

## Case Study

# The Tink's saga: Is it the time for the corporate governance?

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Open access



## Editorial Details

*Sistema double-blind review*

### Article history

**Received:** 03 Mar., 2020

**Reviewed:** 10 Jun., 2020

**Accepted:** 24 Jun., 2020

**Available online:** 25 Dec, 2020

**JEL CODE:** M00, M10, G30, G39, D74

**ARTICLE ID:** 1850

### Editor-in-Chief

Dennys Eduardo Rossetto, Ph.D. 

SKEMA Business School

### Handling Editor

Marcos Hashimoto, Ph.D. 

Millikin University

### Translation / Proofreading

Jeferson Lana, Ph.D. 

### Funding:

This research is being carried out with the support of the Coordination for the Improvement of Higher Education Personnel (CAPES) Brazil, via the Postgraduate Support Program for Community Education Institutions, in accordance with CAPES Ordinance no. 149/2017.

### Cite as:

Meneghini, E. M. P.; Passos, A. P. P. e Lana, J. (2021). The Tink's saga: Is it the time for the corporate governance? Iberoamerican Journal of Entrepreneurship and Small Business, 10(1), Case Study e1850. <https://doi.org/10.14211/regepe.v10i1.1850>

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## Abstract

**Objective:** To promote a discussion on the benefits and challenges of the process of implementing mechanisms and good corporate governance practices in a multifamily company. **Method:** the case was based on real problems of a privately held multifamily organization and fictitious narratives were developed for its construction. **Originality/relevance:** Multifamily companies potentialize the existence of conflicts between the main ones due to the plurality of partners regarding corporate management and control. In this teaching case, some of these dilemmas were presented and how corporate governance could avoid, mitigate or remedy them in order to find adequate alignment between family members. **Results:** Conflicts of interest and information asymmetries indicated the need for new solutions for business continuity. Among these solutions, there was the possibility of implementing mechanisms and good corporate governance practices. **Theoretical/methodological contributions:** It is expected that the student develops an understanding of the need to consider inherent gains and losses in decision making and the particularities of the organization, such as shareholder composition, maturity of the organization and protection of capital and property.

**Keywords:** Multifamily company. Interest conflicts. Information asymmetry. Corporate governance. Teaching Cases.

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## Resumo

**Objetivo:** Promover a reflexão sobre os benefícios e os desafios do processo de implantação dos mecanismos e das práticas adequadas de governança corporativa em uma empresa multifamiliar. **Método:** O caso foi baseado em problemas reais de uma organização multifamiliar de capital fechado e, para a sua construção, foram desenvolvidas narrativas fictícias. **Originalidade/relevância:** Empresas multifamiliares potencializam a existência de conflitos, em função da pluralidade de sócios frente à gestão e ao controle corporativo. **Neste caso para ensino, são apresentados alguns desses dilemas, e como a governança corporativa pode os evitar, mitigar ou sanar, de forma a encontrar o alinhamento entre os sócios familiares. Resultados:** Conflitos de interesses e assimetrias de informação indicaram a necessidade de novas soluções para a continuidade dos negócios, dentre as quais, está a possibilidade de implantação dos mecanismos e de práticas adequadas de governança corporativa. **Contribuições teóricas/metodológicas:** Espera-se que o aluno compreenda a necessidade de considerar, na tomada de decisão, os ganhos e as perdas inerentes às particularidades da organização, como a sua composição acionária, sua maturidade e a proteção do capital e da propriedade.

**Palavras-chave:** Empresa multifamiliar. Conflitos de interesse. Assimetria de informação. Governança corporativa. Casos para ensino.

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<https://doi.org/10.14211/regepe.v10i1.1850>

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## INTRODUCTION

In August 2018, unanimously, Jean was appointed CEO of Tink, a paint industry, consisting of seventeen partners from seven families, in which all managers were also partners, but not all partners worked in the company's management. Dissatisfactions surfaced between managing and non-managing partners. The managing partners were dissatisfied with Jean's performance, as they understood that they were losing autonomy, since he wanted decisions to always be made by consensus among managers. On the other hand, non-managing partners felt uncomfortable for not having their ideas considered, in addition to understanding that they were not kept abreast of all the decisions made by management regarding the direction of Tink. Jean, for his part, unsure of the way he was put in charge, tried to do his best to resolve such conflicts. In November of that year, after a tense meeting with the partners, he talked to Antônia, partner and daughter of one of the founding partners, about the company's problems. In the conversation, she brought up a reflection on corporate governance, which she believed to be an alternative to minimize conflicts, defend the interests of partners and ensure the survival of the company. However, despite defending her results, Antônia exposed to Jean the challenges and problems that could arise in the deployment process related to the high cost, the maturity of the partners and the management team, the professionalization of the company and the time that it would demand.

