

In the Know

Nature of Information Management

Objectives:

- A** Discuss the nature of information management.
- B** Discuss challenges and trends involved in information management.



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Jill has been elected chairperson for this year's class fundraiser. She needs to decide between selling flowering plants and selling cookie dough. She doesn't know how much money the class will have to pay upfront for either fundraiser. She doesn't know how much potential profit can be made. And she isn't sure which product will sell more successfully in her town.

Jill is dealing with a lack of information. Without the information she needs, she can't make good decisions about the fundraiser. Every business relies on information for decision making and other important business activities. Successful businesses learn to manage information efficiently and effectively.



Get Informed

Have you ever had a big decision to make? Perhaps right now you're in the process of choosing a used car to purchase or a college to attend. Could you make these decisions without knowing how much you'll have to pay or what benefits you'll receive? Of course not! Even small decisions require you to have a certain amount of information first. Businesses face the same challenges when they have decisions to make. Before they can choose the best alternative, they must be informed. Businesses use information for a variety of other business activities as well. For this reason, information management is a vital part of any company's success.

Table. US Top 100 College Tuition and Fees - Undergraduate

Ranking	School Name	Undergraduate		Graduate	
		In-State	Out-of-State	In-State	Out-of-State
1	Princeton University	\$ 41,820		\$ 41,820	
2	Harvard University	\$ 43,938		\$ 40,416	
3	University	\$ 45,800		\$ 37,600	
4	University in City of New York	\$ 51,008		\$ 41,048	
	Stanford University	\$ 45,195		\$ 44,184	
	University of Chi	\$ 49,380		\$ 49,644	
	Massachusetts	\$ 45,016		\$ 44,720	

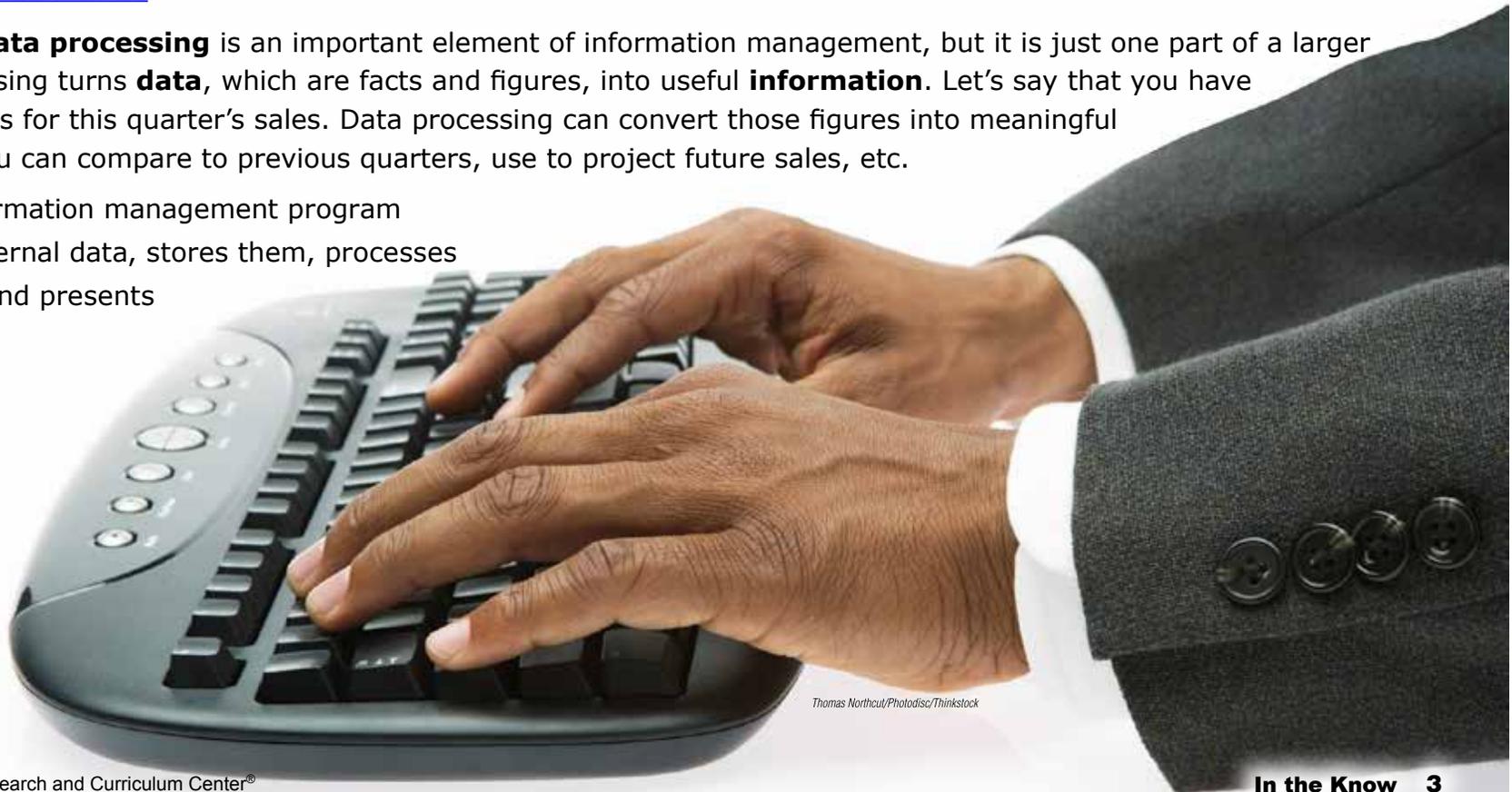
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You can manage

