



How Poor Document Management Can Negatively Impact Your Business

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Every business needs a process for managing their documents from beginning to end; we call this document management. Document

management is the process of capturing, storing and retrieving your documents. There are two main ways businesses can set up their document management. If they are still using paper-based documents, they may keep them stored and organized within filing cabinets or in an offsite storage facility. The more common way is through digital document management, where businesses digitize their documents to store and organize them within a document management system (DMS). We usually see poor document management coming from businesses that still use paper documents. However, even if you do have software for your document management, there are still opportunities for poor document management practices.

Document management helps your business stay organized and efficient if set up correctly. But, on the other hand, poor document management can lead to a ripple of issues within your business. From missing files to irritable employees, the list goes on. Throughout this blog, we will be going through reasons why poor document management can negatively affect your business.

Confidentiality

Within your business, you will find that some documents need higher security measures to ensure that data or personal information is secure. For example, you may have a list of all your stakeholders. This list includes personal information such as email, phone number, and possibly business billing information. Let's say you have these files stored in a filing cabinet; that is not a secure way to handle these types of documents. Even if your filing cabinets are locked or stored in an offsite storage facility, you still can run into environmental damage, theft, [and more](#).

Let's say you have already transformed your documents into digital documents and house them within a DMS or an online document storage system, like dropbox. If used and set up correctly, these systems can be great for security. However, just because your documents are digital and stored within a system doesn't mean they are 100% secure. In a recent study [done by Accusoft](#), they found that more than 34 percent of IT managers have had sensitive information compromised due to poor document management. That is why even if you have the best DMS, if not set up correctly or your team isn't using it properly. As a result, you can still run into confidentiality and security issues that could take a massive toll on your business.

Wasted Productivity

Do you have a proper naming convention in place to easily find documents? What are the steps someone should take if a document is missing? Do you have a way of indexing your documents to make them easily searchable? If you had trouble answering these questions, you may be subject to poor document management. As we said, document management is managing your documents throughout their entire lifecycle. If you keep your documents in filing cabinets, no matter how organized they may be, you can still waste time looking for a document especially if it is missing. For example, let's say you use paper-based document management and go through an audit. If even one of the documents is misplaced or missing, your business could face prolonged investigation or a follow-up audit, which takes away time from your employees.

Poor document management can also lead to roadblocks within internal workflows. Think about the movement of documents

throughout your company. Some may need to go through specific workflows for edits, signatures, and approvals. If that process isn't thoroughly thought out and implemented either within a DMS or within your organization, it can lead to a bottleneck within your business operations. For example, the lifecycle of an invoice may start in HR but needs to be routed to the appropriate manager for approval. Without solid document management processes, these invoices could get lost or misplaced while moving around different departments because there aren't any automations or processes to streamline them. This can then lead to employees wasting time searching for the document, or if the document is lost, they would have to recreate it, adding more time and less efficiency.

The same situation goes for digital documents. You could have all your documents within a DMS that is secure. However, if the documents within your DMS aren't [properly indexed](#) or organized, you can still run into the issue of wasted productivity. Just because your documents are digital doesn't mean that they have been properly stored to make it efficient for your employees to find them.

Communication and Collaboration Issues

When working with documents, we all know that the first draft of any document usually isn't the final product. Documents can go through multiple versions and edits before it is officially approved. Without proper document management in place, how would your users collaborate on certain documents? If you are using paper documents, you have to make copies and collect everyone's edits to put on a new document. This not only is wasting paper but also wasting time. Even with digital documents, you may have features that allow for multiple collaborators depending on what system you are using. However,

without document management, users won't know which documents to edit, when to edit them, how to edit them, or where the document moves next after their edits. This can lead to poor communication and collaboration across all departments that deal with these documents.

Questions?

Now that you understand the damaging impact poor document management can have on your business, how do you fix it? If you are still using paper-based documents, your first step is to transform those into digital documents. As we talked about earlier, paper documents open the door for more issues than digital documents. If you have digital documents, your system may not be the right one for your document management needs. Here at Mindwrap, we have industry experts that can help you identify your document management problems and how we can help you fix them. Want to get started? [Contact Us](#) Today!