



Leading Change in Israel
In Times of Crisis
2008 Annual Report
2009 Development Plan
2009 Work Plan

Nissan 5769
April 2009

- Executive Summary -

Dear Supporters and Friends,

The Reut Institute is pleased to present this document which is designed to provide our community – donors and supporters, employees, service providers, partners or fans – a comprehensive overview of our organization at this moment in time. This letter serves as an executive summary and summarizes the four parts of this document: the general introduction, the 2008 Annual Report, the 2009 Development Plan and the 2009 Work Plan (for an overview of the organization in table form, see Appendix A).

2008 has been a year of significant progress amidst challenging economic times. We believe that we have been able to do more with less: to produce more high-quality content and to generate more impact with fewer teams, while increasing our financial and organizational resilience.

We are looking forward to the coming years with the hope that we will be able to materialize the full potential of our organization and become an institution that is Israel's leading agent of change.

General Introduction

At the beginning of our sixth year of operation, **our vision, mission, strategy and unique value proposition are solid.** Our vision remains well-framed by the idea of '21st Century Zionism' and our mission is: "...to sustain significant and substantive impact on the future of the State of Israel and the Jewish world..."

At the same time, **our strategy of becoming an institution that is Israel's most effective agent of change** has continued to rely on three parallel and mutually reinforcing efforts:

- **Fundamental Impact:** To generate fundamental impact on issues that are critical to Israel's security and prosperity;
- **School for Strategic Leaders:** To be Israel's top school for strategy and leadership and to help our staff assume key positions in the Israeli and Jewish public spheres;
- **Model for Emulation:** To polish an organizational model for dealing with strategic threats and opportunities that will be emulated by government agencies.

This strategy has a 'qualitative', as well as a 'quantitative' dimension. On the 'qualitative' level, we need to master the art of 'fundamental impact', of grooming strategic leaders and of understanding the structure, process and procedures of state-of-



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

+972-(0)3-6950090 ▪ (ע"ר 580419513)

the-art strategic units. On the '*quantitative*' level, Reut needs the capacities to deal with a critical mass of issues, to groom a large number of people for strategic leadership and to work with a greater number of organizations.

In addition, the Reut Institute has remained committed to the objective of strengthening its institutional foundations in order to have the capacity, agility and resilience to serve its mission effectively and efficiently, transcending any specific context over a long period of time without dependency on any single individual. In this context, our focus remains on decreasing the dependency on our founder, Gidi Grinstein, as the person that establishes the vision, mission and values of the organization. This is critical for the Reut Institute to become an 'institution'. The majority of this work has already been achieved and in 2009 the Reut Institute plans to introduce a new CEO.

2008 Annual Report

During 2008, the Reut Institute has had to focus many resources on securing its financial and organizational resilience. We dedicated more energy to our development, cut our expenses, scaled back our activities and assumed a more conservative approach to our expected income. At the end of 2008, Reut had 18 full-time employees compared to 23 a year ago, an income of 1.7 million USD compared to 1.4 million USD in 2007, and three policy teams focusing on national security, the ISRAEL 15 Vision, and on Israel's emergency preparedness.

The key efforts in 2008 included:

- **The ISRAEL 15 Vision:** The first annual ISRAEL 15 Conference (06/08) keynoted by Thomas L. Friedman, was the highlight of 2008, successfully branding the vision and bringing together the community of people and organizations that are propelling Israel's social and economic development.

We also advanced our research of this topic, made dozens of key presentations, and launched a project on regional economic development in a strategic partnership with 'Partnership 2000' of the Jewish Agency.

- **Israel's emergency preparedness:** As a follow up to the work we did on the 2006 Second Lebanon War, the Reut Institute was able to offer an innovative framework for improving Israel's emergency preparedness, which was adopted by the Ayalon Committee of the Government of Israel.

We are now immersed in phase two of this project which aims to design national and local resilience strategies, as well as to suggest principles and guidelines for effective use of emergency campaigns by world Jewry. Our strategic partner in this project is the Israel Trauma Coalition. This project is supported by the UJA Federation of NYC.



To become one of the fifteen leading countries

- **Strategy and Structure:** The Strategy and Structure policy team focused on helping government agencies adopt their structures to Israel's strategic needs. Its key efforts and successes were in its support for the effort by the Bureau of the Prime Minister to upgrade the strategic capacities of policy units in all government ministries. Another key effort and possible success has been its work on upgrading the National Economic Council into Israel's social and economic 'central mind'. This team was integrated with the other policy teams as part of our adjustment to the economic challenges.
- **Israeli-Palestinian political process:** The Reut Institute continued to offer its insights to decision-makers on this topic. However, in 2008 we felt that our interventions and contributions in this area were not as effective as they had been in the past and therefore decided to scale back our operations in this area.
- **National security: Revisiting Israel's national security strategy:** Our work on the Second Lebanon War led us to conclude that Israel suffers from a crisis in its national security strategy. In 2008 we had tried to get the leading national security institutions, such as the National Security Council, the National Defense College, the Bureau of the Prime Minister, and the Ministry of Defense, to engage with this challenge and to dedicate resources for exploring it. As we have only been moderately successful, the Reut Institute will dedicate 2009 to carrying out this project by itself.
- **Grooming strategic leaders:** The Reut Institute proudly graduated three members of its staff to important positions in government and other organizations: Mr. Jonathan Adiri now serves as a policy advisor to the President of Israel, Mr. Yariv Mann now serves in the policy planning unit in the Bureau of the Prime Minister, and Ms. Mireille Surowicz now serves in the nonprofit organization, Metzilah.

We have continued to invest in our Strategy and Leadership Training Program, which is the most comprehensive of its type in Israel, grooming people into key positions of authority or leadership in the Israeli and Jewish public spheres. Our efforts have been generously supported by the Schusterman Foundation and the Chais Family Foundation.

In addition, we have introduced a program that educates our analysts in Judaism and Zionism, focusing on issues that are relevant to their future roles in the Jewish and Israeli public spheres. This program is supported by the Center for Leadership Initiative (CLI) of the Schusterman Foundation and jointly led by CLI and MELITZ.

2009 Development Plan

Our 2009 Development Plan is guided by three organizing logics:



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ 67443 תל אביב ■ 126 אלון

(580419513 (ע"ר +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

- **To secure financial and organizational resilience** during the economic crisis while remaining loyal to our vision, mission and strategy, and protecting our brand, values and core capacities;
- **To offer a unique contribution to Israel's efforts to traverse the present crisis** in the areas of national security and social and economic development;
- **To continue building Reut into Israel's most effective agent of change** and to prepare it for rapid growth in terms of capacities and effects;

Hence, we have set the following objectives for the coming three years:

- **To promote the ISRAEL 15 Vision** and to embed its principles and guidelines in the key agencies of the government, focusing on the unique challenges and opportunities that emanate from the economic crisis;
- **To promote the strategy for National Resilience** and to see it adopted and implemented by the relevant community of people and organizations in positions of authority, leadership or influence;
- **To introduce a comprehensive framework for Israel's national security** to the public debate;
- **To institutionalize the process of recruiting and grooming individuals for key strategic leadership positions** in the Israeli and Jewish public spheres;
- **To have a 3-6 of our top analysts assume key positions in the Israeli and Jewish public spheres;**
- **If the financial situation permits, to expand our model to additional key areas** of the Israeli public sphere by 2011 by launching 2 additional policy teams;
- **To finalize the process of transitioning into an institution.**

The Reut Institute is ready, trained, equipped and motivated to become Israel's leading agent of change. Since we offer our services *pro-bono*, we remain dependent on your friendship, support and generosity. As always, we look forward to your feedback.

With deep gratitude,



Gidi Grinstein
Founder and President



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ תל אביב 67443, תל אביב 126 ■

(580419513 (ע"ר +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

Table of Contents

Scope	6
General Introduction.....	7
Vision: 21st Century Zionism	7
Mission: Sustaining Significant and Substantive Impact.....	7
Strategy: Becoming Israel's Leading Agent of Change	8
Unique Value Proposition (UVP)	9
Becoming an Institution	10
The 2008 Annual Report.....	12
Vision, Mission, Strategy and UVP Remained Relevant and Solid	12
Reut's Strategy: Stronger Capacities & More Demonstrated Successes.....	13
Operations and Administration	19
Recognition	20
Financial and Organizational Resilience.....	20
2009 Development Plan.....	23
Background: 2007 and 2008 Development Plans	23
The Logic of the 2009 Development Plan: Resilience, Consolidating the Springboard, and Thriving through the Crisis	23
Highlights of the 2009-2011 Development Plan.....	26
2009 Work Plan	30
Generating Fundamental Impact.....	30
Recruiting and Training a Cadre of Strategic Leaders.....	31
Model for Emulation.....	32
Financial and Organizational Resilience: Playing it Safe	33
Conclusion	34
Appendix A: The Reut Institute at a Glance.....	35



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ▪ תל אביב 67443 ▪ יגאל אלון 126

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

Scope

This document can be skimmed through by reading the bolded phrases. **Each paragraph contains one idea only, which is summarized in the bolded phrase.**

This document provides the community of the Reut Institute – donors and supporters, employees, service providers, partners or fans – a comprehensive overview of our organization at this moment in time. Its four parts focus on the major concepts and efforts that dominate our organization and shape its future:

- **General Introduction** to our vision, mission, strategy and unique value proposition, as well as to our commitment to becoming an 'institution';
- **The 2008 Annual Report** summarizes the key actions, developments and achievements of the Reut Institute in 2008 ([click here](#));
- **The 2009 Development Plan** for 2009-2011 ('2009 Development Plan') presents the organizing logic for our development in the coming three years ([click here](#));
- **The 2009 Work Plan** translates the framework, principles and guidelines laid out in our 2009 Development Plan into specific actions and projects that will be carried out during 2009 ([click here](#)).

