

BY DAVID McFALL

SUPERIOR, Wis. — “We call it the ‘3,000-mile fear factor,’ a brainwashing. And it is a fraud,” Albert Amatuzio states with conviction. “They are all about money, money, money. They don’t care about the consumer or the environment. We do.”

His 3,000-mile reference is, of course, to the gasoline engine oil drain interval that most U.S.

the company Amatuzio founded in 1972. He backed his new product with a guaranteed drain interval of up to 25,000 miles. Within a few years one major oil company also launched a synthetic oil with a 25,000-mile guarantee, Amatuzio said. However, lashed by auto companies, Mobil 1 backed off any guarantee of extended mileage (and then

# Anything but Conventional

drivers believe they need to follow; “they” are the major oil companies which he claims have hammered that deceptive number into consumers’ consciousness for decades.

Strong language. But if you had spent most of two-and-a-half decades in the cockpit of the U.S. Air Force’s hottest jet fighters of the time, and then over the next three decades built a highly successful lubricants company, you’d probably wield strong language and convictions, too.

## Seeds of an idea

In the early 1970s, after nearly 25 years flying U.S. Air Force jets including the fabled F-86 Sabrejet fighter, Lt. Col. Albert J. Amatuzio retired to his native Duluth, Minn., at the western tip of Lake Superior just across the river from Superior, Wis. After a long, hair-trigger career in a cold place, many retirees would have investigated a change of address to Florida or Arizona. What Amatuzio had investigated, however, was an idea: that the synthetic oil that lubricated the J-47 General Electric jet engine which kept his F-86 in the air (and allowed that fighter jet in the Korean War to rack up an 8:1 kill ratio over the Soviet Union’s equally legendary MiG 15) was a quality product that ought to be commercially available for ground vehicles.

Surprisingly, an approved synthetic oil for ground vehicles was not yet sold by any oil company. That one idea — high-performing, synthetic lubricants for civilian vehicles — was the technological seed of Amsoil Inc.,

went on to become the synthetic segment’s biggest seller anyway).

## Boots on the ground

Amatuzio’s second idea was to deploy a network of individual dealers, tens of thousands of them throughout North America, in a multi-level marketing scheme. The multi-level distributor business model is not new and a number of very successful companies are based on it, Amway and Mary Kay Cosmetics coming readily to mind. But it was unique in the lubricants industry and Amatuzio committed his company to it. His dealers sell to individual drivers, to resellers such as auto parts stores or quick lubes, and to commercial accounts including fleets and factories. “Fleets are one of our biggest markets, about a quarter of our business,” related Amatuzio, “and we sell to 1,500 governmental agencies, such as municipalities.”

Dealers are the heart of Amsoil’s marketing, and they are nurtured by classroom training (at Amsoil University in Superior), plus training manuals, annual refresher courses, a monthly magazine, newsletters, e-mails, faxes, technical advice and literature.

“We are fiercely loyal to our network of dealers, and to protect them we will not sell to any chain of stores that number more than 12,” Amatuzio declared, adding that a decade ago, Amsoil visited Wal-Mart — the world’s largest retailer — looking to establish a commercial relationship primarily through a private-label deal. “They weren’t interested



Photos: Amsoil Inc.

in a private label but were interested in stocking our labeled product. We declined to do that since it could have negatively affected our distributor network. We turned down a potentially \$40 million account," he recalled with some pride during a visit from *Lubes'n'Greases* in the spring. So while Wal-Mart shelves display product from many major lubricant manufacturers, you won't find Amsoil there.

### Where he stands

Longer drain intervals are another ethical move, Amatuzio believes. "With our product, a customer knows just where he

stands, how long the product will last. There's no confusion. That's certainly not the case for the rest of the industry."

All Amsoil products are made with API Group IV (polyalphaolefin) synthetic base stock and up-to-date additive technology, Amatuzio said. A tightly packed, 37-page catalogue shows a vast stable of products, but no aftermarket lubricant additives; Amsoil sells none of these, nor does it sell obsolete, harmful SA and SB engine oils, another ethically compromised product that's widely available in retail outlets. However, as critics like to point out, the bulk of its engine oils are not API-licensed.

