

## PARADIGM SHIFT BY COOPERATION SCIENCE – BUSINESS

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### Introduction

Early 2005 Transforum approved the proposal of Platform FloriLog and a group of scientific institutes to start a project called “FloriLog regie, development of the international orchestral competency in the horticulture sector”.

The objective of this project, co-funded by Productschap Tuinbouw, was to formulate an answer to the question:

*“How to transition the Dutch horticulture sector into a leading and directing role (orchestration) within a sustainable international service network?”*

as well as the

*“development of the international orchestration competency”*

itself.

Before the project started it already knew a lead time of three years in which the sector and scientific institutes developed the initial idea, which led to the application submission.

Now that the project is coming to an end, Transforum has invited INHolland University, in casu quo the academic institute on Food integrity and safety, to conduct a review of the project in the form of a business case. This document provides the textual part of this business case and is accompanied by video-snippets of participants.

This business case was written in a relatively short time frame based on both desk research of the outcomes of the project as well as personal interviews with the following project participants.

Organisation	Interviewees
Athena / VU	Mrs A.C. Hoes
Koninklijk Tuinbouwbedrijf Lemkes	Mr J.J.C. Lemkes
FloraHolland	Mr F.A. Olthof Mrs M. van Waadenoijen

A&F	Mr A.E. Simons
LEI	Mr G. Splinter
TransForum	Mr S. Mager Mrs A.C. van Altvorst
RijnConsult	Mr F. Engelbart

The first part of this report contains the main findings of the project in terms of concrete knowledge and opportunities.

The second part of this report contains the reflection of the interviews and lessons learned. Obviously it contains less concrete and tangible knowledge and is much more the result of personal opinions and statements of the interviewees. Its focus is on the *process* and less on the *content*, the observations can provide significant value for future projects.

### High level project overview

The main outcome of the FloriLog-regie project are the awareness that contrary to the previous general believe in the sector The Netherlands are not the *central pivot point* of the global horticulture and that, as a result of this, there is a major opportunity to expand business in *local to local markets*. In addition it has provided a clearer insight into the impact of internationalisation on the sector, into the opportunities for orchestration of physical flows and it has provided directions to the Dutch horticulture sector how she might achieve all this. Finally the project has strengthened relationships and initiated an important transition in the Dutch horticulture sector at large emphasising these points.

The project has been subdivided into three working packages:

- Internationalisation – WP1  
To provide a better understanding of the future developments with regards to internationalisation for individual organisations and the Dutch horticulture sector at large, in order to promote awareness and a common agenda.
- Concepts for orchestration – WP2  
Designing new, dynamic and market driven “Sustainable Innovative Logistical Concepts” for the collection of products with an international origin and supplying these to European consumers via buyers and traders. Contrary to WP1, WP2 focussed on the design and the calculation of these new logistical concepts.
- Organisational network models – WP3  
Developing organisational models for the orchestration of the Innovative Logistical Concepts of WP2, with an emphasis on truly understanding orchestrations and modalities for implementation.

The project has resulted in 21 deliverables, as described in the final report of the project, including the following three Position Papers:

- Network Orchestration in Global Business Networks: Towards Innovative Products and Responsive Chains in the Dutch Flower Industry
- Logistics Orchestration in the Ornamental Plant Supply Chain Network: towards responsive and differentiated demand-driven networks

- Organizing logistic networks: What new organizational forms to implement in Dutch horticulture?

The project has organised various events for larger audiences to present its findings, to receive input, to answer questions and to exchange ideas. These gatherings have strengthened the relationship between the project and the sector at large.

### **Results and deliverables**

The FloriLog project has demonstrated the opportunity for profits from a more efficient logistics as a result of the application of economies of scale by joining forces and increased collaboration. This will also enable opportunities for multi-modality of transport and the connection of remote areas.

The real impact of this project is the awareness that there is still a 62% market share of local production and consumption that waits to be integrated into a European network of Tradeparks, offering a combination of logistics, commerce, quality control and overall orchestration. This has been called: “Exporting the Dutch reputation” and providing it with a *couleur locale* by weaving it into local contexts.

