

• *Case Study* •

Project practice and reflection on STR Digital Transformation Companion Model

Taking the Digital Transformation of a Private Enterprise Group as an Example

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Abstract: With the continuous development and practice of new generation emerging technologies, digital transformation has become a prominent field. Every enterprise must face the challenge of digital transformation, among which the core challenge of digital transformation is to implement successful delivery. In many research and practical literature, we have found that there are many factors that contribute to the failure of digital transformation, but there are few literature or models on how to make digital transformation successful. Dr. Yin Haijiang led a team to serve a group enterprise with an annual revenue of 5 billion yuan in digital transformation. With the help of the STR digital transformation accompanying model, the company has effectively implemented and successfully delivered 30+ digital transformation projects at the strategic and functional levels over the past three years. I hope this article will focus on the construction process and practical experience of the STR digital transformation companion model, systematically and completely analyze the successful experience of the model, and bring the best practice experience sharing for more enterprises' successful digital transformation. The STR digital transformation accompanying model is based on Dr. Yin Haijiang's successful digital transformation practice in serving a certain enterprise group for three years, and is innovatively constructed around the core goal of the digital transformation project, "strategic realization". Dr. Yin Haijiang led the team to use the Organization Running Companion model to promote the full process of how digital technology empowers strategic implementation, and successfully delivered over 30 digital transformation projects for the enterprise group.

Keywords: Digital transformation; Organization running companion; Strategy implementation; Innovation

1 Introduction

Since the COVID-19 in January 2020, the digital transformation of global enterprises has accelerated. The urgent problem is the success rate of digital transformation projects. According to data from the globally renowned consulting firm McKinsey, the success rate of digital transformation projects worldwide is only 28%, leading to a lack of confidence among companies implementing and driving digital transformation projects.

For Chinese enterprises, digital transformation has always been a catch-up, which is determined by China's national conditions. Because China's industrialization time is too short, and Western countries have had much more industrialization development than China, it is normal for companies to feel dizzy, difficult, and trapped in the new normal of digital transformation.

The proposal of digital transformation originates from the innovation and application of digital technology today. For example, the application of big data technology, with the help of artificial intelligence technology, models and analyzes data based on business development or enterprise needs, forming big data to empower enterprise operations. For example, artificial intelligence, cloud computing, etc. all belong to the category of digital technology.

So, what is the global definition of digital transformation? The International Digital Capability Foundation (IFDC) is a non-profit organization

renowned

internationally for its impartiality. They organize experts, entrepreneurs, and other professionals in the digital field to discuss and research together, proposing the VeriSM model of digital transformation, namely the Digital Transformation and Innovation Management Model. The definition of digital transformation is the transformation brought about by the application of digital technology at all levels of the organization, including sales, marketing, products, services, and even new business models.

I strongly agree with the definition of digital transformation provided by the IFDC International Digital Capability Foundation, which is currently a relatively clear and accurate definition. So, what is China's definition of digital transformation?

In October 2021, the China Electronics Standardization Research Institute under the Ministry of Industry and Information Technology organized experts, scholars, entrepreneurs, and digital transformation suppliers from various directions of digital transformation across the country to gather in Wuxi for two days to discuss the definition of digital transformation for Chinese standards. The author had the honor to participate in this discussion.

After discussion and research by members of the national expert group, digital transformation is defined as the organization's use of digital technology to restructure and innovate products

and services, production methods, management methods, or business models.

With global and Chinese definitions of digital transformation, we propose the following keywords:

(1) The characteristic of digital transformation is to utilize digital technologies, including but not limited to big data, artificial intelligence, cloud computing, etc.

(2) The core of digital transformation is the reconstruction of business models or empowering various value chains of enterprises.

(3) The key to digital transformation is change, enabling digital technology to empower change through innovative means.

(4) The essence of digital transformation is the construction of new capabilities after a completely new business model.

At this point, the author hopes to align with fellow entrepreneurs that digital

transformation is not mysterious or complex, and there are elements that can be achieved.

The VeriSM Digital Transformation and Innovation Management Model proposed by the International Digital Capability Foundation further clarifies the types of digital transformation, which are divided into three categories for reference:

(1) Digital optimization. Empower digital technology for specific parts of the enterprise value chain, including marketing digitization, supply chain digitization, and more.

