

#### EPISODE 171: MICHAEL MEDLINE – LEADING TRANSFORMATIONAL CHANGE

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##### Female Speaker

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##### Ken White

Welcome to Leadership & Business. The podcast that brings you the latest and best thinking from today's business leaders from across the world. Sharing strategies, information, and insight that help you become a more effective leader, communicator, and professional. I'm your host, Ken White. Thanks for listening. In 2017, when William & Mary graduate Michael Medline became CEO of Empire, he knew the organization was in need of major change. He'd been successful at PepsiCo Canada and as CEO of Canadian Tire. But turning around Canada's second-largest grocery retailer would be a significant challenge. Fast forward to 2022. Medline has executed one of the most effective turnarounds in Canadian retail. Empire and its key brands, Sobey's, Safeway, IGA, and others, is stronger than ever, and people have noticed. Medline was named CEO of the Year by the Globe & Mail. He was also named Canada's most admired CEO. He joins us to talk about leadership, company culture, and transformational change. Here's our conversation with the President and CEO of Empire, Michael Medline.

##### Ken White

Well, Michael, welcome. It's so great to see you in person. Welcome to William & Mary.

##### Michael Medline

Oh, I'm so glad to be here. Thanks for having me on the show today.

##### Ken White

Yeah. And you're going to be interacting with a lot of students. That's just going to be so fun.

##### Michael Medline

Yeah. I always look forward to that. And anything I can impart, but usually I'm learning from others. I'm going to try to impart some wisdom today if I can.

### **Ken White**

When you see and interact with younger professionals, those at the beginning of their career, are they very different from you and your peers at that stage in your career?

### **Michael Medline**

It's hard to compare that many years on, but I do find them more sophisticated, more mature, and that they can take on larger roles than I thought I could take on or some of my peers could at that stage. So I'm really impressed.

### **Ken White**

Yeah. They think differently, but they can get it done.

### **Michael Medline**

I think they're better, and they're just as hard-working and just as ambitious.

### **Ken White**

Yeah, that's great. And I know you'll have a wonderful time meeting all the students. You're meeting the whole group undergrad all the way on up to the executive MBA.

### **Michael Medline**

They're keeping me pretty busy, but I'm enjoying it.

### **Ken White**

That's excellent. That's great. Well, we want to talk to you not only about your career but especially at Empire—some of the things that you've done. You arrived in 2017. What did you see when you first got there?

### **Michael Medline**

I like to look forward, not backward, but in this case, I think there are some learnings from it. And what I saw was a company in total disarray, which you don't see very often. And these things happen. If you're a 115-year-old company, you're going to go through some good times and bad times. And I saw a crisis in leadership, low morale, very regional business, not we're big national company and acting like five different regions. So we lost our way. We didn't have numbers that I would usually associate with running a company. I asked when the weekly operating meeting was, and there were no operating meetings, never talked about brands, and had some very angry customers, especially in Western Canada. But other than that, everything was great.

### **Ken White**

So was that an attraction for you?

### **Michael Medline**

I'd always, in my heart, wanted to work for Empire Company because I knew a CEO there years before, and I knew that the Sobey family were great and they had a good culture. So I'd always kind of in back of my mind thought this would be a great place to work. I never thought of myself as a turnaround person, but I was looking for a job. And in fact, now I probably wouldn't take on anything that isn't a turnaround if I were ever to do anything again, which I probably won't because it was so exciting and used all the skills I'd learned here at business school and all the experiences that I had in my business career.

### **Ken White**

Is retail something that's in your blood?

### **Michael Medline**

It is now. I never thought of myself as a retailer, but I've been doing it for over 20 years now, so I guess it is. But I think retail is really broad. I think an airline is retail. I think in many occasions, banks are retail. So I have a big expansive version of it, not just a grocery store or sporting goods store.

### **Ken White**

Yeah. So, where did you start? You get in, you see it, and you say, I've got to come up with a plan. Where do you begin?