These Tradeparks will elicit and result in the following:

- The Dutch nurseries will have the responsibility to offer a diverse collection with quality products. This will lead to an improved visibility and availability of their Dutch products towards European consumers.
- The Dutch traders will have the responsibility to enable and stimulate collaboration of and with similar traders (seize and breath of collection). For them there is still a 62% market share to gain. Additionally, collaboration will enable improved composition of collections at various locations throughout Europe, better access to remote areas and reduction of logistical costs as a result of larger volumes (economies of scale).
- The Dutch flower auction has a lot of responsibilities and opportunities. They have the challenge to create a European sourcing network, organising the international nurseries. They have to facilitate the market transactions financially, provide for actual physical space and act as the landlord of the Tradeparks, and promote systems innovation. They have a major challenge to promote, stimulate and realise ‘working the Dutch way’, the application of the ‘Open Market Trade system’. All what is regarded as common practice in The Netherlands, like specialisation of nurseries, quality control, use of containers, standardisation, cash management, can be introduced and applied abroad, ultimately leading to cost reduction and quality improvement. The Dutch flower auction has the opportunity to expand its business into the European realm.
- The Dutch transporters will have to provide for the physical transport and storage space. They will benefit from larger volumes, more cargo on their return journey, opportunities for alternative modalities of transport and a more stable pattern of freight resulting in increased predictability and hence reliability of transport.
- Finally, there is a potential role for logistic appliance providers, piggybacking on this European expansion.

## Results and deliverables in terms of 3P

The outcome in terms of 3P – Planet, People, Prosperity - may at first sight seem minimal. The reason for this is that this project was not set up to deliver short term and ready to implement solutions for optimising the logistic process. Still, the project is considered a success by the participants. This is due to the following.

Part of the long lead time of this project was a process between FloriLog and Transformum to decide on the nature of this endeavour. Was its main purpose a 'journey of discovery', an 'exploration into unknown territories' or was it more a regular project, to be managed accordingly?

Ultimately both parties agreed to give prevalence to a long term view with an emphasis on promoting and potentially facilitating a transition of the sector.

The initial promises that were encapsulated in the original project proposal, like reduction of CO2 and kilometres, improved knowledge transfer, growing labour opportunities, still hold, but their concrete realisation has not been a key deliverable of this project.

The awareness of the sector, the improved understanding of the opportunities, the ambition to continue this project into more concrete follow up projects and the overall increased trust between parties to intensify and synchronise their collaboration are major achievements of this project on their own and a clear demonstration that a sector transition has been initiated.

## Start of the project/ ownership / common agenda

Observations:

- Who have been the main drivers behind the start of the project and how has the project ~~had~~ come about.
- The project took a long time to get sufficient momentum. With hindsight several factors were mentioned:
  - Ownership of the project  
A project is owned by its participants and stakeholders. There were different expectations and reasons for participation.
  - Competition  
Competition and rivalry existed between project participants, both as direct competitors (two auctions, several traders) as well as indirect competitors (vertical business integration threat). Business versus Science  
Business and science need time to start singing from the same hymn sheet.

Project structure

The role and position of the Steering Group

- Do the participants share a common agenda and are they knowledgeable enough about each others intentions to participate. Partners need time to build trust and share with each other. A real synergizing energy daunted ~~only~~ in the course of the project. As several participants stated it: "It takes stamina to continue, to keep a firm belief in the positive outcome and to have faith to keep an eye on the long term perspective".

## Project management and structure

The project management structure, though complex, was not a real topic of debate during the interviews. The following observations were shared:

- The Steering Group exercised most influence and control during the start up and the ending phase. In between they led the Project Group do their work. Fact is, it worked.
- The role of the project leader. The project leader was characterised as careful, rather formal, with a relatively moderate level of ambition and using the informal channels of communication rarely. His main approach was to let the process have its own course – within boundaries –, re-activate participants when they threatened to fall too far behind and promote support from higher levels of the project hierarchy. The independence of the project leader is seen as a positive attribute.
- The project leader kept a very strict separation between the scientists and the business people. Composition of teams based on personality traits is a challenge and can both be conducive and frustrating – see also e.g. Belbin. Finding a balance between the right representation of the participating organisations and the synergy of individual characteristics of actors is difficult and involves a certain amount of luck. This is the classic confrontation of do-ers and thinkers, as described by a.o. Kolb. There is an important role here for the project leader. When friction between team members is used effectively it can lead to dialogue – provided there is sufficient trust between the participants – and innovation.

