

## Why managing Information Assets badly is negligent

We know how to manage our financial, physical and human assets well and we should manage our Information Assets well too. But we don't. Because of poor management of our Information Assets, on average over 20% of all salary expenditure is spent for no service. It is straight waste. When asked what his organisation would look like if it managed its money the way it manages its data, information and knowledge, an executive of an oil and gas producer said, *"We would be broke in a week. Anybody in this organisation, everybody in this organisation, would be able to spend any quantity of money, at any time, for any purpose, without authority and without having to report on it because that's the way we manage our information. It would be walking out of here in wheelbarrow-loads."*

Data, information and knowledge comprise arguably our most important asset. It's an asset without which no activities or processes can be conducted and no decisions can be made. It's an asset that enables us to deliver our products and services to our clients, to earn revenue, to reduce costs, to increase profit, to mitigate business risk, to create competitive advantage and to empower our staff. In the words of the authors of the Leader's Data Manifesto (Danette McGilvray, John Ladley and Tom Redman) and our associates (Doug Laney and Martin Spratt), it's an asset with immense value and with which, collectively, we can improve the human condition.

Experience Matters' and the University of South Australia's anecdotal evidence and quantitative research of:

- Chief Operating Officers (COOs) representing 142 North American law firms;
- Information Management professionals representing 239 mostly government organisations (IM); and
- 313 staff of a large South Australian State government department (Staff)

allowed the following business implications to be identified.

Table 1 shows the challenges to finding information; 54% of Chief Operating Officers, 62% of Information Management professionals and 43% of the State government department staff nominated not knowing where to look. 82% of Information Managers said there are too many places to look and 62% of government agency staff said that poor version control is a problem. And so on.

Challenges to finding information	COOs	IM	Staff
Too many places to look	52%	82%	
Don't know where to look	54%	62%	43%
Not sure of the correct version			62%
Too many sources of information		55%	58%
Constantly changing information			57%
Poor navigation			53%

Table 1

In Table 2, the business impact of current information management practices was identified.

Business Impact	COOs	IM	Staff
Non-compliance		73%	54%
Poor decision making			67%
Loss of reputation	65%	59%	32%
Litigation		64%	
Security exposure			59%
Loss of clients	56%		
Loss of productivity		52%	
Loss of competitive advantage	44%		

Table 2

73% of Information Managers identified the inability to comply with legislation as a major implication, 67% of staff of the government agency identified the risk of poor decision making and, of the COOs of law firms, 65% nominated a potential loss of reputation, 56% a loss of clients and 44% a loss of competitive advantage. These findings constitute serious business risks.

The productivity lost through failing to address Information Asset management practices, or to be gained by improving them, can be seen in Chart 1. The chart shows the average avoidable wasted time per week experienced by the staff of a New South Wales State government department.

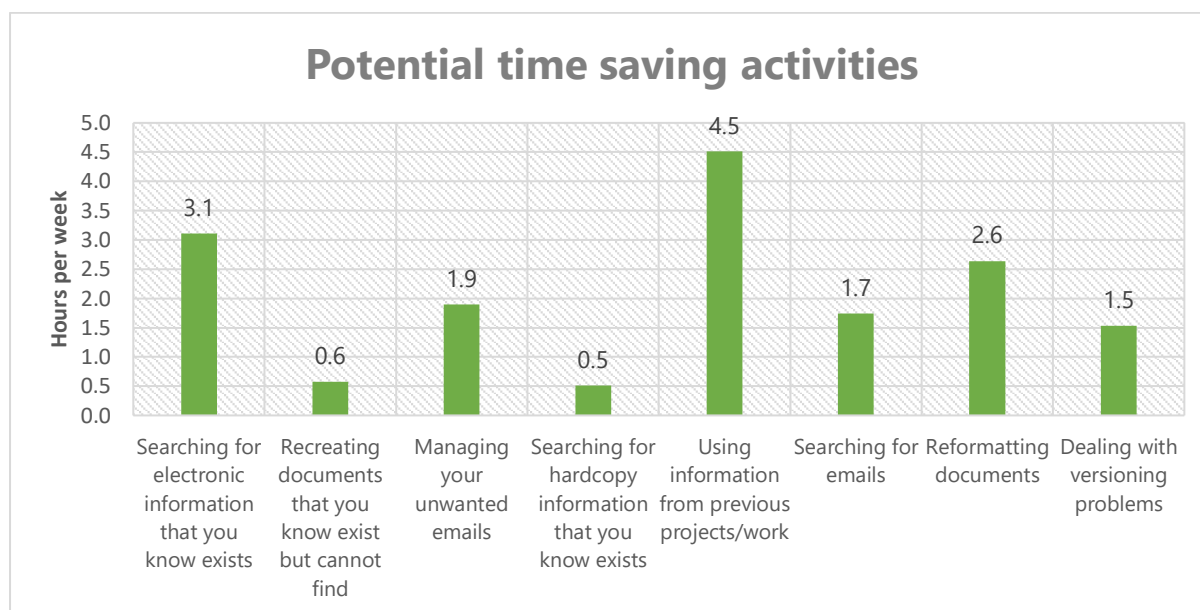


Chart 1

In addition to providing research findings of how Information Assets are managed in two State government organisations, Table 3 extrapolates the time wasted to determine the financial impact of poor Information Asset management.

