Hechinger

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What's News—

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Brass Tack

How Hechinger Co., Known for Diversity, Ended Up in Bias Suits

Black, Aging Employees Say Hardware Firm Pushed Them Out in Makeover

John Senior's Worried Note

By LAURA BIRD
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Hechinger Co., the Washington hardware chain, had always been known for two things: high-quality goods at premium prices and progressive, family-friendly management that practiced equal opportunity long before such things were fashionable.

These days, after surviving a bruising turf battle with a giant discount-hardware rival, Hechinger still lays claim to a large part of its marketing niche. But its reputation for beneficent management is tarnished. The company, once run by a stalwart liberal Democrat and crony of Lyndon B. Johnson, now finds itself the object of lawsuits alleging age and race discrimination filed on behalf of scores of former employees. They claim they were fired or pressured to resign as part of a continuing restructuring.

Changing Values

How Hechinger got into this position is a tale of social values colliding with economic realities; of a generational change in management style and philosophy as the son of the founder, John Hechinger Sr., passed the mantle of power to his own son, John Hechinger Jr.

Mr. Hechinger Sr., 74 and retired from active management since 1986, is still the company's chairman and a revered figure among employees; the 44-year-old Mr. Hechinger Jr., as architect of recent restructuring and cost-cutting moves, finds himself at the fulcrum of an employee storm over his management.

Yet his supporters argue that his hard-headed management style was just what the company needed to keep it viable in the face of stiffening competition. Detractors, however, paint the younger Mr. Hechinger as a man obsessed with the bottom line, and with little feeling for the company's older and minority employees, or its long tradition of workplace diversity.

The depth of animosity is clear when Marie Rollison, a 40-year-old black former manager at a Hechinger warehouse and one of the litigants, declares: "Hechinger used us to get where it wanted to go and then disposed of us like garbage."

Citing the pending litigation, Hechinger officials decline to discuss the terminations in detail. But John Hechinger Jr. says: "Hechinger has always prided itself on its good reputation in the community, and we think the actions here are totally without merit."

Kinder, Gentler Past

Five years ago, no one who knew the company well would have contemplated the current controversy. The chain, founded 84 years ago, had become synonymous with hardware in the nation's capital. Its major growth had come after World War II as the federal bureaucracy mushroomed and throngs of government workers spilled into the surrounding suburbs to buy—and fix up—homes.

As the business that he had taken over from his own father prospered, the senior Mr. Hechinger rose in Washington society and in Democratic political circles; President Johnson appointed him chairman of the District of Columbia's first modern city council in 1967.

The company in a way was a reflection of Mr. Hechinger Sr.—a friendly man with a commitment to an integrated workplace. Even during the Depression, layoffs were rare, and well into the 1980s, turnover among store managers was minimal. People came to work at Hechinger and stayed; blacks and whites alike rose to become store managers and district supervisors. By the late 1980s, some were earning as much as $90,000 annually, counting bonuses and stock options.

Brave New World

Then, four years ago, Hechinger was drawn into a bruising battle for its very survival. The Home Depot Inc. chain of hardware superstores arrived on Hechinger's turf, an event that abruptly forced Hechinger into the modern era of retailing. Under Mr. Hechinger Jr., the company undertook a drastic overhaul, slashing jobs while converting almost half of the company's 72 old-line Hechinger stores into cavernous Home Project Center superstores with expanded merchandise and cheaper prices.

The junior Mr. Hechinger, the company's chief executive officer, points with pride to the results: a recovery of local market share lost after Home Depot came to town, a 20% increase in operating income and the elimination of $40 million in overhead at the Hechinger division.

Yet while the financial restructuring was getting positive reviews from analysts, some employees say they were seeing a darker side: employees being pitted one against another, relegated to demeaning tasks or poor-performing stores and, eventually, being terminated or pressured to resign. Furthermore, the firings, some contend, seemed to be decimating the managerial ranks of Hechinger's over-40 and black employees. So last year, 49 of those former employees filed two discrimination complaints against the company in U.S. District Court in Greenbelt, Md., seeking a combined $250 million in damages.

According to data compiled by the plaintiffs' attorneys, in 1990, five of Hechinger's 24 store managers in Maryland were black, and at least 11 were older than 40. By May 1993, the number of black managers had dwindled to zero and those over age 40 to five; by the end of that year, Maryland had one black manager and three over 40. Hechinger declines to comment on the plaintiffs' statistics or to provide its own.