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Strategic leadership reconstruction of SMEs in digital transformation

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Abstract: In the wave of digital transformation, small and medium-sized enterprises face unprecedented opportunities and challenges. Research on the path of strategic leadership restructuring reveals that entrepreneurial spirit is the core driving force behind the digital transformation of SMEs. Based on practical research and case studies, a leadership restructuring framework has been constructed, encompassing three dimensions: upgrading strategic thinking, enhancing organizational capabilities, and fostering innovation-driven development. The study shows that entrepreneurs need to possess forward-looking strategic vision, keen market insight, and sustained innovative capabilities during the process of digital transformation. It is essential to focus on talent cultivation systems, build learning organizations, and develop digital mindsets, which are crucial for enhancing the core competitiveness of SMEs in the digital economy era.

1. Introduction

The rapid development of digital technology is reshaping the global industrial landscape and business models. Accelerating digital transformation for small and medium-sized enterprises (SMEs) has become a trend of the times. In this context, strategic leadership in entrepreneurship faces new challenges, as traditional leadership styles and mindsets struggle to meet the demands of the digital age. By reconstructing strategic leadership, enhancing entrepreneurs' digital thinking and innovation capabilities, it holds significant practical importance for achieving high-quality development in SMEs. Based on extensive field research and case studies, this paper explores how entrepreneurs can reshape their leadership in digital transformation from multiple dimensions, including strategic positioning, organizational change, and innovation-driven development, providing new insights for the transformation and upgrading of SMEs.

2. Digital thinking reconstruction of strategic leadership

2.1 Entrepreneurs' digital cognition and strategic positioning

In the process of digital transformation of small and medium-sized enterprises, the cognitive level

of entrepreneurs directly affects the strategic layout and development direction. In the digital era, entrepreneurs need to establish a new thinking mode and deeply understand the far-reaching impact of digital technology on business model, value chain and customer needs. In terms of strategic positioning, entrepreneurs should be based on enterprise resources endowment and market environment, find the digital transformation, manufacturing small and medium-sized enterprises from the intelligent production line transformation, service enterprises can give priority to customer experience digital upgrade, entrepreneurs also need to have keen digital insight, good at discovering and grasp the new opportunities brought by the digital economy. An intelligent manufacturing enterprises through the introduction of industrial Internet platform, realize the real-time monitoring of production data, product yield 15%, production efficiency by 25%, the digital thinking change not only reflected in the technology application level, more important is entrepreneurs to establish data-driven decision consciousness, the digital concept into the enterprise strategic development process so as to realize the fundamental change of enterprise management mode [1].

2.2 Construction of the digital strategic decision-making framework

Digital strategic decision-making framework is an important support to realize the transformation and upgrading of small and medium-sized enterprises, the framework needs to cover strategic target setting, resource allocation optimization and implementation path planning three core link, strategic objectives should be based on enterprise actual, to fully consider the digital input cost, and to evaluate the expected benefits, to ensure that the target is feasible. In terms of resource allocation, resources should be priority to ensure key digital projects, reasonable allocation of human resources, establish special incentive mechanism, an e-commerce enterprises by building digital decision analysis system, the customer data, sales data and market trends, help enterprises in product development and marketing strategy formulation more accurate, sales to achieve 50% growth. The strategic decision-making framework should also include a risk prevention and control mechanism, to systematically assess and prevent potential risks such as data security, technology update and brain drain. Enterprises need to establish a dynamic adjustment mechanism, timely optimize the decision-making framework according to the changes in the internal and external environment, and ensure the flexibility and adaptability of strategic implementation.

3. Organizational support system for strategic leadership transformation

3.1 Organizational structure optimization and process reengineering

Digital age requires small and medium-sized enterprises to break the bondage of traditional hierarchical organization structure, establish flat, networked organization structure, organization structure optimization should focus on building across functional team, break departmental barriers, improve organization response speed, in terms of business process reengineering, enterprises need to focus on the key link of the value chain of digital transformation. In a precision manufacturing enterprise, for example, the enterprise will transform the original linear function system for matrix organization structure, set up the digital transformation project, project director across departmental coordination authority, in the production link, the introduction of intelligent manufacturing execution system, realize automatic order allocation, production schedule real-time monitoring, shorten the product delivery cycle by 40%. In terms of management process, the digital office platform unified work flow, simplify the approval level, improve operational efficiency, it is worth noting that organization structure optimization and process reengineering is not happen overnight, need to adjust in practice, to ensure that the new organization structure can adapt to the demand of digital transformation, real play efficiency [2].

