Information Management Practices and Their Business Consequences

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OM32A
5/5/2018
1:15 PM
The barriers to and benefits of managing your information as a business asset

5th May 2018, Gaylord Resort, National Harbor, Maryland, USA

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Our job is purely information. On a minute by minute basis that’s all our job is.

Managing Partner, USA

Q: If you managed your Financial Assets the same way you manage your Information Assets, what would your firm look like?

A: Like that bloke there (pointing to the floor) – invisible, non-existent.

Named equity partner, USA

On one hand this represents our single greatest source of competitive advantage; on the other, if this gets out to the market we’re toast.

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**INFORMATION ASSETS - DEFINITION**

**They include**

- All intangible assets that are inputs to the production process
- All data, records and documents, content and knowledge
- All media – paper, digital, film, head-space
- All formats – spreadsheets, email, drawings

**They exclude**

- Outputs of the process – brand awareness, relationships, goodwill
- Money, people and property & infrastructure – tangible assets
- Computer hardware and software – physical assets
## VALUING INFORMATION ASSETS

### Contracts
- Value Contribution
- Risk

### Timesheets
- Condition
  - Quality
  - Effort

## EXERCISE 1 – IDENTIFYING AND VALUING INFORMATION ASSETS

<table>
<thead>
<tr>
<th>Information Assets</th>
<th>Value of the assets by: • Contribution • Risk of loss (3 = high, 1 = low)</th>
<th>Condition of the assets by: • Asset quality • Effort to maintain (3 = high, 1 = low)</th>
<th>Owner of the asset</th>
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Every firm exists to produce a product(s) and/or service(s) to deliver value to its clients.

Value is created at multiple levels for multiple stakeholders through the judicious deployment of the firm's resources.

**Goals**
- Value is created for clients by the firm delivering the service(s) that clients want.
- Services are created and delivered by conducting the firm's business activities and processes.
- Activities and processes are enabled by deploying valuable resources.
- Management's job is to deploy the firm's resources. Business performance is a lag indicator.

**Products and Services**
- Owner / Shareholder value
- Client value
- Employee value

**Activities and Processes**
- Assets and Resources
- Governance, Planning and Management
**WHAT DO LAW FIRMS DO?**

The resources deployed to deliver services

<table>
<thead>
<tr>
<th>Financial Resources</th>
<th>Physical Resources</th>
<th>Human Resources</th>
<th>Data, information and knowledge</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Infrastructure</td>
<td></td>
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<td>ICT</td>
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</table>

The most successful firms deliver the that create the most value for the client whilst consuming the fewest resources

**WHY ARE INFORMATION ASSETS IMPORTANT?**

Data, information and knowledge constitute 1 of only 4 assets / resources deployed

No business activity, process or decision can be conducted or made without information

Information is the only business asset that can’t be replaced
HOW ARE INFORMATION ASSETS MANAGED?

<table>
<thead>
<tr>
<th>Asset / Resource</th>
<th>Framework</th>
<th>Tools</th>
<th>Authority</th>
<th>Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Chart of Accounts</td>
<td>Balance Sheet, Income Statement</td>
<td>Delegation</td>
<td>CFO</td>
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<tr>
<td>Human</td>
<td>Organisation Chart</td>
<td>Roles &amp; Responsibilities, KPIs</td>
<td>Line Management</td>
<td>Director HR</td>
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<tr>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Physical</td>
<td>Asset Register</td>
<td>Maintenance and Improvement Programme</td>
<td>Delegation</td>
<td>Property Manager, Site Manager, IT Manager</td>
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<tr>
<td>Information</td>
<td>BCS</td>
<td>Metadata model, Security model, Retention Schedule</td>
<td>Everyone</td>
<td>True CIO</td>
</tr>
</tbody>
</table>

Deciding to manage information assets badly is tantamount to deciding to manage the firm badly.

OUR RESEARCH – THE DRIVER

We have substantial anecdotal evidence that executives just don’t care. They:

- don’t know about Information Assets
- aren’t asked about Information Assets
- don’t know how to manage Information Assets
- can’t cost or value or measure the benefits from managing Information Assets
- have other priorities

The problem isn’t perceived to be big enough. We need:

- Empirical evidence of how managing Information Assets affects business performance
- Academic, media and business recognition
**OUR RESEARCH - OVERVIEW**

**6 stages**
1. Literature review
2. The problem
3. The cause
4. Validation
5. The benefits
6. Methodology

**8 organisations**

**Principles**
Academic integrity, uniqueness and business relevance

**3 continents**
Australia, South Africa, United States

**Participants**
Mostly C-Level and above
OUR RESEARCH – FINDINGS OVERVIEW

**Leadership & management**
- Lack of executive support
- Mistakes not tolerated
- Manager workarounds
- IM practices neither rewarded nor punished
- No IM Vision
- IT seen as a panacea and IM is ignored
- Information not managed as an enterprise asset
- Resistance to change

**Lack of awareness**
- Problem is not recognised
- No formal education
- No on-the-job training
- Organisation immaturity

**Governance**
- Lack of accountability
- Lack of responsibility
- Level of key person
- No Board understanding
- CIO has a technical focus

**Enabling systems & practices**
- Language imprecise
- Accounting practices
- Technology shortcomings
- Poor IT reputation

**Justification**
- Lack of a catalyst including crises, business changes and compliance
- Compliance and risk are burdensome
- Other priorities prevail
- The value of information is contextual
- Benefits are intangible, intertwined and difficult to crystallise
- Inefficiency is rewarded
- IM is not interesting