## Science and position papers

- The inclusion of scientists and the collaboration in this project between business and educational institutes/science institutes is one of the ‘conditio sine qua non’ of Transforum for funding the project.
- Scientists and market parties needed a long time to start working together. Several factors were mentioned:
  - Collecting (basic) data  
One of the business partners acknowledged that the scientists had to do a lot of work just to retrieve basic data, that were reliable enough to work with. In The Netherlands these data are available. Expectations about the availability of similar data in foreign countries were not met and hence required much more effort to generate with a sufficient level of reliability. This took a lot of effort from the scientists. One scientist made the remark: “When business partners comment that we could have provided the figures sooner, it signifies that at least they accept them as relevant and interesting”.
  - Communication  
Different modes of communication by the scientists generate and evoke different responses from business partners. Finding the right tone and mode of interaction was a learning process, which was also closely linked to the level of trust between all stakeholders.
  - Confidentiality  
The data that the scientific institutes presented were sensitive in the sense

that thinking and talking about the interpretation of the figures could have a major impact on the participants and their mode of collaboration.

- The distance between theory and practice  
The theoretic contents of the products of the scientists – in particular the position papers – had to be of a sufficient scientific level to be recognised as such by international peers and be acceptable for Transform. Yet at the same time, the business participants in the project were concerned that the scientific outcome would be too abstract and too distant from their own practice, making it relatively unusable. As Transform relaxed their requirements and business partners constantly demanded the scientists to make their outcomes relevant and tangible and both parties started a dialogue to contextualise the data, the distance was bridged.
- Research management  
The business participants did not really know what they wanted to know and hence they did not formulate the research questions themselves. Consequently, the scientists had little guidance, other than a document prepared by the project leader. Ownership of the research outcome was therefore not primarily with the business participants. Once the dialogue started to contextualise the data, ownership of the outcomes shifted to the business partners.
- Collaboration improved by contextualising the initial data.
- With respect to Sustainability, one could obviously suggest potential sustainability effects of new business models, like a reduction in CO2 emission through a decrease in transport, increased employability and the transfer of knowledge and competencies to other geographical areas. With respect to People it is fair to state that this project has a positive influence on the buy-in and acceptance by individuals of the innovative outcomes. A follow up project is a clear sign of action, that might otherwise not have been taken. Still, there lies a significant task to involve more stakeholders in the sector at large.

### **What defined success? Defensive versus Offensive**

- The initial conceptual context of the project was the awareness of a growing and increasingly international floral sector, the still dominant position of the Dutch, and a challenge to safeguard that dominant position using the opportunity of the decoupling of physical, information and financial flows which enables different operating models.
- The added value of science and the scientific institutes is that “it helps to stimulate thinking about the whole chain, not just one’s own position. It reduces the amount of politics in the debate”. Scientists have the opportunity to take a role in opening up a dialogue about sensitive topics and put more emphasis on a long term perspective.
- It seems that rather a few “unplanned and unintended” events created synergy, cohesion, a convergent agenda and energy and motivation to make the project a success.
  - The Hortifair was a critical moment in the lifetime of the project. While scientists presented their figures, business reacted that they already knew all

this. Relatively soon thereafter the project participants changed their collaboration and developments accelerated. The merger of the two initially distinct flower auctions into FloraHolland

- The awareness that The Netherlands are much less a pivot point of the international flower trade and
- The significant market opportunity for the Dutch flower sector with respect to the local-to-local markets abroad
- These last two items in a way changed the rather defensive character of the project into a much more offensive one. They generated opportunity, focus and a compelling story to the sector at large.

Delft, 230409