

Engineering Management  
Field Project

**Business Feasibility Plan for an Onsite Mobile Oil Changing Business**

By

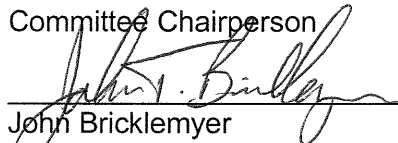
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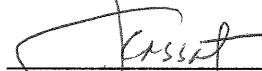
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Lastly, I would like to thank my committee members, Linda Miller, John Brickleyer and Jon Cassat for the guidance and assistance they provided me while writing my Field Project.

## Executive Summary

The purpose of this business feasibility plan is to answer the following questions:

- Can Oil2U convince Company X to offer Oil2U's services to Company X employees?
- Are Oil2U's services something Company X employees are interested in using?
- Can Oil2U be a profitable and feasible part time job for Oil2U's owner and operator, Jon Hecker?
- If Oil2U's business wanted to be expanded to other companies besides Company X, are there opportunities for this in the Kansas City area?

Oil2U will offer three-step oil changes. Customers will need to perform the following three steps to get the oil in their vehicles changed:

**Step 1:** Sign up for an appointment to get your vehicle's oil changed and fill out a vehicle information and requested services form at Oil2ULLC.com. A version of the form that will be found on the website can be seen in Appendix E.

**Step 2:** On the day of the appointment, park your vehicle in a reserved parking spot located at your company's parking garage or parking lot.

**Step 3:** Drop your spare key and payment off at a locked Oil2U box located at a convenient location at your company. Payment can also be made at Oil2U's website using a credit card.

Once the customer has performed these three easy steps, a clean, uniformed, Oil2U employee will show up at the company between 8am and 3pm ready to perform the services. The Oil2U employee will pick up the key or keyless entry device and payment from the Oil2U lock box and then perform the services requested. Once the services have been performed, the Oil2U employee will lock the key or keyless entry device along with an Oil2U evaluation form (see Appendix D) explaining the services that were performed, a receipt of payment, and a "Next Oil Change Due" sticker in the vehicle. The used motor oil will be taken to one of the many companies in the Olathe, KS area that accept used motor oil at no charge. Wal-Mart, AutoZone, O'Reillys and Advance Auto Parts are a few of the many companies labeled as a used motor oil pick up and drop off recycling center in Olathe, KS that will accept up to 5 gallons of used motor oil per person, per day (Earth911.com 2012). Further information on how the process will work when applied to a company can be seen in Oil2U's proposal to Company X, which can be found in Appendix B.

## **Strategic Objectives**

The plan to grow the company will be to first focus on generating and growing business at Company X's US headquarters in Olathe, KS. This place was chosen because Company X is where the Oil2U owner/only employee works full time. Since the owner does not want to quit his full time job at Company X until the company proves profitable, he must perform the oil changing services during his lunch hour. Because the oil changing services will be performed during lunch, Company X is an ideal location due to having almost zero travel time. Research has shown three oil changes can be accomplished during a one-hour lunch period, given Company X accommodates Oil2U's request for four consecutive reserved parking spots in its parking lot. Three of the parking spots will be used to park customers' vehicles and the remaining one will be used for the Oil2U truck. Once Oil2U is open for business, it will offer three oil changing slots at Company X on one day of the week. Once demand increases, Oil2U will offer an additional three slots on a different day. Oil2U will keep adding additional days based on demand until maximum capacity of 15 oil changes per week is reached. Once maximum capacity has been reached, Oil2U's owner will need to make a choice between one of three options.

### **Option 1**

Oil2U will hire a part time employee. Once the transition has been made to an Oil2U part time employee performing the oil changing services at Company X, this should free up time for the owner to expand to other businesses in the Kansas City Metro Area. Also, this will give the owner valuable experience regarding having an employee. Once Oil2U's owner is successful at securing additional business as well as maintaining a part time employee, Oil2U will start looking into offering its services to businesses with fleets of vehicles as well. After acquiring and being successful with businesses and fleets, Oil2U's owner will aggressively grow the company one business, one fleet account, and one employee at a time.

### **Option 2**

Oil2U's owner will expand his business to other companies in the Kansas City Metro Area. Once Oil2U's owner is successful at securing additional business, he will quit his full time job at Company X and focus on Oil2U full time. Oil2U's owner will start looking into offering its services to businesses with fleets of vehicles as well. After acquiring and being successful with businesses and fleets, Oil2U's owner will aggressively grow the company one business, one fleet account, and one employee at a time.

### **Option 3**

Oil2U's owner will decide not to expand the business to other companies but will request additional time during his lunch and additional parking spots to increase oil changing capacity. Performing oil changes quickly as well as keeping travel time, setup time and cleanup time to a minimum increases the maximum amount of profit that can be attained per work hour.

Decreasing the travel time significantly will be solved initially by performing services at Company X. In order to decrease the amount of time to complete the services, setup time and cleanup time, the plan is to do as many oil changes as possible in one session. A session is defined as traveling to a job, setting up, performing services, cleaning up and traveling back to the original destination or the next job. In order to complete multiple vehicles per session, the strategy will be to have the vehicles already parked in consecutive parking spots when the Oil2U employee arrives to perform the services. The parking spots being consecutive is a must because this allows for parallelism while completing tasks in the setup, performing services and clean up steps. The Oil2U owner's stepfather owns an automotive shop in the Wichita, KS area. His automotive shop and 30-plus years of experience offering oil changing services was used to help conduct research to develop the most efficient oil changing procedure for completing services on one to four vehicles. After many oil changes and discussion, the original oil change procedure was modified to reflect the research. The Oil2U Oil Changing Procedure can be found in 13.4 Appendix D.

Oil2U's short term goals are listed below:

#### **Non-Financial**

- Secure business from Company X.
- Increase services in packages by the end of year three.
- Have the Oil2U website ready when officially open for business.
- Offer one new add on each year until all capable add ons are offered.
- Achieve a 10% employee participation rate at Company X by the end of year one.
- Achieve maximum capacity at Company X by the end of year two.

#### **Financial**

- Increase profits from each oil changing package by \$1.50 at the end of year two.
- Earn \$30 per hour before taxes by the end of year two.

## **Target Companies and Customers**

Since Oil2U is an onsite mobile oil changing business, not only are customers going to have to be identified but also companies that contain the customers Oil2U needs to be successful.

Oil2U plans on limiting its service area to companies in the Kansas City Metro Area, which is extremely large and divided up into 11 counties. Since Oil2U is a very small startup company, the top two counties with the most potential for customers and companies will need to be identified as potential counties to start and initially expand the business. Once the market in the top two counties has been saturated, then Oil2U can start to look for business and customers in the remaining nine counties.

### **Customer**

Oil2U is classified as being in the Automotive Oil Change and Lubrication Shops (811191) market segment. Customers who use services from companies in this market segment can be classified into ultimate, intermediate, and feasible by how much profit can be made. A mobile oil change business will make a reasonable profit off of each oil changing package they sell and a big profit off of each add on sold (Wes, Mobile oil change profits 2009). When a company offers oil changing services, three major items affect the amount of profit made:

1. Time – How many oil changes can be done in a specified time period? The more oil changes that can be completed per hour will result in more profit.
2. Add Ons / Extra Services – How many add ons will the customer approve of? In most oil changing businesses add ons are high profit items that businesses need customers to purchase in order to make money off the oil changing appointment (Wes, Mobile oil change profits 2009). The more add ons done on a vehicle, the more profit that is made off the oil changing appointment.
3. Oil changing package – Which oil changing package was chosen? Usually the more expensive oil changing package the customer chooses, the more profit is made off the package.

A typical consumer chooses what business's services they will use based on four main categories (CrackerJack Marketer 2011):

1. Convenience
2. Price
3. Quality
4. Brand familiarity

The most important of the four categories is hard to quantify because each category's level of importance is based on the type of service, current personal situation, and characteristics of the consumer. Of the four categories, what is most important for Oil2U to attract customers is convenience. It has been shown that total household income correlated consistently with convenience consumption (Farquhar and Rowley 2009). Since Oil2U is about offering the most convenient oil changing experience in the area, it could be concluded that the higher the household income a customer has, the better chance he or she will become an Oil2U customer. Of the 11 counties that make up the Kansas City Metro Area, Johnson County in Kansas and Jackson County in Missouri have the largest number of households with \$100k-plus annual income.

### **Company**

For Oil2U to have a chance at being successful, it needs to go after approvals from companies who have a large number of highly paid and highly educated employees. These companies will consist mostly of white collar workers, such as engineers, lawyers, doctors, accountants, nurses. In the Kansas City Metro area, Johnson County and Jackson County are the top two counties for having the highest annual income per employee, the highest annual payroll, and the most companies with over 500 employees. Given this information, these two counties are great places to start looking for primary and secondary companies.

### **Launch Company**

Since Oil2U is a new company that has no customers and no experience, there is no one to use as a source for positive testimonials and examples when trying to sell the idea to companies. Due to this fact, it is very important that Oil2U strategically pick the launch company based on the highest chance of successfully getting approval to provide its services and successfully generate business, profits, and satisfied customers. The launch company chosen to get Oil2U up and running will be Company X's Headquarters located in Olathe, KS. Company X Headquarters is an ideal business to launch the new company for the following reasons:

1. Located in Johnson County, Kansas.
2. Jon Hecker, Oil2U's owner, has been working at Company X in Olathe for over four years, which would make the following items easier and less time consuming:
  - a. Acquire information regarding who to talk to in order to get approval for business related activities. These activities include:

- i. Conducting and gathering research about Company X and its employee's oil changing wants and needs.
    - ii. Putting up Oil2U advertising signs on bulletin boards.
    - iii. Posting Oil2U advertising on GBay and other online Company X employee only posting sites.
    - iv. Scheduling and using Company X conference rooms for lunch and learn sessions.
  - b. Able to spread the word about Oil2U to co-workers through word of mouth.
  - c. Able to easily setup meetings to gather inside information with influencers to the decision makers.
3. A large portion of Company X's white collar employees work at this location.
  4. Has a parking garage and plenty of unused parking spaces.

Company X was contacted to allow research to be done on how to successfully get approval for adding onsite oil changing services. They agreed to assist in explaining the process of what an outsider to the company would need to go through to acquire approval. This new relationship will be taken advantage of by gathering other important information when learning about the process one would have to go through to attain approval. Once enough research has been gathered, Oil2U will then use all the research to create a plan to use when selling the idea to companies. This plan will be tested on Company X to attain approval to allow Oil2U services on Company X property. If attaining approval is successful, it will reinforce Oil2U has a solid plan that can be used at other companies. Also, if successful, it will gain Oil2U a company and customers to use as a source of testimonials when selling the idea to other companies and customers. If unsuccessful attaining approval, more research can be conducted into why and the plan can be modified.

### **Company X Survey Results**

In order to find out how Oil2U's services and prices would be received by Company X employees, a survey was given to them. The survey can be seen in Appendix F and the responses to the questions and analysis can be seen in section 3.3. Oil2U's main selling point to customers is convenience. Given this, in order for Oil2U to have a greater success at Company X, Oil2U needs Company X to have employees who value convenience, and the process they currently use to get their vehicles' oil changed must be less convenient than what Oil2U is offering. The following two survey questions were designed to find these two things out:



1. Rate the following 4 items in order of importance to you when choosing an oil changing company.

1 being most important and 4 being least important:

\_\_\_\_\_ Convenience    \_\_\_\_\_ Price    \_\_\_\_\_ Quality    \_\_\_\_\_ Brand Familiarity

2. Is the onsite oil change procedure described more convenient than the current way you get your vehicles' oil changed?

A. Yes    If Yes, how much more convenient (Circle one): (a little more), (more), (a lot more)

B. No    If No, please explain

Questions four and five in the survey were designed to find out if Company X employees thought Oil2U's prices were appropriate. The two questions were stated as follows:

4. If the oil changing procedure and packages described were available at Company X, would you use them?

Basic Package: Yes or No    If Yes, indicate how many times per year: \_\_\_\_\_

High Mileage Package: Yes or No    If Yes, indicate how many times per year: \_\_\_\_\_

Synthetic Blend Package: Yes or No    If Yes, indicate how many times per year: \_\_\_\_\_

Full Synthetic Package: Yes or No    If Yes, indicate how many times per year: \_\_\_\_\_

If you answered No, please explain why:

\_\_\_\_\_

5. Do you feel the prices are appropriate for the packages considering the location and convenience of the service?

Basic Package (\$35.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

High Mileage Package (\$49.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

Synthetic Blend Package (\$54.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

Full Synthetic Package (\$69.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

If you answered No, what price do you think is necessary in order for you to switch from your current oil change company?

Basic Package (\$35.99) \_\_\_\_\_

High Mileage Package (\$49.99) \_\_\_\_\_

Synthetic Blend Package (\$54.99) \_\_\_\_\_

Full Synthetic Package (\$69.99) \_\_\_\_\_

Questions seven and eight in the survey were designed to find out if Company X employees would use the add ons Oil2U are offering and if they are priced appropriately. The two questions were stated as follows:

7. Would you purchase any of the add-on services listed above?

Rain X windows:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

Air filter replacement:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

Air freshener:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

Windshield wiper replacement:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

8. Do you think the add-on services prices are appropriate?

Rain X windows: Yes or No If No, indicate price: \_\_\_\_\_

Air filter replacement: Yes or No If No, indicate price: \_\_\_\_\_

Air freshener: Yes or No If No, indicate price: \_\_\_\_\_

Windshield wiper replacement: Yes or No If No, indicate price: \_\_\_\_\_

Question 10 was designed to find out if Company X employees would bring their family members' vehicles to Company X to be serviced by Oil2U. Question 10 was stated as follows:

10. If you were satisfied with the service provided, would you bring your significant other's and/or children's vehicles to get their oil changed using the same procedure and packages?

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, please explain why: \_\_\_\_\_

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## **Market Data and Analysis**

The Automotive Oil Change and Lubrication Shops (811191) market segment in the US achieved sales of 3.010 Billion dollars in 1999 and 4.902 Billion in 2009 (U.S. Census Bureau, Estimated revenue for employer firms). This calculates out to a 35% growth in sales during that time. During 2002 to 2007, the number of firms in the US grew 5.9%. Even though this market segment has shown growth over the last few years, it is in the mature stage and is very fragmented. The 50 biggest companies generate around 35% of the total revenue (First Research 2011). The Automotive Oil Change and Lubrication Shops market segment is forecasted to continue to grow for the next several years. The main contributor to the growth will be an increase in population contributing to an increase in the total number of registered vehicles in the US and total vehicle miles driven. There are emerging technologies, government policies, incentives, and regulations that are going to be a major threat to the 811191 market segment. President Obama is putting a lot of emphasis during his term on moving America towards greener vehicles to reduce pollution and the need for foreign oil. One major regulation that passed recently is all cars and light trucks by 2025 are required to get 54.5 mpg and have a greenhouse gas emission of a maximum 163 grams per mile (Curtis 2011). Key vehicle technologies that will help automakers achieve the new government standards are hybrid, electric and fuel cell vehicles. Growth in both of these vehicle markets as far as sales and models available is projected to increase in the years to come. If the government is successful in persuading its citizens to trade in their gas guzzler for a hybrid or EV, the 81191 market segment will have to adapt. On a positive note, hybrids still require oil changes but not as often as combustion engines. On a negative note, electric vehicles don't require them at all. As more people buy electric and hybrid vehicles, demand for oil changes will decrease.

## **Competitors**

It was concluded the following companies will be Oil2U's top six competitors in the Kansas City Metro Area: Jiffy Lube, Valvoline Instant Oil Change, Wal-Mart, National Tire and Battery, Firestone Complete Auto Care and Burnett Automotive. These companies were picked based on having the largest number of locations in the Kansas City Metro Area and their distance from Oil2U's launch company. These six companies have a combined 98 locations in the Kansas

City Metro Area and each offer a variety of oil changing packages and services as well as numerous other services.

## **Financial Data**

If Oil2U gets approval from its launch company, Company X, to offer its services, Oil2U should be able to generate \$7,671 of net income per year from this location. This number is based on the following conservative assumptions:

1. 12% average employee participation rate for the entire year. This was based on a veteran of the mobile oil changing business who found his corporate accounts generated a 12% – 15% employee participation rate per company (Winslow 2008).
2. Each employee has one vehicle needing an oil change every 6 months.
3. Standard Package is 90% of sales, High Mileage Package is 3.33% of sales, Synthetic Blend Package is 3.33% of sales and Fully Synthetic Package is 3.33% of sales.
4. Company X's Headquarters in Olathe, KS having 2,781 employees (THINK KC 2009).
5. Oil2U's owner incurring a 25% personal income tax rate.
6. Oil2U's owner is the only employee.
7. All customers pay by credit card, incurring a 2.9% + \$0.30 fee per transaction (PayPal 2012).

It is estimated for every hour Oil2U's owner spends changing oil, he will spend an additional ½ hour to one hour on other business-related tasks. Given this and the \$7,671 of net income Oil2U estimates the company will generate in a year from Company X employees, Oil2U's owner will make anywhere from \$17.25 to \$23 per hour. If Oil2U's owner is successful in acquiring the four parking spots requested from Company X, the maximum number of oil changes that can be performed in a year is 753, which correlates to a 13.5% Company X employee participation rate, a yearly net income of \$8,839 per year and a \$17.61 to \$23.48 hourly wage. Keep in mind the net incomes and hourly wage described above are after tax dollars and do not include income from add on services.

## **Product Specifications**

Oil2U plans on offering the following oil changing services:

- Replace oil with up to five quarts of quality motor oil
- Replace oil filter
- Inspection of:
  - Wiper blades

- Engine air filtration system
- Transmission fluid levels
- Power steering fluid levels
- Brake fluid levels
- Check/Fill:
  - Tire pressure
  - Windshield washer fluid

Oil2U plans on offering the following add on services:

- Rain X Windows
- Air Filter Replacement
- Air Freshener
- Windshield Wiper Replacement

### **Packaging**

Oil2U will offer four service packages. The first is the standard package. This package will offer all of the oil changing services described above and include the standard bulk oil. The second package is the high mileage package. This package will offer all of the oil changing services described above and include the high mileage oil. The third package is the synthetic blend package. This package will offer all of the oil changing services described above and include the synthetic blend oil. The fourth package Oil2U will offer is the full synthetic package. The full synthetic package will offer all of the oil changing services described above and include fully synthetic oil.

The following are the prices Oil2U plans on charging its customers for its services. All services do not include tax.

Standard Package: \$35.99, 3.50 per extra quart

High Mileage Package: \$49.99, 4.50 per extra quart

Synthetic Blend Package: \$54.99, 6.50 per extra quart

Synthetic Package: \$69.99, 8.50 per extra quart

Rain X windows: \$8 for first window, \$3 for each additional window

Air filter replacement: \$30

Air freshener: \$3

Windshield wiper replacement: \$25

These prices are based on an analysis of the local competition's prices, advice from experienced mobile oil change owners, convenience, and quantity of services.

