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An Inspiring Partnership

CEO of the New South Wales branch of the Australia-Israel Chamber of Commerce, Charles Nightingale, speaks about what the Australian business community can learn from Israel's success with start-ups and innovation.

Images by Scott Ehler

In terms of innovation in business and entrepreneurship, there are few countries globally that have had the success that Israel has had, with the highest number of start-ups per capita in the world, and large amounts of venture capital investments in the country. Investments in science, technology, engineering, and maths (STEM) are extremely high. The country is, in many ways, a paradise for technology start-ups rivalled only by Silicon Valley in California. This, according to New South Wales CEO of the Australia-Israel Chamber of Commerce (AICC) Charles Nightingale, is

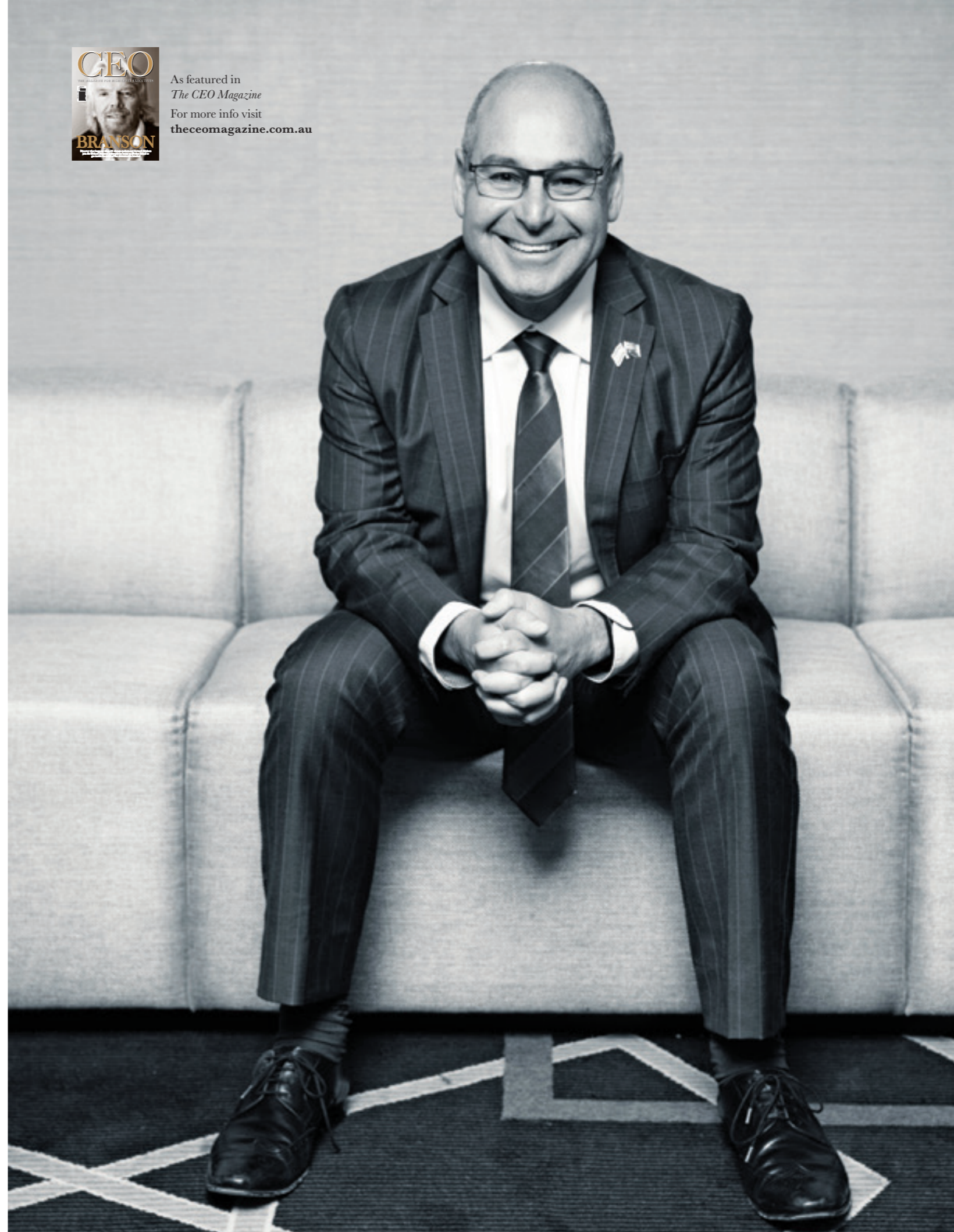
why the Australian business community needs to be looking to Israel for inspiration.

