FOUNDER-ENABLED DESIGN LEADERSHIP CONSTRUCTION: A MULTI-CASE STUDY OF CHINESE SMES

Shiyi LI[1]
[1]Central Academy of Fine Arts, China

ABSTRACT
This study investigates design leadership formation and implementation mechanisms from a power configuration perspective. Through a multi-case study of six design-driven small and medium-sized enterprises (SMEs) in China, it identifies three stable design leadership modes: Involve, Match, and Empower. The findings reveal that founder design awareness and proficiency—encompassing understanding of product design and user experience—determines whether design leadership can emerge and influences which mode is adopted, while external factors such as industry competition intensity affect implementation effectiveness. SMEs must dynamically adjust their design leadership modes across different development stages to sustain innovative vitality. This study proposes a "power-capability-innovation" framework, demonstrating that power serves as a catalyst for transforming design capabilities into organizational innovation outcomes. By elucidating power configuration mechanisms in resource-constrained contexts, this research extends design leadership theory and provides actionable guidance for SME founders in building design-driven innovation capabilities.

Keywords: Design Leadership, Founder Role, Power Configuration, SMEs

1 INTRODUCTION

1.1 The Rise of Design-Driven Innovation in China

Under the dual drivers of global digital transformation and sustainable development, design has emerged as a core engine of enterprise innovation. As the world's largest manufacturing hub, China is undergoing a historic shift from "Made in China" to "Created in China." Since the 2008 Beijing Olympics, the country's design industry has entered a golden era, producing benchmark enterprises that leverage design as a strategic driver of innovation. Companies such as Xiaomi, NIO, and BYD have redefined industry standards through design thinking, earning international acclaim. Their success demonstrates not only that exceptional design capabilities can secure competitive advantages, particularly in China's rapidly evolving consumer market, but also reveals their ability to elevate design to the organizational core to drive product innovation—reflecting the successful integration of design and leadership at critical stages of enterprise development.

Notably, Chinese SMEs in niche markets are also achieving breakthroughs through design innovation. For instance, the mother and baby brand Babycare has become an industry leader through superior user experience design, while the household tool brand HOTO redefines traditional tools with aesthetic appeal, exporting to over 50 countries. Research from Professor Tong Huiming's Design-Driven Brand (BDD) platform highlights design leadership as a key success factor in these enterprises[1]. However, systematic studies on how design leadership forms, evolves, and sustains innovation in organizations— particularly the role of founders—remain limited. These emerging Chinese design-driven SMEs thus provide ideal cases for examining the formation of design leadership from its inception.

1.2 Research Questions

Although design-driven innovation theory provides a foundation for understanding the strategic value of design, existing research primarily focuses on design methodologies and rarely explores organizational-level implementation mechanisms [2]. Cases where designers serve as founders are

particularly prevalent in design-driven brand studies [3]. Such cases of founder-enabled design leadership raise critical questions about how SMEs configure design decision-making authority and build design capabilities.

This study focuses on two key questions:

- How is design leadership formed and implemented in design-driven SMEs?
- How does design leadership dynamically evolve with enterprise development?

2 THEORETICAL FOUNDATIONS

2.1 Founders and Upper Echelons Theory

Hambrick and Mason's upper echelons theory posits that the backgrounds, experiences, and values of executive teams influence strategic choices [4]. In SMEs, founders often serve as chief executive officers (CEOs), making their influence particularly significant. They act not only as strategic architects but also as shapers of organizational culture and key decision-makers in resource allocation. Consequently, founders' perceptions and attitudes toward design directly shape its status and role within the organization.