## Inside a Company

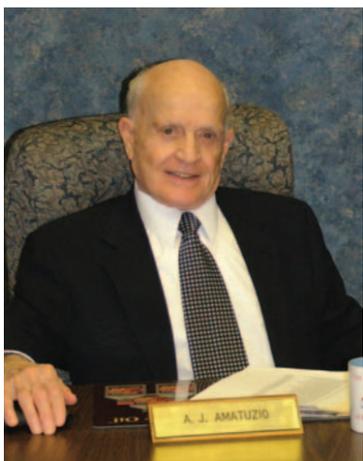
"A n institution is the lengthened shadow of one man," American philosopher Ralph Waldo Emerson declared a century and a half ago. At Amsoil Inc., that shadow is cast by Al Amatuzio, who founded the lubricant manufacturing company in 1972 and still is actively in charge as president and CEO.

The Superior, Wis., firm has moved far beyond its original tiny building, hardly larger than a two-car garage, where a drum or two of lubricants were blended by hand, to a 12-acre, 100,000-square-foot facility with 210-plus employees, a daily blending and bottling capacity of nearly 100,000 gallons, and a \$6 million computer system to tie together its farflung distribution network. Last year, it added a 55-acre site nearby with a 372,000-sq.ft. building and 38 loading docks to allow future expansion and support its nine U.S. and two Canadian distribution centers. These centers are vital to Amsoil's goal that its hundreds of products be available to ship to any distributor within one day.

Amatuzio's "shadow" lends a distinct military flavor to the company. A walk around the facilities found all equipment or product storage to be orderly and industrially spotless, every plant employee spic and span, every office worker attired in an appropriate "Class A" uniform.

There are no casual days at Amsoil, no shirttails hanging out or hats tilted at a rakish angle. In the plant, operations director Scott Davis points out, "everything is coded so we can check it, right down to the person who was working on the line the day of manufacture."

Amsoil is family owned and financial results are not disclosed. However, the company's Dean Alexander said, "growth has been well over 10 percent a year and we've quadrupled our market penetration in the last decade." — *David McFall*



Still, for close to three decades Amsoil could boast of selling the only motor oil with a credible mileage guarantee. It retained that distinction until this spring, when ExxonMobil launched a new line of "high endurance" conventional and synthetic engine oils guaranteed for 5,000 to 15,000 miles.

Regarding that new launch, Amatuzio was succinct: "We drove them to it. They should have done it long ago. And they could have."

He went on, "We expect their approach to have a positive effect on our business."

### Worth the price?

At this writing, Wal-Mart sells its own conventional, API-licensed "starburst" engine oil for 97 cents a quart, for normal mileage. The new Extended Performance Mobil 1 synthetic is \$5.36 with a 15,000-mile guarantee. And Amsoil's entry lists for \$6.15 with a 25,000-mile guarantee.

Using 5,000-mile intervals (the lowest recommended by any current automaker), a do-it-yourselfer can buy six 4-quart Wal-Mart oil changes and 30,000 miles of protection for just \$24. Those same dollars would buy about 15,000 miles of Mobil 1 protection, and 25,000 miles of Amsoil's. So isn't it in the consumer's favor to use the low-priced Wal-Mart mineral oil?

"Well, no," replied Amatuzio, "it isn't. That's pretty unethical arithmetic. First, you haven't factored in the environmental damage caused by four or five unnecessary oil changes. With our product there's far less petroleum used in the first place, a clear resource conservation value. Second, there's just a fraction of used oil being [disposed]. One or two oil changes versus six is an environmental no-brainer, not to mention the convenience factor for consumers."