3.2 Innovation of talent training and incentive mechanism

Talent is the core value driving force for the digital transformation of small and medium-sized enterprises, and it is very important to establish a scientific and effective talent training system and innovation incentive mechanism. In terms of talent training, enterprises should establish a hierarchical and multi-dimensional training system, focusing on improving the digital skills and innovative thinking of employees. A smart household enterprises launched "digital talent growth plan", according to different post design personalized learning path, using the way of combining online courses and practice project, cultivating digital talents, in terms of incentive mechanism, innovation using equity incentive, project dividends, the personal performance and enterprise digital transformation target. We need to establish a robust innovation fault tolerance mechanism, champion bold experimentation in digital initiatives, and offer innovators robust development platforms coupled with clear advancement pathways. We need to cultivate an open, inclusive cultural atmosphere that breathes innovation—ignite their creative potential through innovation labs and dynamic competitions, forging an organizational ecosystem that thrives on relentless reinvention.

3.3 Data-driven organizational decision-making mode

Data-driven decision-making has become a key factor for small and medium-sized enterprises to improve their competitiveness in the digital era. Enterprises need to establish a complete data collection, analysis and application system, and effectively integrate the data scattered in various business links. A new retail enterprises set up the enterprise data, integrated the sales, inventory, customer, supply chain and other multidimensional data, realize sales forecast accuracy by 30%, in the decision-making process, enterprises gradually formed data collection-analysis modeling-decision-effect feedback closed-loop mechanism, data analysis results directly guide product development direction, inventory optimization, marketing strategy and other key decisions, reduce decision-making bias. Enterprise also established the data asset evaluation system, continuous monitoring and optimization of data quality, to ensure the reliability of the decision basis, it is worth noting that data-driven decision is not completely negative the value of experience decision, but the organic combination of data analysis and entrepreneur experience wisdom, realize scientific decision and experience decision complementary advantages.

3.4 Cross-departmental coordination and resource integration

Digital transformation requires small and medium-sized enterprises to break down traditional departmental boundaries, achieving efficient resource collaboration. At the organizational level, companies establish cross-departmental project systems to promote deep integration among R&D, production, marketing, and other departments. A smart manufacturing company has introduced a collaborative office platform, digitally connecting product development, manufacturing, supply chain management, and other processes. It has established a unified information sharing mechanism. In terms of resource allocation, the company adopts a flexible resource allocation model, dynamically adjusting human and equipment resources according to project needs, thereby improving resource utilization efficiency. The establishment of a cross-departmental data sharing platform enables all departments to grasp relevant business data in real-time, quickly respond to market changes, and adopt agile development concepts in project management. Large projects are broken down into multiple smaller iterations, enhancing project execution efficiency. The company places great emphasis on knowledge management, systematically accumulating and solidifying the experiences and lessons learned from various departments during project implementation, forming replicable best practices[3].

3.5 Rebuilding of corporate culture and values

In the digital era, the reshaping of corporate culture and values is an important guarantee to ensure the success of the transformation. Enterprises need to build an open, innovative and dare to try cultural atmosphere, and encourage employees to break through the traditional thinking mode. A technical service enterprise put forward "innovation first, user first" new value concept, the innovative spirit into the enterprise DNA, enterprise set up innovation laboratory, encourage employees to put forward innovative ideas and rapid validation, form a virtuous cycle of innovation driven development, the enterprise also pay attention to cultivate employees digital thinking, digital literacy as an important indicator of employee assessment. In terms of corporate values, it emphasizes win-win cooperation and builds an open cooperative ecology. By holding innovation salons and technology sharing meetings, enterprises create an organizational atmosphere for continuous learning, establish a fault-tolerant mechanism, and adopt a more tolerant assessment method for innovation projects to reduce the resistance to employee innovation and stimulate innovation vitality.

4. The practical path of strategic leadership improvement

4.1 Planning and implementation of digital transformation projects

Digital transformation project planning needs based on enterprise actual situation phased goals and implementation path, in the project planning stage, the enterprise should conduct a comprehensive situation assessment, identify business pain points and digital opportunities, an industrial parts manufacturing enterprises in the planning stage thorough analysis of production efficiency bottleneck, determine the transformation direction of intelligent manufacturing as the core. The project implementation adopts the strategy of small steps and fast running, which divides large transformation projects into multiple executable sub-projects, and each sub-project cycle is controlled within 3 months to ensure rapid results. In terms of resource allocation, the enterprise sets up a special budget, and uses 20% of the annual budget for digital project investment. In the process of project execution, we need to establish a periodic evaluation mechanism to dynamically monitor progress and outcomes, while promptly adjusting strategies as needed. We need to prioritize risk management by developing contingency plans to ensure seamless project execution. At key milestones, we need to proactively advance initiatives and resolve emerging challenges decisively, thereby safeguarding implementation quality and achieving targeted objectives [4].

