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Poor Farmer - Rich Farmer

The two mango growers in the above picture, Yochi, and Yacuobuo, are working hard and have been growing mangoes for many years.

However, one earns \$ 15 per hectare while the other earns \$ 50,000 per hectare. What a difference!

THE SOURCE OF DIFFERENCES

Wherever we look, we see poor farmers, which at times maybe even hungry. At the same time, we see fewer successful rich farmers that are able to feed many others.

This is true within the same country, while cultivating the same crop, and even to a larger extent between countries.

I am looking to understand - *what is the source and what are the reasons for the differences in (business) success between farmers.*

In my search, I found that climate, culture, land, education, skills, or even technology availability provides only a partial, and definitely not the most critical, explanations for the gap in business success between farmers.

If so, what are the main and more critical reasons, and what can explain better the success gap between farmers?

As stated above environmental and surroundings are a partial answer.

Another partial answer can be gained if we will understand the farmers' **decision-making process** that has to do with their actions and business development strategy.

To this end, we will schematically divide the farmers into two groups; '*The Successful*' and '*The Less Successful*' (business-wise).

Note,

the numbers I use below are not the real ones, but merely for quantitative illustration purpose.

LESS SUCCESSFUL FARMERS

Business attitude:

"I have no control over the climate (rain, sun, storms, etc.), pests, market prices, labor cost, cost of goods, etc. What I earn is the result of very hard work, and the best I can do.

*I am thankful for what I have and what I get. Hence, my goal is to focus on survival by **reducing costs**. The more I **save** the more I increase my profits."*

Summary of attitude:

REDUCE MY COSTS. Thank you for what I have, AND constantly SAVE and save, and save...

Typical question expressing this attitude:

"How much does it cost me?"

Decision-making process:

Driven primarily or only by the price of goods/service. Done by comparing the price of a product/service versus a cheaper alternative. Often leads to a decision to do nothing, which is the ultimate *Saving* approach.

EXAMPLE:

Activity:

- 1) **Irrigation** – Comparing the cost of a rain-fed irrigation system (free of cost), to the cost of a drip irrigation system, e.g. 1000\$ per hectare.
- 2) **Fruit fly control** - Comparing the cost of fruit fly control using traps versus *FreeDome*.

Expected conclusions:

To *Reduce Costs and* maximize the *Saving* (don't buy), the farmer will stick to current low-cost alternatives (e.g., rain-fed irrigation and fruit fly control by traps). The end result is irrelevant in this decision process, as it evolves only around the price.

Expected results:

The farmer will save on goods and services while keeping their level of past/current income.

Core reason:

Like many in other fields of business, farmers too often have a narrow view and perspective of their business. It is easy to imagine how you can **SAVE**, for it requires only one-step imagination ahead (you count the money in your pocket).

SUCCESSFUL FARMERS

Business attitude:

"*I am a farmer businessperson. Therefore my goal is to increase my income and my profitability*".

Summary of attitude:

I am not only a farmer – I'm **the** investor on my own farm.

I am ready to invest when I believe I will get an advantage, which will bring me significant benefits that I can convert into a substantial return on investment (ROI).

Typical question expressing this attitude:

"What should I do to increase my investment-profit ratio? In other words, what is the best investment to maximize the **value** (ROI) the farm will create for the investor?"

Decision-making process:

(a) You invest in order to create relative benefits for your buyer. This way you will help him to increase his ROI. As a result, he will be ready to **pay you more** per kg. This is how you increase your own ROI.

(b) You increase the yield per hectare so you can sell more kgs and answer the growing market demand. Now you have further increased your ROI.

EXAMPLE:

Activity:

1) Irrigation - Comparing the investment to expected income (ROI).

	Rain-fed irrigation	Drip irrigation
Investment	0	1,000
Income	100	2,000
Profit	100	1,000

In the above example, the farmer invested 1000, and as a result, increased his yield from 100kg to 2000kg and his income from 100 to 2000. Therefore, his ROI is 1.9. But more importantly, he increased the farm profit 10 times (from 100 to 1000).

2) Fruit fly control - Comparing the investment to expected income (ROI).

	Traps and sprays	FreeDome
Investment	500	1,000
Income	1,000	6,000
Profit	500	5,000

In this example, the farmer has invested 1000 (in practice additional 500) and as a result, decreased the percent of fruit infested from 50% to 0.1%. Meaning, he DOUBLED the marketable produce that is now free of pesticides and free of infestation. As a result, he is also getting a better market price for his produce. Hence, his income is

increased from 1000 to 6000, and his profit grew by 10 (!) times. He managed to increase his ROI from 2 to 6 times.

