**Doing Business in Israel**

**Entrepreneurship and Innovation: The Israeli model**

**Spring 2011**

**Academic director**

Udi Aharoni  
Tel: 00972-3-6407314 e-mail: udia@post.tau.ac.il

**Course coordinator**

Sharon Shaked  
Tel: 00972-3-6408069 e-mail: shakeds@tauex.tau.ac.il

**Teaching Assistant**

Shira Lifshitz  
Tel: 050-5124444 e-mail: shiralifshiz@gmail.com

**Dates:** Thursday, 11 May 2011-Saturday, 21 May 2011

- Program structure: The 11-day program will consist of approximately 40 contact hours of classes and workshops, three company visits, a visit to the Tel Aviv stock exchange, and tours of Israel, including an overnight stay at a kibbutz.
- Credits: 3 credit units
- Language of instruction: English

**Background**

The dramatic shift to an innovative and entrepreneurial high-tech orientation that the Israeli economy has undergone in recent decades has not only been acknowledged globally. It has also contributed to the prosperity of associated areas such as agriculture, pharmaceuticals and the ecology. Many factors can be said to have led to Israel's high-tech success, some of which have to do with the hostility of the external environment, the lack of natural resources, and the so-called collective Israeli personality – ingenious, tough and adaptive. Be that as it may, entrepreneurship and innovation have come to be regarded as integral parts of the Israeli economic mindset, and the many successful IPOs and M&As of Israeli start-up companies have turned our small country into a world leader in certain high-tech areas. Indeed, many of today's global players started their operations in the local Israeli economy.

As with leaders, a predisposition is needed, but there is certainly room for born entrepreneurs to be nurtured. It is with this in mind that we propose the present program of studies, which amongst other things, is designed to provide participants with exposure to the models, theories and practical approaches to entrepreneurship and innovation that Israeli professionals and academics have developed over the years.
Program description

The program will frame the central aspects of doing business in Israel within the context of the country's booming high-tech and bio-tech economy and the emerging of global Israeli companies.

It will offer a unique synthesis between state of the art academic studies and practical, hands-on experience with the Israeli high-tech industry and its leaders.

Academically, the connecting thread of the program will be a set of Recanati Business School case series on strategy issues of Israeli firms. The cases reflect the Israeli economy by concentrating on companies from different industries, at different lifecycle stages, and different in size. The study of each of these cases will be led by a guest lecturer from among the company's executives and will include a field trip to the company.

Background lectures will focus on the Israeli macroeconomic environment, the banking and finance system, cultural aspects of doing business in Israel, and the integration of the Arab and ultra-orthodox population into the Israeli economy.

Program objectives

The emphasis in the program will be on understanding the dynamics of the Israeli entrepreneurial environment and on analyzing Israeli innovative companies at different lifecycle stages. Students will be expected to develop a top management perspective of a high-tech company and focus on formulating a competitive business-level strategy for it.

The eight cases

Unless stated otherwise, the cases are part of a Recanati Business School case series on strategy issues of Israeli firms.

- **Strauss-Elite** is Israel’s second-largest food and beverage company, and today is an international corporation with around 13,000 global employees operating 22 production sites in 20 countries.(Recanati Business School Case)

- **Makhteshim-Agan** is the leading Israeli and world producer of generic agrochemicals.(Recanati Business School Case)

- **Kaiima** is a small promising start-up focusing on improving basic crop yields. (Recanati Business School Case)
Recanati School of Business

- **Applied Cognitive Engineering (ACE)**, a small Israeli company specializing in computer-based cognitive simulation training based on a special training method developed for Israeli combat pilots, was established in the summer of 2003. (Recanati Business School Case)

- **Tefron** is one of Israel's leading exporters of premium fashion apparel. It is also a world leader and pioneer in the manufacture of seamless apparel. (Recanati Business School Case)

- **Given Imaging** is a world leader in developing and marketing patient-friendly solutions for visualizing and detecting disorders of the gastrointestinal tract. (Recanati Business School Case)

- **Teva** is an Israeli pharmaceuticals company that is the world’s biggest producer of generic drugs. The company's generic leadership has been bolstered by an aggressive M&A strategy. (Harvard Business School Case)

- **Rafael Advanced Defense Systems** designs, develops, manufactures and supplies a wide range of high-tech defense systems for air, land, sea and space applications. Rafael developed a special "incubator" for internal innovation. (Harvard Business School Case)

**Program topics**

The cases will allow insights into Israeli firms and corporate strategic culture. Issues that will be discussed in class are:

- The Israeli cultural environment
- The Israeli macroeconomic environment
- The Israeli banking system and financial markets
- Mergers and acquisitions: a two sided story of buyers and sellers
- From technology transfer and commercialization to IPO
- Positioning for large firms in a small economy
- High-tech marketing in Israel
- Venture capital in Israel
- Bio-tech startups in Israel
- Organizational culture in high-tech companies
- Start-up financing – the VC perspective
- Government support and investment

**Visits**

- Tefron
- Given Imaging
- Better Place
Recanati School of Business

- The Tel Aviv Stock Exchange

Touring Israel

- Metropolitan Tel Aviv
- Jerusalem – ancient and modern – the essence of Israel.
- The north of Israel, including one night at a kibbutz

Course material

- Dan Senor and Saul Singer *Start-up Nation: The Story of Israel's Economic Miracle*, Twelve (2009)
- Eight case studies (all cases will be provided to participants)

Course assignments

All students are required to read the course textbook (*Start-up Nation*) prior to the first class meeting and the relevant case for each class. At the start of the program students will be assigned to teams (three members in each team). Each team will submit two short case analyses and each student will submit a short personal project during the course of the program, and each team will submit case analyses three weeks after the program ends.