This document does *not* offer detailed discussion of the issues we research, impact strategies, budget and finances, or our training program for strategy and leadership. These issues are elaborated upon in the following documents:

- Financial and Organizational Resilience of the Reut Institute ([click here](#));
- About Reut: Questions and Answers ([click here](#));
- Document of Documents: A Portal of Reut's Publications.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ תל אביב 67443, תל אלון 126

(580419513 (ע"ר +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

General Introduction

Vision: 21st Century Zionism

The Reut Institute is a Zionist organization. Its vision is "a secure, prosperous State of Israel; a state whose existence is secured and citizens are safe; a prosperous state that is a leading nation in terms of its quality of living; a state that is predominantly Jewish, offering Jewish added value at the heart of the Jewish world and providing a significant contribution to the existence and prosperity of global Jewish peoplehood; a democratic state, which embraces universal humanistic values and aspires to create a society, which sets an example for the family of nations." This vision of '21st Century Zionism' is enshrined in our charter and has been unchanged since Reut's inception.

Within this framework, we currently identify the following topics as ones that require focus and deserve our attention and resources:

- Israel's national security ([click here](#));
- The ISRAEL 15 Vision which calls for Israel to become one of the fifteen leading countries in terms of quality of life ([click here](#));
- Pursuing the vision of a 'model society' which offers an example to the family of nations;
- Enriching the Jewish character of the public sphere of the Jewish society in Israel;
- Effective governance ([click here](#)).

Mission: Sustaining Significant and Substantive Impact

The mission of the Reut Institute is to sustain significant and substantive impact on the security and well-being of the State of Israel and the Jewish people and to leave an indelibly Israeli and Jewish imprint on the future of the world. This mission had been crystallized over time until 2006 and has been unchanged since. It means the following:

- **Sustaining Impact** – The Reut Institute is committed to on-going efforts to impact Israel and the Jewish world;
- **Significant Impact** - The Reut Institute focuses on issues that hold great promise or pose grave threats to the State of Israel or the Jewish people. These issues are interchangeably referred to as 'fundamental gaps' and 'relevancy gaps' (as defined by Dr. Zvi Lanir) or as 'adaptive challenges' (as defined by Prof. Ronald Heifetz in his book "Leadership without Easy Answers" ([click here](#))). They require 'leadership', 'transformation', 'adaptation' or 'fundamental impact';



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443 תל אביב ▪ 126 אלון

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

- **Substantive Impact** – The Reut Institute focuses on impacting the design and substance of policies that are essential for the security and prosperity of our nation and people. We work with ideas, concepts and strategies. We do not engage activities such as community organization, mobilization or execution of policies.
- **Indelible Jewish and Israeli imprint on the future of the world** – In accordance with the principles of *Tikkun Olam* and serving our people's mission to be 'a light unto the nations', the Reut Institute is obligated to dedicate some of its resources to challenges facing humanity in a way that will echo and express the unique values and abilities of the State of Israel and the Jewish people and will be recognized as such.

Reut's mission is the bridge between its vision, on the one hand, and its strategy and unique added value, on the other hand.

Strategy: Becoming Israel's Leading Agent of Change

In order to serve its vision and mission, **the Reut Institute seeks to become an 'institution' that is Israel's leading 'agent of change'** that promotes relevant, effective and efficient policies on issues that are critical for the security and well being of Israel and the Jewish world.

Since the summer of 2006, the Reut Institute has framed the objective of becoming an 'institution' i.e. an organization that has the capacity, agility and resilience to serve its mission effectively and efficiently transcending any specific context over a long period of time without dependency on any single individual in its community. This objective has been translated into concrete goals, which have been pursued for the past two and a half years.

In order to become Israel's 'leading agent of change', Reut's strategy has three pillars:

- **Fundamental Impact** – The Reut Institute will work to generate fundamental impact in areas that are critical to the security and wellbeing of Israel and the Jewish world. We will do so by mastering the art of identifying issues that pose strategic opportunities or challenges due to relevancy gaps, fundamental gaps or adaptive challenges, researching them and creating new knowledge about them; designing relevant strategies and effectuating them;
- **Training a cadre of strategic leaders for the Jewish and Israeli public sphere** – The Reut Institute recruits and trains individuals who are committed to lifelong service of the Jewish and Israeli public spheres. We are committed to training and preparing them for leadership in key public positions. We believe that this element of our strategy will have the longest-lasting service to our mission and vision.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ▪ תל אביב 67443 ▪ 126 יגאל אלון

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

- **Model for Emulation** – The Reut Institute sees itself as an innovative institution that is uniquely structured to meet the challenges of leadership, strategy and policy in the 21st century. We strive to have the Government of Israel and other leading institutions adopt this model;

This strategy has a 'qualitative', as well as a 'quantitative' dimension. On the 'qualitative' level, we need to master the art of 'fundamental impact', of grooming strategic leaders and of understanding the structure, process and procedures of state-of-the-art strategic units. On the 'quantitative' dimension, Reut Institute needs to amass significant capacities to engage with a critical mass of issues that require fundamental impact, to groom a large number of people for key positions of strategic leadership and to be able to work with a growing number of government agencies.

Unique Value Proposition (UVP)

Each of the pillars of our strategy represents a unique value proposition (hereinafter 'UVP') in the Israeli and Jewish public spheres. We believe that each of the three pillars of our strategy mentioned above – seeking fundamental impact, developing a model for emulation in the areas of strategy and leadership and training a cadre of strategic leaders – represents a unique contribution to the Israeli and Jewish public spheres.

In addition, we believe that the Reut Institute makes unique contributions in the following areas:

- **We offer a vision** – The Reut Institute frames and pursues visions for the State of Israel. For example, The ISRAEL 15 Vision and A Network of Prosperous and Resilient Communities are our visions for Israel's social and economic development. This is an essential outcome of our work to generate fundamental impact.
- **We are 'policy rangers' who identify strategic surprises and opportunities** – The Reut Institute specializes in identifying issues that suffer from 'fundamental gaps' or that represent 'adaptive challenges' due to irrelevant values, priorities, institutions, patterns of conduct or working assumptions. Hence, our work draws attention to issues that have been avoided and aims to bring them to the attention and focus of government, academia and other think tanks;
- **We create synergies** – The Reut Institute believes that only collaborative efforts can generate the fundamental impact that Israel and the Jewish world needs. Hence, we are committed to fostering cooperation and collaboration among the organizations and people that hold relevant positions of authority, leadership or influence in the different sectors of society.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ▪ תל אביב 67443 ▪ 126 אלון

(580419513 ע"ר) +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

- **Our website is a portal** – Our website – www.reut-institute.org – was designed to serve as a portal for all important and relevant work in the areas that we cover. It offers a unique platform and home for the people that are engaged with Israel's long term security and prosperity.
- **Offering pro-bono decision-support services** – Reut helps people in positions of authority, leadership or influence who are relevant to effectuating fundamental impact to crystallize their own strategies pro-bono. We are the only ones to do so;
- **Integrates strategy and operation** - The Reut Institute specializes in working on both the strategic level of decision makers, as well as with front-line operators. We work bottom-up by researching and articulating new insights from the 'frontline' to decision makers, and top-down by developing and communicating strategic insights to operators 'on the ground';
- **We have very quick turnaround** – The Reut Institute is designed to offer immediate decision-support services, much quicker than any other organization;
- **We are interdisciplinary and create new knowledge** – The Reut Institute specializes in addressing inter-disciplinary fields that integrate varied areas of academic knowledge and research. As these are areas that have no 'experts' or 'knowledge', often we pioneer the creation of new ideas that are essential for the design and implementation of new strategies. Two prime examples are in the areas of the ISRAEL 15 Vision and our National Resilience Strategy for Reorganizing Israel's Emergency Preparedness.