### **Michael Medline**

I've done a lot of work while I was in the interview stages because they were doing a search worldwide search. And what I did is I quietly traveled the country and went in stores and talked to teammates there and did a lot of reading. There's nothing more boring than reading investor call scripts from years before. And I dedicated myself to it. It was tough going, and so I had an idea of what to do, but we did have to. It took us some months to put together and only three months to put together a strategic plan we called Project Sunrise for the first three years to turn around the company. But you knew that wasn't going to take effect. You couldn't change the place right away. And the number one thing I wanted to do is boost morale. When you're at a company, and you're not doing well, you're embarrassed to work for it. Whether you're a cashier or a senior executive, you want to go to a Christmas dinner and be able to talk about what a great place you work for. And so, how do you boost morale quickly when you still don't have the results? And that was the biggest thing I had to take on, other than traveling around, talking, and putting together the plan.

### **Ken White**

Yeah. How did you do that? Because morale is tough.

## Michael Medline

Yeah.

## Ken White

Yeah.

## Michael Medline

I told them what the vision of the future was going to be. Where we're going to be five years from now, and how proud they were going to be and what they were going to do on the journey. I told them it wasn't their fault that we were unsuccessful and that they would be part of the journey to make it successful. And I used a phrase which I've used often talking to my teammates after that, I said, they're a diamond. They just need to be polished and buffed up a bit and then did some little crazy things like sponsored the Blue Jays or the national baseball team and put our logo on the outfield fence. And so when you see that, you go, okay, I guess my company is not going down for the count. And there's something to be proud of. Little things like that, but mostly just talking about the future and how great it was going to be and how they could be part of that.

## Ken White

You have over 130,000 employees. What was your strategy, communication-wise, to get to reach everybody?

## Michael Medline

Yeah, it was just over-communicate. You can always talk to the backstage employees more easily than you can than the front line. We have 1700 stores across the country. I can't get in all of them in any given year. But messages get around. So if senior management goes into a store in Alberta, in Calgary, everybody in Alberta knows that senior management's in the store. And if you then talk about it and send out a video or speak about how great the store is, everyone hears about it. So it's a thousand things. It's not just one thing. There's no silver bullet in these things.

## Ken White

How quickly did people jump on board?

## Michael Medline

Almost immediately. Almost immediately. I'm sure there were some doubters. Right. And we've seen this before. It's flavor of the month. This guy won't make it. But I was so ultra-confident in the place. And so they started responding right away. And we started getting results much sooner than I ever could have hoped. Some of them were very not everything you teach Dean at school or the other professors, some of things very crude at first because we didn't have an infrastructure. And so, I knew it would take six years

to put an infrastructure that we'd be proud of in place. But I had some advice. Let's put the infrastructure in for five years, then go at it. You can't do that. You've got to start getting results, and your teammates and your customers, and your shareholders expect it.

**Ken White**

So project sunrise was three years?

**Michael Medline**

Three years long.

**Ken White**

What were you hoping? If there was one main goal. What might that have been?

**Michael Medline**

Unify the country have it run under one leadership team instead of five. We have four regions in the National Oversight Committee. They fought with each other. They had different pricing. Nothing was the same, including when I asked for what's our margin this month? Which region would you like to see?

**Ken White**

Probably somewhat convenient if you work in a region, but inconvenient for you, the leader.

**Michael Medline**

Yeah, I couldn't do it. And I had said when I interviewed I would not take the job on unless I had the support of the board and the Sobey family, the great Sobey family, to make it one company and to unite it. And they were 100% behind it. You can make way more change when you're in dire circumstances than you can when you're successful. And sometimes I worry now are we still the risk-takers we used to be when we were trying to turn the company around.

**Ken White**

Oh, that's a good point. Risk, I mean it can be frightening, not just for the CEO, but people on the team. What if we fail? How do you deal with that when that comes into play?

**Michael Medline**

Yeah. I knew I was going to get the job, but it was before I was announced, and the company came out with their results. And I remember where I was. I was standing in front of a drugstore, and it was freezing in Toronto that day. And I looked at results, and

I called my wife, and I said, I hope I can do this because this was going down. We made, I think, \$0.13 that quarter. And last quarter we made over \$0.70 in the quarter. And there's a great cash flow business once you start pumping up. But we were going in the wrong direction. So were there times of doubt? Maybe a few dark nights? Not many. Not many. Was I confident in the team? I liked the culture. I like the values. And I thought we could do it because there was so much upside. I look at things, not sort of I go, wow, if we knew what our margin was, then we could really run this company. We could have operating meetings. Wouldn't it be great? If we had better structure and better teammates at the top, what a company this could be. So I always look at things optimistically.

