1

Case Study: The Cracker Barrel Restaurants

Discrimination against lesbians and gays is common in the workplace. Sole proprietors, managing partners, and corporate personnel officers can and often do make hiring, promoting, and firing decisions based on an individual's real or perceived sexual orientation. Lesbian and gay job applicants are turned down, and lesbian and gay employees are passed over for promotion or even fired by employers who view homosexuality as somehow detrimental to job performance or harmful to the company's public profile. Such discrimination frequently results from the personal biases of individual decision makers. It is rarely written into company policy and thus is difficult to trace. However, in January 1991, Cracker Barrel Old Country Store, Inc., a chain of family restaurants, became the first and only major American corporation in recent memory to expressly prohibit the employment of lesbians and gays in its operating units. A nationally publicized boycott followed, with demonstrations in dozens of cities and towns.

The Company: A Brief History of Cracker Barrel

Cracker Barrel was founded in 1969 by Dan Evins in his hometown of Lebanon, Tennessee, 40 miles east of Nashville. Evins, a 34-year-old ex-Marine sergeant and oil jobber, decided to take advantage of the traffic on the nearby interstate highway and open a gas station with a restaurant and gift shop. Specializing in down-home cooking at low prices, the restaurant was immediately profitable.

Evins began building Cracker Barrel stores throughout the region, gradually phasing out gasoline sales. By 1974, he owned a dozen restaurants. Within five years of going public in 1981, Cracker Barrel doubled its number of stores and quadrupled its revenues: In 1986, there were 47 Cracker Barrel restaurants with net sales of $81 million. Continuing to expand aggressively, the chain again grew to twice its size and nearly quadrupled its revenues during the next five years.

By the end of the fiscal year, August 2, 1991, Cracker Barrel operated over 100 stores, almost all located along the interstate highways of the Southeast and, increasingly, the Midwest. Revenues exceeded $300 million. Employing roughly 10,000 nonunionized workers, Cracker Barrel ranked well behind such mammoth family chains as Denny's and Big Boy in total sales, but led all U.S. family chains in sales per operating unit for both 1990 and 1991.

As of 1991, Cracker Barrel was a well-recognized corporate success story, known for its effective, centralized, but authoritarian leadership. From its headquarters, Cracker Barrel maintained uniformity in its store designs, menu offerings, and operating procedures. Travelers and local customers dining at any Cracker Barrel restaurant knew to expect a spacious, homey atmosphere; an inexpensive, country-style meal; and a friendly, efficient staff. All were guaranteed by Dan Evins, who remained as president, chief executive officer, and chairman of the board.

Source: John Howard, University of York, United Kingdom, in Carol P. Harvey and M. June Allard, *Understanding and Managing Diversity: Readings, Cases, and Exercises*, 3rd ed. (Englewood Cliffs, NJ: Prentice Hall, 2005), 302–10.

John Howard is lecturer in American history and associate faculty in women's studies at the University of York, United Kingdom. A native of Brandon, Mississippi, he is the author of *Men Like That: A Southern Queer History*, 1999, University of Chicago Press and the editor of *Carryin' On in the Lesbian and Gay South*, 1997, New York University Press.

The Policy: No Lesbian or Gay Employees

In early January 1991, managers in the roughly 100 Cracker Barrel operating units received a communique from the home office in Lebanon. The personnel policy memorandum from William Bridges, vice president of human resources, declared that Cracker Barrel was "founded upon a concept of traditional American values." As such, it was deemed "inconsistent with our concept and values and . . . with those of our customer base, to continue to employ individuals . . . whose sexual preferences fail to demonstrate normal heterosexual values, which have been the foundation of families in our society."

Throughout the chain, individual store managers, acting on orders of corporate officials, began conducting brief, one-on-one interviews with their employees to see if any were in violation of the new policy. Cheryl Summerville, a cook in the Douglasville, Georgia, store for $3^1/_2$ years, asked if she were a lesbian, knew she had to answer truthfully. She felt she owed that to her partner of 10 years. Despite a history of consistently high performance evaluations, Summerville was fired on the spot, without warning and without severance pay. Her official separation notice, filled out by the manager and filed with the state department of labor, clearly indicated the reason for her dismissal: "This employee is being terminated due to violation of company policy. The employee is gay." Cracker Barrel fired as many as 16 other employees across several states in the following months. These workers, mostly waiters, were left without any legal recourse. Lesbian and gay antidiscrimination statutes were in effect in Massachusetts and Wisconsin and in roughly 80 U.S. cities and counties, but none of the firings occurred in those jurisdictions. Federal civil rights laws, the employees learned, did not cover discrimination based upon sexual orientation.

Under pressure from a variety of groups, the company issued a statement in late February 1991. In it, Cracker Barrel management said, "We have revisited our thinking on the subject and feel it only makes good business sense to continue to employ those folks who will provide the quality service our customers have come to expect." The recent personnel policy had been a "well-intentioned overreaction." Cracker Barrel pledged to deal with any future disruptions in its units "on a store-by-store basis." Activists charged that the statement did not represent a retraction of the policy, as some company officials claimed. None of the fired employees had been rehired, activists noted, and none had been offered severance pay. Moreover, on February 27, just days after the statement, Dan Evins reiterated the company's antagonism toward nonheterosexual employees in a rare interview with a Nashville newspaper. Lesbians and gays, he said, would not be employed in more rural Cracker Barrel locations if their presence was viewed to cause problems in those communities.

The Boycott: Queer Nationals Versus Good Ol' Boys

The next day, when news of Cracker Barrel employment policies appeared in the *The Wall Street Journal*, *New York Times*, and *Los Angeles Times*, investment analysts expressed surprise. "I look on [Cracker Barrel executives] as pretty prudent businesspeople," said one market watcher. "These guys are not fire-breathing good ol' boys." Unconvinced, lesbian and gay activists called for a nationwide boycott of Cracker Barrel restaurants and began a series of demonstrations that attracted extensive media coverage.

The protest movement was coordinated by the Atlanta chapter of Queer Nation, which Cheryl Summerville joined as cochair with fellow cochair Lynn Cothren, an official with the Martin Luther King, Jr., Center for Non-Violent Social Change in Atlanta. Committed to