Before we continue any further, let's answer an important question—what *is* information management anyway? No doubt you've heard this term before, but people are often confused about what it really means. **Information management** is the process of accessing, processing, maintaining, evaluating, and disseminating knowledge, facts, or data for the purpose of assisting business decision making. Keep in mind that information management is *not* the same as:

- A management information system (MIS). An **MIS** is a form of technology that *assists* with a business's information management needs. It may be one part of an overall information management program. But information management is more than just hardware and software. It also involves people, processes, and practices. David Ingram explains more about MIS in his article "What Is a Management Information System?" You can read it at <http://smallbusiness.chron.com/management-information-system-2104.html>.
- Data processing. **Data processing** is an important element of information management, but it is just one part of a larger whole. Data processing turns **data**, which are facts and figures, into useful **information**. Let's say that you have all of the raw figures for this quarter's sales. Data processing can convert those figures into meaningful information that you can compare to previous quarters, use to project future sales, etc.

A business's overall information management program collects internal and external data, stores them, processes them into information, and presents them in a useful format.



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Keep track

So what kinds of information must a business manage?

Consider this general list:

- Policies and procedures
- Payroll
- Personnel files
- Customer lists
- Accounts receivable
- Accounts payable
- Accounting records
- Financial statements
- Tax returns
- Inventory
- Production schedules
- Employee work schedules
- Order processing
- Research and development documentation
- Correspondence
- Minutes from meetings
- Contracts

► *Effective information management systems allow the right people to access the right information at the right time.*



Keep in mind that this list is not exhaustive. There may be many other types of information a business must keep track of, and different businesses will have unique categories. An auto service provider, for example, keeps track of each customer's mileage and oil change information. A nonprofit organization may manage information regarding volunteers and donors. In short, if something holds *value* for the organization, it is considered information and must be managed. Information can come in many different forms, including physical forms (anything on paper) and electronic forms (emails, videos, spreadsheets, social media posts, etc.).

