

License Giver Business Concept of Technological Innovation

The License Giver Business Concept of Technological Innovation is based on the classification License giver, License Taker, Jobber and Consultant to establish the identity of an organisation in regard to how it uses technology as a corporate resource in response to the following two questions:

1. Are we an organisation of **doers** or **thinkers**? In other words, are we in a business of **making** or **doing** things or, are we in a **knowledge** business?
2. Are we offering a **product** or a **capacity** to our customers?

The four possible answers to these questions can be placed in a matrix (Figure 1). The four quadrants have been labelled **License Giver**, **License Taker**, **Jobber** and **Consultant**, briefly referred to as License Giver Business Concept.

	Doing / Making	Thinking / Knowking
Product	License Taker	License Giver
Capacity	Jobber (High or Low Technology)	Consultant

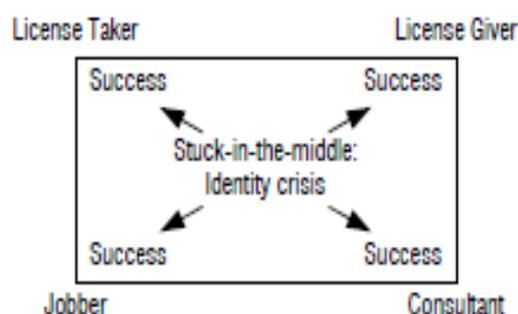
License has to be taken here in the broadest sense of the word. It entails much more than a mere legal Licensor-Licensee agreement. The License Giver maintains control of the product's design quality through quality assurance, i.e. the rules and regulations that have to be complied with through quality control on the shop floor of the License Taker. Quality, defined as *Fitness for Purpose*, is the guiding principle for strategic decision making, not shareholders or stakeholders' interest.

The features of the four basic identities are summarised in Figure 2, which shows that they are of a very different nature.

	License Giver	License Taker	Jobber	Consultant
Name of the game	Largest possible number on the world market	Capture of regional market by favourable price / performance ratio	Plant occupancy	Utilisation of (knowledge) man-power
R&D emphasis	Product design leadership	Process technology	Custom engineering	Adapting available techniques to customer needs
Time horizon	Long term	Medium term	Short term	Short term
Geographical focus	World	Country	Local	Local
Organisational climate	Innovative, Entrepreneurial	Discipline	Flexibility, labour motivation	Opportunistic
Cost emphasis	Effectiveness, Benefit consciousness	Efficiency, Cost consciousness	Cost consciousness	Out-of-pocket expenses and overheads
Overheads	High	Moderate	Low	Low
Sales	At middle management level	At middle management level	At first management level	At all management levels
Subcontracting	As much as possible	As much as possible	As little as possible	As little as possible
Main thrust of investments	RD&D	Dedicated plant	General purpose equipment	Training

As a result, business units adopting strategies belonging to more than one quadrant of the classification encounter problems with the consistent pursuance of those strategies. An organisational unit cannot be simultaneously long- and short-term oriented, disciplined and flexible, benefit and cost conscious, etc.

When an organisation lacks in clarity of its identity it qualifies as a 'Stuck in the Middle' organisation, and is bound to fail as a result (Figure 3).



Relevance for US and Chinese foreign policies

The import or export of goods can be subject of import duties, the transfer of knowledge cannot. This feature of the License Giver Business Concept opens an opportunity for improving the relation between the US and China by thinking in terms of an *idealised design*, i.e. thinking backward from an ideal situation in the future towards the present, as opposed to thinking in terms of near-term steps to improve the current state-of-affairs. The ideal would obviously be that the Chinese civilisation and the Western democracies co-exist in peace while neither of the two tries to change the other. In this ideal situation, American License Giver companies would have their License Takers in various provinces of China and Chinese License Giver companies would have their License Takers in various states of the USA. The economies of both super powers would become more intertwined. This approach to international cooperation could possibly change the current hostile confrontation and zero-sum mindset communicated in recent policy statements by the USA and China and ultimately reach a stable mode of collaboration based on mutual trust and respect.