



## **BUSTING THE 'SIMPLE SOLUTION' ILLUSION FOR SMALLHOLDERS' PROSPERITY**

*“The challenges you face, at first look ‘easy’ to overcome, then ‘too complex,’ and then ‘doable’ when well understood.”*

From kindergarten, the Kibbutz children grew up educated to love and practice agriculture. There was a vegetable garden, which we cultivated and nurtured with small rakes and hoes, avoiding sprays and chemical fertilizers.

Our work wasn't “professional” but labor coming from pure hearts and souls, rewarded by the excellent taste and joy when eating the fruits of our labor.

The years passed, and at 18, I volunteered to help a young three-year-old Kibbutz with its farming. I was sitting on a monstrous 300-horsepower tractor this time, plowing never-ending fields over one kilometer long each.

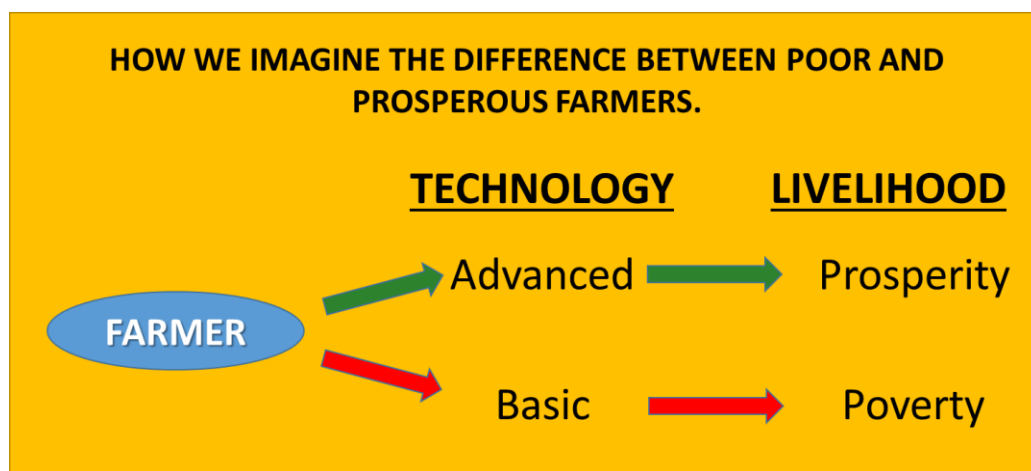
You may look at this story as if it was about a child that grew and replaced the small garden and the hoe with a big field, a tractor, and a plow.

In this case, you are focused on the wrong thing: the technology, maybe thinking that all you need to shift from small-scale farming to big-scale professional farming is a big boy with a big tractor and a plow.

This attitude fails to see that the kindergarten garden operated under a **completely different ecosystem and business model** than industrial agro-business big-scale farming.

Furthermore, assuming a “successful big-scale” farmer is a grown-up child but with massive technologies projects a concept that providing smallholders access to more advanced technologies will turn them into professional, successful farmers (figure below).

Nothing can be more wrong than those opinions.



The typical way of seeing the agricultural gap between poor and prosperous farmers is that poor farmers lack advanced technologies; hence, they will become prosperous by providing them with advanced technologies.

## THE REALITY VERSION

**In reality**, providing a smallholder with a big tractor, i.e., advanced technology, is insufficient to turn him from a poor traditional-oriented farmer into a prosperous professional industrial agro-business farmer.

**In reality**, money and technology can't fix anything. At least they can't bring a benefit before you understand the mechanism of a properly functioning system. Only then you can diagnose the root problem causing the system not to perform as it should. Finally, after understanding the mechanism and diagnosing the problem, is to decide how to fix the problem.

To uplift the agro sector in developing economies, we must begin by understanding the mechanism of a properly functioning agro sector, then understand what and how to change.

It's never "a walk in the park," but it is possible by using a structured process.

Transferring a farmer from poverty to prosperity is more like crossing a swamp; the way is full of obstacles you don't see, and each is capable of crippling your good intentions.

Unless you are aware of those obstacles, where they are, and how to overcome them, they will prevent you from reaching to the other side.

Consider the three pillars of a thriving agro sector as a large-scale map to cross the chasm from farmers living in persistent poverty to the prosperity of the middle class.

We can cross the chasm by switching our current less effective "Agricultural Package" with a new, more suitable for our advantages, needs, abilities, and limitations, and hence more effective for us.