2.2 Design Leadership: Shifting Perspectives from Capability to Power

Early research viewed design leadership as a personal trait of design team leaders or as an organizational capability specific to certain industries [5], [6], [7]. However, this perspective lacks explanatory power in service sectors where design's role was initially underappreciated. For instance, the Airbnb founder's design background was a key factor enabling the early application of design thinking to business model innovation, as designers more readily develop user empathy, leading to more accurate understanding of user-centered products [8]. Bucolo and Matthews positioned design leadership as a vital component of organizational capability, emphasizing its role in identifying growth opportunities through deep user insights and providing SMEs with a pathway to sustainable growth through design [9]. However, these definitions fail to address a fundamental prerequisite for design leadership to emerge: the critical dimension of power configuration. For example, Apple's Chief Executive Officer (CEO) Steve Jobs elevated Jonathan Ive from Senior Vice President of Design to Chief Design Officer (CDO), making him the third C-level executive after the CEO and Chief Financial Officer (CFO), thereby significantly enhancing his influence within the company [10]. Leadership itself is a key element of organizational innovation [11], and design thinking has been widely accepted in business as a strategic organizational resource [12]. However, integrating design and leadership in practice often overlooks the critical consideration of power sources—a gap that serves as the starting point for this study.

This study defines design leadership as an organizational capability whereby, through specific power configuration mechanisms, design thinking systematically influences strategic decision-making and drives sustained innovation. This definition emphasizes the interconnections among power sources (founders), configuration mechanisms (the ways in which design managers obtain leadership authorization), and the organization's demand for design capabilities. It deconstructs design leadership into a complete chain of action: with power configuration as the prerequisite, organizational design capability as the core entity, and sustained innovation as the ultimate goal. This forms the basis of the "power-capability-innovation" analytical framework proposed in this study.

2.3 Dynamic Capabilities and Contextual Fit

Teece's dynamic capabilities theory emphasizes that enterprises must adapt and reconfigure resources in response to environmental change [13]. Accordingly, the formation and evolution of design leadership (as an organization capability) represent manifestations of an enterprise's dynamic capabilities. Their implementation paths are influenced by both internal and external contexts. Internal contexts include factors such as the founder's background, team composition, and development stage, while external contexts are shaped by the specific industry niche, encompassing—but not limited to—technological environments, market competition, and user demands.

3 METHODOLOGIES

3.1 Field Study

This study employs a multi-case research approach, using purposive sampling to select representative enterprises and explore the connections between design performance and enterprise leadership composition. The selection criteria are as follows:

- Clear evidence of design-driven innovation (e.g., design awards, patents, or market recognition).
- Growth-oriented enterprises established for at least eight years.
- Diversity in industries, founder backgrounds, and current forms of design leadership.

Over a two-year period, the authors examined and analyzed 10 cases from the BDDWATCH case library, ultimately selecting six design-driven enterprises as the final research subjects. Data collection involved in-depth interviews with founders and key design managers, as well as on-site enterprise visits (see Table 1). This was supplemented by archival materials, including design specification documents, organizational charts, product development records, media reports, and industry reports, to ensure the analysis's comprehensiveness and reliability.

Table 1. Overview of Case Companies

Case	HQ	Size	Products	Founder Background	Years Established	Design Participation
A	Hangzhou	Small	Medical Devices	Medical Doctor	12	High-Low
B	Shanghai	Medium	Household Tools	Design	8	High-Mid
C	Hangzhou	Medium-Large	Maternal & Infant Products	Design	10	High-Mid
D	Shanghai	Medium	Pet Supplies	Art & Sales	9	High
E	Beijing	Medium	Household Appliances	Supply Chain	10	High-Low
F	Shanghai	Medium	Coffee Utensils	Engineering	12	Low-Mid

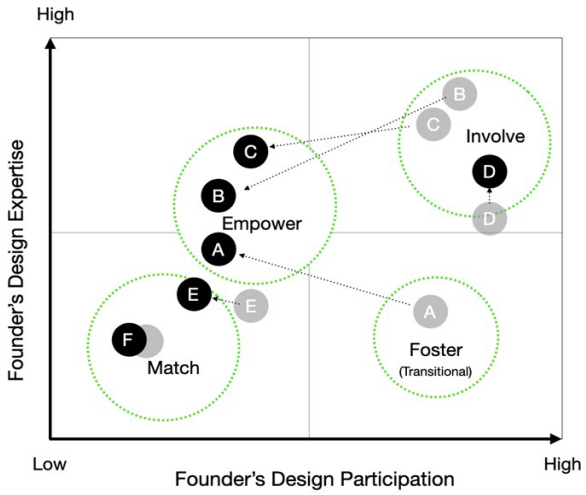

Figure 1. Design leadership modes based on founder's design knowledge and participation in design activities.