In Antônia's view, corporate governance would be an indispensable journey for a company with Tink's corporate structure: too many members, too much interest asymmetry and too much information not available to every stakeholder at the same time. However, for the results to be favorable, would be necessary to obtain the consensus of all involved, carry out a planning in the deployment process that aimed at the success of the actions and minimized the associated complications. Like any other decision, governance needed to be considered in view of the company's particularities. Antônia felt responsible for passing on to Jean all the knowledge she had on the subject, once the company was going through a delicate moment that required well-aligned strategic actions.

Jean had already heard about corporate governance in the specializations he attended, and although Pedro, the former CEO, argued that this was the practice of a large company, which did not fit the reality of Tink, he liked the conversation with Antônia and the possibilities that corporate governance would bring to the company. But he still felt insecure due to the challenges reported by Antônia and later by Pedro. He was concerned, substantially, with the reaction of the partners to this proposal. If, on the one hand, corporate governance would bring more transparency, on the other hand, it would frustrate the dreams of some founding partners in seeing their heirs facing the business. Would the deployment of corporate governance be the best alternative to solve the problems faced by Tink? How would the partners react to this proposal? Will it be the best moment to deployment Tink's corporate governance?

## MEET THE TINK

A Tink, a paint industry, located in Panambi in the state of Rio Grande do Sul, served the three southern states of Brazil and had fifty-two direct employees and twenty-three sales representatives. It acted with products focused on the real estate and industrial line. Its corporate composition was formed by seventeen partners from seven families. The partner and

founder, Pedro Bazzi, was legally responsible since 1998 and became CEO in 2009. Starting this year, Pedro started to organize the processes and instituted a meeting with all the partners, which took place monthly, always at the third Thursday of the month.

At the February 2018 meeting, Pedro briefly commented on his desire to leave the company in two years. In the same year, in March, Antônia, daughter of one of the founding partners and a partner with a small percentage of shares, approached Pedro and suggested carrying out a job search based on interviews with all the partners, to map the perception of the owners regarding the topic, since the company had no succession plan. Months later, in July, Pedro fell ill and had leave from management, without first addressing the topic of interviews with the partners. With his departure, a new CEO needed to be appointed. Tink had in its staff three possible internal successors, who were partners and acted in the management of the company's boards: Jorge, Fausto and Jean.

Jorge was a financial and administrative director, graduated in Accounting and specialized in financial management. He became a partner a few years after admission and accounted for just under 12% of the company's shares. Fausto was a commercial director, had a degree in Pedagogy and was one of the company's oldest employees. He became a partner in 2004 and held 11,37% of the shares. Jean was a production director, son of one of the founding partners, with a degree in Administration and a specialization in Production Engineering and Industrial Management. He became a partner by sharing his father's shares, owning 2% of the shares, the minimum amount defined for the acquisition of shares. Jean and his father together held 11,41% of shares.

The decision was made in haste, Pedro indicated Jean, as he understood that he was the most prepared at that moment. Jean was considered political and an unknown figure by some partners, who, despite this, recognized his effort, his demand and the search for innovations in the productive area, sector in which he worked. The choice was supported by the partners. The others, out of trust and respect for Pedro, did not object, but in informal groups they discussed other possibilities. Jean happily received the nomination, but he was afraid and pressured by the responsibility assumed. In addition, the fact that there was no consensus among the partners and did not have time to prepare, worried him. Jean felt that tense days were approaching.

## SIGNS, STRONG SIGNS

The first two months served as an adaptation for the company. The departure of Pedro and the choice of Jean moved Tink. Jean knew that his life would not be easy, and the first signs were beginning to pop up. Jorge and Fausto seemed not to accept his recommendation and found some hard time at treating him as the superior, insisting on not consulting him or communicating their decisions. In conversations with other partners, Jorge and Fausto were dissatisfied with Jean's performance, understanding that they were losing autonomy, once Jean wanted that the decisions were always made by consensus between the three.