## **Market Plan**

Oil2U has identified three main marketing objectives that are important to the success of the business. First, companies will be hesitant to be the first to adopt Oil2U services as a benefit. If Oil2U can be successful implementing its business at the launch company, that company can be used as a reference and successful example when selling the idea to other companies. Secondly, Oil2U needs to portray the benefit of having these services to the company as well as to its employees. Lastly, Oil2U needs to alleviate the concern companies will have relating to the potential risks and liability of a company performing oil changes on its property. Oil2U can accomplish the three objectives by creating a proposal that would be customized for each individual company. The proposal would have recommendations from companies as well as customers who use Oil2U's services. It would explain the benefits that Oil2U's services provide to the company and its employees. It would also explain all the precautions Oil2U has in place in order to reduce risk and liability. A proposal customized for Company X, Oil2U's launch company, can be seen in Appendix B.

## **Conclusion & Recommendations**

In conclusion, this feasibility study's purpose was to answer a few important questions. The questions and their answers are stated below.

### **Can Oil2U convince Company X to offer Oil2U's services to Company X employees?**

Oil2U's owner has met with a few of Company X's influencers to the decision maker to discuss the idea of adding onsite oil changing services to Company X's employees. Their many initial negative comments and concerns sparked the writing of the Oil2U Proposal (as seen in Appendix B) in order to try and alleviate their concerns. After sending the influencers the proposal to read and consider, it was felt that the proposal did alleviate some of their concerns, but they were still not fully convinced the benefits outweighed the risk and reward. This does not mean Oil2U will not succeed at getting approval from Company X, but the outlook is more negative than positive.

### **Are Oil2U's services something Company X employees are interested in using?**

A survey was given to Company X employees to try and find out what they thought about Oil2U's services. Question 4 and 5 resulted in 50% of survey respondents saying they would

use the basic package if it were available and 62% thought the price for this package was appropriate for the services and convenience being received. Also, question 10 showed 73% of respondents would bring their significant other's and/or children's vehicles in for Oil2U's services. These results of the Company X Employee survey, shown in section 3.3, indicate that Company X employees would be interested in using Oil2U's services if they were offered at Company X.

**Can Oil2U be a profitable part time job for Oil2U's owner and operator, Jon Hecker?**

At maximum capacity, the financial projections in section 5.3 show Oil2U generating \$8,839 of net income. Given for every hour spent changing oil, Oil2U's owner spends one hour on other business related tasks; Oil2U's owner would earn \$17.61. Keep in mind the \$17.61 is after a 25% tax, does not include add-on income and represents a 1h:1h work ratio. Taking this into consideration and the other financial projections in section 5.3, Oil2U has the potential of being a profitable part time job for Oil2U's owner.

**If Oil2U's business wanted to be expanded to other companies besides Company X, is there an opportunity for this in the Kansas City Metro area?**

The Kansas City Metro area, made up of 11 counties, covers a wide area. Section 3 shows that of the 11 counties, the majority of Oil2U's potential customers and companies are located in Johnson County, KS and Jackson County, MO. These two counties were found to have the most feasible, intermediate and ultimate customers, as well as having an abundance of primary companies. Luckily, the two counties border each other so establishing business in them would keep travel time to a minimum. If Oil2U's owner wanted to expand its business, Johnson County, KS and Jackson County, MO are both counties in the Kansas City Metro area that have the potential to give Oil2U a high opportunity for a successful expansion.

Based on the conclusions reached during the development of this feasibility plan, it is recommended that Jon Hecker proceed with section 10.1 Business Progression Schedule and put full effort into acquiring approval from Oil2U's launch company, Company X's headquarters in Olathe, KS.

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## Definitions / Descriptions

**Company X:** Serves as headquarters for Company X Limited companies and is located in Olathe, Kansas. Company X is a consumer technology company which develops consumer, aviation and marine technologies that use Global Positioning System. Company X's Olathe, Kansas location is where the company manufactures a majority of its aviation products and conducts a big portion of its research and development.

**Add On:** Services Oil2U customers can request at additional costs that are not included in Oil2U's oil changing packages.

**GBay:** Online location where Company X employees can place items or services they want to sell or find items or services they want to buy.

# 1 Introduction/Background

## 1.1 Purpose

The purpose of this business feasibility plan is to answer the following questions:

- Can Oil2U convince Company X to offer its services to its employees?
- Are Oil2U's services something Company X employees are interested in using?
- Can Oil2U be a profitable and feasible part time job for Oil2U's owner and operator, Jon Hecker?
- If Oil2U's business wanted to expand to other companies besides Company X, are there opportunities for this in the Kansas City area?

## 1.2 Unique Approach to Onsite Oil Changing Services

The process described in the following paragraphs is a general process that might not work for every company and every situation. It is expected to incur minor changes in order to be accepted at each company as well as work and be a profitable process for Oil2U as Oil2U evolves as a company. An example of the process having minor changes will be shown later in the paper with regard to implementing the process at Oil2U's launch company Company X.

### Customer's Process

Oil2U will offer three-step oil changes. Customers will need to perform the following three steps to get the oil in their vehicles changed;

**Step 1:** Sign up for an appointment to get your vehicle's oil changed and fill out a vehicle information and requested services form at Oil2ULLC.com. A version of the form that will be found on the website can be seen in Appendix E.

**Step 2:** On the day of the appointment, park your vehicle in a reserved parking spot located at your company's parking garage or parking lot.

**Step 3:** Drop your spare key and payment off at a locked Oil2U box located at a convenient location at your company. Payment can also be made at Oil2U's website using a credit card.

### Oil2U's Employee Process

Once the customer has performed the three easy steps, a clean, uniformed, Oil2U employee will show up at the company between 8am and 3pm ready to perform the services. The Oil2U employee will pick up the key or keyless entry device and payment from the Oil2U lock box and

then perform the services requested. Once the services have been performed, the Oil2U employee will lock the key or keyless entry device along with an Oil2U evaluation form (see Appendix D) explaining the services that were performed, a receipt of payment, and a “Next Oil Change Due” sticker in the vehicle. The used motor oil will be taken to one of the many companies in the Olathe, KS area that accept used motor oil at no charge. Wal-Mart, AutoZone, O’Reillys and Advance Auto Parts are a few of the many companies labeled as a used motor oil pick up and drop off recycling center in Olathe, KS that will accept up to 5 gallons of used motor oil per person, per day (Earth911.com 2012). Further information on how the process will work when applied to a company can be seen in Oil2U’s proposal to Company X, which can be found in Appendix B.

## **2 Strategic Plan and Focus**

### **2.1 Growing the Business**

The plan to grow the company will be to first focus on generating and growing business at Company X’s US headquarters in Olathe, KS. This place was chosen because Company X is where the Oil2U owner/only employee works full time. Since the owner does not want to quit his full time job at Company X until the company proves profitable, he must perform the oil changing services during his lunch hour. Because the oil changing services will be performed during lunch, Company X is an ideal location due to having almost zero travel time. Research has shown three oil changes can be accomplished during a one-hour lunch period, given Company X accommodates Oil2U’s request for four consecutive reserved parking spots in its parking lot. Three of the parking spots will be used to park customers’ vehicles and the remaining one for the Oil2U truck. Once Oil2U is open for business, it will offer three oil changing slots at Company X on one day of the week. Once demand increases, Oil2U will offer an additional three slots on a different day. Oil2U will keep adding additional days based on demand until maximum capacity of 15 oil changes per week is reached. Once maximum capacity has been reached, Oil2U’s owner will need to make a choice between one of three options:

#### **Option 1**

Oil2U will hire a part time employee. Once the transition has been made to an Oil2U part time employee performing the oil changing services at Company X, this should free up time for the owner to expand to other businesses in the Kansas City Metro area. Also, this will give the

owner valuable experience regarding having an employee. Once Oil2U's owner is successful at securing additional business as well as maintaining a part time employee, Oil2U will start looking into offering its services to businesses with fleets of vehicles as well. After acquiring and being successful with businesses and fleets, Oil2U's owner will aggressively grow the company one business, one fleet account, and one employee at a time.

### **Option 2**

Oil2U's owner will expand his business to other companies in the Kansas City Metro area. Once Oil2U's owner is successful at securing additional business, he will quit his full time job at Company X and focus on Oil2U full time. Oil2U's owner will start looking into offering its services to businesses with fleets of vehicles as well. After acquiring and being successful with businesses and fleets, Oil2U's owner will aggressively grow the company one business, one fleet account, and one employee at a time.

### **Option 3**

Oil2U's owner will decide not expand the business to other companies but will request additional time during his lunch and additional parking spots to increase oil changing capacity.

## **2.2 Performing Oil Changing Services**

Performing oil changes quickly as well as keeping travel time, setup time and cleanup time to a minimum increases the maximum amount of profit that can be attained per work hour.

Decreasing the travel time will initially be solved by performing services at Company X. In order to decrease the amount of time to complete the services, setup time and cleanup time, the plan is to do as many oil changes as possible in one session. A session is defined as traveling to a job, setting up, performing services, cleaning up and traveling back to the original destination or the next job. In order to complete multiple vehicles per session, the strategy will be to have the vehicles already parked in consecutive parking spots when the Oil2U employee arrives to perform the services. The parking spots being consecutive is a must because this allows for parallelism while completing tasks in the setup, performing services and clean up steps. The Oil2U owner's stepfather owns an automotive shop in the Wichita area. His automotive shop and 30-plus years of experience offering oil changing services was used to help conduct research to develop the most efficient oil changing procedure for completing services on one to four vehicles. After many oil changes and discussion, the original oil change procedure was

modified to reflect the research. The Oil2U Oil Changing Procedure can be found in 13.4 Appendix D.

## **2.3 Mission Statement / Company Slogan**

### **Mission Statement**

To provide quick, easy, hassle free, oil changing experiences at an affordable price, while maintaining the quality expectations our customers expect and deserve.

### **Company Slogans**

“We don’t sell oil changes, we sell quality and convenience.”

“Getting a quality oil change is as easy as 1, 2, 3.”

## **2.4 Goals and Objectives**

### **Non-Financial**

- Secure business from Company X.
- Increase services in packages by the end of year three.
- Have the Oil2U website ready when officially open for business.
- Offer one new add on each year until all capable add ons are offered.
- Achieve a 10% employee participation rate at Company X by the end of year one.
- Achieve maximum capacity at Company X by the end of year two.

### **Financial**

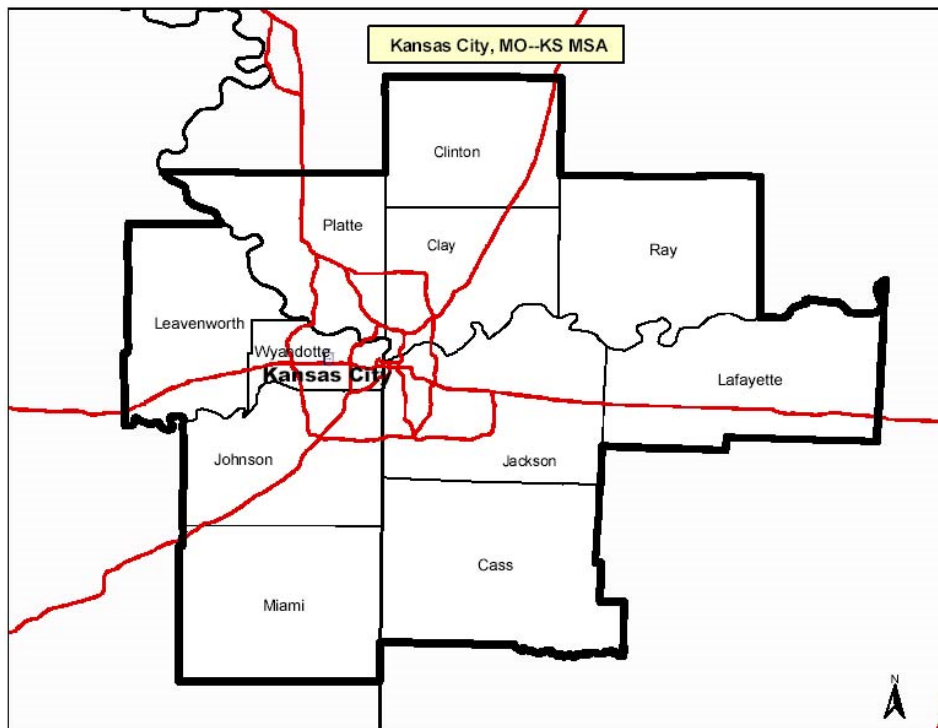
- Increase profits from each oil changing package by \$1.50 at the end of year two.
- Earn \$30 per hour before taxes by the end of year two.

## **2.5 Core Competencies / Competitive Advantage**

Oil2U has two competitive advantages over its competition. The first is customer convenience and time savings. The only time commitment and inconvenience customers have to experience is signing up for the appointment, parking in a certain parking spot at work, and dropping off their keys and payment. The second competitive advantage is low overhead. Since the company does not have a building, it does not incur the cost that comes with it (utility bills, rent, maintenance, etc.).

### 3 Target Companies and Customers

Since Oil2U is an onsite mobile oil changing business, not only are customers going to have to be identified but also companies that contain the customers Oil2U needs to be successful. Customers have been classified into three categories and companies have been classified into two categories based on certain characteristics explained in the following sections. Oil2U plans on limiting its service area to companies in the Kansas City Metro Area. This area, as seen in the figure below, is extremely large and is divided up into 11 counties. Since Oil2U is a very small startup company, the top two counties with the most potential for customers and companies will need to be identified as potential counties to start and initially expand the business. Once the market in the top two counties has been saturated, then Oil2U can start to look for business and customers in the remaining nine counties.



**Figure 1: Counties Making Up the Kansas City Metro Area**

Adapted from U.S. Department of Transportation Federal Highway Administration. 2011. Journey to work profiles for large metropolitan areas. April 28.

[http://www.fhwa.dot.gov/planning/census\\_issues/ctpp/data\\_products/journey\\_to\\_work/jtw8.cfm](http://www.fhwa.dot.gov/planning/census_issues/ctpp/data_products/journey_to_work/jtw8.cfm) (accessed October 15, 2011).



### 3.1 Customers

Oil2U is classified as being in the Automotive Oil Change and Lubrication Shops (811191) market segment. Customers who use services from companies in this market segment can be classified into ultimate, intermediate, and feasible by how much profit can be made. According to experienced mobile oil change operators, in order for a mobile oil change business to have a chance at being successful, the business needs to make \$100 profit per hour (Wes 2009). A mobile oil change business will make a reasonable profit off each oil changing package it sells and a big profit off each add on sold (Wes, Your oil change prices). When a company offers oil changing services, three major items affect the amount of profit made:

1. Time – How many oil changes can be done in a specified time period? The more oil changes that can be completed per hour will result in more profit.
2. Add Ons / Extra Services – How many add ons will the customer approve of? In most oil changing businesses add ons are high profit items that businesses need customers to purchase in order to make money off the oil changing appointment (Wes, Your oil change prices 2009). The more add ons done on a vehicle, the more profit that is made off the oil changing appointment.
3. Oil changing package – Which oil changing package was chosen? Usually the more expensive oil changing package the customer chooses, the more profit is made off the package.

The most important item to create profit from the customer is add ons (Wes, Your oil change prices). Since add ons are high profitable items, it is in the best interest of a company to offer numerous add ons that are attractive enough for customers to request them.

A typical consumer chooses what businesses services they will use based on four main categories (CrackerJack Marketer 2011):

1. Convenience
2. Price
3. Quality
4. Brand familiarity

The most important of the four categories is hard to quantify because each category's level of importance is based on the type of service, current personal situation, and characteristics of the consumer. Of the four categories, what is most important for Oil2U to attract customers is convenience. It has been shown that total household income correlated consistently with convenience consumption (Farquhar and Rowley 2009). Since Oil2U is about offering the most

convenient oil changing experience in the area, the higher the household income a customer has, the better chance he or she will become an Oil2U customer. Of the 11 counties that make up the Kansas City Metro Area, Johnson County, KS and Jackson County, MO have the largest number of households with \$100k-plus income. These numbers can be seen in Table 1 (U.S. Census Bureau, Selected economic characteristics) and show that these two counties are where Oil2U will find the people who have the greatest potential for being an Oil2U customer.

**Table 1: Kansas City Metro Area Counties 2010 Estimated Household Income**

Kansas City Area Counties	Household Income >\$200k		Household Income \$100k - \$200k		Household Income <\$100k		Mean Household Income (\$)
	Count	%	Count	%	Count	%	
<b>Johnson (KS)</b>	15,430	7.3%	55,509	26.1%	141,612	66.6%	94,373
<b>Jackson (MO)</b>	6,179	2.3%	37,159	13.7%	226,518	84.0%	60,044
<b>Clay (MO)</b>	2,179	2.5%	16,251	18.7%	68,473	78.8%	69,794
<b>Platte (MO)</b>	1,690	4.7%	8,343	23.4%	25,608	71.9%	81,071
<b>Leavenworth (KS)</b>	701	2.7%	5,417	20.8%	19,855	81.9%	71,346
<b>Cass (MO)</b>	656	1.8%	6842	18.9%	29,307	79.3%	69,799
<b>Wyandotte (KS)</b>	452	0.8%	4,937	8.7%	51,060	90.5%	48,514
<b>Miami (KS)</b>	293	2.4%	2,177	18.1%	9,573	79.5%	69,813
<b>Clinton (MO)</b>	155	1.9%	1,209	15.1%	6,666	83.0%	63,361
<b>Ray (MO)</b>	105	1.1%	1334	14.5%	7,777	84.4%	61,425
<b>Lafayette (MO)</b>	37	0.3%	1837	13.7%	11,552	86.0%	57,521

A major factor that contributes to household income is education level and this is proven by the data in Table 2 (Bureau of Labor Statistics U.S. Department of Labor 2011). This correlates in most cases to being the higher the education level a person has, the more income the person will earn.

**Table 2: Median Weekly Earnings of Full-Time Wage and Salary Workers by Education Level**

	< High School Diploma	High School Graduate, no College	Some college or associates degree	Bachelor's degree only	Advanced degree
<b>Weekly Earnings</b>	\$459	\$636	\$731	\$1,047	\$1,354

### 3.1.1 Ultimate Customer

Taking into consideration the criteria for profit stated in the section above, the ultimate customer would exhibit the following behavior: have multiple vehicles needing frequent fully synthetic oil

changes, approve multiple add ons every appointment, and have vehicles for which changing oil and performing add ons are easy to complete. Since add ons and fully synthetic oil changes are expensive, an ultimate customer could be characterized as someone who is very busy and has disposable income to spend on expensive oil changes and add ons for their vehicle. More specifically, Oil2U classifies an ultimate customer as living in a household with \$200k or more income and having a graduate or professional degree. As can be seen in Table 3, the most ultimate customers can be found in Johnson County, Kansas.