3.2 Data Analysis

This study adopts a typological method to construct an analytical framework of the founders' "background-behavior" relationship [14], establishing a framework based on the founder's design knowledge (vertical dimension) and their participation in design activities (horizontal dimension). Through clustering, the analysis identifies three stable modes of design leadership authorization: Involve, Empower, and Match (see Figure 1). In addition to these stable patterns, the data uncover several

notable transformations. Most prominently, Case A exhibits a transitional "Foster" stage, and other mode shifts emerge as companies scale up. To capture the characteristics of design leadership during implementation, the author coded single-case data along the logical thread of "authorization-structure-conditions," generating 42 first-order concepts. Through cross-case comparisons, key concepts were further clustered, ultimately identifying five key dimensions—power sources, decision mechanisms, team structures, communication mechanisms, and scenarios—as the framework for comparing characteristics across leadership types (see Figure 2).

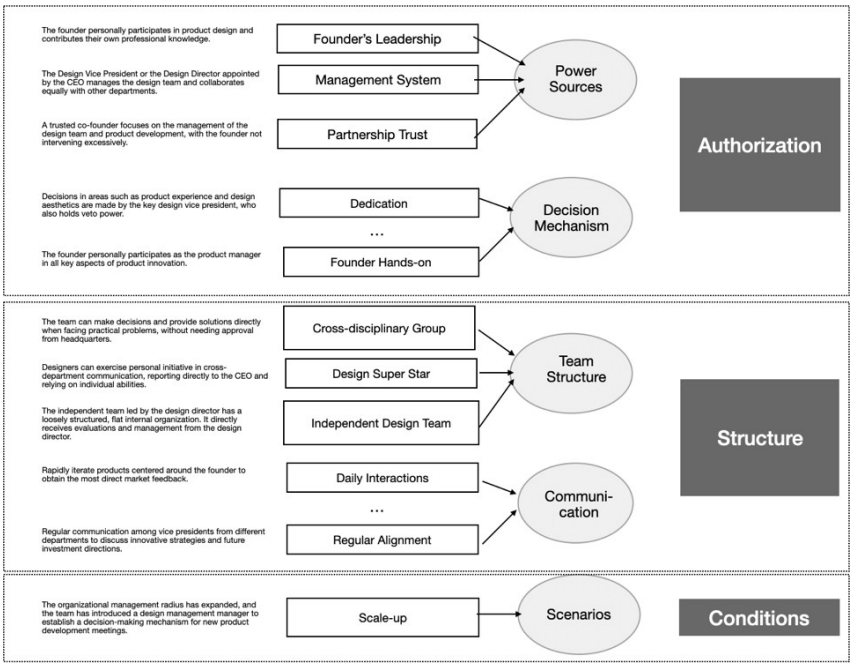

Figure 2. An example of the Coding Process

4 KEY FINDINGS

Our analysis reveals three distinct design leadership modes—Involve, Empower, and Match—alongside a transitional Foster stage (Figure 1). These modes emerge from the intersection of two founder attributes: design expertise (professional knowledge in product design) and design participation (extent of operational product development participation). Figure 1 positions the six cases according to these dimensions, revealing clustering patterns that reflect fundamentally different approaches to organizing design leadership. Case A demonstrates a developmental trajectory from the Foster stage (high participation despite limited expertise) toward the Empower mode as design capabilities matured. This transitional stage represents a preparatory phase before formal power redistribution, involving internally nurturing design talent rather than recruiting mature capabilities through co-founders. While viable in contexts of moderate competition, it demands substantial founder commitment and may constrain scaling velocity. We therefore treat Foster as transitional rather than an independent mode. The following subsections elaborate on the three stable modes, examining their configurations, operational mechanisms, and contextual suitability (Figure 2).

