

## MoS Rapid Response Script – Julie Smolyansky

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We reacted really quickly to get the company ready, to build out that inventory, to make sure that our supply chain was strong, to create and deploy the various emergency plans.

Absorbing this data and understanding what you can do with it is really important. I hope that we really take this moment and use it as a teachable moment for generations to come – because this isn't the last global pandemic.

**BOB SAFIAN:** That's Julie Smolyansky, CEO of Lifeways, which makes the dairy-aisle probiotic drink Kefir.

Brands like Lifeways have seen a boom in demand as food consumption in the US has shifted during the pandemic from 50% restaurants and food services to nearly 100% groceries

But filling those orders, and managing the safety needs at food facilities, has been anything but simple.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale: Rapid Response.

I wanted to talk with Julie because in her business life and her family life, she's had plenty of experience grappling with crisis.

A first-generation American, she both relishes the opportunities she's had and reflects on how hard she's had to fight for them.

She's an advocate for entrepreneurs, for global health readiness, and for what she calls "sheros." Women, she argues, are particularly well-suited to leading in today's challenging times.

Let's listen in.

**[INTRO MUSIC]**

**SAFIAN:** I'm Bob Safian and I'm here with Julie Smolyansky, the CEO of Lifeways. Julie is no stranger to crisis, having taken over running the publicly held Lifeways at age 27 after her father, the previous CEO, unexpectedly passed away. The business has thrived under her stewardship, but the crisis posed by coronavirus is very different. Julie is coming to us today remotely from her home in Chicago as I ask my questions from my home in New York. Julie, thanks for joining us.

**SMOLYANSKY:** Thanks for inviting me to join you. It's great to be with you.

**SAFIAN:** So Julie, tell me how the coronavirus first came to your attention.

**SMOLYANSKY:** I remember waking up in January, watching the news in the morning, hearing about this coronavirus. Also, having knowledge about pandemics – I had done some work with the UN in the past, so this was actually on my radar, just the possibility of an outbreak, of some sort of global health crisis. And I remember walking into my kids' room and bedrooms and just saying, "Good morning, hey, there's this virus that's going around. Just be a little bit extra cautious, wash your hands more often, just be conscious of that." And that was it.

And then in March, our biggest natural food convention was about to kick off, Expo West. The entire food industry goes down there. Every buyer, every food brand. And Expo West got canceled. And my team was already down there, our booth was built out. Obviously, I was surprised. I was a little obviously, disappointed, frustrated – all the feelings.

And then I started to really tune in. That feeling of impending doom and crisis allowed me to make some critical decisions on behalf of the company that really put us in a stronger place.

We reacted really quickly. I knew that there was going to be a big demand for Kefir and for probiotics and for immune supporting products and for food in general.

**SAFIAN:** You saw a rise in actual sales start first in your business in Europe?

**SMOLYANSKY:** Yeah. We started to see a lot of chatter around this in Europe and around the coronavirus in general, and immunity. We were able to take what happened there and apply it to the United States. I knew that the pattern would follow.

**SAFIAN:** So you stockpiled, as I recall, seven weeks worth of product. And then you wrote a letter to every customer.

**SMOLYANSKY:** Correct.

**SAFIAN:** Tell me why you wrote this letter, what the goal was and what the response was.

**SMOLYANSKY:** I'll give you a little context. My parents and I, we're immigrants from the former Soviet Union. We were refugees, the first of 48 families that were settled in the United States in 1976, through a small slit in the Iron Curtain. That's the context of how Kefir came to be in the United States.

Kefir is an ancient 2,000-year-old product that originated in the Caucasus Mountains where my ancestors are from. And it survived through word of mouth. It survived through storytelling, through folklore. And there were these known immune boosting or immune supporting benefits.

So my parents, when they came to the United States, they saw that there was no Kefir in the United States, and my mother specifically saw that the food in the United States was really different than the food that she was used to in her country. And they overcame scarcity – my parents talked about surviving famine and my mother thought that she was going to die of starvation in the Soviet Union, and that they had bread lines. Everyone sort of remembers bread lines and those iconic images of the '70s and '80s, of people in the Soviet Union waiting for food.