**Table 3: Ultimate Customer Information in Kansas City Area Counties**

Kansas City Area Counties	Household Income >\$200k		Graduate or Professional Degree		Mean Household Income
	Count	Percentage	Count	Percentage	
<b>Johnson (KS)</b>	15,430	7.3%	65,846	18.4%	94,373
<b>Jackson (MO)</b>	6,179	2.3%	46,059	10.4%	60,044
<b>Clay (MO)</b>	2,179	2.5%	14,312	9.9%	69,794
<b>Platte (MO)</b>	1,690	4.7%	7,289	12.3%	81,071
<b>Leavenworth (KS)</b>	701	2.7%	5,522	10.9%	71,346
<b>Cass (MO)</b>	656	1.8%	4,288	6.6%	69,799
<b>Wyandotte (KS)</b>	452	0.8%	5,245	5.4%	48,514
<b>Miami (KS)</b>	293	2.4%	1,725	8.0%	69,813
<b>Clinton (MO)</b>	155	1.9%	992	7.0%	63,361
<b>Ray (MO)</b>	105	1.1%	826	5.2%	61,425
<b>Lafayette (MO)</b>	37	0.3%	1,267	5.6%	57,521

### 3.1.2 Intermediate Customer

The intermediate customer would exhibit the following behavior: have multiple vehicles needing oil changes, approve an add on at every other appointment, and have vehicles for which changing oil and performing add ons are easy to complete. An intermediate customer could be characterized as someone who is very busy and has disposable income to spend on oil changes and add ons for his or her vehicle. More specifically, Oil2U classifies an intermediate customer as living in a household with \$100k – \$200K income and having a bachelor’s degree or higher. As can be seen in Table 4 the most intermediate customers can be found in Johnson County, Kansas.

**Table 4: Intermediate Customer Information in Kansas City Area Counties**

Kansas City Area Counties	Household Income	Bachelor’s Degree	Mean Household
---------------------------	------------------	-------------------	----------------

	\$100k - \$200k				Income
<b>Johnson (KS)</b>	55,509	26.1%	119,526	33.4%	94,373
<b>Jackson (MO)</b>	37,159	13.7%	73,074	16.5%	60,044
<b>Clay (MO)</b>	16,251	18.7%	28,914	20.0%	69,794
<b>Platte (MO)</b>	8,343	23.4%	14,815	25.0%	81,071
<b>Leavenworth (KS)</b>	5,417	20.8%	9,272	18.3%	71,346
<b>Cass (MO)</b>	6,842	18.9%	10,330	15.9%	69,799
<b>Wyandotte (KS)</b>	4,937	8.7%	9,518	9.8%	48,514
<b>Miami (KS)</b>	2,177	18.1%	3,277	15.2%	69,813
<b>Clinton (MO)</b>	1,209	15.1%	1,601	11.3%	63,361
<b>Ray (MO)</b>	1,334	14.5%	1,398	8.8%	61,425
<b>Lafayette (MO)</b>	1,837	13.7%	2,534	11.2%	57,521

### 3.1.3 Feasible Customer

The feasible customer is going to have one vehicle needing an oil change every 3-6 months, approves an add on every once in a while and requests the basic package. A feasible customer could be characterized as someone who's looking for a convenient and reasonably priced oil changing experience. More specifically, Oil2U classifies a feasible customer as living in a household with less than \$100k income and having an associate's degree or less. As can be seen in Table 5, the most feasible customers can be found in Jackson County, Missouri.

**Table 5: Feasible Customer Information in Kansas City Area Counties**

<b>Kansas City Area Counties</b>	<b>Household Income &lt;\$100k</b>		<b>Associate's Degree or less</b>		<b>Mean Household Income</b>
<b>Johnson (KS)</b>	141,612	66.6%	172,487	48.2%	94,373
<b>Jackson (MO)</b>	226,518	84.0%	323,742	73.1%	60,044
<b>Clay (MO)</b>	68,473	78.8%	101,340	70.1%	69,794
<b>Platte (MO)</b>	25,608	71.9%	37,156	62.7%	81,071
<b>Leavenworth (KS)</b>	19,855	81.9%	35,867	70.8%	71,346
<b>Cass (MO)</b>	29,307	79.3%	50,352	77.5%	69,799
<b>Wyandotte (KS)</b>	51,060	90.5%	82,367	84.8%	48,514
<b>Miami (KS)</b>	9,573	79.5%	16,561	76.8%	69,813
<b>Clinton (MO)</b>	6,666	83.0%	11,578	81.7%	63,361
<b>Ray (MO)</b>	7,777	84.4%	13,661	86.0%	61,425
<b>Lafayette (MO)</b>	11,552	86.0%	18,824	83.2%	57,521

## 3.2 Company

For Oil2U to have a chance at being successful, it needs to go after approvals from companies who have a large number of highly paid and highly educated employees. These companies will consist mostly of white collar workers, such as engineers, lawyers, doctors, accountants, and

nurses. In the following two sections, companies in the Kansas City Metro Area will be classified as primary and secondary companies based on certain criteria. As seen in Table 6, in the Kansas City Metro area, Johnson County, KS and Jackson County, MO are the top two counties for having the highest annual income per employee, the highest annual payroll, and the most companies over 500 employees. Given this information, these two counties are great places to start looking for primary and secondary companies.

**Table 6: 2009 Kansas City Metro Area Counties Business Patterns Ranked by Annual Income per Employee**

Kansas City Area Counties	# of Establishments	Paid Employees	Annual Payroll (\$1,000)	Annual Income Per Employee (\$)	Companies with >1000 Employees	Companies with 500-1000 Employees
Johnson (KS)	17,015	305,554	13,980,606	45,755	13	41
Jackson (MO)	17,024	334,290	14,238,585	42,593	18	46
Wyandotte (KS)	2,995	63,278	2,597,183	41,044	5	4
Clay (MO)	4,903	85,807	3,374,976	39,332	7	6
Platte (MO)	2,247	39,973	1,373,099	34,351	3	7
Leavenworth (KS)	1,197	13,704	436,712	31,867	0	1
Miami (KS)	731	6,728	190,639	28,335	0	1
Clinton (MO)	371	2,925	81,831	27,976	0	0
Cass (MO)	1,852	17,583	481,000	27,356	0	1
Ray (MO)	381	2,996	74,188	24,762	0	0
Lafayette (MO)	736	6,376	151,540	23,767	0	0

### 3.2.1 Primary Companies

Oil2U classifies primary companies as having more than 1,000 employees and having the potential for a large number of those employees classified as white collar. A complete list of all companies in Johnson and Jackson Counties with over 1,000 employees can be seen in Appendix A. Of the companies in this list, there are quite a few that would have the potential to have a large number of white collar workers. These companies can be seen in Table 7.

**Table 7: Oil2U's Top Primary Companies in Jackson and Johnson Counties**

Jackson County, Missouri		Johnson County, Kansas	
Company	Employees	Company	Employees
<b>Banking and Financial Services</b>			
American Century Investment, Inc.	1,039	U.S. Bank	1,100
Bank of America	1,300		
Commerce Bank	2,285		

H&R Block, Inc.	1,100		
UMB Financial Corporation	1,975		
Dickinson Financial Corporation	1,001		
<b>Construction / Engineering / Technology</b>			
Burns & McDonnell	2,150	Black & Veatch	2,900
Cerner Corporation	4,600	Garmin International	2,781
JE Dunn Construction	1,085	Century Link Inc	1,800
DST Systems, Inc.	4,402	Honeywell	2,500
		Ericsson	1,500
		Sprint Nextel Corporation	14,000
<b>Health Care Services</b>			
Carondelet Health	2,378	Olathe Medical Center	2,007
Center Point Medical Center	1,600	Overland Park Regional Medical Center	2,000
Children's Mercy Hospitals & Clinics	5,108	Shawnee Mission Medical Center	2,072
Research Medical Center	1,476		
Saint Joseph Medical Center	1,300		
Saint Luke's Hospital	3,150		
Truman Medical Center Hospital Hill	3,180		
<b>Other</b>			
KCP&L	3,250		

### 3.2.2 Secondary Companies

Secondary companies are classified as having 500 – 999 employees and have the potential for a large number of those employees being white collar. Given the large number of primary companies, additional research can be done on secondary companies in the future if needed.

### 3.2.3 Launch Company

Since Oil2U is a new company that has no customers and no experience, there is no one to use as a source for positive testimonials and examples when trying to sell the idea to companies. Due to this fact, it is very important that Oil2U strategically pick the launch company based on the highest chance of successfully getting approval to provide its services and successfully generate business, profits, and satisfied customers. The launch company chosen to get Oil2U up and running will be Company X's Headquarters located in Olathe, KS. Company X Headquarters is an ideal business to launch the new company for the following reasons:

1. Located in Johnson County, Kansas.
2. Jon Hecker, Oil2U's owner, has been working at Company X in Olathe for over four years, which would make the following items easier and less time consuming:

- a. Acquire information regarding who to talk to in order to get approval for business related activities. These activities include:
    - i. Conducting and gathering research about Company X and its employees' oil changing wants and needs.
    - ii. Putting up Oil2U advertising signs on bulletin boards.
    - iii. Posting Oil2U advertising on GBay and other online Company X employee-only posting sites.
    - iv. Scheduling and using Company X conference rooms for lunch and learn sessions.
  - b. Able to spread the word about Oil2U to co-workers through word of mouth.
  - c. Able to easily setup meetings to gather inside information with influencers to the decision makers.
3. High portion of Company X's white collar employees work at this location.
  4. Has a parking garage and plenty of unused parking spaces.

Company X was contacted to allow research to be done on how to successfully get approval for adding onsite oil changing services. The company agreed to assist in explaining the process of what an outsider to the company would need to go through to acquire approval. This new relationship will be taken advantage of by gathering other important information when learning about the process one would have to go through to attain approval. Once enough research has been gathered, Oil2U will then use all the research to create a plan to use when selling the idea to companies. This plan will be tested on Company X to attain approval to allow Oil2U services on Company X property. If attaining approval is successful, it will reinforce Oil2U has a solid plan that can be used at other companies. Also, if successful, it will gain Oil2U a company and customers to use as a source of testimonials when selling the idea to other companies and customers. If unsuccessful attaining approval, more research can be conducted into why and the plan can be modified.

### **3.3 Company X Survey Results**

In order to find out how Oil2U's services and prices would be received by Company X employees, a survey was given, with 52 Company X employees submitting responses. The survey can be seen in Appendix F. Oil2U's main selling point to customers is convenience. Given this, in order for Oil2U to have a greater success at Company X, Oil2U needs Company X to have employees who value convenience, and the process they currently use to get their

vehicles' oil changed must be less convenient than what Oil2U is offering. The following two survey questions were designed to find these two things out.

1. Rate the following 4 items in order of importance to you when choosing an oil changing company.  
1 being most important and 4 being least important:  
 \_\_\_\_\_ Convenience    \_\_\_\_\_ Price    \_\_\_\_\_ Quality    \_\_\_\_\_ Brand Familiarity
2. Is the onsite oil change procedure described more convenient than the current way you get your vehicles' oil changed?  
 C. Yes    If Yes, how much more convenient (Circle one): (a little more), (more), (a lot more)  
 D. No    If No, please explain

Table 8 shows the results of survey question one, and what can be taken from this is the following. Brand familiarity received the most votes by Company X employees as being the least important factor when choosing an oil change company. This is a positive for Oil2U because Oil2U is a starting company that will have zero brand familiarity. Quality was the most popular category for being most important. This is also a positive because it shows Oil2U can gain customers by convincing them Oil2U offers just as high quality oil changes as the competition. This can be done strategically through advertising and customer testimonials. Convenience overall did take third place. However, if Oil2U can convince customers the business provides a quality oil change (and according to the survey, brand familiarity means very little), then for a large majority of Company X employees, price and convenience will be the two deciding factors. This brings us to survey question two which is stated above.

**Table 8: Survey Results Question 1**

	<b>Quality</b>	<b>Price</b>	<b>Convenience</b>	<b>Brand Familiarity</b>
<b>1 (Most Important)</b>	50%	31%	15%	4%
<b>2</b>	27%	35%	31%	8%
<b>3</b>	23%	35%	31%	12%
<b>4 (Least Important)</b>	0%	0%	23%	77%
<b>Overall Importance</b>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>

Table 9 shows 84% of survey respondents claim Oil2U's oil changing process is more convenient than the current way they get their vehicles' oil changed. Of the 36% who responded with "A lot More," 55% chose convenience over price in question one. These are the Company X employees Oil2U has the best chance convincing to use its services.



**Table 9: Survey Results Question 2**

No	Little More	More	A lot More
16%	28%	20%	36%

Questions four and five in the survey were designed to find out if Company X employees thought Oil2U’s prices were appropriate. The two questions were stated as follows and the results can be seen in Table 10:

4. If the oil changing procedure and packages described were available at Company X, would you use them?

Basic Package: Yes or No                      If Yes, indicate how many times per year: \_\_\_\_\_

High Mileage Package: Yes or No            If Yes, indicate how many times per year: \_\_\_\_\_

Synthetic Blend Package: Yes or No        If Yes, indicate how many times per year: \_\_\_\_\_

Full Synthetic Package: Yes or No         If Yes, indicate how many times per year: \_\_\_\_\_

If you answered No, please explain why:

\_\_\_\_\_

5. Do you feel the prices are appropriate for the packages considering the location and convenience of the service?

Basic Package (\$35.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

High Mileage Package (\$49.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

Synthetic Blend Package (\$54.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

Full Synthetic Package (\$69.99): Yes or No

If Yes, indicate max price you would pay: \_\_\_\_\_

If you answered No, what price do you think is necessary in order for you to switch from your current oil change company?

Basic Package (\$35.99) \_\_\_\_\_

High Mileage Package (\$49.99) \_\_\_\_\_

Synthetic Blend Package (\$54.99) \_\_\_\_\_

Full Synthetic Package (\$69.99) \_\_\_\_\_

**Table 10: Survey Results Questions 4 & 5**

	Basic Package		High Mileage Package		Synthetic Blend Package		Full Synthetic Package	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Question 4</b>	50%	50%	8%	92%	8%	92%	8%	92%
<b>Question 5</b>	62%	38%	38%	62%	31%	69%	35%	65%

The results in Table 10 show the basic package to be Oil2U's most popular package among respondents. Also, the table shows the basic package is priced appropriately, while the other three packages would need to drop in price if Oil2U wanted to increase sales.

Questions seven and eight in the survey were designed to find out if Company X employees would use the add ons Oil2U are offering and if they are priced appropriately. The two questions were stated as follows and the results can be seen in Table 11:

7. Would you purchase any of the add-on services listed above?

Rain X windows:

C. Yes If Yes, how often: \_\_\_\_\_

D. No If No, why: \_\_\_\_\_

Air filter replacement:

C. Yes If Yes, how often: \_\_\_\_\_

D. No If No, why: \_\_\_\_\_

Air freshener:

C. Yes If Yes, how often: \_\_\_\_\_

D. No If No, why: \_\_\_\_\_

Windshield wiper replacement:

C. Yes If Yes, how often: \_\_\_\_\_

D. No If No, why: \_\_\_\_\_

8. Do you think the add-on services prices are appropriate?

Rain X windows: Yes or No If No, indicate price: \_\_\_\_\_

Air filter replacement: Yes or No If No, indicate price: \_\_\_\_\_

Air freshener: Yes or No If No, indicate price: \_\_\_\_\_

Windshield wiper replacement: Yes or No If No, indicate price: \_\_\_\_\_

**Table 11: Survey Results Questions 7 & 8**

	Rain X Windows		Air Filter Replacement		Air Freshener		Windshield Wiper Replacement	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Question 7</b>	31%	69%	35%	65%	4%	96%	27%	73%
<b>Question 8</b>	62%	38%	69%	31%	77%	23%	77%	23%

The results in Table 11 show a majority of respondents think the add ons are priced appropriately. A 30% participation rate from respondents was expected and the only add on not close to the 30% mark was air fresheners.

Question 10 was designed to find out if Company X employees would bring their family members' vehicles to Company X to be serviced by Oil2U. Question 10 was stated as follows and the results can be seen in Table 12:

10. If you were satisfied with the service provided, would you bring your significant other's and/or children's vehicles to get their oil changed using the same procedure and packages?
- C. Yes If Yes, how often: \_\_\_\_\_
- D. No If No, please explain why: \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Table 12: Survey Results Question 10**

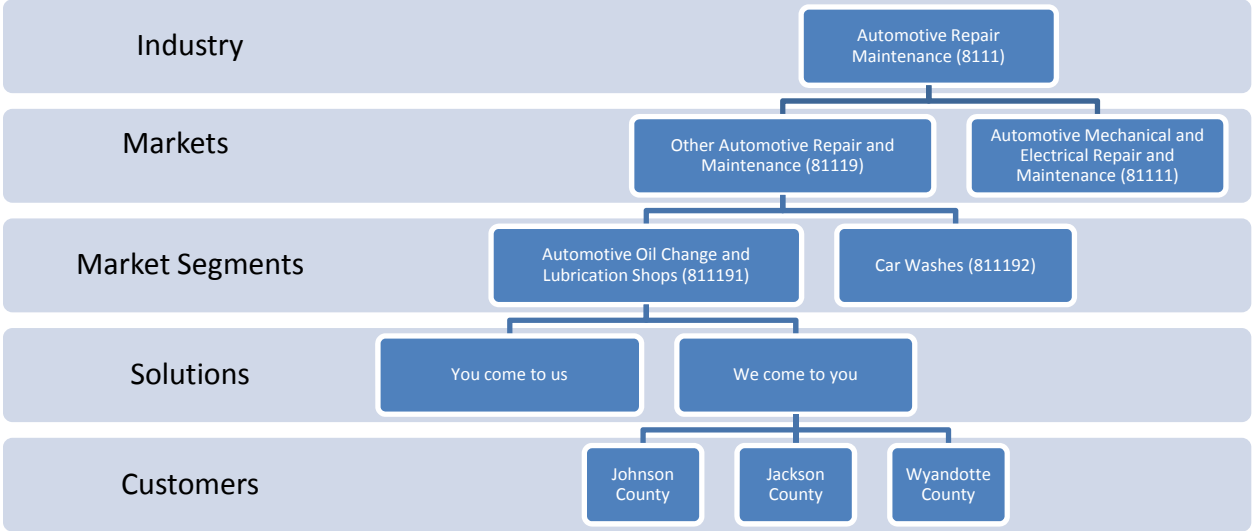
	Yes	No
<b>Question 10</b>	73%	27%

The results in Table 12 show each Company X employee Oil2U convinces to use its services has a high potential of using Oil2U to service more than one vehicle. This makes a Company X employee who has a family with kids of driving age living at home a very important customer to attract.

