



AAMCO FINDS GOING GREEN BRINGS RETURNS

Vince O'Connell isn't sure just how much business his new "eco" certification will bring in, but even if it doesn't draw a single new customer, the [AAMCO](#) auto repair shop-owner figures that greening up his business still will be a profit-maker.

He's one of the early participants in the AAMCO chain's effort to get its 865 franchisees to go green: to clean up spilled oils and solvents with non-volatile, recyclable cleaning materials; retrofit shops with heaters that burn used transmission fluid; ditch leak-prone, in-ground hydraulic hoists for cleaner and more efficient floor-mounted models that use vegetable-oil based hydraulic fluid, and to do a dozen other things -- big and small -- to clean up their act.

In addition to transforming their stores, AAMCO franchise owners also are being encouraged to green up their retail products, starting with a "green" tune-up program that costs more than a conventional service but can greatly extend service intervals while reducing waste and cutting oil use.

[The programs](#), along with a flex-fuel conversion service for select commercial fleet vehicles, began less than 90 days ago.

So far, only about 40 AAMCO shops have gone through the drill and received the company's "Eco-green" certification, which comes with special signage to let customers know that the shop is trying to be as earth-friendly as a car repair shop can be.

But it's early days yet, says Todd Leff, AAMCO's chief executive, and it takes time to persuade small business owners to invest capital -- it can cost franchise owners such as O'Connell anywhere from \$3,000 to \$10,000 to bring a single store up to the standard needed to win an Eco-green certificate.

To help jump-start business and show store operators that customers are interested in environmental programs, AAMCO also is offering a \$30 discount nationwide on the green tune-up service through the end of the month to encourage customers to try it out.

Helping Customers Stay Away

The service includes replacing disposable air cleaner filters with a permanent filters; installing platinum-tipped spark plugs and new ignition wiring, cleaning fuel- and air-induction systems, replacing petroleum-based engine oil with synthetic oil and installing extended-life oil filters.

The cost, before any discount, averages \$475 to \$500, versus \$350 to \$375 for a regular tune-up. But it can extend intervals between oil-changes to 15,000 miles and between electronic tune-ups to as much as 75,000 miles, says Todd Leff, Aamco's chief executive.

"Customers can save because they don't have to come back so often, and we all save because there's less oil and fewer filters and other parts to dispose of."

The object of the Eco-green program is "to have franchise units that emit almost nothing into the waste stream," says Leff. "The benefit to our franchise holders is financial savings and the ability to say that we're committed to the environment."

Things got rolling when AAMCO began investigating the profit potential of an alternative fuels program. "We got very excited about it, and started looking at other parts of our business to see if we could improve results by becoming more eco-friendly," Leff says.

Results Can Come Quickly

"We found that most things produce a positive result, some of them almost immediately."

Going green can also bring in more business. Leff says outside research shows that, all other things being equal, most people would prefer to do business with repair shops that have shown they are environmentally friendly.

Another issue, he says, is that if the auto repair industry doesn't voluntarily clean up after itself, "then these kinds of programs will be mandated on us" by government, most likely at greater cost and with a lot more paperwork.

Leff, who also is chief executive of Aamco's parent, Pennsylvania-based American Driveline Systems, says the payback is pretty quick.

He tells reluctant franchise holders that by going green, the average shop "can see a \$40,000 to \$50,000 annual return" from savings on energy, waste removal and cleaning product bills.



One of the programs AAMCO operators are encouraged to adopt calls for replacing the individual aerosol cans of hand cleaner each technician uses with a central, bulk dispenser powered by the shop's compressed air supply.

Small Investments Pay Off

The bulk spray system costs about \$100 to set up, Leff said, "but we were using an average of eight spray cans of cleaner per technician per week, and when a shop goes to the bulk system it replaces all that."

That saves about 400 cans per store, per year, from being tossed into the dump. And, Leff says, a shop with the central dispensing system can save about \$600 a year buying cleaner in bulk.

"That's a pretty good, and immediate, return on a pretty small investment," he says.

Converting stores to waste-oil heating systems from conventional systems that use electricity or heating oil is costlier up front – about \$4,000 for the equipment – but can start paying a profit in reduced heating expenses after about 18 months.

The waste-oil systems burn the transmission fluid that is drained from customers' vehicles and otherwise would have to be stored and sent out for recycling.

It doesn't cost the shops anything—they actually charge the customer to remove the transmission fluid -- so use of the waste-oil furnaces eliminates ongoing winter heating bills. That and can save a store, depending on its size, from \$2,500 to \$4,500 a year, Leff says.

In all, shops seeking the company's Eco-green certificate (which includes special signage so customers in cities with multiple Aamco franchises will know which are green) must run through a checklist of about 30 initiatives, everything from proper floor cleaning and waste disposal techniques to installation of energy-saving lighting and \$3,800 solvent recycling machines.

Hoping Green Boosts Business

There's even more profit potential if the green credentials help draw new business.

The programs have just been launched, so there's no performance data yet. But O'Connell, whose St. Louis, Missouri, shop is about a dozen miles south of the city's famed Gateway Arch, figures his green certification "will make a difference to 20 to 25 percent of the people around here."

There's a third, more limited, leg to AAMCO's green effort: the company has signed a deal with [Flex Fuel U.S.](#) to be exclusive "launch-stage" retailer and installer of its bolt-on kits for converting some gasoline-powered vehicles to E85, a blend of 85 percent ethanol and 15 percent gasoline. The kits at present are only available to commercial vehicle fleet operators.

Flex Fuel's kit for Ford's 4.6-liter V8, rear-wheel-drive cars – the Crown Victoria, Mercury Grand Marquis and Lincoln Town Car sedans – is the only one available now, but the company expects to receive federal Environmental Protection Agency approval by early 2008 for kits for several other vehicles including the Dodge Charger, Chrysler 300, and Ford F150 pickup and Ford Expedition and Lincoln Navigator SUVs.

Other companies eventually will be granted licenses to sell and install the kits after they've been on the market for awhile, but AAMCO has exclusive rights for a short initial launch period – Leff said he was contractually prohibited from disclosing the exact amount of time.

Pragmatic Environmentalism

O'Connell, whose AAMCO shop is in the heart of ethanol territory, said he counts himself among those who doubt the overall energy efficiency of the corn-based ethanol that makes up most of the U.S. supply. It doesn't pack the punch of gasoline and lowers a vehicle's fuel economy, and it takes a lot of energy to produce and transport it, he said.

But he says he will sell and install the \$1,495 kits because he'll make a profit on each and because he does believe that use of ethanol will help reduce the nation's dependence on the dwindling global supply of crude oil.

"I don't think it makes sense to keep pumping dead dinosaurs up out of the ground," says the former medical equipment salesman.

O'Connell doesn't see himself as a rabid environmentalist – he believes, for instance, that "the current approach on global warming is a hoax." But he also believes that becoming environmentally friendly makes "practical good sense" for most any business today.

His shop is a new one, built in a strip mall, "and we did a lot of stuff like installing energy-efficient lighting when we were getting it ready to open," he said.

"I don't want to pollute any more than can possibly happen when you have a shop that deals with a lot of oil and chemical products, so when I saw the Eco-green program I said that this makes sense, and I jumped on it."