



# MOM I WANT, MOM I WANT TO RULE: THE DILEMMA OF BABY GUT

## MAMÃE EU QUERO, MAMÃE EU QUERO MANDAR: O DILEMA DA BABY GUT

### QUIERO, MAMI QUIERO GOBERNAR: EL DILEMA DE BABY GUT

#### ABSTRACT

**Dilemma:** The case focuses on the dilemma of the children's footwear and clothing manufacturer Baby Gut related to changes in the company's management, as it is passed from father to son. But with the passing on of responsibility, a conflict emerges within the organization regarding the position and management model to be adopted by the new manager.

**Educational objective:** The case aims to promote reflection on the characteristics of participatory management models and results-based management, giving the participants concepts of the practice of these models.

**Contextualization:** The case presents the character Geraldo, former manager of the company and father of Lucas, successor to the position of manager. The father maintained a centralized management that shifted the control of decision-making to a purely strategic level. Lucas, when faced with the challenge of managing the company, must decide whether to follow the management model practiced by his father (which, it should be said, has had positive results so far), or follow a different path, one that he believes will contribute to solving some longstanding problems as well as some current and future ones.

**Main theme:** The case contributes to the business dilemma of whether to choose a participatory management model or management by results, and important structure for the company's growth.

**Target Audience:** The case can be applied to undergraduate and graduate courses in administration and management, especially in disciplines involving business management, entrepreneurship, and organizational strategies.


**Originality/value:** The case encourages reflection on theories of centralized management models -- participatory or by results -- providing a basis on the subject for decision making.

**Keywords:** Management models. Participatory management. Management by results. Decision making.

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## RESUMO

**Dilema:** O caso traz o dilema da fabricante de calçados e roupas infantis Baby Gut quanto à troca de gestão da empresa, passada de pai para filho. Do passe da responsabilidade, emerge um conflito dentro da organização, quanto à postura e ao modelo de gestão que deveriam ser praticados pelo novo gestor.

**Objetivo educacional:** O objetivo do caso é promover a reflexão sobre as características dos modelos de gestão participativa e gestão por resultados, visando à aproximação com a prática desses modelos.

**Contextualização:** O caso apresenta o personagem Geraldo, antigo gestor da empresa e pai de Lucas, o então sucessor do cargo. O pai mantinha uma gestão centralizada que voltava o controle da tomada de decisão para o nível puramente estratégico. Já Lucas, ao se deparar com o desafio de gerir a empresa, deve tomar uma decisão entre seguir o modelo de gestão praticado pelo pai (com resultados positivos até então), ou seguir um caminho diferente, aquele que acredita contribuir para a solução de problemas antigos, atuais e futuros.

**Tema principal:** O caso contribui para o dilema empresarial da escolha pelo modelo de gestão participativa ou gestão por resultados, estrutura relevante para o crescimento da empresa.

**Público:** O caso pode ser aplicado em cursos de graduação e pós-graduação em administração e gestão, especialmente em disciplinas que envolvam a gestão empresarial, empreendedorismo e estratégias organizacionais.

**Originalidade/valor:** O caso proporciona refletir à luz das teorias de modelos de gestão centralizada, participativa ou por resultados, disponibilizando embasamento do assunto para tomada de decisão.

**Palavras-chave:** Modelos de gestão. Gestão participativa. Gestão por resultados. Tomada de decisão.

## RESUMEN

**Dilema:** El caso plantea el dilema del fabricante de calzado y ropa infantil Baby Gut con respecto al cambio en la dirección de la empresa, que pasó de padres a hijos. Del pase de responsabilidad surge un conflicto dentro de la organización en cuanto a la postura y modelo de gestión que debe practicar el nuevo directivo.

**Objetivo educativo:** El objetivo del caso es promover la reflexión sobre las características de los modelos de gestión participativa y gestión basada en resultados, con el objetivo de acercarnos a la práctica de estos modelos.

**Contextualización:** El caso presenta al personaje Geraldo, exgerente de la empresa y padre de Lucas, el entonces sucesor del cargo. El padre mantuvo una gestión centralizada que trasladó el control de la toma de decisiones al nivel puramente estratégico. Lucas, ante el reto de gestionar la empresa, debe tomar una decisión entre seguir el modelo de gestión practicado por su padre (con resultados positivos hasta ahora), o seguir un camino diferente, que crea que contribuye a solucionar problemas antiguos, actuales y futuro.