Dean Alexander, executive vice president and general manager, added a technical point. "Phosphorus is a major component of additive packages and has been identified as a threat to the environment and catalysts. Most additive phosphorus volatilizes shortly after the oil is initially put into the crankcase, and you get a single phosphorus spike for a few hundred

## Inside a Garage

Dick Johnson's two-car garage in his pleasant northern Virginia split level, close by Washington's Orange Line Metro tracks with trains swishing by every few minutes, is crammed with 54 different Amsoil products, led by his biggest seller, SAE 0W-30 motor oil, followed by 5W-30, 10W-30 and 15W-40. The day before *Lubes'n'Greases* visited, Johnson had made a trip to the Amsoil distribution center in Richmond, Va., and picked up \$7,000 worth of product, "about a four-week supply."



Photo: D. McFall

Johnson has been an Amsoil dealer since he retired from the Army 25 years ago. He says, "I haven't always agreed with the way the little company on the shores of 'Lake Gitchegume' has done things, but they have never

lied, made a false claim or bounced a check. And," he continued, "their products are top-notch. I get a nice supplemental income from the business and have a lot of flexibility."

miles, impacting on the catalytic converter and the environment," he explained. "There's much lower volatility during the rest of the oil's life, with much less catalytic and environmental impact. So each time you drain and refill a crankcase you get that phosphorus spike all over again. With five unnecessary oil changes, that adds up to an unnecessary environmental load."

### Measuring up

"We receive about 20 miscellaneous vehicle warranty claims per year," reported Albert's son, Alan Amatuzio, executive vice president and chief operating officer. "We investigate each one comprehensively, examine maintenance records, mileage, type of service and repair invoices. We conduct phone interviews and hire independent expert investigators and engineers to review failed parts and write an Investigative Findings Report documenting

our results and send it to the claimant.

"Only in rare instances when we cannot find an explanation for the problem, even though the lubricant is not to blame, do we accept a claim. Paid claims have amounted to exactly two in the last two years, which speaks volumes given the quantity of oil we sell. It was later determined that both paid claims were ultimately the result of manufacturing errors on behalf of a major automotive OEM."

"We are the comparison company," the senior Amatuzio continued. "We compare our products against the majors in half a dozen ASTM tests and publish the results, naming each company and displaying the results in easy-to-understand charts. Our products always demonstrate better performance than all the companies we compare ourselves with."

Ed Newman, the company's marketing manager, draws another comparison.

His new customers' major complaint is "the per-unit cost, but that's usually easy to overcome when one considers the cost per mile rather than the cost per quart or gallon." A quart of Amsoil's non-API-licensed SAE 5W-30 motor oil lists for \$6.15 per quart but, Johnson points out, "That figure is retail and almost all of my customers get the wholesale price of 20 percent to 25 percent lower on all products." That makes the final price less than \$5.00 per quart. "The 25,000-mile/one-year drain interval guarantee levels the field," he added.

Johnson began his business by handing out literature at shops, setting up a booth at auto, RV and boat shows, and advertising in the Yellow Pages, which he still does. New customers come mostly from face-to-face encounters at trade shows or from referrals. "Ninety percent of my current business is returning customers, either dealers or 'preferred' customers," he said. "Over the years I've helped auto stores, repair facilities, gas stations and commercial fleets set up their own Amsoil accounts."

The future holds more of the same for Johnson. His crammed garage, a cluttered office in the next room, and a very optimistic outlook are tempered by two day-to-day challenges: "The products work so well that people don't believe what I tell them," he declared, "and the stuff lasts so long I have to keep finding new customers." — *David McFall*

"We monitor various internet statistics, including one statistic that shows how much the public is searching for a particular word or topic," he said. "In April [the most recent month for which there was data] there were 30,846 online searches for Amsoil, and only 6,889 searches for Pennzoil. That shows a pretty healthy interest in our product when stacked up against a well-known national brand."

"We've invested in a new bottling line, blending and tank storage and distribution facilities over the past few years, and we have a core of very good people," summed up Al Amatuzio. "We're going to continue to do what we have been doing, playing fair with consumers and the environment. That includes continuing to use the best synthetic base oils and the highest quality additive packages." ■