

IDEAS STREAM

Innovation army

The Israeli military feeds a culture of innovation says a Jerusalem-based entrepreneur who is tapping that potential.

STORY JOANNE GRAY PHOTO CHRISTOPHER PEARCE

Venture capitalist Jon Medved can see plenty of things wrong with the way Silicon Valley financiers are wielding their financial clout.

"The problem with this business today is that until now it's been hyper-local," he says. "There's a very famous quote by one of the leading Silicon Valley guys, 'I don't look at deals that I can't ride to on my bike.' That's just so old school. We're dealing in a global innovation economy."

Medved is one of Israel's top venture capitalists. In 2008 he was named one of the 10 most influential Americans in Israel. His latest project is a new funding channel that will compete with Silicon Valley's venture capital model. His crowd-funding business OurCrowd is targeting the wealthy who want to tap into Israel's vibrant technology start-up scene, described in the book *Start-up Nation*. Investing from seed to pre-IPO there are 5000



Jon Medved: "Our focus on international markets."

investors, 350 from Australia, who have ploughed \$60 million into 48 companies.

The young Jon Medved was fresh out of the University of California at Berkeley, was visiting his father in Jerusalem, when he was asked by an Israeli scientist what he planned to do with his life. When he replied that he wanted to become an activist, the scientist responded scornfully, "What a waste."

Thus spurred into joining his father's fledgling fibre optic business, Medved's commercial acumen became apparent. The business was sold to Amoco, then he set up Israeli Seed Partners, which incubated businesses, many of which listed on Nasdaq.

Medved says OurCrowd can reduce the dependency on Silicon Valley venture capital for funding. He says that Silicon Valley will remain dominant as the arbiter of capital, taste and technology acumen, but Israel's start-up scene, which saw \$2.2 billion invested last year, is more global.

"Our focus on international markets and problems is much stronger. A lot of Israeli



THE ARMY ATTRACTS THE BEST AND THE BRIGHTEST INTO ITS SPECIAL UNITS.

companies are looking at what poor people would like to see, what Africa needs, what developing Asia needs."

He says the Israeli army is a crucial part of innovation in the Israeli economy.

"The existential risk we face in a weird way is the secret sauce that drives our entrepreneurial activity, because we learn to live with risk from the moment we are born.

The risk of starting a company and failing is not a big deal. The army attracts the best and the brightest students into its special units, where they learn to improvise and lead.

When I get a résumé for a potential company founder or employee, I don't look at where they went to uni, I look at what they did in the army. I know what an air force person is like or a person out of the signal intelligence unit or what a commando is like as a potential marketing person."

The army is also highly technology-driven. "We have always relied on qualitative superiority and mastering complicated systems. There is a culture of developing these products based on real needs and bringing these products to market."

One of the tenets of the Israeli army is "to reach conclusions, make plenty of mistakes". It's culture is improvisational, not hierarchical. "You fail? Get over it. Learn from it, move on."

Jon Medved will speak at Creative Innovation, March 2015 in Melbourne.

Books

THE BIRTH OF KOREAN COOL

Euny Hong



When a 12-year-old Euny Hong arrived in South Korea in 1985 it was a time of power cuts, stifling censorship and noxious sanitary conditions (every child had to bring a stool sample to school once a year to test for worms). The economy was crippled and buskers were banned for fear they might smash the state with their acoustic guitars.

And then Korea grew. And grew. And grew. And the tentacles of popular culture unreeled. This century it has ridden a wave of IT and gaming exports kicked along by then-president Kim Dae-jung, who flushed business with tax incentives and funding after the 1997 currency crisis. If K-pop terrifies you, consider that it is the

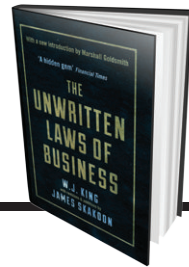
product of a \$US1 billion (\$1.07 billion) intervention in 2005. We don't see Korean TV dramas, but they are huge in the Philippines, Iraq and Uzbekistan.

A birth of "new cool" is flattening some national quirks. Where teenage boys once walked hand in hand and girls wound their arms around each other's waists, such innocent displays of friendship are now uncool.

The South has produced this palatable fare even as the North plots to destroy it. If a sense of urgent purpose is lacking in South Korea's soaps and pop, maybe we can expect the next Ramones (or Dylan) to crawl out of Pyongyang, not Seoul. Jeremy Chunn

THE UNWRITTEN LAWS OF BUSINESS

WJ King, revisions and additions by James Skakoon



You have to love a book, which opens with the words, "Many young businesspeople feel that minor chores are beneath their dignity and unworthy of their college training," and advises you to be spirited and effective in tackling your first humble tasks "as these may affect your entire career".

Yes, yes, it does sound terribly old-fashioned. But the many pieces of wisdom in this delightfully written book reveal themselves as a code of conduct for how to be a good manager that has stood the test of time.

Written in 1944 as a guide for engineers, it was updated first in 2001 and again in 2014. Despite the intervening decades, the

commandments are extraordinarily relevant. Could it be that despite all the talk of transformational change and radical rethinks of the meaning of leadership and management, that the core ingredients of successful management are in fact immutable?

It is especially so in the chapter titled "What all managers owe their employees". Gems such as "Never miss a chance to commend or reward subordinates for a job well done" and "Make it unquestionably clear what is expected of your employees" make it all seem so simple. This pocket-sized book is a quick study and well worth the time. Joanne Gray