

# Recruiting a Manager for BRB, Israel

Case 3.2

William Roof

Barbara Bakhtari

BRB Inc., a multinational electronics corporation, plans to establish a new subsidiary in Israel. The firm's base is in Los Angeles, California, with a second overseas headquarters in England. The U.S. office staffs and operates six North American divisions and three South American subsidiaries. The U.K. office is responsible for operations in Europe and Asia. The Israeli venture is the company's first business thrust in the turbulent Middle East.

During the past 10 years, BRB's phenomenal growth resulted largely from its ability to enter the market with new, technically advanced products ahead of the competition. The technology mainly responsible for BRB's recent growth is a special type of radar signal processing. With Fourier transforms, BRB's small, lightweight, and inexpensive radar systems outperform the competitors' larger systems in range, resolution, and price. It is this type of lightweight, portable radar technology that has enormous potential for Israel during conflicts with the Arab States.

BRB's human resource functions in the United States and Europe each boast a vice president. John Conners is the Vice President of Human Resources in the United States, and Francis O'Leary is the Vice President of Human Resources in the United Kingdom. Paul Lizfeld, the CEO of BRB, contacted the two vice presidents and told them to recruit a general manager for the Israeli operation. "I don't care who finds him, but he better be right for the job. I cannot afford to replace him in six months. Is that clear?" Lizfeld told them to look independently and then coordinate together to select the right person. They knew that their jobs could be in jeopardy with this task.

The two human resource operations were independent, and each was managed individually. Recruiting processes differed between U.S. and U.K. operations. Each had different organizational structures and corporate cultures. The only link between the two was Lizfeld's strong micromanagement style, which emphasized cost control.

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## U.S. Operations

John Conners has worked for BRB for the past 20 years. He started with a degree in engineering and worked in the engineering department. After earning his M.B.A. in human resource management from UCLA, he transferred to the human resource department. Management felt that someone with an engineering background could hire the best technical employees for BRB. With BRB's high turnover rate, they felt that someone who could relate to the technical side of the business could better attract and screen the right people for the organization. BRB promoted Conners to vice president three years ago, after he hired the staffs for the subsidiaries in Peru and Brazil. Except for the general managers, they were all correct fits. Conners felt that the problem with the general managers was an inability to work with Lizfeld.

John Conners looked at many different strategies to determine how to begin recruiting for the Israeli position. He wanted to be sure he found the right person for the job. The first step in choosing the ideal candidate was to determine the selection criteria.

Conners defined the task in Israel to include control and management of BRB's Israeli operations. The GM must work with the Israeli government both directly and indirectly. The political unrest in Israel also requires the GM to conduct sensitive transactions with the Israeli government. This person would also work directly with Lizfeld, taking direction from him and reporting regularly to him.

As with many countries in the Middle East, Israel was in turmoil. Conners actually knew very little about the Israeli culture, but decided to ask different associates who had past dealings with Israel. He knew that the threat of war constantly hung over Israel. The country was also suffering from high inflation rates and troubled economics. Lately, he also learned that the country had become divided over certain political and cultural issues. The person accepting this job needed nerves of steel and extraordinary patience.

Conners decided the selection criteria that would be important for the candidate included technical skill, cultural empathy, a strong sense of politics, language ability, organizational abilities, and an adaptive and supportive family. He also felt that the GM would have to have the following characteristics: persuasiveness, ability to make decisions, resourcefulness, flexibility, and adaptability to new challenges. Now all he needed to do was find a person who had all these attributes.

He decided to begin his search for candidates within the organization. He knew this route had both advantages and disadvantages. Since BRB was still in the beginning stages of internationalization in Israel, a "home country" presence might prove to be very helpful. Lizfeld would appreciate this. The disadvantages would be many. It might be very difficult to find someone willing to relocate in Israel. The increased cost of living and the political unrest make it a tough package to sell. Conners

knew of the "Israeli mentality." He also knew he would have to take care in sending someone who might either overpower the Israelis or break under their aggressive business style. Conners knew that Lizfeld wanted to have the home country atmosphere in Israel and planned to be very active in the management of Israeli operations.

The second option Conners had was to recruit from outside the company. The ideal candidate would have both domestic and international experience. Conners could recruit either by contacting an employment agency or by placing an ad in the *Wall Street Journal*. He thought he could find a person with the right qualifications, but he also knew it would be difficult to find someone Lizfeld liked outside the company. Conners had hired two managers for the South American offices, and Lizfeld had driven them over the edge within six months. Conners knew that he had to be extra careful. One more "unqualified" candidate might put his own job on the line.

