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Achieving Utopia: the paperless office

Are your filing cabinets bulging at the seams? Are you suffering "Death by Paper?"

As you business grows, so will the need to retain records of your clients and loan applications. I speak with finance brokers every day who tell me how their filing cabinets are taking over their offices like some out-of-control metallic monster from a Terminator *movie. Eventually they have to consider a move to larger premises – in part just to accommodate the files!*

But there are practical things you can do to fight the Paper War – and win!

Ditch the fax machine!

I haven't owned a fax machine in well over 10 years, even during a period when I was in lending. And yet nearly every broker's office I visit has one or more, each churning out reams of paper that end up having to be filed "somewhere".

The answer lies in making your computer double as a fax machine by running fax software. Probably the most popular is WinFax Pro which costs around $150 and should be available from your local computer store.

As long as your computer has a dial-up modem and is plugged into your fax line then all faxes are captured on screen. Printing them out is optional but I would recommend you set the software not to print by default – thereby saving trees *and* filing space!

All faxes are saved in an Inbox (just like email) and can be viewed on screen and even forwarded to other users on your network. The best option is to save important documents like loan approvals as PDF files and store with your client's other records (see below).

Of course, *sending* a fax is a little more difficult. If you're wondering how to get that 75-page loan application into the CD slot, then the answer is a decent scanner.

Scanning

There are two main types of scanner you should consider and neither is very expensive.

The first type is a portable scanner, which would be ideal if you or your loan writers do home visits. What do you do if you are taking an application and – despite your reminders when setting the appointment – the clients have forgotten to take copies of their ID? The last thing you want to do is to take away their original driver's licence or passport to copy at the office – way too risky.

While you can buy a miniature scanner that's about the size and shape of a small toner cartridge you may find the best option is a slimline, flatbed scanner like the Canon CanoScan LiDE 20, costing around $125. These plug into the USB port of your laptop (requiring no external power source) and allow scanning of anything from a driver's licence (in colour if you want) to A4 sheets such as bank statements.

The scanned result can be saved in various formats but the best option is to 'print' to a virtual PDF printer, thus maintaining a small file size and compatibility with Adobe Reader (see below).

Transporting the scanner is reasonably easy but you may find you'll need to buy a wider bag so it can sit side-by-side with your laptop.

Although you can usually merge multiples pages into one combined document these smaller scanners can only scan one sheet at a time. That's fine for ID documents but not much fun for 30 statement pages or a large application.

That's where a small office scanner will come in handy. One of the most cost-effective solutions is the 'all-in-one' type machine which Brother are so well known for. The critical feature to look our for, though, is a multi-sheet feeder which can hold as many sheets to be scanned as possible. This way you can press 'Scan' and walk away and leave it.

> '… having your own private file storage on your internal network, and the right CRM software, will allow for very efficient document management indeed'

The all-in-one units do usually include a traditional fax machine (for the die-hards) and an ink-jet or laser printer, but their main benefit for finance brokers is the ability to quickly convert paper into an electronic format. They need to be attached to a computer where they can output the document in various formats, often including PDF, but once scanned the documents can be manipulated, such as re-sorting page order, deleting pages or combining with other documents.

For a larger work-group situation, such as an office with four or more people, you may want to look at a heavier-duty machine combining photocopier, scanner and fax such as those produced by Sharp or Xerox. They're expensive enough to make you consider leasing but are robust and will handle a heavier duty-cycle. A nice feature of most of them is that scans can be automatically sent to any workstation on the network, so each user gets their own documents.

Creating your own PDFs

"PDF" stands for "Portable Document Format" and is undoubtedly the standard for electronic storage and transmission of documents. The technology is owned by Adobe and for years they have made their Acrobat Reader available for free – every broker will have used it many times to read PDF documents.

However, the Reader will only *read* PDFs – to create them you need to buy a PDF *writer*. The best solution is the genuine Adobe Acrobat Standard or Professional but some of the older technology is now out of it's patent period and you can buy a PDF writer for as little as $30. The facilities and compression on this cheaper software is not as good but it's worth considering if you're on a tight budget.

The beauty of being able to create PDF's is that all those documents you receive by fax or through scanning can be compiled into a PDF, have extra pages added (such as a fax cover sheet), have pages re-arranged and then emailed or faxed to a lender – without a single piece of paper being printed. Now *that's* paperless!

Storing & retrieving

Many brokers have found that setting up an electronic filing system on their computer is not as hard as it might seem. If you look at the first illustration you can see a typical setup, created with Windows Explorer, where each client has their own folder – some having more than one if their affairs are complex.