Manage to succeed

Managing information appropriately is essential for business success because it:

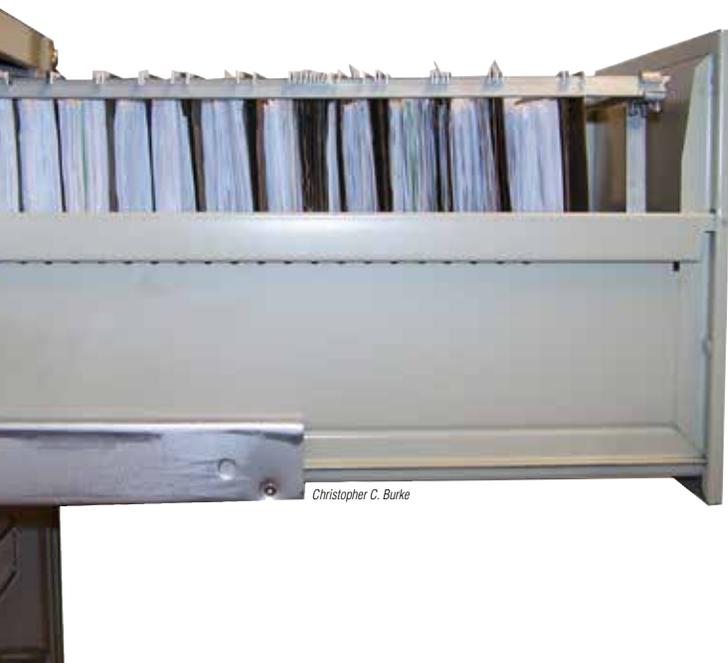
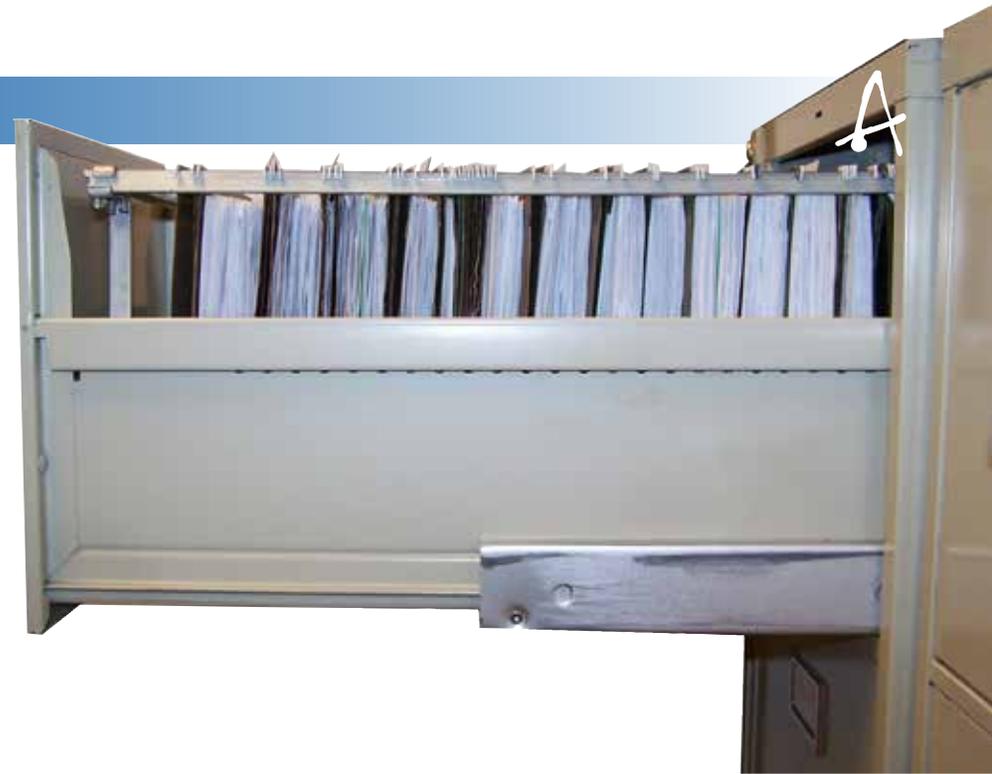
Supports decision making. As you know, it is impossible to make the right decisions unless you have all the information you need. When a business manages information appropriately, it takes the guesswork out of many decisions. A pharmaceutical company, for example, may rely on information from market research and clinical studies to determine what types of drugs it should develop and sell. The company's decision makers will need quick and easy access to that information. Informed decisions are better decisions, and better decisions reduce a business's risk. Informed decisions also help a business to keep ahead of the competition.

