



**Leaping**  
**2009 Annual Report**  
**2020 Vision**  
**2010-12 Development Plan**

**Adar 5770**  
**March 2010**

## - Executive Summary -

*Dear Supporters and Friends,*

The Reut Institute is pleased to present our community with a comprehensive overview of our organization at this moment in time. This letter serves as an executive summary of the five parts of this document: The general introduction to the Reut Institute; the 2009 Annual Report; our 2020 Vision; the 2010-12 Development Plan, which incorporates our 2010 Work Plan; and a chapter elaborating on our fundamental impact.

### General Introduction

At the beginning of our seventh year of operation, **our vision, mission, purpose, strategy, and unique value proposition remain stable and solid.** The framework of '21<sup>st</sup> Century Zionism' guides us well as our vision, while our mission remains "...to sustain significant and substantive impact on the future of the State of Israel and the Jewish world..." In 2009, we further crystallized our purpose "to be an institution that is Israel's most effective agent of change."

At the same time, **our strategy** for serving our vision and mission and for realizing our purpose has continued to rely on three mutually reinforcing efforts:

- **Substance: Fundamental Impact** – To help Israel transform in areas that are critical to its security and prosperity;
- **People: School for Strategic Leaders** – To groom a cadre of strategic leaders and to help them assume positions of authority, leadership, and influence in the Israeli and Jewish public spheres;
- **Structure: Model for Emulation** – To develop an organizational model for dealing with strategic threats and opportunities in the increasingly turbulent 21<sup>st</sup> century that will be emulated by government agencies.

**This strategy has qualitative and quantitative dimensions.** On the *qualitative* level, we need to master the art of 'fundamental impact'; of grooming strategic leaders; and of understanding the values, structure, mode of operation and makeup of state-of-the-art strategic units. On the *quantitative* level, Reut needs to build capacities that will allow it to take on a critical mass of issues, groom a significant number of people for strategic leadership, and work with a greater number of organizations.

This past year, we have made significant progress toward our objective of becoming an 'institution.' We are honored to have welcomed Erez Meltzer as our incoming Chairman of the Board, enlarged and strengthened our board, and built a Friends of Reut association in Israel. We are also in the final phases of recruiting a new chief executive



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officer (CEO) to replace Gidi Grinstein, our founder and current CEO, who will become our President.

## 2009 Annual Report

Reut has made significant progress in 2009 in spite of the challenging economic times. We have been able to do more with less by producing more high-quality content and generating greater impact with fewer teams, while bolstering our financial and organizational resilience.

By the end of 2009, Reut was back to its 2007 size with 22 full-time employees, compared with 18 employees in '08 and 23 in '07. Reut's 2007 income stands at roughly 1.5 million USD, compared with 1.7 and 1.4 million USD in '08 and '07 respectively. Four policy teams focus on Israel's national security, on the ISRAEL 15 Vision, and on Israel's emergency preparedness, and we are developing an effort focusing on the future of Israel's relations with the Jewish world.

Our key achievements in 2009 included:

- **Rabin Prize for excellence in the public sphere / Ranked 'A' by Midot ranking group** – Reut was publicly recognized with the Rabin Prize for Excellence in the Public Sphere in a special ceremony in the Knesset, as well as by earning the grade of 'A' (highest rank awarded to date) by the Midot organization, which specializes in assessing the performance of non-profit organizations in Israel;
- **The ISRAEL 15 Vision:** The publication of Version B of our paper on ['Principles and Guidelines for Leapfrogging Israel's Social and Economic Performance'](#) (03/09) gained local and international praise, including by Nobel Prize Laureate Prof. Michael Spence. This document, together with the second annual ISRAEL 15 Conference (06/09), were the past year's highlights in this area, strengthening the ISRAEL 15 brand and bringing together the community of individuals and organizations propelling Israel's social and economic development.

These efforts were compounded by dozens of presentations to relevant ministers and Members of Knesset (MKs), as well as to the majority of individuals in positions of authority, leadership, or influence in this area.

In the second part of '09, we launched two parallel efforts. One focused on macro changes necessary to fulfill the ISRAEL 15 Vision, particularly regarding labor relations. The other effort, in collaboration with Partnership 2000 of the Jewish Agency, focused on regional economic development, using the *Beit Shemesh-Mate Yehuda* and *Akko-Mate Asher* areas as 'laboratories' for crystallizing a comprehensive strategy, to be published in 2010;



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- **Israel's emergency preparedness:** The 2009 highlight of our efforts in this area centered on the publication of the conceptual framework titled '[Israel's Resilience Network for Local and National Resilience](#),' which offers principles and guidelines for improving Israel's emergency preparedness in national crises. This document quickly became an authoritative source on mobilizing Israeli society to adopt a culture of preparedness. Our strategic partner in this project is the Israel Trauma Coalition (ITC) and the entire effort was funded by UJA Federation of NYC;
- **Israeli-Palestinian political process:** Reut carried out a comprehensive assessment of the Israeli-Palestinian political process in the first quarter of 2009, resulting in a publication titled: '[Reassessment of Israeli-Palestinian Political Process: Build a Palestinian State in the West Bank](#).' We presented our analysis to most decision makers and relevant experts, which is increasingly receiving positive feedback;
- **National security: The challenge of Israel's delegitimization:** Our 2006 project on the Second Lebanon War led us to conclude that Israel suffers from a crisis in its national security strategy. A follow-up to this effort has been our year-long focus on the challenge posed by Israel's fundamental delegitimization, which included two study-visits to London. By year-end, we wrote our report, which was presented at the Herzliya Conference (02/10) and serves as a platform for our 2010 work in this area;
- **Israel's relations with the Jewish world:** Reut published an executive summary of its analysis of the realignment of Israel's relationship with the Jewish world, which concludes that the 'old covenant' is no longer as relevant and a new one must be ushered in. We presented the project at the General Assembly of the United Jewish Communities in Washington, DC (11/09);
- **Reut's training program for strategy and leadership** remains the most advanced of its kind in Israel, grooming its staff for positions of authority, leadership, and influence in the public sphere. It comprises a package of theory, methodology, software tools, and technical skills, as well as education in Jewish history, heritage and texts;
- **Five of Reut's graduates serve in key positions**, including in the Bureau of the President, Ministry of Trade and Industry, Ministry of Welfare and Social Services, and two non-profit organizations;
- **The Policy Planning Unit of the Ministry of Foreign Affairs was remodeled in part after the Reut Institute.** We view this as our first major structural impact on the GOI.



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## Vision for 2020

Within 10 years, by the year 2020, Reut plans to have realized its purpose of becoming an institution that is Israel's most effective agent of change. We hope to have accumulated multiple stories of success in fundamental impact, to have groomed dozens of strategic-leaders, and to have served as a model for emulation in Israel and around the world. This entails growing in size and budget by an estimated three-fold (9-12 teams, 50-60 employees, and 5-6 million USD annual budget), as well as developing mechanisms to increase our organizational resilience.

## 2010 – 12 Development Plan (for the years 2010-12)

Our 2012 Development Plan is guided by a single organizing logic: **Leaping**. It focuses on systematic 'linear' investment in capacity-building on the individual, team, and organizational levels in order to generate 'exponential' development in our impact based on the following principles:

- **Enhancing financial and organizational** resilience by adhering to the principles that served us well in traversing the recent global financial crisis. This primarily entails being strictly cash-conscious and financially surgical, as well as beginning to endow Reut;
- **Capacity building:** We will continue to invest in grooming strategic leaders, focusing on fine tuning our training programs for analysts, senior analysts, and team leaders; we will seek 'operational integrity' in all policy teams; and we will improve our capabilities in the fields of impact and development;
- **Scaling by two or three new teams** in two of the following fields: *Tikkun Olam*, horizon scanning, or new policy teams in the existing focus areas of ISRAEL 15 or national security;
- **Finalizing the process of becoming an 'institution'** by recruiting and introducing a new CEO and further strengthening and enlarging our board;
- **Propelling 3-6 of our analysts to key positions in the Israeli and Jewish public spheres.**

In addition, we have set the following objectives for our policy teams in the coming three years:

- **ISRAEL 15 Vision:** To embed its principles and guidelines among Israeli leaders and decision makers and turn them into stated policy. In 2010, our effort will focus on working with the new teams at the National Economic Council and the Ministry of Finance and on developing strategies for regional development and for 'flexicurity' in the labor markets;




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- **National security:** To introduce a comprehensive framework based on the vision of 'synchronized victories' in the military and home fronts, as well as in media, diplomacy, and law;
- **Israel's international legitimacy:** To present our conceptual framework for consideration and feedback (2010) and to catalyze the adoption and implementation of its principles;
- **National resilience:** To see our strategy for national and local resilience adopted and implemented by the relevant community of individuals and organizations in positions of authority, leadership, and influence, and also by the wider public. We believe that this may be achieved by 2011;
- **Israeli-Palestinian political process:** To update our core analysis based on political developments, and to continue to present our alternative strategy to Israel's political leadership;
- **Future relations between Israel and Jewish world:** To present our conceptual framework for the future of this relationship and to work with key organizations in Israel and overseas, focusing on young leadership, to adopt it and adapt their strategy accordingly;

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



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## Scope

**Each paragraph contains one idea *only*, which is summarized in the bolded phrases.** Hence, this document can be skimmed through by reading the bolded phrases. **Please accept our apology for a few repetitions**, as certain issues are relevant in multiple contexts.

