



## Brazilian Baker Shop: A Case Study on Collaborative Negotiation

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### Abstract

The article describes a family business negotiation in Brazil. The bakery faced management and organization problems due to its family nature, lack of professional management, and 24/7 operations. The business faced issues such as centralized management, high employee turnover, high maintenance costs, emotional issues, stress, lack of schedules for family life, and the matriarch's health depletion, worsening family relationships. This work presents the negotiation's outcome and discusses best practices to solve issues without jeopardizing family ties.

### Keywords:

Family business negotiation; Type IV negotiation; Bakery industry.

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### 1. INTRODUCTION

Managing family businesses can be complex, especially when transitioning leadership from generation to generation (Dias et al., 2023). This case study explores the story of a family-owned bakery and confectionery that successfully navigated this transition, applying negotiation and management concepts to ensure the business's continuity and success at Florianopolis, Southern Brazil. Negotiating is an art that goes far beyond the search for a favorable agreement, as it is a strategic game of interests, perceptions, and decision-making



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(Dias, 2020). In this case, all the parties engaged in a Type IV negotiation (Dias, 2020), where multiple parties (family members) parties negotiate multiple items.

Negotiation has been defined as a “a process of communicating back and forth for the purpose of reaching a joint decision” (Fisher, Ury & Patton, 1981, p. 20), attracting attention for the past decades (Dias, 2023; Dias, 2023a; Dias, 2023b; Dias et al., 2023; Navarro & Dias, 2024; Santos & Dias, 2024; Fisher, Ury & Patton, 1981; Kissinger, 1969; Lax & Sebenius, 1986; Raiffa, Richardson & Metcalfe, 2002; Rubin and Brown, 1975; Pruitt, 1981). The field of research has been studied as follows: as communication process (Acuff, 1993; Salacuse, 2003, 2006; Shell, 2006), as conflict management (Zartman, 1988); as a social interaction (Dias, 2016; Schatzki & Coffey, 1981); as decision-making (Bazerman & Moore, 1994); regarding business negotiations (Dias, Toledo, Silva, et al., 2022; Dias, Lafraia, Schmitz et al., 2024; Dias, Pereira, Teles & Lafraia, 2023; Dias, Leitão, Batista & Medeiros, 2022; Santos & Dias, 2024; Dias, Pereira, Teles & Lafraia, 2023; Dias, 2023; Dias, Pereira, Vieira, et al., 2023), including government negotiations (Navarro & Dias, 2024); retail business (Valente & Dias, 2023); software contract negotiations (Cunha & Dias, 2021; Dias, Nascimento et al., 2021); complex military negotiations (Dias, Toledo, Silva, Santos et al., 2022; Dias, Pires et al., 2022; Dias, Almeida, Silva, Russo, et al., 2022). This study addresses a Type II negotiations (Dias, 2020), as depicted in Figure 1:



Figure 1 The Four-Type Negotiation Matrix  
Source: Dias, 2020. Reprinted under permission.

## 2. METHODOLOGY

This article used an inductive approach with interpretive philosophy in line with Saunders, Lewis, and Thornhill (2009). Inspired by Yin (2004), we investigated one digital transformation negotiation between two parties to purchase a software solution from a family business in Brazil, as the unit of analysis, augmented with the direct involvement of one of the authors.

### 3. BACKGROUND

The baker shop is a family company composed of a father, a mother, and three children. The business started in 1988 with a small confectionery in Florianopolis. In 1992, a building was built at another address, where the business expanded with the implementation of new areas of operation in addition to confectionery, with a bakery, salty, and the attendance of events, coffee breaks, and breakfasts for the leading hotels in the city. Their meetings used to take the following table arrangement, as illustrated in Figure 2:

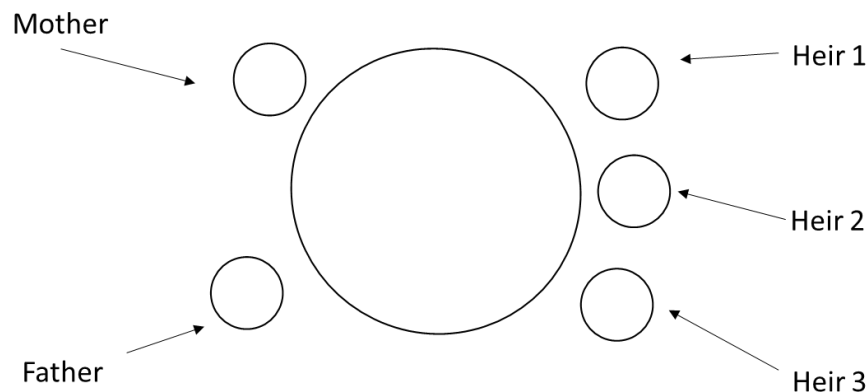


Figure 2 Typical Type IV bargaining table.

Source: elaborated by the authors

### 4. REGULAR OPERATIONS

This building was built to meet all production, sales, and shipping activities, being divided as follows: store and shipping on the ground floor, on the second floor the coffee area, and on the third floor the production area composed of ovens, cold chambers, and various equipment. The company was open to the public from 6 am to 9 pm every day of the week, including Sundays. Fifty employees formed the team. Operation 24 hours a day in the bakery sector for the preparation of bread. Two cars and drivers are needed for hotel delivery at dawn, coffee breaks, and event deliveries.