- ▶ *Market research and clinical trials play a huge part in developing many products, such as pharmaceuticals.*



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Saves time and money. Have you ever spent an hour looking for an important piece of information? Maybe it was your Social Security number or your birth certificate. Knowing where that information was in the first place could have saved you a lot of time. The same principle applies to business information. For a business to run efficiently, information must be managed and organized so it can be found quickly whenever it is needed. And in business, where time is money, this is cost effective as well. Information management saves businesses time and money by controlling information overload, cutting down on enormous paper trails, and maintaining a higher level of productivity.



Helps businesses serve customers more effectively and efficiently. Managing information appropriately helps businesses focus on the important task of serving customers, which in turn helps lead to higher profits. Consider your local grocery store. Part of its information management process is to link all the bar codes on its grocery items to the scanners in its check-out lanes. This allows the check-out process to run smoothly and quickly. Can you imagine what the lines would be like if each order needed to be totaled by hand?

Maintains organizational consistency and credibility. What would happen if a company's sales representative sent a client a quote on a product one week, and the next week, a different sales rep from the same company sent the same client a different quote? The client would probably not think much of this company's professionalism! Had the company managed its information better, however, this mistake would not have occurred. Information management helps companies maintain **consistency**, and consistency is one main ingredient of a good reputation.

Helps businesses comply with laws and regulations. Companies must follow certain rules regarding information management. Not only must they follow their own internal policies, they must adhere to laws and regulations set by the government as well. A major compliance law in the United States is the **Sarbanes-Oxley Act of 2002**. This law was written after a number of large corporations and executives got into hot water over lost records and questionable information management and accounting practices. To comply with Sarbanes-Oxley and other laws, companies must take certain steps to manage information correctly.



To learn more about the laws and regulations that govern how businesses must manage certain types of information, read Tony Noblett's article "Business of IT: Understanding Regulatory Compliance" at <https://technet.microsoft.com/en-us/magazine/2006.09.businessofit.aspx>.

Preserves organizational identity and history. Every company wants to succeed and to stay in business for a long time. Think of businesses and products that have been going strong for fifty or more years—Little Caesars pizza, Hyatt hotels, Dr. Marten shoes. If these companies didn't manage information appropriately, they would lose track of many important documents and files pertaining to their long corporate histories. Companies must protect their identities as well. This means that information regarding copyrights, patents, trademarks, etc., must be managed properly.



▲ *Companies use trademarks and copyrights to preserve their identities and protect their brands.*

Maintains business continuity in case of disaster. Sometimes, things happen that a company's executives and managers cannot control. These disasters might be manmade, such as a building fire, or they might be acts of nature, such as a tornado or a flood. No matter what, though, companies must ensure that business can still run smoothly and that employees can still access the information they need. This part of information management might include backing up files and storing certain vital information off site. It might also include maintaining updated contact information for all employees and running drills to practice procedures in the event of an emergency.



Read Sean Bernard's article "The Importance of Disaster Recovery and Business Continuity Programs" to learn more about the role of information management in business continuity. You can access the article at <http://www.perficient.com/Thought-Leadership/Perficient-Perspectives/2015/The-Importance-of-Disaster-Recovery-and-Business-Continuity-Programs>.



▲ *It's important to back up vital information off-site or on external drives in case of an unforeseen disaster.*

Manage to be effective

When considering your business's specific needs, keep the following guidelines for effective information management in mind.