In September, Jorge granted a salary increase to a collaborator on his team, justifying that she was important in the job and had received a new job proposal. Jean, upon learning of the incident, questioned Jorge's decision, stressing that these decisions needed to be aligned, since they increased the weight of the payroll, a topic constantly questioned by the partners at the meetings. It also reminded him that they had to develop

a policy for jobs and salaries to be presented at the monthly meeting, which was not yet in place.

- *Jorge, our personnel expenses are high, we need to complete the evaluation work and present it to the partners, until then there is no further increase in salary, do we understand? Said Jean.*
- *Look, Jean. You are responsible for production, so let's talk about the filling the machine that we bought last year and that should reduce six jobs. That is not what is shown here in the production staff. Why haven't we made these reductions yet? Asked Jorge seriously.*

Jean, feeling cornered by Jorge's demand, started to explain himself, but soon realized what Jorge's intentions were.

- *Jorge, these reductions were not made because we ended up increasing production last month ... well ... actually ... Jorge, are you asking this question to justify your attitude? I really forgot to adjust the staff, I failed, a lot is happening. But you could have reminded me of this earlier and not bring it up now as a justification for a wrong decision you made! – finished Jean, raising his voice.*

This episode bothered Jean. Back in his office, he couldn't stop thinking about what had happened and if it meant a breach of trust between him and the administrative and financial director. Jorge, in his view, was a fundamental part of Tink's finances and the attitude taken by his colleague showed that something was not going well. That same month, another event. On this occasion, in the sales area, he left Jean even more indignant. Fausto closed the sale of a large order without margin. Jean approached with the result of the request and faced him:

- *Well, we were not happy with this order, we ended up granting excessive discount, but the big problem was in the production, if there were no overtime we would be able to reach breakeven – said Fausto.*

Jean, who still accumulated production management, could not help himself:

- *Breakeven, Fausto? Stop! You have been with the company for years, besides being a partner, you know our costs and especially our limitations, we never closed an order with virtually no margin. Besides, the production had to work overtime for the term you agreed with the customer.*

Fausto continued to defend himself, so Jean after a sequence of arguments and explanations, seeing that Fausto would not assume his mistake, ended the discussion with a certainty, it was necessary to define a maximum percentage of discount to be granted. Atypical cases should be dealt with in the daily board meeting and validated by him.

In addition to these, other impasses were occurring in the company's daily life. The day before the November meeting, Jean, as he passed Jorge's office and asked if the financial presentation on the new model for the meeting was ready, heard that in that month they would still use the old model, as he didn't have time to complete and test the model. Considering the latest disagreements, in order not to start a new discussion, Jean just said that they would possibly be charged by the partners and would become a problem at the next day's meeting. That same day, when Jean was leaving the company, Jorge called him.

- *Jean, Juçara left her fruit basket. This month she even gave us a bunch of bananas I took mine yesterday – said Jorge about the fruits Tink used to provide.*

- *Ah, how beautiful! Thank you – Jean thanked when he received the basket and left. Little did he know that even the bunch of bananas would become a source of contention.*

Outside the company, among non-managing partners, signs of lack of communication and alignment also emerged. Some non-managing partners were uncomfortable because their ideas were not being considered, in addition to understanding that they were not kept abreast of all decisions made by management. For example, some of the retired founding partners often met at Bar da Esquina, where they played cards and talked. Antônia's father, upon meeting Jean's father and one of the family members, commented on his intention to return to the topic of dividends for the next year at the next meeting.

- *I think we should start talking about the dividends for next year. I have already said on several occasions that I, at this stage in my life, prefer the money in the account than reinvesting it in the company – said Antônia's father.*
- *I think that this issue is already considered as resolved by the management team, they have already decided how much will be distributed, they do not consider increasing the values – pondered Jean's father, implying that he knew something beyond what was known for the other partners.*
- *Yes, I heard that they are thinking of making an investment in the production area that would take part of the cash – added one of the partners of the family.*

That late afternoon, Antônia's father called the two other partners to talk about the information received and realized that none of them knew about it.