#### **4 Market Data, Competitive Products, and Analysis**

Oil2U is classified as being in the Automotive Oil Change and Lubrication Shops (811191) market segment as seen in Figure 2. A few of the big companies included in this market segment are Jiffy Lube, Pennzoil 10-Minute Oil Change, Valvoline Instant Oil Change, and

Texaco Xpress Lube. Many other companies that are not in the 811191 market segment offer oil changing services as well. These companies, Wal-Mart for example, are not reflected in the market data shown below but are definitely competitors.



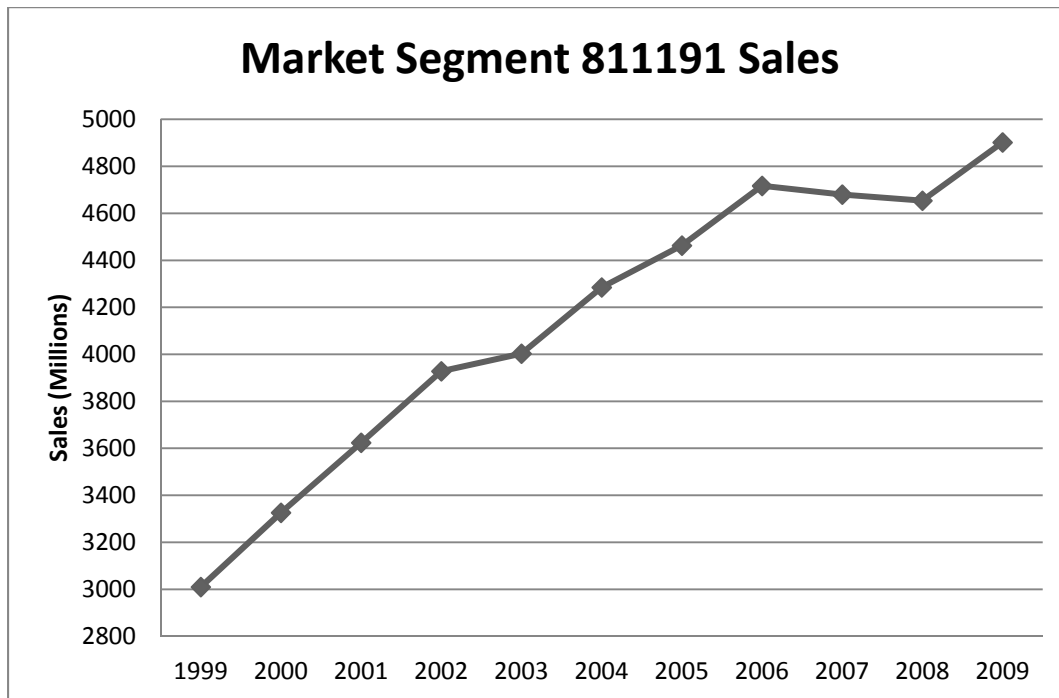
**Figure 2: Oil2U's Market Hierarchy**

**4.1 Market Segment 811191 Analysis**

The Automotive Oil Change and Lubrication Shops (811191) market segment in the US achieved sales of 3.010 Billion dollars in 1999 and 4.902 Billion in 2009 (U.S. Census Bureau, Estimated revenue for employer firms). This calculates out to a 35% growth in sales during that time. As shown in Table 13 and Figure 3, during this time period, year over year growth occurred eight of those years. During 2002 to 2007, the number of firms in the US grew 5.9%. Even though this market segment has shown growth over the past few years, it is in the mature stage and is very fragmented. The 50 biggest companies generate around 35% of the total revenue (First Research 2011).

**Table 13: Market Segment 811191 2000 - 2009 Sales in the United States**

U.S.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Sales (Millions)</b>	3,326	3,624	3,928	4,003	4,285	4,463	4,717	4,673	4,654	4,902
<b>YOY Increase (%)</b>	----	9.0	8.4	1.9	7.0	4.2	5.7	-0.8	-0.6	5.3



**Figure 3: Market Segment 811191 1999 - 2009 Sales in the United States**

The Automotive Oil Change and Lubrication Shops market segment is forecasted to continue to grow for the next several years. The main contributor to the growth will be an increase in population contributing to an increase in the total number of registered vehicles in the US and total vehicle miles driven. There are two major indicators that contribute to the demand of oil changes. The first is the number of registered vehicles (First Research 2011). Since oil changes are a reoccurring necessity item when it comes to vehicle maintenance, the more vehicles on the road, the more oil changes will be needed. As shown in Table 14 (RITA n.d.) the total number of vehicles registered in the US increased 13.2% from 2000 to 2009.

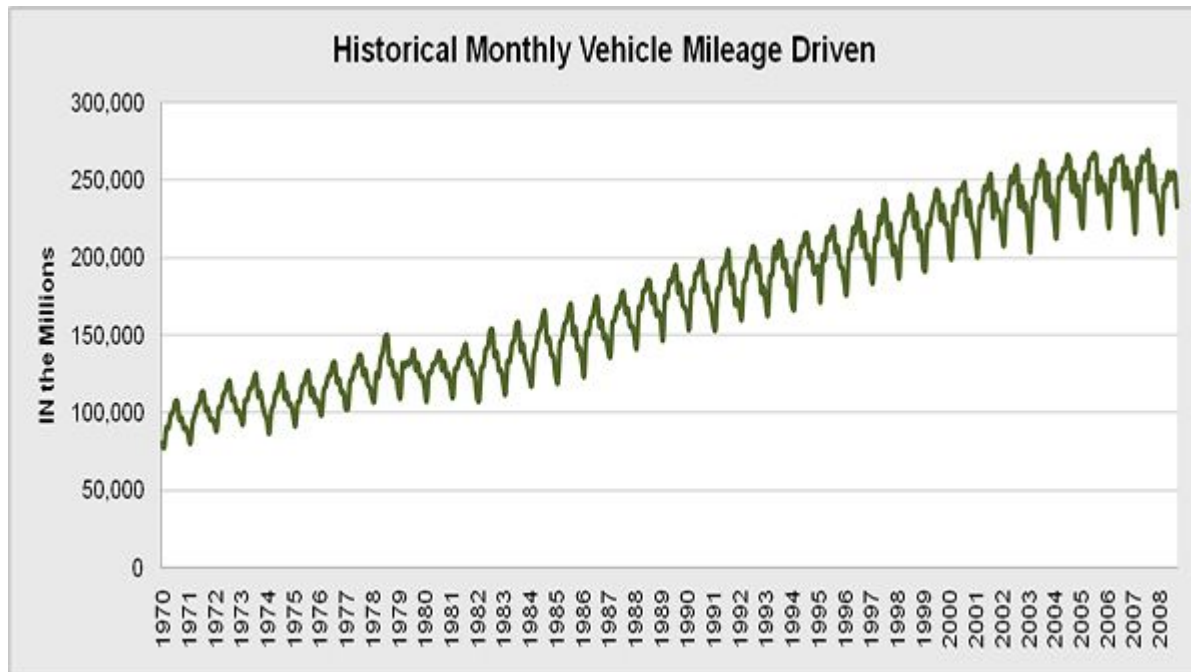
**Table 14: Registered Vehicles from 2000-2008 in the United States**

U.S.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Sales (Thousands)</b>	225,821	235,331	234,624	236,760	243,011	247,421	250,845	254,403	255,918	254,212
<b>YOY Increase (%)</b>	---	4.2	-0.3	0.9	2.6	1.8	1.4	1.4	0.6	-0.7

The second major factor contributing to the demand for oil changes in the US is the number of miles each American drives and puts on a vehicle each year (First Research 2011). As shown in Table 15 (U.S. Department of Transportation Federal Highway Administration, 2009) and Figure 4 the number of miles vehicles are driven per year has increased 7.5% from 2000 to 2009.

**Table 15: Annual Vehicle Distance Traveled in Miles in the United States**

U.S.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Miles (Billions)</b>	2,746	2,795	2,855	2,890	2,964	2,989	3,014	3,031	2,976	2,953
<b>YOY Increase (%)</b>	----	1.8	2.1	1.2	2.6	0.8	0.8	0.6	-1.8	-0.8



**Figure 4: Average Annual Miles per Vehicle in the United States**

Reprinted from Transportation: Cars: total vehicle miles driven. n.d. Project America.  
<http://library.nmu.edu/guides/userguides/apacitingtables.htm>

Table 14 and Table 15 are both indicators that the demand for oil changes in the US will continue to grow. From 2000 to 2009, annual vehicle miles driven increased 7.5%, total registered vehicles increased 13.2%, and oil change sales in the 811191 market segment grew 47.4%. Given the sales increase was much higher than both annual vehicle miles driven and

total registered vehicles, this could represent more people are going to companies in the 811191 market segment to get their oil changes rather than to companies not in the market segment, such as Wal-Mart and car dealerships. Mathematical analysis was performed on the data in Figure 3 to find out the projected sales for market segment 811191 to 2020. The results of the analysis can be seen in Table 16.

**Table 16: Market Segment 811191 2012-2022 Projected Sales in the United States**

<b>U.S.</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Sales (Millions)</b>	5,421	5,572	5,723	5,874	6,026	6,177	6,328	6,480	6,631	6,782	6,933

Sales projections are only factored to 2022 because after 2022, a third factor will start to make significant impacts on sales in the 811191 market segment. The third factor is the sales of hybrid and electric vehicles. Hybrid and electric vehicles will be discussed in more detail in the next section.

## **4.2 Oil2U SWOT Analysis**

### **Strengths**

The biggest strength Oil2U has and the one the success of the company is relying on is how convenient, hassle free, and easy it is to get a customer's oil changed. A second strength is the company does not need a building in order to do business. A building is an item most of the competitors have and it incurs on the competition a very big expense.

### **Weaknesses**

A major weakness the company has is it does not currently have the capabilities to offer many of the non oil changing services that the competition can provide. The competition can offer very low margin oil changes because many of them lead to other higher margin services. Another weakness is Oil2U's services in their oil changing packages are very basic compared to the competition. A third weakness is Oil2U never interacts with the customers. A common way competitors convince customers to agree to additional services is by using high pressure sales tactics (10 News 2009). This high pressure sales tactic has proven to be very effective in selling non needed services and one Oil2U can't take advantage of. Not having a building was mentioned above as a strength, but that can be a weakness if the weather does not cooperate. The goal is to try getting companies with parking garages to allow Oil2U to perform the services in the parking garage. If this cannot be accomplished or the company does not have a parking

garage, then the oil changes that are scheduled when inclement weather occurs will have to be canceled.

## **Opportunities**

There are many opportunities Oil2U could implement to grow its business in the future. The first opportunity is offering additional add on services. As stated in previous sections, add ons are high profitable items that most businesses need to push in order to make decent profits. Oil2U is no exception to this rule and needs to offer and perform as many as possible. Add on items other mobile oil change companies offer that Oil2U could offer in the future are: fuel filter replacement, coolant flushes, radiator flushes, power steering system flush, injector cleaner, light bulb replacement, serpentine belt replacement, transmission fluid and filter change, differential fluid change, electrical system test, battery replacement, and windshield repair. A second opportunity Oil2U has is offering other non add on services. These include car washing, and interior detailing. Once Oil2U has established its oil changing services at a company and a positive relationship is built, Oil2U could use the positive relationship to get approval to offer these other services. The third opportunity is to offer mobile oil changing services to businesses with a fleet of vehicles. Servicing a company's fleets has many advantages over servicing a company's employees. Lance Winslow, owner and operator of the company Oil Change Guys, states in his blog,

First of all, fleet business is really where it's at, and it is a lot easier to change the oil in many vehicles of the same type and engine size, especially when they are all lined up in a row. And fleets of vehicles which are used in business, put miles on their vehicles a lot faster than an average citizen driving their personal car, especially delivery fleets, and service vehicles. Further, the owners of fleets of vehicles realize the importance of maintenance, preventive care, and maintaining their warranties. They also wish to save cost, and you can make them a very good deal if you come to their job site, or company lot because you are saving them the time and labor to drive all those vehicles to an oil change facility.

It is recommended in order to be a viable mobile oil change business, no less than 80% of business should come from fleets (Winslow 2011). The research for this feasibility study shows that many other people started their business servicing individuals and eventually moved to fleets because of the advantages Winslow stated above. Even though most of the research points to servicing fleets as being the key to success, acquiring and servicing business with fleets is beyond the scope of this feasibility study and would require a full feasibility study of its own.



## Threats

There are emerging technologies, government policies, incentives, and regulations that are going to be a major threat to the 811191 market segment. President Obama is putting a lot of emphasis during his term on moving America towards greener vehicles to reduce pollution and the need for foreign oil. One major regulation that passed recently is all cars and light trucks by 2025 are required to get 54.5 mpg and have a greenhouse gas emission of a maximum 163 grams per mile (Curtis 2011). Key vehicle technologies that will help automakers achieve the new government standards are hybrid, electric and fuel cell vehicles. Growth in both of these vehicle markets as far as sales and models available is projected to increase in the years to come. Table 17 shows in the next 5 years Battery Electric Vehicles (BEV) sales will increase 149% while Hybrid Electric Vehicles (HEV) and Plug-in Hybrid Electric Vehicles (PHEV) sales will increase 42%.

**Table 17: J.D. Power Forecasting of Battery Electric Vehicles (BEV), Hybrid Electric Vehicles (HEV) and Plug-in Hybrid Electric Vehicles (PHEV)**

	2012	2013	2014	2015	2016
<b>BEV Sales</b>	25,935	51,724	68,488	63,176	64,722
<b>HEV/PHEV Sales</b>	1,050,921	1,236,548	1,236,548	1,396,669	1,488,554

Many factors contribute to the increase in electric and hybrid vehicle sales. One factor is the increasing number of vehicle models available. As Table 18 shows, 108 non fully gasoline powered vehicle models will be available to consumers by 2015. Consumers are starting to be able to buy BEVs, HEVs and PHEV in their favorite gas powered models, like the Toyota Camry. The increase in model offerings is a result of the following factors:

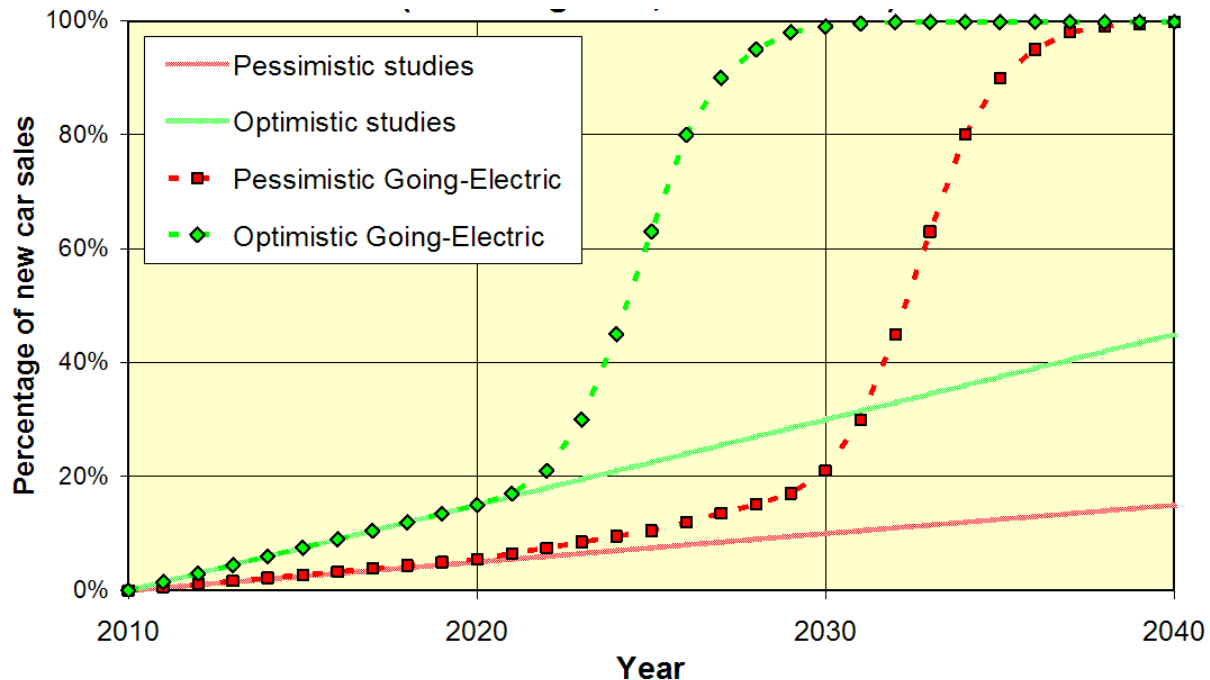
- consumer interest from the expectation of increasing fuel prices in the future,
- government incentive to consumers, manufacturers, and electric industry participants,
- regulatory requirements,
- companies trying to position themselves as a leader in this market and
- start-up companies trying to capitalize on the new opportunity (Baum & Associates 2010).

**Table 18: Number of Electric Vehicle Models Introduced or Expected to be Introduced in the U.S. Market**

Type	Already in Market	Model Year 2011	Model Year 2012	Model Year 2013	Model Year 2014	Model Year 2015	Total by Model Year 2015
<b>Conventional Hybrids</b>	22	13	8	7	2	----	52
<b>Plug-in Hybrids</b>	----	3	4	3	7	1	18
<b>Battery Electric</b>	1	11	12	1	4	3	32
<b>Fuel Cell Vehicles</b>	---	----	----	----	1	5	6
<b>Total</b>	23	27	27	11	14	9	108

Reprinted from “Fall 2010 Electric Vehicle Forecast Summary,” (BAUM & ASSOCIATES, 2010, September) [http://baum-  
assoc.com/Documents/Fall%202010%20ev%20forecast%20summary.pdf](http://baum-<br/>assoc.com/Documents/Fall%202010%20ev%20forecast%20summary.pdf)

A second factor contributing to sales is the U.S. government trying to push its citizens towards electric and hybrid vehicles by giving a \$7,500 tax credit to people who purchase an EV and a \$3,400 tax credit for people who purchase a hybrid (Omotoso 2010). Also, the government is funding projects all over the U.S. to deploy electric drive vehicles and develop a charging infrastructure. One example of this is the Department of Energy is currently awarding \$114.8 million to state sponsored EV projects, designed to create private and public charging stations (McDonald 2011). If the government is successful in persuading its citizens to trade in their gas guzzler for a hybrid or EV, the 811191 market segment will need to adapt. On a positive note, hybrids still require oil changes but not nearly as often as combustion engines. On a negative note, electric vehicles don't require them at all. As more people buy electric and hybrid vehicles, demand for oil changes will decrease. Optimistic studies show that by 2020 15% of all vehicles sales will be electric. As shown in Figure 5, studies usually forecast that EV sales increase in a linear fashion, but some studies are confident that after 2020 the curve will quit being linear due to the rapidly increasing sales of EVs. These predictions can also be seen in Figure 5. Optimistic studies predict the end of sales for combustion engine vehicles by 2030, while pessimistic predictions show the end happening in 2040 (GOING-ELECTRIC, n.d.). One prediction all the studies have in common is combustion engines becoming obsolete in the near future unless something unforeseen or drastic occurs.



