



## WHAT IS THE CONNECTION BETWEEN COMMUNITY STRUCTURE, SPECIALIZATION, AND SMALLHOLDERS' POVERTY?

*"A direct line stretches from an organization structure to its operation and performance."*

From my early childhood, I worked in the Kibbutz orchards, first in general jobs and later, as an adult, specializing in crop protection.

I became a crop protection expert, educating others, writing about this topic, lecturing, and improving myself each day.

Those early days have taught me to view farmers as "factory managers," where the factory's "machines" are the organisms, i.e., plants and animals, while the production is the seeds, fruits, vegetables, eggs, milk, etc.

When we genuinely view agriculture as an agro-industry, we open ourselves to learning from other industries and see how they improve their efficiency, productivity, and business results.

# TWO TYPES OF PRODUCTION

There are two approaches to industrial production -

**1) The British method** – one person or more producing and assembling a product's parts. For best performance, workers must be skilled in doing all related jobs.

**2) The American method / The Assembly Line (since 1799)** - A series of individual workers assembling a product, each performing a specific task in a particular sequence. The method allows unskilled workers to reach high performance, enabling them to specialize in their particular tasks over time.

We can learn about the impact of the Assembly Line on the global industry from the following example:

Henry Ford manufactured the famous Model T cars using the British method, one by one. This would take 12.5 hours per car. To follow his vision and have those cars accessible to many, he had to cut the cost. He then introduced the Assembly Line method, which enables car manufacturing in as little as 1.5 hours. By saving 88% of manufacturing time, he cut costs and made the T Model a “best sell” and the most famous car in history.

How is that related to and reflected in agriculture?

## AGRICULTURE OR AGRO-INDUSTRY?

In the early 19th century, the global industry switched its production method from the British method (one person does it all) to the American method (assembly line).

The assembly line production approach created new companies and millions of jobs, bringing prosperity and wealth to the growing middle class.

However, that revolution almost wholly skipped the agro-sector, where 97% of farmers are smallholders, still applying the British production method, i.e., each farmer is doing all activities from start to end.

But now that we gained insight into other industries, we know that by reorganizing and restructuring smallholders' communities, we can “switch” them from the British to the American

production approach and thus increase their productivity and income, ultimately shifting them from poverty to prosperity.

But can this be done? Can we do in agriculture what Ford did in the automobile industry a hundred years ago?

My parents and their friends did that in the Kibbutz, and the positive impact of that approach blessed them all. Now it is my turn to pass it on to others.

I was lucky to be born in a place that is part of the 3% of professional farmers practicing the equivalent of the assembly/production line, which we call agro-industry.

97% of farmers do ALL the work, i.e., the British approach, and remain impoverished. Three percent (3%) of farmers use the "production line" attitude and prosper.

Isn't it time to change those statistics and bring joy and prosperity to millions of farmers?

## THE EXCEPTIONAL CASE OF THE KIBBUTZIM

Growing up on a Kibbutz, I never thought of it as unique. I had to step out of my community, travel the world, and for many years working with smallholders before I could fully appreciate the Kibbutz founders' extraordinary achievement.

Please, take your time while reading the following historical facts of over 250 Kibbutz in Israel. If you are a decision-maker or a leader, consider reading it twice.

**1) The beginning** - In 1948, the State of Israel was established, and a few months later, my mother and her friends founded the Kibbutz where I was born. During the post-independence wartime, Israel was a poor developing country.

**2) The founders** - Those who founded the Kibbutz, including my parents, were young people; many were Holocaust-surviving orphans without agricultural experience, education, or money.

**3) The infrastructure** – minimal roads, with no running water or electricity grid.

**4) Technologies** – Until the 70s, there were few innovative technologies.

**5) Acceleration** – Less than 20 years after its establishment, Kibbutz agriculture was already globally known for its success and advancement, and the community was far from impoverished.

**6) Industrialization** - In the second half of the 20th century, most Kibbutz expanded their livelihoods beyond farming by establishing traditional industry.

**7) Present Status** - Today, there are 256 Kibbutzs whose total population is less than 1% of Israel's 10M population. However, they are responsible for 42%(!) of Israel's agricultural production (though only 15% of the Kibbutz members are engaged in agriculture!) and 16% of Israel's industrial exports. Despite significant crop variation, income from farming is often between \$25,000 to \$50,000 per hectare.

Please take a moment to absorb the above facts and results; 0.15% of Israel's population produces over 40% of its agricultural products, and the Kibbutz communities are responsible for 16% of Israel's industrial exports!

Now, let it sink in.

## THE KIBBUTZ MIRACLE'S SECRET

To understand the Kibbutz concept of operation, which some refer to as its "Secret," we must go back to the Ford T model and the novel production approach that saved 88% of the manufacturing time (and budget).

Saving 88% (or increasing production by nearly tenfold) couldn't be done without switching from the British to the American method (assembly line).

We will run a simple simulation to demonstrate the difference in practicing agriculture and its result when applying the British (smallholders) vs. American (Kibbutz) production methods.

**The simulation starting point** – 50 farmers, each managing 10 hectares (total, 500 hectares) and growing four cultivations (staple crops, cattle, vegetables, and fruits).

**\*\*\* SMALLHOLDERS (the British production method)** - each farmer owns and cultivates 10 hectares alone. He is doing all activities in all four cultivations and hence can't be highly professional or an expert in any tasks.

His overall professional results are minimal, and so are his financial results. After 20 years, still, all 50 farmers struggle to survive.

