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## **“Corporate Memory” – The Intellectual Capital Void**

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Why does our Generally Accepted Accounting Principles (GAAP) dictate that equipment is an asset and our employees are liabilities? How come during the Re-Engineering era we did cut a certain % of the working population and not a % of the equipment? What is the value of intellectual capital in your organization?

I ask these questions up front to explore the paradigms that we have in industry regarding the value of our employees' knowledge, or intellectual capital. We are conditioned by our environments to place a heavy value on our assets (as defined by our GAAP) because they influence the bottom-line numbers reported to Wall Street.

How do we report to Wall Street the effect of a down-sizing, right-sizing or capsizing (depending on how you look at it?) In the early nineties, when re-engineering principles were sweeping the USA in order to make our organizations leaner and more efficient, what price did we pay? Who likely opted to take the early retirement packages offered? More often than not, those who knew they could get another job AND receive severance pay for an extended period of time. Normally, who were such candidates? Usually the ones with the tenure and the most experience took the packages.

Is today's economic climate any different? We now face a financial meltdown not seen since the depression. As the economy continues to slide into a deep recession, the trickle down effects are now increasing the unemployment lines. Hundreds of thousands, if not millions of people will be laid off because their companies cannot sell their products and/or services. Lack of access to credit and a hesitancy to spending will double team together to aid in this spiraling economy. Now more than ever companies cannot afford to pay for “surprises” that crop up! Companies need to “control the fix” and not let the “fixes control them”.

Now, back at the “lean” ranch of the workplace, what usually happened when problems occurred? We would scratch our heads and say, “Well John always knew how to fix that, I have no idea what he did or how he did it.” Now we come full circle to corporate memory!

How do we capture the experience of our most knowledgeable employees so that the information is institutionalized for others to learn from? What format do we place all of this data in and how do we make it accessible to potential users? How does your company capture current employee's experience and how do you plan to compensate for the loss of the experience once the baby boomers retire or as this recession continues to deepen?

I do not claim to have the answer to all of these questions, but I do want to raise our awareness to this situation that exists in every organization. I know that in my field, Root Cause Analysis, we capture the logic used to successfully solve problems that have occurred, and make it readily accessible to others that may have similar problems in their facilities. This is capturing the intellectual capital of our employees and storing it into a knowledge management system that disseminates the information in an efficient and effective manner.

On a scale of “0” (non-existent) to “5” (exceptional), how would you rate your efforts to capture corporate memory and subsequently store it in a knowledge management system?

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