Becoming an Institution

The Reut Institute was established in January 2004 with the aim of becoming an 'institution' that is Israel's 'leading agent of change' in the service of its vision.

What is an Institution?

The idea of becoming an 'institution' has been central to the Reut Institute. It means maturing into an organization that has the capacity, agility and resilience to serve its mission effectively and efficiently transcending any specific context over a long period of time without dependency on any single individual in our community.

Transcending the founder

Decreasing the dependency on Gidi Grinstein as the person who establishes the vision, mission and values of the organization is critical to becoming an 'institution'. In other words, we have systematically sought to institutionalize the ideas and concepts that guided Gidi when he established the Reut Institute. In this context, formulating our charter, revising the bylaws, achieving 'operational integrity' and developing a strong



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

+972-(0)3-6950090 ▪ (ע"ר 580419513)

management team have been vital to our ability to report that we believe that the Reut Institute will have transcended its founder during 2009-2011, notwithstanding the fact that Gidi Grinstein may continue to serve as Reut's CEO or in other functions.

Seven Elements to Reut's Institution Building

There are seven elements to the Reut Institute's institution building. At this stage, only two, recruiting a new CEO and strengthening the Board of Directors, are incomplete.

- **A New Charter**, which enshrines the vision, mission and values of the founders of the Reut Institute, was completed in November 2006 and formalized as one of the official founding documents of the organization.
- **Three-year development plans** have been instituted. They are not only a critically important management tool but may also provide for smooth transitions from one management team to another.
- **Operational Integrity of the policy teams** has been central to this effort. Each policy team should have the capacity to independently identify its focus areas, create new and relevant knowledge, engage decision-makers and provide them with premium pro-bono decision-support services.
- **Amended Bylaws** have been submitted to the Comptroller of Nonprofits for ratification. The new bylaws consolidate the mechanisms of management and oversights of the Reut Institute by the Board of Directors, the CEO and the management team.
- **A new CEO**. Reut will begin the search for a new CEO to replace Gidi Grinstein in the spring of 2009 and expects to hire by the fall of 2009. It is Gidi's stated objective to no longer serve as CEO as of the summer of 2010.
- **Strong Board of Directors** It is critically important for an institution to have a strong and vibrant board that is relevant to its vision, mission, strategy and UVP. Strengthening our board is central to our efforts in 2009.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ תל אביב 67443, תל אביב 126

(580419513 (ע"ר +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

The 2008 Annual Report

Vision, Mission, Strategy and UVP Remained Relevant and Solid

Vision and Mission

As mentioned, the vision and mission that have driven the Reut Institute since its inception have remained stable in 2008. They have continued to provide solid and relevant inspiration and reference for the crystallization of our strategy, unique value proposition, and operations.

Strategy: A Deeper Understanding of Fundamental Impact

Our strategy of becoming an 'institution that is Israel's leading agent of change' has been quite stable since its articulation in 2006. However, in 2008 we crystallized our understanding of the concept of 'fundamental impact' and its practical implications for our organization (see below). Also, through the years, we have grown to understand both the qualitative and quantitative requirements of this quest and have sought to meet and balance them. This process will continue in 2009-2011.

Unique Value Proposition: Systemic, Strategic, and Operational Approach

The core elements of Reut's UVP have remained relevant and solid as well. They stem from the pillars of our strategy, as well as from our ability to identify strategic surprises and opportunities, from our website that serves as a strategic portal for many, from our ability to provide quick turnaround and pro-bono strategic decision-support services, as well as from our ability to create new interdisciplinary knowledge.

In 2008, we believe that our brand has been further strengthened by our focus on the following aspects of our UVP:

- **Offering a vision: The ISRAEL 15 Vision and National Resilience** – In 2008 we were repeatedly able to frame, offer or promote visions that gained the endorsement and support of many. Most notably, the ISRAEL 15 Vision for Israel's social and economic development and the National Resilience Vision for Israel's emergency preparedness.
- **Synergetic strategic partnerships with P2K and ITC** – In 2008 the Reut Institute established strategic partnerships with Partnership 2000 (P2K) of the Jewish Agency for its project on regional economic development and with the Israel Trauma Coalition (ITC) for its project on Israel's emergency preparedness (see below).



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ 67443 תל אביב ■ 126 יגאל אלון

(580419513 (ע"ר +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

- **Integration of strategy and operations** – In 2008 we strengthened our unique capacity to integrate high-level 'top-down' strategic thinking with on-the-ground 'bottom-up' operational knowledge and experience. This has been particularly effective in our work on Israel's emergency preparedness.

Reut's Strategy: Stronger Capacities & More Demonstrated Successes

As mentioned above, the Reut Institute's strategy of becoming an institution that is Israel's leading agent of change has three pillars: fundamental impact, training a cadre of strategic leaders and becoming a model for emulation. The following section describes Reut's achievements in each of these pillars during 2008.

Generating Fundamental Impact

This pillar of our strategy focuses on effectuating change in the Israeli and Jewish public spheres by identifying 'focus areas' of critical importance that suffer from 'relevancy gaps', 'fundamental gaps' or 'adaptive challenges', researching them and creating new knowledge about them; designing new strategic ideas; and working to implement them.

While the theory (formulated by Dr. Zvi Lanir of Praxis) and practice of the first elements of this process – identifying the focus areas, researching and creating new knowledge about them, and, finally, designing new strategic ideas – have been solid in 2008, the 'impact' element of our work has been reframed. We have reframed our role from seeking to be a 'primary-address' for decision-support to generating 'fundamental impact'. Whereas the former represents a more passive role, the new framing amplifies the proactive role that Reut takes in catalyzing change in areas that are critical for the security and wellbeing of Israel and the Jewish world. In this context, in 2008, we made significant progress on multiple fronts:

- **Building Capacities for Generating Impact** – In the summer of 2007 we revisited our strategy for generating impact, while remaining loyal to the theoretical framework provided by Dr. Ron Heifetz in his book *Leadership Without Easy Answers* ([click here](#)):
 - We **shifted our focus from media exposure to building coalitions of change agents** inside and outside of government through direct contact;
 - We **have framed our role as 'catalyzing' the necessary adaptive work** by: (1) branding the suggested vision, (2) generating a sense of urgency among the relevant constituencies; (3) conducting focused research; (4) creating synergies among people and organizations that are committed to realizing the vision; (5) enlarging the pie of resources available to this



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

+972-(0)3-6950090 ▪ (ע"ר 580419513)

community; (6) identifying, documenting, and distributing local success stories; (7) creating a shared and transparent source of information.

- We established a **task force in the Reut Institute** that is dedicated to designing the strategies for impact and for following up on their implementation;
- We **intensified training on 'impact' throughout the organization and delegated related responsibilities to our team leaders** (as a part of our quest for 'operational integrity' – see hereinafter);
- Furthermore, we **replaced our PR firm to [Shalom Tel-Aviv](#), and employed a government relations firm [PUSH](#)** led by Ms. Anat Kraus.

- **A Conceptual Framework for Israel's National Resilience** – Our analysis of the 2006 Second Lebanon War led us to conclude that Israel is suffering from a prolonged crisis in its national security strategy ([click here](#)). One of the key areas in this context is Israel's emergency preparedness for national crisis.

Hence, since March 2008 we have dedicated a policy team to this issue and **in October 2008 the Reut Institute published a conceptual framework for reorganizing Israel's emergency preparedness** titled "National Resilience: Victory on the Home Front" ([click here](#)).

This conceptual framework was adopted by the Ayalon Committee of the Government of Israel, which was mandated to study the preparedness of the Israeli home front for national crisis. This framework was also presented and discussed at the Sderot Conference ([click here](#)). Furthermore, Operation Cast Lead (12/08-01/09) validated many of our recommendations.

Hence, in December 2008 the Reut Institute entered into the second phase of this effort. We established a strategic partnership with the Israel Trauma Coalition (ITC) that has the objective of offering a strategy for national and local resilience. Additional objectives are to develop the unique model of 'resilience centers' and to articulate guidelines for effective use of emergency campaign funds. This collaboration was championed and is supported by the UJA Federation of NYC and is expected to continue at least until the summer of 2009.

- **The ISRAEL 15 Vision** – The ISRAEL 15 Vision represented a central effort of the Reut Institute in 2008. Its highlights were:

- **The First Annual ISRAEL 15 Conference (06/08)** – This conference was a first-of-its-kind effort to convene the people in positions of authority, leadership or influence in the areas of social and economic development in order to discuss Israel's long term development. Keynoted by *The New York Times* columnist Thomas L. Friedman, this conference was a great success.



To become one of the fifteen leading countries

- **Principles and Guidelines for Leapfrogging Israel's Social and Economic Development** – In the summer of 2008, the Reut Institute began a systematic effort of documenting and publishing our insights regarding the principles and guidelines for leaping Israel's social and economic development.