4.2 Cultivation and application and promotion of innovation ability

Innovative capability cultivation is key for small and medium-sized enterprises to maintain a competitive edge. Companies need to establish systematic innovation mechanisms, enhancing innovation capabilities from multiple dimensions such as organizational structure, talent development, and resource allocation. A tech company has set up an innovation lab, allocating 8% of its annual sales revenue to new technology research and development and incubation of innovative projects. In terms of talent cultivation, it has launched an innovative talent development program, selecting employees with potential for innovation for focused training and providing them with opportunities to practice innovative projects. The application and promotion of innovation outcomes are equally important. The company establishes an innovation project evaluation mechanism to quickly replicate and promote innovative outcomes with promotional value. During the promotion process, it emphasizes summarizing experiences and continuous optimization, forming a sustainable model of innovative development. Additionally, the company actively participates in the construction of industry innovation ecosystems, establishing innovative cooperation relationships with universities

and research institutes, leveraging external resources to enhance its innovation capabilities.

4.3 Entrepreneurship spirit and entrepreneurial orientation

Entrepreneurial spirit is the core driving force behind the digital transformation of small and medium-sized enterprises, manifesting as a strategic mindset that dares to innovate and adeptly seizes opportunities in the era of the digital economy. The founder of an intelligent equipment manufacturing company, facing the downward pressure on traditional manufacturing, decisively invested in smart manufacturing, transforming the company into an industrial internet solutions provider. The entrepreneurial spirit is reflected in strategic foresight and innovative breakthroughs, requiring a pioneering attitude in the wave of digitalization. The entrepreneurial orientation emphasizes maintaining an entrepreneurial spirit throughout the development process, discovering new market opportunities from an entrepreneur's perspective. Corporate leaders need to have the courage for rapid trial and error and iterative innovation, establishing an innovation tolerance mechanism during the digital transformation process, encouraging employees to boldly experiment with new technologies and models. The entrepreneurial spirit also manifests in resource integration capabilities, skillfully linking external resources to build an innovative ecosystem network, achieving effective allocation of innovation resources.

In the practice of digital transformation, entrepreneurship is also manifested in excellent risk control ability and continuous learning ability. Facing technology rapid iteration and market uncertainty, entrepreneurs need to establish a scientific risk assessment system, innovation control within a reasonable scope, an electronic manufacturing enterprises in promoting the construction of intelligent factory, the step by step implementation strategy, each stage set clear return on investment target, ensure that innovation into produce actual benefit, entrepreneurs also need to keep open learning mentality, actively participate in industry communication, grasp the technology development trend. Within the organization, it creates an innovative cultural atmosphere, transforms the innovative spirit into organizational genes, and forms a virtuous cycle of continuous innovation. The organic combination of entrepreneurship and entrepreneurship orientation provides a strong endogenous impetus for the digital transformation of small and medium-sized enterprises, and promotes enterprises to achieve leapfrog development in the era of digital economy [5].

4.4 Reconstruction of stakeholder relations

In the context of digital transformation, smes need to redefine their relationships with suppliers, customers, partners and other stakeholders. A cross-border electricity enterprise has established a digital supply chain platform, enabling seamless information sharing and business collaboration with suppliers. This innovation constructs a fully visualized supply system spanning entire operational links. In customer relations, the enterprise leverages digital technologies to deepen interactive engagements, crafting personalized service frameworks that significantly enhance user experiences. Through its digital platform, the enterprise fosters synergistic partnerships, cultivating strategic alliances that amplify competitive advantages through resource complementarity. In terms of industrial ecological construction, enterprises actively participate in industry digital standards, promote industrial chain upstream and downstream digital collaboration, enterprises also pay attention to establish new cooperation with financial institutions, using supply chain financial innovation mode, solve the financing problem, this based on digital stakeholders relationship reconstruction, effectively improve the enterprise resource acquisition ability and market competitiveness [6].

4.5 Performance evaluation and continuous improvement

Digital transformation needs the support of a scientific performance evaluation system to ensure the achievement of the transformation goal. An intelligent manufacturing enterprise has established a multi-dimensional evaluation index system including digital application level, innovation ability, operational efficiency and so on. In concrete implementation, the strategic objectives into quantifiable key performance indicators, establish monthly, quarterly, annual multi-level evaluation mechanism, performance evaluation results directly related department assessment and personal incentive, form a positive incentive mechanism, enterprise attaches great importance to the application of the evaluation results, regular improvement meeting, to evaluate the problems found improvement plan. In terms of continuous improvement, enterprises adopt agile improvement methods, quickly respond to market changes and customer needs, establish benchmarking learning mechanism, regularly standard industry best practices, constantly optimize the digital transformation path, pay attention to employee feedback, establish a suggestion collection and rapid response mechanism, and promote the continuous progress of the enterprise.

5. Conclusion

Under the background of digital transformation, the strategic leadership reconstruction of smes is a systematic project, and entrepreneurs need to make all-round upgrading in digital thinking, organizational change and innovation drive. By establishing a robust talent development system, optimizing organizational structures, cultivating an innovative culture, and fostering data-driven decision-making mechanisms, enterprises can significantly enhance their competitiveness. Entrepreneurship remains the pivotal factor in ensuring successful transformation. Looking ahead, leaders of small and medium-sized enterprises must continually embrace learning and innovation, seize opportunities within the digital revolution, and steer their enterprises toward sustained, healthy growth.

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