



Israel's industry growth & radical structural changes compared with Chinese huge industrial revolution in the last 70 years

“China's 70-Year Development and the Construction of the Community with a Shared Future for Mankind”

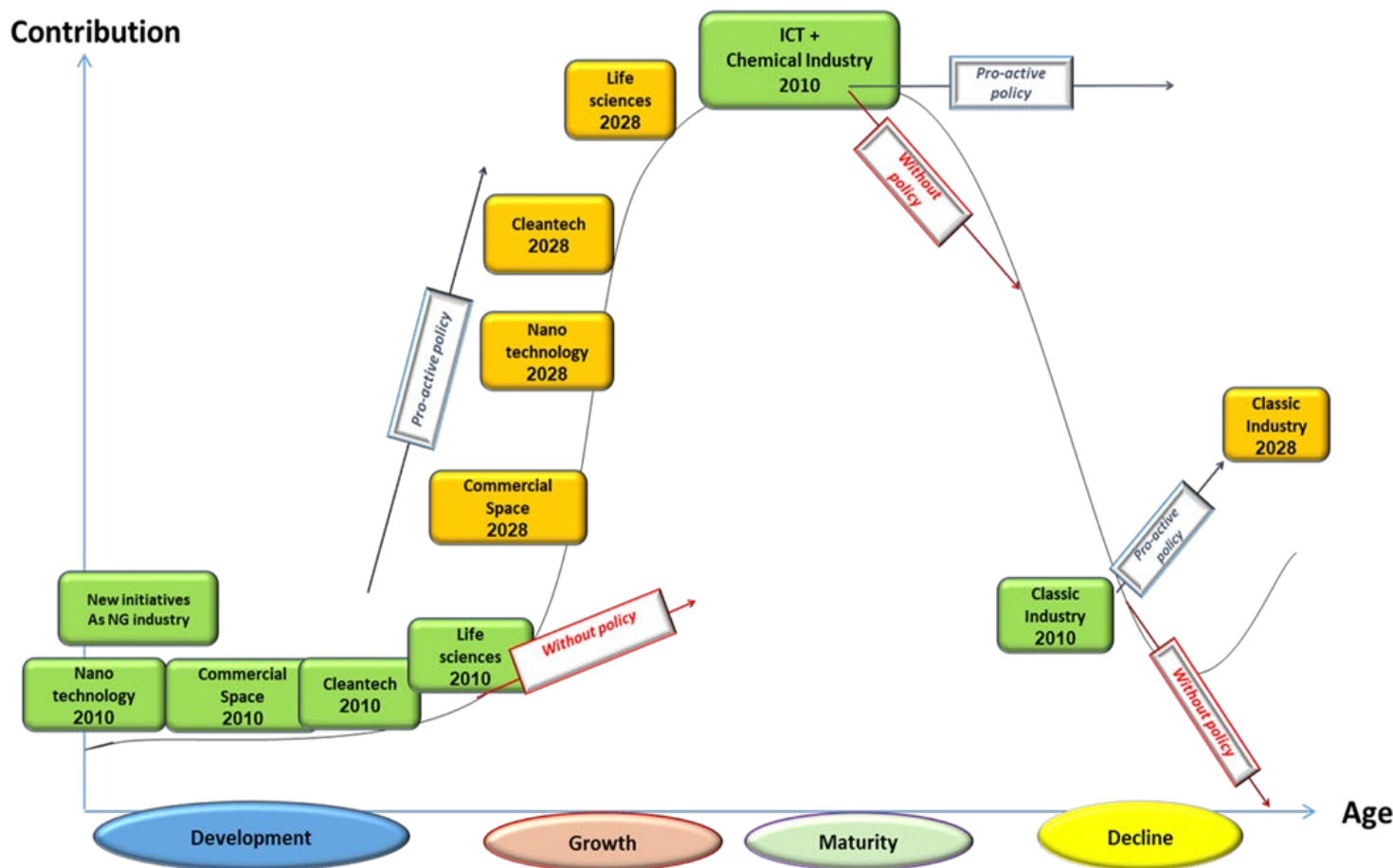
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The Center for Industrial Excellence was founded in 2010