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**FINDINGS**

*We’ve got buckets of information everywhere. We’ve got Access databases all over the place.*

*If you’ve got 20 grand [in bonus] swinging whether or not you download all the relevant documents into our [knowhow] database at the conclusion of every matter, it will happen. Because there’s no doubt that remuneration systems drive behaviour (A4).*

*Over time lawyers have got away with a model of ‘the longer something takes, the more it will cost [the client] and the more [the law firm] can charge’. It’s a really serious issue in terms of the cost of justice and the cost of legal services. I’m a beneficiary of that but it’s madness from a commercial perspective (A4).*

*The secretary stores the document she changed for me on her own hard drive. She just doesn’t think about other people needing it. If something happens to her it will be a bit of a challenge to find it as everyone saves information in their own way (S4).*

*I really did not understand why there would be so much resistance. I didn’t expect it. I didn’t expect the level of fear. It was extraordinary. (A1)*
THE SURVEY

Participation:

132 firms have completed the survey

2.4% of firms invited have completed the survey

[The survey] highlights points of importance that I don't always consider

The survey has been very enlightening. I am glad I participated. Appreciating the multiple layers.

One should not have to recreate the wheel (so to speak) on information management. It would seem that we would benefit from industry-wide standards.

THE VALIDATION

71% of the participating firms consider information management to be important to their business …

[I] made note of various concepts, policies, and initiatives that would be helpful to incorporate, realizing there are more aspects to Information Management that I previously hadn't considered or known about

The importance [of information assets] has been highlighted for me. It is truly the backbone of our firm!

… yet these assets are not managed well

We know it's important, but I haven't made it the priority it should be.

I see that we are failing to use the information assets at our disposal as fully as we should.

We're not doing nearly enough!

We have a 'good enough' mindset which has not yet challenged whether we can do this better.

Making a business case for developing metrics to assess the status of the firm's info management is a new concept for us.

We have an older demographic. Both staff and attorneys are reluctant to embrace change or spend money on information
BUSINESS IMPACT

Effect of current information management practices on business performance

Of the firms surveyed:

- 65% could suffer a loss of reputation
- 56% could lose clients
- 44% could lose competitive advantage.

CHALLENGES TO FINDING THE RIGHT INFORMATION

Challenges to finding the right information

- 54% of firms don't know where to look
- 52% of firms have too many places to look.
EFFECT ON PRODUCTIVITY

Staff can waste:

- 31 minutes per day searching for information
- 24 minutes per day recreating documents they know exist
- 49 minutes per day searching for emails
- 31 minutes per day because they’re not using information from previous projects.

Just these findings alone show a waste of over two hours per day on average which represents a negative impact of more than 20% on business performance.

OPPORTUNITY FOR IMPROVEMENT

31% of respondents have changed their view of information management as a result of completing this survey

If firms are easily able find the information they need when they need it

- 70% could increase their productivity
- 67% could improve their client service
- 44% could increase their billable hours.
EXERCISE 2 - ACCOUNTABILITY AND RESPONSIBILITY FOR INFORMATION ASSETS

<table>
<thead>
<tr>
<th>Define Accountability</th>
<th>Define Responsibility</th>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>Who is accountable?</th>
<th>Who is responsible?</th>
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WHY DOES IT MATTER?

Accountability

- 52% of respondents nominated the Managing Partner / CEO
- 16% of respondents nominated the IT Manager
- 17% of respondents nominated support staff
- 18% of respondents nominated everybody
- 2% of respondents nominated nobody

Responsibility

- 31% of respondents nominated the Managing Partner / CEO
- 24% of respondents nominated the IT Manager
- 27% of respondents nominated support staff
WHY DOES IT MATTER?

<table>
<thead>
<tr>
<th>Industry</th>
<th># staff</th>
<th>Benefit / person / year</th>
<th>Total benefit / year</th>
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</thead>
<tbody>
<tr>
<td>Local government</td>
<td>1,000</td>
<td>$8,571</td>
<td>$8,571,000</td>
</tr>
<tr>
<td>Wine</td>
<td>34</td>
<td>$10,700</td>
<td>$364,000</td>
</tr>
<tr>
<td>Legal</td>
<td>150</td>
<td>$13,300</td>
<td>$1,995,000</td>
</tr>
<tr>
<td>Mining</td>
<td>1,100</td>
<td>$22,090</td>
<td>$24,296,000</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>1,102</td>
<td>$27,000</td>
<td>$29,754,000</td>
</tr>
<tr>
<td>Totals</td>
<td>3,386</td>
<td>$19,191 *</td>
<td>$64,980,000</td>
</tr>
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* Total benefit per year divided by total # staff

Being augmented by the ALA benchmark survey of information management practices
ADDRESSING THE BARRIERS

1. Do:
   • An Information Management Health Check
   • A Business Impact Assessment

2. Map your firm’s business activities

3. Develop a prioritised inventory of the firm’s information assets

4. Identify the barriers to managing the firm’s data, information and knowledge as a business asset

5. Develop a roadmap for improvement
   • Assign true accountability. DO NOT abdicate to IT
   • Think big; act small
   • Treat your information like your money

6. Measure and relentlessly drive business benefit

EXERCISE 5 – ACTION PLAN STARTING ON MONDAY

<table>
<thead>
<tr>
<th>Action</th>
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<td>5.</td>
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FURTHER READING

http://www.informationr.net/ir/22-1/paper736.html
http://aisel.aisnet.org/amcis2015/HumanCapital/GeneralPresentations/4/
https://dataleaders.org/

QUESTIONS

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Your opinion matters!

Please take a moment now to complete the evaluation.

Thank You!