



THE MIX ROLE OF BUSINESS MODELS AND SOCIAL STRUCTURES IN ERADICATING POVERTY

"Whatever we do, when we do it together, we achieve more"

When a challenging task energizes you, knowing your "why" becomes essential to maintaining persistence and staying on course to achieve the target. I set a challenging personal mission: **to transform farmers' poverty into prosperity so all farmers can become part of the middle class.** This is my "why," which I remind myself of to stay on course. I am not there yet, but we are getting closer thanks to novel knowledge, including what I have shared for some time and what I am about to share now.

THE TWO MODELS

That personal mission set me on a grand quest to understand **why** we are still far from eradicating farmers' poverty despite all the advanced agrotech. This question consumed me day and night, driving my actions and decisions. Enlightenment came to me when I realized I needed to broaden my search beyond the agricultural sector and the present time. This approach further led me to explore business models and organizational structures.

Business Models: Prof. Clay Christensen inspired me with his theories, particularly the Disruptive Innovation theory, which posits that new business models can generate prosperity. This theory led me to establish the Dream Valley Company with its novel complete vertical package facilitating fresh fruit exports from smallholders to premium markets and suggest having a conference on the topic; this is how the International Conference on Business Models in Agriculture (IBMA) was born.

The Disruptive Innovation theory was exciting, but it failed to explain why the entire agro sector in dozens of developing countries fails. Furthermore, it provided a solution based on companies energized by disruptive innovation models. Unfortunately, few agro companies answer those criteria; they are active within sub-sectors in a small number of countries. Should smallholders be passive recipients, waiting for luck and others' mercies? Judging by the results, disruptive innovation helps the companies that developed it but fail to create prosperity for the massive number of smallholders desperately needing it. It made me feel "stuck" with a beautiful concept but limited in its impact.

Organizational Structures: Then I remembered Dr. Adizes, whom I first encountered in a lecture on organizational success, and his Success Formula (Success = External Integration / Internal Disintegration) at Tel Aviv University about 15 years ago. Years later, with a fresh view of the formula, I discovered it was what I had been searching for. The Success Formula emphasized the crucial role of social and organizational structures in the success of any entity.

COMMUNITY CAN BE A BUSINESS

Now, I have two new tools: Business Models and the Success Formula, which I can use together to diagnose what has gone wrong and, hopefully, implement solutions to transform smallholders' livelihoods for the better.

The Success Formula, agnostic to the type of organization or entity on the balance, prompted a profound shift in my thinking. It encouraged me to consider reversing the traditional roles of the Ltd Company and the rural community, such as a village or Kibbutz. For the first time, I began looking at **the community** as a whole as a business entity providing products and services to Ltd companies instead of only vice versa. This led me to view villages and Kibbutzim not only or mainly as places of residence, like cities, but as "home" and business-oriented entities.

Something magical happens when you change your point of view from that of the regular company to that of a community (e.g., village and Kibbutz) and then "ask" the Disruptive Innovation and the Success Formula theories what they think you should do

differently to improve your situation as an impoverished rural community. This perspective turns farmers in impoverished villages from a passive position, waiting for others to help them, to an active position where they craft their future. This is an empowering attitude involving a process where smallholders are taking back control of their future. That is why I believe in it and like it.

If communities behave like Ltd-Companies, they can also execute disruptive innovation business models. And what is more disruptive than a disruptive organizational structure, such as that of the Kibbutz, which creates prosperous rural communities?

However, a problem arose: when I used the Success Formula to analyze human societies with different structures, e.g., village and company, the formula explained part of the reality while part remained misunderstood. I was stuck again: How could I solve the poverty challenge with a partial formula? It's like landing a rocket on the Moon using partial formulas; it will never work. I had to have an excellent, complete formula, one that could explain, in detail, the past and present and help us build a better future.

THE PROSPERITY FORMULA

The solution emerged with the development of the Prosperity Formula, which offers a holistic and comprehensive approach and makes it easy to understand what makes organizations prosper or fail.

Prosperity = f (External Integration + Social Integration) / Internal Disintegration

Though poverty is the UN's #1 SDG, have you ever seen a scientific model that explains poverty or the path to solving it? Other questions in this direction are: Do you think we could have reached the Moon without mathematical models? Do you believe Poverty is a lesser challenge than reaching the Moon?

Models are essential because they allow us to swiftly, cheaply, and safely navigate different scenarios, including moving back and forth in time. This ability enables us to predict project outcomes while sitting in the office, saving funds, time, effort, and human suffering.