The three pillars of the Agricultural Package -

- Ecosystems
- Business Model
- Technologies/Services

As those in developing countries know too well, it is not enough to advance one of the Agricultural Package pillars, e.g., using only advanced technologies.

You will fail sooner or later unless you have a functioning, effective Package with three compatible pillars.

Since everybody's talking only about technologies and services, and we already discussed business models, let's take a moment to dive into the agro-ecosystem and its complexity.

## THE AGRO-ECOSYSTEM

The first and most critical pillar of the *Agricultural Package* is the Ecosystem, i.e., **a coherent value network**.

The elements of a coherent value network refer to the **components** and **stakeholders** involved in the agricultural value chain.

The agricultural value chain encompasses **all the activities and parties** involved in producing, processing, distributing, and consuming agricultural products.

These are the critical elements of the agricultural Ecosystem, i.e., coherent value network:

**1. Input Suppliers:** Companies or individuals that provide agricultural inputs, i.e., products, technologies, and services, such as seeds, fertilizers, pesticides, machinery, and equipment to farmers.

**2. Farmers/Producers:** Individuals or organizations engaged in agricultural production. They cultivate crops, raise livestock, and manage agricultural activities.

**3. Aggregators:** Intermediaries who collect agricultural produce from multiple farmers and consolidate them for further processing or distribution. They often play a role in the quality control and standardization process.

**4. Logistics and Transportation:** Service providers responsible for transporting agricultural inputs, products, and commodities throughout the value chain. This includes shipping, trucking, warehousing, and distribution logistics.

**5. Processors:** Companies or facilities transforming raw agricultural commodities into value-added products. They may engage in milling, grinding, canning, packaging, refining, etc.

**6. Distributors/Wholesalers:** Entities responsible for agricultural product distribution and wholesale trade. They purchase products from processors and supply them to retailers, food service establishments, or other intermediaries.

**7. Retailers:** Businesses that sell agricultural products directly to consumers. This category includes grocery stores, supermarkets, farmers markets, and online platforms.

**8. Food Service Industry:** Restaurants, cafes, hotels, catering companies, and other establishments that procure agricultural products for preparing and serving meals to consumers.

**9. Consumers:** Individuals or households who purchase and consume agricultural products.

**10. Financial Institutions:** Banks, credit unions, and financial organizations that provide financial services, loans, and credit facilities to farmers, processors, and other parties active in the agricultural value chain.

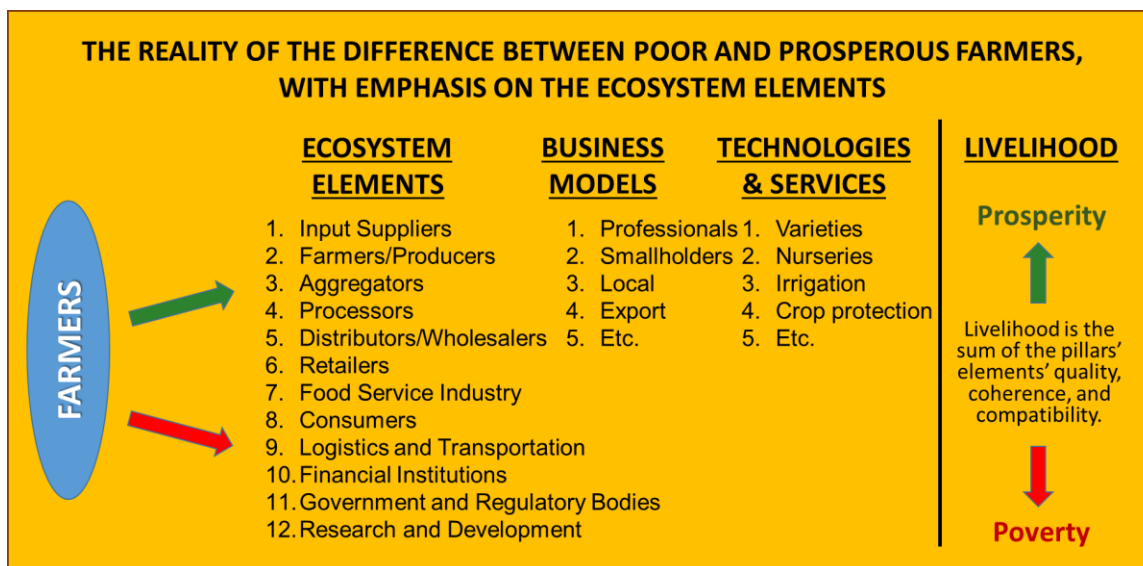
**11. Government and Regulatory Bodies:** Government agencies and institutions responsible for formulating agricultural policies, regulations, and standards. They may also provide support programs, subsidies, and oversight for the agricultural sector.

