# Embracing digital transformation: The importance of relationships in SMEs



Recent research indicates that small and medium-sized enterprises (SMEs) must embrace digital transformation not only by adopting new technologies but by strengthening internal relationships to remain competitive in an increasingly digital economy. The study, a result of an 18-month collaboration between the University of Leeds and the University of the West of England, was funded by the British Academy and highlights the significant challenges SMEs face in keeping pace with larger companies in terms of digital innovation.

The findings reveal that while the acquisition of technical skills and digital tools plays an essential role in transformation, the relational dynamics—such as building trust, securing buy-in from team members, and aligning organisational efforts—are equally vital. The study involved insights from 77 SME practitioners across the Northwest and Southwest of England who took part in various digital upskilling programmes. It was discovered that successful implementation of digital change was closely tied to effective relationship management.

“Digital transformation is not just a technical challenge—it’s a relational one,” remarked Dr Selen Kars-Unluoglu, the lead researcher on the project, speaking to Talk Business. This underscores a growing recognition that the human element is critical in driving sustainable digital change within organisations.

To assist SMEs in navigating their digital transitions, the research team, comprising Dr Selen Kars-Unluoglu, Dr Alex Kevill, and Dr Mariana Estrada-Robles, developed what is known as the ADAPT model. This practical framework delineates five pivotal dimensions essential for successful digital transformation:

1. **Agency**: Encouraging individuals within the organisation to take ownership and build confidence in their digital initiatives.

2. **Destination**: The establishment of a clear vision and actionable goals for digital projects.

3. **Association**: The creation of a supportive network and collaborative environment within the organisation.

4. **Progress**: Recognising and celebrating incremental achievements to cultivate momentum and engagement.

5. **Tapestry**: The vital task of integrating new technologies with existing systems and processes to ensure seamless operation.

The ADAPT model is designed to empower SME leaders by intertwining technical competencies with relational strategies, thereby embedding digital transformation into the very fabric of their organisations.

The ramifications of this research extend beyond internal organisational dynamics. Digitalised SMEs reportedly experience growth rates twice that of their non-digitised counterparts, exporting twice as much and generating double the number of jobs. Consequently, government initiatives—such as Skills Bootcamps and AI Upskilling funds—are critiqued for focusing predominantly on technical training, lacking a holistic approach that promotes collaboration and embeds digital competencies within organisational culture.

For further insights into implementing the ADAPT model, which includes a range of resources such as video explainers, podcast episodes, and blog posts, interested parties are encouraged to refer to the project's official webpage.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://business.leeds.ac.uk/directory_record/2085/mind-the-gap-investigating-the-transfer-of-digital-capabilities-from-the-classroom-to-the-business-in-smes> - This link corroborates the details of the research project, including its duration, funding, and the involvement of the University of Leeds and the University of the West of England. It also highlights the challenges SMEs face in digital transformation and the importance of relational dynamics.
2. <https://business.leeds.ac.uk/dir-record/research-blog/2359/digital-transformation-in-smes-why-relationships-matter-as-much-as-technology> - This link supports the findings that relationships are as crucial as technology in digital transformation for SMEs, and it mentions the collaborative research between the University of Leeds and the University of the West of England.
3. <https://business.leeds.ac.uk/directory_record/2085/mind-the-gap-investigating-the-transfer-of-digital-capabilities-from-the-classroom-to-the-business-in-smes> - This link provides information on the research team, including Dr Selen Kars-Unluoglu, Dr Alex Kevill, and Dr Mariana Estrada-Robles, and their focus on digital capability development in SMEs.
4. <https://business.leeds.ac.uk/dir-record/research-blog/2359/digital-transformation-in-smes-why-relationships-matter-as-much-as-technology> - This link explains the importance of relational dynamics, such as building trust and securing buy-in from team members, in the successful implementation of digital change in SMEs.
5. <https://business.leeds.ac.uk/directory_record/2085/mind-the-gap-investigating-the-transfer-of-digital-capabilities-from-the-classroom-to-the-business-in-smes> - This link details the ADAPT model developed by the research team, which includes dimensions such as Agency, Destination, Association, Progress, and Tapestry for successful digital transformation.
6. <https://www.innovationgrowthlab.org/sites/default/files/IGL%20Working%20Paper%2022-01%20James%20Phipps%20and%20Rob%20Fuller.pdf> - This link supports the idea that digitalised SMEs experience better growth rates, export more, and generate more jobs, and it discusses various policy approaches to support digital adoption in SMEs.
7. <https://www.innovationgrowthlab.org/sites/default/files/IGL%20Working%20Paper%2022-01%20James%20Phipps%20and%20Rob%20Fuller.pdf> - This link critiques government initiatives for focusing predominantly on technical training and lacking a holistic approach that includes collaboration and embedding digital competencies within organisational culture.
8. <https://business.leeds.ac.uk/directory_record/2085/mind-the-gap-investigating-the-transfer-of-digital-capabilities-from-the-classroom-to-the-business-in-smes> - This link mentions the funding by the British Academy and The Leverhulme Trust, which supports the financial aspect of the research project.
9. <https://business.leeds.ac.uk/dir-record/research-blog/2359/digital-transformation-in-smes-why-relationships-matter-as-much-as-technology> - This link provides insights from SME practitioners across the Northwest and Southwest of England who participated in digital upskilling programmes, highlighting the importance of effective relationship management.
10. <https://www.innovationgrowthlab.org/sites/default/files/IGL%20Working%20Paper%2022-01%20James%20Phipps%20and%20Rob%20Fuller.pdf> - This link discusses the stages of technology adoption by SMEs, including awareness, seeking information, decision to adopt, embedding the technology, and determining continued use, which aligns with the broader context of digital transformation.
11. <https://business.leeds.ac.uk/directory_record/2085/mind-the-gap-investigating-the-transfer-of-digital-capabilities-from-the-classroom-to-the-business-in-smes> - This link explains the theoretical and methodological approach of the research project, including the investigation of enablers and barriers to transferring digital capabilities from individual to organisational levels.
12. <https://www.talk-business.co.uk/2025/01/07/the-key-to-digital-transformation-for-smes-building-strong-relationships/> - Please view link - unable to able to access data