"Israel is a country that punches well above its weight in terms of academic excellence, innovation, and the venture capital that exists in the country," Charles says. "Innovation in Israel is second nature to people, so the link between Australia and Israel to promote innovation is key. Leadership comes from the people, and the events we put on throughout the year are focused on bringing topical discussion into the marketplace, so that we can provide a conduit to inspirational

leadership, and thought leadership around what it is that Australia needs to grow for the future."

The AICC aims to connect members of the Australian business community with each other and with their Israeli counterparts to encourage innovation and leadership. The biggest names in business, politics, and academia are members of the chamber or have spoken at its events, which allow members to connect and get advice from names such as Joe Hockey and Alan Joyce. "We connect industry, academia and government, and I think that's what puts us apart as >

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Simon McKeon AO, Chairman of AMP and CSIRO; Professor Yitzhak Peterburg, Chairman of Teva (Israel's largest company and the world's largest generic pharmaceutical company); and Leon Kempler OAM, National Chair of AICC



an organisation. We are a place where you can learn, become inspired and meet the right people in the room, which is what we're known for. People like Malcolm Turnbull, Paul O'Sullivan, Catherine Livingstone, and David Gonski are just some of the types of high achievers that engage with our audience's business leaders and young people, in the discussions that these topics bring to their organisations. We like to see ourselves as setting the agenda, and thinking forward, bringing the type of business discussion that needs to happen now for Australia moving forward."

Charles says what he thinks draws people to the AICC is the opportunity to engage with the right people and listen to great speakers with original ideas about moving Australia forward. The AICC is non-political and non-aligned and can therefore secure a range of speakers from all different backgrounds and political persuasions. "People like to become a part of what we do because of the connections that we're able to establish for people at the right level. Our members come to engage with like-minded individuals at our events and they

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also get an opportunity to hear from the kind of people that we have speaking.

"The engagement happens after the events as well, where we can connect people at really high levels. We almost act as a business development manager for those organisations that are looking to access certain individuals within our membership, and we provide the opportunity for them to do so. We do it on a national basis, which is why the chamber has a reputation for being the type of organisation that speakers want to come to to get their ideas across on a broad scale to a wide audience. We have also had market feedback from our membership through surveys we've done that tell us they like us to continue looking at new and innovative ideas and thinking, and it's a great opportunity to come and learn.

Charles himself first heard about the AICC not long after moving to Australia from the United Kingdom over 18 years ago. He attended an event and through the chamber was able to connect with Bob Mansfield, the then CEO of Optus. Charles had never

been part of an organisation like the AICC, which could so easily connect him to such high-level executives and facilitate networking. "I hadn't heard of the chamber until I had been here about six months and I was doing some sales and marketing consultancy work for a legal firm, and they were sponsoring a chamber lunch. That was my first experience or connection to the chamber. What was interesting was that I hadn't heard of Bob at that stage, as I'd only been here a short time. However, when I asked the chamber how to get a connection to Bob in terms of understanding more about him, they said, 'Sure, we have his email address and we can set it up for you'.