Make sure that information is:

- Retrievable—Employees must be able to access the information they need to perform their jobs, and they must be able to do so in a timely fashion!
- Accurate
- Accessible to all the right people—and *only* the right people
- Up to date
- Complete
- Usable



THE GRAY ZONE

Many companies use information management to keep track of important details about their customers—names, addresses, emails—even statistics such as age and family status. They often use this information to market their products more effectively. Companies can make a lot of money by selling customer information to other companies. If a company doesn't specifically promise customers it will not share their information, this may be legal, but is it ethical? What do you think?

Set and consistently follow organizational information management practices. Information management doesn't just happen on its own. Managers must put policies and practices in place and make sure that employees are following them correctly. Two employees working in the accounts payable department, for instance, must have procedures in place to avoid paying the same vendors twice. If one of the employees doesn't know about the procedure or doesn't follow it properly, confusion is likely to occur.

Prioritize information management needs according to business needs. What is the most important need facing your business today? Perhaps it's inventory control. In this case, the first priority of your information management program should be to address inventory. Maybe you need to purchase a new software program or hire an inventory clerk. A new internal email system might be nice, but if it doesn't address one of your most pressing business needs, it shouldn't be an information management priority!

Integrate information management throughout the entire organization. Although different departments within a business will have specific information management requirements, the organization as a whole should have a coordinated plan in place to manage information. Departments should be able to communicate with each other easily and share information as needed.



- ▲ *The size of your business can dictate the best method for information management. Do you need new software or do you need to hire a new employee?*

Assign responsibility for information management. A large business often has an entire department devoted solely to information management and technology. Smaller businesses may have just one person in charge—or no one at all. While certain employees may have information management as part of their job descriptions, *everyone* in the organization is responsible for doing her/his part. When employees follow procedures correctly each time, information management is a much easier task. This may be as simple as remembering to document your time or as complex as keeping records for a year-long research project.

Summary

Information management is the process of accessing, processing, maintaining, evaluating, and disseminating knowledge, facts, or data for the purpose of assisting business decision making. Managing information appropriately helps businesses achieve success. Information should be retrievable, accurate, accessible to the right people, up to date, complete, and usable. Companies should set and follow organizational information management practices, prioritize according to business needs, integrate the program throughout the entire organization, and assign responsibility to the right people.

TOTAL RECALL

1. What is information management?
2. How is information management different from an MIS?
3. How is information management different from data processing?
4. What are the benefits of information management?
5. List some guidelines for effective information management.



Challenges and Trends in Information Management

▼ *Big data is only getting bigger. This can cause information overload unless you keep your information management up to date.*

It's a challenge

Information management isn't an easy task. Many people don't really understand what it is or what roles they should play in their companies' information management programs. They may believe the myth that information management is simply a form of technology and that it doesn't involve them.

Information management is also difficult because of **information overload**. The modern business world is completely wired—connections are made instantly, and information flows freely and abundantly. While these advances bring many benefits, there are drawbacks as well. It is often hard for workers to distinguish between what information is important and what is not. This can waste a lot of time and resources.

Information overload can destroy employees' productivity. That's why it's so important for businesses to manage information properly. See Kim Bhasin's helpful infographic "This Is How Information Overload Destroys Your Productivity" at <http://www.businessinsider.com/infographic-how-information-overload-affects-you-in-the-workplace-2012-2>.



Another challenge presented in information management is that there is no cookie cutter approach to it. In other words, what works for one company will not necessarily work for another. Each company must design a program that best fits its needs. Those in charge of information management must face questions that aren't always easy to answer, questions such as:

- What information is important and valuable to our organization?
- Where and how should we store this information?
- Who should have access to this information?
- How long should we keep this information before destroying it?

Information management is also hard when different departments within the organization have different needs and expectations. It may be challenging for the information management department to meet these individual needs and integrate a consistent program throughout the organization at the same time.

Lastly, information management can be difficult because the business world is constantly evolving, and both business needs and technology are changing all the time. Companies can't sit back and assume their current programs will continue to fit the bill. They must stay alert to information management needs and trends and be willing to adjust accordingly.