Conners found three potential candidates for the Israeli position. One candidate, Joel Goldberg, was a recommendation from the headhunter Conners had commissioned. Goldberg had thirty-five years of electronics and radar experience. He had been CEO of Radar Developments Incorporated, a major electronics corporation in New York. Goldberg had taken control of Radar Developments Incorporated in 1981. By 1986, the company had tripled sales and increased profits fivefold. Goldberg had the technical knowledge to perform the job. He also had the necessary individual characteristics Conners felt would be important for this position. Goldberg had studied in Israel on a kibbutz for two years after college, spoke fluent Hebrew, and was a practicing Jew. He wanted to retire in Israel in a few years. Conners worried that Goldberg would not stay with the company long enough to establish a solid organization. Goldberg also liked running his own show, and that created a potential problem with Lizfeld.

The next candidate was Robert Kyle, Vice President of BRB's radar electronics department. Kyle had been with BRB for more than twenty years and headed two other international divisions for BRB in Japan and Canada. Kyle was familiar with the international process and the BRB corporate culture. Lizfeld had given him excellent reviews in the other two international positions. He had strong management skills and was highly respected both within the organization and in the industry. Kyle received his Ph.D. from MIT in electrical engineering and his M.B.A. from Dartmouth. He had the technical expertise and was familiar with the company and its procedures. Conners was afraid of Kyle's cultural acceptance in Israel since he did not speak the language and was not familiar with Israeli attitudes. He could require Kyle to participate in extensive cultural training, but Conners still had some reservations about sending a gentile to head operations in Israel.

The last candidate was Rochelle Cohen, an Israeli who relocated to the United States in 1982. She originally relocated to assist the head of the

electronics division of Yassar Aircraft, an Israeli company that opened its first international office in 1978. Cohen did very well and brought Israeli thoroughness and assertiveness to the U.S. operations. She now wanted to move back to Israel to be with her family. Additionally, her fiancé recently relocated in Israel, and she wanted to return to marry and raise a family. Cohen had experience in the international circuit, having worked in the United States, United Kingdom, and Israel, but Conners was still worried about hiring her. Although she had the political knowledge and the proper connections in the Israeli government, the problems were her young age, lack of technical expertise, and sex.

Conners contacted O'Leary to see what progress he had made. Knowing the consequences that would come from this decision, Conners realized it was going to be a difficult one to make.

## U.K. Operations

Francis O'Leary reflected on his past eight years with BRB. His rise from the strife-torn east side of Belfast to BRB's corporate vice president for human resources was extraordinary. While most Irish business careers in large English firms peak at middle management, O'Leary's actually began at that point. He proved his capabilities through hard work, constant study, and an astute ability to judge the character and substance of people on first sight. His task of finding a suitable general manager for the new division in Israel offered a challenge he readily accepted.

O'Leary excelled at recruiting and hiring innovative employees who brought technical ideas with them to BRB. The management structure at BRB in England did not support internal growth of technology and innovation, so new ideas and technological advances were not rewarded with commensurate fiscal incentives. As such, turnover of experienced innovators forced O'Leary to recruit and hire innovation on a "rotating stock" basis. It was this success in hiring innovators that broke him from the shackles of middle management and thrust him to the top of the corporation. Four years ago, through a well-planned and well-executed recruiting program, O'Leary hired Rani Gilboa, a young Israeli engineer and former Israeli army officer. For Gilboa, the need for lightweight, inexpensive battlefield systems drove a desire to approach the problem from a new aspect: signal processing. After graduate study in this field, Gilboa sought and found a company that would support his concepts. That company was BRB. Gilboa's subsequent contributions to BRB's profits secured his and O'Leary's positions atop their respective disciplines within the firm.

Since that time, O'Leary had other successes hiring innovators from Israel. This stemmed largely from his tireless self-study of Israeli culture. With a feel for the Israeli people rivaling that of an "insider," O'Leary enjoyed success in pirating established innovators from Israeli

firms. Now, he faced the task of recruiting and hiring a general manager for the newly established electronics division near Haifa.