### **Ken White**

Yeah. But there's got to be those times where there's some self-doubt.

### **Michael Medline**

I hope we're making the right call here, and you make decisions without perfect data, and you've got to make them. And at the beginning, I had some key teammates, the interim CFO, the head of HR CHRO, who is still there, and they helped, but it was a small team making a lot of key decisions, and that can be a little scary at times.

### **Ken White**

We'll continue our conversation with Michael Medline in just a minute. Our podcast is brought to you by the William & Mary School of Business. If your organization is interested in retaining your best people, consider enrolling them in one of our MBA programs for working professionals. William & Mary's online MBA, part-time MBA, and executive MBA programs are designed for the professional who works full time. So both the employee and the organization benefit. Show your employees you care by investing in their growth. Check out the MBA program at William & Mary at [wm.edu](http://wm.edu). Now back to our conversation with Michael Medline, President, and CEO of Empire.

### **Ken White**

And then, after Project Sunrise, you moved into Project Horizon. What did that entail?

### **Michael Medline**

We now were a national company. We're getting decent results. We're throwing off cash. We had the confidence. We had good teammates. But the infrastructure, especially in technology and data and in our store network, was not as strong. So it was a time to invest in the company. And now we're starting to reap those rewards. And this one, there wasn't a burning platform, so you had to get people excited about space productivity in the store or on-shelf availability or renovating stores. It wasn't a moment where you're really questioning whether the company could go on. It's how good the company could be. But we've had great results through Project Horizon, even though we were put off a little bit by some emergency measures during the pandemic,

which put us behind, and the team was unbelievable catching back up after we went through the emergencies.

### **Ken White**

Yeah, I actually took the words right out of my mouth. What about the pandemic? What did that do? Did it derail some things?

### **Michael Medline**

I think that if we hadn't been a national company, didn't have the structure and processes and disciplines and people we had in place. It would have been a complete disaster. Instead, I got to tell you that I have far less of a role in the company now, which I'm proud to say, and that my teammates, from the stores to my executive teammates, came through, and I started to realize how important it was that we didn't have to be as centralized. We didn't have to have that top-down, that there were great ideas, especially at the beginning of pandemic, when no one knew anything right what to do. And we were getting ideas from everywhere, and so many were coming from the stores. And I said, okay, we got it now. I feel really good. And in fact, it made the team closer, and it polished their skills. If you could go through this, it really showed your mental in good times. No kidding. I mean, anyone can lead in good times, anyone. But when the chips are down, we saw that so many of our leaders stepped up.

### **Ken White**

And you had some fun.

### **Michael Medline**

Yeah. I mean, I don't like working out of a basement. I went back to the office as soon as I was legally allowed. But you know what? It was fun because everything I learned at school and, as I said earlier, everything that you're trained to do. Are you any good? Can you put it all in place? And that same test for any leader, not just CEOs, but not just in my company. I think many of our competitors did a great job. I think that CEOs across the world stepped up for each other to help when they could. So it really was a heartening event. Wouldn't want to do it again. And the team is a little tired.

### **Ken White**

Yeah, no doubt.

### **Michael Medline**

But they're coming back. But it tested you. So in a weird, sick way, it was somewhat fun because it challenged you.

**Ken White**

Sure. It's interesting in talking to you. You use the word teammate quite often. And when I look at the news releases and reports and your quotes, there's a lot of sports language. Teammates win, lose, offense, defense. Where does that come from?

**Michael Medline**

Well, I like sports. I liked playing them when I was younger, and I love watching them. And it unites my family because my kids are all big sports fans with me. But I do think that a lot of people can relate to sports. They can relate to the competition, to the fact that you have to have the back of your teammate. And I like the lexicon. I like the way to thinking of business is highly competitive, to beat your adversaries, and to succeed while playing within the rules and having values. And so I think I evoke it quite a bit, probably more than I even think I do when you mentioned that because I just write or say what I want to say. But then, if you put it together, I guess there are a lot of sports analogies.