### 5. OVERCOMING CHALLENGES

The business continued its activities, continuously maintaining investments and innovation and increasing its revenue. However, due to being a family business without professional management, little automated, and with the need for schedules of operations 24/7, management and organization problems arose, such as (a) centralization of management in the person of my mother, (b) high turnover of employees, (c) high maintenance costs of the building and equipment for the operation of the business, (d) emotional issues involved because it was a family business where the limits of what was family and what was the company were no longer defined, (d) stress of all involved, (e) lack of schedules for family life and leisure, (f) separation of parents in 2001 where the father left the management of the business and the mother remained in the management of the company, (g) depletion of the mother's health who began to get sick more frequently as the years passed.

Identifying this diagnosis and these problems accumulating over the years, in 2008, it became more evident that the family needed to participate in solving these issues. Given this, one of the sons participated with his mother at the end of 2008 in the PROPAN course in Porto Alegre, a business management course specific to bakeries. From the knowledge gained in this course, they felt more confident in managing and organizing the company more professionally. The business was very centralized in the figure of my mother, but it was evident that if things continued as they were, my mother's health, who was 58 years old at the time, would not last for many years at that pace of work and continuous stress.

From this context and conversations with the mother, in early 2009, we agreed to transition and take over the company's management in her place as long as we hired an experienced production manager in the market to support the operation. Given this, the baker shop administration hired three production managers throughout 2009. However, in the company's day-to-day operations, the mother centralized the activities without allowing the managers to act freely; the matriarch continued to manage the company in the old way.

## **6. PLANNING THE NEGOTIATION**

Therefore, at the end of 2009, before the hiring of the next production manager, the negotiation itself began:

**Options:** (a) professionalization of management; (b) implementing innovations without compromising the company's values; (c) development of cost and profit performance indicators by company sector; (d) monthly profit distribution to mother; (d) on a personal level, the mother has more time for health care; (e) implementation of transition in 3 months; (f) implementation of training for employees; (g) implementation of management indicators;

### **Alternatives:**

Keep the company with the same management and the same situation until the mother is no longer in good health;

## **7. NEGOTIATION OUTCOME**

The negotiations lasted 2 months, and there was a lot of emotional distress involved. However, we reached an agreement to implement the items described in the ZOPA. One of the main conditions was that the mother not interfere in the new management after 3 months of transition. The objectives were achieved, and the revenue increased, but there were many conflicts and still some attempts to interfere with the new management.

## **8. LESSONS LEARNED**

Considering that the entire process of negotiation and transition to new management was very intense, with emotional wear and tear on the family and also difficult for all employees of the company, the baker shop administration could have adopted some different actions they are:

1. Understand better than the mother's resistance had to do with her having created the company, and she was concerned that the new management would not deconstruct the values and relationship with customers;
2. Separating family relationships from the company's problem, the family members could have adopted meetings more often outside the home or company environment. He could have taken walks in pleasant places and a more harmonious climate. He could have built more conciliatory conversations and negotiations;
3. She could have better defined the objectives of the transition, the main objectives being the gains with the mother's health and having time to spend time with the grandchildren;
4. The family members could have talked to the brothers separately and exposed the ideas more clearly to reconcile the actions, which would have avoided several misunderstandings and lack of support;
5. The baker shop administration could have built an action plan with the whole family, with everyone's opinion and participation, so that everyone would feel that they were part of it and thus would feel part of the whole process.
6. The baker shop also could have hired a consultancy for mediation and management transition.

## **9. IMPLICATIONS AND DISCUSSION**

This paper examined the complexities of transitioning management in a family-owned business, where emotional dynamics and long-standing relationships can complicate decision-making. The negotiation process enabled the parties to identify key areas for agreement, such as professionalizing management and implementing cost/profit performance indicators. Despite challenges, the transition was ultimately successful, with the company seeing increased revenue and the mother's health improving. However, ongoing conflicts and attempts to interfere in the new management underscore the importance of clear communication, defined objectives, and separating family relationships from business decisions. The experience provides valuable lessons on understanding resistance, effective negotiation, and the need for adaptability in family business transitions.

There are also some implications in other research topics, including (a) role-play simulations on business negotiations (Dias, Lopes, Cavalcanti & Golfetto, 2020; Dias & Silva, 2021; Dias, Netto, Oliveira et al., 2021; Dias, Andrade, Sotoriva, et al., 2021; Dias & Lopes, 2021); (b) business negotiations (Dias, Waltz & Oliveira, 2021; Dias, 2020a; Dias, 2020b; Dias, 2020c; Dias, Duzert & Lopes, 2021); (c) family business negotiations (Sartori et al., 2020; Dias, Lopes & Teles, 2020; Dias & Lopes, 2020; Dias & Navarro, 2020; Dias, Lopes & Duzert, 2020), (iv) trust in negotiations (Dias & Lopes, 2021; Dias, 2021), for instance.

## 6. CONCLUSION

In conclusion, the management transition in the family bakery and confectionery was a complex process that required careful negotiation and planning. Despite the challenges, the outcome was successful, with the company thriving under new management and the mother's health improving. The case highlights the importance of effective communication, clear objectives, and adaptability in navigating family business transitions. By applying negotiation concepts and learning from experience, the family achieved a positive outcome and ensured their business's long-term sustainability. This negotiation was one of the family's most important and relevant business experiences. They applied some techniques empirically and made several mistakes. However, the results were achieved, with the prosperity of the company, recovery of the mother's health, and the return of harmony and family life over the years.

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