NEGOTIATING SKILLS: Niswander Case Study

InventCo

Dirk Niswander is an inventor, one of those special persons who wake up each morning excited about what they will do that day. He is 48 years old, has a wife (Bryn) and one son (Bret, 14 years old).

The Niswanders live outside Boulder, CO where Dirk’s company, InventCo, is located. InventCo, a private company, has existed for 16 years, primarily exploring renewable energy opportunities. The company has 73 US patents with many foreign counterparts in the Peoples Republic of China (PRC) and a few in other Asian countries. InventCo’s revenue is primarily from government contracts and industry joint research efforts, none of which incumber its rights to the technology covered by the patents.

Advances in the state of the art of wind turbines pioneered by Dirk are what make InventCo unique and valuable. The world sees wind technology in fields of tall spindly propeller-like contraptions that generate massive amounts of electricity in Texas and the Southwest. Ten years ago, Dirk envisioned a different kind of wind turbine.

The world measures the efficiency of wind turbines according to a scale entitled the Betz Limit. Most modern turbines achieve a rating of 35-40%. Dirk’s model achieves a rating well above 55%.

Prototyping and testing the science and implementation of these inventions is complete. Dirk and others at InventCo want to license the technology to those with resources to produce turbines on a very large scale. They are inventors and have no interest in finding the necessary capital, building a large enterprise and competing against established turbine manufacturers.

TurbCo

Based in Singapore, TurbCo, a public company, is one of the larger wind turbine manufacturers in Asia, and 7th largest in the world. Its technology is almost a decade old and internal engineers are having difficulty improving the Betz Limit sufficiently to bring a new product line to market.

Asia is arguably the world’s most important market for wind technology. The PRC knows it must find a source of energy that does not poison everyone living there, and given its level of economic growth, manufacturers from outside Asia will find the opportunities very attractive. Being vulnerable, as TurbCo is, a bold strategy is needed.

The Chief Technology Officer (CTO), Leo Koh Chao Fan, has known Dirk Niswander for a long time and sees an opportunity to license both the intellectual property and the consulting technical knowhow of InventCo’s engineers. Furthermore, the engineering staff at TurbCo can provide needed breakthroughs in scaling up the manufacturing process (wind sails or foils have not been mass produced before) to reduce product costs and leap ahead of their Asian competitors. Leo is determined to find a deal that ensures TurbCo will be competitive and satisfies Dirk. His CEO supports his efforts.

General

Compared to other technologies, patent licensing in wind technology has been sparse. Possibly due to the fractured nature of the market, there is little cross-licensing between manufacturers.

InventCo and TurbCo understand all these facts. There are facts to come that are known only by each team. They will meet and attempt to negotiate an agreement.