



Karen Lynden
Miguel Córdova

case 5-915-152
September 14, 2023

Breaking Bread: DEIB Challenges Impact a Peruvian Corporation's Potential

In less than two years, Sweet Mountain Bakery (SMB) lost substantial market share—down 18 percentage points—in Peru's cookie market. Top management was shocked to find the main reason was the high-growth performance of a relatively small local firm in the country's Andes Mountains area, All You Knead (AYK). Despite SMB efforts, AYK expanded its growth into other parts of the country. The competition had become so fierce that employees of SMB and AYK regarded each other as rivals to defeat. In late 2022, after several aggressive yet ineffective competitive moves, SMB solved the situation with a buyout of AYK.

What was unanticipated in this merger was the serious diversity, equity, inclusion, and belonging (DEIB) challenges that emerged post-acquisition. Negativity continued between the two groups of employees, undermining company efforts to attain synergy and efficiency and increase productivity. Victoria Huaman, the human resources vice president post-merger, quickly became aware she needed to play a leading role in clarifying these issues and developing recommendations to share with the leadership team toward creating positive organizational change.

In addition, Huaman individually faced two additional challenges: Her immediate previous job was with AYK and she sought DEIB herself. Compared to the rest of the company leadership, she was clearly the one outsider as she was new, young, female, with fewer economic and network resources, and rural, i.e., her last name was Andean in origin, immediately marking her as not from the affluent, long-dominant society of metropolitan Lima.

The CEO and Huaman

Juan Garcia-Ceballos had been appointed CEO of SMB in 2016. He was well aware that Sweet Mountain Bakery needed effective integration of former AYK employees, yet he felt deeply uncomfortable with incorporating "atypical" new members from the merged firm into the corporate leadership team. On the other hand, Garcia-Ceballos reflected on a recent memo from SMB's global corporate owner, LAC, that

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

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