**Figure 5: Light Electric Vehicle Sales Projections (Including BEV, EREV, FCV)**

Reprinted from “Electric Vehicles sales predictions,” (n.a., n.d.) *Going-Electric*.

<http://www.going-electric.org/why/electric-vehicles/sales-predictions.htm>

### 4.3 Competitor Services, Price Overview, and Customer Experience

It was concluded the following companies will be Oil2U’s top six competitors in the Kansas City Metro Area: Jiffy Lube, Valvoline Instant Oil Change, Wal-Mart, National Tire and Battery, and Firestone Complete Auto Care. These companies were picked based on having the largest number of locations in the Kansas City Metro Area and their distance from Oil2U’s launch company. A sixth competitor, Burnett Automotive, will be added to the list because it is located directly across from Oil2U’s launch customer, Company X. These six companies have a combined 98 locations in the Kansas City Metro Area and each offer a variety of oil changing packages and services as well as numerous other services. Customers will measure Oil2U’s value, convenience and quality based on the experiences they have at local oil changing companies. If Oil2U can win in the consumer’s eyes in any of these categories, Oil2U will have a shot at stealing customers from local oil changing companies. In order to get an idea of how Oil2U will stack up against the competition and have a better idea of what price to charge, an analysis of the competition was done. The following is a description of the services and value of the top six Oil2U competitors. Also included is a description and a ranking of each company

using value, convenience, quality and overall experience as categories. Each category's description and ranking are based on the experience Oil2U's owner had when using each company's oil changing services. When reading the analyses below, it should be taken into account that the prices, services, and packages reflect the locations Oil2U's owner used to get an oil change on his vehicle.

### **Jiffy Lube**

There are currently 27 Jiffy Lube locations in the Kansas City Metro Area and 13 of these locations are in Johnson County. Jiffy Lube offers many maintenance services other than oil changes. These include A/C services, air filtration services, cooling system services, drive train services, electrical system services, engine services, fuel system services, inspection and emission services, tire rotation services, transmission services, and windshield services (Jiffy Lube 2011). The business currently offers its signature service oil change with four different options for oil. Its signature service oil change with bulk oil costs \$39.99. With partially synthetic or high mileage oil, it costs \$59.99, and with fully synthetic oil, it costs \$71.99 (Jiffy Lube Employee 2011). Its signature service oil change includes the following services:

- Oil with up to five quarts of quality motor oil
- Oil filter
- Inspection of:
  - Brake fluid levels
  - Serpentine belt
  - Wiper blades
  - Antifreeze/coolant reservoir levels
  - Engine air filtration system
  - Exterior lights
  - Chassis
- Check/Fill:
  - Tire pressure
  - Transmission/transaxle fluid
  - Differential fluid
  - Transfer case fluid
  - Power steering fluid
  - Windshield washer fluid
  - Battery water

- Clean
  - Exterior windows
  - Vacuum interior floors
- Free top offs, up to a maximum 2 quarts per fluid, on motor oil and any vital fluids between service visits for up to 3000 miles (Jiffy Lube 2011).

Jiffy Lube offers various money saving coupons and promotions throughout the year. The coupons and promotions can be found on the business's website and can vary by location and time of year. As of the writing of this document, Jiffy Lube is offering a \$12 off coupon for its signature service oil change. Using this coupon would bring the price of its signature oil changes to \$27.99, \$37.99, \$37.99, and \$59.99. Also, if you bring in your vehicle before 10am Monday through Friday and do not have a coupon, you qualify for an early bird special, which is \$10 off any oil change. There are currently three Jiffy Lube locations within five miles of Company X. The closest location is one and a half miles away, and was chosen for this study in order to document the Jiffy Lube experience.

**Convenience (4/10):** Jiffy Lube does not take appointments and does not allow customers to drop their cars off and pick them up later. Due to this fact, the amount of time it takes to get a vehicle's oil changed varies greatly. The only way to know how long it will take is to call Jiffy Lube and get an estimated time. Even this is just a rough estimate and will likely change upon arrival. Once the Jiffy Lube technicians start performing the oil change, it should go pretty quickly. Since they use multiple technicians on each vehicle, Jiffy Lube can complete an oil change in roughly 19 minutes.

**Value with coupon (7/10):** A \$12 off coupon was used, which brought the price to \$27.99 + \$2.42 (taxes) = \$30.41. The \$12 off coupon took some searching on the Internet to find, but the early bird special does not require a coupon and is offered M-F 7am – 10am throughout the year. Jiffy Lube has no hidden fees; the price advertised is the price paid plus local taxes.

**Quality (6/10):** A normal customer would probably sit in the waiting room until the vehicle was finished. Since a grade in quality was on the line, I observed the entire oil change. Of all the services the company advertises in its signature oil change package, I noticed the Jiffy Lube technicians forgot to do two: clean all my vehicle's windshields and check the air pressure on my vehicle's tires. Also, Jiffy Lube advertises vacuuming interior floor boards, which the

technicians did; however, as shown by the end result and the amount of time they spent performing the task, this service is very minimal. On a positive note, they did cover my vehicle's seat and steering wheel with plastic before entering it to avoid getting oil on my vehicle.

**Total Customer Experience (7/10):** Getting my vehicle's oil changed at Jiffy Lube was a positive experience. The technicians were nice, clean, and knowledgeable. They even had free coffee for customers. What I did not like was them trying to push \$382.96 worth of extra services they assumed my vehicle needed. When asked for the reason my vehicle needed these services, the Jiffy Lube technician claimed all the recommended services were based on my vehicle's total mileage and the assumption the recommended services had not been performed in a while. Jiffy Lube is definitely a company that you could go into for a simple \$30 oil change and leave with a \$300 bill if you are not knowledgeable about your own vehicle's needs.

### **Wal-Mart**

There are currently 16 Wal-Mart locations that have an express lube department in the Kansas City Metro Area and eight of these locations are in Johnson County. Wal-Mart also offers many maintenance services other than oil changes. They have four different packages: \$26.88 oil / filter only package, \$31.88 standard package, \$39.88 high mileage package and \$54.88 synthetic package (Wal-Mart Employee 2011). Each package offers the following services:

- Add up to five quarts of oil
- Install new oil filter
- Lubricate chassis (when applicable)
- Vacuum interior
- Wash windshield exterior
- Inflate tires to proper pressure
- Fill:
  - Transmission fluid
  - Washer fluid
  - Power steering fluid
  - Differential fluid
- Check
  - Electronic battery performance
  - Air filter (except vans)

- Wiper blades
- Headlights
- Signal, brake and tail lights

Wal-Mart offers money saving opportunities throughout the year in the form of coupons and special promotions. As of the writing of this document, no coupons could be found, but at certain locations there was a promotion offering the oil and oil filter only package for \$24.99. There are currently three Wal-Mart locations with tire and lube departments around five miles away from Company X. One is 6.2 miles away, which is also the closest Wal-Mart to where Oil2U's owner lives. This location was chosen for comparison in this study in order to document the Wal-Mart experience.

**Convenience (5/10):** Wal-Mart has an advantage because people can grocery shop while their car is being serviced. Wal-Mart's convenience factor depends on how long the wait is. If your car is finished before you are done shopping, then Wal-Mart is very convenient, but if shopping only takes 45 minutes and the vehicle takes two hours, which was true in my case, then Wal-Mart is not very convenient.

**Value with coupon (4/10):** At the time I took my vehicle into Wal-Mart for an oil change, a \$24.99 special was running on an oil / filter only package. I could have used the special, but it was for an oil and filter change only. I felt I could better evaluate Wal-Mart's services by purchasing the standard package. I could not find a coupon so I ended up paying full price, which ended up being \$31.99 + \$2.88 (taxes) = \$34.87. I did not see any hidden fees on the bill; the price advertised was the price received.

**Quality (5/10):** I was able to watch the technician perform the oil change. Of all the services Wal-Mart advertises in its standard package, I noticed the technicians forgot to do a few things: fill up my windshield washer fluid reservoir, check my front passenger tires air pressure and mention to me I had a driver's side high beam headlight out. Also, Wal-Mart advertises vacuuming interior floor boards, which the technicians did. However, as shown by the end result and the amount of time they spent performing the task, this service, like that of Jiffy Lube, is very minimal.

**Total Customer Experience (5/10):** The technicians seemed not to be very knowledgeable and it was very evident they did not want to be there. I was told it would be around a 45-minute

wait and it ended up taking around two hours. On the bright side, they did not try to push any extra services on me.

### Valvoline Instant Oil Change

There are currently 15 Valvoline Instant Oil Change locations in the Kansas City Metro Area and 8 of these locations are in Johnson County. Valvoline Instant Oil Change offers many maintenance services other than oil changes. These include transmission services, radiator services, air filtration services, fuel system services, serpentine belt services, A/C services, tire rotation services, gearbox services, battery services, gas saving services, and wiper and light bulb replacement (Valvoline 2011). Valvoline has one oil changing package with the option of choosing many different oils. The prices for all the oil options can be seen in the table below (Valvoline employee 2011).

**Table 19: Valvoline Oil Option Prices**

	<b>Conventional</b>	<b>High Mileage Max Life</b>	<b>Synthetic Blend Dura Blend</b>	<b>Synthetic Max Life</b>	<b>Synthetic Syn Power</b>
<b>Green Option</b>	\$44.99	\$59.99	\$59.99	----	----
<b>Regular Option</b>	\$39.99	\$54.99	\$54.99	\$69.99	\$69.99

Valvoline’s oil changing package offers the following services:

- Add up to five quarts Valvoline oil
- Install new Valvoline oil filter
- Lubricate chassis components (when applicable)
- Check
  - Transmission fluid
  - Power steering fluid
  - Windshield washer fluid
  - Antifreeze/coolant
  - Tire pressure
  - Air Filter
  - Serpentine Belt
  - Wiper blades
  - Vehicle Lights



- Battery test – at participating locations
- Differential fluid – available upon request
- Transfer case fluid – available upon request (Valvoline 2011)

Valvoline also offers various money saving coupons throughout the year. The coupons can be found on the company's website. As of the writing of this document, Valvoline is offering a \$5 off coupon for its conventional oil change and \$7 off its synthetic blend oil change. Also, if you bring in your vehicle before 10am Monday through Friday and do not have a coupon, you qualify for an early bird special, which is \$10 off any oil change. There are currently three Valvoline Instant Oil Change locations within seven miles of Company X, one being located across the street. This location was chosen for comparison in this study in order to document the Valvoline Instant Oil Change experience.

**Convenience (7/10):** The location I took my vehicle to operates very similar to Jiffy Lube. They do not take appointments and operate on a first come, first serve basis. They did say if they were busy they would allow me to leave my vehicle there and call me when it's finished, but would not be able to guarantee a time. If a person wanted to wait, the amount of time it would take to get an oil change would vary depending on how busy they were. Like Jiffy Lube you could get a rough estimate by calling the location, but this is just an estimate and could change upon arrival. Once the technicians starting performing the oil change, it took 22 minutes to finish.

**Value with coupon (5/10):** Before taking my vehicle in, I called and asked if they had an early bird special. They said the early bird special was \$10 off and it ended at 10am, but they would give me the discount anyway if I brought my car in right away. This was better than the \$6 coupon I found online, so the price ended up being  $\$39.99 - \$8 \text{ (discount)} + \$2.77 = \$34.76$ . The final price only included an \$8 discount which was not the \$10 I was told and I did not catch it until later. Valvoline had no hidden fees; the price advertised was the price paid plus local taxes.

**Quality (2/10):** I was able to observe the entire oil changing process and quality is not this business's strong suit. My first complaint is they did not check my oil levels before or after the oil change. My car burns oil so I am always low and am curious to see if it is burning more as it gets older. Also on the bill I noticed they claimed they only put 3.9 quarts of oil in. My vehicle takes 4.5 quarts. I checked the oil levels and of course the dip stick read low. This is especially

not good on a vehicle which already burns oil. Second, they did not use anything to cover my seats with before entering my vehicle. When I entered my car, it did smell like oil but I could not find any obvious stains. Third, my vehicle's driver seat door had oil smudges from the technicians' hands. Lastly, the technicians did cover my steering wheel with plastic but failed to remove it. When I entered the vehicle, the steering wheel cover had some oil on it and when I went to take the cover off I got onto my hands.

**Total Customer Experience (2/10):** Getting my vehicle's oil changed at Valvoline was a negative experience and one I will not participate in again. The technicians were very unprofessional. They were not knowledgeable and it was very obvious they could care less about what they were doing. They did offer free coffee and raspberry and lemonade slushy drinks, but not surprisingly all three containers for these drinks were empty. On a positive note, the only add on they tried to push on me was a \$21.99 air filter, though I believe this was due to the complete lack of caring the Valvoline employee had in making the company money. To the technician's credit the air filter was dirty, but from my two years of experience working in an automotive shop doing oil changes, it did not need to be replaced. The lobby was dirty and looked like a rundown, very poorly run business.

### **National Tire and Battery (NTB)**

There are currently 14 National Tire and Battery locations in the Kansas City Metro Area and seven of these locations are in Johnson County. NTB offers many maintenance services other than oil changes. These include tire services, battery services, brakes services, alignment services, suspension services, front end services, and routine and fluid services (NTB 2011). They have four different packages: \$38 conventional package, \$46 high mileage package, \$46 synthetic blend package, and \$64 synthetic package. Each package offers the following services:

- Add up to six quarts of oil
- Install new oil filter
- Lubricate chassis (when applicable)
- Four tire rotation
- Checks most fluids
- Preventative maintenance analysis (NTB Employee 2011)

National Tire and Battery also offers money saving opportunities throughout the year in the form of coupons and promotions. As of the writing of this document, a \$10 off coupon toward any oil

change can be found on NTB's website. Using the coupon would bring the prices to \$28 for the conventional, \$36 for the high mileage and \$54 for the synthetic. There are currently three locations within seven miles of Company X, the closest being 1.5 miles away. This location was chosen for comparison in this study in order to document the National Tire and Battery experience.

**Convenience (3/10):** NTB takes appointments and accepts walk-ins, but if you walk in you are risking a long wait. Since NTB does not specialize in oil changes, its locations are not setup to provide a fast oil changing service like Valvoline and Jiffy Lube. Because I was going to have to wait over an hour for the oil change to be complete, and I could not see the maintenance area, I decided to leave my vehicle there and call for someone to pick me up. Having to ask one of my co-workers to pick me up and drop me off at the location was not very convenient.

**Value with coupon (8/10):** I found a coupon online for a \$19.99 conventional package oil change. I ended up paying \$24.98. NTB had a \$3 oil disposal fee, which made the price break down  $\$19.99 + \$3 + \$1.99 \text{ (tax)} = \$24.98$ .

**Quality (9/10):** I was not able to watch the oil change being performed on my vehicle, but I did inspect it afterwards. From inspection, I would say NTB did everything as advertised and I have no complaints. The positive things I noticed were the detailed notes the technicians made on the inspections sheet, the thank you note they left in the car, the plastic on the steering wheel and seat, the cardboard on the floor board and the detailed explanation and proof of additional services I needed. NTB was also the only place that offered a complimentary alignment check and tire rotation.

**Total Customer Experience (9/10):** Getting my vehicle's oil changed at NTB was a very positive experience. The technicians were friendly, clean, and knowledgeable. They did recommend \$673.59 in additional services. I use the word recommend instead of push because I felt like they were services my vehicle actually needed. For example, they recommended I get an alignment. They ran an alignment diagnostic and showed me actual numbers indicating my vehicle was out of alignment. For each item they recommended they had done an actual test that gave them data showing I either needed the services done or will need it done in the near future. Because of the quality service, excellent experience and low price, I feel the inconvenience of having to get dropped off and picked up was well worth it.

### **Firestone Complete Auto Care**

There are currently 23 Firestone Complete Auto Care locations in the Kansas City Metro Area, and seven of these locations are in Johnson County. Firestone offers many maintenance services other than oil changes. These include brake repair services, steering and suspension repair services, engine repair services, starting and charging repair services, and a/c services (Firestone 2011). Firestone has three different packages: \$34.99 standard/synthetic blend package, \$44.99 high mileage package, and a \$54.99 full synthetic package (Firestone Employee 2011). The standard and high mileage packages both offer synthetic blend oil. Each package offers the following services:

- Add up to five quarts of oil
- Install new oil filter
- Lubricate chassis (when applicable)
- Vacuum interior
- Checks and fills most fluids (Firestone 2011).

Firestone Complete Auto Care also offers money saving opportunities throughout the year in the form of coupons and promotions. As of the writing of this document, Firestone offers on its website a coupon for a \$21.99 standard package oil change. There are currently three locations within eight miles of Company X. The closest is four miles away. This location was chosen for comparison in this study in order to document the Firestone Complete Auto Care experience.

**Convenience (3/10):** Firestone takes appointments and accepts walk-ins, but if you walk in you are risking a long wait. Like NTB, Firestone does not specialize in oil changes, which means the locations are not setup to provide a fast oil changing service like Valvoline and Jiffy Lube. Since I was able to see my car being serviced, I decided to stay and watch. From the time I parked my car until I pulled out of the parking spot, the appointment took 53 minutes.

**Value with coupon (6/10):** I found a coupon online that gave me 25% off any oil change. I ended up paying \$29 which included a \$2.50 oil filter recycling charge. The final breakdown was  $\$24.19 + \$2.50 + \$2.31$  (tax) = \$29.

**Quality (7/10):** I did get to observe the entire oil change and Firestone did everything it advertised on its website plus a few more unexpected value added things. The positive things I noticed were the detailed notes they made on an inspections sheet, the plastic placed on the

steering wheel and seat, and the detailed explanation and proof of the additional services the technicians recommended to me.

**Total Customer Experience (7/10):** Getting my vehicle's oil changed at Firestone was a positive experience. The technicians were very friendly, clean, and knowledgeable. The location had free coffee and a TV in the waiting area. The technicians did recommend \$759.82 in additional services. Like NTB I use the word recommend instead of push because I felt like the services they recommended were ones my car actually needed. For each item they recommended, they had performed an actual test which gave them data showing I either needed the services done or will need it done in the near future.

### **Burnett Automotive**

There are currently six Burnett Automotive locations in the Kansas City Metro Area, all of them located in Johnson County. Burnett is a full service auto repair shop offering many maintenance services other than oil changes. These services range from windshield wiper replacement to full engine replacement. Burnett has two oil changing packages and each package has the option of using synthetic blend, high mileage, or fully synthetic oil. Pricing can be seen in Table 20.