1. **This document is a comprehensive annual overview of the Reut Institute at this moment in time, presented to our community**, which comprises our donors and supporters, and particularly American Friends of the Reut Institute (AFRI); Reut's board, employees and service providers; and our partners and fans.
2. **The five parts of this report** focus on the major concepts and efforts that are fundamental to our organization and critical in shaping its future:
  - **General Introduction to our vision, mission, purpose, strategy, and unique value proposition**, as well as to our commitment to becoming an 'institution';
  - **2009 Annual Report**, which summarizes the key actions, developments, and achievements of the Reut Institute in 2009 ([click here](#));
  - **Vision of Reut for 2020**, which outlines our organizational concept for the next ten years ([click here](#));
  - **The 2012 Development Plan** for 2010-2012 presents our organizing logic for the coming three years and includes our **work plan for 2010** ([click here](#)).
2. **For further information** on the issues that the Reut Institute researches, our impact strategies, or our training program for strategy and leadership, please see the following documents:
  - About Reut: Questions and Answers ([click here](#));
  - Document of Documents: A Portal of Reut's Publications ([click here](#)).



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## General Introduction

**This section provides an overview of the founding ideas of the Reut Institute: Its vision, mission, purpose, strategy, unique value proposition, and our aim of Reut becoming an 'institution.'**

### Vision: 21st Century Zionism

3. **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 '21<sup>st</sup> Century Zionism' is enshrined in our charter and has been unchanged since Reut's inception.
4. **Within this framework, we currently identify the following topics** as ones that require focus and deserve our attention and resources:
  - Strengthening Israel's national security ([click here](#));
  - Fulfilling 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' that serves as an example to the family of nations (this area has not materialized yet);
  - Enriching the Jewish character of the public sphere of the Jewish society in Israel;
  - Aspiring to effective governance ([click here](#)).

### Mission: Sustaining Impact and Leaving an Indelible Imprint

5. **The Reut Institute's mission 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:



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- **Sustaining impact** – Reut is committed to ongoing efforts to impact Israel and the Jewish world;
- **Significant impact** – Reut focuses on issues that represent either a grave threat to or a significant opportunity for the State of Israel or the Jewish people, and that fall within the 'blind spot' of decision makers. As such they represent 'fundamental gaps' and 'relevancy gaps,' as defined by Dr. Zvi Lanir, or 'adaptive challenges,' as defined by Prof. Ronald Heifetz (see [Leadership without Easy Answers](#)). Contending with these issues effectively requires 'leadership,' 'transformation,' 'adaptation,' or 'fundamental impact';
- **Substantive impact** – We believe that the quality of the strategic discourse among Israel's serving elite has been critical for Israel's astonishing successes and is vital for its long-term prosperity and security. Hence, we seek to impact the design and substance of strategies and policies by exposing their relevancy gaps and offering alternative approaches. We only engage in activities such as community organization, mobilization, or implementation of policies *indirectly* through our partnerships with other non-governmental or governmental organizations;
- **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,' as well as the interest of Israel's national security as we understand it, the Reut Institute is obligated to dedicate some of its resources to challenges facing humanity. We commit to doing so in a way that will express the unique values and abilities of the State of Israel and the Jewish people, and will be recognized as such.

### Purpose: An Institution that is Israel's Leading Agent of Change

6. In order to serve its vision and mission, **Reut seeks to become an 'institution' that is Israel's leading 'agent of change':**
  - **By 'institution' we mean** an organization that possesses the capacity, agility, and resilience to serve its mission effectively and efficiently, transcending any specific context, over a long period of time and without dependency on any single individual in its community. We have translated this objective into concrete goals, which we have pursued for three years;
  - **By 'leading agent of change' we mean** an institutionalized capacity for, and track record of, promoting 'fundamental impact' (see below) on issues that are critical for the security and well-being of Israel and the Jewish world. We pursue this through our daily operations, the strategic leadership of our graduates, and the force of our model.



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## Strategy: Impact through Substance, People and Structure

7. **Reut's strategy leans on three pillars** designed to serve our vision and mission and realize our purpose:
- **Fundamental impact**<sup>1</sup> – Reut will seek to impact public matters that meet three basic criteria: *First*, they are complex in the sense that they are shaped by many stakeholders but have no clear authority figure that can serve as an 'address'; *second*, they are critically important to the security and well-being of Israel and the Jewish world; and *third*, Israel's approach to them suffers from a fundamental gap of relevancy that requires 'adaptive work' of transforming values, priorities, or patterns of conduct. Reut will seek fundamental impact by mastering the art of identifying such issues; researching them and creating new knowledge; designing new and relevant strategies; and effectuating them while working from a position with no formal authority;
  - **Grooming a cadre of strategic leaders** – Reut recruits and trains individuals who are committed to lifelong service of the Jewish and Israeli public spheres. We are committed to grooming them for strategic leadership in key public positions by giving them a package of theory, methodologies, and technical skills, and by teaching them the art of generating fundamental impact. **We believe that this element of our strategy will have the longest-lasting service to our mission and vision;**
  - **Model for Emulation / Next Generation Strategy Group** – Reut sees itself as an innovative institution that is uniquely structured to meet the challenges of leadership, strategy and policy in the 21<sup>st</sup> century; an era framed as the 'The Age of the Unthinkable'<sup>2</sup> for its unprecedented complexity and volatility. We strive for the Government of Israel and other leading Israeli and Jewish institutions to adopt this model.
8. **Our strategy has 'qualitative' and 'quantitative' dimensions:**
- **On the 'qualitative' level**, we need to master the art of 'fundamental impact'; of grooming strategic leaders; and of understanding the values, mode of operation, structure, and makeup of state-of-the-art strategic units;

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<sup>1</sup> Our work in this area is based on the conceptual frameworks and tools of Dr. Zvi Lanir and Prof. Ron Heifetz. Lanir's work serves us in identifying 'relevancy gaps,' conducting research, and creating new knowledge about them. Prof. Heifetz's work on adaptive leadership, and particularly on leadership with no formal authority, guides our activities in generating influence (see Leadership Without Easy Answers and The Practice of Adaptive Leadership, with Grashow and Linsky).

<sup>2</sup> See Joshua Cooper Ramo, **The Age of the Unthinkable**.



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- **In the 'quantitative' dimension**, Reut needs to build capacities to engage with a critical mass of issues that require fundamental impact, to groom a significant number of people for key positions of strategic leadership, and to work with a growing number of governmental agencies and non-governmental players.

### Unique Value Proposition (UVP)

9. **Each pillar of our strategy represents a unique value proposition (UVP).** These pillars – seeking fundamental impact, grooming strategic leaders, and becoming a model for emulation – represent a unique contribution to the Israeli and Jewish public spheres.

10. **In addition, we believe that Reut offers a UVP in the following areas:**

- **We offer a vision** – The Reut Institute frames and conceptualizes visions for the State of Israel in areas that are critical to its security and prosperity, and works to effectuate them. For example, The ISRAEL 15 Vision and 'A Network of Prosperous and Resilient Communities' are our visions for Israel's social and economic development. Articulating a different reality that is more prosperous and secure is essential to our efforts toward effectuating fundamental change;
- **We are 'policy rangers,' working with weak signals to identify strategic surprises and opportunities** – Reut regularly tries to identify 'weak signals'<sup>3</sup> that may indicate powerful trends with the potential to undermine Israeli and Jewish security and prosperity or to offer unprecedented opportunities for them. Hence, our work draws attention to issues that have been avoided or ignored, with the aim of bringing them to the attention and focus of government, academics, and other think tanks and non-governmental organizations;
- **We create synergies** – We believe that collaborative efforts are essential for generating the fundamental impact we seek. Hence, we are committed to fostering cooperation and collaboration among organizations and individuals that hold positions of authority, leadership, or influence in relevant sectors of society, and who are often locked in a zero-sum mentality;
- **Our Web site** – [www.reut-institute.org](http://www.reut-institute.org) – **is a portal** for all important and relevant work in the areas that we cover. It offers a unique platform for the community engaged with Israel's long-term security and prosperity;

<sup>3</sup> Sandro Mendonça, Gustavo Cardoso and João Caraça, "[Some Notes on the Strategic Strength of Weak Signals Analysis](#)", Lini Working Papers No. 2



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- **We offer pro-bono decision-support services** to individuals in positions of authority, leadership, and influence who impact Israel's future. We are the only ones to do so;
- **We integrate strategy and operation** by working 'bottom-up' with front-line actors and on-the-ground operators to articulate, frame, and conceptualize their experience, knowledge, and insights. We also work 'top-down' with big-picture ideas of individuals responsible for designing policy and strategy;
- **We promote public sphere innovation through comparative and competitive mindset.** We dedicate ourselves to following the most cutting edge thinking on public policy and introducing it where relevant to Israel;
- **We have very quick turnaround,** enabled by our 'standing army' of analysts, which allows us to offer immediate decision-support services;
- **We are interdisciplinary and create new knowledge** – Reut specializes in addressing unexplored issues that integrate diverse areas of knowledge, by pioneering research and creating knowledge that is essential for designing and implementing new strategies. Two prime examples are in the areas of the ISRAEL 15 Vision ([click here](#)) and our National Resilience Network for strengthening Israel's crisis preparedness ([click here](#)).