The Reut Institute is publishing a series of documents that will build on each other. Version A of this document (08/08) focused on the lessons that Israel can learn from international experience ([click here](#)). Version B (to be published in early '09) focuses on the characteristics of the public sector that are essential for generating a leapfrog. In addition, the Reut Institute created a website – www.israel15.com – which is dedicated to serving as a portal for all related documents.

- **A first model for regional development in Beit Shemesh and Mate Yehudah** – International experience indicates that aggressive regional development, which is propelled bottom-up by mayors, heads of local authorities and local leaders, is critically important. Hence, the Reut Institute has initiated a strategic partnership with Partnership 2000 of the Jewish Agency whose objective is to catalyze local development. While the first pilot project took place in the area of *Beit Shemesh* and *Mate Yehudah* (08-12/08), two additional pilot projects will take place in 2009. This process is being facilitated by Praxis.
- **The National Economic Council as Israel's 'Central Brain'** – Most nations that leapt have an organization that has the responsibility for top-level oversight of social and economic development. Usually, this organization is a part of the government, mostly as part of the office of the chief executive.

As Israel lacks such a 'central brain' capacity, The Reut Institute has dedicated efforts to identifying potential candidates and to exploring their potential role. We have carried out a comparative study of international best practice and suggested the core mandate of such an organization in Israel ([click here](#)).

Our conclusion was that Israel's National Economic Council (NEC) is the most suited for this role. Hence, we worked with the NEC, as well as with relevant law makers from both sides of the aisle to educate them about this issue. Subsequently, the Knesset has embarked on a legislative process to institutionalize Israel's central brain.

- **Building and Improving Policy Units** – One of the most important initiatives of the Olmert Government has been the establishment of policy



To become one of the fifteen leading countries

units in all ministries where they did not exist and strengthening existing ones.

In the context of this effort and in support thereof, **the Reut Institute carried out an extensive comparative research of international best practices.** As a result of this effort, our suggested 'tool-box approach' ([click here](#)) has been adopted by Office of the Prime Minister.

- **The Israeli-Palestinian Political Process** – In 2006 and 2007, the Reut Institute published multiple documents warning of problems of relevancy of Israel's policy against Hamas and around Gaza, as well as of the futility of the Annapolis Process as it was designed. Therefore, **we have continued to warn of the erosion in the foundations of the Two State Solution.**

In parallel, the Reut Institute suggested two alternative strategies: 'a corridor of difficult decision' for Hamas and Gaza ([click here](#)) and Palestinian State-Building in the West Bank ([click here](#)).

However, **in March 2008 we understood that the present Israeli government was locked into a paradigm** – comprising of the boycott and three-demand policy in Gaza and of the all-or-nothing Annapolis Process in the West Bank. Therefore our efforts to impact this strategy were unlikely to succeed and that further efforts could compromise our stature. We thus decided to decrease our involvement in this matter.

- **Revisiting Israel's National Security Strategy** – As mentioned, our analysis of the 2006 Second Lebanon War led us to conclude that Israel is suffering from a prolonged crisis in its national security strategy ([click here](#)). We were able to articulate the strategic ideas that are guiding the network of nations and organizations that are opposed to Israel's existence and show their effectiveness.

Hence, we decided to call for the initiation of a national process of reassessment of Israel's national security strategy modeled after the seminar that was conducted by David Ben-Gurion in 1947, which led to the design of Israel's first national security strategy. In this context, we approached the Bureau of the Prime Minister, the National Defense College and the Ministry of Defense to lead this process. However, for various reasons, none was willing to engage in this undertaking. **Hence, the Reut Institute decided to lead this process by itself in 2009.**

- **Turning Israel's Arab minority into an engine of social and economic development** – Another key area of strategic importance, where Israel is suffering from a critical Achilles Heel, is the policy toward the Arab minority that often suffers from underinvestment and even discrimination.



To become one of the fifteen leading countries

Hence, the Reut Institute researched and published a document, which focused on accelerating the social and economic development of Israel's Arab minority thereby turning it into a potential engine of growth toward the ISRAEL 15 Vision.

- **The Changing Faces of Jewish Philanthropy** – The Jewish Funders Network (JFN) commissioned the Reut Institute to prepare a report on this topic based on the protocols of its recent conference which took place in Jerusalem in April, relevant literature, and interviews with members of the JFN community in Israel and the USA. The report focuses on analysis of the major trends that are shaping Jewish Philanthropy, as well as on the challenge of forging philanthropic partnerships in general, and particularly among Israelis and North Americans. An abridged version of this report was presented at the 2009 Herzliya Conference.
- **Organizational blog** – The Reut Institute designed and is operating an organizational blog – www.reutblog.com – that offers daily analysis and commentary on issues relevant to the State of Israel and the Jewish world from the unique perspective of the Reut Institute. It receives approximately 500 visitors per week.

Training a cadre of strategic leaders for the Jewish and Israeli public sphere

The second pillar of our strategy is recruiting and training individuals that are committed to lifelong service of the Jewish and Israeli public spheres for positions of strategic leadership. In 2008 we made significant progress in all elements of this pillar:

- **Staff** – By the end of 2008, the staff of the Reut Institute is better trained and more experienced than ever before. The average age is now 31; about a half of our staff and management team are women; the average level of education is graduate degree; academic backgrounds are very diverse; and about a third are new immigrants.

The staff of the Reut Institute has shrunk due to the economic situation from 22 in January to 18 in December. Nonetheless, five new members have joined our staff in 2008: three analysts, one Legacy Heritage Fellow and one administrative assistant. In addition, Reut hosted two interns during 2008. Simultaneously, three employees moved on to the Israeli public sphere and others left through attrition.

However, an unintended consequence of this crisis was an upgrade in the level of training of our team. As we recruited fewer analysts we were able to focus on training the veteran ones.

- **Strategy and Leadership Training Program** – Our training program, generously funded by the Schusterman Foundation and the Chais Family foundations, runs year round and provides extensive theoretical, methodological and technical foundations. It is complemented by intense on-the-job training



To become one of the fifteen leading countries

through working on Israel's hottest and most complex issues with key decision-makers in governmental and non-governmental organizations. During 2008, we developed this program even further.

- **Expansion of the curriculum and extension of the program** – Based on the experience of the past years, we have expanded the content of the training program and extended the duration from 12 to 18 months. We have also established more specific expectations that provide the foundations for detailed and focused feedback;
- **Impact** – In 2008, Reut introduced a five-session training program focusing on the key concepts of Ron Heifetz's leadership theory, which provides the theoretical foundations of Reut's impact strategy;
- **Judaism and Zionism** – It is our belief that a leader in the Israel public sphere must have an understanding of Jewish and Zionist content and language. In 2008, with the generous help of the Center for Leadership Initiatives of the Schusterman Foundation and together with [MELITZ](#), we designed a curriculum, which imbues our existing program with Jewish content and methodologies.

The Jewish component of the training program was launched on May 1st, 2008. Lessons are facilitated by Ms. Shlomit Naor of MELITZ. The curriculum consists of 12 bi-monthly sessions. Each session is composed of three parts: Jewish methodology, Jewish content and models of situational leadership.

- **Monthly Training Days** – In addition to the specific courses outlined above, Reut dedicates one day a month to refreshing theory, methodologies, and technical skills with the participation of the entire team. Each training includes multiple sessions on issues such as strategy, leadership, impact, Judaism and Zionism, and technical skills.
- **Personal and professional development** – The commitment of the Reut Institute to its staff extends beyond the formal training program mentioned above to include personal and professional development. In 2008 we made significant progress in this area as well as follows:
- **Feedback** – In 2008, we instituted detailed expectations and a cycle of feedback sessions to analysts from team leaders and senior management;
 - **Coaching for Team Leaders** – **Team leaders in the Reut Institute have dual responsibility** of generating fundamental impact in their respective areas of responsibility, as well as to support the personal and professional development of the analysts in their teams, which usually comprise of three analysts.



To become one of the fifteen leading countries

In 2008, we successfully introduced coaching to our team leaders provided by Praxis. In addition, we established a forum for team leaders for reflection and learning which is held monthly and facilitated by Praxis.

- **Defined expectations from team leaders** – In 2008, we articulated the management's and the analyst's expectations of the team leaders. In 2009 we plan to institute a feedback mechanism that will apply to team leaders.
- **Placement** – In 2008, we proudly 'graduated' Mr. Jonathan Adiri to become Special Advisor to the President of Israel, Mr. Shimon Peres; Mr. Yariv Mann, to a position in the National Security Council at the Office of the Prime Minister, and Ms. Mireille Surowicz to manage development of Metzilah, a nonprofit organization headed by Prof. Ruth Gavizon.