Mission: Promotion of pro-active Industrial Excellence policy, to achieve a balanced & quality national industry with healthy life cycle, global competitiveness, which provides quality employment to all Israeli society sectors





The Center for Industrial Excellence

- From 2010 continues analysis of each sector globally and locally
- Support the new emerging sectors to build in Israel "full companies"
- Continuous looking to new technological opportunities for the industry
- Better academic industry cooperation
- Upgrading the Traditional Industry

Analyzing Israel & China 70 years

Industrial structural changes

The major similarities

- ▮ The first 20 years were the formation period for both countries characterized by limited industry growth and strong agriculture
- ▮ Both governments allocated a great portion of their limited resources towards the industrial sector, which means capital, education and "government management attention".
- ▮ The first growing industries were the industries that supported local needs, including the agriculture sector
- ▮ Dramatic industrialization growth on account of Agriculture



Analyzing Israel & China 70 years Industrial structural changes

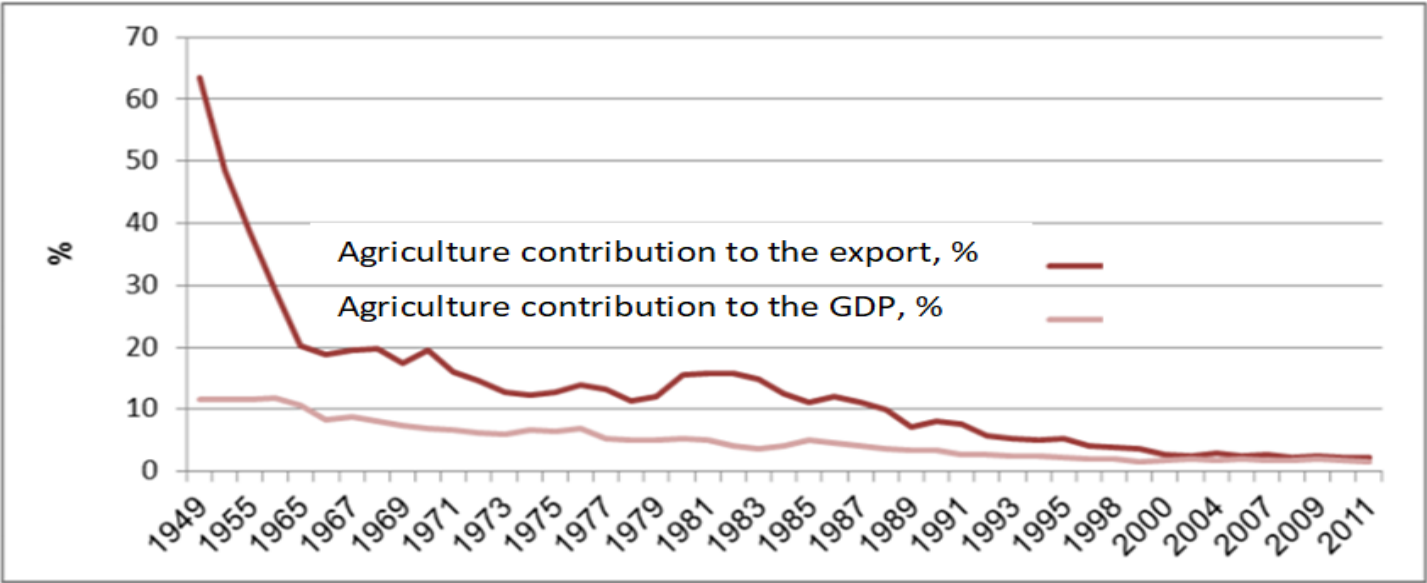
The major similarities (cont...)