Description	Organisation 1	Organisation 2
Industry	State government	State government
# staff	7,500	150
% staff who know who is responsible for managing the organisation's Information Assets	78%	80%
% staff who agree there is clear accountability for the management of the organisation's Information Assets	55%	42%
% staff who are satisfied that their information is complete and accurate	66%	70%
% staff who are satisfied that their information is current and not out of date	55%	70%
% staff who believe that productivity would improve through better information management	70%	54%
# potential hours per person per week to be saved (discounted to allow for any potential duplication)	7.8	8.2
Expected benefit	Salaries 2015/16 = \$729,000,000 7.8 hrs / wk = 20.8% \$151,000,000 p.a.	Salaries 2015/16 = \$22,700,000 8.2 hrs / wk = 21.9% \$4,970,000 p.a.

Table 3

The salary expenses were sourced from the latest available annual report of each organisation. The standard working week is 37.5 hours.

In Organisation 1, \$151 million is being wasted; the money is being spent for which no service is being received. In 2018 the Australian banking sector was castigated by a Royal Commission for charging fees to people for a service that they could not receive because they are dead – an unconscionable and immoral situation. Not only do these figures demonstrate inefficient and ineffective business practices but they call into question the competence and the ethics of senior managers who fail to run their organisations properly.

Table 4 shows the average wasted time by staff of organisations as estimated by Chief Operating Officers of law firms in North America, by Information Managers of predominantly government agencies around the world and by the employees of a South Australian State government agency.

<b>Effect on productivity in hours and minutes wasted per person per day</b>	<b>COOs</b>	<b>IM</b>	<b>Staff</b>
Searching for or managing unwanted emails	49 min	37 min	35 min
Searching for information they know is there	31 min	47 min	33 min
Recreating documents they know exist	24 min	39 min	19 min
Not using information from previous projects / lessons learned	31 min	36 min	11 min
Total minutes wasted / potential improvement per person per day	135 min	159 min	98 min
<b>Time wasted / potential improvement per person per day</b>	<b>2 h 15 m</b>	<b>2 h 39 m</b>	<b>1 h 38 m</b>
Time wasted / potential improvement per person per week	11 h 15 m	13 h 15 m	8 h 10 m

Table 4

The estimates by the staff of the South Australian State government agency in Table 4 have been savagely discounted for political expediency. By their estimates the average time wasted is closer to 3.88 hours per person per day or more than half their time. Even so, the Chief Executive Officer of the organisation described the estimates of his staff and the findings of the investigation as “rubbish.” As of March 2019, the organisation is still paper based; in contrast, IBM Australia went digital in 1985, more than a third of a century ago.

Table 5 shows the consolidated findings from organisations across a range of industries. The total estimated waste or potential benefit per year has been divided by the number of staff consulted with to determine the average waste or potential benefit per person per year.

<b>Industry</b>	<b>Total benefit / year</b>	<b># staff</b>	<b>Benefit / person / year</b>
Local government	\$ 8,571,000	1,000	\$ 8,571
State government	\$ 155,970,000	7,650	\$ 19,865
Wine	\$ 364,000	34	\$ 10,700
Legal	\$ 1,995,000	150	\$ 13,300
Mining	\$ 24,296,000	1,100	\$ 22,090
Oil and gas	\$ 29,754,000	1,102	\$ 27,000
<b>Totals</b>	<b>\$ 220,950,000</b>	<b>11,036</b>	<b>\$ 20,021 *</b>

Table 5

\* Total benefit per year divided by total # staff

Table 6 demonstrates the main identified areas of potential business improvement from better managing Information Assets.

<b>Opportunity for Improvement</b>	<b>COOs</b>	<b>IM</b>	<b>Staff</b>
Improved decision making		76%	62%
Increased productivity	70%	62%	
Improved communication			70%
Improved client service	67%		47%
Higher quality data, better intelligence			63%
Improved business performance		51%	44%
Increased billable hours	44%		

Table 6

The result is poor information management with: a consequent loss of revenue; an increase in operating cost; the acceptance of waste with its negative effect on productivity; and the impact of risk from inability to meet compliance requirements, compromised cyber security, ineffective discovery and sub-optimal business continuity. By contrast the benefits of improving the management of Information Assets can be significant and quick to realise.

### Example 1 – Law firm

The firm found that 70% of its 150 fee earners could bill an extra 30 minutes per day and an additional 20% could bill more than an hour per day. The Managing Partner declared, *“You are now under confidentiality because you have just identified our single greatest source of competitive advantage and if it gets out into the market how inefficient we are, we are toast.”*

### Example 2 – Consulting engineering company

A consulting engineering firm can bill an extra \$2.5 million per year by more productively using 5 minutes per person per day across 2,500 staff at an internal charge-out rate of \$50 per hour.

### Example 3 – Winery

A winery employing 34 staff conducted an Information Asst management health check and implemented some basic remedial instruments including an intuitive file plan that matches the business of the organisation, naming conventions and email guidelines. The investment required was:

Health Check	\$19,950
Implementation	<u>\$41,619</u>
<b>Total</b>	<b>\$61,569</b>

The results of the exercise are:

- \$91,000 of productive activity in 3 months by 34 staff = \$10,800 / person / year
- Breakeven in 8 (actual) weeks
- A carpark comment by winery operations staff, *“This is fantastic. We can find stuff.”*

The Winery Manager declared, ***“No other investment could have delivered a greater return in a shorter time with better staff implications.”***

Where do we start? Start as the winery did by conducting an Information Asset management Health Check and Business Impact Assessment. It tells you how your Information Assets are being managed, what it means to the business and what you can do about it. It is an investment that will return handsome dividends.

Contact us to discuss your situation at:



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