We are Market Basket

The major saga in the story is the conflict between Arthur T. and the other side of the board, which includes, Arthur S. Arthur T, was named as the President and Chief Executive Officer (i.e. CEO) of DeMoulas, Inc. popularly known as Market Basket. Arthur T. is the son of the late Mike while Arthur S. is the son of the late George. The history of conflict between Arthur T.'s family and Arthur S.' family dates back to 1991 when the family of the late George sued Mike and Arthur T for having violated the fiduciary responsibility. Mike had bought George's shares reducing them to 8 percent from 50 percent. Being the president of the organization, Arthur T. was allowed to control and lead the board to ensure that the company is growing. Often, some shareholders, particularly those from Arthur S' side, opposed the Arthur T's style of management (Ton, Kochan and Reavis 3).

The board also accused the President and CEO of spending huge sums of money belonging to shareholders on Capital Costs. Arthur T. used all platforms to ensure the growth of Market Basket. A few shareholders did not agree with the CEOs strategy of entering into business agreements with other business companies. The board went further to hire a court judge to investigate impropriety claims plus other monetary transactions. However, the court rejected the claims. Arthur T. resisted board oversight regarding his decisions in spending. For instance, Arthur T. wanted to give a bonus of up to 40 million US Dollars to employees. Arthur S. and his family wanted to sell their minority stake because they were unhappy with the CEOs management style. This move would significantly affect the growth of the organization (Ton, Kochan and Reavis 13).

Arthur S.'s family obtained control over the board when Raffaele chose to switch sides. The board considered a motion to remove the CEO and President from his position in the company. Even though there were a series of petitions opposing the motion, Arthur S.s side insisted on the dismissal of the CEO. Arthur T. opposed a move by the executive members of the board to establish new credit lines and hiring executive search firms. Arthur T. lost the appeal to the court. The board later fired Mr. Arthur T plus two senior executives from Market Basket. Most employees demanded the reinstatement of Arthur T. claiming that his dismissal would harm business. Just a few weeks after the Market Basket President was fired, hundreds of employees quit their jobs demanding his reinstatement (Soundview).

Additionally, the company's customers threatened to shop elsewhere. The UFCWIU (i.e. the United Food and Commercial Workers International Union) also joined the peaceful demonstrations. DeMoulas, Inc. was on the verge of closing down until the Governors for New Hampshire and Massachusetts Maggie Hassan and Patrick Deval respectively, expressed their concerns appealing for the reinstatement of Arthur T. in two weeks of demonstrating, the sales of DeMoulas, Inc. has decreased by over 90 percent. Finally, the board bowed to pressure and reinstated Arthur T. plus his team. The board also awarded them full authority to carry out organizational operations. Evidently, business was back and operating at full capacity. Customers plus vendors also returned to business (Ton, Kochan and Reavis 16).

Even though business was booming, the company was experiencing a significant gap that would greatly affect business operations. For Arthur T. to purchase 50.5 percent of DeMoulas, Inc. shares, the compared borrowed capital from banks and mortgage. This debt would affect the future of the company. Firstly, the company was forced to cut costs. Market Basket could not continue to offer low customer prices and the huge benefits to their employees (Ton, Kochan and Reavis 17).

The business law aims at creating new businesses as well as addressing arising issues when an existing business interacts with other companies, national government, and the public. The saga in this paper draws several legal disciplines such as the employment law, sales law, bankruptcy and intellectual property. To handle this case appropriately, it is important to differentiate a business organization as an entity that is separate from employees or owners. Every company has an internal constitution that is used to address internal conflict. First, a business attorney needs to address the poor relational competences between Arthur T. and Arthur S as well as the board. Apparently, CEOs are entrusted with fiduciary duties in the company. Therefore, Arthur T. was acting in his capacity as a CEO and President of DeMoulas, Inc. There is a binding contract between CEOs and shareholders, which allows the CEO to control the property of the shareholders (Emerson 42).

However, the legal responsibilities of a CEO include the duty to disclosure. The board was right to seek disclosure from Arthur T., even though he was unapologetically resistant. Second, the CEO should place the interests of the shareholders ahead his decisions. It is not right for Arthur T. to make business decisions without consulting the board of executives and shareholders. The law includes responsibility for avoiding conflict of interest. Finally, the rule of business judgment protects CEOs from liabilities of the company only if they acted honestly. In this case, I would recommend the reinstatement of Arthur T. as CEO and President DeMoulas, Inc. (Emerson 55).