4.1 Involve Mode: Founder-Led Direct Design Management

The Involve mode concentrates design authority in founders with medium to high design expertise who maintain intensive operational involvement. Case D exemplifies this: the founder participates directly in all product development stages, with power deriving from superior design capabilities rather than hierarchical position alone. This mode operates through daily interactions and rapid iteration cycles. Flat team structures minimize communication layers, enabling direct feedback loops. Decision-making is consultative yet decisive—while team input is valued, final judgments rest with the founder. As Case D's founder explained: "I review every prototype personally. If it doesn't meet our standard, we restart— no matter how far along we are." This approach suits early-stage ventures requiring rapid exploration and directional pivoting. Design decisions remain tightly aligned with founder vision, reducing coordination costs and enabling swift market responses. Cases B, C, and D all employed this

mode during formative periods. However, scalability presents challenges. The founder's limited attention becomes a bottleneck as enterprises grow. Case D represents a distinctive scenario where the Involve mode remains stable over time, reflecting the founder's exceptional capabilities, niche market characteristics, and a deliberate risk management strategy prioritizing design quality control.

4.2 Match Mode: Partner-Based Co-Governance

The Match mode distributes and balances design authority among partners with complementary expertise, enabling stable and diverse collective innovation. Power allocation across design partners with specialized skills forms the core mechanism for collaborative decision-making. Cases E and F exemplify this configuration by integrating seasoned design experts early in enterprise formation to complement founders' engineering and manufacturing backgrounds. This mode's partner accountability system fosters strong ownership, encouraging each leader to engage beyond their functional specialty and contribute to overarching design strategy formulation. Design teams maintain considerable professional autonomy while synchronizing on product vision through regular executive alignment meetings. Successful implementation places high demands on partner selection, typically requiring pre-existing trust foundations. Case F illustrates this prerequisite: the founder and design vice president had established a collegial relationship over years of prior collaboration, providing the relational capital necessary for navigating the inevitable tensions inherent in shared authority structures.

4.3 Empower Mode: Delegated Authority with Systematic Governance

The Empower mode involves formal power delegation and grants (e.g., "one-vote veto rights"), which activates the professional design team's organizational capabilities and builds a scalable, systematic innovation system. This mode's matrix-style team structure offers significant advantages, especially when enterprises face product line complexity and market diversification challenges. It is particularly suited to enterprises that have progressed beyond the early stage and are rapidly expanding.

Successful implementation requires establishing clear decision-making structures and conflict resolution mechanisms. In Case A, three key leaders—the CEO (founder), technical director, and design director— each hold veto rights over product development directions. This tripartite power configuration ensures no single functional perspective dominates strategic decisions. Additionally, an expert review committee serves as a secondary evaluation layer, providing data- and knowledge-driven assessments that mitigate risks from over-reliance on personal intuition. Two conflict resolution mechanisms sustain this mode's effectiveness. First, the structured expert review process offers objective criteria for adjudicating disagreements. Second, the founder cultivates an organizational culture that tolerates calculated failures and positions himself as a mediator balancing technical and design considerations. The design leader's authority ultimately stems from board and founder authorization, with reporting systems, evaluation standards, and conflict resolution processes serving as tools for founders to monitor and refine the design leadership mode. (See Figure 2)