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- ▲ *The business world and organizations are constantly changing. It is important for managers to adapt their information management systems to fit the needs of their specific business.*

Risky business

Managing information is not a risk-free endeavor for businesses. Risks involved with information management include:

Being unprepared to face audits or lawsuits. Those in charge of information management carry an important responsibility for ensuring that the company has its records in order in case of a financial **audit** or legal action. In an audit, the company may have to provide certain accounting records to prove that its books are accurate and complete. In a lawsuit, a company may need to provide all kinds of information relevant to the case—anything from personnel files to emails to memos. Not having this information available can get a business and its executives in *big* trouble.

- ▶ *In one of the most famous fraud cases in history, Enron was cited as the biggest audit failure in history in 2001. This led to bankruptcy, lawsuits, and jail time for executives.*



Dave Ensel/Getty Images News/Thinkstock

Dealing with privacy and security issues. A lot of the information a company manages is sensitive. It may contain **proprietary knowledge**, such as **trade secrets**, or it may contain personal information for a company's clients. Companies have a responsibility to protect their clients from identity theft as well as to protect them from getting unwanted **spam** and junk mail. An information management program that is not running effectively may put this information at risk.

Being unprepared for a disaster. As you know, companies must have a plan in place to keep business running smoothly in case of a disaster. Employees *must* be able to access the information they need. Studies have shown that around 20 percent of companies will experience a disaster at one time or another. Not being prepared puts the business and its clients at risk.



Going over on time and budget. Designing and implementing an information management program can take a lot of time and can cost a lot of money. A company must be careful to balance its needs with its budget. It must figure out how to work within its means to run a program that is appropriate for its size, its industry, and its information management needs.

Facing technology issues. While an information management program is more than just technology, most aren't complete *without* technology. Any time a business deals with technology, there are certain risks involved, such as **viruses**, **hacks**, and system failures. Companies must be prepared to deal with these issues promptly and effectively to ensure that their information is protected and available to those who need it.

So trendy

As the business world changes and evolves, so does information management. Certain trends currently affect the way companies must approach this important task.

Increased compliance laws and regulations. Now more than ever, the government is cracking down on corporate dishonesty. Companies must adhere to an increased number of **compliance** laws and regulations, and an appropriate information management program is a big part of that.

Increased competition. Competition is fierce in many industries. Often, the business that reaches customers in the most effective and efficient way wins. A good information management program is crucial for a business to serve customers efficiently.

Increased number of electronic documents. The vast majority of companies' information is electronic rather than physical. Virtual information has many advantages but also requires special attention to manage properly. For this reason, information technology specialists are becoming more and more common, even in smaller businesses. To learn more about careers in information management, visit www.indeed.com or another job posting site and conduct a keyword search for information management positions.





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Increased distribution of the workforce. Many employees no longer have permanent offices. Instead, they work from home or the road. Because of this, many companies depend on **wireless networks** to keep employees connected to the information they need.

Increased use of outsourcing. Many companies now **outsource** certain tasks, such as payroll and customer support. While this saves money, it can create more work for those in charge of information management. Companies must make sure that outsourced information gets where it needs to be and that it remains secure.

▲ *Freelancing and outsourcing are becoming popular for employees that want to work remotely. This can cause more work for those in charge of information management.*



Summary

Information management can be challenging due to employees' misunderstandings, information overload, companies' unique needs, and constant change in the business world. Risks involved with information management include being unprepared for audits or lawsuits, dealing with privacy and security issues, being unprepared for a disaster, going over on time and budget, and facing technology issues. The trends currently affecting information management include increased compliance laws and regulations, increased competition, increased number of electronic documents, increased distribution of the workforce, and increased use of outsourcing.

TOTAL RECALL

1. What challenges are involved in information management?
2. What risks are involved in information management?
3. What trends affect information management?

Make It Pay!

Consider your school or educational institution. How does it manage information? What types of information does it manage? How does information management support decision making? How does it help the educational institution to run more efficiently? Does the institution have an information management plan in place in case of disaster?