"Within a short period of time I was communicating with Bob, trying to find what it was that we might be able to promote from our perspective that linked in to something specific to him, which he was very happy to do. He was a fabulous speaker and I hadn't come across that kind of organisation before, an organisation who were obviously well versed in business and thought leadership and where big business needs to go. Connecting at that level for me was fantastic and over the years, as I've been in various business enterprises, I've found that connection to be extremely valuable."

The AICC not only puts on domestic events such as CEO Boardrooms, the Young Business Forum, and business lunches, but also hosts trade missions to Israel so that Australian members can experience the business culture and ecosystem in Israel that lends itself to such large numbers of start-ups and innovation. The most recent mission to Israel, hosted by AICC and led by Simon McKeon AO, was Charles's first. He says it was a life-changing experience for him and the other delegates. "The mission was focused on four key areas: innovation, technology, science, and social ventures. The mission had a key objective to understand the innovation



Trade Mission attendees with Dov Moran (third from left), serial entrepreneur and inventor of the USB Flash Drive

ecosystem and what it is about Israel that allows it to generate 50 per cent of its exports through technology, by only 10 per cent of its workforce, as well as to have such a significant amount of venture capital invested in it—\$31 billion over the past 15 to 20 years.

"Having seen people's expectations first met and then well exceeded, it was incredible for me to see on my first trade mission how the delegates came back different people from who they were when they first started. Having spoken with three sets of past trade mission reunion delegates previously, the theme is the same. It's a life- and career-changing experience to go on one of these trade missions, not only from a cultural perspective, because Israel is a place where the three major religions of the world originated, but also from the innovation focus. From the confluence of defence, technology, academia, and venture capital, a whole host of opportunities for Australian business became evident as the week progressed."

The AICC is leading another trade mission to Israel in November, this one specifically for young entrepreneurs. Hosted by The Honourable Wyatt Roy, MP for Longman, it aims to inspire the potential in young businesspeople to show them that the sky is the limit. The chamber, Charles says, is very invested in mentoring, and holds a number of events targeted at 25–40 year olds who are the next generation of leaders. "We've



always had a focus on the young business leaders of tomorrow, because they need a voice and they need access to information that is relevant to that cohort—now. At the same time, if you come to one of our young business forum events, we don't check driver's licences, so you can also get access to people at different levels within both academia and corporate worlds, and you'll be able to possibly even meet mentors who will be able to help you—something I think previous generations may not have had access to or been as open to as now."

One of the focuses of the trade missions is Israel's excellence in STEM fields. Israel's innovation in

these sectors is known worldwide, especially their investment in education and research. On the last trade mission, Charles and the other delegates got to see this firsthand when they visited Technoda, a school which provides science enrichment classes during school hours and after-school activities in science and technology for disadvantaged children, specifically focused on getting children interested in STEM. "It was fascinating to see that a country that has an ecosystem derived from an existential threat, with its only natural resource being human capital, but a third of the size of Tasmania, with a population a third of Australia, has a focus on STEM from a very early age to drive innovation. >





“Technoda is in a low socioeconomic area that allows for children from the community to come and learn at whatever level, for free. It’s a government-run school but it also has a philanthropic input. The interesting thing was to go into a classroom of three-year-olds and see instead of pictures of teddy bears and toys, you’ve got models of Albert Einstein, Thomas Edison, and the Gutenberg Press! Then we went into a classroom of eight-year-olds where there was a

full-scale model operating theatre and CT scanner, and the kids were clearly able to articulate what they were seeing. That level of focus is inherent in the community, and it’s also a part of what the government does to try and stimulate the economy.

“I think Australia has an amazing start already within that space, through the level of excellence that already exists in the academic institutions in the country. However, I think there are tax

breaks the government needs to be looking at that allow VC to invest into start-up businesses and share option schemes to employees that are tax beneficial, and will basically take the country to another level. Israel has an amazing start-up culture, but so does this country.”

