

Doing Business in Israel

It may be with an overly generous dose of pride that most Israelis, and indeed Jews around the world, look at Israel as a miracle that continues to gratify. Born out of a pioneering nationalist movement, rushed into being by the darkest hour in human history, and forced to endure wars and terror, the people of Israel have had the simultaneous burdens of renewal and survival.

The people of Israel have had a collective experience unlike probably any other nation. The population is comprised of people from all corners of the globe, with language and cultural differences. Amazingly, the common practices of Judaism and the revival of the Hebrew language have served as the foundations for a semblance of cohesiveness. Clearly there are many social issues that lie under the surface of unity.

One primary unifying element is the Israeli Defense Forces and the practice of universal military service. In Israel the army has become a key force in the development of a cohesive society, serving to integrate immigrants into the general society. From a business perspective, the army has had tremendous impact on the emphasis on innovation that Israel has become respected for worldwide. The immediate needs of battle force soldiers to improvise solutions trains them to also think innovatively outside of military service. Well trained as soldiers, they often become excellent business executives, who understand both how to identify opportunities and how to exploit an opponent's weaknesses.

Another element of the complex Israeli landscape is the ongoing conflict with the Palestinians in particular, and the majority of the Arab world to a lesser degree. The remaining threat of terrorism and the elusive nature of an agreement have led Israeli business executives to be perhaps more aggressive and less structured than their counterparts in other countries. Sometimes this can lead to a brilliant business move, but just as often it causes delays and frustrations that outsiders have a hard time understanding.

The need to emphasize survival in the planning and execution of everyday life has led the country to place special importance on economic development. The development of technologies for military purposes is then transformed into civilian applications that drive forward the technology of a specific sector. Similarly, those engineers trained in innovative technology development, and the pervasive environment of innovation and creative thinking leads to the development of additional technologies as Israelis are taught to look for new and better ways to accomplish what already can be done, and, perhaps even more critically, ways to do things that need to be done but cannot yet be accomplished.

Understanding Israelis

One of the key factors that demands understanding when attempting to plan success with an Israeli business is the central role the security situation plays in the way people think, plan for the future, and behave. Paradoxically, most Israelis are simultaneously optimistic and pessimistic. While they see no end in sight, they also know the fighting can't go on forever. The result is an ambivalence toward short term and long term planning.

Similarly, as discussed above, the military plays a central role in how people think. A news centric society, Israelis still stop on the hour to hear if anything new has happened. This began when people needed to know if they were being called for military service and continues to this day. So too, the current system of annual reserve service means that many Israelis serve between 20 and 45 days annually in the army. In addition to the influence this has on their world view, it also serves to disrupt the flow of business.

Some people are also surprised by how informal Israeli society is and how casually people treat one another. The sense of being involved together in a greater mission has caused a breakdown in the formalities often seen in other societies. For example, Israeli children call their teachers by their first names, and the idea of challenging a comment made by a superior is accepted (and in some circumstances encouraged).

This informality has led to a vagueness of boundaries that sometimes leads outsiders to see Israelis as abrasive and rude. Many times an Israeli, for example, may not say "excuse me" when he/she bumps into you, but this is only because it is assumed that you understand it was not intentional. So too is the lack of boundaries evident in the way Israelis explore new acquaintances. The idea of asking someone's salary or how much their home/car/clothing costs is not taboo in Israel. Westerners in particular find this evasive and bizarre.

Israelis process information analytically and abstractly and digest the information in accordance with their perception of their interests and goals. They are relatively free thinkers and do not adhere to any set of universal rules of business. They tend to judge circumstances on its merits and potential merits alone.

Conducting Business with Israelis

Israelis can be very slow in making a decision or placing an order, or conversely can decide they need something immediately. Sometimes the process is very slow and then suddenly they want something immediately. In any case, they will work in accordance with their own timetable and you will need to adjust yours to suit theirs.

A response in the affirmative is usually a commitment to proceed, but not always. Israelis are not shy about reopening previously concluded negotiations if they believe they cut a bad deal or the circumstances upon which they made their initial decision have changed.

Israelis are hard negotiators. They can adopt a highly confrontational style in order to intimidate or an emotional style in order to offset their opponent's balance. They are typically not looking for a win-win situation, although more and more they are becoming aware that they need to leave something on the table for the other side to enjoy. In negotiating with Israelis it is best to use reason, as they have a harder time debating the validity of a strong idea.

There is a strong emphasis on results and success. Israelis will respect accomplishments – both past and present. They are often willing to compromise against results and like to build deals on models that reward for success.

Do's and Don'ts in Israel

Keep in mind that Israelis are somewhat informal, even in a business context. Do not be surprised if they answer their cell phones during a meeting or have their assistants coming in and out of the meeting room. These are not meant to offend, it is just business as usual.

Israel is a highly social environment and people bond very quickly. This can make some people who are a bit reserved uncomfortable. There is no intentional effort to make you uncomfortable. If you can, let yourself go a bit and enjoy the genuine warmth.

You can feel free to ask questions about politics, the conflict, and even personal matters. In most cases they will answer honestly. Don't be surprised if a debate among the Israelis erupts around you, and don't be uncomfortable with it. Debating is part of socializing.

Israel is an exciting, dynamic, frustrating, engaging place to do business. The people are generally smart and informed, friendly and ambitious. The quirks evident in the offbeat way they approach business and in their lack of respect of convention, can easily be neutralized by the potential their ideas and enthusiasm bring to a business proposition. Doing business in Israel can be a rewarding experience beyond the riches obtained. The energy of the country is contagious, and if you allow it, exhilarating.