Model for Emulation

The Reut Institute sees itself as a unique organization specializing in identifying strategic issues and designing appropriate policies. We believe that the theory and methodology that underlie our work represent the next generation of policy making in the 21st century. We strive to have the Government of Israel and other leading institutions adopt this model. This leg of our strategy is the least developed. During 2008, we began to lay its foundations.

Operations and Administration

- **Team reorganization** – Due to the economic situation and natural attrition of our team leaders to positions in the public sphere, we have chosen to unify the Israel 15 policy team with the Strategy and Structure team. We currently have two additional teams, one focusing on national security issues and the other on the Israeli home front.
- **Renewed rental contract** – Reut will continue to lease its current location at 126 Yigal Alon to the end of its existing contract in August 2010. The office space, 3,800sq.ft., provides ample space for work and multiple meetings and is conveniently located close to government offices. In the unexpected case that rent rises or we are forced to reduce capacity, we will consider sub-letting our space to other organizations that identify with our vision.
- **Organizational Survey** – Though Reut's unique structure allows easy communication through all levels of the organization, we believe it is imperative to give our employees an opportunity to respond anonymously to their perceptions of Reut as a workplace. In late 2007 we carried-out an organizational survey and began to implement the conclusions drawn from its results in 2008.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ 67443 תל אביב ■ 126 יגאל אלון

(580419513 ת"ר) +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

The survey shows that Reut scores very well in overall employee satisfaction, primarily due to the opportunities available to them to learn and develop and to the performance of the CEO. In addition, the survey revealed that staff would appreciate clearer expectations. Hence, in 2008 we introduced clear expectations of analysts and teams compounded by a systematic feedback mechanism.

- **Organizational Seminar** – In 2008, the Reut Institute introduced two organizational seminars, in July and in December, which were designed to grapple with the most pressing issues of our organizational development based on the contribution and participation of all team members.

Recognition

- **Quality and Excellence in Management Prize** – The Reut Institute has been nominated for the prize for quality and excellence in management within the public sector in memory of Yitzhak Rabin lead by the Director of the Public Service. The prize's aim is to highlight quality and excellence in the public sector by recognizing outstanding organizations.
- **Midot** – Reut applied to have its performance and management rated by Midot, a not-for-profit corporation for independently assessing and rating non profit organizations in Israel. Midot's rankings aim to better inform social investors' giving decisions, to instill superior operational standards within Israel's non-profit organizations, and to offer recognition to effectively managed organizations.

Financial and Organizational Resilience

Our 2008 Development Plan for 2008-2010 was very ambitious. The 2008 Development Plan for the years 2008-2010 – which was approved in December 2007 and tilted "Consolidating the Springboard and Leaping" – set high goals for the organization. Its logic called for using the first part of 2008 to strengthen the foundations of the Reut Institute in order to allow for rapid growth and expansion, by launching an additional policy team each year. Thereby, the plan called for recruiting twelve new analysts *per annum*.

Alas, instead of 'playing offence' we had to 'play defense'. The shrinkage of wealth due to the global economic crisis has had far-reaching implications for philanthropy and therefore also for nonprofits the world over. In 2008, the Reut Institute, like many other nonprofits in Israel, also had to adjust to the new reality.

During the past year it became more challenging to meet our development goals. Some of our donors and supporters have had greater difficulties to renew past



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

commitments and it has taken a greater effort on our part to generate new pledges. Furthermore, some of our supporters have had to review their already existing pledges.

In this context, **we needed to adjust our mindset in order to brace ourselves for more challenging times.** By the spring of 2008, it had become clear that the Reut Institute would not be able to meet its development goals according to the 2008 Development Plan. By the summer of 2008, we realized that we needed to change our mindset, language and concepts from 'development', 'growth' or 'expansion' to 'preserving the core', 'scaling back' or 'decreasing burn rate'.

Our decision was to set the objective of emerging out of this crisis stronger, better and more resilient in terms of our capacity to serve our mission. In order to do so, the Reut Institute established a number of principles and guidelines to enhance the resilience of the organization.

The following table illustrates this transition through an overview of the annual averages since the establishment of the Reut Institute in 2004:

Year	Budget	Avg. Monthly Income	Budget Annual Growth	Weeks of Travel	Pledges Per Week	Pledges Per Week Growth
2004	\$256,000	\$21,333	---	16	\$16,000	---
2005	\$496,000	\$41,333	94%	16	\$31,000	94%
2006	\$970,000	\$80,833	96%	14	\$70,000	126%
2007	\$1,400,000	\$116,666	50%	12	\$117,000	67%
2008	\$1,700,000	\$141,666	21%	12	\$142,000	21%
2009 ¹	\$1,375,000	\$115,000	-24%	~ 16	---	---

A snapshot of our financial performance during 2008 and the projections for the first half of 2009 reveal the following:

- **The first half of 2008 represented a balanced budget**, although new pledges and income did not grow compared to 2007.
- **Between June and September 2008, Reut had a significant monthly deficit, which compromised its reserves.** By October 2008, Reut was scratching the bottom of its reserves. The growing difficulties in raising new pledges and generating income were compounded by a significantly depreciated dollar, as well as by high expenses following our first annual ISRAEL 15 Conference in June.

¹ Figures for 2009 are projections based on the 2009 Work Plan, which is founded on conservative assumptions regarding income and does *not* include gifts that are designated for specific projects.



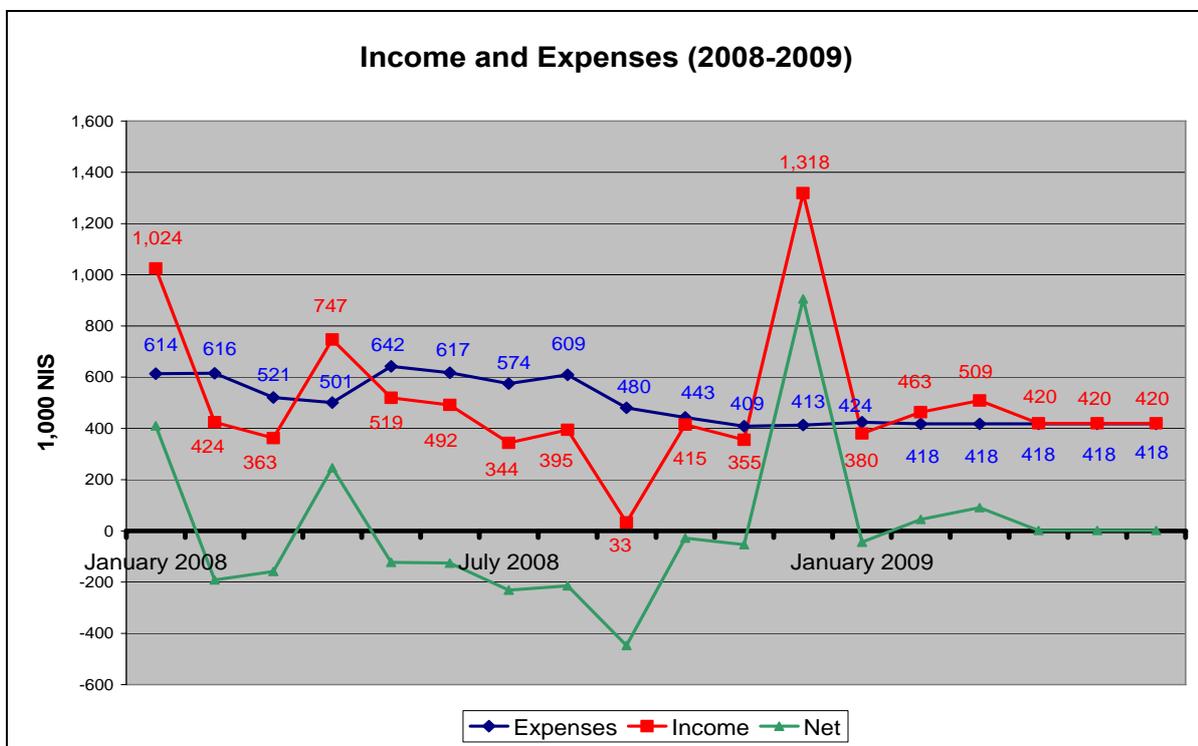
To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

+972-(0)3-6950090 ▪ (ע"ר 580419513)

- **Against this backdrop, the Reut Institute made a number of decisions aimed at strengthening the resilience of the organization:**
 - **In the first quarter of 2008, Reut froze its growth and expansion plan;**
 - **In July we decided to invest heavily in our development infrastructure and capacities; and**
 - **In September we slashed the burn rate by about 25 percent.**
- **Consequently, November and December 2008 showed a dramatic turn-around in cash reserves due to a combination of new pledges and income, as well as a significantly lower burn rate.**



On December 31st, 2008 Reut had more cash reserves than it had in January 2008 thereby meeting the benchmark that was set by our Board of Directors. Hence, we believe that the Reut Institute is now on the right path for securing its financial resilience for 2009 as its burn rate has been reduced by 40 percent compared to the peak of 2008, our capacities and resources dedicated to development have grown, and our expectations are conservative.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ▪ **67443 תל אביב 126**

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

2009 Development Plan

General

The 2009 Development Plan addresses the challenge of marrying the implications of the present global economic crisis and the ambitions of the Reut Institute to become an institution that is Israel's leading agent of change.