One of the major learnings for Charles on the trade mission was the difference in Israel’s cultural approach to failure. In Israel, failure is considered part of the path to success, whereas in Australia it’s seen as a character flaw. Charles believes that if we can change this culture in Australia then more people will be encouraged to be entrepreneurs and think outside the box. “The concept of being open to failure, that’s really the main thing I got from being on the trade mission,” Charles says. “Failure is perceived as being, in this country, a serious negative. In Israel, it’s seen as being the first step, whereas over here if you fail you won’t try again. I think that has to come from a cultural change, so that’s a lesson that we need to take on board. I think because risk mitigation is so much a part of corporate culture here, it also lends itself to the broader community. Israel has a very high risk focus and I think that’s another lesson we can take back, because if you’re only prepared to give it a go, and not prepared to fail, then you’re not going to get very far. But if you’ve already accepted the fact that it’s okay if I fail, you will take the learnings with you on to the next opportunity.

“The venture capital firms I met in Israel are very strong in this particular area, because they invest in people that have failed more than once and learned from their mistakes. Seed capital is where the office of the chief scientist is focused on, and they see it in the same way as venture capitalists. For example, Dov Moran, from Grove Ventures, created the USB stick and sold his business for US\$1.7 billion, but that wasn’t the first business he started and it’s certainly not the last. These numbers are massive but there are plenty of people over there that

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create fascinating business opportunities because people are prepared to give it a go, and Australia is all about giving it a fair go.”

This, along with Israel’s culture of challenging authority, are two key differences that Charles believes makes the country so good at innovation. It starts from childhood, and he believes that trying to implement these concepts into Australia could be incredibly beneficial. “Leadership for me is about giving people the opportunity to succeed, providing them with the tools and resources they need to do so, but also allowing them to challenge. Over here, we say ‘I think, therefore I am’. One of the quotations I heard over there was if you’re in Israel you say ‘I think, therefore you’re wrong’. One of the other aspects was in terms of children going to school, when they come home from school instead of saying to your child, ‘What did you learn today?’ they say, ‘What did you question today?’ and I think that’s really key to building a successful business. Being a leader is having your people question you without fear of ridicule, to help motivate your team around you.”

The next step for Charles is ensuring that these shifts in

thinking and learnings from the trade missions are put into practice when the delegates return to Australia. Charles believes that Australia is in a good position to capitalise on the country’s relationship with Israel. A focus on STEM, and innovation, is what is going to drive the economy into the future, and Australian businesses need to embrace this. “I think that the other thing that we need to be doing is promoting the link between what people have been seeing on these trade missions and what they do. We now have ambassadors that have been on these trade missions that come back from Israel totally engaged with what they’ve seen and bringing that into their businesses. I think it’s going to be a gradual change, but what the mission does is get people to take back with them that innovation and a focus on STEM in particular, and that’s what is going to move this country forward. The focus on innovation has to come from a focus on STEM at all levels—government, academia, and industry. I think openness by business leaders to come to our functions and trade missions is a great way for people and companies to engage in what

they can learn from the Israeli innovation ecosystem.

“We have a lot of people visiting from Israel regularly here, and there are already a lot of Israeli businesses that are established over here, and are keen to share their learnings and exchange ideas with Australians. Israel is a small country, but it has a global focus; Australia is an island that has a global focus and sits so well within that Asia-Pacific area. We know that countries like Singapore, China, India, Malaysia, and Indonesia are focusing on tech as well, and they also have good tech institutes. We know that innovation is not just a word that is to be used as a common theme for people to get buzzed about; it’s going to drive the world economy over time. Disruption is commonplace now in all industries, and the way to succeed in a marketplace is not a given for anybody—it’s a constantly evolving thing. Over the next five years, it’s going to be a very interesting time, because if you talked about some of the companies worldwide, and especially in Israel, that didn’t exist five years ago, they are multinationals now, so Israel has many innovative things going for it that we can learn from as Australians.”