- *My friend, they decide inside without asking our opinion. They feel like they are the only owners. We are "banana trees that have already bunch" (laughs). By the way, thank you very much for that orchard you planted there on the factory grounds. What good bananas those! I received a basket of products this week – said one of the members when he was interrupted by Antônia's father.*
- *How is it? Did they have products delivered? And why did I, who planted the orchard, received nothing? Do I need to have my son there managing Tink to know what happens there? ... – Antonia's father was visibly upset. That night, he did not sleep well, he wondered how other decisions could be made without all the partners knowing about it.*

## WASHING DRY CLOTHES

Thursday evening, November 22, 2018, date of the monthly meeting of the partners. Jean felt a certain tension in the air as everyone was taking their places without much conversation, very different from Pedro's managing phase. Not very good at breaking the ice, Jean started the meeting with the previous month's financial presentation. Soon he was interrupted and asked about the new model that should be used after this meeting. Jean preferred not to expose Jorge and explained that the model was still being tested and promised that it would be implanted next month. Everyone nodded and the presentation continued.

The sales results did not please the partners who started to speak out (Appendix A). One questioned the fact that costs and

expenses increased despite falling sales. Another member said it was necessary to pay more attention to production to reduce these costs. It did not take long for the conversation to hit the hot topic of the meetings: the dividends for the next year.

- *Gentlemen, this matter has been dealt with before, remember? If we increase the percentage of dividends, how could we reinvest in the company? Do you prefer to raise funds from third parties to keep growing? – Jean questioned and then recalled that Tink has always grown with its own resources and that the increase in the distribution of dividends would imply this strategy.*

Fausto then asked for the floor:

- *Gentlemen, I think that if so, then we also have to review our salaries. Because only those of us who work here know what we have been through, you are here on the day of the meeting and are already taking dividends. But the day-by-day of the company belong to us. I would like to see who would do the job if one of us resigned.*

There was an uproar in the room, some members looked at each other and commented among themselves, others raised their voices and rebutted Fausto's comment. Jean quickly got around the situation and asked for the meeting to resume. He presented the rest of the financial information and investment plans and then opened it for general comments. Antonia's father was the first to speak out, saying:

- *Jean, I saw my capital invested in Tink appreciate, but my children, younger partners, still expect returns. So, I would like to make a few points. I understood from Fausto's speech a little while ago, that you don't feel valued, but we, who are partners and are not Tink's managers, are not heard in the same proportion, our ideas don't have the same weight, my children don't even care anymore to attend meetings for this reason. I also know about fellow partners present here who think the same. They even disagree with many things that you talk about and do, but do not argue because you know that nothing will come of it and the matters discussed are not taken up in the following meetings.*

The room remained silent, and he continued to speak:

- *Why are no minutes and protocols being drafted in our meetings? Our company has been in the market for two decades and we have never write a single minute. I see it as basic! In addition, we need to make it clear to everyone, which decisions can the management take by themselves and which needs to be approved at our meeting, For example, I did not agree with the last expensive car acquisition for the commercial director, and that was not addressed here at the meeting.*

At this time, the other partners agreed, and at the end of their speech, three partners raised their hands and the oldest spoke:

- *I totally agree, especially about the definition of the decisions that you from the management can make and those that should be discussed in a meeting with all the partners. I see that passing on information about decisions taken outside of meetings is not for everyone, as in the definition of next year's dividends and investment plans, some partners who have a relationship with managers are aware and the others are uninformed. Where's the equality!? At least the information should be for everyone.*

The second partner who had raised his hand, began his speech:

- *First, I endorse the need to define this autonomy in making decisions. Secondly, look Jean, I do not regret the investment in Tink, as you know I am a founding partner, but I have not been happy for some time. We went through a period of recession in Brazil and we did not take advantage of this period to organize our processes, we have a very bloated administrative team, employees with high salaries, wouldn't it be the time to review this? Already on the production line, that filling machine acquired last year had the proposal to reduce personnel, was such a reduction effective? Then I hear Fausto talk about salary, it seems to me that something is not right. I will give an example of the disparity that exists between us. This week, some of the partners present, including you who work here, took home products from the orchard. But, what most caught my attention and I know that it deeply hurt a colleague of ours, is the fact that he who was responsible for the orchard did not have been remembered.*

At this moment, Jean and Jorge looked embarrassed. Everyone was thoughtful and the partner continued:

- *It seems to me that there is no appreciation of the elderly and that they were responsible for this company being what it is today. As for the monthly production and productivity indicators, why are they not presented and validated with us? And the granting of the annual bonus? I think the goals need to be more daring and there needs to be collection and monitoring of these indicators, this is never presented in meetings, but bonuses are granted, and as we just saw in the presentation, our results have been falling and our expenses are growing. Another thing is the material presented at the meeting, it is no use just tracking sales, I want to see balance sheets and indicators, such as EBITDA, I want to know the last number after the rule.*

The third partner who had raised his hand, began his speech by shifting in his chair:

- *Jean, Jorge and Fausto, you may not like what I am going to say, but I do not agree and I never agreed that a company of this size, with financial difficulties, makes the car available with fuel to use, and I am not referring to visiting customers or develop activities related to the company, but for use in personal activities, I do not see accountability about it. So, I think that we should review the responsibilities and benefits of each one. It's Tink's money, everyone's! And if it belongs to everyone, it cannot, like the fruits of the orchard, benefit some.*

The discussions in the room continued, there was a lot of information, pains kept under lock and key in favor of the good coexistence of the company, but that surfaced at that moment, with the new CEO. Something was becoming increasingly clear to Jean, he needed to implement changes in the company, or he would be doomed to fail, so he took the floor.

- *Gentlemen, a society only works when everyone has an active voice and is heard. When I was interviewed by Antônia earlier this year, I gave my opinion converging with much of what you just said. We really have many problems and the routine ends up preventing us from stopping, thinking and putting together the best strategy for our activities. I agree with everything you have said, and I give my word that I will work to fulfill your requests. I thank everyone for their comments, and I only ask for a vote of confidence.*

- *What do you intend to do, Jean? Asked Antonia's father.*
- *Yes, Jean, to give you a vote of confidence we need to have an idea of what you want. If not, it happens as usual, in the next meeting nobody talks about what happened and what is left unsaid – commented another partner.*
- *Gentlemen, it seems to me a consensus that you want to be more involved in the company's decisions. It is also clear that you are dissatisfied with many of the decisions made. I wrote down here, everything you said. I will analyze, create action plans and present a proposal to validate at the next meeting. I ask you to also think about it and bring suggestions. Do you agree? – finished Jean.*

The partners looked at each other and, one by one, endorsed Jean's request. This would be his opportunity, and he knew he could not waste it. That night, after ending the meeting and having committed to seek alternatives to the partners' dissatisfactions, many of which embarrassed him, Jean recalled an image that Antonia once sent to the WhatsApp group of Tink's partners, in which she showed a path to the company, it was a term he tried to remember ... oh yes, corporate governance.

### IS IT THE TIME FOR THE CORPORATE GOVERNANCE?

In the past few days, Jean made contact with Antonia, reported the problems faced at Tink, and about the last meeting with the partners. Antonia already knew, her father had told her what had happened. Antônia did not live in the city where Tink was based and therefore did not participate in the meetings of the partners, however, she kept herself informed of the events through her father, a founding partner. She studied organizational strategies in the master's degree and one of her main research topics was corporate governance. She forwarded to Jean some documents dealing with the topic, so that he understood better than they spoke, and asked him for new information from the company so that she could analyze it. They started talking daily about Tink.

- *Antônia, do you believe that even the fruits of the orchard became a source of discord? I really failed, I forgot about your father, I thought Jorge sent it and he thought the same thing about me – tried to justify Jean.*
- *Oh yes, Jean, I heard, but believe me, this is more frequent than you can imagine. I heard a similar report at one of the meetings of the Brazilian Institute of Corporate Governance (IBGC) and at the time I thought it was an exaggeration. We see now that when things are not going well, everything becomes a reason for dispute – pointed out Antônia.*

The level of information asymmetry between the partners caught Antônia's attention and made her rethink what stage Tink was at. The company did not have minutes of the meetings, controls for the directors and promulgated routines. The information shared between the internal boards and the presidency was precarious, and when it came to the external partner, the problem was even greater, not even accounting data was passed on. Only a few external partners who were family members of the managers or who had a close relationship with any of them were aware of the information inherent in the company and the decisions made.

To better understand the situation of the company, Antônia again checked the interviews she had conducted earlier that year, analyzed the documents passed on by Jean and the facts reported in their conversations. In the bylaws, Antônia observed possibilities for improvement and wrote down the suggestions

to later discuss with Jean. The table with the number of partners and percentage of shares drew your attention to the shareholding structure of Tink (Appendix B). In her view, a company with these particularities immediately needed practices that guaranteed the rights and duties of managers, partners, heirs and employees, as well as ensuring the company's financial health.