Background: 2007 and 2008 Development Plans

The Reut Institute was established in January 2004. For the first four years of its existence, it saw rapid growth in pledges, income, expenses, size and activities. However, 2008 posed a test of a different type: the challenge of traversing the new economic reality.

The underlying idea of our 2007 Development Plan – which was approved in December 2006 for the years 2007-2009 and was titled: 'Consolidating the Springboard and Leaping' – was to devote 2007 to making the foundations of the organization both robust and scalable (hence, 'Consolidating the Springboard...') in order to allow for steady and rapid growth as of 2008 (hence, '...Leaping').

In the 2008 Development Plan – which was approved in December 2007 for the years 2008-2010 – we extended the phase of 'Consolidating the Springboard' to the *first* half of 2008. Our intention was to begin the 'Leaping' phase in the second half of the year. However, in 2008 it became demonstrably more challenging to meet our development goals due to the far-reaching effects of the global economic crisis on philanthropy and nonprofits the world over.

Consequently, as early as the second quarter of 2008 we not only amended our development goals to accommodate the economic downturn, but also our entire conduct and operations. Securing Reut's financial and organizational resilience has become a central theme of our day-to-day operations and our development plan.

The Logic of the 2009 Development Plan: Resilience, Consolidating the Springboard, and Thriving through Crisis

The 2009 Development Plan is therefore framed and titled 'Leading Change in Israel during Times of Crisis'. It offers a revised set of principles and guidelines that were designed to ensure that we survive the economic downturn, thrive through it, and eventually leap to meet our objective of being 'an institution that is Israel's leading agent of change'. Hence, there are *three* organizing logics to the 2009 Development Plan:



To become one of the fifteen leading countries

■ **Organizing Logic 1: Financial and Organizational Resilience** based on the following principles:

- **Bracing ourselves through 2009.** We assume that the economic slowdown will continue *at least* through 2009 and have aligned ourselves accordingly.
- **Remaining faithful to our vision, mission and strategy.** Reut will engage in projects and activities that serve its vision, mission and strategy, and will find new ways to provide for this work. It will not 'sell its soul' by doing projects that generate revenue but do not meet this criterion.
- **Maintaining high moral standards.** We have committed to preserving high ethics and values toward our community of supporters, service providers, and present and past employees particularly in cases when existing promises or relationships need to be revisited or even severed.
- **Strengthening our foundations and core capacities *during* the crisis.** Reut will continue to build its infrastructure and strengthen its core capacities *during* the economic crisis by enhancing our Strategy and Leadership Training Program, developing our institutional and organizational foundations, nurturing existing sources of income and creating new ones. At the same time, other projects and capacities may be discontinued.
- **Protecting and strengthening the Reut brand.** Our brand is 'sacred' to us. It stems from our vision, mission and strategy and stands for 'putting our country first', professionalism, reliability, transparency and accountability, creativity and good management.
- **'Surgical' management.** The management team of the Reut Institute will dedicate more time and effort to making decisions with 'surgical precision' in areas that have long-term implications for the organization, such as cutting costs, investing in development, or layoffs.
- **Cash consciousness. Playing it safe.** In order to ensure our financial resilience, we increased our cash reserves and have adopted a conservative financial approach to all financial and organizational decisions.

For further information, see the document Financial and Organizational Resilience of the Reut Institute.

■ **Organizing Logic 2: Consolidating the Springboard and Preparing to Leap –** The Reut Institute will continue the effort, which was launched in the 2007 Development Plan, to prepare itself for rapid organizational growth. In the 2009 Development Plan, this refers to the following:



To become one of the fifteen leading countries

- **Finalizing the process of becoming an 'institution'.** The Reut Institute plans to finalize the process of becoming an 'institution', which means, primarily, recruiting and grooming a new CEO and continuing to build the capacities of our Board of Directors.
 - **Articulating our strategy for developing a cadre of strategic leaders.** Reut will finalize the conceptualization and articulation of its strategy for recruiting, training, developing and placing a cadre of strategic leaders into the Israeli and Jewish public spheres.
 - **Stronger development capacities.** Reut will continue to strengthen its capacities to create new sources of income and nurture existing ones.
 - **A diversified donor base.** Reut will continue to limit its direct or indirect exposure to a single source of income, whether an individual or a foundation (not including American Friends of the Reut Institute), to 15 percent of our annual budget. Hence, an average donation in 2008 was approximately 13,500 USD. We attribute much of our relative financial resilience to the strict observance of this rule.
- **Organizing Logic 3: Thriving Through the Crisis.** In an environment in which long-held beliefs and paradigms are rendered irrelevant at a growing pace, Reut is in a unique position to offer the State of Israel and the Jewish world its expertise in identifying relevancy gaps, researching them and creating new knowledge, framing new strategic ideas and working to effectuate them. In this context, we plan to focus on the following:
- **Helping the State of Israel and the Jewish world meet the unique challenges of this time.** The Reut Institute will mobilize its resources to helping the State of Israel and the Jewish world accurately frame their fundamental gaps and adaptive challenges and to effectively respond to them. For example, these challenges may include reorganization of Israel's home front for national emergencies, accelerating social and economic development, or revisiting our national security strategy.
 - **Best practice.** The Reut Institute is devoting much attention and many resources to managing its way through the crisis. We hope that these will meet the benchmark of best practice and will prove useful for other organizations as well.



To become one of the fifteen leading countries

Highlights of the 2009-2011 Development Plan

These three organizing logics are the overarching principles of the 2009 Development Plan. This section gives an overview of the specific efforts and projects we will advance in 2009-2011 to serve our mission.

Generating Fundamental Impact

The Reut Institute has formalized its 'Cycle of Activities', which is a progression of activities for generating the fundamental impact that we seek. This cycle includes identifying fundamental gaps, researching them and creating new knowledge, designing a relevant strategy, identifying the community of people in positions of authority, leadership or influence that can effectuate the necessary change, developing an impact strategy, orchestrating change by being its catalyst, and, when we can no longer provide our unique value, exiting the issue.

In the coming three years, Reut will engage multiple content fields at all stages of this progression.

- **The ISRAEL 15 Vision: Leapfrogging Israel's social and economic performance** – This challenge will remain central to the Reut Institute throughout the 2009 development Plan as we do not expect Israel to be able to close this relevancy gap within the coming 3 years.
- **National Resilience: Reorganizing Israel's home front** – The conceptual framework we suggested in the fall of 2008 ([click here](#)) proved to be relevant during Operation Cast Lead in January 2009. Hence, although much knowledge still needs to be developed, we believe that its key concepts will be adopted soon and accepted as a set of guiding principles. Therefore, the Reut Institute will probably exit this topic before 2011.
- **Israel's national security** – This policy team is now beginning the research phase on Israel's overarching national security concept. This is a new phase of the work that we have been doing since the 2006 Second Lebanon War ([click here](#)). We anticipate that this topic will remain central to Reut's work through 2011.
- **Israeli-Palestinian political process** – The Reut Institute has already developed a rich and nuanced conceptual framework ([click here](#)), which may be useful until the new administration in Israel 'catches up'. Thereafter, Reut will consider developing new knowledge if circumstances require.
- **Impact** – Reut will continue to develop the application of the theory of Prof. Ron Heifetz to the context of its work as a nonprofit in Israel's public sphere.

Training a cadre of strategic leaders



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ▪ 67443 תל אביב ▪ 126 יגאל אלון

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

Reut has a comprehensive approach to its human capital from recruitment through placement in key positions in the public sphere. At each stage – recruitment, training, team assignments, personal and professional development, and placement – Reut works to ensure its employees a formative personal and professional experience.

As most of the components of this approach are already in place, we expect to finalize the initial articulation of our human capital package by 2010.

- **Recruitment** – Reut's recruitment process has been in place for some time but needs revisiting based on lessons that have been learnt over the past two years;
- **Training** – Reut's training program was formalized in 2007 and updated in 2008. We feel that it is stable and effective;
- **Personal and professional development** – In 2007 we decided to introduce a three-way feedback system: to the management team; to analysts and to team leaders. The first two components have already been introduced. Hence, developing a feedback mechanism for team leaders is our main challenge for 2009;
- **Compensation** – The compensation system at the Reut Institute has been largely egalitarian and seniority based. As the organization grows we have decided to transition into a compensation system that is more meritocratic. This decision is expected to take effect during 2009;
- **Placement in key positions in the public sphere** – Reut has gained experience in placing its graduates in positions of influence but has yet to articulate the process. This will be done in 2009 or 2010.
- **In addition, Reut expects to have 4-6 of its graduates assume key positions in the public sphere between 2009-2011.**

Model for Emulation

The Reut Institute strives to provide a model to be emulated by government agencies. To date, we have dedicated much effort to documenting different components of our model, but not to an attempt to describe it as a package. In 2009-2011, we will achieve this goal, which requires documenting the underlying theory of our work, our comprehensive human capital approach and our cycle of activities.