(2) Digital transformation. Empowering digital technology for the overall value chain of enterprises, taking unmanned factories in

industrial enterprises as an example.

(3) Digital disruption. In response to the disruptive innovation of enterprises, through business model innovation and the use of digital technology, the industrial ecology of the enterprise undergoes a disruptive change, with Netflix and Disney shifting from traditional offline business delivery to online delivery as the main focus.

Since 2019, the author has been leading a team of Organization Running Companion to serve a private enterprise group in China for strategic transformation. As the group enterprises belong to the retail industry, under the background of e-commerce competition and the COVID-19, the pressure of successful strategic transformation is enormous. Therefore, after listening to the suggestions of my team's digital technology empowerment strategy transformation, the group executives embarked on a three-year journey of digital transformation.

In the past three years, the author and team have successfully delivered over 30 digital transformation projects with the help of Organization Running Companion. We have identified the key points for successful digital transformation delivery, which we will share with you through this article.

Firstly, what are the reasons why 78% of enterprises fail in their digital transformation? Most enterprises' unsuccessful digital transformation stems from a lack of strategic planning. One of the key factors for the failure of digital transformation is the lack of empowerment strategy, even if there are advantages

in the local area, without empowering key business development or improving enterprise efficiency through digital technology.

In 2019, during a strategic transformation discussion between the Organization Running Companion team and corporate executives, it was proposed that the company should undergo a comprehensive digital transformation. However, this was opposed by the client CEO.

The CEO said, “Teacher Haijiang, I don’t quite agree with our company’s overall digital transformation. On the one hand, our size is too large and the transformation risk is high. Taking Suning as an example, the company’s courage is commendable, but the risk of operating digital transformation is too high and the success rate is too low. On the other hand, digital transformation requires a matching team. Our company’s person-

nel not only have digital capabilities, but also have room for improvement in information technology capabilities, so I oppose it.”

I think carefully, yes! Is the overall digital transformation of enterprises disruptive and sustainable? This sentence is not easy to understand, and the difficulty and challenge are indeed enormous.

The CEO of the client continued, “However, Teacher Haijiang, I support your suggestion that digital transformation should empower the strategy. Therefore, when our company wants to do digital transformation, we should start from the top priority departments on the one hand, and on the other hand, I agree that it is right and necessary to make a list of digital transformation first, diagnose and analyze it before making a decision.”

The above conversation is true and effective.



Figure 1: STR digital transformation accompanying model

In the process of accompanying clients for strategic transformation, the company will initiate digital transformation projects as “technology empowerment” projects, launching up to ten digital transformation projects and as few as five or six each year, and successfully delivering them. Up to now, the customer is very satisfied, and our Organization Running Companion team is also very satisfied.

On this basis, the author and team have summarized the successful experience of serving customers in digital transformation projects over the past three years, and summarized and refined the STR digital transformation companion model.

The STR digital transformation accompanying model is shown in the figure 1:

The core of the STR model lies in the successful delivery of digital transformation projects, which can be driven and implemented in three steps to achieve significant success.

Here, we once again align the three types of digital transformation management practices with the paradigm of entrepreneurs in this enterprise group, namely:

1.1 Digital optimization

Digitally empower a certain module of the enterprise value chain to solve efficiency and effectiveness issues. For example, in 2020, the customer initiated the “Cloud POS Project” for financial digital optimization. As a retail enterprise, the high labor cost is mainly due to the presence of cashiers. Through the implementation of the Cloud POS project, labor costs have been greatly

reduced and efficiency has been greatly improved. Although the cloud POS project may seem small, the effect is very significant, enhancing customers’ confidence in the success of digital transformation.

1.2 Digital transformation

In June 2022, the customer launched an online department store model, with over 300 brands and more than 20000 SKUs going live, marking the beginning of the enterprise’s journey towards digitalization.

1.3 Digital disruption

Digital disruption belongs to disruptive innovation, which requires innovative

business models based on future trends. Both customers and profit models will undergo significant changes. Due to the involvement of client confidentiality, this article will not elaborate further, but the client’s journey of innovation has already begun.

