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The Digital Transformation of a Traditional Industry

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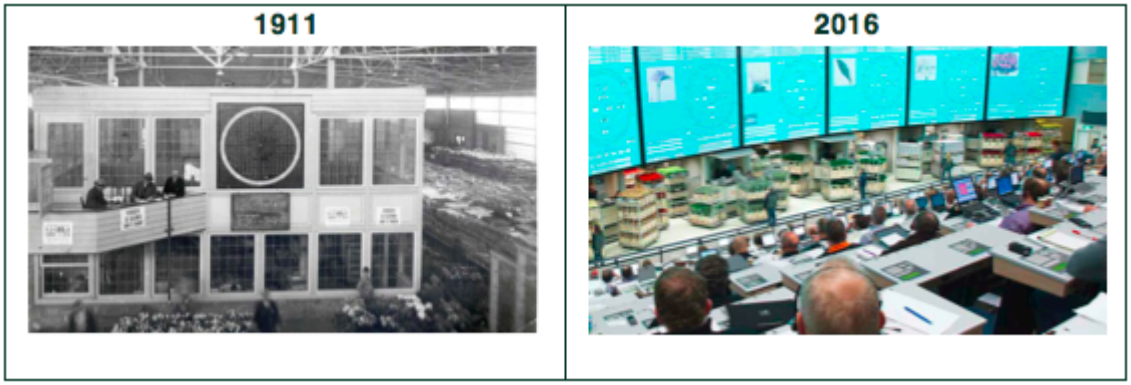
> By conducting an **agile transformation** in the horticulture sector, Royal FloraHolland creates new opportunities for its growers and customers. It provides valuable lessons for the organizations that seek to reinvent themselves in the digital age while keeping their business stable.

The Transformation of the Century

When a handful of Dutch flower growers decided to establish a cooperative more than a century ago, their goal was just to create better market conditions in the Netherlands. Today, Royal FloraHolland has a turnover of €4.5 billion and 4,600 members, an increasing number of whom are located overseas. Though the core mission of the cooperative remained the same - serving as an efficient marketplace for its members and customers – its strategy and infrastructure have evolved in accordance with the new sector conditions. **[Royal FloraHolland]** is not only the biggest horticulture platform in the world, but it also carries the responsibility to revolutionize the industry in a way that benefits growers, customers, service providers and consumers. For the leadership of the **[Royal FloraHolland]**, the answer was simple: **digitalization**.



Agility in Digital Transformation

However, digitalizing an entire industry is easier said than done. It’s much more daunting than to transform a single firm. The stakes are too high because thousands of players are involved, whose business interests are not necessarily similar. Moreover, they each has its "own way" of doing business, based on customs and relationships established several decades ago. Instead of going through an evolutionary process, [**Royal FloraHolland**] has chosen for the disruptive option: an agile method for the digitalization.



The purpose of the disruption is to digitalize the auction system. [**Royal FloraHolland**] has created a command center called "The Digital Greenhouse," where agile teams work together to produce various prototypes of the new digital auction in few weeks. User feedbacks are continuously brought in. The platform will soon be taken to the international level by implementing pilot projects in Turkey, where StratejiCo. consults [**Royal FloraHolland**]. By pursuing the main principles of the Agile methodology, while remaining flexible to meet the specific requirements of specific projects, the teams make significant progress in realizing the digital vision of [**Royal FloraHolland**].



Lessons for other organizations

[Royal FloraHolland] is an established not-for-profit cooperative that operates in a traditional sector. It serves as a prime example of deploying agility for cultivating innovative culture, without destabilizing the entire organization. Here are the main principles that can be applied to the organizations that aspire to do the same:

- **Have an honest diagnosis of your environment:** Before starting with the digitalization, **[Royal FloraHolland]** has analyzed the sector dynamics and tried to find answers to very basic questions like "why do we exist?", "what value do we provide to our members?", "how can we remain relevant while sector dynamics are rapidly changing?"
- **Define the vision:** the Agile methodology is best used for the projects where the organization has a vague definition of where it wants to go. For **[Royal FloraHolland]** management that vision was digitalization. "How" it will take place was to be explored step by step.
- **Communicate rigorously:** Communication with internal and external stakeholders reduces anxiety that erupts in every major transformation. **[Royal FloraHolland]** has a unique governance structure that provides its members with the ability to make their voices heard. The first step was to digitalize that structure to ensure that international members are also involved.
- **Learn by doing:** Gone are the days when detailed planning was put in place, only to hope that it will be implemented one day. The power of agile methodology comes from its "bias for action." It provides testable prototypes very quickly.
- **Feedback & Revision:** Involving the customers (or whoever will use the product) throughout the process and regularly incorporating their feedback in each iteration avoids the risk of wasting time and money for unnecessary investments.

Comment & Questions We would like to hear your thoughts on this report. Please get in touch with us.

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