Operations and Administration

The Reut Institute will continue to upgrade its operational and administrative capacities to support the three pillars of our strategy. In this context, the key efforts are:

- **Digital Impact** – The Reut Institute sees the internet as a central tool of its impact strategy. In this context, our efforts focus on the following:



To become one of the fifteen leading countries

- **The website** – www.reut-institute.org – is designed to serve as a primary resource to people in positions of authority, leadership or influence in the areas of our focus where we believe a fundamental change is required. Hence, it was built as a portal that links to other important websites and publications;
 - **The blog** – www.blogreut.com – was designed to monitor the on-going developments in the areas of our focus and in the context of our research and strategies, as well as to update our community of supporters and friends in the progress of Reut's strategy.
 - **The Reut Policy Network (RPN)**. The Reut Institute plans to launch the RPN in order to address the mismatch between the needs for quality research by agencies of the public sector, on the one hand, and their meager resources, on the other hand, by attracting research primarily by students of advanced degrees. Our first effort in 2007-08 led us to conclude that this is a viable model. If the circumstances permit, we will launch this program again.
- **Praxis** – Praxis – www.praxis.co.il – continues to be our primary service provider for a unique package of theory, methodology and software tools, which underlie our efforts to identify strategic surprises and opportunities, research them and create new strategic ideas (the theory that underlies our work to effectuate these ideas comes from Ron Heifetz in his book "Leadership Without Easy Answers " ([click here](#))). In addition, Praxis helps to train our analysts and is our partner in developing models for regional development.
 - **Physical assets / Office space** – The Reut Institute does not own significant physical assets. Our offices are rented. We will continue to rent our present 3,800sq.ft., office space at 126 Yigal Alon Street until August 2010. It provides ample space for work and multiple meetings and is conveniently located close to government offices. However, we may sub-lease our space to other organizations that identify with our vision.
 - **The Library and 'Bookstore'** – The Reut Institute views maintaining an updated and relevant library as critical for the knowledge development effort. We will continue to develop this unique collection of books that are relevant to the challenges that face Israel and the Jewish World. In addition, we will continue to upload the links to these books to our website in order to inform the community of people in positions of authority, leadership or influence of the literature that is relevant to their work.



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

(580419513 ע"ר)

+972-(0)3-6950090

Financial and Organizational Resilience: Budget First

As mentioned, securing our financial and organizational resilience is a key principle for our 2009 Development Plan. Below are the practical guidelines for doing so:

- **Securing financial resilience:** The Board of Directors and the management team of the Reut Institute have taken a comprehensive approach towards securing Reut's financial and organizational resilience that is based on three pillars:
 - **Cash consciousness: playing it safe.** We have made a conservative assessment of future pledges, income and exchange rates to establish the 'base budget' of the Reut Institute and adjusted our expenses accordingly;
 - **First budget; then additional projects, staff or activities.** Additional activities, projects or hires will be *conditioned* upon securing new funding over and above the assumptions that underlie the base budget;
- **Strengthening Development Infrastructure.** In order to emerge from the crisis stronger and more resilient, Reut has decided to grow and improve its capacity to create new sources of income and nurture existing ones based on the following:
 - **Organizational focus on fundraising.** Reut has enhanced its development team by designating a full-time Director of Development, as well as an additional full-time staffer. We devote more management focus and attention to this issue than in the past.
 - **Diversify sources of income and develop new ones.** To date, nearly 90 percent of Reut and AFRI income have been from individuals and family foundations. In the summer of 2008 Reut launched a systematic effort to diversify its income to include foundations, institutions, and support in Israel as well.



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443 תל אביב 67443

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

2009 Work Plan

Introduction

This section provides a more detailed overview of the principles and guidelines that will guide the Reut Institute in 2009.

Generating Fundamental Impact

In 2009, our work to generate fundamental impact will focus on the following:

- **The ISRAEL 15 Vision; Leapfrogging Israel's social and economic performance** – As mentioned in the 2009 Development Plan, the ISRAEL 15 Vision will remain central to Reut's work through 2011. In 2009, we will focus on the following:

- **Theory: Version C** – The Reut Institute will continue its cutting edge research on the challenge of leaping Israel. A second edition was published in February 2009 and a third edition of this research (Version C) will be published;
- **Regional economic development** – Regional economic development is critical for the ISRAEL 15 Vision and represents a blind spot in Israel's development strategy (for example, this issue was not even mentioned during the recent election campaign).

Hence, Reut will continue the project that is designed to develop the principles and guidelines for regional economic development in Israel which is carried out in a strategic partnership with Partnership 2000 of the Jewish Agency. The first 'beta site' has been concluded in the area of *Beit Shemesh* and *Mate Yehuda* and a second 'beta site' is expected to be launched in *Akko* and *Mate Asher*. In this context, two of our analysts are expected to travel to Europe for a study visit;

- **The ISRAEL 15 Fund** – Reut will work to launch this fund as a vehicle that will facilitate philanthropic contributions to organizations and individuals that promote the ISRAEL 15 Vision.
- **The Second Annual ISRAEL 15 Conference (June 8, 2009) and Study Visit (June 9-11, 2009)** – Building on the outstanding success of the first conference, The Second Annual ISRAEL 15 Conference will take place on June 8. It will continue to serve as the space where the people who are committed to Israel's social and economic development meet and discuss their work, challenges and opportunities;



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443 תל אביב ▪ 126 אלון

(580419513 ע"ר) +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

- **National Resilience: Reorganizing Israel's home front** – This project and policy team focus on helping Israel prepare for cases of 'national emergency' when there will be a critical gap between resources and needs. Our conceptual framework has already been adopted by the Ayalon Commission led by former Minister Ami Ayalon ([click here](#)) and the concepts that we suggested were proved during operation Cast Lead in January ([click here](#)). Against this backdrop we are optimistic that Israel will be able to significantly improve its emergency preparedness for such crisis and we are committed to serve this process.

In the first part of 2009, we will continue our strategic collaboration with the Israel Trauma Coalition (ITC) which is generously supported by UJA Federation of NYC. The purpose of this project is to articulate the National Resilience Strategy and Local Resilience Strategy for local authorities, to suggest guidelines for emergency campaigns, and to design a strategy for its implementation.

- **Israel's national security** – In 1947, David Ben-Gurion embarked upon a three month 'seminar' that led to the creation of Israel's first national security strategy that has proven to be very effective for decades and been dominant since.

In recent years, this strategy has been less relevant and effective, as was demonstrated in the 2006 Second Lebanon War and in the past few years in a variety of events. This process has been explored in the documents that the Reut Institute submitted to the Winograd Commission ([click here](#)).

Hence, by the fall of 2009 the Reut Institute will attempt to articulate the principles and guidelines for a revised national security strategy that will address the imminent needs of Israel's national security.

- **Impact** – Based on our ever-evolving understanding of the challenge of effectuating fundamental change in Israel, we have designed a new a revised strategy for impact that will be implemented by our various policy teams. However, we feel that the evolution of our strategy for generating fundamental impact has not slowed down and will continue through 2009.

Recruiting and Training a Cadre of Strategic Leaders

In 2009, Reut will advance each of the five areas of our human capital policy.

- **Recruitment** – In 2009, and subject to the logic of preserving our financial resilience, we expect to recruit a small number of new analysts. We are privileged to be able to choose from a pool of exceptional talent that has been approaching us to join our team.



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ תל אביב 67443, 126 יגאל אלון

(580419513 ע"ר) +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

At the same time and based on the experiences of the past two years, we believe that our recruitment process needs revisiting and improvement. This is a central priority for us.

- **Training** – In 2008, Reut finalized a revision of our training program for our analysts, which now lasts 18 months, as well as an annual program of refreshers that cover all the key areas of our theory, methodology and software tools. In 2009, Reut will implement this program.

Our focus for 2009 is the design of a program for advanced training of the management team that will have particular focus on leadership and management skills of our team leaders.

- **Personal and professional development** – In 2008 we finalized a detailed set of expectations and instituted a process for feedback for our analysts which is focused on accelerating their personal and professional development. In addition, we developed an organizational process for feedback from our analysts to our management team, which occurs twice a year.

The focus in 2009 will be on developing a feedback mechanism to our team leaders from their analysts, peers and senior management.