**Tema principal:** El caso contribuye al dilema empresarial de elegir el modelo de gestión participativa o la gestión por resultados, estructura relevante para el crecimiento de la empresa.

**Audiencia:** El caso se puede aplicar a cursos de pregrado y posgrado en administración y gestión, especialmente en disciplinas que involucran gestión empresarial, emprendimiento y estrategias organizacionales.

**Originalidad/valor:** El caso aporta una reflexión a la luz de las teorías de modelos de gestión centralizada, participativa o por resultados, proporcionando una base del tema para la toma de decisiones.

**Palabras clave:** Modelos de gestión. Gestión participativa. Gestión por resultados. Toma de decisiones.



## INTRODUCTION

Baby Gut, a manufacturer of children's clothing and footwear, based in Brusque, in the Brazilian state of Santa Catarina, is going through a period of sweeping internal changes. Due to market problems, the COVID-19 pandemic, and the health problems of one of the partners, the company is to undergo a change in command, a scenario that is very common in the business environment and in the reality of small family businesses. Due to differing personal profiles and management styles, changes in the company will be inevitable. New management models were proposed by the current managers: one model focused on results and the other, a participatory model. The future manager of the company must define the main personal and company characteristics, and the main consequences of each management model, as well as the posture to be adopted, to maintain an environment that will result in the best decisions for the future of the organization.

Although several meetings have been scheduled to plan the company's future, the new director, Lucas, has a dilemma. Not only does he need to decide which management model to follow, but he will also have to manage the impacts caused by the decision, since the company's managers are divided, with each one pulling their own way and wanting the company to adopt their preferred model. Now, in his new role at the helm of the company, Lucas needs to make decisions. He doesn't follow his father's centralizing and authoritarian management style, nor does he believe this is the best way. Now, trained and knowledgeable about the different management models, their positive points and less positive ones, he must choose: whether to implement a results-focused management model or a participatory model in his administration at Baby Gut?

## THE CASE

### ONE IS GOOD, TWO IS TOO MANY

It is June 2020, a Tuesday, at the end of the working day. Just as everybody is organizing their workstations to leave, Geraldo calls a meeting to

discuss the situation of the company, which is going through moments of financial suffocation. Baby Gut needs to do something quickly, if it is to remain in the market. With sales shaken and the aggravating factor of the Covid-19 pandemic, Mr. Geraldo, managing partner of the company, calls a meeting with the managers of each sector, to discuss what should be done.

- In these times of crisis, we can see some flaws in our production structure, our commercial communication, our financial planning... I'll need to change lots of things... Geraldo says.

Tânia, the commercial manager, interjects.

- I warned you that if we continued to hire so many people in production, one day we'd lose money. I've done my part, I sold, but it seems that with each sale, I brought a problem for the company.

Tamires, her sister, the production manager, then speaks.

- But we had no other option, Tania! We would never have been able to handle the production if we hadn't taken on staff; there was no seamstress to do the job. And another thing, I can't find new seamstresses! It's a dying profession in our region, nobody wants to sit for hours at a sewing machine anymore. So, knowing that we could have manpower problems in the future, we "took it on the chin" and "brought in" each one that appeared asking for a job. Also, how was I supposed to know that the reps in the latest collection would suddenly drop us? And worst of all, how could we have predicted the pandemic?

- But this has already been pointed out in some meetings - said Danilo, administrative and HR manager of the company - we've seen a drop in cash flow since the last collection, we just didn't sell well. We ended the year practically in the red and now with the pandemic, we had to finance ourselves even more, to get through this moment!

- it may be that we lacked focus on each sector, separately, that would have enabled us to think about these possibilities before they happened. That's what I say: if each sector had more autonomy, with goals, targets, and at the same time all sectors participating more in



decisions – says Lucas, Geraldo's son and the person responsible for the company's Production Planning and Control (PPC).

That's right, son, talking is easy. But I want to see it in practice. Everyone has their own ideas and plans within their sectors, but when things get tough, I need to look for and implement a solution.

The atmosphere was heavy, and the meeting ended without any solution or defined strategies that would help the company overcome the crisis.