**Ken White**

Well, it's competition, right? It makes sense.

**Michael Medline**

Yeah. And that is a way to unite the team, too. So we're the second-largest retailer in Canada. We really don't like the largest retailer.

**Ken White**

Of course.

**Michael Medline**

And I've not been very good at this. I've really not been helpful in terms of fostering a better relationship. And one of the ways to unite a team is to have a common adversary. I might have to tone it down because I think we're doing better. And I do have respect for the adversary.

**Ken White**

Sure.

**Michael Medline**

But it does unite a team to say, look, we're behind, and we got there's someone else that we have to go after. We have to be a better team.



### **Ken White**

I assume you see a big shift in people's attitudes and the culture from when you arrived to now.

### **Michael Medline**

Yeah, I do see a total shift in the attitude. I would say, though, I was very cautious about changing. I really didn't want to change the 115-year-old culture and values that have made the company so successful. And I think it's not right for one leader to impose on that or try to change it too much. So I really studied the culture and values and the people and then just sort of highlighted. I didn't think we were results-oriented enough. I didn't think we were competitive enough, but I used our current values. I didn't change the values. And I love the culture. I just think that we needed to lead the company better and have a better vision and strategy for the company. And to change culture and values is probably a task that is not going to be successful and certainly will take too long. And so I just embraced the culture values and just highlighted them and stressed them in different ways.

### **Ken White**

Yeah, well, that's a fine line, right? Because people could take it as criticism if it goes too far.

### **Michael Medline**

Correct.

### **Ken White**

Yeah.

### **Michael Medline**

Not many companies are as successful as ours had been over a long period of time. There's some good things there.

### **Ken White**

Yeah.

### **Michael Medline**

Don't throw them out.

### **Ken White**

Yeah. You do a lot of work in the community. You work for nonprofits. You're on boards. Why is that important for a CEO?

## Michael Medline

Well, I think at a certain point when you're first in your career, you're working so hard and trying to learn. You don't have time to. If you do, you're a better person than I am. I didn't have time when I was early in my career, but I always tried to coach kids teams and do things like that as my kids were growing up. But then I just felt I enjoy it, first of all. And I felt that if I could add anything to those causes, that it was pretty well my duty to do so. And if I felt I wasn't adding anything, it wasn't really the cause. They were already good without me. And so, it was places where I thought I could add value. And I've learned a lot from it. Anytime you go out, and you meet other people, and you talk about brand, or you talk about how to treat your teammates, etcetera, you're learning a lot. So I felt it was exposed me to other business leaders and other organizations in a good way. So I got something out of it as well.

## Ken White

So what's ahead? What do you have planned for the next couple of years?

## Michael Medline

Well, we are nowhere near perfect. We have a long way to go. But I like where we're going. I don't think we'll do another three-year plan. I think that's for turnarounds, in my opinion, that we are a much more mature company. But that doesn't mean we should be any less audacious. And that's my number one message I sent to the teams and to our board of directors. I'm worried, will we be able to take the risk in a smart way that we did before? Or do we just kind of rest on our laurels. And every single day, I ask myself, when I wake up, are you going to go for it? And can we make this company? The goal is to be the greatest retailer in Canada history and then the greatest company in Canada history. So just kind of sitting around and being happy with where we are is not going to do it, but that's what concerns me the most is that we become a bit complacent, and I'm being in my role now over five years, I can't become complacent, so I'm always trying to challenge myself and make sure that I'm as passionate about the business as I've ever been. I think I am. I think I'm more excited now because I wasn't a turnaround guy. Now I get to do the great things when you have a great infrastructure and a great team.

## Ken White

That's our conversation with Michael Medline, and that's it for this episode of Leadership & Business. Our podcast is brought to you by the William & Mary School of Business, home to the MBA program offered in four formats the full-time, the part-time, the online, and the executive MBA. If your life and career are in need of a transformation, check out the William & Mary MBA program at [wm.edu](http://wm.edu). Thanks to our guest, Michael Medline, and thanks to you for joining us. I'm Ken White. Wishing you a safe, happy, and productive week ahead.

## Female Speaker

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