### Becoming an Institution

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

#### Transcending the founder:

12. **Gidi Grinstein is both Reut's founder and first CEO** ([click here](#) for Gidi's bio). **As founder, Gidi has been the guardian of the founding ideas of Reut** – i.e. its vision, mission, purpose, and UVP – and has cultivated and maintained the unique ethics and culture of the organization. **As CEO, he has overall responsibility for all aspects of management and development of the organization,** including, primarily, our substantive work, impact efforts, fundraising, human resources, and operations.
13. Over the past three and a half years, **we have systematically sought to dilute the scope of Gidi's role as 'founder'** by institutionalizing the founding ideas of Reut and the engines of its growth and development through the following:



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- **Enshrining a charter** that articulates the vision, mission, and values of the Reut Institute. This was completed in November 2006 and formalized as one of the official founding documents of the organization;
  - **Institutionalizing ten-year vision and three-year development plans:** Since 2007, we have been preparing and updating three-year development plans that we consider to be not only a critically important management tool for our development, but also essential in ensuring smooth transitions from one management team or board to another. In 2009 we also introduced a ten-year vision in order to anchor the long-term objectives of the organization;
  - **Ensuring the operational integrity of policy teams:** The idea of 'operational integrity' mandates each policy team to master the art of strategic leadership, to coach its own analysts, and to support the organization's development efforts. This effort is central to Reut's institutionalization, as it decreases the dependency on Gidi's knowledge and experience. While we have made very significant progress, this issue remains a central focus for the coming years;
  - **Amending bylaws** that consolidate the mechanisms of management and oversight of the Reut Institute and that have been approved by the Comptroller of Nonprofits;
  - **Cultivating a strong and vibrant Board of Directors** that is relevant to Reut's vision, mission, strategy, and UVP. In 2009, three additional members, holding expertise in a wide range of professional fields, joined our Board, and Erez Meltzer assumed the chairpersonship on January 1, 2010;
  - **Recruiting a new CEO.** Reut is currently in the process of recruiting a new CEO to replace Gidi Grinstein in his role as CEO by the end of 2010. Gidi is expected to transition into the position of President of the Reut Institute, with the intention of focusing on its strategic development and governance.
14. **We believe that the Reut Institute will have transcended its founder in 2010,** notwithstanding the fact that Gidi Grinstein may continue to serve as Reut's President or in other functions. As mentioned above, this is based on having formulated our charter, revised the bylaws, made significant progress with the 'operational integrity' of our policy teams, introduced three-year development and ten-year vision plans, and strengthened our management team and board.



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## 2009 Annual Report

**This section provides an overview of the Reut Institute for 2009** and includes: Our founding ideas in 2009; the organizing logics of the 2009 Development Plan (for 2009-11); our capacity building efforts; our fundamental impact efforts; and an overview of our operations, management, human resources, and financials.

### Vision, Mission, Purpose, Strategy, and UVP Remained Relevant and Solid

#### Vision, Mission and Purpose

15. As mentioned, **the vision and mission that have driven the Reut Institute since its inception have remained unchanged since 2006.** They have continued to provide solid and relevant inspiration and reference points for the crystallization of our strategy, unique value proposition, and operations in 2009.

#### Strategy: Focus on Fundamental Impact and Grooming Strategic Leaders

16. **Our three-pillar strategy** – fundamental impact, grooming strategic leaders, and becoming a model for emulation – **has been quite stable over the past few years.** However, **our primary focus has remained on the two pillars of fundamental impact and grooming strategic leadership.** We have enriched our understanding of the theory and practice of 'fundamental impact,' and have improved all aspects of the training and employment experience at Reut.

**While we have *not* devoted significant attention and resources to the third pillar of becoming a model for emulation,** in spite of our plans to do so last year, **we seem to have impacted the design of the policy planning unit of the Ministry of Foreign Affairs, which was modeled in part based on the Reut Institute.** We continue to view this pillar as central to realizing our purpose and serving our mission, and are committed to pursuing it in the coming three years.

#### Unique Value Proposition: Systemic, Strategic, and Operational Approach

17. **The core elements of Reut's UVP remained relevant and solid in 2009.** We believe that our brand was strengthened by our focus on the following aspects of our UVP:

- **Offering visions: ISRAEL 15, National Resilience, and an Updated 'Covenant' between Israel and the Jewish World** – In 2009 we continued to promote two visions that gained widespread endorsement and support within the relevant policy communities: The ISRAEL 15 Vision for Israel's



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social and economic development (3/09) ([click here](#)) and the National Resilience Vision for Israel's crisis preparedness (8/09) ([click here](#)). In addition, we offered a vision for the future of relations between Israel and the Jewish world (11/09) ([click here](#));

- **Cultivating synergetic strategic partnerships** – In 2009, existing partnerships were deepened and new relationships established. Reut maintained fruitful partnerships with [Partnership 2000](#) (P2K) of the Jewish Agency and formed a new partnership with the Joint Distribution Committee's [ELKA](#) in our project on regional economic development. We have also continued to partner with the [Israel Trauma Coalition](#) (ITC) in our project on Israel's crisis preparedness thanks to the initiative and support of UJA Federation of NYC;
- **Integrating strategy and operations** – In 2009, we strengthened our unique capacity to integrate high-level 'top-down' strategic thinking with 'bottom-up' operational knowledge and experience elicited on-the-ground. This is demonstrated in our regional labs project (to be detailed below), as well as in our work to establish a civil resilience network;
- **Interdisciplinary work: Network theory and Israeli policies** – Different projects demonstrated our ability to integrate a variety of fields of knowledge into coherent conceptual frameworks. A notable example is the integration and application of network theory to a range of strategic challenges facing Israel, such as to the challenge of local and national resilience ([click here](#)) and of Israel's delegitimization ([click here](#), 02/10).

### Status of Reut's 2009 Organizing Logics

18. In 2009, **Reut faced the challenge of pursuing its purpose amidst a global economic crisis** that posed new challenges to raising funds, and also depreciated the dollar relative to the NIS. This reality shaped our **2009 Development Plan (for 2009-11), titled "Leadership in Times of Crisis,"** which we framed around three organizing logics as follows.
19. **Organizing Logic 1: Financial and organizational resilience** based on the principles of: (1) Bracing ourselves for crisis at least through '09 by increasing cash reserves and operating with extra caution in undertaking new commitments; (2) maintaining loyalty to our vision, mission, strategy, and ethics; (3) sustaining investment in our infrastructure and core capacities *during* the crisis; in order to continue; (4) and protecting and strengthening the Reut brand.

**We are proud to have successfully followed this logic in 2009.** We developed mechanisms that allowed us to sustain strict cash-flow discipline, while increasing our cash reserves and simultaneously meeting all of the above-mentioned



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expectations. **We are most proud of the way that we have handled our relationships** with our employees and service providers, which included implementing a salary freeze and fee decreases, and facilitating placements in government and other non-governmental organizations;

20. **Organizing Logic 2: Consolidating the springboard and preparing to leap** – In spite of the crisis, we continued to pursue our effort, which was launched in the 2007 Development Plan (for 2007-09), to prepare Reut for rapid organizational growth ('leaping'). In the 2009 Development Plan, this referred to the following:

- **Advancing the process of becoming an 'institution,'** primarily by launching the recruitment of a new CEO; building the capacities of our Board of Directors, expanding it and **electing Erez Meltzer as our chairperson** as of January 1, 2010; and **launching Israel Friends of Reut**, comprising nearly 30 members from the business and nonprofit sectors, as well as former government officials;
- **Building a stronger and stable management team** with improved capacity to govern the organization based on an established structure with little rotation;
- **Improving our program for grooming strategic leaders** and investing heavily in our staff;
- **Cultivating stronger development capacities** to create new sources of income and nurture existing ones, and **diversifying our donor base** from high-net-worth individuals to institutions (such as UJA Federations) or foundations;
- **Establishing solid strategic partnerships** – In 2009, we improved our capacity to build strong, healthy, and synergistic strategic partnerships that we find invaluable to our fundamental impact efforts. At present, we maintain three such partnerships: with the ITC, Partnership 2000 of the Jewish Agency for Israel, and **JDC-ELKA** - The Association for the Development and Advancement of Manpower in the Social Services in Israel
- **Advancing towards 'operational integrity'** – In 2009, we expanded the definition of 'operational integrity' beyond mastering the art of strategic leadership and grooming analysts to include support for the organization's development efforts.<sup>4</sup> **Here our scorecard is mixed:** while most of our

<sup>4</sup> The 2009 Development Plan defined 'operational integrity' of a policy team more narrowly, focusing on the team's knowledge-creation capabilities: Its capacity to independently identify focus areas, create new and relevant knowledge, and engage decision-makers and provide them premium pro-bono decision-support services.

teams have significant or full operational integrity in knowledge creation and grooming analysts, we still have to improve in the areas of impact (or 'adaptive leadership') and development.