**12. Research and Development:** Academic institutions, research organizations, and agricultural extension services that conduct research, develop new technologies, and provide knowledge and technical assistance to improve farming practices and productivity.

The Ecosystems' elements and their level of sophistication and complexity continuously changed throughout history, as they did so between different communities and sectors based on their goals, abilities, and needs.

These elements form an interconnected network where each participant plays a role in agricultural product production, processing, distribution, and consumption.

**COLLABORATION and COORDINATION among these stakeholders are vital for the smooth functioning and sustainability of the agricultural value chain.**



The three pillars of *The Agricultural Package*, with an emphasis on the agro-ecosystem elements. Technologies and services are meaningless when taken out of context of the overall Package.

## COLLABORATION AND ORGANIZATION

As a child working in the kindergarten garden, I practiced agriculture under the education sector ecosystem and business models.

In contrast, at 18, I practiced agriculture in the frame of the Israeli agro sector ecosystem and business model.

It was an illusion that switching from a hoe at kindergarten to a tractor and a plow at 18 years old enabled me to practice advanced agro-industrial-business.

Many children in developing economies do gardening work. Yet, if at the age of 18, they would get a huge monstrous tractor, they wouldn't be able to effectively and efficiently operate it based on business principles.

The reality is that the ecosystems and business models under which professional agro-industrial-business farmers operate are so far different from those of smallholders that for smallholders, a big tractor would be a curse and a hindrance more than a help, even if provided free of charge.

It is easy to deal with agro technologies, for we can see and touch them. At the same time, "ecosystems" and "business models" are abstract and enigmatic terms that most people never heard about and some are afraid to understand.

**The Agricultural Package is more complex and sophisticated than ever; its parts are many, requiring doing things faster, better, and more cost-effective.**

**This is achievable and easier when we view *The Agricultural Package* as a whole, where collaboration and organization are cornerstones in effectively executing the three pillars.**

Through intense collaboration and effective organization, the Israeli structure of Kibbutz and Moshav did just that and reached global agricultural achievements long before the keywords "high tech" and "agrotech" were invented.

For that very same reason, **the Dream Valley model** and concept emphasize a complete value chain and business model inclusiveness.

Dream Valley invested a lot of effort and made many real-life developments in taking complex agro-ecosystems and business models and **simplifying** them for smallholders' convenient and simple-to-understand use.

Working with smallholders requires us to adjust our activities and processes to their needs. The result is fantastic when we change the system to the farmers, not the other way, as the Kibbutz example presents.

The Israeli Kibbutz and Moshav methods proved themselves profitable and effective over decades when bringing the individual farmer an easy "operation system" by providing a "Service Package" that takes care of his needs, regardless of the system's inherent complexity.

If you agree and if you don't, let me know what you think.

Want to change the rural community's development trajectory in your country or elsewhere? Unsatisfied with a running rural project or want to plan a new one? Message me +972-54-2523425

# TAKEAWAY MESSAGE

- **THE THREE PILLARS** of The agricultural Package must be compatible and synchronized. Hence, advanced Technologies without compatible Ecosystems and Business Models are ineffective.
- **FARMERS' LIVELIHOOD** depends on the sum of The Agricultural Package elements: quality, coherence, and compatibility.
- **THE AGRO ECOSYSTEM**, even if we can't see or touch it, as we do with "technologies," is critical to The Agricultural Package's overall efficacy.
- **THE SHORT** path to a thriving agro sector is by simultaneously relating to all The Agricultural Package pillars.
- **THE AGRICULTURAL PACKAGE**, a multitude of levels and elements, makes collaboration and organization essential for its smooth and proper operation.
- **THE KIBBUTZ CONCEPT**, based on high-level collaboration and organization amongst individuals, enables the smooth operation of The Agricultural Package and hence higher profits.

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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, "[Where Would You Invest In Developing Economies; Mega-Projects, Technologies, Or Human and Organizational Infrastructure?](#)"

**P.P.S.**

[Dream Valley](#) is a field-proven disruptive business model based on the successful Israeli model.

To learn more and become a Dream Valley partner, contact me at [nisraely@biofeed.co.il](mailto:nisraely@biofeed.co.il), +972-542523425 (WhatsApp/Text)

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***Change Begins With A Decision  
That The Existing Reality Is A Choice  
and Not A Decree of Fate***