### **THE PACE SPEEDS UP, ONE STEP AT A TIME**

Back in 2003, Marta, the wife of a businessman in the footwear industry, began to use her spare time at home to make baby shoes on her own. Simple shoes, without a rubber sole, consisting only of lining, seams, and a little bow for decoration. She offered the product to small businesses in the city of Brusque (SC), such as stores selling baby clothes, variety stores, and gift stores.

The shoes, due to their unique and attractive appearance, started to attract the attention of shopkeepers and consumers. Although the footwear sector has diverse models of footwear, that handcrafted product delighted mothers and fathers. As was to be expected, demand increased rapidly, and instead of worrying about selling her items, Dona Marta now had to worry about production. She no longer had time for anything; she was busy on weekends or holidays, as the artisanal work was slow and arduous. After a little while, she had to hire a seamstress to assist in the production process. Even so, profitability was low and without large-scale production, there was only enough left to pay the salary of the seamstress. Dona Marta worked only out of passion, with almost no profit.

Her husband, Geraldo, owned, in partnership with his brother, a shoe factory in São João Batista/SC, a footwear center in the state. Since 1994, the company has produced adult women's and men's shoes. It is a large line of products, footwear and other articles in genuine and synthetic leather and, like other footwear companies in the region, in addition to the

domestic market, it also exports to the Middle East and Central America. The national territory was practically all covered by representatives who represented 70% of the company's revenue. At the height of its production, the company had a hundred employees.

However, after the great expansion of the Chinese market in the nineteen-nineties, and with Chinese exports growing exponentially, the company began to suffer from the loss of customers, both national and international. This situation was further exacerbated by family disagreements. Geraldo became displeased with the company and, after much negotiation, he sold his percentage to his brother. With the money in hand and now available on the market, Geraldo didn't think twice. Instead of starting a project of his own, he used the money from the sale of his share in the company to invest in his wife's project.

- Marta, I'm going to join you in this endeavor, but that way, I won't stay in this monotonous routine. I've come from a big company, I'll only join you, it'll be to build up the company; it's no use investing just to remain small.

With the arrival of Geraldo, the shoe company's number of employees increased; in addition to the seamstress, four more employees were hired. From those five customers served in the city, the product was then offered to a range of potential customers and from there, they started to supply stores throughout the Vale do Itajaí region. Professionalism was knocking at the door of Dona Marta's business. Geraldo had know-how in the footwear industry, as well as a rich network in the sector. Thus, the company underwent rapid expansion until mid-2010. That small business owned by Marta became a respected company in the sector. even with its only 12 employees. The rapid growth led to the change of its administrative and production headquarters from 90m<sup>2</sup> to a new structure of 825m<sup>2</sup>.

The next step was to attract consumers' attention, and so the creation and strengthening of the brand were also carried out. A new positioning was worked on, as well as restructuring the logo and investments in communication. A



special focus was assigned to the product, with new concepts and designs, and new styles of footwear targeted at different consumers, with price variations between models (which until then had not been practiced by the brand). The branding work bore results, and the Baby Gut brand became a reference in the children's footwear market.

With all this expansion, there was also the need to create positions and functions. Tânia and Tamires, who already worked in the organization as assistants in the productive and administrative sectors, had the opportunity to take on the positions of commercial manager and production manager, respectively, in addition to Danilo, the administrative and HR manager. Every three years, the number of employees was increasing significantly, reaching fourteen employees in 2012, twenty in 2015 and twenty-seven in 2018.

Because Tânia worked in the commercial sector, her profile was closer to that of results-based management. That was always the central objective, achieving goals, delivering what was planned, and receiving commission. She was extremely dynamic and practical, as well as being totally focused on numbers and data. "Want to get something? Show results" was the oft-repeated phrase. Her sister, incredible though it may seem, was quite different. Possibly because she came from the production sector and understood that the result was a process that goes through "many hands", she was more nurturing, and her decisions were always shared with the people around her. She believed in everyone's cooperation and unity. "Many heads think more, and better than one" was her phrase. Danilo, on the other hand, was procedural; he liked attention to detail, and ended up receiving orders, that's how he preferred to work. Although with so many different styles, the assignment of positions did not follow a plan or scope and did not look at profiles, but because these were the people who had been with the company longest, so the new positions were a kind of recognition and award for their participation in the company over the years.

