

**Paul Strassmann 2005-2006 Public Lecture Series: Monday, April 17, 2006
Johnson Center Cinema, George Mason University Fairfax Campus, 7:30PM
Public Reception in Cinema Foyer at 6:30PM**

HOW MUCH IS AN EMPLOYEE WORTH?



Economists have long viewed compensation as an employee's worth. If an employee receives \$100,000 a year, that's what he's worth. Prof. Strassmann can demonstrate that such reasoning is a fallacy.

This lecture will present arguments that one must turn to the competitive marketplace to determine the worth of an employee. Chief information officers should understand how to calculate such worth before they move to cut information technology costs. I.T, after all, is a people-to-knowledge value enabler. Because the value of knowledge is often a large multiple of what the accountants report as costs, even small improvements in the ratio of knowledge to costs can result in enormous gains.

Students can learn how to quantify the value of knowledge within an entire company by using a straight-forward formula: subtract a company's shareholder equity, or financial value, from its market capitalization, or market value, to come up with what is a company's "knowledge value." Strassmann will also explain how such a number can be obtained by applying his trademarked "Knowledge Capital" equation. In the case of the not-for-profit public sector, a comparative calculation can be also performed. Improvements in the value of knowledge can result in value appreciation whereas cost reductions may accomplish that only indirectly.

Only knowledgeable humans—with or without effective I.T.—can deliver productivity, competitive advantages or whatever is necessary to help businesses in thriving. The lecture will include a table of U.S. firms where employees are worth a large multiple of what they are paid.

Professor Strassmann, former Acting Chief Information Officer (CIO) of the National Aeronautics and Space Administration (NASA); former Director of Defense Information, Office of the Secretary of Defense; and retired Vice President of the Xerox Corporation will present his third lecture of the 2005-2006 series. The Strassmann lectures are free and open to the public. Professor Strassmann's previous lectures can be viewed and downloaded at <http://www.strassmann.com/>.

Distinguished Professor of Information Sciences Paul Strassmann has written numerous books and articles on information management including *The Business Value of Computers* (1990) and *The Squandered Computer* (1997). Professor Strassmann is delivering four annual lectures on current issues in information management. His research and writing focuses on the growing scope and complexity of information-intensive organizations and the establishment of empowered CIOs. Professor Strassmann created the Information Value-Added and Information Productivity formulas behind the October 2005 Baseline 500 rankings of the companies that manage information best.

Directions to the Fairfax Campus (4400 University Drive, Fairfax, VA 22030), visitor parking information and campus maps can be found on the Mason Web Site (www.gmu.edu).