However, although Antônia understands that these practices could be based on corporate governance, she weighed the challenges: how expensive would it be to hire a consultancy to monitor the deployment process? Did the company, partners and management team have the maturity for inherent strategic changes? How would the partners see the gradual professionalization of the company? And how much time should it spend? She portrayed all these questions to Jean, pointing out that corporate governance could present favorable or unfavorable results, and to minimize the related complications they had to think strategically about the planning and engagement of those involved.

After many conversations with Jean and having the information she considered necessary, Antônia suggested that both of them arrange to meet in person with Pedro in person to discuss the feasibility of deployment corporate governance. Pedro left for health reasons, but he already felt a little better. Despite having decided not to return to Tink's management, he had been following the latest events from a distance. He was constantly talking to Antonia's father and it was he - his father - who suggested listening to the advice of the retired CEO.

- *But Antônia, Pedro has always been against the deployment of corporate governance in small companies. And I thought we would talk to an IBGC consultant – questioned Jean, recalling that Antônia had told him that she participated in IBGC meetings that were taking place in her city, and that IBGC offered courses and guided companies.*
- *Jean, I am a staunch advocate of corporate governance. But to start this journey, all partners need to agree. We will need to vote, and the majority will win. And I am aware of the challenges in transforming a company, it will be a sudden and profound change. We have liens and bonuses. I think it will be smarter on our part to talk to Pedro in advance. He gave part of his life for Tink and despite his hard head, he wants the best for the company – concluded Antonia.*

So, they held the meeting between the three. The young people, Antônia and Jean, presented their ideas to Pedro who, after listening carefully, explained his opinion:

- *Young people, your interest in transforming Tink is commendable. But it will not work. Are you aware that by placing Tink within the corporate governance mechanisms, at some point, the company's management will need to be professional? And did you calculate the cost for that? Will Tink have such resources? These funds will have to come out of some account, the most obvious of which is dividends. Do you think retired members will agree to this? In addition to not seeing their children in the management of the company they created, their dividends will be reduced. And you Jean, what will you do with your career when you have to give up your position? The same will happen with Fausto and Jorge. Anyway, don't you think there are alternatives? Jean, you still have the role of managing the production sector. Promote someone to the role and dedicate yourself to managing Tink. Develop other*

management tools, I believe they have other options to be tested before going to corporate governance. Especially because, if approved, it will need to work. We are talking about a high investment to fail.

After Pedro's speech, Antônia and Jean reported their opinions on the questions asked. They knew that everything Pedro had just said was real and could happen. The conversation continued and at the end Pedro suggested:

- You see, Jean and Antônia, I suggest that you prepare a complete material on the subject and take it to the next meeting with the members and present it to them. Many of them have never heard of it. Try to familiarize yourself with the theme.
- Yes, we can organize material with the benefits and challenges of corporate governance. In addition to presenting corporate governance, how about we suggest brainstorming with partners? Let's let them tell us which way they want Tink. Jean already made this request to them at the last meeting, I think that some interesting ideas may come up. But, at this meeting, we could ask all partners to bring their heirs as well. I think the time has come to involve everyone – said an enthusiastic Antonia.

Jean liked Antônia's proposal, gave her suggestions and, in this way, defined that this would be the next step for the great moment that Tink was going through – a meeting with all the partners and heirs. Would the deployment of corporate governance be the best alternative to solve the problems faced by Tink, or other ideas, brought by the partners, would solve the issue? How would the partners react to this proposal? Will it be corporate governance?

### Teaching Notes

This teaching case provides the teaching notes separately.

### Conflict of Interests Statement

We declare that there are no conflicts of interest.

### Authors' statement of individual contributions

Roles	Authors Contributions		
	Meneghini, EMP	Passos, APP	Lana, J
Conceptualization	X	X	-
Methodology	-	-	-
Software	-	-	-
Validation	-	-	-
Formal analysis	-	-	-
Investigation	-	-	-
Resources	-	-	-
Data Curation	-	-	-
Writing - Original Draft	X	X	-
Writing - Review & Editing	X	X	X
Visualization	X	X	X
Supervision	-	-	X
Project administration	X	-	-
Funding acquisition	-	-	-

### Funding

This research is being carried out with the support of the Coordination for the Improvement of Higher Education Personnel - Brazil (CAPES), via the Postgraduate Support Program for Community Education Institutions, in accordance with CAPES Ordinance no. 149/2017.