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It's then just a case of saving the scanned documents to that folder, which can also contain copies of other documents such as letters, emails, servicing calculators and the like.

In a network environment the client folders should be located on a machine, such as a server, which can be shared with all users.

The best solution for retrieving or viewing the documents is to use CRM software which can instantly link to the documents specific to that client. For example, the second illustration shows how users of LoanLinx can simply click a button to view all saved documents for that client. Double-clicking the desired document then opens it for viewing.

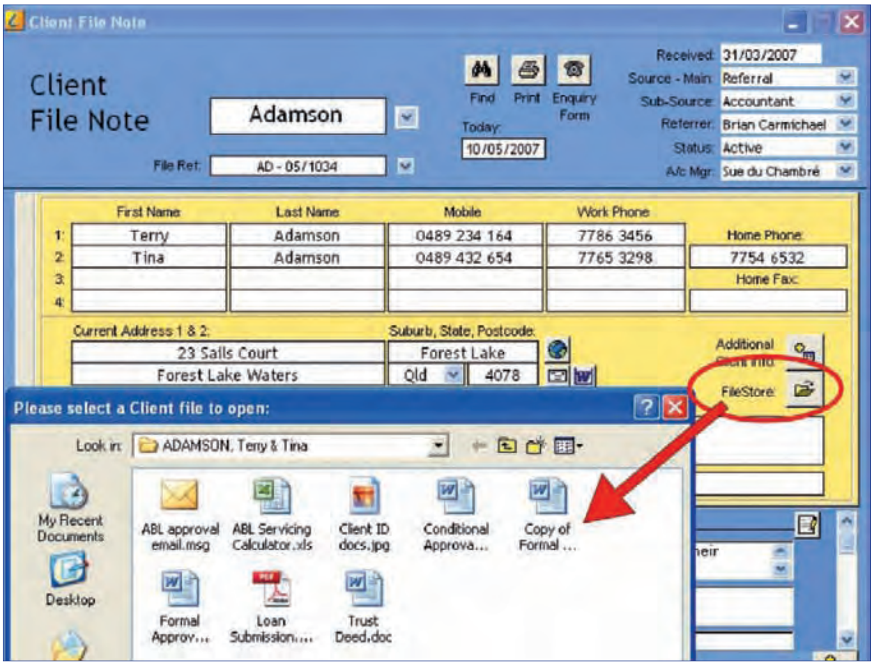
I once had a client that had numerous bank accounts, company financials and a long Family Trust document, making for an application that was a total of 170 pages. He kept coming back for new loans about every 12 months and I was able to instantly retrieve and re-use many of the documents each time to save the client having to re-fax them. I had created a PDF the first time, saved it in his folder, and extracted many of the pages for subsequent loans. We had a happy client and I saved time and trees – with not one piece of paper printed!

Be aware that if you use an on-line CRM system (either yours or one belonging to an aggregator or franchise Head Office), then you are unlikely to be able to link documents to clients in this way. (And, anyway, what would happen to the documents if you severed the relationship?) By contrast, having your own private file storage on your internal network, and the right CRM software, will allow for very efficient document management indeed.

The legal stuff

Once you get these efficiencies working for you, the question remains as to which papers you can then safely feed to the shredder and which ones you must retain (and for how long).

I sought an opinion from Jon Denovan, of Gadens Lawyers, who advised: "You should obtain your own legal advice but as a general rule if you are dealing with duplicate copies anyway – such as faxes or photocopies – then it makes no difference if you scan them and destroy the paper versions, as long as you can reprint clear copies when required."



Jon said: "Some legislation (for example the Tax Act) requires original documents to be retained in certain circumstances, however, in many cases, new legislation being passed is specifically acknowledging the emergence of the 'paperless office'. For example, the Explanatory Memorandum to the new Anti-Money Laundering/ Counter-Terrorist Financing Act which was passed in December 2006 provides that where a reporting entity is required to retain copies of a document, that obligation can be discharged by keeping electronic copies.... Whether you retain an electronic copy of a document or you retain the original document, records should be retained for at least seven years."

So, a great deal of paper can be destroyed once it's been scanned and stored, with one approach being to only retain originals of documents that contain original signatures and shredding everything else. One caveat to bear in mind, however, is any special agreements you might have with lenders or aggregators. As Jon goes on to explain: "Brokers need to take care, as different lenders have different requirements and some lenders may require brokers to retain original documents in some cases." So check with your aggregator or lender if in any doubt.

Yes, Utopia is achievable by using some fairly simple technology to reduce those bulging filing cabinets. If you'd like more information on the 'how to', just drop me a line. FB

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