Expected conclusions:

To maximize Income, Profit, and ROI farmers need to think like businesspersons.

Expected results:

Farmers will invest in goods and services that will enable them to increase their profit and ROI.

Core reason:

As a farmer, you think several steps ahead about your crop and you need patience until it is ready. However, most of the farmers are not accustomed to doing such "business/investor" thinking when it comes to agri-business.

Versus the '*Saving Attitude*', it is more complicated to imagine how by investing now you will benefit financially in the future. When you focus on ROI, there is a period of uncertainty, and need patience and the ability to imagining several steps ahead.

Many farmers are not accustomed to that process. Even when they are able to go through the business process, they are afraid or unable, as a single farmer, to take the blow of losing investment if something goes wrong.

This is exactly where the Government should act and protect farmers.

Governments' role:

Understanding the above is to understand the Achilles heel of farmers' fear, which prevents them from developing their agri-business much faster and with confidence.

The way to help farmers is not by charity but through a system that can help the good farmers to take the risk they must take on the way to transform from Agriculture to Agri-business. Governments must step in and help farmers make that transformation.

MY SECRET

The business attitude of focusing on increasing your own profit by increasing the VALUE your buyer is getting from you (his ROI) is not limited to the agri-business but is true and suitable for any business in any field.

For 20 years, Biofeed is engaged in developing advanced technological solutions and services.

To turn Biofeed into a market leader, way before any other alternative, I had to make sure that on every \$ we invest in R&D or marketing we will get the highest ROI for that dollar.

I did it by focusing and by continuously asking my team – "*what is our expected ROI if we invest in one endeavor versus another?*"

I wasn't looking for the safest investment, but for ones that could channel us towards our long-term goals.

It is always necessary and legitimate to ask "*How much does it cost?*", but it should never be your first or single question, or you doom yourself to mediocrity or even worst.

You see when I ask "*How much does it cost?*" it is **after** I already asked a more important question "*What value will it brings us?*" Or "*Is the added value justifying the investment?*"

Once I know the VALUE I will get from a product/service, I know how much I am ready to pay to get that VALUE. Hence, the question of price becomes secondary or non-relevant.

That is what happens when you focus your business-attitude on the solid foundations of creating wealth through increasing VALUE for your buyer (his ROI), and hence your own income and ROI.

You see, I always invest to produce higher value for **my buyers**.

Indeed Biofeed continuously introduces the world's advantages and produces unimaginable benefits and VALUE to our customers.

Note that nowhere did I say that everyone should always invest in getting **the best** product/service. Not at all.

Depending on the budget available, you always have the freedom to choose from several alternatives. It is up to you to choose the alternative that suits your needs the best and offers you the greatest ROI.

MAKE IT YOUR SECRET ...

Farmer, whatever you do always ask yourself; "*How can I increase the VALUE I create to my buyer (his ROI) so I can increase my own income and ROI?*"

Very important is to write down what your target customers most need.

When you understand your customers' needs, you know what THEY VALUE.

When you are able to supply what they VALUE most, then they will happily pay you more.

Business-Farmer, now you know the secret. Make sure you always focus on your buyers and provide them the best product/service that will help them increase their VALUE, which is selling to their customers, and hence to increase their ROI.

With happily satisfied buyers, you will also increase your income. And rightly so.

A SHORT CONSUMERS' DREAM-LIST

As a former fruit grower, and one that is currently working with many fruit/vegetable growers in the world, I understand the challenge that such growers are facing in the pursuit after the tangible value they wish to create for their customers.

The above is especially critical for the international, export, market place requirements.

Although it may look obvious, let us agree that in most cases Export markets can generate a higher price and higher income for your produce.

Why? Because markets with higher quality demands are usually, ready to pay more to whoever is able to fulfill their wishes.

The *Dream-List* of premium markets typical includes the following characteristics:

- **Free of chemicals** – Must.
- **Free of pests**, and particularly quarantine pests (e.g. fruit flies) – Must.
- **Visual appearance** – looking freshly, ripe, nice color, right size.
- **Inner Quality** –superior with great taste.
- **Availability** – the ability to supply the demand, including during the market place off-season.

Note, make sure you add to the above list also the reseller requirements, e.g. receiving the desired volume and quality on time.

