

# The Eagle-Tribune

EDITOR'S PICK

MARKET BASKET

## Business professors size up Market Basket feud

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A look at the new Market Basket at the North Andover Mall, with the store being prepared to open later this summer. The supermarket chain's board of directors and suspended CEO Arthur T. Demoulas are scheduled for mediation Sept. 3, according to the board's lawyer.

**NORTH ANDOVER** — Market Basket's board of directors likely senses an advantage in the two-month, public tug-of-war with suspended CEO Arthur T. Demoulas – and now is the time to resolve the battle, away from prying eyes.

At least that's what two professors of management and marketing make of the board's decision to pause – at least until mediation has been given a chance – the release of findings in its probe of Demoulas' alleged plans for a work stoppage.

The board has maintained that Demoulas planned disruptions as retaliation for board demands for basic company financial information.

Board attorney Harvey Wolkoff of Quinn Emanuel law firm, which has been investigating Demoulas, said mediation between the two parties has been scheduled for Sept. 3.

The mediation is out of deference to Demoulas, Wolkoff said, and any further action depends on the mediation's outcome.

Demoulas had yet to comment on the mediation as of Sunday.

Previously, Demoulas' spokesperson, Justine Griffin, questioned the objectivity Quinn Emanuel's investigation of Demoulas and his supporters, saying Wolkoff behaved "as more of an attack dog than an independent investigator."

UMass Lowell management professor Kimberly Merriman said the board's "focus on mediation helps avoid public fallout or even another 2014-style crisis."

Merriman said Demoulas is clearly Market Basket's cultural anchor, an intangible that comes with important leverage.

"The board's deferential approach shows they recognize this point and may be open to compromise," Merriman said. "Either way, September's mediation will be the pivot point where both sides either find middle ground or dig in deeper."

Bentley University marketing professor Ian Cross said a board "only hires an 'independent' law firm to reach the same conclusions it has already decided."

"My guess is that enough evidence has been collected by Quinn Emanuel to satisfy the board it has enough evidence to give it the upper hand in negotiations with Artie," Cross said.

He said the board is taking an "iron fist in a velvet glove" approach.

The board's recent firings of outspoken executives Joe Schmidt and Tom Gordon, loyal to Demoulas, were "a shot across the bows of Artie and his supporters, calculated to show strength and add to pressure without spilling over into action in the stores and the community," Cross said.

There is now, with the planned mediation, room for behind-the-scenes negotiations.

Much, however, depends on how much the board can prove its case, what it is willing to do to settle it, and how determined Demoulas is to fight, Cross said.

Scott Latham, a UMass Lowell professor in the management department at the Manning School of Business, said in an earlier interview that the only way he saw the situation playing out was with Demoulas being removed as CEO.

Latham said on May 29 that he did not expect workers to strike nor did he expect a wide boycott by customers.

“The world has moved on – and if Artie T. is counting on a repeat of 2014, he will be sorely disappointed,” Latham said at the time.

The board maintains Demoulas has failed to provide budget and other basic company financial information needed to do its work.

Demoulas and his spokesperson and two of his executives fired by the board maintain it is orchestrating a company coup to benefit the majority shareholders they represent, Demoulas’ three sisters.

The sisters own 60% of the \$8 billion (annual revenue) company, while their brother, Arthur, owns 28% and the rest remains in a trust.

Meanwhile, three Lawrence city councilors became the latest Merrimack Valley elected officials, joining those in Lowell and Methuen, to urge the board to bring back Demoulas.