THE TWO DNAs

It is time we delve into the Prosperity Formula and gain additional insights from time traveling, i.e., historical perspective. But before we do, we must establish where our social DNA was crafted. It doesn't matter where you are or what you do; none of us can escape our social DNA imprinted in our biological DNA. Is that clear?

It is essential to consider the concept of "DNA limitations." For example, water is vital for our survival; however, consuming excessive amounts in a short period can lead to water

intoxication, which disrupts the balance of electrolytes in the body and can be fatal. Just as our biological DNA imposes limitations on our physical well-being, our social DNA imposes limitations on our social well-being. Understanding our social DNA is crucial to operating within an optimal social framework. Just as we dive into genetics and biology to understand biological DNA, we must delve into human history and the social sciences to comprehend our social DNA.

Hence, our social DNA holds the secrets to human prosperity and happiness. The Prosperity Formula is the vehicle that can direct us there by analyzing historical human social structures and any other situation we may consider for the future within the formula's limitations.

SOCIAL DNA

Over the past 2.5 million years, we spent approximately 99.52% of our time in small groups and tribes of Hunter-Gatherers, 0.48% of our time (12,000 years) as farmers in villages and cities, and only 0.008% in the Ltd Corporate era (200 years). If 2.5 million years were one full day, the Agricultural Revolution would represent approximately 6 minutes and 55 seconds, and the Ltd-era would be the last 6.9 seconds. Hence, don't let advanced technologies fool you because they didn't change our biological or social DNAs. Both our DNAs only slightly changed since we were Hunter-Gatherers. Understanding this point is crucial for reaching prosperity.

Now that we have completed the introduction and understand that, from a historical-social perspective, we are still Hunter-Gatherers, even if we hold a smartphone, we can begin our journey through time. We will start in our distant past, travel through the present, and look ahead to crafting a future of prosperity and happiness for all.

HISTORICAL TRAJECTORIES

Let's review definitions and historical data as we explore, analyze, and reflect on human societies' historical evolution, gaining insights into their trajectories and implications for present and future times. We will do this by using the Prosperity Formula to present and analyze each era in light of the formula: **Prosperity = (External Integration (E) + Social Integration (Si)) / Internal Disintegration (I)**.

The Mega Disruptive Innovations. If we consider the iPhone a disruptive innovation, then the transformations of human societies from Hunter-Gatherers to Villages, Ltd-era Corporations, and the Kibbutz should be seen as mega-disruptive innovations. These societal shifts dwarf technological innovations, fundamentally shaping our social, economic, and technological landscapes.

Hunter-Gatherers: The Foundation of Social Cohesion. For over 2.5 million years, humans lived as hunter-gatherers. These societies were characterized by small, nomadic groups that relied on hunting and gathering for survival. Social cohesion was

critical; everyone depended on each other for food, protection, and support. This high level of social integration (Si) and low internal disintegration (I) ensured their survival and prosperity for millennia, although their level of external integration (E) was low. Their enduring success can be attributed to the solid social structures supporting their lifestyle. Therefore, we use the Hunter-Gatherer era as our benchmark for organizational structures.

Villages: The Agricultural Revolution. Around 12,000 years ago, the Agricultural Revolution gave birth to farming and the establishment of villages. This transition from a nomadic lifestyle to settled farming communities marked a revolutionary change. Villages allowed for surplus food production, which led to population growth and the development of trade. However, this new structure also introduced rigid social hierarchies and resource management challenges. Despite these challenges, compared to Hunter-Gatherers, villages offered a higher level of External Integration (E) through agriculture and trade, albeit at the expense of declined Social Integration (Si) and higher Internal Disintegration (I).

Ltd Corporations era: The Industrial Revolution, beginning in the mid-18th century, marked a significant shift with the rise of cities and the Ltd-era. These corporations were primarily designed for profit, focusing heavily on External Integration (E) through technological advancements and market expansion. However, they often neglected Social Integration (Si), leading to higher Internal Disintegration (I) and issues such as worker isolation and internal conflicts. Despite these challenges, Ltd-era corporations quickly became the dominant organizational structure due to their economic efficiency and ability to drive rapid technological progress. Note that from many aspects, cities have been like big villages with similar structures for most of human history. The change came with the development of the concept of commercial companies.

