

GE China Technology Center: Evolving Role in Global Innovation

Abstract: This case describes how General Electric has developed its China Technology Center over the past decade. The case also elaborates on the changing role of the China Technology Center in General Electric's global research and development strategy. In 2000, General Electric set up its China Technology Center in Shanghai after bringing its technologies and products to China. In the first few years, the focus of the China Technology Center was to build local engineering teams, learn about customer needs, determine successful marketing strategies, and to develop relationships with local suppliers in order to reduce costs. Over time, the China Technology Center developed its "In China for China" strategy by adjusting its own products and designs to adapt to the local market, while still developing innovative technologies and products to address China's toughest challenges — such as those encountered in the healthcare industry. This strategy was very successful; some innovations from the China Technology Center were used in other emerging markets as well as in U.S. and European markets — a process that is known as reverse innovation.

Learning Objectives: ·To explain how and why multinational companies establish and manage technology centers in emerging markets.

- To demonstrate the essential elements needed to build innovative capabilities quickly in order to move up and down the pyramid of products.
- To illustrate the principles that deal with the challenges that are associated with managing global research projects.
- To understand the different ways of approaching upper management about the outcomes of innovative moves.
- To explain how technology centers add value to a multinational company's global innovation profile.