And so these stories, they were part of my DNA. They were part of everyday life. The reason why my parents entered into the food industry in general was to feed people. This was an intuitive response by my mother to feed her community. That was sort of the context for some of my decision making. And I remember 1979, the historic Chicago snowstorm, and within hours of that snowstorm being announced, all of the toilet paper was gone, milk, bread, eggs. All of those essentials were gone within hours. And I was four years old at the time, and I vividly remember that experience.

It was a few years before my parents would start Lifeway. But this experience, this feeling was with me for always. And when this coronavirus started to become a bigger chatter, I did start thinking about what Lifeways' role was going to be.

I took that time as critical time to prepare, to get the company ready, to build out that inventory, to make sure that our supply chain was strong, to create and deploy the various emergency plans that we had set up and had them in place.

So in terms of this letter, I knew that it was so critically important to warn, to light the fire under everyone's tush, to make sure that people were thoughtful about their ordering. I really was hoping that they were really aware of the possible demand.

I think one of the drawbacks to all the technology is that our computerized inventory systems can't accommodate the human reaction of a global pandemic. And so the

surges that they were predicting didn't even scratch the surface when the orders did come through two weeks later and they were three, four or five, six times the quantity, we were able to ship them upon the order. The surge would not have been able to be met without the warning that we had.

So yea, I wrote this nationwide letter to all of the category buyers, just letting them know that in other countries where the virus had already taken hold that the demands that they were seeing in other countries, that they should probably expect to see the similar types of demands here in the United States.

**SAFIAN:** But, mostly they didn't really listen, because of their own models. That's the technology that you're talking about.

**SMOLYANSKY:** Yeah. They're all responding based on their inventory systems, and their computer systems, but they don't write in an algorithm for panic. That's why you saw the empty shelves across the United States.

What I will say is where in the Soviet Union, people would wait in line all day and when they got into the store there would be nothing left in the shelves, in the United States the supply chain is very strong. It might be interrupted. There might not be the full range of all of the things you might want, and every variety, and flavor, but overall, the supply chain is very strong, and so, people should continue to remain calm to know that there is enough food for everyone in the United States to eat.

**SAFIAN:** You have facilities in three states, Wisconsin, Pennsylvania, and Illinois. Did you just work from your home all the time, or did you go to visit any of your local workers?

**SMOLYANSKY:** Most of March I was in the production facilities, and the shipping, and receiving facilities with my team, with my workers, and making sure that they knew that we were together. I was alongside them, and offering support, encouragement, motivation. I think everyone on our team recognizes that we are here to bring people better health, and wellness, and food. It's a very humanistic response to want to feed people.

**SAFIAN:** Did you need new processes at the facility, or as a food company were the safety protocols that you had already enough?

**SMOLYANSKY:** Yeah, it's never enough. You can always do more, and especially now there's more to do. We had a lot already in place. I think that's one of the great things about being in food manufacturing, the bar is so high already on sanitizing, and cleaning.

We had masks, we have gloves, we have hairnets, we have lab coats. A lot of that we already had. We had to do more. We had to bring in more, and change them out more

often. We typically did not have to have masks, then in the beginning of March we started to make that mandatory. Social distancing wasn't something that was necessary until this crisis. We implemented the tape on the ground to social distance. We already have sanitizing systems. It was just a matter of cleaning more often than we even did already.

What we did do immediately was start testing for fevers, so using the infrared thermometers – and that was actually a really stressful moment. Initially, I couldn't even get one thermometer in Chicago. I couldn't find one thermometer in the entire city of Chicago, and I needed 10.

**SAFIAN:** You were personally going from store to store looking for...?

**SMOLYANSKY:** Yes. In March, I went to probably 30 grocery stores, and then, I went to a bunch of pharmacies, and I was trying to order them online. Oh yeah. I was personally hunting down thermometers, begging people if anyone had access to a thermometer.

**SAFIAN:** Are there any specific encounters with the workforce, with your team that are memorable or striking to you over the recent weeks around this?

**SMOLYANSKY:** We've shed some tears together. When I gave my remarks to the team about the changes that were happening within protocol, and the safety measurements that we were putting in place, it was important for them to hear that those were coming from me at the top, that they were really important, that I really cared, that I needed them to follow it for their own benefit, that this wasn't some lawyer out of some office asking for these things, and I felt a sense of maternal care taking of them, of the whole company, of the whole team. I got really emotional about it, and I think they did too, and I think, some of these people have been with my family for over 30 years. It is like family. I care deeply about their wellness as much as I care about my own families.