2 Research Theory

The STR digital transformation companion model is based on the innovative practice of 100% successful delivery of digital transformation projects. The model consists of three parts, and the implementation sequence must be continuous to be effective.

Specifically, as follows:

The first step of this model is the digital transformation strategy blueprint, which extracts the first letter S from Strategic. McKinsey data shows that 78% of digital transformation projects

fail, with one of the core reasons being the lack of strategic focus at the beginning of project initiation. The consequences are either a lack of resource support or the fact that the more successful a digital project becomes, the less favorable it is for strategic implementation.

Therefore, we believe that the first step towards the success of digital transformation projects must start from a strategic perspective and be based on consumer demand.

The second step of this model is the digital technology empowerment strategy blueprint, extracting the first letter T from Technology. Digital technology, starting from practical experience and practice, must revolve around strategic implementation. According to data from the globally renowned digital transformation authority Gartner, one of the reasons why most enterprise digital transformation projects fail is that digital technology and strategic blueprints are not closely integrated, leading to a lack of connection between digital technology leading projects and strategy, resulting in digital technology not providing personalized services for enterprise digital transformation projects.

The third step of the model is to accompany the key tasks of the digital project and extract the first letter R from Run. The success of digital transformation projects includes both technological factors, namely the personalized integration of digital

technology and strategic blueprints, and organizational factors, namely that digital transformation must be closely integrated with organizational

change, with human factors in the enterprise becoming the key. With the help of the Organization Running Companion model, key tasks of digital transformation can be implemented one by one, and the entire process of digital transformation projects can be accompanied, ensuring 100% success of digital transformation projects.

3 Research Method

3.1 Case study method

Case study method, also known as case history method, refers to the continuous tracking and investigation of an individual, a group, or an organization over a long period of time, in order to study the entire process of their behavioral development and changes. It includes collecting and recording one or several case materials, and writing a case report.

Case studies generally conduct a comprehensive and in-depth examination and analysis of some typical characteristics of the research object. In most cases, although case studies focus on one or a few individuals as research subjects, this does not rule out generalizing the research results to general situations, nor does it rule out applying them in practice after comparing cases.

The STR digital transformation companion model is an innovative model, therefore verifying its effectiveness has become a key indicator. The success of this article lies in the use of case study method to dissect how a company with a revenue scale of 5 billion successfully delivered 30+ digital transformation projects in three years. The case

study method is particularly helpful.

4 Case Study

In this case, the group enterprise has delivered over 30 digital transformation projects of various sizes in the past three years, all of which have been successfully implemented with 100% success. The reason behind this is the adoption of the STR digital transformation accompanying model.

This model has been implemented in the enterprise for three years, and detailed information can be reported to everyone:

Firstly, the issue of digital strategic blueprint. At the beginning of serving the group's corporate strategic transformation, there are two decision-making challenges.

4.1 Challenge 1

Conducting digital transformation and complete strategic transformation, carrying out disruptive innovation, transforming from traditional offline retail enterprises to online enterprises, poses enormous challenges, consumes huge funds, and is extremely difficult.

4.2 Challenge 2

Based on the actual situation of the group enterprise, carry out digital transformation optimization and transform from the most urgent needs of the current business.

After a collective discussion with the client's executive team, especially the CEO, who believed that disruptive innovation posed too many

challenges, the final decision was to optimize the digital transformation model, based on the digital transformation blueprint.

Secondly, there is a strategic blueprint for empowering digital technology. In the optimization and promotion of digital transformation in the group enterprise, the application of digital technology must revolve around strategic implementation as the only standard, and the initiation and implementation of digital projects cannot be based on the maturity or innovation of digital technology, that is, the application of digital technology cannot be carried out for the purpose of digital transformation.

This principle has effectively become the key to the success of the group's digital transformation, on the one hand avoiding wastage of funds, and on the other hand making the digital transformation of the group's enterprises closely revolve around the strategic blueprint.

Finally, the key tasks of the digital transformation project will be promoted through the use of the Organization Running Companion model. The success of digital transformation projects depends not only on the strategic blueprint but also on the implementation. The challenge in implementation lies in the fact that the group enterprise has been established for 25 years, the organizational structure is bloated, and personnel are trapped in the disease of large enterprises. Therefore, adopting the coaching method of Organization Running Companion model effectively promoted

the success of the enterprise's digital transformation project.

