

INNOVATION: WHY KNOWING WHAT TO FORGET IS JUST AS IMPORTANT AS WHAT TO REMEMBER

If the five most experienced people on your team were to leave the company tomorrow, how much of your organizational institutional knowledge would walk out the door with them?

If that question makes you uncomfortable, it explains exactly why some organizations innovate continuously while others, despite being packed with talented professionals, constantly find themselves reinventing the wheel. We must start with a fundamental premise that often gets lost in today's fast-paced market: without people, knowledge does not exist. The insights that truly drive a business forward aren't found in corporate org charts or quarterly reports. Instead, they live in daily interactions, hands-on experience, and the trial-and-error history of past projects.

When someone leaves and takes all of that context with them because nothing was ever documented, the company loses far more than just an employee. It loses a piece of its institutional memory – and often, it takes a long time to realize the full impact.

Organizational memory is everything a company has learned over time, stored across various repositories: in its people, routines, workflows, systems, and corporate culture. It is the classic "the way we do things around here" mentality (Walsh & Ungson, 1991).

However, this memory cannot be left to chance; it must be built intentionally. This doesn't mean creating bloated documents that no one ever reads, but rather establishing agile, actionable practices. This is achieved through accessible databases of lessons learned, creating communities of practice to break down silos and keep information flowing across departments, implementing mentorship programs that pass down institutional context rather than just system passwords, and conducting honest post-mortems that encourage open discussion about what went right and, more importantly, what went wrong.

For results-driven leaders, this is where the game changes: a robust organizational memory is the ultimate fuel for innovation. Lee, Kim, and Joshi (2017) demonstrated that organizational memory drives better performance in new product development, provided the company can strike a balance and master organizational ambidexterity: leveraging what it already knows while simultaneously exploring new frontiers. In practice, it's simple: innovation happens faster when you don't have to start from scratch with every single initiative. Memory gives you the starting point; innovation is what you build on top of it.

Who hasn't seen a team spend three months solving a problem that another department had already fixed, simply because nobody knew about it? That is organizational memory failing. And it costs dearly in time, money, and employee engagement.

But there is another side to the story. By focusing so heavily on "knowledge preservation," many companies become hoarders of memory, forgetting a crucial point that is rarely discussed: the very memory that accelerates growth can also paralyze it. The deeply ingrained beliefs that "we've always done it this way" or "our clients will never buy into that" have buried more innovation than any competitor ever could. That routine that was brilliant years ago, or the process that survived three rounds of corporate restructuring without anyone remembering why – that is memory working against the company.

That is why we need to bring a missing piece into the conversation: unlearning. Klammer, Grisold, Nguyen, and Hsu (2025) argue that unlearning is not an involuntary or accidental slip of memory, but a strategic, deliberate process that must be managed intentionally. The risk for organizations is not just accidentally losing valuable insights. It is also fiercely clinging to knowledge that has already passed its expiration date. Part of leadership's job is to consciously decide what needs to be retired to clear a path for the new.

What actually leaves when an employee walks out the door? Memory goes with them, and along with it, part of the capacity to innovate. The solution isn't to lock everything away under lock and key. It's about curation: building memory with intent, leveraging it so you don't have to reinvent the wheel, and having the courage to discard what no longer serves the business.

Innovation requires memory because it does not mean erasing the past. It means knowing exactly what to remember, what to recombine, and what to let go. In your organization today, what is absolutely essential to remember, and what knowledge should have been unlearned a long time ago?

References

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