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Front Page Stories

'Set Up To Fail,' Says Former Dealer

Greg Worthington liked his job as a vocational rehabilitation counselor, but the money wasn't that good, and he and his wife were ready to have another child.

Worthington, a Whiteville resident, had always been a go-getter. He worked his way through college by selling tools at a local department store. So in February 1986, when Worthington saw the newspaper ad that said he could make from \$80,000 to \$100,000 as a salesman for Snap-On Tools, he jumped at the chance.

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The newspaper ad Worthington saw announced that Snap-On was recruiting dealers in his area. After he called the company, a field manager visited Worthington at home and convinced him that a Snap-On dealership would be the opportunity of a lifetime.

'I was told my profits would begin with the first sale,' he told Lawyers Weekly. 'My wife was skeptical because I would have to borrow \$60,000 to become a dealer. But the field

manager assured her that the money was safe. They said the most I'd be out was \$2,000 for forms and office supplies.'

Instead, Worthington lost his entire investment with the company. Worthington's experience is typical of the dealers who sued Snap-On in the Wake County suit.

Like other dealers, Worthington was assured that his economic future ' and his \$60,000 start-up cost ' was secure. During his 26 months with the company, he generated \$246,000 in tools sales for Snap-On. Even so, Worthington's business failed when high overhead expenses and unavoidable business losses consumed the money he sank into a Snap-On dealership.

Initial Route

When Worthington decided to become a Snap-On dealer in 1986, he turned to his parents for help. They took out a second mortgage on their home and loaned him the \$60,000 he needed. In June 1986, he purchased a truck and bought \$40,000 worth of tools.

His initial route covered Brunswick County, a sprawling territory on the North Carolina coast. He put about 500 miles a week on his truck. He had to fill his gas tank every other day at a cost of \$30 to \$35.

'I rode around with my field manager for about a month,' Worthington said. 'He would give me pep talks and tell me how to handle the business. Basically he was showing me the ropes.'

Worthington and the field manager pitched tools he carried on his truck. He also demonstrated new tools for mechanics he visited.

In the first week, paid sales were \$800. Worthington knew he needed to gross at least \$3,500 to make a living. By the fourth week sales were up to about \$2,000.

'Sales were headed up, but not as rapidly as I had hoped,' Worthington said. 'But my field manager told us things would get better, that we would do more and more and more. They said it would take time to do things and to get the business going.'

'Windshield Time'

Still, Worthington noticed problems.

'I spent a lot of 'windshield time' driving through large spread-out counties,' he said. 'You'd drive miles between stops. You wouldn't have two stops side by side.'

Worthington soon realized that he had only about half the customers that Snap-On told him were in his territory.

'In a typical week, we were supposed to see 200 to 250 customers,' he said. 'I only had about 120 to 130. Some garages were closed down, and some customers weren't there that Snap-On had counted. The customer buying power just wasn't there.'

Nevertheless, Worthington maintained his enthusiasm and confidence, even when sales continued to lag behind what he projected he had to make to support his family.

New Route

In 1987, after a year with Snap-On, Worthington transferred into another territory comprised of Columbus and Bladen counties. His inventory had dropped so low by then that he had to borrow another \$20,000 to restock his truck.

The financial picture did not improve on the new route. With much of his money going to overhead and living expenses, Worthington again saw his inventory drop. His business began to dry up. He could not get some customers to pay for tools they had bought on credit.

'I worked my butt off for two years,' he said. 'I kept telling myself that I was going to make it work, that I had to make it work. I knew if I lost that business, I'd be out of a job. My parents were counting on me to make a \$1,200 bank payment. Their house was on the line. And everything I owned was on the line. I kept trying everything I knew to make it work.'

In fact, Snap-On knew by the fall of 1987 that Worthington was going to go under. An internal memo instructed the field manager to find a replacement for 'the quickly failing Worthington.'

Said Worthington, 'I was making the bank payments, but the tools inventory started to decline,' he said. 'The business was not generating enough capital to purchase tools and keep up the payments to the bank and the \$700 truck payment.'

'When your inventory goes down real low, customers notice there aren't as many tools. It gets real obvious after a while. The truck starts looking bare. Your customers know that something isn't working right.'

'Snap-On knew all along that things weren't right,' he said. 'But they led me and my wife along. They kept telling me things would work out right. I was set up to fail.'

Termination Meeting

In September 1988, Worthington received a phone call from the sales manager in Charlotte.

'He said, 'I need you to come into the branch tomorrow and bring your truck with you.' I asked what it was all about. He said I had a \$19,000 tool bill, and we had to do something about it.

'When I got there, I was expecting to talk about a way to pay off the bill,' Worthington said. 'But they said that we'd pull tools off the truck, and help me with my check-in. That really meant that I was checking out for good.'

Worthington had about \$12,000 more in tools on the truck than what he owed Snap-On. After taking back tools to collect its debt, Snap-On gave Worthington the option of continuing in business, but strongly advised him to abandon it.

'I got out of it then,' he said. 'We were all devastated. My wife was pregnant at the time and hadn't been doing well with the pregnancy. I didn't have a job, and I didn't know what to do. But my parents were strong. They helped us tremendously. They were there to lean on. It was really a bad, bad time, the worst time of my life. That's the worst valley I've ever been in.'

TV Show

Worthington went around for a while longer attempting to sell tools from another company. He eventually took a job as a long distance truck driver. He held that job from November 1988 to November 1992, when he began working as a high school drug and alcohol counselor.

He got in touch with attorneys about his Snap-On dealership after watching a network television report about a similar dealership in California.

He was eventually referred to Raleigh lawyers Howard Twiggs and Donald Strickland, who consolidated his case with three other dealers from eastern North Carolina. When the jury returned its \$5.3 million verdict earlier this month, it included a \$40,000 loss of consortium claim, part of which will compensate Worthington's wife for the time that Worthington spent away from home as a truck driver.

Asked if he believed justice had been done in his case, Worthington said, 'Yeah, I do. When I came out of college I worked with the juvenile court system for a while. I believed in the system then, and I still do. Snap-On did a big injustice to us. They knew we didn't have business experience. They knew that we were going to be dependent on them to teach us how to do things right. They took advantage of us, and it was time for them to pay for that. It was time for them to answer.'

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