In the promotion of the digital transformation project of the group's enterprises, many problems have also been encountered, including technical and non-technical factors. However, due to the adoption of a Organization Running Companion mode, the saturated time investment has laid the foundation for the success of the project, winning more possibilities for the success of the 30+digital transformation projects.

5 Discussion

The success of digital transformation projects must address three issues: WHY- WHAT-HOW. Among them, most enterprises can easily solve the WHY problem under the trend of internal and external environmental changes, while the WHAT problem belongs to the personalized problem of enterprises and is obtained from practical experience. Therefore, digital transformation projects must be tailored to each enterprise and case, and personalized decision analysis must be conducted. The HOW issue belongs to process management in digital transformation projects, therefore, the coaching approach with a Organization Running Companion the model is very suitable.

In this case, the external digital transformation accompanying coach ensured the success of the group's digital transformation project from the three major issues of WHY-WHAT-HOW, focusing on details and granularity.

Behind McKinsey's analysis that the success rate of digital transformation is only 28%, it is because many companies have overlooked a key element in the process of digital transformation:

process management, which has led to project failures.

When sharing the definition of digital transformation in the first part of this article, we have already explained that the core of digital transformation lies in transformation and innovation of business models. In the process of change and transformation in every enterprise, internal factors often become key obstacles.

In the previous section, we introduced the management practices of digital technology in China over the past five years. Due to the vast Chinese market and mature application of digital technology, most enterprises' digital transformation cannot be successful due to non-technical factors, but rather internal obstacles encountered in organizational change.

Based on the author's practical experience in digital transformation, it is easy to initiate and implement digital transformation projects, but the key lies in the interference of non-technical factors. Therefore, it is very appropriate to use the Organization Running Companion model to solve non-technical factors in the process of digital transformation.

The ultimate goal of digital transformation projects is still project management, and any obstacles encountered in project management will also be encountered in digital transformation projects. However, with the entry and support of external digital transformation coaches, many organizational issues will be easily resolved.

Don't underestimate the accompanying actions during the implementation of digital

transformation projects, as this is a key factor in determining the success of each enterprise's digital transformation landing.

The successful practice of the STR digital transformation accompanying model has effectively solved the four major problems of the lack of systematic, personalized, process management, and strategic implementation in the process of enterprise digital transformation, providing the latest and best management practices for the successful delivery of enterprise digital transformation.

6 Achievements

Through the promotion of the three-year digital transformation accompanying project, although the group enterprise is in the retail industry, under the attack of the COVID-19, it still opened two department stores and two supermarket stores against the trend, and the group thrived under the background of the digital empowerment strategy.

At present, the digital transformation project implemented by the group has become one of the organizational strengths of the enterprise, which is also the best management practice for coaches to adopt the STR digital transformation accompanying model.

7 Conclusion

Based on the practice of the STR digital transformation accompanying model in over 30 projects of a certain group enterprise, the following conclusions can be drawn:

- Digital transformation is a systems engineering that must be approached from

a strategic perspective, starting from the blueprint of digital transformation strategy.

- The necessity of digital transformation is beyond doubt, and the key is to personalize the definition and purpose of digital transformation projects in different enterprises and development stages.
- In addition to being based on the strategic blueprint, the key to digital transformation lies in the process management of implementation, and having Organization Running Companion us is one of the effective ways.

Of course, there are still many areas worth researching and improving in the STR digital transformation accompanying model. Specifically, as follows:

- The establishment, validity, and reliability of the relevant factors of the STR model need further research and analysis to verify the feasibility of the model in a more scientific dimension.
- The STR model in enterprise practice heavily relies on the professional ability of the Organization Running Companion Coaching team, and how to replicate it is the key task for the next practice.
- The STR model needs to be practiced and validated in more enterprises, and more cases and data are needed for research.

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Availability of Data and Materials

The authors confirm that all data generated or analyzed during this study are either collected by the authors themselves or derived from the published articles cited in the references.

Conflicts of Interest

The authors declare that they have no conflicts of interest to report regarding the present study.

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