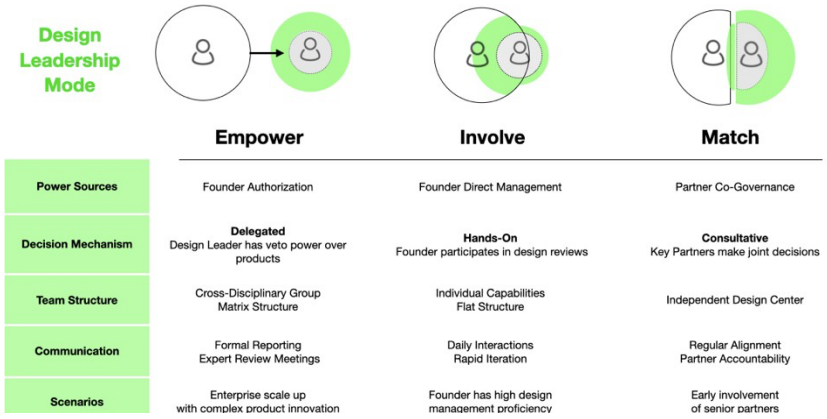

Figure 3. Three Design Leadership Mechanisms in SMEs

4.4 Factors Shaping Mode Selection and Evolution

4.4.1 Industry Context: Technology-Driven Enterprises' Gradual Design Investment

Case A operates in a specialized technology sector where product development involves lengthy

cycles and deep cross-disciplinary integration. This industry-specific context distinguishes Case A's leadership trajectory and explains its adoption of the Empower mode through two strategic imperatives. First, the industry's technical complexity required cultivating an internal design leader rather than recruiting mature talent externally (as in the Match mode). The founder invested years in developing a design partner who could acquire domain-specific expertise alongside the enterprise's evolving technological capabilities. This "home-grown" approach yielded a design leader intimately familiar with the industry's technical constraints and specialized user requirements—knowledge difficult to obtain through external hiring alone. Second, the industry's multi-disciplinary innovation demands necessitated sophisticated decision-making mechanisms. Case A established a structured governance system granting the design director partner status and "one-vote veto rights" over product launches. This institutional design creates decision-making space for cross-departmental negotiation between engineering, design, and product teams—essential when innovation requires integrating multiple specialized disciplines over extended development timelines.

The result demonstrates how industry characteristics drive leadership architecture: while the founder's science and technology background provides the enterprise's competitive foundation, the formal empowerment of design leadership—through both cultivation strategy and governance mechanisms—enables the cross-functional collaboration necessary for success in this technology-intensive context. Despite Case A's smaller scale relative to competitors, its products achieve superior user experience and usability efficiency, translating into stronger growth potential.

4.4.2 Competitive Intensity: Consumer Brands' Demand for Design Agility

Market competitiveness influences mode selection through the speed-control trade-off. In fiercely contested consumer markets (Cases D, B, C), rapid iteration capabilities outweigh systematic governance benefits. Founders concentrate design authority to accelerate decision-making. Case D operates with weekly planning cycles in intensely competitive consumer electronics. The founder allocates most time to design decisions, viewing product experience as the primary competitive lever. Case D also mandates 3D-printed prototypes for all cross-departmental discussions, enhancing collective design sensitivity and accelerating feedback—advantages offsetting centralized decision-making risks in fast-moving markets. Conversely, Cases B and C mitigate innovation risks through SKU expansion, allowing founders to focus selectively on flagship product decisions while delegating routine design work.

4.4.3 Organizational Growth: Leadership Mode Evolution

Four cases (A, B, C, E) exhibited leadership transitions as enterprises scaled, revealing modes are evolutionarily responsive to changing demands. These transitions fundamentally involve power reconfiguration: as enterprises grow, founders' personal influence necessarily dilutes, requiring structural adaptations to sustain design quality. Cases B and C followed parallel trajectories. Both design-background founders drove early success through hands-on involvement (Involve mode). As market share expanded and portfolios diversified, sustaining quality through founder omnipresence became untenable. Both transitioned toward hybrid models incorporating Empower elements: formalizing design review processes, delegating operational decisions, and shifting founder attention from product design to organizational design.