THE CEILING OF SAVING VS. VALUE

Once you know what your buyer wants, you are ready to focus on creating the highest value, and ROI, for him.

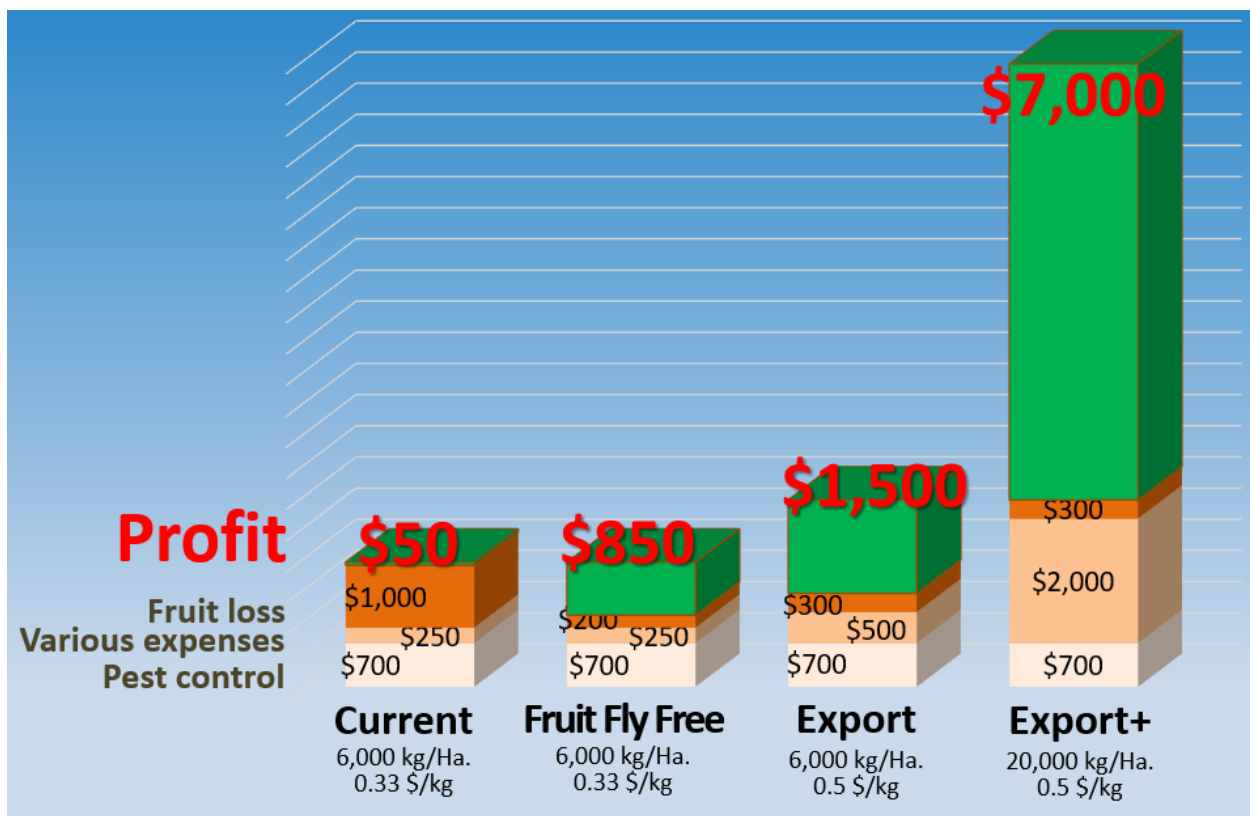
In return, you will get a premium price for your premium produce and continuously strengthen your market position. As a result, your income will grow too and create a nice ROI for you as well.

But more importantly, finally, you are equipped with the right approach and attitude toward your activity as agri-business and investor in your own agri-industry.

Remember, you should always focus on ways of increasing your ROI, by increasing the VALUE your buyer is getting.

Once again, REDUCING COSTS and SAVING comes second. First, you reach your desired ROI, then you optimize your expenses and income.

In the real-life example below we see the tradeoff that takes place once farmers move from "*REDUCE COSTS and SAVING*" (left) attitude towards the "*INCREASE ROI and VALUE*" attitude (right).