The company's management followed paths essentially supported by Geraldo's profile, which was more centralized and authoritarian, with him making the decisions and assigning

attributions to the managers. Nothing in the company could be done without going through to the manager first... in fact, this was the cultural reality of management in the region.

- Yes... It's the owner's eye that fattens the herd. If you want something done well, do it yourself. That's why the company's decisions go through me. Geraldo would regularly comment.

The company's planning was closely linked to the Geraldo and Marta's vision. All decisions were centralized among the owners. Sales went "from strength to strength" and production supported the commercial success, although sometimes it wasn't enough. With the situation, theoretically, in April 2018, Marta announced that she would leave the company permanently because she wanted to pursue other tasks, and have more free time.

- I've worked too much in this life, I want to live a little. Being able to wake up later, being able to spend the weekend without having to worry about the company; I want to be able to go out for lunch, or go for a walk. Anyway, I need some time to myself...

At this point, Marta began to spend less time in production, largely due to Tamires' growth as a leader, and she believed her presence was no longer essential. Lucas, Marta's son, was studying administration and had worked for the company for two years. He had worked in various positions, from assembling boxes to packing shoes, from driver of the company responsible for supplying outsourcing, to being responsible for controlling orders and billing. Over the years, he had qualified to occupy a higher position in the company and, together with his father, Geraldo, took up a position on the company's board of directors.

As is natural in a small and medium-sized family business, without some vision of corporate governance, when a son joins the family company, it is generally a foregone conclusion that he will be the next director. The employees already expected the process to take place, but they did not imagine it would happen at that moment, and so abruptly. With Marta's departure, Geraldo centralized the decision-making even more. Even he was taken aback, despite his wife's long-standing talk that she needed to take a break from her assignments. With no defined



strategy, Geraldo began to make himself even more present in the company and question the managers more, tasking them with more. By 2019, the company had thirty employees, as well as outsourced workers.

Lucas, in turn, noticed his father's movement and took a keen interest in management meetings. He started questioning his father over lunch about why he had made certain decisions. He had different views from his father he had heard a lot in class about participatory management and wanted to encourage the managers to make decisions. His question was that he might assume the position of director and manager of the company, but although he was thirsty for information, there was no way to acquire, in such a short time even half of the technical knowledge that the other managers already had. But then conflicts started.

## **NEW AIRS DON'T ALWAYS BRING NEW PERFUMES**

On March 18, 2020, the lockdown due to the Covid-19 pandemic began, and all establishments and factories in Brusque had to temporarily close their doors. Trading did not resume until April 8 of that year. Notwithstanding, the main input for the clothing sector, cotton, underwent successive readjustments, reaching 40%. The low scale of production of the input, combined with the appreciated exchange rate, meant that a large part of the production was destined abroad, raising the cost of the raw material on the domestic market.

Things were happening and the situation dragged on until June, when a meeting took place in which those responsible for each sector were called to try and find a solution that would put an end to all the discussions and arguments. After the meeting, Geraldo was still eager to see change and desperate for results. He decided to initiate some actions and, as always, the decisions were his, based on what he considered to be the best solution for the company.

- I've managed to regularize the permit for the renovation, I've seen a removals truck with a winch to remove the heaviest machinery, and they all managed it without any problem. I had no

problem opening a CNPJ. The entire production sector, which encompasses the processes after the separation of raw materials in the stock until the finishing of parts, will be outsourced and the person responsible for production will become responsible for outsourcing. So, we will run the company until the end of this year. Ah, the factory will only supply inputs, packaging, and storage of products. All cutting, sewing, and finishing will be outsourced.

- But why are you doing this now? – Lucas asked his father.

- Understand, we need to move, you already know that our profits have dropped, I think we need to cut costs too. I know what I'm doing. I've had this change in mind for a long time. Production has always given us a headache. Finally, we can focus on what is of interest to us.

- But to hand over all our know-how? Become dependent on a third party? Wouldn't it have been enough to define clearer objectives for production management and other sectors, making them all grow together? If each sector focused on its own objectives and goals, everything would be more organized and there would be no need for this change. replied Lucas.

- Son, despite all the theory you learned, that each one must perform a specific function and everyone must participate in the evolution of the company, giving opinions and visions, in practice, it's doesn't quite work like that.

