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## An Entrepreneurial Path to Peace

By providing small businesses with incubators, Israeli industrialist Stef Wertheimer hopes to give Israelis and Arabs economic opportunities that will lead to peace

by [Stacy Perman](#)

About five years ago, Stef Wertheimer came across Gamila Hiar, a Druze woman with no formal education who had learned the ancient art of making soap from wild herbs and olive oil as a child. At the time, Hiar was supplementing her family's income, producing about 500 soap bars a week, from a corner in a room underneath her house in Pqi'in, a village in the Galilee region of northern Israel.

When Wertheimer met Hiar, her soaps had a devoted local following and were referred to as "the magic soaps of Gamila" for their restorative properties. Wertheimer was impressed. "We found that she was an entrepreneur," says Wertheimer. "She just needed more space to dry her soaps. I asked her if she wanted to come to one of my industrial parks."

### DEVELOPING EXPORTS

Hiar, now 68, ended up at Tefen Industrial Park, a bold philanthropic enterprise located about eight miles from the Lebanese border. [Wertheimer](#) (BusinessWeek.com, 3/14/08), the founder of [Iscar Metalworking](#), established Tefen in 1985 in order to encourage entrepreneurship in one of Israel's most undeveloped and low-income regions, with a population split largely between Arabs and Jews. According to Wertheimer, 81, "there are no unemployed, only people who are unlucky to find a job."

The Tefen model is based on a business and social incubator concept. In a country with few natural resources and a tiny domestic market, its purpose is to help develop businesses that manufacture for export. Startups are given space to rent and a number of business and administrative services (usually at reduced fees or for free) such as help in business planning, marketing, and entrepreneurship, and access to postal and banking facilities. Although many of the companies are small, the park's structure allows each firm to operate and export on a much larger scale than it could were it operating independently. After a company has established itself, it is expected to leave and become independent. On average, the companies stay between 5 and 10 years. That allows new businesses to take their place.

Currently, Tefen houses 21 companies employing 500 people—many of them Arab and Druze. They include a research and development arm of SanDisk ([SNDK](#)), a flash memory device company with worldwide sales of \$3.9 billion, a glassmaker, and Kolsint, a maker of lenses for imaging cameras for nuclear medicine that reportedly supplies 50% of the world market. Tefen is also home to Iscar's headquarters and its bright yellow high-tech plant where whistling robots travel the factory floors. In May, 2006, Berkshire Hathaway's ([BRK](#)) [Warren Buffett](#) acquired [an 80% stake in Iscar for \\$4 billion](#) (BusinessWeek.com, 5/8/06).

[Gamila Secret](#) (BusinessWeek.com, 3/14/08) occupies a 12,916-square-foot facility within Tefen's 30-acre campus and produces some 15,000 bars of soap a day. The company employs about 20 workers, all of whom come from Gamila's home village of Pqi'in.

The company, managed by Gamila's two sons, Fuad and Imad, generates roughly \$8.4 million in sales in 20 countries including Japan, Germany, and Britain. Fuad expects sales to triple by 2009 and is looking to begin distribution in the U.S. He credits Tefen for the little company's widespread success. "Stef saw that this was a unique and special product," he says. "The location at Tefen gave us huge worldwide exposure. Our big problem now is to double our production each day."

### JOB CREATION AND EDUCATION

Since Tefen, Wertheimer has established four additional industrial parks in Israel following the same model. To date, they have nurtured 175 companies, employ 5,000 people, and in 2007 produced collective sales of \$750 million, 80% from exports. In 2003, Wertheimer established his sixth park, in Gebze, outside of Istanbul, Turkey. Today, Gebze has 70 companies employing 300 people.

In 1994, after eight years in the Israeli Air Force, Guy Cohen joined a group of about 20 former officers at Tefen. Wertheimer offered the group education, provided equipment, a workshop, and a basic salary. Cohen worked there for about two years preparing dies and molds for the plastic injection industry. "We had lectures and daily meetings with Wertheimer," says Cohen. "We were working like a private company that had to make a living. We had to make a product, find customers, and make a profit."

After about three years, Cohen decided to start his own company, Metalicone, a manufacturer of industrial metal precision parts, at the Lavon Industrial Park just south of Tefen. Last year, Cohen says, the 100-employee company, which exports to Germany and Switzerland, had \$15 million in sales. "The two most important things I learned from Stef was to take pride in your work," he says. "You don't have to invent yourself. Try to make what is out there but do it even better."

According to Wertheimer, job creation works when it is combined with ongoing educational opportunities. Thus, education makes up a large part of the offerings at his industrial parks. In 1964 he established an industrial school providing technical education for young people (many of whom

were dropouts and many of whom today are managers at Iscar and other companies). Wertheimer also initiated an educational system for the entire Galilee region offering computer courses, mentoring, and vocational training.

In 2000, Wertheimer, in conjunction with Tel Aviv University, launched the Arab-Jewish Entrepreneurship Course for fledgling entrepreneurs from across the country. Since its inception, some 230 students have attended the program. The course spawned several successful ventures including a chain of diet workshops launched by a female Arab entrepreneur who plans to expand into Jordan, and a joint Israeli-Palestinian company that makes premium olive oil.

### THE "CAPITALIST KIBBUTZ"

Wertheimer's parks look nothing like industrial zones. They are filled with clipped lawns and open-air sculpture gardens. Tefen includes a handful of art museums, and numerous concerts and festivals take place on the grounds. Several of the parks are located near manicured residential areas that Wertheimer established. It was Wertheimer's intention to showcase the beauty of industry and break the stereotype of manufacturing as something dirty and low-rent. For instance, at Tefen's dining room, waiters serve workers free lunch on cloth-covered tables. "I call this a capitalist kibbutz," says Wertheimer.

In Wertheimer's grand scheme, a host of similar industrial parks would stretch across the Levant, the non-oil producing nations along the spine of the former Ottoman Empire, through Lebanon, Turkey, Jordan, Palestine, and Israel. "There are 90 million to 100 million people quarreling about who's right," he explains. "Israel is more successful than the Arabs, and I believe peace will come if we have similar income levels. This we can have, but we have to change from an agricultural society to an industrial one. It can be done. We've done it here in the Galilee, which is 20% of Israel. It is made up of Arabs and Jews, and unemployment is 4% here compared to 7.5% in Israel."

Wertheimer's vision hasn't always lined up with events on the ground. In 2000, one week before a groundbreaking ceremony was to take place at a joint Israeli-Palestinian industrial park outside of the Gaza Strip, the Intifada erupted, scuttling plans for the park that eight years later have yet to be revived. Similarly, plans to launch a park in Jordan have been shelved.

Still, he hasn't given up. "I'd like to see more neighbors put up more Tefens," he says. In the near future, Wertheimer has plans to create 10 additional parks in both Israel and the Palestinian Territories.

As he takes in the sweeping views of the Galilee and the hills of Lebanon (which were recently the scene of a ferocious war between Israel and Hezbollah), he says that the European Union or the U.S. needs to take an active role in pushing his vision forward. In 2002 he presented his ideas before the U.S. House of Representatives advocating a kind of Middle East Marshall Plan that he says would ultimately replace poverty and terrorism with a better quality of life and jobs. In March he met with German Chancellor Angela Merkel. "I want everyone to have a job and to be busy. There will be no terrorism. I want an anti-oil story where we become rich through industry." After all, he says, "entrepreneurship comes down to opportunity."

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