Table 2 synthesizes the evolutionary pattern observed across cases, linking growth stages to shifting design challenges and leadership adaptations. This pattern suggests initial mode selection responds to founder attributes and context, but mode sustainability depends on adaptive capacity—willingness to reconfigure power structures as complexity increases.

Table 2. Phased Evolution of Design Leadership

Stages	Startup (0-2years)	Growth (2-5years)	Maturity (5years+)
Primary Challenge	MVP validation	Market expansion	Brand building
Design Role	Core function definition	Experience standardization	Unified design language
Leadership Form	Founder-led (Involve)	Process formalization	Culture institutionalization

5 DISCUSSION

5.1 A Power Configuration Perspective

This study's core theoretical contribution lies in proposing a "power-capability-innovation" framework that redefines design leadership through the lens of power configuration. We argue that power serves as a catalyst and prerequisite for transforming design capabilities into organizational innovation outcomes, rather than a mere accessory. While design capabilities provide tools and methods for innovation, absent power endorsement, design thinking struggles to translate into tangible organizational action. Only through power authorization and structural support can design leaders effectively guide teams, allocate resources, and drive change.

In SMEs, founders act as both the source and distributor of power, integrating design leadership into enterprise culture and operations through strategic decisions, thereby amplifying design's strategic value. Based on our case analysis, we identify three high-performance design leadership mechanisms in SMEs:

1. Founder Direct Participation Mechanism (Involve Mode): Founders with design backgrounds directly embed themselves in design decisions through personal authority.
2. Partner Collaboration Mechanism (Match Mode): Power sharing in design is achieved within the founding team through equity and decision rights allocation.
3. Institutionalized Empowerment Mechanism (Empower Mode): Design power is formalized through explicit authorization (e.g., one-vote veto rights) and organizational structure design.

The selection of these mechanisms depends on the founder's design awareness, industry competition characteristics, and enterprise development stage, reflecting the contextual adaptability of power configuration. (see Figure 3)

5.2 The Inevitability of Evolution

Design leadership mode evolution fundamentally involves dynamic adjustment of the "power-capability-innovation" mechanism, reflecting power configuration's adaptability across organizational lifecycles. As enterprises transition from survival through growth to maturity stages, they must restructure power configurations to match and develop new organizational capabilities, thereby sustaining innovative vitality.

Different development stages necessitate corresponding modes. In the startup phase (0-2 years), resource-constrained organizations seeking innovation breakthroughs naturally gravitate toward the Involve mode when founders possess design backgrounds. During the growth phase (2-5 years), market expansion demands diversified SKUs for revenue growth, making the process-oriented Empower mode essential for steady scaling. In the maturity phase (5+ years), as founder management span limits are reached, organizations must cultivate autonomous cultures, maintaining brand vitality through institutional designs.

This evolution fundamentally represents the diffusion of the founder's personal knowledge into organizational knowledge, as well as mode upgrades driven by organizational learning. Triggering factors include: (1) Pressure from intensified market competition leading to SKU expansion, (2) Physical limitations on the founder's management radius, and (3) Increased collaboration complexity from organizational scale growth. For instance, Case A decentralized design decision-making authority to product line leaders through organizational restructuring, while Case C established a design review committee and quantitative evaluation standards—both exemplifying the shift from personalized to institutionalized power, ensuring that design leadership dynamically aligns with organizational challenges.

5.3 Implications: Building Adaptive Design Leadership

Founders and key design managers constitute the two core roles in forming and enacting enterprise design leadership. Founders serve as organizational power sources and configurators, while key design managers act as design leadership executors. These roles may be embodied in the same person (e.g., Airbnb's Brian Chesky) or distributed across individuals (e.g., Steve Jobs and Jonathan Ive).

For founders: They must recognize their role as "chief power configurators." Building design leadership aligned with enterprise capabilities depends on founder design awareness and proficiency. Founders lacking design backgrounds who nonetheless recognize its competitive criticality must take early action to expand organizational capabilities—introducing design-expert co-founders or

cultivating key design managers while granting appropriate resources and authority. Simply put, the founder's task is not becoming the best designer, but constructing power structures that maximize organizational design potential release, thereby driving innovation.