21. **Organizing Logic 3: Leading through the crisis** – This logic called for Reut to help the State of Israel and the Jewish world meet the unique challenges of this once-in-a-lifetime economic and social crisis, as well as to provide a benchmark for 'best practices' that will prove useful for other organizations as well.

**Here we feel that we did *not* meet our expectations of ourselves.** This may be in part because the sense of urgency was not as pressing since Israel performed well during the crisis relative to other countries, as well as due to lack of management focus.

### Fundamental Impact: More Demonstrated Successes

22. **Impact is the mission of the Reut Institute and the focal point of our organization** – The theoretical framework of Dr. Ron Heifetz in his book [Leadership Without Easy Answers](#) guides our impact strategies ('adaptive leadership'). Based upon Heifetz's theory, we **frame our role as 'catalysts' of adaptive work among the relevant stake holders** by: (1) Branding alternative visions and strategies; (2) generating a sense of urgency; (3) conducting focused research; (4) creating synergies among individuals and organizations that serve the vision; (5) enlarging the pie of resources available to this community; (6) identifying, documenting, and disseminating local success stories; and (7) creating a shared and transparent source of information.

**In 2009, we developed practical tools for impact** through the work of a task force led by Merav Pick, who orchestrates our efforts in this area. Specifically, we polished the practices that advance the impact we seek. In this context, we view our biggest achievement to be in our project on national resilience, in which we aim to mobilize a civil resilience network and to embed a culture of preparedness.

**Mentors for our policy teams** – In order to strengthen the 'fundamental impact' capacities of our teams, we experimented with associating our ISRAEL 15 teams with Shmuel (Muli) Rabina, who prominently served in the business and governmental sectors. In 2010, we plan to expand this model and match each policy team with a mentor.

23. **Local and national resilience in Israel** – In 2009, our team continued to focus on the gap between Israel's needs in times of national crisis and the capacities available to meet those needs, in partnership with the Israel Trauma Coalition (ITC). The project was initiated and is generously supported by the UJA Federation of NYC.



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We launched a conceptual framework – **Civil Resilience Network – Local and National Resilience in Israel** ([click here](#)) – which calls for nurturing a culture of preparedness in thousands of governmental and non-governmental units that have basic core capacities to be effective in crisis. This project received local and international praise.

**A second phase of this project will focus on the emergency campaigns** of world Jewry, and on integrating major emergency funders within Israel's resilience network and introducing a culture of preparedness among them.

**Impact strategy: Building a civil resilience network** – Since the publication of the conceptual framework, the team has focused on four efforts in order to effectuate its vision:

- **Conducting a 'road show' of presentations** to most key figures of authority, leadership or influence in this area, as well as in conferences and closed forums, in order to introduce our vision, ideas, and language and to inspire action;
- **Engaging the Knesset**, specifically the Sub-Committee on the Home Front of the Committee on Foreign Affairs and Security, in order to educate legislators about the challenge of embedding a culture of preparedness and promoting the Civil Resilience Network
- **Bringing together the nodes of the resilience network** in conferences and gatherings, culminating in the first Conference of the Civil Resilience Network, presently scheduled for the fall;
- **Creating guidelines for self-preparedness of different clusters of resilience**, working with the leading hubs of the network.

Our chief governmental partner has been the IDF Home Front Command, and we have also been working with the Ministry of Defense National Emergency Authority.

24. **The ISRAEL 15 Vision: Leapfrogging Israel's social and economic performance** – The ISRAEL 15 Vision remained central to Reut's work throughout 2009, with the following focuses:

- **Publication of Version B of our document** based on our cutting-edge research on the challenge of leaping Israel's social and economic performance (02/09) ([click here](#));
- **Events: 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 convened 570 people committed to Israel's social and economic development. The team



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continued to solicit feedback on the document that will input version C of the document, to be released in 2010;

- **Numerous presentations** including to the Ministries of Finance, Trade and Industry, and Welfare and Social Services; in the National Economic Council; and at the IDC Herzliya Conference;
  - **Advancing the discourse of competitiveness** by analyzing the Global Competitiveness Report of 2009 that reflects Israel's capabilities for innovation but lack of institutional alignment ([click here](#));
  - **Promoting a unique and global development policy** by the educating legislators about regulation, standards, international agreements, and investment in infrastructure and human capital, that focus on Israel's unique assets in exploiting global and steady trends ([click here](#) for a piece on the nation's development challenges, in Hebrew);
  - **Promoting the flexicurity approach** – Accelerating growth means increasing the pace of change and therefore exacerbating household and business instability. Thus, supporting rapid change requires maintaining a balance between flexibility and security in the job markets, which is known as 'flexicurity.' It was first introduced in Denmark in the early 1990s and subsequently adopted by other European countries ([click here](#), in Hebrew). We believe that flexicurity is essential for leaping Israel and it is a core focus of our work;
  - **Setbacks: The ISRAEL 15 Fund was not established** – Reut worked to launch this fund as a vehicle to facilitate philanthropic contributions to organizations and individuals promoting the ISRAEL 15 Vision. However, due to the economic turmoil of the past year, this goal has been postponed.
25. **Second ISRAEL 15 team on regional development of Israel's periphery** – In 2009, and with the generous contributions of Raya Strauss Ben-Dror, the Reut Institute launched a second policy team in this area. This team is fully dedicated to the ISRAEL 15 Vision, focusing on regional development in Israel's geographic periphery, where some of Israel's unique assets, many of its less privileged communities and much of its Arab minority are located. Our partners here have been Partnership 2000 of the Jewish Agency and, more recently, ELKA of the Joint Distribution Committee.
- **Three 'laboratories' for regional development** – In order to offer a comprehensive approach to leaping Israel's periphery, we decided to zoom-in on three areas that represent untapped potential for development, starting with *Beit Shemesh and Mate Yehuda* (between Jerusalem and Tel-Aviv) (11/08) and *Akko, Mate Asher, and Western Galilee* (04/09). Working



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with many local leaders, we are seeking to identify the anchor for sustaining long-term development and to mobilize local leadership to serve this vision. Most recently, Former Director General of the Prime Minister's Office, Raanan Dinur, has assumed leadership of this process in the Beit Shemesh and Mate Yehuda area. The entire process is facilitated by [Praxis Ltd.](#);

- **Study Visit to the EU and OECD** – As part of our ongoing research on regional development and flexicurity, ISRAEL 15 team leaders, Omri Zegen and Amit Granek, participated in a study visit to the European Union (EU) and to the Organization for Economic Co-operation and Development (OECD). The Friedrich Ebert Stiftung Foundation in Israel generously funded this visit;
- **Strategic partnership and collaboration with ELKA** – A major success for our ISRAEL 15 Vision has been our ground-breaking collaboration with ELKA of the JDC, one of Israel most prominent nonprofit organizations. ELKA, which specializes in improving the effectiveness of Israel's public services on the municipal level, adopted the ISRAEL 15 Vision as its own guiding vision.

26. **Fighting Israel's delegitimization** – In 2008, Reut decided to lead the process of reassessing Israel's national security strategy. Thereafter in '09, our national security team focused on the challenge posed by Israel's delegitimization, which we identified as a systematic and systemic assault on Israel's political and economic model, challenging its right to exist. We believe that this assault is of strategic and potentially existential implications.

**The team researched and wrote a first-of-its-kind conceptual framework for responding to this challenge, which was published in early 2010** at the 10<sup>th</sup> IDC Herzliya Conference ([click here](#)).

This work was based in part on **two fact-finding missions to London**, which Reut has characterized as a 'hub' of delegitimization with disproportionate global influence. There, the team met with leading journalists, international law experts, intellectuals, political and human rights activists, diplomats, and Jewish and Muslim organizations.

27. **Reassessment of the Israeli-Palestinian political process** – Following the establishment of a new government in Israel and resumed U.S. efforts to re-launch Israeli-Palestinian negotiations, Reut published a document that presented the main dilemmas posed to Israel by the political process ([click here](#)). The team advised that Israel should act within the framework of the Roadmap to upgrade the Palestinian Authority (PA) in the West Bank towards becoming a state. Our conclusions were presented to the relevant policy communities and prove to be relevant for decision-makers even one year later.



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28. **Israel's future relations with the Jewish World** – Reut's work in this field over the past year and a half led to the conclusion that relevance of the unwritten 'old covenant' between Israel and the Jewish World is eroding, and that a 'new covenant,' based on an adapted concept of Zionism and the concept of peoplehood, has to be ushered in.