**Table 20: Burnett Automotive Oil Changing Packages Prices**

	<b>Synthetic Blend</b>	<b>High Mileage</b>	<b>Fully Synthetic</b>
<b>The Legend</b>	\$35.37	\$47.87	\$62.87
<b>The Works</b>	\$50.37	\$62.87	\$77.87
<b>Extra Quart of Oil</b>	\$2.49	\$4.99	\$7.99

The Legend oil changing package offers the following services:

- Add up to five quarts of Kendal GT-1 motor oil
- Install new oil filter
- Inflate tires to proper pressure
- Check and fill:
  - Transmission fluid
  - Washer fluid
  - Power steering fluid
  - Differential fluid
  - Battery fluid

- Check
  - Coolant levels
  - Air filter
  - Wiper blades
  - Exterior lights
  - Tire condition

The Works oil changing package offers everything the Legend offers plus the following services:

- Brake inspection
- Electrical inspection
- Suspension inspection
- Tire rotation (Burnett Automotive Employee 2011)

Burnett Automotive offers various money saving coupons and promotions throughout the year. The coupons and promotions can be found on the business's website and can vary by time of year. As of the writing of this document, Burnett Automotive is offering a \$3 off coupon for its The Legend oil change and \$4 off its The Works oil change. The business also offers whichever is greater, 10% off or \$5 off any oil change to Company X employees. The online coupon and Company X discount cannot be used together. All Burnett Automotive locations are within ten miles of Company X. The closest one is across the street from Company X. This location was chosen for comparison in this study in order to document the Burnett Automotive experience.

**Convenience (8/10):** Burnett Automotive does take appointments, but for Company X employees it is customary to drop your vehicle off before work and pick it up during the lunch hour or after work. Since Company X is right across the street, the walk to work after dropping a vehicle off is very short. If it is raining, cold, or a customer does not feel like walking, you have the option to be shuttled to and from Company X. Scheduling the oil change, dropping off my vehicle, being shuttled to and from Company X, and picking up my vehicle took a total of around 21 minutes.

**Value with coupon (6/10):** My \$5 Company X employee discount was used, which brought the price to \$30.37 + \$2.63 (taxes) = \$33. Burnett Automotive had no hidden fees; the price quoted on the phone was the price paid.

**Quality (7/10):** I was not able to watch the oil change being performed on my vehicle, but I did inspect it afterwards. The only two complaints were the technicians did not top off my windshield washer fluid and they did not set all of my tires to the correct manufacturer recommended air pressure.

**Total Customer Experience (7/10):** Getting my vehicle’s oil changed at Burnett Automotive was a positive experience. The technicians were nice, clean, and knowledgeable. What I did not like was them trying to push \$596.83 worth of extra services. The employee tried to use scare tactic selling by telling me a story of customers who did not get the recommended items done to their vehicle and ended up with thousands of dollars in repairs because of it. As with Jiffy Lube, when asked for the reason my vehicle needed these services, the Burnett technician claimed the same thing as the Jiffy Lube technician: all the recommended services were based on my vehicle’s total mileage and the assumption the recommended services had not been performed in a while. Burnett Automotive is definitely a company that one could go in for a simple \$30 oil change and leave with a \$500 plus bill if one is easily persuaded by scare tactics.

#### 4.4 Competitor Strengths, Weaknesses & Response Statements

In section 4.3 an analysis was done on each of Oil2U’s top six competitors. From the analysis the following strengths and weakness were determined. Also, the six competitors were ranked against one another and the results can be seen in the table below. Please keep in mind the ranks, strengths and weakness below reflect one person’s opinions based on taking in one vehicle to one location.

**Table 21: Competitor Rankings**

	Convenience	Value	Quality	Overall Experience
<b>Jiffy Lube</b>	4	6	6	7
<b>Wal-Mart</b>	5	4	5	5
<b>Valvoline</b>	7	5	2	2
<b>National Tire &amp; Battery</b>	3	8	9	9
<b>Firestone</b>	3	6	7	7
<b>Burnett</b>	8	6	7	7

## **Jiffy Lube**

### Strengths:

- Discounts through promotions or coupons are easy for customers to find and are frequently available.
- Able to push many high margin services on customers.
- Able to perform oil changes very quickly.
- Offers free top offs on oil and vital fluids between service visits.

### Weakness:

- Offers the most expensive full priced non synthetic oil changing package.
- Does not offer appointments, first come first serve.
- Not allowed to leave a vehicle and pick it up later.

## **Wal-Mart**

### Strengths:

- Customers can get their vehicles' oil changed while shopping.
- Offers an oil and filter change only package.
- Vacuums interior of vehicles.

### Weakness:

- Coupons are hard to find and promotional prices are not competitive with other companies.

## **Valvoline Instant Oil Change**

### Strengths:

- Environmentally friendly by offering a green option oil change.
- Discounts through promotions or coupons are easy for customers to find and are frequent.
- Located across the street from Company X.

### Weakness:

- Does not fill low fluids; they only check them.
- Does not offer appointments; first come first serve.
- Terribly run business with unprofessional employees who provide a low quality oil change and oil changing experience.



## **National Tire and Battery**

### Strengths:

- Rotates all four tires and performs an alignment check.
- An employee greets you when you pull up and takes all your information.
- Provides a quality oil change and has very professional employees.

### Weakness:

- Does not fill your low fluids; only checks them.
- Does not check all fluids, just most of them.

## **Firestone Complete Auto Care**

### Strengths:

- Offer walk ins or appointments.
- Discounts through promotions or coupons are easy for customers to find and are frequent.
- Use synthetic blend for basic oil changes.

### Weakness:

- Offers no stand out services.

## **Burnett Automotive**

### Strengths:

- Across the street from Company X.
- Able to drop off vehicle and pick it up at your convenience.
- Willing to drop off and pick up from work.
- Use synthetic blend for basic oil changes.

### Weakness:

- Use non name brand oil.

## 5 Financial Data

### 5.1 Pricing

Pricing for Oil2U's oil changing services is based on the local competition's pricing and the following statements. These statements were gathered from blogs and forums posted by experienced and successful mobile oil change owners and operators.

#### Advice from Wes:

"Jiffy Lube will always charge what the market will bear. No matter where you live I can guarantee that your prices should not be less than \$35.00 for a basic oil change. For your average price of an oil change your prices needs to be A) at Jiffy Lube's rate or higher and B) high enough where 4-5 vehicles can net your \$100 per hour. Don't Offer Discounts. They are a waste of time and do not breed success. We offered \$20 oil changes at Providence Hospital and got five people (not a lot anyway). Months later when those people called and we gave them the regular price they went someplace else. I will never make that mistake again. The people who will pay \$30-\$40 per oil change are out there if you want to do the individual. You will not have to get them with discounts" (Wes 2009).

#### Advice from Sean Shoemaker:

"I was originally doing 29.99 at businesses for up to 5 quarts and was going to charge \$2 for the extra quart I found this almost impossible to do. When I started the individual side a few months ago I went to \$34.99 for up to 6 quarts for those customers and it has been working very well. Some will say that is too expensive (and it may depend on your area), but I have been finding a rather warm reception. It is still close to what the quick lubes charge (less in some cases) and it is nice and simple. You are providing THE MOST CONVIENIENT service possible, don't be afraid to charge for it" (Shoemaker 2009).

Current prices for the local competition's oil changing services are shown below in Table 22.

**Table 22: Full Price Oil Changing Prices from Local Competition**

Company	Package / Description	Oil Type			
		Bulk	Synthetic Blend	High Mileage	Fully Synthetic
Jiffy Lube	Signature Service	39.99	59.98	59.98	71.98
Wal-Mart		26.88	----	----	----

	Oil/Filter Only	31.88	39.88	39.88	54.88
<b>Valvoline Instant Oil Change</b>	Full-Service	39.99	54.99	54.99	69.99
<b>National Tire and Battery</b>	Oil Change	38	46	46	64
<b>Firestone Complete Auto Care</b>	Oil Change	----	34.99	44.99	54.99
<b>Burnett Automotive</b>	The Legend	----	35.37	47.87	62.87
	The Works	----	50.37	62.87	77.87
<b>Midas</b>	Full Service	29.99	----	----	----
	Maintenance	39.99	----	----	----
<b>Meineke</b>	Oil/Filter Only	----	19.95	----	----
	Preferred	----	29.95	----	----
	Supreme	----	49.95	----	----
<b>Econo Lube</b>	Oil Change	26.21	34.99	39.98	59.99
<b>All Tune and Lube</b>	Oil Change	21.90	59	49	69

The following are the prices Oil2U plans on charging its customers for its services. All services do not include tax.

Standard Package: \$35.99, 3.50 per extra quart

High Mileage Package: \$49.99, 4.50 per extra quart

Synthetic Blend Package: \$54.99, 6.50 per extra quart

Synthetic Package: \$69.99, 8.50 per extra quart

Rain X windows: \$8 for first window, \$3 for each additional window

Air filter replacement: \$30

Air freshener: \$3

Windshield wiper replacement: \$25

These prices are based on an analysis of the local competition's prices, advice from experienced mobile oil change owners, convenience, and quantity of services.

## 5.2 Costs / Expenses

### Start Up Costs

The following items and their estimated expenses are required to start the business:

- Oil2U truck with topper: \$12,000
- One year of Garage Keepers insurance through State Farm: \$900
- One year full coverage truck insurance through State Farm: \$450
- One year truck taxes: \$185
- State filing fee for Oil2U LLC paperwork: \$160

- Metal box to hold oil: \$115
- Oil2U working sign (x2): \$100
- Oil2U reserved parking sign (x2): \$100
- Four ramps: \$70
- Oil2U lock box (x2): \$70
- Oil absorbing sheets: \$70
- Air compressor: \$60
- Oil absorbing blanket (x100): \$45
- Special hang cleaning wipes (case): \$40
- 500 custom Oil2U labels: \$35
- Wrench and socket set: \$35
- Sealed bucket (x2): \$35
- Oil filter wrenches: \$20
- Oil-Dri Quick Sorbent concentrate, 20lb bucket: \$20
- Lock (x2): \$20
- Air hose: \$15
- Oil holder: \$15
- Paper towel roll (x6): \$10
- Writing Utensils: \$10
- Liquid dish soap: \$8
- Scrub brush: \$5
- Oil funnel: \$3.50
- Tire gauge: \$2.50

The total initial cost to start the company is approximately \$14,599.

### **Reoccurring Costs**

The following are Oil2U's yearly reoccurring costs:

- Garage Keepers insurance policy: \$900
- Turbo Tax State and Federal Tax Filing: \$112
- Truck insurance: \$450
- Truck taxes: \$185
- Website costs: \$30

- Truck maintenance: \$250

The total reoccurring costs per year is \$1,927.

### Per Package Expenses

As can be seen in Table 23, oil is the greatest expense occurred in each package. Since Oil2U is starting out, all prices in the table below reflect non bulk pricing. Once Oil2U acquires a sizable customer base, bulk oil and bulk filters will be able to be purchased and their corresponding prices will be able to be reduced. All oil and oil filter costs in Table 23 were based on products that can be found at Wal-Mart. The “Other Materials” cost category in Table 23 are for expenses that cannot be quantified on a per oil change basis. These include windshield washer fluid, paper towels, sorbent, oil sheets, cleaning wipes, etc.

**Table 23: Oil2U’s Estimated Materials Expense Breakdown per Oil Changing Package**

	<b>Standard Package (\$)</b>	<b>High Mileage Package (\$)</b>	<b>Synthetic Blend Package (\$)</b>	<b>Fully Synthetic Package (\$)</b>
<b>Oil</b>	12.50	14.89	22.32	26.62
<b>Oil Filter</b>	4	4	4	8
<b>Other Materials</b>	1	1	1	1
<b>Total</b>	17.50	19.89	27.32	35.62

Oil2U will offer an option for customers to be able to pay by credit card at Oil2U’s website using PayPal’s standard services. These services are not free and will burden Oil2U with a 2.9% + \$0.30 charge for each transaction (PayPal 2012). Table 24 shows the cost Oil2U will incur if a customer uses a credit card.

**Table 24: Oil2U’s Estimated Credit Card Fee per Oil Changing Package**

	<b>Standard Package</b>	<b>High Mileage Package</b>	<b>Synthetic Blend Package</b>	<b>Fully Synthetic Package</b>
<b>Price</b>	\$35.99	\$49.99	\$54.99	\$69.99
<b>Sales Tax</b>	8.65%	8.65%	8.65%	8.65%
<b>Credit Card Fee</b>	2.9% + \$0.30	2.9% + \$0.30	2.9% + \$0.30	2.9% + \$0.30
<b>Total</b>	1.43	1.88	2.03	2.51

### 5.3 Financial Projections / Analysis

The reoccurring costs Oil2U will incur yearly are \$1,927. If Oil2U experienced the worst case scenario where no add ons were requested, all standard package oil changes using 5 quarts of oil were performed, every customer paid by credit card and Oil2U's owner/only employee did the labor for free, Oil2U would have to service 264 vehicles per year or 5.1 vehicles per week to cover the reoccurring costs. A basic worst case scenario Pro Forma Income statement can be seen in the table below.

**Table 25: Worst Case Scenario Pro Forma Income Statement to Break Even**

	<b>Standard Package</b>
<b>Unit Price (\$)</b>	35.99
<b>Unit Sales (\$)</b>	264
<b>Revenues (\$)</b>	9,501
<b>Variable Costs (\$)</b>	4,998
<b>Fixed Costs (\$)</b>	1,927
<b>EBIT (\$)</b>	2,577
<b>Taxes (25%) (\$)</b>	644
<b>Net Income (\$)</b>	1,933

If Oil2U gets approval from Company X to offer its services, Table 26 shows the Pro Forma Income statement Oil2U estimates it will generate from this location in a year while Oil2U's owner is the only employee.

These numbers are based on the following conservative assumptions:

1. 12% average employee participation rate for the entire year. This was based on a veteran of the mobile oil changing business who found his corporate accounts generated a 12% – 15% employee participation rate per company (Winslow 2008).
2. Each employee has one vehicle needing an oil change every 6 months.
3. Standard Package is 90% of sales, High Mileage Package is 3.33% of sales, Synthetic Blend Package is 3.33% of sales and Fully Synthetic Package is 3.33% of sales.
4. Gamin International's Headquarters in Olathe, KS having 2,781 employees (THINK KC, 2009).
5. Oil2U's owner incurring a 25% personal income tax rate.
6. Oil2U's owner is the only employee.
7. All customers pay by credit card, incurring a 2.9% + \$0.30 fee per transaction (PayPal, 2012).

The total net income in Table 26 reflects oil changes only and does not include any add on income. Add on income is extremely difficult to predict because the cost of goods for certain add ons are highly dependent on the vehicle being serviced.

**Table 26: Oil2U’s Pro Forma Income Statement for Services Provided to Company X**

	<b>Standard</b>	<b>High Mileage</b>	<b>Synthetic Blend</b>	<b>Fully Synthetic</b>	<b>Totals</b>
<b>Unit Price (\$)</b>	35.99	49.99	54.99	69.99	----
<b>Unit Sales (\$)</b>	601	22	22	22	667
<b>Revenues (\$)</b>	21,619	1,112	1,223	1,557	25,512
<b>Variable Costs (\$)</b>	11,371	484	653	848	13,357
<b>Fixed Costs (\$)</b>	1,734	64	64	64	1,927
<b>EBIT (\$)</b>	8,514	564	506	645	10,228
<b>Taxes (25%) (\$)</b>	2,128	141	127	161	2,557
<b>Net Income (\$)</b>	6,385	423	380	483	7,671

Oil2U will not have a 12% participation rate its entire first year. Given the assumptions stated above, Table 27 shows the net income generated based on different Company X employee participation rates. In order to recoup the \$1,938 reoccurring cost and break even, Oil2U needs a 4.45% employee participation rate at Company X.

**Table 27: Net Income Based on Company X Employee Participation Rate for One Year**

<b>Company X Employee Participation Rate</b>	<b>2%</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>	<b>16%</b>	<b>18%</b>
<b>Net Income (\$)</b>	74	1,593	3,113	4,632	6,152	7,671	9,190	10,710	12,229

The maximum number of oil changes Oil2U’s owner can do in a year is 753, which correlates to a 13.5% Company X employee participation rate. This accounts for Company X holidays and as stated in a previous section, a three oil change per day maximum capacity. Table 28 shows that Oil2U’s owner can make a maximum of \$8,839 per year of net income at Company X given the estimated costs in Table 23 and assumptions 2 -7 stated above.

**Table 28: Oil2U’s Pro Forma Income Statement for Oil2U’s Max Oil Changing Capacity for One Year**

	<b>Standard</b>	<b>High Mileage</b>	<b>Synthetic Blend</b>	<b>Fully Synthetic</b>	<b>Totals</b>
<b>Unit Price (\$)</b>	35.99	49.99	54.99	69.99	----

<b>Unit Sales (\$)</b>	678	25	25	25	753
<b>Revenues (\$)</b>	24,390	1,255	1,380	1,757	28,782
<b>Variable Costs (\$)</b>	12,829	546	737	957	15,069
<b>Fixed Costs (\$)</b>	1,734	64	64	64	1,927
<b>EBIT (\$)</b>	9,827	644	579	735	11,786
<b>Taxes (25%) (\$)</b>	2,457	161	145	184	2,946
<b>Net Income (\$)</b>	7,370	483	434	552	8,839

Based on the calculations performed in Table 28, given a 1h:1h ratio, for every hour Oil2U's owner spent changing oil, an additional hour was spent performing other business related tasks. Oil2U's owner would earn \$17.61 per hour after taxes. Table 29 shows estimated hourly salaries for a combination of different time ratios and participation rates. It is projected the Oil2U owner's hourly wage will start in the lower left portion of Table 29 and end up in the right upper portion.

**Table 29: Hourly Income Earned Given Different Company X Yearly Participation Rates**

	<b>2%</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>	<b>16%</b>	<b>18%</b>
<b>1h:15m (\$)</b>	1.60	17.18	22.39	24.98	26.55	27.58	28.32	28.88	29.32
<b>1h:30m (\$)</b>	1.33	14.32	18.66	20.82	22.12	22.99	23.60	24.07	24.43
<b>1h:1h (\$)</b>	1.00	10.74	13.99	15.61	16.59	17.24	17.70	18.05	18.32
<b>1h:1h30m (\$)</b>	0.80	8.59	11.19	12.49	13.27	13.79	14.16	14.44	14.66
<b>1h:2h (\$)</b>	0.67	7.16	9.33	10.41	11.06	11.49	11.80	12.03	12.21

## 6 Product Specifications

Oil2U needs to offer the same number of services for around the same price as its competitors in order to gain business from competitors. If this can be done, Oil2U will have an advantage given the greater convenience the company can offer the customer. It will be difficult to compete with the coupon and promotion prices some of the competition offers. Oil2U plans on offering the following oil changing services:

- Replace oil with up to five quarts of quality motor oil
- Replace oil filter
- Inspection of:
  - Wiper blades
  - Engine air filtration system
  - Transmission fluid levels
  - Power steering fluid levels



- Brake fluid levels
- Check/Fill:
  - Tire pressure
  - Windshield washer fluid

Oil2U plans on offering the following add on services:

- Rain X Windows
- Air Filter Replaced
- Air Freshener
- Windshield Wipers Replaced

### **Packaging**

Oil2U will offer four service packages. The first is the standard package. This package will offer all of the oil changing services described above and include the standard bulk oil. The second package is the high mileage package. This package will offer all of the oil changing services described above and will include the high mileage oil. The third package is the synthetic blend package. This package will offer all of the oil changing services described above and will include the synthetic blend oil. The third package Oil2U will offer is the full synthetic package. The full synthetic package will offer all of the oil changing services described above and will include fully synthetic oil.