For design managers: They must recognize that design leadership foundations lie in founder authorization. While professional expertise is essential, it must be complemented by actively building trust and demonstrating results to secure and consolidate leadership power grants, enabling genuine transformation of team design capabilities into market-impacting innovations.

In practice—whether founder and design manager are the same person or not—design management guided by design thinking requires promoting cross-functional collaboration, creating environments for innovation, experimentation, and feedback, and gradually establishing result-proven design standards through team development to solidify design leadership credibility.

6 LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study acknowledges several limitations. First, our case selection focuses on enterprises with industry visibility, yielding a relatively small sample size. While this meets qualitative research standards, future studies could expand case diversity to include earlier-stage ventures across broader market segments. Second, China's rapidly evolving consumer market—influenced by smart technology and sustainability trends—presents a dynamic context. As design-driven enterprises expand from new consumer products into durables and quasi-professional fields, design leadership mechanisms will likely diversify. Longitudinal studies tracking these transitions could illuminate how power configurations adapt to shifting conditions. Finally, the unique characteristics of China's market—including manufacturing depth, digital infrastructure, and evolving consumer sophistication—provide rich research opportunities. Comparative studies across emerging and developed economies could reveal which mechanisms reflect universal dynamics versus context-specific factors, strengthening the framework's cross-cultural applicability.

REFERENCES

[1] BDDWATCH. 设计驱动型品牌时代已到来（五）——正在腾飞的中国设计. Available: https://zhuanlan.zhihu.com/p/131315865 [Accessed: 07 Jan 2024], 2024.

[2] Verganti, R. *Design Driven Innovation: Changing the Rules of Competition by Radically Innovating What Things Mean*. 2009.

[3] 童慧明. 设计驱动型的品牌与时代. *杭州（周刊）*, 2018, (10), 26–28.

[4] Hambrick, D. C. Top management groups: a conceptual integration and reconsideration of the team label. *Research in Organizational Behavior*, 1994, 16, 171–171.

[5] Gemser, G., Calabretta, G. and Quint, E. Leadership to elevate design at scale: balancing conflicting imperatives. *California Management Review*, 2023.

[6] Miller, K. and Moultrie, J. Delineating design leaders: a framework of design management roles in fashion retail. *Creativity and Innovation Management*, 2013, 22(2).

[7] Beckwith, D. Design leadership at Herman Miller. Available: https://onlinelibrary.wiley.com/doi/10.1111/j.1948-7169.2000.tb00288.x [Accessed: 30 Sept 2025], 2000.

[8] Fauchart, E. and Gruber, M. Darwinians, communitarians, and missionaries: the role of founder identity in entrepreneurship. *Academy of Management Journal*, 2011.

[9] Bucolo, S. and Matthews, J. *Design Led Innovation: Exploring the Synthesis of Needs, Technologies and Business Models*. 2011.

[10] Ignatius, A. Design as strategy. *Harvard Business Review*. Available: https://hbr.org/2015/09/design-as-strategy [Accessed: 05 Jan 2024], 2015.

[11] Lawson, B. and Samson, D. Developing innovation capability in organisations: a dynamic capabilities approach. *International Journal of Innovation Management*, 2001, 5(3), 377–400.

[12] Brown, T. and Katz, B. *Change by Design: How Design Thinking Transforms Organizations and Inspires Innovation*. 1st ed., New York: Harper Business, 2009.

[13] Teece, D. J., Pisano, G. and Shuen, A. Dynamic capabilities and strategic management. *Strategic Management Journal*, 1997, 18(7), 509–533.

[14] Doty, D. H. and Glick, W. H. Typologies as a unique form of theory building: toward improved understanding and modeling. *Academy of Management Review*, 1994, 19(2), 230–251.