**An executive summary of our conceptual framework** was published and presented at the General Assembly of Federations of North America held in Washington, DC (11/09) ([click here](#)). The full document is scheduled to be published in 2010.

**Our Impact strategy: One hub at a time** – Reut's strategy for effectuating our ideas is to engage organizations that have significant impact on Jewish life in Israel and around the world in a dialogue regarding their unique contribution to the new covenant and to the future of Israel's relations with the Jewish world. In this context, Reut has already established robust partnerships with Partnership 2000 of the Jewish Agency and with the JCC Association.

29. **The Peoplehood Index** – The Peoplehood Index Project was conceived by Stanford University's Prof. Yoav Shoham and Nimrod Goor, who set out to create the 'Dow Jones' of Jewish peoplehood. The Peoplehood Index operates on two parallel tracks – the general index, and specialized versions of it to be used by specific organizations ([click here](#)). Since September 2009, the Peoplehood Index has been temporarily housed at the Reut Institute until it finds a permanent home.

### Better at Grooming Strategic Leaders; One Key Placement

30. The second pillar of our strategy is **recruiting and training individuals committed to lifelong service of the Jewish and Israeli public spheres for positions of strategic leadership**. In 2009, we made significant progress in all elements pertaining to this pillar.
31. **Staff: Better than ever before** – By the end of 2009, the staff of the Reut Institute was better trained and more experienced than ever before. The average age stands at 31, divided equally along gender lines; the average level of education is graduate degree with more than twenty academic disciplines represented; and approximately one-third of our team members are new immigrants.

**At the end of 2009, the Reut team consisted of 22 employees**, including two Legacy Heritage Fellows, compared to 18 a year earlier. We proudly transitioned one team leader, Gaddy Weisman, into a key position in the Ministry of Trade and Industry, and bade farewell to our office manager, Dan Alon, after three years of highly professional and loyal service. In addition, one of our analysts, Daniel Kerenji, decided to transition into a position in the public sphere.



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32. **Israel's leading strategy and leadership training program** – Our training program, generously funded by the Schusterman Foundation, runs year-round and provides extensive theoretical, methodological, and technical foundations for strategic leadership. It is compounded by intense on-the-job training, cultivated through work on Israel's hottest and most complex issues with key decision-makers in governmental and non-governmental organizations. The program was further developed throughout 2009:

- **Training** – Reut's training program, formalized in '07 and effective since, was reorganized in '09 ([click here](#)). In addition, we developed the Reut certification that will serve as a stamp of approval of our graduates' skills, knowledge, and capabilities;
- **Impact training** – The five-session impact training program was formalized in '08 and implemented in '09;
- **Monthly training days** – The entire Reut team dedicates one day each month to review theory, methodology, and technical skills, as well as to meet with leaders of Israel's public sector or to embark upon study visits. For details please check our blog ([click here](#));
- **Judaism and Zionism** – We believe that Israeli leaders must possess a comprehensive understanding of Jewish and Zionist content and language. With the generous help and support of the Schusterman Foundation's [Center for Leadership Initiatives](#), and together with Melitz, we designed a curriculum that imbues our existing program with Jewish content and methodologies.

The first pilot program took place in 2008 and was very successful. In '09, our program focused on the Jewish holidays and calendar. Each month, the team engaged one or two Jewish holidays across four dimensions: ritual, spiritualism and ethics, nationalism, and universal values;

- **Table of expectations for team leaders** – In order to accelerate the personal and professional development of our team leaders, we developed a table of related expectations in 2009 that will be implemented in 2010;
- **Study-visits abroad** – Exposure to cutting-edge thinking and leading global organizations is invaluable to the personal and professional development of our staff. In 2009, we initiated a number of study-visits abroad such as to the EU and OECD, to London, and to the U.S. State Department;
- **Meritocratic compensation system** – In 2009, Reut shifted to a meritocratic compensation system for team members.



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33. **Key placement** – In 2009, we proudly 'graduated' Gaddy Weisman to work at the Foreign Trade Administration in the Ministry of Labor, Trade, and Industry. His role there combines systemic thinking about foreign trade policy and activities aimed at enhancing Israel's export activities to new markets. In addition, we began to formulate a support process for placement of Reut graduates.

### First Demonstrable Emulation of Reut Model

34. **A pillar of our impact strategy is our innovative structure, which we hope will be emulated** – We believe that the theory and methodology that underlie our institution represent the next generation of 21<sup>st</sup> century strategy and policy making. We strive for the GOI and other leading institutions to adopt this model.
35. **In 2009, the Policy Planning Unit of the Ministry of Foreign Affairs emulated our model** – Their new organization not only resembles Reut's, but they also bought the package of theory, methodology, and software tools of Praxis.
36. In 2009, we began documenting our strategy in the area of human capital:
- **Documentation of our recruitment process**, including a standardized structure of interviews and evaluation. We are currently in the process of receiving feedback on our method from our new staff;
  - **Documentation of training program and feedback mechanism** – The training process was finalized in '09 and fully documented and formalized. In addition, we introduced a document elaborating the characteristics of a leading analyst at Reut ([click here](#)).

### Operations and Administration

37. **Rental contract** – Reut will continue to lease its current location at 126 Yigal Alon in Tel Aviv. The office space, 3,800 sq.ft., provides ample space for work and multiple meetings and is conveniently located in the proximity of government offices.
38. **Organizational Seminar** – In 2009, we standardized our bi-annual organizational seminars. The seminar in July focuses on operational challenges, and during the December seminar we reevaluate the relevance of Reut's vision, mission, and strategy in light of the changing reality.
39. **Organizational blog** – Reut continues to offer regular analyses of issues relevant to the State of Israel and the Jewish world. The organizational blog receives more than 500 visitors per week.
40. **Social media presence** – Reut has amplified its presence in social media networks such as Facebook and Twitter. The use of these networks is important in conveying the dynamic nature of Reut's daily work.



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## Financial and Organizational Resilience

41. Against the backdrop of the global economic crisis, the Reut Institute, like many other nonprofits in Israel, had to adjust to the challenging new reality. Our 2009 Development Plan set the objective of emerging from the crisis stronger, better, and more resilient in terms of our capacity to serve our mission. **We believe that we have been successful in establishing our financial and organizational resilience. A snapshot of our financial performance for 2009** reveals the following:

- **Fundraising expectations exceeded** – We had planned to raise 1,375,000 USD and were successful in raising 1,525,000 USD. Our CEO, Gidi Grinstein spent 12 weeks fundraising abroad;
- **Funding sources diversified** – The average gift of Reut and the American Friends of Reut donors in 2009 was ~\$15,000. In 2009, we raised 18 percent of our income from Israelis, 25 percent from foundations, and 67 percent from individual donors abroad;
- **Cash reserves reestablished** – At the height of the economic crisis in 2008, we had to utilize much of our cash reserves while transitioning to a lower monthly burn rate. In the past year, we raised our reserves and have now secured funding for the equivalent of three months of activities;
- **Recruitments reinstated** – Between the fall of '08 and summer of '09 Reut froze recruitments until meeting our cash reserves benchmark.

The following table provides a summary of annual averages of our budgetary growth since the Reut Institute's establishment in 2004:

Year	Budget (actual)	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 <sup>5</sup>	\$1,525,000	\$127,000	-11%	12	\$127,000	-11%

<sup>5</sup> Figures for 2009 are unaudited and may vary by up to 10%.



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## Vision for 2020

**This section outlines our vision for the Reut Institute in the year 2020.** According to this vision, by the year 2020 Reut will have realized its purpose of becoming an institution that is Israel's leading agent of change in terms of its ability to generate fundamental impact, serve as a leading groomer of strategic leaders, and constitute a model for emulation.

### Our Brand in 2020

- Patriotic, Jewish, Zionist, Israeli;
- Global outreach and local focus;
- Visionary; forward-thinking; ahead of the curve; strategic; Got to listen to them! What they say today should happen tomorrow;
- Innovative, creative, cutting-edge, dynamic, flexible, and agile;
- Bold yet pragmatic; ambitious yet well-grounded;
- Audacious; speaking truth to power; well-connected, but not in anybody's pocket;
- Professional, efficient, credible, and well-managed;
- Financially resilient but modest;
- Breeding ground of future leaders; a public-service elite; Israel's parallel of Fulbright, Rhodes, or Wexner;
- Fundamental impact.

### Fundamental Impact

- By 2020, Reut will have established a **qualitative and quantitative presence in all areas that are essential for realizing its vision.** These areas include, but are not limited to, national security, socioeconomic development, the Jewish world, *Tikun Olam*, and horizon scanning;
- By 2020, Reut will have **framed and effectuated multiple synchronized visions for the State of Israel and the Jewish world**, such as the ISRAEL 15 Vision and the Resilience Network;



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- By 2020, Reut will have accumulated **dozens of stories of success in Israel and the Jewish world that demonstrate the full cycle of fundamental impact**. This cycle consists of identifying a fundamental gap, carrying out focused research and knowledge creation, offering a new and exciting vision, and successfully effectuating its systemic integration to the point of closing the gap;
- By 2020, **Reut will have realized its mission of leaving an indelibly Jewish and Israeli imprint on the world in ONE area** by having made a significant and substantive contribution to the improvement of the human condition under a Jewish and Israeli banner.