Lucas didn't understand the point that his father was trying to make, since the initial repercussions of such a change would mean having to replan all the production logistics, programming, and leadership of the remaining team. It would mean the departure of the operations manager, which would mean that the employees in packaging, the warehouse, and stock sectors would have no central figure to guide them. But as he still had no power of intervention or disagreement, all he could do was accept the changes. At the end of 2020, the company had eighteen employees.



## PASSING THE BATON

Time passed and the company adapted to the even more centralized profile of Geraldo. Increasingly, everyone did the operational work and left the decisions to the business owner. But in March 2021, due to health problems, Geraldo announced his departure from the company, and without any transition or period of adaptation, he simply passed on the responsibility for managing the company to Lucas, who would now manage the entire team. Still feeling unprepared to deal with the team and the company's situation, Lucas calls a meeting with the management team to determine the next steps in the company's operations.

- I confess to you and I know you agree with me. I still don't have my father's knowledge and experience to run the business. I know he had a very centralized profile. We had a person responsible for each sector, but they did not have autonomy and therefore did not have goals and were not even given full responsibility. The decisions were always my father's. But from now on, I'll be responsible for all the company's operations and its people. I know that they are extremely qualified and that the company is in good hands, but I see that we need to establish some strategies for how we will work from now on.

The three directors did not like the turn this conversation was taking. But Lucas went on.

- The way we acted until then, with the tasks and projects, such as the "exit" of production, the conflict with representatives, and with the website, ended up dispersing you completely from what was expected for your functions. We are having to hire different people to take on functions that you are not able to perform because you are focused on developing and filling holes in other areas of the company.

At this moment, Danilo interrupts Lucas' speech.

- I'm sorry, but it was by working that way that we made this company grow and even through difficulties, especially during the pandemic. If not us, who will lead projects and create new things? As bad as it is, I sometimes felt discredited, but I knew that there was someone responsible, managing things... this idea of too

much democracy doesn't work.

- As for new projects, they must be developed, but with the responsibilities of each sector manager. We can come together and come to a consensus; I believe. – Lucas replied.

Paulo, the finance manager, comments.

- I agree with Danilo, that's how we've always worked. The decisions were Geraldo's. Was that a bad thing? Sometimes it was, we didn't have much of a voice, but I don't know, we fulfilled our role and that's it. But now, if there is a problem, will we be held responsible?

- If not, I'm sorry, but there's no way to continue – Danilo extols – either we continue the way we are working or it won't work for me to carry on here. Step up to your role, Lucas.

- We've reached a deadlock! It really goes against my profile. Let's do the following, I need to organize the ideas. We'll have a meeting on Monday, and you can bring any other proposals on how you think we should move forward.

## DOTTING THE IS

It is 8am on Monday morning, and the four managers, one from each sector, are called to sit at a round table. It is an opportunity that each of them to show their ideal plans for the future of the company. There were five people around the table, the managers, the future manager, and the former manager, as special guest.

For the sake of a discussion, each manager is given a turn to present their plans and then the other managers debate the idea. Danilo, restless, explained the situation through his eyes.

- Look Lucas, I have my ideas, and I won't stay at the company if things change. The only change I'll accept is that you take your father's place. Again, is it centralized? IT IS. But I only know how to work that way.

The sales manager, in turn, prepares a slide to demonstrate her proposals. Her proposal is focused on results. The manager presents her charts, showing a series of goals to be achieved monthly. The result-oriented proposal would require the team to be fully focused on the company's objectives.



- I'm sorry Mr. Geraldo who is here, but I also want the good of the company. In reality, the company never had that. He had a way of managing, where everything went through him. He was centralizing, we didn't really know what to do, because we ended up following orders and doing what he told us to. I see that from now on, we should focus on the goals, they will be our "boss".

At this point, the operations manager interjects.

- How do you expect the team to be completely committed to the company's goals if you're not going to listen to the employees, but only focus on the results?

The sales manager justifies her position:

- It is a meritocracy; we will reward those who work hard to reach the desired goals. Those who present the best results will grow, while the others will get their due recognition if they do the same. There is no recognition without effort.

An uncomfortable silence comes over the room, but this soon dissipates, as Lucas tries to intermediate between the two positions. Next, the operational manager presents her ideas.

- My proposal is focused on the participation of employees, so that, based on a democratic decision, the company can take its course. Besides motivating employees in their roles, this management model will greatly improve communication between sectors, since everyone involved in the process will have a voice within the company. With a more motivated team and better production, we will automatically see better results.

