Anything but Conventional

BY DAVID McFALL

SUPERIOR, Wis. — “We call it the ‘3,000-mile fear factor,’ 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. 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., 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.

The Superior, Wis., firm has moved far beyond its original tiny

“Where he stands

“With our product, a customer knows just where he

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.”

Inside a Garage

Ed Johnson’s two-car garage in his pleasant

His new customers’ major complaint is “the persistant cost, but that’s usually easy to overcome when one consi
ders the cost per mile rather than the cost per quart or gallon.” A quart of Amsoil’s non-API-licensed SAE 30 motor oil costs 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/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 encoun
ters 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.”

“Meant to counteract the oil’s life, with much less catalytic damage caused by four or five unnec

Measuring up

“We receive about 20 miscellaneous vehicle warranty claims per year,” reported Albert’s son, Alan Amatuzio, executive vice presi
dent and chief operating officer. “We investigat

“We moniter 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 distribu
tion facilities over the past few years, continuing to use the best synthetic base oils and the highest quality additive packages.”

Alan Amatuzio’s “shadow” lends a distinct military

tal no-brainer, not to mention the conve

Anonymous

“...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

“...the fueling 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

There are no casual days at Amsoil, no shirttails

employee spic and span, every office worker

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