**SAFIAN:** You donated a bunch of food to food pantries. You mentioned that you went to Wrigley Field, which is now a food pantry to deliver the food. Why did you go personally?

**SMOLYANSKY:** Well, I think it's important to be on the ground, and to look somebody in the eyes, and deliver the food to them. I wore protective gear. I had a mask, I had my gloves. We did social distancing. We took all of the measures that we possibly could, but we started this call talking about leading in crisis, and I think like leading in crisis for me is just part of my DNA. I really feel connected to the lineage of women who came before me, who intuitively just run into that fire to go help. I just have such a calling to do that personally, that it brings me great purpose. It makes me feel like I have existed all of this time to get to this moment, to be here.

And I feel like I'm in a place of privilege. I've been here before, like I've led through crisis before, and I'd like to feel like I can share something with another person, with a community. Chicago is my hometown, and I can't imagine a better place than to be at Wrigley Field, an iconic part of our city, part of the heartbeat of this town, in the center of the country, and normally where you'd see a line of cars waiting in traffic, waiting to get to see a home game, or a concert headliner, what we were seeing was lines of cars, of people that are hungry, that are scared, that are food insecure. To be there in that moment, showing solidarity, showing and giving hope, and letting people know that they are not alone, and that we are in this together.

**SAFIAN:** I want to ask you about two media efforts this month that you're a part of. First, you put together only the second TV commercial that the company has done; and I wanted to ask you why now?

**SMOLYANSKY:** Right. Well, we had all of this great footage and all these great photos that we had personally taken over the course of this crisis at the production facility, in shipping and receiving. We felt that it was really important to say thank you to all of the essential workers. We've been so moved by the bravery and the courage by essential workers, by supply chain, by all these people who are showing up and keeping things moving for all of us. That was really what was driving us. We want people to feel inspired.

We put it all together. It was just a lot of photos that were taken off of my iPhone. My 11-year-old daughter, she wrote and recorded herself on the ukulele. We laid it over on top of the still photography. And I recorded a little message, and I really just mostly wanted to say thank you to the whole supply chain. And I feel like there's really not an easy way to do that. I mean, everyone, the truck drivers, the farmers, all the food manufacturers, the food processors, delivery people, the grocery store workers. These are really under-appreciated people who are doing heroic work. And I think they need all of the encouragement that they can get.

**SAFIAN:** Some other brands have done some thank you's. One of the distinctive things about your message is you say thank you to heroes and sheroes.

**SMOLYANSKY:** Yes. We wanted to shine a light on so many women workers too that are, I think, not getting exactly the light that they deserve, and I wanted to call it out. Some people maybe don't like the term and feel like, "Oh, why genderize it." And that's okay. But I feel like it's really important. And I think now more than ever, there are going to be so many women that get kind of pushed out of deals, pushed out of networking opportunities, pushed out of the workforce, and they're the most impacted, right? I just wanted to really shine a light on female workers as well.

**SAFIAN:** Then a couple of days after this commercial aired on Mother's Day, you spent part of the time working on a public service announcement. Tell me about this PSA and why that ended up happening on Mother's Day?

**SMOLYANSKY:** Before I came to work at my father's company at Lifeway, I was a trauma and crisis counselor, and I specifically worked in this space around ending violence against women.

When this crisis happened and I started hearing about the lockdowns that were starting to happen and rolling out across the country, I knew – and it was confirmed – that domestic violence was going to go through the roof. We know that in recessions, domestic violence surges. COVID-19 was no different. And we saw record numbers of calls going to domestic violence hotlines across the country.

RAINN, which is the National Rape and Incest national hotline, reached out to me Friday before Mother's Day, asked if I would like to participate in their PSA that they were producing. And so of course, I said yes. And the only time in my calendar was on Mother's Day. I'm really proud of it. And again, it's one of those moments where I felt like I know why I'm here, and why I have continued to survive has been to be in that moment where I was strong enough to be a part of that campaign.

**SAFIAN:** You mentioned earlier that in your work with the UN, you had discussions and did some work around pandemics. Now that we're in one, are you surprised at how we're reacting to it as a country, as a world? Is it following the patterns that you all had worried about or expected?

