

# The Board of Directors at Market Basket

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## A Family Affair...



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- In 1954 Athanasios sold his store to two of his sons, Mike and George. Over a 15 year span the two sons turned their parent's small family store into today's modern supermarket chain.
- In 1994 Mike was charged with defrauding George's family out of \$500 million and transferred 51% of Demoulas' stock to George's family.



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- Mike resigned as president in 1999 and died in 2003 at the age of 82. In March 2008 the board of directors elected Arthur T. Demoulas president of the corporation.
- On June 23, 2014 Arthur T. Demoulas and two others are ousted by the board of directors.
- After threat of being fired, over 2,000 employees rallied outside company headquarters in support for the reinstatement of Arthur T.
- One month later, on July 23, 2014 Arthur T. Demoulas lets the public know he and his family are interested in buying out the 50.5 percent of the company controlled by Arthur S. Demoulas.

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### Meet the Board...

Info about the old and new CEO teams

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### Leading By Example

An exploration of leadership characteristics...

People like it!

- Servant Leadership
- Situational Theory
- Employee-Centered Leadership
- Great Man Theory

Not like it!

- Machavonian
- Leading With Fear
- Transformational Leadership Skills
- Transactional
- Focused on the Revenue

"I've noticed the sales figures, the service in this store is good. There's corporate greed. Someone needs to be busy with the sale. The fact that someone has? They say have a different attitude."

Q & A

Do you agree with the conclusion of our hypothesis?

What additional points could you also make for the task-oriented side?

What other questions or comments would you like to share with us?

Thanks for watching our presentation!

Arthur T. Demoulas  
George Demoulas  
Mike Demoulas  
Arthur S. Demoulas  
Erosini Demoulas

### The BIG Question:

What we really want to know is...



What is the difference between a company that is being run by a people-oriented leader, or a task-oriented leader?



### Hypothetically Speaking...

(Our Hypothesis Regarding Leadership)



Employees would rather work for a people-oriented leader than a task-oriented leader.

### What Can Be Determined From The Analysis?

- Arthur T.'s leadership approach embraces popular theories including servant leadership, situational theory leadership and The Great Man theory.
- In contrast, Arthur S.'s leadership approach is task oriented. His style promotes his own financial gain and is enticed by a leadership style that induces followers' loss.

Because of this, the hypothesis that employees prefer working for people-oriented leaders instead of task oriented leaders, is proven to be true.



### What the People Think:



### Numerically Speaking...

Demoulas Super Markets owns and operates a regional chain of 71 supermarkets in Massachusetts, New Hampshire, and Maine. According to Boston Business Journal, Demoulas Super Markets view, "The fastest growing retailer in Eastern Massachusetts again last year".

Market Basket - as of last year, "leading growth rate before as much growth as any other retailer" (Chesley) which supports the trend of further growth under Arthur T.



Historical revenues showed that directly after Mike Demoulas was ousted in 1999, sales became stagnant for the following decade, seen below:

Year	Historical Revenue (\$/Sales)
2000	\$1,855,000,000.00
2001	\$1,825,000,000.00
2002	\$1,825,000,000.00
2003	\$1,825,000,000.00
2004	\$1,825,000,000.00
2005	\$1,825,000,000.00
2006	\$1,825,000,000.00
2007	\$1,825,000,000.00
2008	\$1,825,000,000.00
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2018	\$1,825,000,000.00
2019	\$1,825,000,000.00
2020	\$1,825,000,000.00
2021	\$1,825,000,000.00
2022	\$1,825,000,000.00
2023	\$1,825,000,000.00
2024	\$1,825,000,000.00
2025	\$1,825,000,000.00
2026	\$1,825,000,000.00
2027	\$1,825,000,000.00
2028	\$1,825,000,000.00
2029	\$1,825,000,000.00
2030	\$1,825,000,000.00

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**Leading By Example**

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## Arthur S. Demoulas

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The cousin of ousted CEO Arthur T. Demoulas, Arthur S. has always had a feud with his cousin's side of the family over assumed inheritance money that they thought they were going to receive after George Demoulas died.

(also acting as his second board member)



## Gerard J. Levins

A Boston based, tax law attorney that has his own practice, known as Levins Tax Law LLC. He has experience representing clients that need help resolving tax controversies and tax disputes from the IRS.



## Independent Board

### Keith O. Cowan:

- On the board of directors in 2013, after serving as the president of strategic planning and corporate initiatives at Sprint Nextel Corp. from 2007-2013. Before that, he spent 10 years at Bellsouth Corporation, eventually peaking as the CEO of the company.

### Eric F. Gebaide:

- The managing director of a boutique investment-banking firm in New York known as Innovation Advisors that advises technology companies. He has served on the Demoulas board of directors since November 2013.

### Ronald G. Weiner:

- The chairman and president of Perelson Weiner LLP, an accounting and consulting firm located within New York City.

## Arthur T. Demoulas

Loved amongst the people he employed because he provided great pay and benefits in addition to implementing worker-friendly policies to help entice his employees to work hard and stay with the company.



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## William J. Shea

William Shea is the chairman of Lucid Inc., a company that specializes in selling medical devices, most notably cellular imaging systems. He has had 35 years of experience within the financial industry, spending 19 years with the accounting firm Coopers & Lybrand.



## J. Terence Carleton

A financial adviser at UBS financial Services and has been holding that position since 2009.





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