Kibbutz: Integrating Social and Economic Needs. The Kibbutz model, emerging in the early 20th century, is a product of the Ltd-era aiming to address the shortcomings of both traditional villages and Ltd-era corporations. The Kibbutz combines and integrates elements of the high level of Social Integration (Si) of the village (and then enhances it) with the Ltd-era External Integration (E) while maintaining low Internal Disintegration (I). The synergy of the high Si and high E with low I boosted the economy of all Kibbutzim, regardless of their source of income and low starting point, and enabled them to hold together even under extreme external stress. This model has shown remarkable resilience and sustainability, offering a balanced approach that fosters both economic stability and social cohesion.

ANALYSIS OF ORGANIZATIONAL PROSPERITY FACTORS				
FACTORS	HUNTER-GATHERERS	VILLAGE	LTD-ERA	KIBBUTZ
External Integration (E)	Low	Moderate ↗	High ↗	High →
Social Integration (Si)	High	Moderate ↘	Low ↘	High ↗
Internal Disintegration (I)	Low	Moderate ↗	High ↗	Low ↘
Outcome	Economic scarcity with social stability and richness	Economic scarcity with less social stability /richness	Economic prosperity with social scarcity and instability	Economic prosperity with social richness

Human societies: analyzed from the perspective of prosperity factors. Arrows indicate the relative change from the organization's previous generation.

INSIGHTS AND TRAJECTORIES

In light of the Prosperity Formula, the evolution from Hunter-Gatherer societies to later models reveals dramatic insights:

Social Cohesion Is Crucial: High Social Integration (Si) is a common factor in the longevity of successful organizational structures. It fosters resilience and adaptability.

Balance Between E, Si, and I: Societies that balance these three components better will prosper and be more sustainable.

Organizational Resilience: Achieved not through economic strength but thanks to high Si and low I.

Technological Development Depends on Social Structures: Technological advancements are limited by societies' organizational structures. For example, the complexity of modern technology requires a stable, cooperative, and trusted environment provided only by structures belonging to the Ltd-era.

IMPLICATIONS FOR SMALLHOLDERS

Most smallholders live in traditional villages and operate under an outdated, uncompetitive village organizational structure. This is akin to using a Morse machine in the age of smartphones; once valuable, now it hinders progress and perpetuates backwardness. The village structure creates insurmountable economic and social challenges in the modern Ltd-era environment. The Prosperity Formula offers practical insights and directions for smallholders to create a prosperous future:

Enhance External Integration (E): Adopting modern agricultural practices, like farmers in developed countries, and engaging in broader trade networks has been the primary path to prosperity in Western countries. However, this path failed in developing economies due to a lack of infrastructure and a prerequisite for substantial investment by farmers. Money spent on this path is typically lost without creating a meaningful impact.

Strengthen Social Integration (Si): By fostering a strong sense of community and mutual support.

Minimize Internal Disintegration (I): By implementing fair resource management and conflict resolution practices.

Together: An integrated approach where the community simultaneously increases its E and Si and decreases its I, similar to what the Kibbutz model has done.

THE NEXT STEP

Given the historical trajectory of human organizational societies, what can we expect as the next step in this evolution? To answer this, we must consider the current global challenges and see the Prosperity Formula's "opinion" on those issues.

For example, let's take three global problems reflecting many societies:

Poverty, particularly among smallholders in developing economies;

Social disintegration, which appears in the form of loneliness, increasing isolation, and mental health issues in urban areas and;

Economic inequality is reflected in the growing gap between the wealthy and the poor.

Now, using the Prosperity Formula, we address those seemingly unrelated problems with one potion, which is best if mixed and applied simultaneously:

Integrating Urban and Rural Models: Combining the economic efficiency of Ltd-era corporations with the social cohesion of traditional villages could involve creating urban co-housing communities with shared resources and solid social bonds. In rural areas, this can take the form of urban Kibbutz communities.

Technological Advancements: Utilizing technology to enhance External and Social Integration and minimize Internal Disintegration. For example, digital platforms and networks can facilitate trade, provide social support, and manage social disagreements.

Sustainable Practices: Emphasizing sustainability in all aspects of life, from agriculture to urban planning. This includes adopting practices like permaculture and renewable energy.

FRAMEWORK FOR A BETTER SOCIETY

The Prosperity Formula ($\text{Prosperity} = f(E + Si) / I$) provides a framework for analyzing and identifying necessary changes in organizational structures to achieve desired results. While situations and environments may vary, prosperity is always attained by increasing the numerator ($E + Si$) and minimizing the denominator (I) in the formula. Since the formula deals with relative rather than absolute numbers, there is no upper limit to an organization's prosperity. Conversely, failing to balance these factors can lead to disintegration, poverty, collapse, and ultimately, the organization's disappearance.