At this point, the sales manager intervenes.

- Do you expect the desired results to be achieved, without proposing any goals?

- Nothing prevents us from proposing goals, if they are defined together by the team, and not imposed by someone whose goals can often be unattainable. The operational manager replies.

During this discussion, Danilo intervenes.

- Don't forget, my friends, that everything that is decided will generate costs. So, we can't

test a model and then just give up on it. What we decide on, we must carry through to the end. It becomes the company's official strategy.

This ends up generating even greater tension in the meeting room, as there are two managers presenting completely opposite ideas, and two others without any opinion, but still tied to the old management model.

Geraldo, the former manager, asks to speak.

- I'm leaving... you know my way and my opinion! The company is like a "son" to me. I will always be connected to it, but I gave what I could, I can't do much more. My health is at stake and I must put myself first. That's why I appointed Lucas as director of the company. Do what you think is best.

As if the complicated situation of the future manager, who would have to decide what to do with the company weren't enough, the sales manager added.

- The thing is a company cannot sustain itself without results. I will be very clear and objective in my point. The form of management that I want to propose is for us to have all the objectives decided on and very clear, in a controlled and definitive way. It is from them that we will create the goals to be achieved. If each sector produces the minimum stipulated by the goals, the company will have the result calculated and we will have good control of the market. It makes no sense expecting the employees to participate in a decision that can be made by us. Again, I repeat, if we don't follow this model, I'm out. I will not be part of a company that has no direction or goals.

The operations manager beats on the table and replies quickly .

- That's how it is. I totally agree with you. I need my team to be totally in tune, for everyone to be heard, and to feel valued. We must have communication with the other sectors so that the objectives are the result of the contribution and consensus. You can't just impose a goal; people won't agree to it, or commit to it. Our employees are only human; the company must seek the well-being of these people. This alone will bring better results for the company, because everyone will





feel part of the process, and they will look at the company as their own too. But now, Lucas, it's you who knows! You're still young, I don't know what you think or how you intend to manage it if you have any personal traits that influence you more; any profile that takes you more to one side or the other. But if you have this pressure of goals and targets, you'll need to look for a new production manager. In case you've forgotten, you can't sell what we don't produce, and to produce larger quantities, improve our efficiency and still maintain the quality recognized by the Baby Gut brand, we need people. I want you to make the right decision on which strategy to take, because there is no point in creating goals if we can simply be more effective.

The sales manager, feeling annoyed, simply grumbles.

- If only it were that simple...

## WHAT NOW, JOSÉ?

Lucas has to take up a position on how to manage his team. Should he really give voice to his managers? He even thought about trying to follow in his father's footsteps and carry all the decision-making power himself, as his father did, leading the company with an iron fist. But that wasn't Lucas' profile, and he didn't even agree with his father's management style. Then he would have to choose between the models, the one that best fit the company, and his own personal profile, because from now on he would represent the company's owners, and everything depended on his decisions.

Lucas stops to reflect on the proposed models. While at college, he learned about the different management models and understands the benefits of each one, as well as their weaknesses. He is also aware of the operational and implementation processes involved. Now that he has graduated, he finds himself at the forefront of a real company, where he needs to apply the knowledge he has learned. In the first model proposed, the results-focused one, he would have to carry out the structural relocation so that his focus is on cost adjustments and adaptation to market demands, even during the pandemic. In the second scenario, participatory management,

the focus is more on people, and this would involve a loss of autonomy in decision-making. There would be a change in the hierarchical structure of the company, ensuring that everyone could be influential in the business objectives, and the focus would not only be on sales but on the well-being of the employees who, once committed, could bring a sense of co-responsibility, because everyone would be together in the process.

I wish it was an easy decision, he thought to himself, with no consequences to worry about and a reset button in case things go wrong, but that's not the case. The decision made could split the company for good. Despite having the "upper hand", there is no way to please everyone, some will end up leaving. Regardless of the choice, the manager needs to keep his focus on the good of the company and its perpetuity, and not on benefiting or privileging one person or another.

Lucas then thought to himself:

- Well... it's time to show service! Manage this company and evolve everything we've achieved so far. I need to choose a model to manage it. Should I focus more on results - and let that guide all decision-making - or do I share this process, inviting everyone to participate with me in day-to-day decisions and become more participatory?