They are trapped in the poverty trap, unable ever to escape it. Based on my many meetings with smallholders, I confirm that the smallholders' income per hectare is about \$200 (more generally, \$50 to \$500) even over fifty years later.

**\*\*\* KIBBUTZ MEMBERS (the American production method)** – the 50 farmers collectively cultivate the 500 hectares by dividing the work between them - every ten members are

responsible for one of the four cultivations, and the rest (10) are responsible for general community services.

In the Kibbutz, each activity and cultivation, including the Kibbutz management and internal services, is called – a Branch. The many activities in each Branch are divided into sub-tasks.

For example, the orchard Branch is subdivided into professional sub-tasks, such as planting, irrigation, harvest, packaging, management, etc.

This is how members **specialize** in the tasks under their responsibility. In this example, **twenty years** after the Kibbutz's establishment, each member is a highly **professional specialist** in their functions.

The professional results are far above average, and so are the financials. The profits are high, and the community thrives. **The income is \$ 20,000 per hectare (100 !! times more than the stallholders' example).**

The community is growing and, as a cooperating group, has decided to diversify the sources of income and expand the source of livelihood to industry, e.g., a factory for producing car windshields (or any other industry).

Unfortunately, they know nothing about windshields. Fortunately, they are agile and developed expertise in taking a complex task, dividing it into sub-tasks, assigning the members to the tasks, and letting them specialize.

**Fifty years later**, fifty percent of the community income comes from agriculture (**the income now reaches \$ 50,000 per hectare**), and 50% of the activity and overall income is coming from industry, in which by now the community specializes as well.

**Financial** - The Kibbutz manages its business profits by -

- (a) Reinvesting its majority into additional/better income-generating activities,
- (b) Improving existing profit-generating activities,
- (c) Improving community services, e.g., education, housing, transportation, etc.,
- (d) Shared equally among community members for personal usage.

## CONCLUDING REMARKS

Regardless of where you are, where you come from or grew up, and if you follow Conventional, Organic, or Regenerative agriculture, **you must be highly professional and efficient in your practice of agriculture.**

The single act that contributes more than any other to farmers' efficiency is when they shift from practicing agriculture according to the British method of production (i.e., one person is doing all activities from start to end) to practicing it according to the American method (i.e., assembly line, by a team).

The Kibbutz organization structure is based on the assumption that the land belongs to the community. This makes assigning the members to different tasks easy, for they are not "attached" to a particular piece of land.

The Kibbutz and its members are agile in assigning tasks in any field of operation, i.e., agriculture, industry, community service, etc.

This is why The Kibbutz shifted fast, efficiently, and successfully from livelihood based only on agriculture to a hybrid structure of agriculture, industry, and other sources.

## MOSHAV

The Moshav is a different type of Israeli rural community, where, unlike the Kibbutz, each member owns a piece of land.

Owning land has made it impossible for the Moshav community to assign its members to any task other than working their land.

Hence, we see that though a typical Moshav was financially supported more than a typical Kibbutz, they have not developed a significant industry and remained focused on agriculture.

Unlike smallholders, Moshav farmers limit themselves to growing and specializing in a handful of crops.

**Still, specialization and community cooperation (versus village farmers) have helped Moshav farmers prosper and thrive.**

## ONE RULE FOR ALL

Agriculture is an industry, and like any industry, you improve efficiency by dividing tasks into sub-tasks, simplifying activities, supporting professionalism, and developing expertise among highly qualified team members.

In addition, we should add the common keywords in modern industries – teamwork, agility, management, leadership, long-term strategy, mutual trust, and respect.

NOW, you, too, know the secret to the Kibbutz Miracle, which is based on industrial, social, and organizational principles.

Let me be clear; I don't suggest copying the Kibbutz or Moshav models from Israel as is and "pasting" them to the rural communities in developing economies. **Not at all.**

Instead, we must learn and use the fundamental principles that enabled the Kibbutz and Moshav economic success.

With necessary adjustment to the specific local culture, limitations, goals, etc., the principles that enabled the "Kibbutz Miracle" can be applied anywhere to any community and thus help to end poverty and hunger on national and global scales.

I grew up on a Kibbutz and worked with Kibbutz members all my life.

**My mission is to share the valuable knowledge of transforming rural communities from poverty to prosperity with those who most need it.**

**To this end, I have developed the tailor-made Dream Valley conceptual program.**

Contact me if you like my support for a national transformation program or other relevant business-oriented programs where we can use the lessons learned in the Israeli Kibbutz for your benefit.

## TAKEAWAY MESSAGE

- **AGRICULTURE** is an industry like any other industry.
- **THE ASSEMBLY LINE** principles enable farmers to cut costs, become more professional, and increase their income.
- **DIVIDING** a task into sub-tasks and becoming professional and expert in sub-tasks is essential for professional and economic success.
- **SHARING RESOURCES** into a pull is advantageous for the community and its members.
- **LEARNING FROM OTHERS'** success and implementing successful working models is powerful and hold the potential of shifting communities (not individuals) out of poverty.

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*\*\*\* Mental and Economic Freedom Are Interconnected \*\*\**

See you soon,

Nimrod



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**P.S.**

If you missed it, here is a link to last week's blog, [The Power of Existing Solutions A Paradigm Shift In Fighting Smallholders' Poverty.](#)

Link to [recent columns](#).

**P.P.S.**

[Dream Valley](#) is a field-proven disruptive business model based on the successful Israeli model. Contact me if you view yourself as a potential investor, business partner, or client. [Email](#), +972-542523425 (WhatsApp/Text)



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That The Existing Reality Is A Choice  
and Not A Decree of Fate***