The economy of Mango. One can increase the income by focusing on increasing quality and yield, which will increase the customers' and his own ROI. Current - Mango growers' income sums up to 2,000\$ per hectare, from which nearly all is invested into Pest control (\$700), and Other expenses (250\$). About half is lost due to being infested by fruit flies (1000\$). Fruit Fly Free – as the rate of infestation decreases the profit grows profoundly. Export – export prices are better and therefore Profit increases. Export+ – stands for an increased yield. The result of a better export price and better yield creates a rapid growth of Profit. For more info - [link](#).

Note that at the beginning there is no change in the investment of "Various expenses" and "Pest control". Yet, the focus on creating value, which in this case converts into "increasing quality", immediately increases the farmer's income and ROI.

Think about the above data and tell me, **how many industries you know where the potential of ROI is so high within a single year!** Not too many.

Agri-industry, when managed well, can bring even a higher ROI. The secret is to export to the high-value markets.

Note the picture at the top of this article; two different farmers with two very different results. The difference is a result of their attitude and agri-business approach.

CHOOSING BETWEEN ATTITUDES

An attitude of focus on "*Reduce Costs and Save*" will ultimately keep you where you are, but more probably will make you poorer (especially when others will make a progress while you stay behind).

Remember, you can't save more than what you invested. Hence, saving is limited and is good for a short while!

However, an attitude of "*Increasing ROI and Value*" will always push you forward.

The limitations associated with *Increasing your ROI* are far more flexible and act in your favor.

How much most farmers can increase their ROI you can learn from the simple example of millions of mango growers around Africa and Asia that are satisfied with an income of USD 50 (only fifty!) per hectare.

At the same time, in a different place, farmers manage to increase their income to USD 50,000 (!! YES fifty thousand) per hectare.

Under such circumstances do you think Mr. Narendra Modi, the Prime Minister of India should have a problem to double the income of farmers (or at least the Mango growers) as he wishes to achieve?

Stop and think; '*Which way do I want to take? What kind of farmer do I want to be?*'

Keep in mind that if you want to excel then you should rethink who you are and which way you want to go.

Once you understand that you are not a farmer, but a businessperson working in the agri-industry, you will enjoy business success.

As a businessperson, ask yourself, "*How much **more** will I earn if I invest in this product/service? What is the added value and ROI I will create to my customers (the buyer) so they will be happy to pay more?*"

You will earn more when you bring higher VALUE to your customer.
It is as simple as that.

And what about "*How much will it cost me?*". Keep asking it but only after you understand the VALUE it will bring you.

Note, the post-COVID-19 period is the perfect time for the initiation of **National** as well as **Private Export-Oriented Projects**.

Contact me (details below) to maximize your Profit and ROI in such projects. It's time you increase your value and income.

Forward this article to someone who needs to see it (use the - [Press here](#) - link on the top of the article).

And one more thing... Share your thought about this topic, it means the world to me.

Email nisraely@biofeed.co.il text +972-5423425 (WhatsApp).

*For a greener world
Free of sprays
Full of joy*

See you soon,
Nimrod



P.S.

The greater the threat/danger is, the greater is the change to come.
Hence, opportunities also become greater.
The COVID-19 crisis brings great changes.
Changes always create opportunities for those who think and act fast.

P.P.S.

Biofeed exists for many years; our experience brought us to understand that *a full solution* must include a state-of-the-art technology combined with a suitable protocol. Therefore, we tailor-made a solution to a situation, where there will always be the usage of the Technology plus Protocol, i.e. the know-how supported by qualified and experienced Management.

The Key Stages (elements) are:

- 1 – *FreeDome* to ensure effective fruit fly control.
- 2 - *Fruit Fly Certified Trade Zone* to enable regulators, exporters, importers, and farmers alike to gain mutual trust, confidence, and peace of mind in their present and future.
- 3 – *Green Valley National Export Project* – made to enable participants in the Value Chain to extract higher financial benefit from the value they have created.

P.P.P.S.

In 2020 we will implement area-wide multidiscipline *Fruit Fly Certified Trade Zone* projects.
Now is the time to contact us and make sure your country will have its own *Fruit Fly Certified Trade Zone* project in 2021.

P.P.P.P.S.

On-line additional information –

- * Join me on [LinkedIn](#) for many more posts and updates.
- * Previous [articles](#).
- * The unfinished historical series [The Agricultural Gap](#). Discussing the 11,000 years history of agriculture, starting with *The Agricultural Revolution*, moving all the way to nowadays and the Agri-industry Revolution.

***Change Begins With A Decision
That The Existing Reality Is A Choice
And Not A Decree Of Fate***