## **7 Go to Market Plan**

Oil2U has identified three main marketing objectives that are important to the success of the business. First, companies will be hesitant to be the first to adopt Oil2U services as a benefit. If Oil2U can be successful implementing its business at the launch company, that company can be used as a reference and successful example when selling the idea to other companies. Secondly, Oil2U needs to portray the benefit of having these services to the company as well as to its employees. Lastly, Oil2U needs to alleviate the concern companies will have relating to the potential risks and liability of a company performing oil changes on its property. Oil2U can accomplish the three objectives by creating a proposal that would be customized for each individual company. The proposal would have recommendations from companies as well as customers who use Oil2U's services. It would explain the benefits that Oil2U's services provide to the company and its employees. It would also explain all the precautions Oil2U has in place

in order to reduce risk and liability. A proposal customized for Company X, Oil2U's launch company, can be seen in Appendix B.

## **8 Development Plan Overview**

### **8.1 Development Effort & Resources**

It is estimated that the following effort will need to be given in order to start the company:

- Acquiring business from launch company: 25 man-hrs
- Registering the company with the state of Kansas: 10 man-hrs
- Website development: 80 man-hrs
- Purchasing start up items: 10 man-hrs

The total time investment to start the company will be 137 man-hrs. Since the creator of Oil2U will be the one investing the time and has a full time job, the amount of time that can be invested in a day is limited.

### **8.2 Development Strategy**

When starting the company, there are certain efforts that need to be done first before it is sensible to put effort into other items. The first thing Oil2U will do is secure business with the launch company. If business cannot be secured with the launch company, Oil2U's owner will need to modify his business feasibility plan to take into consideration travel time and a primary company being the new launch company. If the modified business feasibility plan shows Oil2U can be successful using one of the primary companies as the new launch company, efforts will be put forth to try and secure business with one of the primary companies in the Kansas City Metro Area. Once Oil2U secures business at a company, the effort to register the company, develop the website, and purchase the start up items will begin.

## **9 Risks**

Risks are a part of starting and operating every business. The biggest risk identified is being sued by a customer. To protect Oil2U's owner and operator's personal assets and Oil2U's assets, Oil2U will file as a LLC (Limited Liability Company) and carry a \$1,000,000 Aggregate/Occurrence Garage Keepers insurance policy. The Garage Keepers insurance policy will include the following:

- Garage Keeper’s Legal Liability: This section covers the loss to a covered vehicle or equipment left in your care.
- Garage Liability (Automobile Portion): This section of the garage policy pays for physical damage that the business caused to a customer's vehicle.
- Garage Liability (Non Auto Portion): This section provides coverage in the event that someone in the business is involved in an accident, causing personal injury or property damage to someone else, while driving a customer's vehicle (Garage Keepers Insurance, 2009).

## 10 Schedule

### 10.1 Business Progression Schedule

The first milestone to be reached is the go or no go decision. This will be based on this feasibility study, more research done into the Kansas City Metro Area’s fleet market, and the current and future state of Oil2U creator’s personal life. If a go decision is made, additional efforts will be made to launch the company at Company X. If successful in acquiring approval from Company X, a list of milestones leading up to the first oil change can be seen in Table 30. If not successful in acquiring approval from Company X, research will be done in selecting the top five primary companies to launch the business, followed by another go or no go decision. The schedule of milestones for this situation can also be seen in Table 30.

**Table 30: Schedule of Milestones Based on Getting Approval**

Milestone	Completion Date	
	Company X	Primary Company
Go or No Go Decision	07/15/2012	
Research – Top 5 Launch Companies	NA	08/01/2012
Go or No Go Decision 2	NA	08/06/2010
Acquire Business	08/01/2012	09/01/2012
Receive LLC Approval	08/31/2012	09/28/2012
Website Finished	09/01/2012	09/30/2012
Launch Oil2U	09/04/2012	10/01/2012
First Lunch and Learn	09/04/2012	10/01/2012
First Oil Change	09/12/2012	10/10/2012

## 10.2 Promotional Schedule: Launch Company

Promoting Oil2U at Company X will start once approval to offer oil changing services has been acquired. The promotional items and their respective dates are as follows, assuming they are approved by Company X:

- GBay posts
  - Start: 07/15/2012 to 08/01/2012
  - Finish: When employment at Company X is terminated
  - Occurrences: Every Wednesday
- Oil2U informational lunch and learn meeting in Company X's auditorium
  - Start: 07/15/2012 to 08/01/2012
  - Finish: When Oil2U receives a 10% employee participation rate
  - Occurrences: Every six months
- HR companywide email
  - Start: 07/15/2012 to 08/01/2012
  - Finish: When Oil2U does not provide services to Company X and its employees
  - Occurrences: Every three months
- Second time customer \$19.99 standard oil change promotion
  - Start: 07/15/2012 to 08/01/2012
  - Finish: When Oil2U does not provide services to Company X and its employees
- Flyers on all bulletin boards at Company X
  - Start: 07/15/2012 to 08/01/2012
  - Finish: When employment at Company X is terminated
  - Occurrences: Check to make sure they are still up once every month.

If Oil2U's launch company is not Company X, some of these promotional strategies will be used at the new launch company too.

## 11 Conclusions & Recommendations

In conclusion, this feasibility study's purpose was to answer a few important questions. The questions and their answers are stated below.

Can Oil2U convince Company X to offer Oil2U's services to Company X employees?

Oil2U's owner has met with a few of Company X's influencers to the decision maker to discuss the idea of adding onsite oil changing services to Company X's employees. Their many initial negative comments and concerns sparked the writing of the Oil2U Proposal (As seen in Appendix B) in order to try and alleviate their concerns. After sending the influencers the proposal to read and consider, it was felt that the proposal did alleviate some of their concerns, but they were still not fully convinced the benefits outweighed the risk and reward. This does not mean Oil2U will not succeed at getting approval from Company X, but the outlook is more negative than positive.

Are Oil2U's services something Company X employees are interested in using?

A survey was given to Company X employees to try and find out what they thought about Oil2U's services. Question 4 and 5 resulted in 50% of survey respondents saying they would use the basic package if it were available and 62% thought the price for this package was appropriate for the services and convenience being received. Also, question 10 showed 73% of respondents would bring their significant other's and/or children's vehicles in for the same services. These results of the survey shown in section 3.3 indicate that Company X employees would be interested in using Oil2U's services if they were offered at Company X.

Can Oil2U be a profitable part time job for Oil2U's owner and operator, Jon Hecker?

At maximum capacity, the financial projections in section 5.3 shows Oil2U generating \$8,839 of net income. Given for every hour spent changing oil, Oil2U's owner spends on other business related tasks, Oil2U's owner would earn \$17.61. Keep in mind the \$17.61 is after a 25% tax, does not include add on income and represents a 1h:1h work ratio. Taking this into consideration and the other financial projections in section 5.3, Oil2U has the potential of being a profitable part time job for Oil2U's owner.

If Oil2U's business wanted to be expanded to other companies besides Company X, is there an opportunity for this in the Kansas City Metro area?

The Kansas City Metro area, made up of 11 counties, covers a wide area. Section 3 shows out of the 11 counties, the majority of Oil2U's potential customers and companies are located in Johnson County, KS and Jackson County, MO. These two counties were found to have the most feasible, intermediate and ultimate customers, as well as having an abundance of primary companies. Luckily the two counties border each other, therefore establishing business in them would keep travel time to a minimum. If Oil2U's owner wanted to expand its business, Johnson

County, KS and Jackson County, MO are both counties in the Kansas City Metro area that have the potential to give Oil2U a high opportunity for successful expansion.

Based on the conclusions reached during the development of this feasibility plan, it is recommended that Jon Hecker proceed with section 10.1 Business Progression Schedule and put full effort into acquiring approval from Oil2U's launch company, Company X's headquarters in Olathe, KS.

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## 13 Appendices

### 13.1 Appendix A

#### Companies in Jackson County, MO and Johnson County, KS with Greater Than 1000 Employees

**Table 31: Jackson County, MO Companies with Greater Than 1000 Employees**

Company	Description	Industry	Employees	City	County	State
American Century Investments, Inc.	Mutual funds (Hdq.)	Contact Centers / Financial Services Insurance / Headquarters	1,039	Kansas City	Jackson	MO
AT&T Corp.	Telecommunications	Information Technology	3,822	Kansas City	Jackson	MO
AT&T Corp.-Independence	Telecommunications	Contact Centers	3,822	Independence	Jackson	MO
AT&T Corp.-Lee's Summit	Telecommunications	Contact Centers	3,822	Lee's Summit	Jackson	MO
AT&T Corp.-Lee's Summit	Telecommunications	Contact Centers	3,822	Lee's Summit	Jackson	MO
AT&T Corp.-Kansas City	Telecommunications	Contact Centers	3,822	Kansas City	Jackson	MO
ATK Small Caliber Systems.	Ammunition mfg.	Information Technology / Manufacturing	2,750	Independence	Jackson	MO
Bank of America	Banking	Financial Services Insurance	1,300	Kansas City	Jackson	MO
Blue Cross/Blue Shield of Kansas City	Insurance (Hdq.)	Headquarters	1,003	Kansas City	Jackson	MO
Blue Springs School District	Public education	Other	1,935	Blue Springs	Jackson	MO
Burns & McDonnell	Engineers/architects (Hdq.)	Architecture & Engineering / Headquarters / Green Alternative Energy	2,150	Kansas City	Jackson	MO
Carondelet Health	Health services	Other	2,378	Kansas City	Jackson	MO
CenterPoint Medical Center of Independence, LLC (HCA)	Health services		1,600	Independence	Jackson	MO
Cerner Corporation	Health care information systems innovations campus	Bioscience	4,600	Kansas City	Jackson	MO
Children's Mercy Hospitals & Clinics	Health services	Bioscience	5,108	Kansas City	Jackson	MO
City of Independence, MO	Government	Other	1,100	Independence	Jackson	MO
City of Kansas City, MO	Government	Other	4,700	Kansas City	Jackson	MO
Commerce Bank	Banking (Hdq.)	Financial Services	2,285	Kansas City	Jackson	MO

		Insurance / Headquarters				
Dickinson Financial Corporation	Financial services (Hdq.)	Financial Services Insurance / Headquarters	1,001	Kansas City	Jackson	MO
DST Systems, Inc.	Data processing systems (Hdq.)	Contact Centers / Financial Services Insurance / Headquarters / Information Technology	4,402	Kansas City	Jackson	MO
Federal Government	Government	Other	18,764	Kansas City	Jackson	MO
FedEx Corp. World Service Center	Delivery services		2,400	Kansas City	Jackson	MO
FedEx Corp. World Service Center	Delivery services		2,400	Kansas City	Jackson	MO
H&R Block, Inc.	Tax prep. & financial services	Contact Centers	1,100	Kansas City	Jackson	MO
H&R Block, Inc.	Tax prep. & financial services		1,100	Kansas City	Jackson	MO
H&R Block, Inc.	Tax prep. & financial services (Hdq.)	Financial Services Insurance / Headquarters	1,100	Kansas City	Jackson	MO
Hallmark Cards, Inc.	Greeting card mfg. (Hdq.)	Contact Centers / Headquarters / Manufacturing	6,200	Kansas City	Jackson	MO
HCA MidAmerica	Health services (Division Hdq.)	Headquarters / Other	8,125	Kansas City	Jackson	MO
Hickman Mills School District	Public education	Other	1,049	Kansas City	Jackson	MO
Honeywell Fed. Mfg. & Technologies	Electronic & mech. weapons components mfg.	Information Technology / Manufacturing	2,500	Kansas City	Jackson	MO
Independence School District	Public education	Other	2,043	Independence	Jackson	MO
Internal Revenue Service	Government	Financial Services Insurance / Other	3,200	Kansas City	Jackson	MO
ISS Facility Services	Building maintenance	Architecture & Engineering	1,500	Kansas City	Jackson	MO
Jackson County, MO	Government	Other	1,715	Kansas City	Jackson	MO
JE Dunn Construction	Construction (Hdq.)	Headquarters / Other	1,085	Kansas City	Jackson	MO
Kansas City, MO School District	Public education	Other	3,300	Kansas City	Jackson	MO
KCP&L	Utility call center	Contact Centers	3,250	Raytown	Jackson	MO
KCP&L	Energy & rel. services (Hdq.)	Headquarters	3,250	Kansas City	Jackson	MO
Lee's Summit School District (R-7)	Public education	Other	2,603	Lee's Summit	Jackson	MO
Quest Diagnostics,	Lab testing & info	Contact Centers	1,845	Lee's Summit	Jackson	MO

Inc.	services call center					
Raytown School District	Public education	Other	1,300	Raytown	Jackson	MO
Research Medical Center (HCA)	Health services		1,476	Kansas City	Jackson	MO
Research Psychiatric Center (HCA)	Health services		1,088	Kansas City	Jackson	MO
Saint Joseph Medical Center (Carondelet)	Health services	Other	1,300	Kansas City	Jackson	MO
Saint Luke's Health System	Health services	Bioscience	6,665	Kansas City	Jackson	MO
Saint Luke's Hospital of Kansas City	Health services		3,150	Kansas City	Jackson	MO
Sprint	Cable network provisioning operation	Contact Centers	7,000	Kansas City	Jackson	MO
State of Missouri	Government	Other	51,825	Jefferson City	Jackson	MO
State Street	Mutual fund & insurance industry services	Financial Services Insurance	1,500	Kansas City	Jackson	MO
Truman Medical Center Hospital Hill (Truman Medical Center Corp.)	Health services		3,180	Kansas City	Jackson	MO
Truman Medical Center Lakewood (Truman Medical Center Corp.)	Health services		1,130	Kansas City	Jackson	MO
Truman Medical Center, Inc.	Health services		3,180	Kansas City	Jackson	MO
UMB Financial Corporation	Banking (Hdq.)	Financial Services Insurance / Headquarters	1,975	Kansas City	Jackson	MO
University of Missouri-Kansas City	Higher education	Bioscience / Other	2,673	Kansas City	Jackson	MO
USA 800	Telemarketing services (Hdq.)	Contact Centers	1,194	Raytown	Jackson	MO

**Table 32: Johnson County, KS Companies with Greater Than 1000 Employees**

Company	Description	Industry	Employees	City	County	State
AT&T Corp.-Mission	Telecommunications	Contact Centers	3,822	Mission	Johnson	KS
Black & Veatch	Architects/Engineering (Hdq.)	Architecture & Engineering / Headquarters / Green Alternative Energy	2,900	Overland Park	Johnson	KS
Blue Cross/Blue Shield of Kansas City	Insurance		1,003	Overland Park	Johnson	KS
Blue Valley School District	Public education	Other	3,200	Overland Park	Johnson	KS
CenturyLink Inc.	Telecommunications	Information Technology	1,800	Overland Park	Johnson	KS
Ericsson	Telecommunications	Information Technology	1,500	Leawood	Johnson	KS
Farmers Insurance Group, National Property Claims, HelpPoint, ServicePoint Divisions	Insurance	Contact Centers	3,455	Olathe	Johnson	KS
FedEx Corp.	Delivery services call center	Contact Centers	2,400	Overland Park	Johnson	KS
FedEx Corp. World Service Center	Delivery services		2,400	Lenexa	Johnson	KS
FedEx Ground Hub & Local Terminal	Delivery services	Distribution	2,400	Shawnee	Johnson	KS
Ford Motor Company	Motor vehicle parts distribution center	Distribution	3,300	Shawnee	Johnson	KS
Garmin International	Global positioning system mfg. (Hdq.)	Distribution / Headquarters / Information Technology / Manufacturing	2,781	Olathe	Johnson	KS
Garmin Ltd.	Global positioning system mfg. (Hdq.)	Contact Centers	2,781	Olathe	Johnson	KS
Honeywell Aerospace Electronic Systems	Aircraft comm. & nav. equip. mfg.	Distribution	2,500	Olathe	Johnson	KS
Honeywell Aerospace Electronic Systems	Aircraft comm. & nav. equip. mfg.	Information Technology / Manufacturing	2,500	Olathe	Johnson	KS
Johnson County Community College	Higher education	Other	1,656	Overland Park	Johnson	KS
Johnson County, KS	Government	Other	4,100	Olathe	Johnson	KS

KGP Logistics	Telecommunications hardware distr.	Information Technology	1,600	New Century	Johnson	KS
NPC International, Inc.	Restaurant chain (Hdq.)	Headquarters	1,300	Overland Park	Johnson	KS
Olathe Medical Center Inc.	Health services	Other	2,007	Olathe	Johnson	KS
Olathe School District	Public education	Other	4,501	Olathe	Johnson	KS
Overland Park Regional Medical Center (HCA)	Health services		2,000	Overland Park	Johnson	KS
Prescription Solutions, a Lexmark Company	Pharmaceutical call center & fulfillment center	Bioscience / Contact Centers / Distribution	1,600	Overland Park	Johnson	KS
Quest Diagnostics, Inc.	Medical testing laboratory (Hdq.)	Bioscience / Headquarters / Information Technology	1,845	Lenexa	Johnson	KS
Shawnee Mission Medical Center	Health services	Other	2,072	Merriam	Johnson	KS
Shawnee Mission School District	Public education	Other	4,027	Overland Park	Johnson	KS
Sprint	Telecommunications	Contact Centers	7,000	Lenexa	Johnson	KS
Sprint	Telecommunications (Hdq.)	Headquarters / Information Technology	7,000	Overland Park	Johnson	KS
Sprint	Telecommunications	Contact Centers	7,000	Lenexa	Johnson	KS
U.S. Bank	Regional service center providing customer service, collections, fraud management, and support	Contact Centers / Financial Services Insurance	1,100	Overland Park	Johnson	KS
United Parcel Service of America, Inc.	Delivery services	Distribution	3,500	Lenexa	Johnson	KS
United Parcel Service of America, Inc., Supply Chain Solutions	Call center for delivery services	Contact Centers	3,500	Overland Park	Johnson	KS
YRC Worldwide, Inc.	Trucking (Hdq.)	Headquarters	2,078	Overland Park	Johnson	KS

## 13.2 Appendix B

### Oil2U's Proposal for Company X

heckerj

Company X

[Street Address]

[City, ST ZIP Code]

October 6, 2011

**First, Last Name**

*Title*

1200 East 151st Street

Olathe, Ks 66062

Dear First, Last Name:

I would like to present Company X the opportunity to offer its employees onsite oil changing services provided by Oil2U LLC. In today's competitive business environment companies are searching for new ways to acquire and retain talented employees. One way a company like Company X can stand out is by offering unique and valuable benefits. Onsite oil changing services provided by Oil2U is one way a company's benefit list can stand out from the rest. This correspondence outlines all the information your company needs to know to add a unique and very beneficial benefit of providing your company's employees with onsite, hassle free, convenient oil changing services.