## TEACHING NOTES

### DATA SOURCES

The information for this case was obtained from primary and secondary sources: the primary information came from interviews with the company's managers; and the secondary information was obtained through documents, books, and scientific articles that addressed management models, whether as the main focus or to complement administrative management models. The story told in this case, and the name of the company, are real. Only the names of the characters have been changed to maintain their confidentiality, as requested.

### TEACHING OBJECTIVES

This teaching case aims to promote reflection on the advantages and disadvantages of the choice of management model – a participatory



model, or a results-based one. The structure adopted is important for the company's growth. The case was tested in the discipline of Production and Quality Management, in the 8th semester of the graduation course in Administration, at a university in the South of Brazil.

Its objectives are to:

- Identify the objectives and characteristics of each manager, which is qualified with each management model;
- Discuss the reasons that lead a company to change its management model;
- Understand the different management models and their characteristics according to the literature;
- Point out the identified strengths and weaknesses of the possible management models that a company must assume; and
- Understand the best management model to be followed for the situation the company is going through.

### ASSIGNMENT QUESTIONS

- 1) Which management model best fits the profile that involves greater communication and collaboration of employees in company decisions? In which passages of text from the case do we see this?
- 2) Besides the attitudes already mentioned in the text, what others could Lucas apply to consolidate his ideal model of participatory management for the company?
- 3) The sales manager propose defining goals based on the objectives achieved. What is her predominant management model? And what features of the case confirm the model?
- 4) If the company adopts the results-based management model, what changes can be implemented, besides those already mentioned?

### TEACHING PLAN AND TIMING

The case can be applied in undergraduate and graduate programs in business administration and management. More specifically, in business management, entrepreneurship and organizational strategies courses. All professors in business management and internationalization of companies are qualified to lead as mediators. For understanding and use of the text, a lesson plan is provided (Figure 1).

**Figure 1.**

Suggested teaching plan

| Activity  |         |
|---|---------|
| 1. Introduce the text, explain the activity, and read the case.   | 20 min. |
| 2. Separate the class into four groups, to discuss the points highlighted during the individual reading of the text. Two groups must defend participatory management, showing contributions and solutions to the case. The other two groups must defend the results-based management model. | 30 min. |
| 3. The moderator opens the session for all four groups to present their ideas. The debate should generate heated discussion on the topic and a broad exposition of ideas, with the students defending their points of view.   | 40 min. |

An alternative application plan is also suggested (Figure 2), with questions that seek to raise reflections on the case chapters separately. This plan requires the students to have a clear understanding of the course of events, and to be able to identify the management characteristics shown by the characters. The answers are guided, ultimately, to the the main dilemma of the case.

**Figure 2.**

## Alternative teaching plan

| Chapter                                  | Questions   |
|--|---|
| Introduction                             | <ul style="list-style-type: none"> <li>Exposure and contextualization</li> </ul>  |
| One is good, two is too many             | <ul style="list-style-type: none"> <li>Based on the first dialogue in the case, how would you define the relationship of the company's strategic team?</li> </ul>   |
| The pace speeds up, one step at a time   | <ul style="list-style-type: none"> <li>How was the Baby Gut company born?</li> <li>How did it grow and how was it managed?</li> <li>What factors in the company's history led to the dilemma of the case?</li> </ul>  |
| New airs don't always bring new perfumes | <ul style="list-style-type: none"> <li>What factors led Geraldo to decide to change company?</li> <li>What were the advantages and disadvantages of Geraldo's decision?</li> <li>Which management are exposed by Lucas' vision?</li> </ul>  |
| Passing the baton                        | <ul style="list-style-type: none"> <li>What are the characteristics of the management model practiced by Geraldo?</li> <li>What are the characteristics of the management model proposed by Lucas?</li> </ul>   |
| Dotting the i's                          | <ul style="list-style-type: none"> <li>What is the reason for the conflict between the sales manager and the manager of the operational being?</li> <li>Which management models are defended by each one? Point out the characteristics of this model expressed in the managers' speech.</li> </ul> |
| What now, José?                          | <ul style="list-style-type: none"> <li>Based on the case and the questions above, what management models can Lucas implement when he takes over as director of the company? Point out the advantages and how to apply it.</li> </ul>  |

**ANALYSIS OF ASSIGNMENT QUESTIONS****Question 1**

The management model that allows for greater communication and collaboration of employees in company decisions is participatory management. According to Candido, Machado e Silva, and Zuhlke (2008, p. 3), participatory management "is more than a management tool that helps the company make strategic and operational decisions. In fact, it is a new management concept based on the continuous improvement of critical processes and with a constant focus on customer needs", a model in which all members of the organization actively participate in the construction and achievement of organizational objectives.