### School for Strategic Leaders

- By 2020, **40-50 graduates of Reut will have been placed in key positions** in the Israeli or Jewish public sphere: in Government, Knesset, local authorities, or nonprofits. Together, this group will represent an elite assembly of talent and passion;
- By 2020, **Reut will manage Israel's most prestigious, extensive, and intensive program for strategic leadership** that has the privilege of selecting its members from an elite group of candidates of outstanding background of service, intellect, and excellence. Graduating a Reut program will be the local equivalent of completing a Wexner Fellowship or a Rhodes Scholarship;
- By 2020, **Reut graduates will form an effective network and community of strategic leaders** across areas as diverse as politics, security, socioeconomics, environment, *Tikkun Olam*, and the Jewish world.

### Model for Emulation

- By 2020, **Reut will have been recognized around the world as an innovator in the area of strategy that is consistently ahead of its curve**. Its model, structure, and process-based approach will be emulated by many other organizations;
- By 2020, **the Reut model will have impacted many major strategic units in the Government of Israel and its agencies**, on the national and regional levels, as well as within civil society and in the Jewish world. Specifically, by 2020 we hope to have impacted the National Security Council, the National Economic Council, the Planning Branch of the Israel Defense Forces and other security services, as well as civilian ministries;
- **By 2020, Reut will have established and will manage a network of nonprofits** that address fundamental gaps.



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## Size and Assets

- By 2020, **Reut will have ten teams dealing with Israel's issues.** This is the estimated number of teams required to address the critical mass of issues fundamental to realizing our purpose;
- **10 teams => ~60 people => a base budget of three million dollars** (excluding operations) => **~ four million dollar budget** (including operations);
- This means that **Reut will have to grow by two policy teams every three years; recruit an average of eight new members of staff annually** over the next decade, *not* accounting for attrition, in order to place an average of four graduates per year into key positions; as well as grow by a net of four people annually;
- By 2020, **Reut will have established a synergetic relationship with one of the leading academic institutions in Israel** such as Tel Aviv University or the Interdisciplinary Center in Herzliya;
- By 2020, **Reut will have reached an arrangement with Praxis that allows it to also engage in profit-making realms;**
- By 2020, **Reut will have been recognized by the Civil Service Commission** for its strategic leadership and supplemental training programs;
- By 2020, **Reut will have an endowment that provides for at least 10 percent of its budget, i.e. a four million dollar endowment generating an average \$400,000 profit to support our work;**
- By 2020, **Reut will have its own facility tailored to its needs;**
- By 2020, **Reut's Web site will be the leading portal for strategic thinking in and about Israel** in terms of its content, the number of visitors and their profile, and its use of cutting-edge technology;
- By 2020, **Reut will be hosting or co-hosting the leading conferences in the areas of its activities.**



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## 2010-12 Development Plan and 2010 Work Plan

### Background: 2008 and 2009 Development Plans

42. The Reut Institute was established in January 2004. **Between 2004 and 2007, Reut saw rapid growth**, nearly doubling its budget, and consequently its staff and activities, each year.
43. Hence, **we faced the challenge of managing our growth and ensuring our development's sustainability**. For example, in '06 we realized that in order to continue to grow and serve our purpose, we must build the 'operational integrity' of our teams and decrease our substantive and organizational dependency on our CEO, Gidi Grinstein.
44. Therefore, **our 2008 Development Plan (for 2008-10), titled "Consolidating the Springboard and Leaping"** ([click here](#)), called for making Reut's foundations both robust and scalable (hence, 'consolidating the springboard') in order to allow for steady and rapid growth (the 'leaping' phase) as of the second half of 2008.
45. However, **by the summer of 2008 we had to adjust our development plan to the global economic downturn**. This meant not only setting more modest development goals and working harder to raise funds, but also decreasing our staff and altering our conduct and operations ([click here for our 08' mid-year update](#)).
46. Consequently, our 2009 Development Plan (for 2009-11), titled "Leadership in Times of Crisis" ([click here](#)), focused on traversing the crisis. Its three logics were to secure Reut's financial and organizational resilience, to complete the consolidation of the springboard in preparation to leap once the economic climate permitted, and to help Israel thrive through the crisis. Our objective was to emerge from the crisis stronger, better, and more resilient in terms of our capacity to serve our mission.
47. At the end of 2009, **we believe that we met our objective and improved all aspects of our organizational resilience**: its financials, human resources, management, Board, and brand. For an assessment of our performance in 2009, see the section titled "2009 Annual Report" in this document.

In 2010, **we plan to return to the logic of 'leaping' as the organizing logic for the coming three years.**



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## The Logic of the 2010-12 Development Plan: The Leap

48. **The concept of 'leaping' means scaling the organization while increasing its overall impact and that of each policy team.** To use a boxing metaphor: Reut seeks to have more boxers (policy teams), throwing more punches (doing more), with increased weight behind each punch (greater effect). **This logic requires Reut to work in a linear fashion while developing exponentially:**
- **By 'linear work' we refer to all activities in which we** incrementally bolster existing activities such as recruiting and training staff, deploying new teams, and building capacities;
  - **By 'exponential development' we mean fast improvement in the overall stature of the organization,** which derives from its individual successes. These can occur through analysis or impact, placement of analysts in key positions, and emulation of our model by key institutions.

## Four Efforts in 2010-12: Financials, Capacities, Institution, and Scaling

49. **The logic of 'leaping' requires four parallel and mutually reinforcing efforts:** Enhancing our financial resilience, building the capacities of our teams and organization, strengthening our 'institution,' and recruiting and deploying additional teams.
50. **Effort 1: Enhancing financial and organizational resilience** – The principles that served us well in traversing the global financial crisis will remain in effect for the coming years:
- **Cash consciousness** – In order to ensure our financial resilience, we will continue to grow our cash reserves to adapt them to the rising burn rate;
  - **'Surgical' financial management** – Reut will continue to use and develop the tools that support our financial decisions;
  - **Start an endowment** – Reut will begin to allocate funds for an endowment in order to meet the requirement of our ten-year vision, which calls for an endowment that will provide for ten percent of our budget.
51. **Effort 2: Capacity-building** on the individual, team, and organizational levels as follows:
- **Better trained individuals** – We will continue our investment in the human capital of our organization as part of our mission to groom strategic leaders. We feel that our training program is already well designed and managed, but needs constant fine-tuning, particularly as relates to the training of our senior analysts and team leaders;



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- **Teams: Operational integrity** – Our main objective for 2010 is to achieve operational integrity in all policy teams, which should possess the capacity to lead fundamental impact, coach new analysts, and support development efforts in their areas of operation.
  - **Impact: Still ways to go** – We will continue to develop our capacity to systematically and systemically generate impact through investment in training, research and human capital.
52. **Effort 3: Scaling by two new teams** – Reut is now ready to scale its operations in terms of staff, policy teams, and impact. In the next three years, Reut aims to open at least two new policy teams in two of the following areas: *Tikkun Olam*, horizon scanning, or new policy teams in the existing focus areas of ISRAEL 15 or national security.
53. **Effort 4: Finalizing the process of becoming an 'institution.'** We hope to recruit a new CEO and to transition Reut's leadership by the end of 2010. In addition, we plan to enlarge Reut's Board with two additional members such that it reaches the optimal size of nine members.

### Expected Highlights of Fundamental Impact in 2010-12

54. **Each of Reut's policy teams works according to a 'cycle' of fundamental impact** consisting of: Identifying fundamental gaps; researching them and creating new knowledge; designing a relevant strategy; and achieving 'impact,' i.e. mobilizing adaptive work primarily within the community of individuals in positions of authority, leadership, and influence that can effectuate the necessary changes. **When we can no longer leverage our unique value, we refocus our capacities on a new challenge.** In the coming three years, Reut will apply this cycle to the following fields:
55. **The ISRAEL 15 Vision: Leapfrogging Israel's social and economic performance** – In general, this challenge will remain central to the Reut Institute throughout 2012, as we do *not* expect Israel to be able to close this relevancy gap within the coming three years. However, **we believe we will make significant progress in 2010 in related sub-efforts as follows:**
- **Knowledge creation: Version C** – Reut will continue its cutting-edge research on the challenge of leaping Israel and will publish a third edition of this research (Version C) in 2010;
  - **Promoting the Flexicurity approach in Israel** – During the first quarter of 2010, the Reut Socioeconomic Team will publish a conceptual framework on implementing the Flexicurity approach in the Israeli labor market and then will work with relevant stakeholders to promote it;