#### **OBJECTIVE**

Provide onsite, professional, convenient and environmentally conscious oil changing services that will allow Company X to provide a truly unique benefit every Company X (Headquarters) employee can take advantage of.

#### **SCOPE OF SERVICES**

##### 1. Process

###### A. Company X employee:

Only 3 easy steps are required to getting a Company X employee vehicle's oil changed.

- a. **Step 1:** Sign up for an appointment to get your vehicle's oil changed and fill out a Vehicle Information and Requested Services Form.
  - i. Available signup times and forms can be found at Oil2ULLC.com.
- b. **Step 2:** Day of the appointment, park your vehicle in a reserved parking spot located in Company X's parking garage or parking lot.

- c. **Step 3:** Drop your spare key and payment off at a locked Oil2U box located at a convenient location at Company X.
- B. Oil2U employee
- a. An Oil2U employee will show up at Company X between 8am and 3pm to pick up the keys and payment from the Oil2U lock box.
    - i. All services are to be finished before 5pm.
    - ii. All Oil2U employees will arrive wearing a clean Oil2U uniform.
  - b. Requested services are performed.
  - c. The customer's spare key is locked into their vehicle along with an Oil2U Evaluation Form explaining the services that were performed, a receipt of payment and a "Next Oil Change Due" sticker.
    - i. A copy of the Evaluation Form can be seen on Oil2ULLC.com.
2. Services
- A. Basic Package:
- a. Replace oil with up to five quarts of quality motor oil
  - b. Replace oil filter
  - c. Inspection of:
    - i. Wiper blades
    - ii. Transmission fluid levels
    - iii. Power steering fluid levels
    - iv. Brake fluid levels
  - d. Check/Fill:
    - i. Tire pressure
    - ii. Windshield washer fluid
- B. High Mileage Package
- a. Basic Package with high mileage oil
- C. Synthetic Blend Package
- a. Basic Package with synthetic blend oil
- D. Fully Synthetic Package
- a. Basic Package with synthetic oil
- E. Add – ons
- a. Rain X windows
  - b. Air filter replacement
  - c. Air freshener
  - d. Windshield wiper replacement

**OIL2U'S REQUIRMENTS TO BE A SUCCESFUL BENEFIT TO COMPANY X EMPLOYEES**

This benefit requires very little from Company X in order to be successful. To help achieve the maximum benefit for Company X's employees, it is asked that Company X provide the following:



1. Four consecutive reserved parking spots for oil changing services to be performed. Preferably, spots in the cover section of Company X's parking garage so weather related inconveniences to Company X employees are kept to a minimum. A custom reserved sign for these parking spots will be provided by Oil2U.
2. A convenient place at Company X where an Oil2U lock box for Company X employees the vehicle keys and payments of Company X employees can be placed. A location at Company X's security desk would be ideal but not required.
3. Access to Company X's internal media to communicate this service and benefits to associates.

## **BENEFITS**

Getting your vehicle's oil changed is a necessary evil that everyone owning a vehicle must deal with. Since the majority of hours an oil changing business is open are the same hours your business is open, there is a good chance your employees are going to have to take time away from work in order to drop off and pick up their vehicle. Thanks to Oil2U's unique method, Company X and their employees could reap the following rewards:

- Company X employees will spend less work time getting their vehicle's oil changed and more time working.
- A unique perk to add to Company X's list of benefits that will aid in attracting and retaining employees.
- A Company X benefit that every onsite Company X (Headquarters) employee can use.
- A stress free, easy and convenient oil changing experience available to every onsite Company X (Headquarters) employee.

## **PAYMENT AND COSTS**

There are three relationships Company X and Oil2U can have with regard to payment.

1. Nonexistent – Sole responsibility of the payment for Oil2U services resides with the Company X employee.
2. Subsidized – Company X picks up a portion of the cost of each oil change, therefore reducing the amount Company X employees have to pay.
3. Full – Company X pays for all the costs associated with the services requested by their employees.

Oil2U's prices are as follows

### **Oil Changing Packages**

- Basic Package \$35.99
- High Mileage Package \$45.99
- Synthetic Blend Package \$54.99
- Fully Synthetic Package \$69.99

#### Add-Ons

- Rain X windows: \$8 for first window, \$3 for each additional window
- Air filter replacement: \$30
- Air freshener: \$3
- Windshield wiper replacement: \$25

Please note that all prices do not include taxes.

#### **PROTECTING COMPANY X AND COMPANY X PROPERTY**

Oil2U agrees it is an independent business operating on Company X property. As such it agrees to abide by all Company X policies governing independent businesses operating on Company X property. Oil2U agrees it is solely responsible for all Worker's Compensation, service liability, property damage and any other potential claims or litigation arising from its services and further agrees to indemnify Company X from any and all claims or litigation arising from its services. Oil2U agrees to maintain an umbrella property and casualty policy with a minimum coverage level of \$1 million. Oil2U further agrees to obtain Company X's advance approval for any additional services to be offered on Company X property and it will not provide services to customers who are not Company X associates on Company X property. Oil2U will be transporting very small amounts of new and used motor oil on and off of Company X property. Since the US, Kansas and Johnson County governments do not classify used motor oil as a hazardous material, Oil2U is not subjected to any federal or state hazardous material transportation regulations. Even though the motor oil Oil2U extracts from vehicles is not considered a hazardous material, we take the following precautions to ensure the protection of Company X property, Company X employee's property and the environment.

- The vehicle transporting the oil is checked regularly for maintenance.
- The oil being transported will be housed in individual plastic sealed containers no bigger than 5 quarts in volume.
- All plastic containers holding oil will be placed in a locked metal box located inside the transporting vehicle during transportation.
- An oil absorbing blanket will be put under each vehicle while the oil changing services are being performed to absorb any spilled oil before it comes in contact with Company X's parking lot.
- Each Oil2U transportation vehicle will have on hand the following equipment to handle oil spills:
  - Oil absorbing sheets
  - Oil-Dri Quick Sorbent concentrate
  - Sealed bucket for used sorbent, with "Used Sorbent" label.
  - Sealed bucket for soiled items.

- Liquid dish soap with scrub brush.
- Paper towels.
- Each Oil2U employee will be trained to successfully and quickly handle small to large oil spills.
  - Oil2U's Oil Spill Procedure can be seen in the Appendix at the end of this proposal.
- To ensure Company X employee's vehicle's interior stays motor oil free. Before an Oil2U employee enters a vehicle they will do the following:
  - Cover the seat with a clean blanket.
  - Check themselves for spills and dirt on their uniform.
  - Remove dirt and oil from their hands using special wipes.

Oil2U is also dedicated to the safety of its employees as well as Company X employees. We take the following precautions in order to ensure safety.

- Oil2U will work with Company X to determine the safest part of the parking lot to perform the services.
- When an Oil2U employee is ready to start performing the requested services. They will put out two signs that indicate an Oil2U employee is currently working in the area and drivers need to slow down and be on alert.
- All Oil2U employees will be trained on how to safely change a vehicle's oil and what to do in case of an oil spill. At the conclusion of their training, they will be required to do a mock oil change where they will be graded on their performance.
- All Oil2U employees are required to fill out an Oil2U Oil Changing Procedure while performing the oil changes.
  - The Oil2U Oil Changing Procedure can be seen in the Appendix at the end of this proposal.

## **ENVIRONMENTALLY FRIENDLY COMPANY**

Like Company X, Oil2U is a very environmentally friendly company. All used motor oil and oil filters that Oil2U collects will be taken to one of the many recycling centers in the area.

## **CLOSING**

Oil2U appreciates the opportunity to service Company X employee's oil changing needs. If you have any further questions or would like to schedule a meeting to discuss further details. Please contact Jon Hecker anytime by phone (555-555-5555) or email (jonhecker@Oil2U.com).

Sincerely,

**heckerj**  
*Oil2U Owner and Operator*

ENCLOSURE

## 13.3 Appendix C

### Oil2U's Oil Spill Procedure

In the event of an oil spill that reaches the ground, perform the following actions.

**Scenario 1:** Oil is flowing from an object and making its way to the ground.

1. Use a bucket to catch the remainder of the flowing oil.
2. Place sorbent on the oil that has come in contact with the ground.
  1. Make sure the spilled oil is not draining into a drain or leaving the parking lot surface.
3. Place soiled sorbent in Oil2U containment bucket.
4. Perform the clean up actions based on the type of surface the oil was spilled on.

**Scenario 2:** Oil is not flowing from an object and has made its way to the ground.

1. Place sorbent on the oil that has come in contact with the ground.
  1. Make sure the spilled oil is not draining into a drain or leaving the parking lot surface.
2. Place soiled sorbent in Oil2U containment bucket.
3. Perform the clean up actions based on the type of surface the oil was spilled on.

**Scenario 3:** Oil is spilled onto a vehicle.

1. Use the oil sheets to remove all oil from the vehicle's surfaces.

#### **Clean Up Actions:** Concrete

1. Wet the area with the oil stain and surrounding area with water.
2. Apply liquid dish soap directly on the oil stain.
3. Scrub the oil stain vigorously with a scrub brush.

**Note:** Add water as needed so a rich lather develops.
4. Blot stain with paper towels until the soap/oil/water mixture is gone.
5. Repeat steps 1 – 4 until the oil spot is completely gone.

#### **Clean Up Actions:** Asphalt

1. Apply Universal Asphalt Degreaser to oil stain.
2. Wipe away degreaser/oil mixture with paper towels.
3. Repeat steps 1 – 2 until the oil spot is completely gone.

## 13.4 Appendix D

### Oil2U Oil Changing Procedure

Below is a list in chronological order of all the important items that need to be verified they have been completed. Put a check in the space provided once the task has been completed.

Vehicle Make: \_\_\_\_\_

Vehicle Model: \_\_\_\_\_

1. \_\_\_\_ Make sure exposed skin and clothes are free of dirt, grease and oil before entering the business.
2. \_\_\_\_ Get the keys and payment from the Oil2U lock box.
3. \_\_\_\_ Put out both Oil2U warning signs.
4. \_\_\_\_ Install a clean blanket on the driver's seat of each vehicle.

**Note:** Make sure the seat is completely covered by the blanket.

5. \_\_\_\_ Place ramps directly in front of each vehicle's front tires.
6. \_\_\_\_ Drive all vehicles onto ramps and set the parking brake.
7. \_\_\_\_ Put an oil absorbing blanket under vehicle one.

**Note:** Start with the vehicle that requires the most oil and end with the one that requires the least. Make sure any part of the floor that could come in contact with motor oil is covered.

8. \_\_\_\_ Put an oil catching bucket below vehicle one's oil drain and begin draining oil.
9. \_\_\_\_ Put a second oil catching bucket below vehicle one's oil filter and remove.

**Note:** Make sure the used filter's seal is not stuck onto the engine.

10. \_\_\_\_ Install new oil filter.

**Note:** Make sure you seal the filter with oil.

**11. \_\_\_\_ Repeat steps 7 – 10 for all remaining vehicles**

12. \_\_\_\_ Replace oil plug on vehicle one's oil drain.
13. \_\_\_\_ Replace oil cap with screwed on oil funnel.
14. \_\_\_\_ Place the container holding the oil onto the oil funnel so oil will drain into vehicle.

**Note:** Confirm type and amount of oil on the vehicle's confirmation sheet.

**15. \_\_\_\_ Repeat steps 12 – 14 for all remaining vehicles**

16. \_\_\_\_ Remove empty oil container and oil funnel then replace the oil cap on vehicle one.

**17. \_\_\_\_ Repeat step 14 for all remaining vehicles**

18. \_\_\_\_ Put used motor oil containers back into the metal box located in the Oil2U vehicle.
19. \_\_\_\_ Clear the parking brake and drive vehicle one off the ramps.
20. \_\_\_\_ While keeping the vehicle running, put the ramps back into the Oil2U vehicle.
21. \_\_\_\_ Reset the vehicles oil light.



### 13.5 Appendix E

The following is an example of the information the customer would fill out on Oil2U's website.

#### Oil2U: Oil Change Information

First Name: \_\_\_\_\_

Last Name: \_\_\_\_\_

Car Make (Ex. Ford ): \_\_\_\_\_

Car Model (Ex. F150 ): \_\_\_\_\_

Car Year (Ex. 2000 ): \_\_\_\_\_

Oil Change Package:

Standard \_\_\_\_\_

High Mileage \_\_\_\_\_

Synthetic Blend \_\_\_\_\_

Fully Synthetic \_\_\_\_\_

Add Ons (Put a check by the ones you would like to be done to your vehicle):

Rain X (Please indicate which windows you would like done):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Filter Replaced \_\_\_\_\_

Air Freshener \_\_\_\_\_

Windshield Wipers Replaced \_\_\_\_\_

Additional Comments:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## 13.6 Appendix F

### Oil2U Survey

#### **Important! Please read before taking the survey!**

Company X is in no way considering offering any services stated in this document. This survey is not Company X affiliated and sole purpose is to aid Jon Hecker in writing his Field Project to complete his master's degree. Please complete the survey on non Company X time. Once finished either drop the survey off at Jon Hecker's office or email the survey to jon.hecker@Company X.com. If you have any questions regarding the survey please contact Jon Hecker at the previously mentioned email address or at extension 2684. Read all of the "Service Details" section before taking the survey. Thank you for your time.

#### **Service Details**

##### **Onsite Oil Changing Service Procedure:**

**Step 1:** Sign up for an appointment to get your vehicle's oil changed and fill out vehicle information and requested services form. Available signup times and form can be found at Oil2ULLC.com. (Please note the website does not currently exist)

**Step 2:** Day of the appointment, park your vehicle in a reserved parking spot located in Company X's parking garage or parking lot.

**Step 3:** Drop your spare key and payment off at a locked Oil2U box at the security desk.

Requested services would be performed from 8:30am – 5pm. Your spare key would get locked into your vehicle along with a form explaining the services that were performed and a receipt of payment.

##### **Onsite Oil Changing Service Packages:**

Basic Package: \$35.99 + tax

- Replace oil with up to five quarts of quality motor oil
- Replace oil filter
- Inspection of:
  - Wiper blades
  - Transmission fluid levels
  - Power steering fluid levels
  - Brake fluid levels
- Check/Fill:
  - Tire pressure
  - Windshield washer fluid

High Mileage Package: \$49.99 + tax

- Basic Package with high mileage oil

Synthetic Blend Package: \$54.99 + tax

- Basic Package with high mileage oil

Full Synthetic Package: \$69.99 + tax

- Basic Package with fully synthetic oil

Add Ons:

- Rain X windows: \$8 for first window, \$3 for each additional window
- Air filter replacement: \$30 + tax
- Air freshener: \$3 + tax
- Windshield wiper replacement: \$25 + tax

**Onsite Oil Changing Service Survey:**

1. Rate the following 4 items in order of importance to you when choosing an oil changing company.

1 being most important and 4 being least important:

\_\_\_\_\_ Convenience    \_\_\_\_\_ Price    \_\_\_\_\_ Quality    \_\_\_\_\_ Brand Familiarity

2. Is the onsite oil change procedure described more convenient than the current way you get your vehicles' oil changed?

A. Yes    If Yes, how much more convenient (Circle one): (a little more), (more), (a lot more)

B. No    If No, please explain why: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. Explain any changes you would make to the oil changing procedure?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. If the oil changing procedure and packages described were available at Company X, would you use them?

Basic Package:                      Yes    or    No                      If Yes, indicate how many times per year: \_\_\_\_\_

High Mileage Package:            Yes    or    No                      If Yes, indicate how many times per year: \_\_\_\_\_

Synthetic Blend Package:        Yes    or    No                      If Yes, indicate how many times per year: \_\_\_\_\_

Full Synthetic Package:         Yes    or    No                      If Yes, indicate how many times per year: \_\_\_\_\_

If you answered No, please explain why:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Do you feel the prices are appropriate for the packages considering the location and convenience of the service?

Basic Package (\$35.99):         Yes    or    No                      If Yes, indicate max price you would pay: \_\_\_\_\_

High Mileage Package (\$49.99):    Yes    or    No                      If Yes, indicate max price you would pay: \_\_\_\_\_

Synthetic Blend Package (\$54.99):    Yes    or    No                      If Yes, indicate max price you would pay: \_\_\_\_\_

Full Synthetic Package (\$69.99): Yes or No If Yes, indicate max price you would pay:\_\_\_\_\_

If you answered No, what price do you think is necessary in order for you to switch from your current oil change company?

Basic Package (\$35.99) \_\_\_\_\_

High Mileage Package (\$49.99) \_\_\_\_\_

Synthetic Blend Package (\$54.99) \_\_\_\_\_

Full Synthetic Package (\$69.99) \_\_\_\_\_

6. List any items you feel are missing in the offered oil changing packages?

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7. Would you purchase any of the add-on services listed above?

Rain X windows:

E. Yes If Yes, how often: \_\_\_\_\_

F. No If No, why: \_\_\_\_\_

Air filter replacement:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

Air freshener:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

Windshield wiper replacement:

A. Yes If Yes, how often: \_\_\_\_\_

B. No If No, why: \_\_\_\_\_

8. Do you think the add-on services prices are appropriate?

Rain X windows: Yes or No If No, indicate price: \_\_\_\_\_

Air filter replacement: Yes or No If No, indicate price: \_\_\_\_\_

Air freshener: Yes or No If No, indicate price: \_\_\_\_\_

Windshield wiper replacement: Yes or No If No, indicate price: \_\_\_\_\_

9. Please list any add-on services not mentioned above that you would like to see offered?

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10. If you were satisfied with the service provided, would you bring your significant other's and/or children's vehicles to get their oil changed using the same procedure and packages?

E. Yes If Yes, how often: \_\_\_\_\_

F. No If No, please explain why: \_\_\_\_\_

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11. Do you use any of the following companies for your oil changing needs (Circle companies that apply) and how much do you pay per oil change?

- A. Jiffy Lube \$\_\_\_\_\_
- B. Valvoline Instant Oil Change \$\_\_\_\_\_
- C. Wal-Mart \$\_\_\_\_\_
- D. National Tire and Battery \$\_\_\_\_\_
- E. Firestone Complete Auto Care \$\_\_\_\_\_
- F. Burnett Automotive \$\_\_\_\_\_
- G. Other (Please, list the company(s) you use and price):\_\_\_\_\_

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12. If Company X offered this service as a free employee benefit, would you change any of your answers above?

Which ones and what to?

13. Please circle the criteria that apply to you:

Gender: Male or Female

Age: 20 – 24, 25 – 34, 35 – 49, 50 – 64, 65 & over

14. Do you have any additional comments?