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 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
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 5,000-square-foot facility with 210-plus employees, a daily blending and tank storage and distribution centers. These centers are vital to Amsoil’s goal that its hundreds of products be available to any distributor within one day.

Inside a Garage

Richard Johnson’s two-car garage in his pleasant northern Wisconsin 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 SW-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.”

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 Gitchegumo 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.”

Worth the price?

At this writing, Wal-Mart sells its own conventional, API-licensed “steerin’” 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 1-gallon Wal-Mart oil changes and 30,000 miles of protection for just $24. The same do-it-yourselfer 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 conve-

nience 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 catalyst. 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 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 deter-

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

“Like Johnson, my current business is returning customers, either deal-

ers at trade shows or from referrals. Ninety percent of my current business is returning customers, either deal-

ers 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 peo-

ple,” 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 con-

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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 syn-

thetic engine oils guaranteed for 5,000, 10,000, and 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.”

“Measuring up

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“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, putting each company and displaying the results in easy-to-understand charts. Our products always demonstrate better per-

formance than all the companies we com-

pare ourselves with.”

“She’s been doing the same thing year after year,” replied Johnson, a do-it-yourselfer can buy six 4-quart oil for 97 cents a quart, for normal mileage. 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 1-gallon Wal-Mart oil changes and 30,000 miles of protection for just $24. These same do-it-yourselfers 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.”

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— David McFall

Amsoil’s 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

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