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- **Events: The Third Annual ISRAEL 15 Conference and study-visit** – Building on the success of the second conference, the Third Annual ISRAEL 15 conference will take place in October 2010. It will continue to serve as the space where those committed to Israel's social and economic development meet and discuss their work, challenges, and opportunities.
56. **ISRAEL 15: Regional economic development** – We believe that 'regions' – i.e. areas possessing distinct geographic or demographic characteristics that can be leveraged as engines of growth – should be the new organizing concept for social and economic development in Israel. As mentioned, Reut has been working in this field since the summer of 2008 in two 'laboratories' in the areas of *Akko* and *Mate-Asher* and in the areas of *Beit-Shemesh* and *Mate-Yehuda*. A three-year period is the minimum necessary for achieving significant and substantive impact in this area, and for beginning to implement our ideas in one pilot area. **Specifically, in 2010, we will focus on the following:**
- **A new conceptual framework** – In 2010, the team will present a Version A of principles for regional leapfrogging based on our theoretical research, laboratories and study visits, primarily to the EU and the OECD;
  - **Partnerships and collaboration with Partnership 2000 (P2K) of the Jewish Agency and ELKA (JDC)** – P2K will remain our partner in two 'laboratories' of regional development (a third is planned to be launched in 2010) and has been critical to our ability to work with local leaderships.
- ELKA**, which adopted our ISRAEL 15 Vision and adapted it to its own purposes, **will be a key platform for realizing the conceptual framework**. Specifically, **ELKA has already been sponsoring an economic cluster established in the Western Galilee** under the leadership of Arik Moyal.
- One clear goal is **convening all actors working on regional leapfrogging in the north of Israel** around the same table, in order to join efforts in advancing the second phase of the *Akko and Mate Asher* project.
57. **Israel's Security Doctrine: Synchronized Victories** – The concept of 'Synchronized Victories' in the military and home fronts, as well as in media and diplomacy, is Reut's organizing idea for Israel's security and foreign affairs doctrine. This topic will remain a focus of our team, although it is unclear how it will be addressed.
58. **The challenge of Israel's fundamental delegitimization** will remain a major topic of our national security team for the coming three years, when we hope to see a transformation in Israel's alignment and response to a degree where our contribution will no longer be of unique value. **In 2010, we will focus on the following:**



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- **Road show of presentations** to many key stakeholders in Israel and overseas in order to introduce our ideas and catalyze the adaptation that is necessary to address this challenge;
  - **Impact strategy** – Reut will transition from research to impact mode. During first quarter of 2010, a comprehensive strategy will have been designed and then it will be implemented;
  - **Version B of our conceptual framework** on fundamental delegitimization will be prepared based on the feedback and inputs that we will receive over the next few months.
59. **National Resilience: Civil Resilience Network for local and national resilience in Israel** – Since the end of '09, we have been working with our partners at the ITC, with funding provided by the UJA Federation of NYC, to catalyze the realization of our conceptual framework. We believe that the relevancy gaps we have identified in this field will be significantly addressed in the next two to three years by home-front agencies. Hence, Reut is expected to exit this field within the next three years. **Nonetheless, in 2010, we will focus on:**
- **Knowledge creation**, in order to support the establishment of the civil resilience network, e.g. by formulating standards for preparedness for key sectors of civil society such as community centers (Matnasim), corporations, or nonprofit organizations;
  - **Convening the hubs of the resilience network** in order to create shared language and to exchange information. Among other activities, we plan to hold the first conference of Israel's resilience network;
  - **The team has begun working in the Knesset to educate legislators about the challenge of embedding a culture of preparedness and promoting a Civil Resilience Network that will enhance local and national resilience in times of national crisis.** A few legislative and administrative orders are missing and we hope that the team's work will mobilize this change by 2011;
  - **Reframing the national emergency drill into the national preparedness week** – While the drill focuses on training the professional cohorts of Israel's emergency response in order to introduce a culture of preparedness, we must cultivate ongoing efforts to educate the public, culminating in a national preparedness week;

**The team will continue work with the key individuals in positions of authority, leadership, and influence**, mainly in the Ministry of Defense and the IDF Home Front Command, local authorities, and other NGOs.



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60. **Israel's relations with the Jewish world** – This team's focus throughout the next three years will be to work with leading institutions in the Jewish world in reevaluating their vision-mission-strategies in light of the emerging relationship between Israel and the Jewish world. **In 2010, we will focus on the following:**
- **Presentations and knowledge creation** – Our team will present in dozens of forums to discuss our conceptual framework in order to develop it. This process, coupled with new research, will be the basis for the publication of Version B of the conceptual framework by year-end;
  - **One hub at a time: Working with leading Jewish organizations to help them adapt their vision, mission, and strategy to the changing relations between Israel and the Jewish world.** Organizations may include JCCA, Partnership 2000 of the Jewish Agency, or Hillel.
61. **Israel thriving through crises: Reut's unique contribution through horizon scanning** – Israel is at the forefront of the challenge that is posed to nations by the "Age of Unthinkable," in which rapid and aggressive changes mandate constant learning and adaptation. In such a turbulent and adversarial environment, Reut is uniquely positioned to help the State of Israel and the Jewish world achieve securing and prosperity.

In this context, **in the coming three year we will develop the capacity for 'horizon scanning,'** i.e. for identifying and framing global trends, articulating their potential implications for Israel, and suggesting possible responses.

### Adapting Structure and Strategy to Generate Greater Impact

62. **Reut's structure and strategy are constantly evolving to support our mission of mobilizing adaptive change.** We are dedicated to instilling an organizational culture of impact and developing an effective and efficient mode of operation. **In 2010, we will focus on the following:**
- **Upgrading impact capabilities** – Reut impact team is comprised of the CEO, team leaders, and several team members. External resources include a lobbyist and public-relations professionals. In addition, we are currently seeking to recruit an internal spokesperson;
  - **Intense experimentation with impact** – Our team will continue to be challenged by the theory of Prof. Ron Heifetz, adapted to the Reut context, and by the expectation to effectuate change in Israel's public sphere;
  - **Enhancing and integrating our digital impact: Web site, blog, twitter, Facebook and YouTube** – Reut's digital presence comprises our Web site ([www.reut-institute.org](http://www.reut-institute.org)), designed to serve as a primary resource for Israel's strategic community; our blog ([www.blogreut.com](http://www.blogreut.com)), designed to monitor



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ongoing developments in our areas of focus and to update our community; and the Facebook pages and twitter accounts of our organization, teams, and analysts. Our objective for 2010 is to synergize these efforts in order to develop a dynamic internet platform that will support our impact efforts.

### Training a Cadre of Strategic Leaders

63. **Reut is committed to providing its staff with formative personal and professional experiences in pursuit of strategic leadership.** Our challenge is to continue to improve our recruitment, training, team assignments, personal and professional development, and placement to ensure that we work with and nurture a cadre of dozens of future strategic leaders.
64. **Recruiting and training exceptional talent** – In the coming years, we plan to recruit five additional analysts per year in order to meet our growth objectives and to replace analysts that will transition to new positions. We are privileged to be able to choose from a pool of exceptional talent that has been approaching us to join our team. Over the coming three years, we will emphasize impact, management, and development skills as follows:
- **Management training** – Reut will add a fourth stage to its training program that will focus on project management;
  - **Monthly refreshers** of theory, methodologies, and technical skills will continue and expand to include meetings with distinguished lecturers and decision-makers;
  - **Table of expectations and feedback mechanism for team leaders;**
  - **Expert professional feedback;**
  - **Mentors** for the teams from individuals who serve, or have served, in positions of leadership and authority in Israel's public sphere.
65. **Meritocratic compensation** – The Reut Institute's compensation system has been largely egalitarian and seniority based. With the organization's growth, we have decided to transition into a compensation system that is more meritocratic. This decision is expected to take effect during 2010;

### Model for Emulation

66. **Reut will assign a task force to articulate the Reut model for emulation** including theory, methodology, and practices integral to the model, without compromising Praxis' proprietary rights.



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## Operations and Administration

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

67. **Re-shaping relationship with Praxis** – Praxis – [www.praxis.co.il](http://www.praxis.co.il) – continues to be our primary service provider. Its unique package of theory, methodology, and software tools is the foundation of our capacity to identify strategic surprises and opportunities, research them, and create new strategic ideas (the theory that underlies our impact efforts comes from Prof. 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. In 2010-2012, we hope to re-shape our relationship with Praxis in order to optimize the unique added value of each of the organizations.
68. **Expanding the Library and 'Bookstore'** – Reut will continue to develop its collection of texts that are relevant to the challenges facing Israel and the Jewish world. In addition, we will continue to share these books through our website ([click here](#));
69. **Options regarding physical assets / office space** – We will continue to rent our present 3,800 sq. ft. office space at 126 Yigal Alon Street. Our offices provide ample space for work and multiple meetings, and are conveniently located in the proximity of government offices.
70. **Developing an organizational Gantt chart** – The Gantt will include the external schedule of events, as well as Reut's internal activities, within an annual time frame, to support development and impact efforts.