The Kibbutz structure exemplifies an organizational model that effectively increases the numerator ($E + Si$) while decreasing the denominator (I) with minimal investment, making it highly suited to achieve and sustain prosperity.

The Kibbutz Model Case Study: The model provides a valuable blueprint for future organizational structures. Its emphasis on social cohesion and economic cooperation has allowed it to thrive and succeed for over a century, even in highly unfavorable environments. Modern societies can benefit by adopting similar principles and structures, increasing community resilience and reducing poverty.

Here are some actions smallholders can take to instantly improve their livelihoods by increasing their E and Si and decreasing their I :

Adopt Cooperative Models, where resources and profits are shared among members.

Engage in Collective Bargaining (i.e., economy of scale) to improve trade terms and market access.

Invest in Community Building through mutual support networks, social events, shared spaces, etc.

CONCLUSION

By embracing the Prosperity Formula, we better understand the root causes of organizational successes and failures. The formula teaches us that all organizations are

affected by the same factors, where two factors (E and Si) are fully controlled and managed by the community and one (I) to a large extent. This provides a deeper meaning to the statement: strength builds from within.

The historical evolution of organizational structures, from hunter-gatherers to villages, Ltd-era, and the Kibbutzim, reveals that a balance of External Integration and Social Integration, coupled with minimized Internal Disintegration, is crucial for long-term prosperity.

This formula underscores that true prosperity can't be achieved only through economic gains but must foster solid social bonds and minimize internal conflicts. The Prosperity Formula provides a roadmap for creating more cohesive and resilient communities that are better prepared to face modern challenges like global poverty, social disintegration, and economic inequality.

I began this journey, which sometimes took me sideways, to understand the root cause of poverty so we can better address it, thus creating prosperity where today only poverty and hardship grow. It is imperative to remember the following:

* **An organization's** structure predetermines its ability to develop technologies and business models or to harness the potential of existing ones.

* **Due to** its social-organizational structure, the Prosperity Formula predicts that the village model has built-in structural disadvantages that make it inferior to modern Ltd-era organizational structures (including that of the Kibbutz).

* **From a historical** organizational perspective, the village structure has served its purpose for human societies. However, maintaining it now will cause its residents more pain than happiness, as poverty will persist. Ultimately, these communities must either dissolve into cities that enhance Ltd-era organizations or transition into Ltd-era rural communities with higher economic and social integration levels, such as the Kibbutz.

In Israel, with the appearance of the superior Kibbutz models, all communities with village structures shifted to either becoming cities or remaining rural communities with far more intensive economic and social integration. This supports the validity of the Prosperity Formula and once again poses Israel of the early 20th century as a blueprint for what we can expect in other developing countries. Finally, we have the knowledge and ability to lead a well-planned change process and thus eradicate poverty instead of letting many decades pass with much more suffering before reaching its well-known end.

Mega-disruptive innovations stem from introducing novel, innovative social-organizational structures; now that we have the blueprint, formula, models, principles, and historically proved-working examples of executing such innovation, we should act, not react. Those components, together, present a roadmap for any organization, including impoverished rural communities, to improve themselves to higher levels.

By designing and transforming organizational structures, we can transform poverty into prosperity. From then on, riding poverty is not about technology or funds but merely sheer will, as the Israeli pioneers proved possible in 1910.

Empowering Communities. By embracing the Prosperity Formula, we can empower communities to thrive. This approach highlights the importance of social bonds and collective efforts in achieving long-term prosperity. It underscores the unbreakable link between economic growth and the sense of belonging and togetherness, which, when nurtured, fosters enduring prosperity. As we look to the future, remember that we hold the power and knowledge to create better societies. By focusing on economic and social integration, we can build a world where all enjoy prosperity and happiness.

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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

- **The outdated village structure** is the root cause of smallholders' poverty.
- **Transforming community structures** enables smallholders to achieve prosperity.
- **Mega-disruptive social structure** innovations drive historical shifts in prosperity.
- **Organizational structure** determines its members' potential prosperity.

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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, "[Why Social Events Sustain Kibbutz Life and Are Critical in Fostering Prosperity](#)"

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.

You can follow me on [LinkedIn](#), [YouTube](#), and [Facebook](#).

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