Making the New Year a Fresh Start

By Mike Weinberg Contributing Editor

hope you all had a great holiday season and are now ready to start the New Year on the right foot. Our business is changing at a rapid rate. The government now says we are in a recession. Most of the repair shops in this country have known about that since last March, but we don't get the big bucks these consultants get.

Leasing, which has long hurt the repair industry, is definitely on a downward trend, but the carmakers have countered with a two-pronged attack to hold on to market share. First, they came out with zero-interest financing, which stimulated sales big time, and then many companies extended their warranty programs. When you see cars and trucks with 7-year/100,000-mile warranties, those vehicles are basically lost to us until the owner is out of warranty. The good news

is that fuel prices are dropping nicely and miles per year figures are increasing, which means that on a 100,000-mile warranty, the customer might drive through it in three years.

If you haven't noticed, the manufacturers are now competing with reman programs that are very competitive on major components. Many vehicle lines now have reman transmissions

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available at prices that are hard to beat. The trick to staying in business is to be able to provide products and services that are more attractive to the customer. This may mean buying factory reman units in some instances rather than trying to compete with the major manufacturers head to head. Being able to get the customer back on the road quickly gives you an edge over the longer waiting times at many dealerships, and if you work smart, you can compete on price. This may mean being selective about how you use your resources, building those units that are not available or competitive from the dealer and buying those that you can't possibly build at a lower cost.

It is time to do what your customer does and "let your fingers do the walking." Get on the phone and shop your local dealers for prices and availability of the units you commonly see. This is called market research, and every business should be doing it. If nothing else happens, you will know where you stand from a competition standpoint. Shop the dealers just as your customer would.

Find out what is going on around you so that you know how to be competitive. Explore what the downtime and charges are for repairs and what the warranty is, and be sure you are comparing apples with apples. Like the Boy Scouts, be prepared. If you can buy a certain unit from

the dealer or central rebuilder at a price that lets you compete with the dealer, shift your builder's resources to something that the competition can't provide. When a customer quotes you a counterproposal on price, you will know whether he is telling the truth and will have answers to his objections. For instance, the dealer price may be lower than your quote but the car will be tied up for two weeks. The customer may be happy to pay several hundred dollars more to get the car back in three days instead of 14.

If your shop is really sharp on diagnostic work and electronic problems, make sure you are getting the right dollars for this knowledge and skill. Now is not the time to give your work away. If a rebuilder is really comfortable with automatics, but not sure about sticks and transfer cases, perhaps buying those units from an outside source will free him to earn more money for the shop. Standard transmissions and transfer cases are still an area in which the dealer is not competitive.

Lubrication-Related Problems

The shift quality of standard transmissions and transfer cases is directly related to the type and quality of fluid in the gearbox. This is not new, and we see at least seven types of gearbox lube that a shop now must be familiar with.

However, an increasing number of mysterious failures are happening in certain common manual transmissions. The scenario starts with a gearbox or transfer case that arrives at the shop with no oil. If the unit is



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badly damaged, leak testing it may be impossible, but knowing whether there was a leak is critical.

We are seeing increasing numbers of Ford M5R1 and M5R2 transmissions and certain New Process and New Venture transfer cases for which the manufacturer specifies ATF that lose the fluid with no apparent transmission leaks. It appears that the ATF tends to form a mist and leave the transmission by the vent, without any seal or gasket failures. For the past year we have been running the M5R1 and M5R2 transmissions using Synchromesh transmission fluid, and our research now leads us to recommend that fluid in this series of transmissions. The shift quality is excellent, and the mystery of the vanishing lube is gone. The factory specifies ATF for these units, but high-speed driving on the highways indicates a slow, steady loss of fluid because of misting. Using Synchromesh fluid eliminates that problem.

Experimenting with making lube changes in transfer cases is too expensive for the average shop. The type of oil pump and the use of clutches in some designs limit the changes that can be made. The following units use ATF for the factory fill and can safely use 5W30 synthetic motor oil for improved durability. Do not vary from this list, please, as the results will not make you happy:

- New Process and New Venture transfer cases that should use 5W30 synthetic motor oil: 207, 208, 219, 228, 229, 231, 233, 241, 242, 243, 249, 261, 271
 - BorgWarner transfer cases

that should use 5W30 synthetic motor oil: 4404, 4472

The following transfer cases MUST use the factory-specified lube fill:

- BorgWarner 1345,1350, 1354,
 1356, 1370, 4401, 4405, 4406 and
 4407. Note: The type of oil pump in these units makes using ATF mandatory.
- New Process/New Venture 136, 236, 246, 247. Note: The clutch application in these units makes the factory lube recommendation a must.

Given the increasing number of transfer cases, being able to identify what you are working on becomes increasingly important. A guide to the information on the identification tags on common transfer cases is on page 54.

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