Program grade

Three case analyses 60%
Personal case analysis (due date 03 June) 40%

Case study preparation

- Hard copies of the case analyses are to be handed in at the beginning of the class in which they are discussed.
- The case analysis should not exceed four pages
Appendix A- Faculty short bios

**Academic director**

Udi Aharoni

Udi Aharoni is the CEO of LAHAV Executive Education at the Recanati School of Business and a lecturer of the School's MBA and executive MBA strategy courses. He also manages the activities of the Eli Hurvitz Institute of Strategic Management at the School.

**Course coordinator**

Sharon Shaked

Sharon Shaked is Head of International Exchange Programs at the Recanati School of Business. She holds an MA in Resource Management from Tel Aviv University.

**Faculty (In alphabetical order)**

Prof. Gadi Ariav

Gadi Ariav is an associate professor of technology and information systems management at the Recanati School of Business. He has been a faculty member at the Stern School of Business (NYU) and the Paul Merage School of Business (UC Irvine), amongst others. He was the Academic Director of Recanati's executive MBA programs between 1994 and 2005. His current academic focus is the study of global management of innovation and the use of IT for decision support. He holds a PhD in decision sciences from the Wharton School, University of Pennsylvania.

Prof. Simon Benninga

Simon Benninga (http://simonbenninga.com) is a professor of finance and the Academic Director of the Sofaer International MBA Program at Tel Aviv University. He has published over 50 papers on computational finance, corporate finance, options and derivatives. His latest books are *Financial Modeling* (3rd edition, MIT Press, 2008) and *Principles of Finance with Excel* (2nd edition, Oxford University Press, 2010). He is very active as a volunteer in a number of Israeli NGOs, and is currently Chair of the Board of the Jerusalem International YMCA.

Dr. Nir Bruller

Nir Bruller has been teaching regularly in MBA and executive programs at Tel Aviv University and at INSEAD, Fontainebleau and Singapore. He specializes in corporate strategy, M&A in high-tech industries, technology transfer, and high-technology commercialization.
Prof. Gideon Kunda

Gideon Kunda is an associate professor in the Department of Labor Studies at Tel Aviv University. He has been a visiting professor at Stanford University in California and at Gothenburg University in Sweden. Prof. Kunda is an internationally recognized expert in the area of organizational culture. His book *Engineering Culture: Control and Commitment in a High-Tech Corporation* (1992, 2006) was chosen as Book of the Year in ???? by the American Sociological Association’s Culture.

Prof. Eitan Muller

Eitan Muller specializes managing the introduction of new products into the market, including providing answers to questions such as: Will network externalities accelerate or decelerate the growth of a new product? How ubiquitous is the chasm phenomenon and what can firms do in order to cross it successfully?

Prof. Asher Tishler

Asher Tishler is the Dean of the Recanati School of Business and Director of the Eli Hurvitz Institute of Strategic Management. He has been consultant to Israel’s Ministry of Defense, the Israel Defense Forces (IDF), the Israel Electric Corporation, and Israel’s Ministry of National Infrastructures, as well as several firms in Israel and abroad. Prof. Tishler received his PhD in economics from the University of Pennsylvania. He has published over 100 academic papers in applied microeconomics, econometrics, energy economics, and defense-related issues.

Dr. Benny Zeevi

Benny Zeevi is a Managing General Partner at DFJ Tamir Fishman Ventures and leads the company's initiatives in the life sciences sector.

He is a physician specializing in interventional cardiology and pediatric cardiology. Prior to joining DFJ Tamir Fishman Ventures, Dr. Zeevi was Vice President - Business Development & Medical Director of Card Guard AG (CARDG, SWX), a position he held from 1998.
Appendix B- Why the Recanati School at Tel Aviv University?

With its world-class teaching and research, its international reputation, connections and achievements, Recanati is not only the largest and most prestigious business school in Israel, but also ranks amongst the top institutions globally (http://recanati.tau.ac.il/Eng/). A full member of the global research community, closely attuned to the constantly changing local and global environment, it encourages and initiates international research, programs of study, and other activities. It also makes excellent use of its strong ties with the local and international business community in the social involvement activities in which it engages. The School has recently developed a state of the art MBA program dedicated to the study of management in technological markets and focusing on start-up companies and innovation.

Since its establishment in 1966, it has developed a wide range of programs and options that have consistently attracted large numbers of students. Currently it has an enrollment of over 3,400 students, taught by 48 tenure-track and 140 adjunct faculty members, as well as many guest lecturers. Among the School’s veteran alumni are leaders of Israel’s business community and public sector, and its younger alumni are their first recruiting choice. In addition to the Kellogg-Recanati International Executive MBA Program, inaugurated in 1996, the School also conducts a wide variety of international activities and strives strategically to further develop and broaden its international scope. To prepare its students to deal with the complexities of an increasingly competitive global business environment, the School has expanded their exposure to and interaction with the international business community through cooperative agreements and student exchange programs with more than 50 business schools around the globe.