Selecting the right manager would be more difficult than expected. With his knowledge of the Israeli culture, O'Leary knew intuitively that an Israeli should head the new division. Acceptance by the division's employees, ability to speak Hebrew, spousal support, and knowledge of Israeli government regulations and tax structures were vital to the success of the new division. Unfortunately, BRB's CEO preferred home country presence in the new division and directed O'Leary to recruit with that as the top priority. After O'Leary presented a strong case, however, the CEO agreed to review all candidates. Another potential problem arose when Lizfeld, the CEO, announced a hands-on management style with plans to participate actively in the management of the Israeli division. To O'Leary, this meant that Western values, along with the current innovative recruiting strategy practiced in England, would extend to Israel as well.

Until recently, O'Leary's recruiting for management positions concentrated on internal promotions. A known performer from within was a better bet than an outsider. When current employees could not meet the job requirements, O'Leary typically turned to newspapers as his primary source of candidates. The recent emergence of reputable executive placement services in England gave him an additional sourcing tool. At times, O'Leary had turned to social contacts, job centers, and the internal labor market as candidate sources, but the percentages of good leads from these were comparatively low.

After months of reading résumés, introductory letters, and job applications, three candidates emerged for the position in Israel. It was now up to O'Leary to decide the candidate he would recommend to Lizfeld.

Michael Flack worked for BRB for more than nineteen years. After graduating from Cambridge College with a degree in general engineering, Flack joined the company as a mechanical engineer. Initially, he worked in the mechanical design group of the radar division. After five years, BRB promoted Flack to engineering section manager. While in this position, he enjoyed various successes in radar miniaturization design. During his eleventh year, BRB again promoted Flack to department head in the manufacturing engineering group. Emphasis in this position shifted from design to production. During his seventeenth year, he became director of engineering design, where he was responsible for managing forty-three engineers' efforts in new-product design.

Flack had no international experience, and he was a reputed "tinkerer." He liked to spend time in the labs designing mechanical components along with his engineers. This generated tremendous esprit within his department but often resulted in inattention to his administrative responsibilities.

Rani Gilboa thought his friend Yair Shafir was perfect for the position. Shafir was an electrical engineering graduate from the Technion in Haifa.

Electronics in Israel. Elta is one of Israel's top radar firms, with several products proven in actual combat during the last Arab-Israeli conflict. Shafir received his degree in electrical engineering from the University of Jerusalem. He had spent his professional career in Israel, usually changing companies to accept promotions. He had been with four companies since graduating from the university nineteen years ago. Shafir was a strong-willed, organized individual who took pride in his record of technical management accomplishments. He had been able to complete projects on schedule and within budget over 70 percent of the time, a rare feat for an Israeli company. This record resulted mainly from the force of his personal leadership and strength of will. With his entire career spent in Israeli companies, O'Leary had little doubt that Shafir could manage BRB's new electronics division. Culturally, he was perfect for the job. O'Leary had concerns, however, about Paul Lizfeld's injection of Western culture through his active management plan. The obstinate Shafir, with no international business experience, might resent the interference.

A well-placed advertisement in the *London Times'* employment section drew a number of responses. One of the three final candidates responded to the ad about four weeks after it appeared in the *Times*.

Harold Michaelson was an English citizen of Jewish faith. Michaelson's family fled Poland in 1938 when Harold's father insisted that the "Nazi madman" would never attack England, especially after Prime Minister Chamberlain's successful visit to Munich. Harold was born to the newly naturalized couple in 1940. Later, he attended college in the United States, where he earned both bachelor's and master's degrees in electrical engineering at Georgia Tech. After graduating, Harold spent two years with General Electric until his father's illness forced him to return to England. He accepted an engineering position with Marconi, and he has remained with that company. Shortly after his return, his father died. Michaelson continued to take care of his mother for the next year. Mrs. Michaelson had always dreamed of living in the Jewish homeland—a dream not shared by her husband. One year after his death, she joined her sister's family in Haifa. Harold had readily accepted a position with Marconi in Israel to work on the new Israeli defense fighter LAVI. Unfortunately, cancellation of the LAVI program also canceled his chances to work in Israel for Marconi. At the time of the interview, Harold was vice president of engineering for Marconi's air radio division. He was also the youngest vice president in the corporation. His background in engineering and administrative functions, coupled with his ability to speak Hebrew, made Harold a strong candidate for the position. During the interview, he mentioned his mother's failing health and her refusal to leave Israel. He intended, if selected, to take care of her there. O'Leary wondered if that was Harold's main reason for wanting to live in Israel. Would he still want to live and work there if he lost his mother? O'Leary was anxious to discuss his candidate with John Connors.