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MAKE A PROFIT FROM OIL ANALYSIS



Five tips to get the most out of an oil analysis system

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Contributing Editor

I recently brought oil analysis to my automotive repair shop. I've learned quite a bit about applying oil analysis to my daily operations, and thought I would share my experience. Oil analysis is used by the vast majority of organizations operating fleets of vehicles, ships and equipment such as heavy- and light-duty trucks, police cars, tractors, cargo ships and naval vessels, construction and mining equipment, etc. Oil analysis enables these organizations to closely monitor the condition of engines and transmissions and their oil, making it possible to identify and correct issues before they cause catastrophic fail-

ures. But oil analysis instruments have long been too expensive, too complicated and too slow for the auto repair market. Today, new oil analysis instruments have been simplified and are much quicker — in some cases you can get a report in just 10 minutes with test data and diagnostic information. This is convincing many repair shop owners to take a second look. These instruments have the potential to create a new revenue stream while earning customers' goodwill by providing a more accurate diagnosis. Here are five tips that will help you get the most out of an oil analysis system.

1. Help your customers keep their older cars going

Most of our customers' vehicles are 5 to

15 years old and nearly all are daily drivers. Our customers depend on these vehicles to get them to work, to take their kids to school, to go to doctors' appointments, etc. Oil analysis makes it possible for us to do a better job of helping our customers keep these cars running by giving them the information they need to make informed decisions on whether or not to invest in their vehicles. As an example, one of my customers brought in a 2000 Ford Ranger with 175,000 miles. She loves the truck and wants to keep it. But the vehicle needed \$2,500 worth of repairs and she was in a quandary as to whether or not to make the investment. She gladly paid \$90 each for analysis of the engine and transmission oil. Both tests came back clean. The

customer made the decision to have us do the work with confidence that the engine and transmission are sound. She is elated that she gets to keep her favorite truck running.

2. When oil analysis is justified, give the customer a reason to buy it

It would be overkill to recommend oil analysis to every customer who brings their vehicle in for an oil change. A better approach is to broach the subject when you see something that makes you suspect an engine or transmission problem or when the customer is faced with the decision of whether or not to invest in an older vehicle. For example, one customer brought in a Subaru with 120,000 miles on the odometer for an oil change because he was about to go on a long trip. When we checked, there was no oil on the dipstick. I recommended oil analysis and the customer said go ahead. The analysis showed an elevated level of iron in the oil which most likely came either from the rings or cylinder walls. We informed him that the car should survive the trip but that it was likely to burn oil, so he should check the oil level every time he filled the tank. When he got back from the trip he told us he had to add oil midway through the trip and said he understood that if he had not been checking, the car might not have made it. Soon after, he brought in his other car, his wife's car and referred a friend, all for oil analysis. An important point to note — the person who recommends oil analysis to the customer should be the owner of the shop, the shop foreman or the technician. This makes it clear to the customer that you are not merely looking to upsell him or her but rather that you have a good reason to suspect a problem. Under these circumstances, the customer says 'yes' to the recommended oil analysis 90 percent of the time.

3. Build customer loyalty by stopping them from putting money into a vehicle that's about to die

Overselling is the quickest way to lose a customer and get bad word-of-mouth. If I sell a steering and suspension overhaul and the engine blows up in a month, my customer may blame me even though I had no way of knowing the motor was about to go. Oil analysis enables me to give my customers the information they need to make a decision that they will be happy with over the long term. As a case in point, a customer brought in a 2001 Jeep Grand Cherokee with 4.7-liter engine. The engine was running hot and there was no oil on the dipstick. I suggested performing oil analysis to find out why the car was overheating. The results showed both wear metals and coolant in the oil, indicating the engine was nearing the end of its life. The car could have been sold or traded in its current condition for \$4,000 to \$5,000 but it would have only been worth about \$500 to a junkyard after the engine died. The customer decided to get rid of the car immediately. Clearly, he was impressed that we were willing to give up immediate revenue for the customer's benefit. He later came back for a pre-purchase oil analysis on his new vehicle and he has continued to bring it to us for service.

4. Protect the customer and the shop

This is the first time I have been able to peer into the heart and soul of my customer's vehicle without the cost of a tear-down. For example, one of my customers brought in a car with 168,000 miles and wanted it checked out before she left on a cross-country trip. The transmission oil analysis came back with high iron. We pulled the pan and discovered 14 teeth that had been shucked off a planetary gear. I warned the customer

not to take this car on her trip. She decided to take it anyway but with the understanding that the transmission could break down at any time. Before she left, she spent around \$1,100 on other repairs that were needed for the car with the intention that she was going to drive it until it quit and then buy a new vehicle. If I had not performed the oil analysis she would have been surprised when the transmission died and might have blamed it on me.

5. Turn an unprofitable \$30 oil change into a profitable \$100 to \$200 value-added service

Oil analysis today can be a very profitable service for a repair shop because you don't have to buy the analyzer. Instead you can pay by the sample. For example, our total cost of performing each analysis is \$27 per sample. Our only up-front investment was three months of prepaid fees and a bench for the small room just off the shop floor where we house the analyzer. We offer the service at \$90 per engine or transmission, the equivalent of one hour of shop labor. So we make \$63 on each sample. Our shop has been averaging over 50 oil analysis sales for the past six months. As a result, oil analysis is the product with the highest revenue and profit per square foot in my business. As sampling volume increases, it has the potential to generate additional profits both via direct sales and increased sales of repair services. Most important, oil analysis builds customer loyalty by enabling us to deliver superior service when our customers are facing difficult decisions about whether or not to invest in an older vehicle. **ZZ**



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