## Financial and Organizational Resilience

As mentioned, securing our financial and organizational resilience will remain a key principle for our 2012 Development Plan. In 2010, we plan on the doing the following:

71. **2010 base budget is ~1.57 million USD, providing for 20 employees on five policy efforts**, and for select additional activities. Additional projects or hires will be *conditioned* on securing new funding over and above the assumptions that underlie this base budget.
72. **Increased reserves and tightened risk management**, such that Reut should have *in cash* the equivalent of the cost of three-month's worth of expenses, as well as the equivalent of three *additional* months worth of expenses provided for in hard pledges over the subsequent six months.
73. **Build our development and fundraising foundations** - Reut will continue to dedicate 2.5 full-time employees – a director of development, an assistant director



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of development, and a half-time staffer – as well as 12 weeks of travel by our CEO, to its development effort. We aim to raise 50 percent of our 2011 budget by December 2010, with 25 percent of our donations from Israelis and 25 percent from institutional sources.



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## Appendix: The Reut Institute at a Glance

Issue	Background	2009	2010-2012	2020
<b>General</b>				
<b>Vision</b>	21 <sup>st</sup> Century Zionism	Stable	Expected to remain stable	Expected to remain stable
<b>Mission</b>	Sustaining Significant and Substantive Impact	Stable	Expected to remain stable	Expected to remain stable
<b>Strategy</b>	3 pillars: Substance: Fundamental impact; People: grooming strategic leaders; Structure: being a model for emulation.	Stable. The third pillar of our strategy (model for emulation), has been the least developed.	Expected to remain stable. We will focus on strengthening the third pillar of becoming a model for emulation.	Expected to remain stable
<b>Unique Value Proposition</b>	Each pillar of our strategy + our ability to offer a vision, to identify strategic surprises and opportunities, and to integrate operational and strategic considerations.	In 2009, we offered visions and conceptual frameworks in each of our focus-areas (ISRAEL 15, National Resilience, and an Updated 'Covenant' between Israel and the Jewish World).	Expected to remain stable. In 2010 we will offer visions on flexicurity, development of periphery, building a political firewall against delegitimization, and inclusiveness.	Key aspects of our brand in 2020: <ul style="list-style-type: none"> <li>▪ Patriotic; Jewish-Zionist-Israeli</li> <li>▪ Global outreach and local focus;</li> <li>▪ Visionary; ahead of the curve;</li> <li>▪ Innovative; cutting-edge;</li> <li>▪ Financially resilient but modest.</li> </ul>
<b>Becoming an Institution</b>	On-going effort to strengthen institutional foundations and to transcend our founder.	We believe we transcended our founder by expanding our board, est. an Israeli Friends of Reut, and systematic transfer of responsibilities from CEO to management team.	In 2010: Introducing a new CEO; Gidi will become 'President', further expansion of board to 9 members. In 2011-12:	<ul style="list-style-type: none"> <li>▪ Professional; efficient; credible;</li> </ul>
<b>Logic of Development Plan</b>	Since 07' Reut has been preparing three-year development plans.	"Leadership in times of Crisis": Securing Reut's financial and organizational resilience, consolidation of the springboard to prepare to leap once the economic climate permitted, and help Israel thrive through the crisis.	"Leaping": Scaling the organization while increasing impact.	Becoming Israel's leading agent of change and making an indelibly Jewish and Israeli contribution to the world.

Issue	Background	2009	2010-2012	2020
<b>Budget and Staff</b>	In '04-'07 the Reut Institute grew very quickly each year in budget and staff peaking with 23 full time staff. In 08' we shrunk to 17.	In '09 we recovered to staff of 22, and raised 1.5 million USD.	2010 base budget is ~ \$1.525 to allow 2-3 additional employees including a new CEO, spokesperson, and analyst.	By 2020, Reut should have 10 teams; staff of approx. 60 people; and a budget of ~ 4 million USD.
<b>Fundamental Impact</b>				
<b>ISRAEL 15 Vision</b>	The ISRAEL 15 Vision guides the work of the Reut Institute in the area of Israel's social and economic development.	Version B of our document on 'Leapfrogging Israel's Social and Economic Performance' and the 2 <sup>nd</sup> Annual ISRAEL 15 Conference (06/09), were the 2009 highlights. We conducted 2 'laboratories' in Beit Shemesh-Mate Yehuda and Akko-Mate Asher for exploring regional leapfrogging.	In 2010-12 we hope for Israel to have a formal ISRAEL 15 Vision. In 2010 we will focus on introducing the concepts of regional development (based on 3 laboratories) and flexicurity.	By 2020, Reut will have: <ul style="list-style-type: none"> <li>Established qualitative and quantitative presence in all areas that are essential for realizing its vision, including, but not limited to, national security, socioeconomic development, Jewish world, <i>Tikun Olam</i>, and horizon scanning.</li> </ul>
<b>National Security</b>	Since the '06 Second Lebanon War, Reut has been pointing to a crisis in Israel's security and foreign policy doctrine.	In '09 we focused on the challenge of Israel's fundamental de-legitimacy. Publication of our conceptual framework was the highlight (01/10).	To introduce a framework for 'synchronized victories' in military and ??? fronts, in media and diplomacy. To effectuate a political firewall against IL's delegitimacy.	<ul style="list-style-type: none"> <li>A few synchronized visions for the State of Israel or the Jewish world that it framed and effectuated, such as the ISRAEL 15 Vision or the Resilience Network;</li> </ul>
<b>Israel's Emergency Preparedness</b>	The '06 Second Lebanon War exposed the mismatch between Israel's crisis preparedness and the threats on Israel's civilian population.	Our conceptual framework titled: 'Israel's Resilience Network', which offers principles and guidelines for improving Israel's crisis preparedness, was the '09 highlight.	Effectuating our vision of civil resilience network and a culture of preparedness in government and civil society (hopefully by 2011).	<ul style="list-style-type: none"> <li>Dozens of success stories in Israel and the Jewish world that demonstrate the full cycle of fundamental impact;</li> </ul>
<b>Israeli-Palestinian Political Process</b>	This policy team examines the challenges and opportunities facing Israel in the political process with the Palestinians.	Reut published the 'Reassessment of IL-PL Political Process: Build a Palestinian State in the West Bank' (02/09), which was followed by many presentations.	In '10: To update our assessment and to support the strategic decision-making process, while presenting an alternative strategy to Israel's political leadership.	<ul style="list-style-type: none"> <li>Realized its mission of leaving an indelibly Jewish and Israeli imprint in the world by having made a significant and substantive contribution to improving the human condition</li> </ul>

Issue	Background	2009	2010-2012	2020
<b>Relations with the Jewish World</b>	This effort deals with Israel's changing relations with the Jewish world.	Reut published the exec. summary of its report for the General Assembly of the United Jewish Communities in Washington, DC (11/09).	To present and introduce our conceptual framework and to work with key organizations to adapt their strategy accordingly.	around the world.
<b>Grooming Strategic Leaders</b>				
<b>Grooming strategic leaders</b>	This is a pillar of our impact strategy. Reut 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.	Reut's training program for strategy and leadership remains the most advanced of its kind in Israel, grooming its staff for positions of authority, leadership and influence in the public sphere. It is a package of theory, methodology, software tools and technical skills, as well as education in Jewish history, heritage and texts.	Our training program is quite developed and stable.	By 2020: <ul style="list-style-type: none"> <li>▪ Reut will have placed 40-50 graduates into key positions in the Jewish and Israeli public spheres;</li> <li>▪ Reut will run Israel's most prestigious, extensive and intensive program for strategic leadership that has the privilege of selecting its members from an elite group of candidates;</li> <li>▪ Reut graduates will form an effective network and community of strategic leaders across areas as diverse as politics, security, socioeconomics, environment, and the Jewish world.</li> </ul>
<b>Placements</b>	Reut aims to place its top analysts in key positions in the public sphere.	To date, five of Reut's graduates serve in key positions including in the Bureau of the President, in the Ministry of Trade and Industry, in the Ministry of Welfare and Social Services and in two nonprofits.	To have 3-6 of our top analysts assume key positions in the Israeli and Jewish public spheres.	

Issue	Background	2009	2010-2012	2020
<b>Model for Emulation</b>				
<b>Model to be Emulated</b>	<p>This is the third pillar of our impact strategy. Reut 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 21<sup>st</sup> century. We strive to have the Government of Israel and other leading institutions adopt this model.</p>	<p>First major success: the Policy Planning Unit of the Ministry of Foreign Affairs was modeled partially after Reut.</p> <p>Yet, this pillar has not received significant attention and resources in '09, in spite of our plans to do so.</p> <p>We began to document our human capital strategy.</p>	<p>This pillar will receive much more significant attention and resources in 2010-12, including a full documentation of our model and its logic.</p>	<p>By 2020:</p> <ul style="list-style-type: none"> <li>▪ Reut will have been recognized <i>around the world</i> as an innovator in the area of strategy that has been ahead of its curve. Its model, structure and process-based approach will be emulated by many other organizations;</li> <li>▪ The Reut model will have impacted all major strategic units in the government of Israel and in the Jewish world;</li> <li>▪ Reut will have established and run a network of nonprofits that address fundamental gaps.</li> </ul>