- **Compensation** – As mentioned, in 2009 Reut will transition to a more meritocratic compensation system.
- **Placement in key positions in the public sphere** – Reut has gained experience in placing its graduates in positions of authority in government, municipalities and nonprofits. We have yet to formulize this process, but plan to do so in 2009.

In addition, in 2009, Reut hopes to place two more graduates in the public sphere and to develop a mechanism to support them in their new positions.

Model for Emulation

In 2009 the Reut Institute will focus on documenting our strategy in the area of human capital. To the extent that they have been developed, we will describe our recruitment process, training regimen, strategies for assigning and promoting employees, our feedback methods, and our procedures for placing Reut graduates in positions of influence in the public sphere. Issues that are currently under development, like advanced training for the management team or our placement strategy, will be included as they are completed.



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

(580419513 ע"ר)

Financial and Organizational Resilience: Playing it Safe

As mentioned, securing our financial and organizational resilience is a key principle for our 2009 Development Plan. In the previous chapters we described the principles that will govern our actions during the 2009 Development Plan. Below are the practical guidelines to secure our resilience in 2009:

■ Securing financial resilience:

- **17 percent decrease in average monthly expense.** Reut has cut programs and personnel in order to reduce its *average monthly burn rate compared to 2008* by 17 percent from roughly 535K NIS in 2008 to 444K NIS in 2009 (projected);
- **Increased reserves and tightened risk management.** Reut raised its benchmark for cash and pledge reserves by 20% compared to 2008. Namely, in 2009, at any given time Reut should have *in cash* the equivalent of the cost of three months worth of expenses (i.e. roughly 1.3 million NIS), as well as the equivalent of three *additional* months worth of expenses (i.e. additional 1.3 million NIS) provided for in hard pledges over the coming six months;
- **A 'base budget', which assumes conservative projections of income.** Reut has taken a conservative approach to establishing its 'base budget' by setting low expectations on the exchange rate and expectations of existing and new pledges. Hence, our 2009 base budget is 1.375 million USD (compared to our 2.1 million USD and our 1.7 million USD actual income in 2008);
- **First budget; then additional projects, staff or activities.** Our 2009 base budget of 1.375 million USD provides for 16 employees in three policy teams and a few additional activities. Additional projects or hires will be *conditioned* on securing new funding over and above the assumptions that underlie this base budget.

■ Development Infrastructure:

- **Organizational focus on fundraising.** The Reut Institute aims to raise 50% of its 2010 budget by December 2009. In 2009, our CEO will travel 15 weeks for development purposes (compared to 12 weeks in 2007 and 2008) and Reut will continue to dedicate 2.5 full-time employees to its development effort – a Director of Development and an Assistant Director of Development – in addition to a half-time staffer;



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ■ תל אביב 67443 ■ יגאל אלון 126

(580419513 (ע"ר +972-(0)3-6950090 ■ office@reut-institute.org ■ www.reut-institute.org

- **Diversify sources of income and develop new ones.** In 2009, we aim to raise 25% of our donations from Israelis and 25% from institutional sources;

Conclusion

This document serves as a framework for our development and growth. We believe that by the end of 2011 we can become Israel's leading agent of change, as well as the premier school for training Israel's future strategic thinkers. We also believe that we can thrive through these challenging economic times while preserving high standards of ethics and management.

It is our hope that this document has presented you with all the information you need in order to evaluate the effectiveness of your support for us. As always, we welcome your observations and comments and look forward to providing any additional information.

As the Reut Institute continues to serve its mission on a pro-bono basis, we remain dependent on the generosity and friendship of our community of friends and supporters. We hope that this document will make you proud of your partnership with us, and will inspire you to continue and increase your involvement with the Reut Institute.



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org

Appendix A: The Reut Institute at a Glance

Issue	General	2008	2009-2011	2009
General Introduction				
Vision	21 st Century Zionism	Stable	Expected to remain stable	Expected to remain stable
Mission	Sustaining Significant and Substantive Impact	Stable	Expected to remain stable	Expected to remain stable
Strategy	3 pillars: Fundamental impact, grooming strategic leaders, and becoming a model to be emulated.	Strategy has been stable. We crystallized the element of impact and have significantly improved our capacity to impact.	Our focus will expand beyond fundamental impact to finalizing our package for grooming strategic leaders and for becoming a model for emulation.	Finalizing the package for grooming strategic leaders and preparing the human capital elements of becoming a model for emulation.
Unique Value Proposition	Each pillar of our strategy + our ability to offer a vision, to identify strategic surprises and opportunities, and to integrate operational and strategic considerations.	Our focus shifted to offering visions in each of our focus-areas and to designing comprehensive strategic ideas.		



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443 ▪ 126 יגאל אלון

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

Issue	General	2008	2009-2011	2009
Becoming an Institution	On-going effort to strengthen institutional foundations and to transcend our founder.	We believe that we have transcended our founder by ensuring operational integrity in all policy teams and by a systematic effort to hand over responsibilities from CEO to management team	Finalizing the process by introducing a new CEO.	CEO will be hired in 2009.
Budget and Staff	In '04-'07 the Reut Institute grew very quickly each year in budget and staff peaking with 23 full time staff	In 08' we had to scale back our growth to adjust to the economic conditions by cutting burn rate and enhancing development efforts. At yearend Reut had 18 full-time staff.	'Budget First' – The Reut Institute will be conservative in terms of its growth plans, until economic conditions allow for faster expansion.	The Reut Institute expects to be in the conservative mode through 2009 with minimal growth of staff. However, CEO will be hired in 2009



To become one of the fifteen leading countries

126 Yigal Alon St., Tel Aviv 67443, Israel ▪ **67443 תל אביב**

(580419513 (ע"ר +972-(0)3-6950090 ▪ office@reut-institute.org ▪ www.reut-institute.org

Grooming Strategic Leaders				
Grooming strategic leaders	The Reut Institute is committed to recruiting, training and nurturing a cadre of strategic leaders and to help them assume key positions in the Israeli and Jewish public spheres	In 08' we continued to improve our training program focusing on developing our feedback mechanisms. Another key development was the introduction of an education program in Judaism and Zionism.	In '09-11 we plan to finalize the entire package of dealing with our human capital.	In 09' we will focus on the personal and professional development of our team leaders.
Placements	The Reut Institute aims to place its top analysts in key positions in the public sphere.	3 analysts have successfully transitioned to government and nongovernmental institutions.	2-3 placements a year. In addition, we will document the placement package for our analysts.	2-3 placements are expected.
Fundamental Impact				
ISRAEL 15 Vision	The ISRAEL 15 Vision guides the work of the RI in the area of Israel's social and economic development.	The First Annual ISRAEL 15 Conference was a highlight. We also published Version A of our document on leaping Israel and started a project on regional development in a pilot effort in	This policy team is expected to continue through 2011. Its focus will remain advancing the research and effectuating change.	In 09' the highlights are the publication of Version B; our work on regional development and our 2 nd Annual ISRAEL 15 Conference.



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org
(580419513 (ע"ר) +972-(0)3-6950090

		the area of <i>Beit Shemesh</i> and <i>Mate Yehudah</i> .		
National Security	Since the '06 Second Lebanon War the RI has been pointing to a crisis in Israel's national security strategy.	In '08 our strategy was to get the leading governmental organizations focused on this challenge. We have been moderately successful.	In '09-'11 the Reut Institute will undertake to research this topic and to offer a revised framework for a national security strategy for the public debate.	In '09 we plan to prepare the new framework for Israel's national security strategy based on round tables, research and working with experts.
Israel's Emergency Preparedness	The '06 Second Lebanon War exposed the mismatch between Israel's emergency preparedness and the threats on Israel's civilian population.	A Reut Intitute policy team was able to suggest a conceptual framework for reorganizing Israel's home front for national emergencies. This framework was adopted by the Ayalon Committee in the Bureau of the Prime Minister.	During 09'11' we expect the GOI to close the strategic gap on this topic. Therefore, the Reut Institute is expected to 'exit' from this topic and to assign its policy team to a new challenge.	In '09 we will focus on articulating national and local resilience strategies and on designing principles for corporate responsibility in emergencies.
Israeli-Palestinian Political Process	This policy team deals with the challenges and opportunities facing Israel vis-à-vis the political process.	In the context of Israel's policy against Hamas and the Annapolis Process, the contribution of the Reut Institute had become less effective. Therefore, we decided to scaled back our work on this topic.	The Reut Institute masters the most comprehensive analytical framework in this context. We will use it when the conditions require.	2009 is a year of transition in the Israeli, American and Palestinian theaters. This topic will be central to the work of the RI.



To become one of the fifteen leading countries

יגאל אלון 126, תל אביב 67443, ישראל ▪ 67443

office@reut-institute.org ▪ www.reut-institute.org
(ע"ר 580419513) +972-(0)3-6950090