within* scanned files.
  - **Bulk filing.** You may want to bulk file documents that you must store, but refer to infrequently, such as monthly statements. In this scenario, you would file all of your statements from one custodian as one file. Then, if you needed to retrieve a given statement, you could perform a text search inside the file for the client’s name or account number.
  - **Reference information.** If your firm has a large reference library or does original research, then performing a

search for text inside the articles can be very valuable.

**Gotcha: OCR is not a substitute for consistency.** Don’t attempt to use OCR as a means to overcome inconsistent filing—this leads to time-consuming searches. Just imagine performing a text search for the word “trust” for a client. In addition to the legal trust, your query would likely return a large number of other files you would have to sift through.

Going paperless is a huge opportunity for your firm—don’t waste it. Happy scanning!



Jo Day and Kevin Day are principals of Trumpet Inc. in Phoenix, Arizona. They provide technology consulting and services to financial planning firms via the Internet. They can be contacted at [info@trumpetinc.com](mailto:info@trumpetinc.com) or <http://www.trumpetinc.com>.