- ▮ Both countries suffered a decade of no real growth due to internal non supporting economic environment.
 - ▮ In Israel followed our 1973 war causing big local inflation.
 - ▮ In China it was the days of the "cultural revolution" that slowed industrial growth
- ▮ Both governments encouraged and was receptive to multinationals investment
- ▮ Both countries have a continuous GDP growth in the last 30 years. China 10%, Israel 5%



Reduction of Agriculture contribution to the GDP in China & Israel on a count of industry

Agriculture contribution to Israel GDP and to the export 1949- 2011



China

Years	Industrial contribution to GDP	Agriculture contribution to GDP
1952	7.4%	83.5%
2018	27.6%	26.1%



Analyzing Israel & China 70 years Industrial structural changes

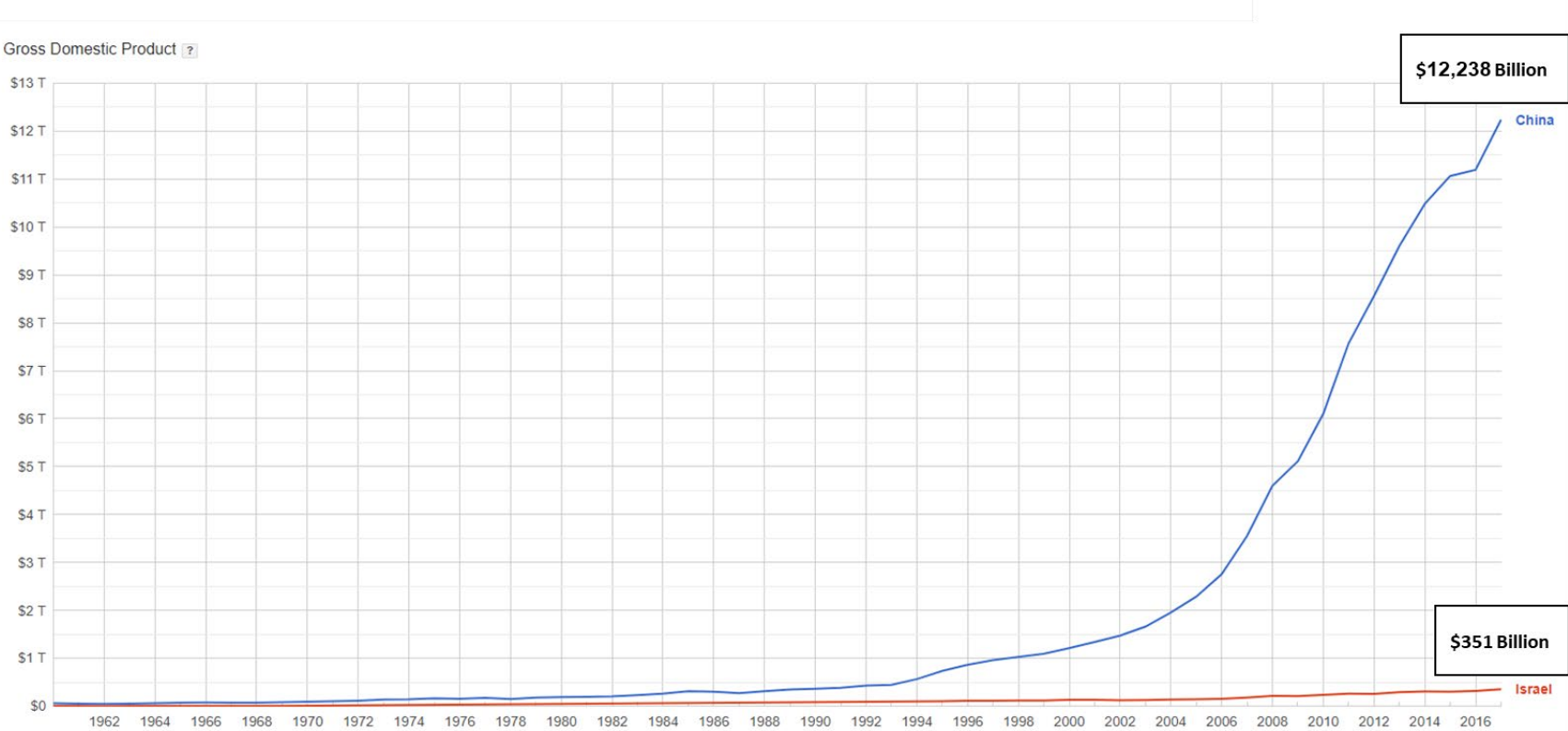
The major differences

Efforts	China	Israel
Multinational investment in the last 30 years	Big growth of the manufacturing industries	Big growth of the R&D services and of start-ups companies
Contribution of manufacturing industries to the GDP in the last 30 years	Dramatic continuous growth	Decline of manufacturing on account of startups and services
Industry 4.0	Adapting industry 4.0 to local competitive manufacturing	Developing the technologies for Industry 4.0 and implementing with multinational
Innovation	Applying innovation to local manufacturing to compete globally	Innovation is a culture and a DNA of Israel. Many startup are sold too early

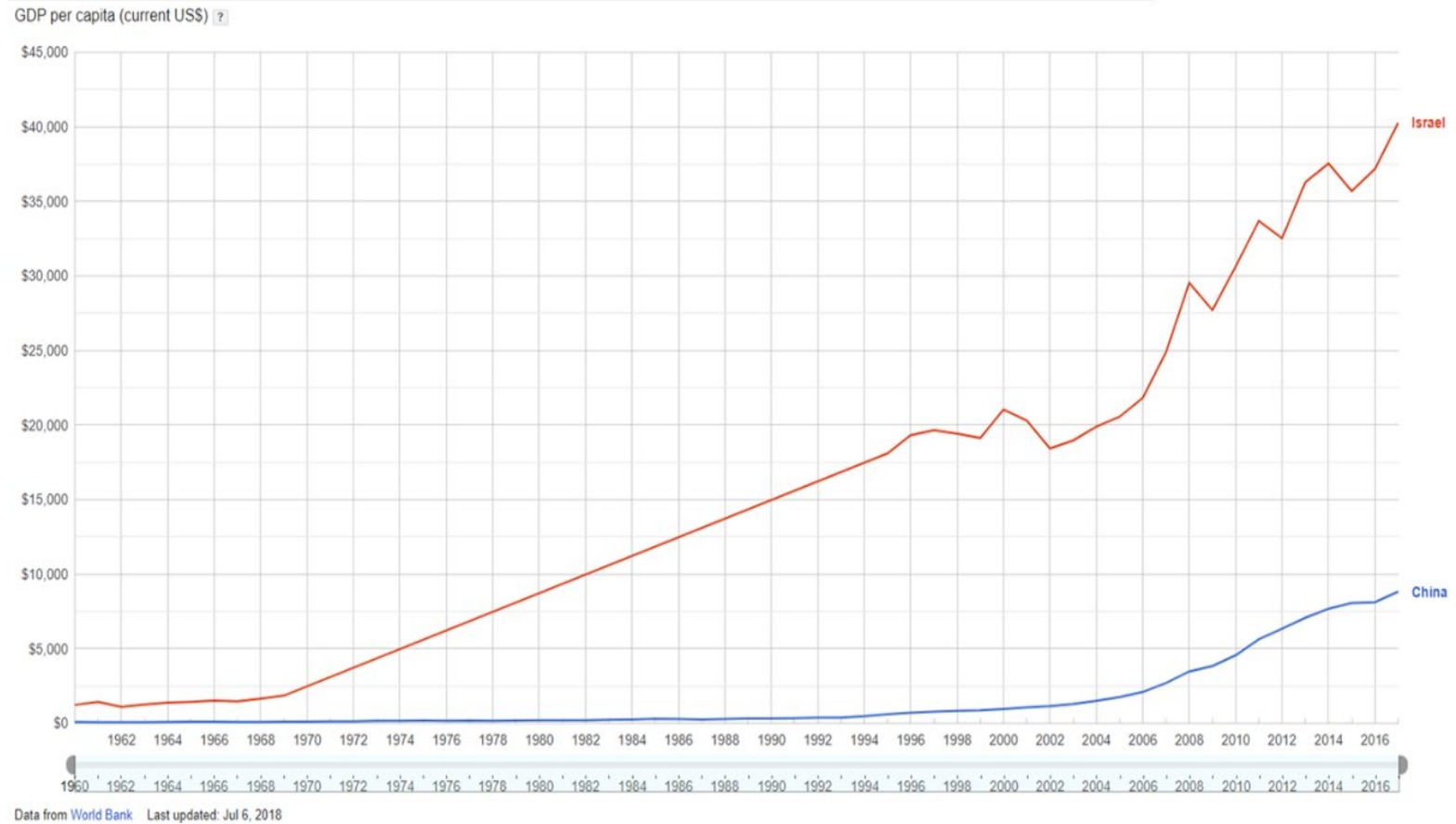
The weakness of one is the strength of the other