**SMOLYANSKY:** Yeah, it is actually. I'm surprised that we aren't as prepared as we should be. To know that it could have been prevented is really frustrating. I hope that it's a teachable moment for us and one that we will never forget. And to remember that our greatest strength, our greatest security around the world is only as strong as our weakest link.

We all know this in business, right? Well, the same thing goes for global health. And when one country gets sick or has an outbreak, it's not the time to turn away. It's the time to actually double down, to invest in those countries, to help contain it, to get intelligence around it, to learn about it. I guess, to use the time wisely to prepare and help contain it.

And if we are as strong as we say that we are, we should look at global health as a matter of national security for the United States. I think this might be the best lesson that we might ever have around how we think about foreign aid.

I hope that we really take this moment and use it as a teachable moment for generations to come – because this isn't the last global pandemic. This is one of many. There will continue to be global pandemics in the world. It's only a matter of time.

**SAFIAN:** These are stressful times, and I'm curious what you do to manage your own stress.

**SMOLYANSKY:** Yeah. Well, mental health, it has been something that I have worked on most of my life. And what I've found, the thing that really gets me through, that has continued to always be something that's important has been self-care. It's why Lifeway even exists. It's eating the right kinds of foods that help fuel my goals, fuel the things that I want to do. Eating properly, working out, moving your body, how you talk to yourself, how you treat yourself.

We're talking about boundaries. We're talking about self-love. We're talking about giving yourself the space and permission to say, "I matter first, and I have to put my oxygen mask on to take care of everyone else." This is a non-negotiable for me.

And I would say that in the first month of March was really, really challenging. I felt a lot like those first days, right after my father died, where it was this really traumatic crisis, running on cortisol, running on adrenaline. And then eventually, moving past the initial trauma and initial shock and I think it's really important that we all recognize that this is the new normal and everyone's doing the best that they can, that we're learning to adapt.

And to recognize that this isn't about who's the smartest or who has the most, we're all in this together, but that it is about adapting and the ability to be nimble and fast and adapt to these new circumstances. I've been in this feeling of uncertainty and crisis and darkness.

And that feeling of "I don't know what to do", but to recognize that we actually do know what to do. I think it's really important that we don't forget that women have been navigating crises since the beginning of time. And now more than ever, I think it's really important that we help women lead and push them into those positions. I think it's going to be really easy for diversity to fall off the table. I think it's really important that we, again, remember that women are great in crisis. And if I was a board right now, I would be putting as many women into positions of leadership, as I possibly could.

**SAFIAN:** How do you balance those two sides of "I got to take care of myself a little bit, but oh my gosh, if there's any time where I should sacrifice that, it's right now"?

**SMOLYANSKY:** I've spent for the last six, seven weeks just working almost 24/7. This week, I finally just took a few days and hours for myself to recalibrate. I have found the right rhythm for myself to balance. How much can I push? How far can I push? So at

some point you have to recognize you are not helping anyone, and you need to pull it back a little, take care of yourself. I think it's intuitive for me.

If it's not for you, I think we have a lot of tools we're offering at Lifeway. Actually, we've been streaming on-demand content with meditation experts, with top of the line, best in class fitness experts, we've been helping folks learn how to cook, we've been doing programming for kids. So offering as many of these self-care tools and making them as accessible, really democratizing them for as many people as we possibly could.

What I was remembering was my father, when he was taking Lifeway public, we were supposed to go public on Black Friday. And obviously he couldn't and he was devastated. And I remember being a kid and experiencing that and how all the adults in the room just looked, really, like they were in crisis, and look where we got. So I would say to any entrepreneur that there is always a sunrise. This might feel really daunting. Things look so dismal, that I would say that human ingenuity always takes over and we will find the opportunities.

And then I also continue to go back to those moments right after my dad died and how dark it felt, and nobody believed in me. Nobody believed in the company. But I believed in me, and that was enough. That was enough to get us through. And the same thing goes for right now.

When I look at the data around how consumer shopping behavior is changing, how the decisions are being made, what foods are being selected, our need for immunity, the way that consumers are cooking more at home, all of these things we can all take into consideration. And I would say not just in food, in any space that you're in, absorbing this data and understanding what you can do with it is really important. And to adjust your business model based on that data. It's going to be a while before things come back to normal, whatever that even looks like. Make decisions based on that.

**SAFIAN:** Well, Julie, thank you so much for doing this.