



## How Black Swans, Kibbutz, and Smallholders' Prosperity Are Interconnected - Part 1

*"Time and distance are good prisms to realize your achievements."*

My journey began with a simple question: why do hundreds of millions of farmers worldwide suffer from poverty? The underlying assumption was apparent: to fix a problem, one must first understand its root cause.

Throughout this journey, we have discovered that the "usual suspects" of poverty- lack of technology, knowledge, and finance - are important BUT are not THE ROOT causes of smallholders' poverty. No matter how much we focus on or invest in these aspects, they alone will not bring about the expected change and prosperity we desire for smallholders, though they can support the change once we realize where the root causes lie.

As someone grounded in practical, hands-on activities like farming, agro-sciences, and technological entrepreneurship, I found accepting the evidence and data pointed elsewhere challenging. Yet, all signs directed me towards interdisciplinary fields, particularly management and social sciences. It became clear that business models and organizational structures - elements that bridge management, economics, and sociology - hold the keys to understanding poverty, prosperity, and the entire spectrum in between.

## FUTURES AND BLACK SWANS

I never met my grandparents on my mother's side; in 1944, they were gassed and then burned in the crematoria at Auschwitz, Poland, by the Nazis. But sometimes, I imagine what a conversation with them would be like, especially when I share the story of their youngest daughter, my mother, as a young woman aged 16 to 20.

**Me:** Though we have never met, I want to tell you how proud I am of your youngest daughter, my mother, and you should be, too. Let me share with you why she was so extraordinary. Based on your knowledge of her, farming, business, and the world, I ask for your honest reflection. Could you have anticipated these achievements or believed they were possible on the day your paths were tragically separated?"

After almost 2000 years of wandering and ages of persecution of Jews in Europe, and after fleeing through Nazi-occupied Europe, she, who was penniless and ignorant of the language of the Promised Land, Hebrew, was the first to set foot there.

**Grandparents:** We didn't anticipate this.

**Me:** At 19, she fought in Israel's Independence War. At 20, she founded a Kibbutz, which was established on agriculture, together with other Holocaust orphans, and she was known for her farming skills.

**Grandparents:** We didn't anticipate this.

**Me:** In the second decade of the Kibbutz she founded, it was already far more prosperous than the wealthiest farmer in your village and the neighboring villages I visited. By the way, I visited your village 62 years after the day you were taken from it. Know that the village is now part of Ukraine and is still poor.

**Grandparents:** We didn't anticipate this.

**Me:** The Kibbutz she founded was successful even though its members had little education, little money, no access to advanced technology, and were not superhumans. Furthermore, the Kibbutz's location was on dry, rocky land without the abundant water or rich and extensive lands that characterized your village's surroundings.

**Grandparents:** We didn't anticipate this.

Consider why my grandparents had good reasons not to foresee, anticipate, or perceive what happened as obvious. The answer lies in the fact that they never heard, saw, read, or experienced any of these events: the mass deportation of Jews to death camps, the massive exodus to the Promised Land, the establishment of a Jewish state, and the creation of a Kibbutz—an agricultural community far more prosperous than traditional villages despite seemingly lacking the fundamental requirements to thrive. They knew over 3000 years of Jewish history and, living in the heart of Europe, were aware of recent innovations. Still, they were limited to predicting events similar to what they were familiar with but not events outside that chart, not those about to unfold and impact beyond imagination, ultimately costing them their lives.

Such a phenomenon is referred to as a Black Swan because it was always known that swans were white until 1697 when Dutch mariners saw black swans in Australia. Since then, the term Black Swan describes unforeseen events. In his book, *The Black Swan: The Impact of the Highly Improbable*" (2007), Nassim Nicholas Taleb refers to statistically unexpected events of large magnitude and consequence and their dominant role in history, collectively playing vastly larger roles than regular occurrences. For my grandparents and the world, World War II, the Holocaust, the State of Israel, and the Kibbutz were all black swans, events considered extreme outliers.

Today, over 100 years after the first Kibbutz was established, with a perfect record of turning poverty into prosperity, people outside Israel refuse to believe it is feasible to reach even somewhat close results in any country other than Israel. Like my grandparents would have done, nowadays, experts still use the pattern method to predict the future success of agro programs in developing economies, connecting agrotech and agro-knowledge to prosperity. They do this, although, as previously presented, results do not support this method.

Patterns are an unreliable method for predicting results. They can't explain why smallholders' poverty persists or why the Kibbutz model, developed and practiced for over 100 years, has a near 100% success rate, even under extremely harsh conditions. Furthermore, based on the pattern-predicting method, we can expect poverty in developing economies to persist for decades and, more likely, centuries.

However, when we consider the Black Swan theory, we can expect transformative change to arrive unexpectedly and swiftly alter the economic landscape of developing countries, particularly for smallholders. The Kibbutz model is a prime example of a Black Swan event. After 2000 years of desolation, it turned a barren and impoverished land into a progressive and prosperous nation within less than 40 years. This model holds the potential to replicate this success in any country where people yearn for prosperity and progress.

# ZOOMING OUT

From the example above, we learn that history is not continuous. Most of the time, it works in a chain of incremental changes. Then comes a giant unexpected event that changes the whole picture, which we call “a black swan”. After that, we return to continuous incremental changes until the next black swan. Remember, during the hunter-gatherers' era, from their perspective, farming, i.e., industrializing food production, was a black swan, which, based on patterns and history, they couldn't predict. Yet, wherever agriculture arrived, hunter-gatherers eventually disappeared.