Gross Domestic Product (GDP) for China and Israel

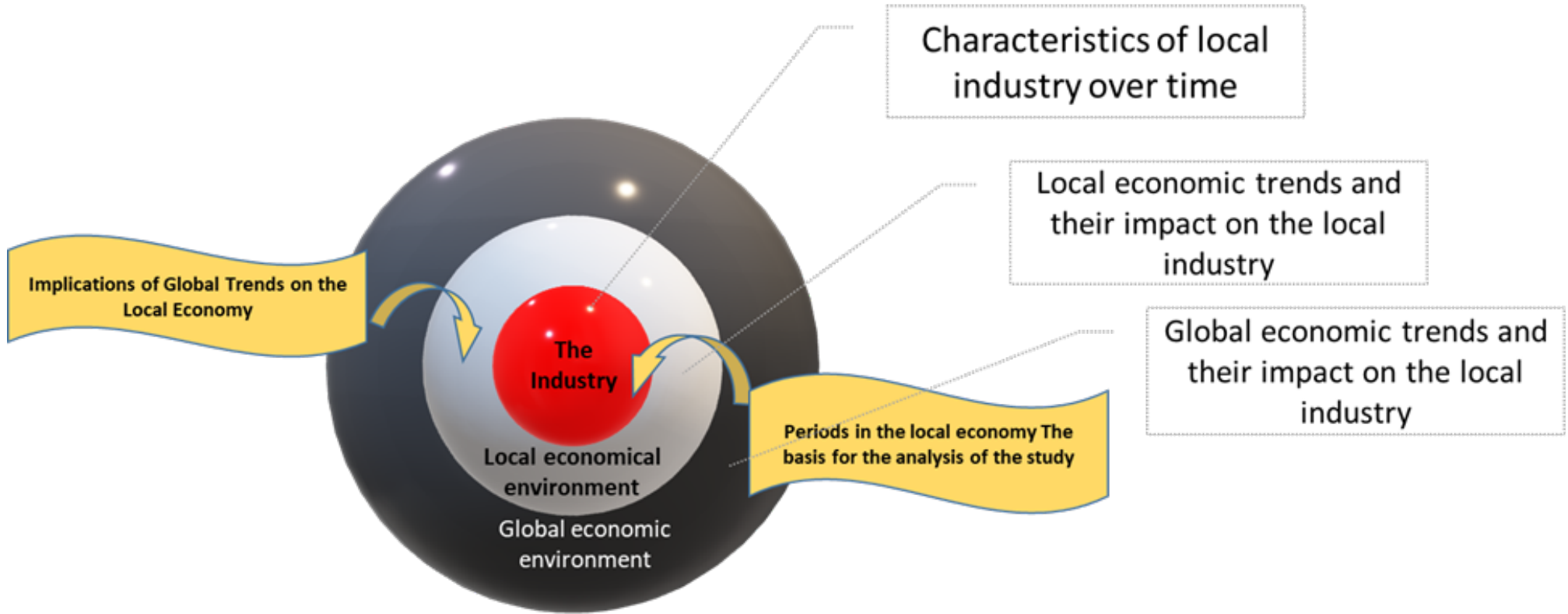


the GDP per capita for China and Israel

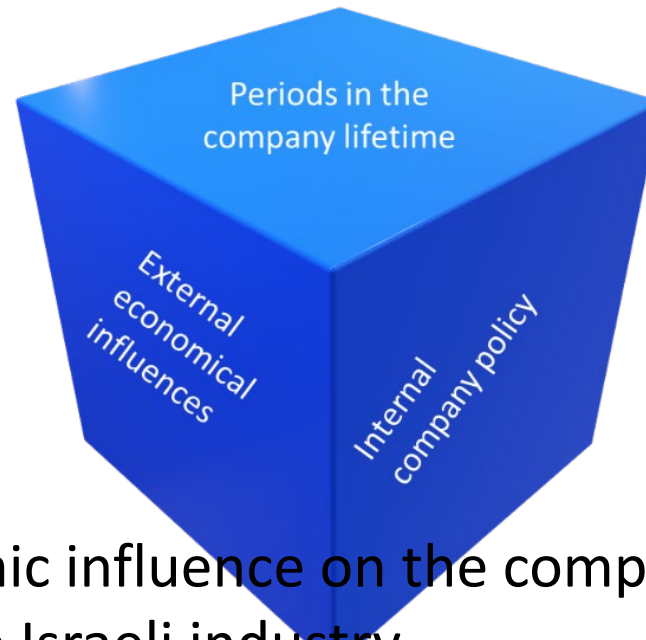




Effect of the economic cycles on the industrial growth and DNA changes



We have looked at three levels as described on the following cubicle



1. External economic influence on the company – macro economic trends that affected the Israeli industry
2. Period in the company lifetime – Analyzing the industry by detailed learning of leading companies in each of its relevant periods during their business life
3. Internal company policies that affected the company management – we looked to understand which managerial tools characterized the companies in each period.

Leading Success Characteristics – According to three different approaches

	Fast evaluation of 26 leading companies	Detailed 6 leading companies	Questionnaire to leading CEO's
1.	Long range planning and identifying and forecasting needed changes	Efficiency of communication with the company stake holders	Customer services
2.	Deep understanding of the business accompanied by the formulation of the vision and its implementation	Deep understanding of the business accompanied by the formulation of the vision and its implementation	Long range planning and identifying and forecasting needed changes
3.	Efficiency of communication with the company stake holders	Ability to implement changes	Continuous cost cutting
4.	Innovation	Long range planning and identifying and forecasting needed changes	Innovation
5.	Ability to implement changes	Innovation	Managing staff team



Four dominant characteristics that were crucial for success within 70 years period found are:

- 1. Long range planning, and identifying and forecasting needed changes ahead**
- 2. Deep understanding of the business, accompanied by the formulation of the vision and its implementation**
- 3. Efficiency of communication with the company stake holders**
- 4. Innovation – both in processes, products and/or business models**

Industry 4.0 / Advanced Manufacturing goals in Israel

- 1. Upgrade the existing classical and traditional industries, by increasing their productivity and innovative products and services.**
- 2. Enable the start-up companies develop their innovations to many "Comprehensive Manufacturing companies" instead of early exits.**
- 3. Enable the many companies that already developed the industry 4.0 tools and solutions to grow and contribute to the global manufacturing companies. We recently mapped the leading companies and it is publicly available.**
- 4. Creating effective collaborations and know-how transfer between the High-Tech industries and the traditional industries.**
- 5. Improving the collaboration between the Academia and Industries based on advanced technologies**