At the beginning of the company, when a new brand positioning was carried out, it took knowledge and several meetings to define the product, with new concepts, and design. New styles of shoes were developed to reach different consumers, with price variations between models (which until then had not been practiced by the brand). The branding work bore results, and the Baby Gut brand became a reference in the children's market. Also, when the expansion started, the need arose to create more well-

defined positions and functions, and Tânia and Tamires were promoted to the positions of commercial manager and production manager, respectively, in addition to Danilo, as administrative and HR manager. Rather than simply bringing somebody in to resolve the problems, with all its history and knowledge of the market, it thought of collaborating with someone from within the organization, who already worked in the company as an assistant in the productive and administrative sectors, and had a good knowledge of the entire process.

According Amorim et al. (2021, p. 3) "participatory management is understood as the need to include different subjects in the analysis and decision processes, in the expansion of analysis of contexts, of policy in general, in a place of formulating and agreeing to tasks and collective learning". It is a management posture that sees the potential of employees to contribute to bringing a broader view of the decisions that contemplate the organization, as well as delving deeper into small changes. Thus, it seeks to increase the participation of employees responsible for technical and operational areas, as an influence on decision-making in the strategic sector.



## Question 2

Lucas, in the leadership of the company, has the role of command, but when the organizational strategy is built by all the members of the company, it is possible to understand more clearly the needs of the organization. His actions as a human being are at the heart of the management process. The openness for its managers to bring in the demands of the lower hierarchical layers would reveal a strong link between the employee and his manager. This management model, despite appearing to influence only the company's internal factors, is highly influential in the market. As for the purposes of this management model, Vergara (2004) states that participatory management leads to the development of organizations, improving employee interactions and organizational climate.

Participatory management "is that which consists of sharing decisions that affect the company, not only with employees but also with customers or users, suppliers, eventually distributors or concessionaires of the organization" (Bonome, 2009, p. 73). Furthermore, as a management factor, it enables the best use of employees in decisions and new ideas (Vergara, 2004). Lucas could also separate what is a company (professional) meeting from what is a meeting of family interests. Thus, there would be no chance of a conflict of interest, where family members may have conflicts with the company's professional decisions. Thus, Lucas being able to be an interlocutor of the family and, at the same time, with a more professional vision, would balance interests without segregating the interests, on the contrary, bringing family and professional participation to corporate management decisions.

## Question 3

Unlike participatory management, management by processes is based on organizational traits that include the organization of the work and its performance, organizational values and philosophy, and systems, which are oriented towards narrowing the potential of individuals to the company's strategy (Parolin & Albuquerque, 2011).

Tânia, the sales manager, has a very clear, results-focused proposal. The manager, when presenting her position, spares no efforts, producing graphs showing a series of goals to be achieved monthly by each sector. Briefly, she wants the various sectors to be in line and focused on the company's objective. She even mentions during the conversations, that the focus would be the goals, they would be the new "boss". Furthermore, she questions Lucas about his desire for something more humane, and how he expects to achieve results without proposing a goal.

With this management model, the company has a more individualistic view of potential, in which the results achieved will be reflected in the recognition of the employee and consequently in the company's growth (due to its performance). The individual is linked to the company's strategy and must follow it for the sake of its goals.

## Question 4

According to Gomes (2009), results-based management can be understood as a cycle that starts by establishing the desired results, followed by the translation of objectives; then by monitoring and evaluating the organization's performance. Each sector could be given goals, which will guide them in their performance, as they seek to meet the minimum stipulated by the goals. This would benefit the company, not only by having a guide to the expected results, but also to show the forecast profits, where to allocate investments, among other factors, enabling good control of the market. It makes no sense to want employees to participate in a decision that can be made by us. Again, I repeat, if we don't follow this model I'm out. I will not be part of a company without any direction or goals.

Finally, results-based management is the "method through which all the management of a company set goals for their operations [...] shareholders through the board" (Lodi, 1970).



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