In our context, in economics, a black swan does not refer to a crash of the financial markets but to an event at much higher magnitudes, such as the Industrial Revolution that began in England, the assembly line model that Henry Ford introduced, or the Israeli Kibbutz model. In all these cases, the change came with a novel organizational structure and business model, most notably the Ltd-company, that fundamentally changed the global economic landscape.

Ask yourself: What type of change will help developing countries and smallholders more, incremental or black swan?

It's time to zoom out and soar to 40,000 feet to take a closer view of our journey (yes, it is an oxymoron, but sometimes you need to step back to see the whole picture), examine historical processes related to smallholder poverty, the chain of events that brought us here, the facts and conclusions we've reviewed and reached, and then add some suggestions and warnings for the future.

# STRUCTURE, FUNCTIONALITY, AND CAPABILITY

The advancement of services and technologies is closely linked to each era's social-organizational structures and business models. For instance, in ancient times, communication relied on runners or horses due to the prevailing social and political frameworks, which were a product of the Agricultural Revolution. The Industrial Revolution, alongside democratic governance and modern corporate structures, introduced more effective business models and increased individual motivation, leading to the development of complex technologies like wireless communication and smartphones. Today's smartphones exemplify this progress: while a runner could only deliver messages at limited speeds and not transmit data, photos, or videos, a smartphone enables rapid, flexible, and multifaceted communication, capable of instantaneously sharing a wide range of information.

The evolution from runners to smartphones illustrates how advancements in organizational structure and business models can significantly enhance technology and services. Consequently, modern technologies offer far more advanced solutions and

greater prosperity than earlier eras, such as the Agricultural Revolution or the hunter-gatherer period.

The impact of structure applies to all levels, including the atomic level. For instance, arranging carbon atoms in one way yields coal, while a different, more orderly arrangement results in diamonds. What about business models? At the atomic/molecular level, a fitting analogy for a business model is that atoms exchanging electrons, such as in the formation of diamonds, create stronger bonds than those in less ordered structures like coal, resulting in more stable and durable materials. This analogy underscores that regardless of the scale: atoms, molecules, industries, or human societies, the structure and business model significantly determine the outcome's properties and characteristics.

## DECODING PROSPERITY FORMULA

From the earliest realization that poverty isn't due to farmers' ignorance or a collective decision to remain impoverished, I became convinced that it stems from a predictable and pervasive force affecting millions of farmers. The positive aspect of this realization was that such a predictable phenomenon must derive from a fundamental universal law. Laws can be modeled, and these models serve as the foundation for developing solutions to challenges.

The Second Law of Thermodynamics and the Success Formula ( $\text{Success} = f(\text{External Integration} / \text{Internal Disintegration})$ ) were pivotal in recognizing that poverty and prosperity are opposite ends on the same scale and can be systematically analyzed.

Studying the Kibbutz structure and business models, which began as a collective of impoverished people but was quick to thrive, revealed the crucial link between **organizational structure and business models and the critical importance of their alignment.**

This study also highlighted a missing component in the Success Formula: Social Integration - a human-centric force that fosters prosperity, in contrast to Internal Disintegration, which hinders it. The Prosperity Formula and model ( $\text{Prosperity} = f(\text{External Integration} + \text{Social Integration}) / \text{Internal Disintegration}$ ), an evolved version of the Success Formula, offers a more precise explanation of historical events, current realities, and predictions of possible futures.

It represents the 'Holy Grail' of my search for understanding and addressing poverty. While the Prosperity Formula is highly human-centric, its External Integration component encompasses essential elements of an organization, including business models, technologies, and services.

Armed with this model, measuring and comparing options for solving smallholders' poverty became much easier and more accurate. This led to the unequivocal conclusion that nowadays, the Kibbutz model is the most suitable for creating prosperity among smallholders. It is also remarkable in its historical context, offering extraordinary and inspiring results and potential.

More to come in - Part 2.

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Sign up to be part of [the Nova Kibbutz Stewardship Community](#).

If you enjoyed this column, please share it with a friend who will enjoy it too.

[Dream Valley Fruit Export Program 2025](#) is now officially open for new exporters from developing economies who wish to export to Europe. Text me.

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## TAKEAWAY MESSAGES

- **Solving a big challenge** requires understanding its root cause; smallholders' poverty is one such challenge.
- **Black Swans** are transformative far more than incremental developments.
- **The Kibbutz model is a Black Swan.**
- **Business models and organizational structures** are essential to unlocking prosperity for smallholders.

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More on the October 7th genocide in South Israel:

[Humanity is one organism](#)

[Videos - The October 7 genocide](#)

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Here are ways you can work with me to help your rural communities step forward to shift from poverty into ongoing prosperity:

\* **Nova Kibbutz and consultancy** on rural communities' models.

\* **Local & National programs related to agro-produce export models** - [Dream Valley](#) global vertical value and supply chain business model and concept connects (a) input suppliers with farmers in developing economies and (b) those farmers with consumers in premium markets.

\* **Crop protection: Biofeed**, an eco-friendly **zero-spray control technology and protocol** solution, is most suitable for developing countries.

If you got to here, read this column, and enjoyed it, please be nice to your friends, share it with them, or help them [Subscribe](#).

*"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 Mix Role of Business Models and Social Structures in Eradicating Poverty](#)".

**P.P.S.**

**OPEN BUSINESS OPPORTUNITIES:**

- 1) Exporting fresh fruits from Africa to the EU under the Dream Valley regenerative protocol brand for the 2024 season.
- 2) Joining the Nova-Kibbutz concept project or establishing a similar initiative in your region.

Kindly provide your background and credentials to receive tailored next-step instructions.

**P.P.P.S.**

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

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\*This article addresses general phenomena. The mention of a country/continent is used for illustration purposes only.