### REFERENCES

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The present case was developed for application in undergraduate and graduate courses in Administration, in the disciplines of Corporate Governance and Business Strategy, and can also be used in disciplines as Entrepreneurship and Small Business

Management depending on the teaching plan of the teacher. It is recommended to use the case in sessions that address the concepts of agency theory, conflict of interest and information asymmetry between principal-agent and principal-principal, ownership and control structure, corporate governance and its mechanisms and practices in family businesses and multifamily.

It is expected that the student, through the case, develops the understanding of the need to consider the related gains and losses and the particularities of the organization in decision making, as well as to build an understanding of the benefits and challenges of the process of deployment the corporate governance system in a multifamily company and of the application of mechanisms to reduce conflicts of interest and information asymmetry between active and passive shareholders in management.

Also, it is hoped that the student will be able to identify the corporate governance mechanisms and practices that are most appropriate to Tink's conflicts and particularities, considering its shareholder composition consisting of seven families, the maturity of the organization and the protection of capital and property. In addition, it is desired that the student designs the possible scenarios for the company and is able to propose viable alternatives to solve the problems faced by Tink.

Therefore, the didactic objectives of the case are:

- a. to understand the concepts of agency theory, conflict of interest, information asymmetry and corporate governance;
- b. identify agency problems and propose the most appropriate mechanisms and practices for a multifamily company;
- c. critically analyze Tink's possible future scenarios; and,
- d. discuss the opportunities and risks of the alternatives identified for the company.

### Teaching Plan

For the discussion of the teaching case, it is proposed that the case be made available to students in advance. Previous readings on theoretical concepts are not necessary, however, with the preference of the teacher, some articles and texts are suggested in the references. In the application of the case, a discussion of the issues in small groups and after a general discussion in plenary is suggested.

The teacher can close the discussions with a mapping of the ideas presented by the students in connection with the

## APPENDIX

Year	2016			2017			2018		
	August	September	October	August	September	October	August	September	October
Gross Revenue (R\$)	2.078.406	1.978.406	1.842.689	2.278.406	1.878.406	1.642.619	1.578.406	1.278.406	1.242.689
(-) Deductions and rebates (R\$)	228.624	217.624	202.695	250.624	206.624	180.688	173.624	140.624	136.695
(=) Net Revenue (R\$)	1.849.782	1.760.782	1.639.993	2.027.781	1.671.782	1.461.931	1.404.782	1.137.782	1.105.993
(-) CMV (R\$)	1.101.555	693.762	701.861	1.207.555	693.762	701.861	836.555	693.762	701.861
(=) Gross profit (R\$)	748.226	1.067.019	938.131	820.226	978.019	760.069	568.226	444.019	404.131
(-) Selling Expenses (R\$)	246.511	249.820	253.672	256.510	261.101	266.501	265.045	262.055	270.010
(-) Administrative costs (R\$)	29.586	29.015	29.248	29.577	30.015	29.348	29.586	29.015	30.248
(-) Financial expenses (R\$)	43.176	40.676	42.640	43.176	40.676	42.640	43.176	40.676	42.640
(=) Result Before IRPJ CSLL (R\$)	428.953	747.507	612.569	490.962	646.226	421.579	230.419	112.272	61.232
(-) IRPJ and CSLL provisions (R\$)	8.579	14.950	12.251	9.819	12.924	8.431	4.608	2.245	1.224
(=) Net income (R\$)	420.374	732.557	600.318	481.143	633.301	413.148	225.810	110.027	60.007

### Appendix A

Source: Elaborated by the authors

Composition	Partners	Shareholding	Note
Family 1	Partners 1, 2 e 3	18,24%	Pedro and his two daughters.
Family 2	Partners 4, 5 e 6	16,29%	Antonia, brother and father.
Family 3	Partners 7 e 8	16,67%	
Family 4	Partners 9 e 10	11,41%	Jean and his father.
Family 5	Partners 11, 12 e 13	14,17%	
Family 6	Partners 14 e 15	11,85%	Jorge and wife.
Family 7	Partners 16 e 17	11,37%	Fausto and wife.
<b>Total</b>		<b>100,00%</b>	

### Appendix B

Source: Elaborated by the authors