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## Business Reference Guide Online

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### Auto Lube/Tune-Up

**SIC:** 7549**NAICS:** 811191**Number of Businesses / Units:** 14,500

#### See Also

- ▶ [Grease Monkey](#)
- ▶ [Jiffy Lube International](#)
- ▶ [Texaco Express Lube](#)
- ▶ [Valvoline Instant Oil Change](#)

This U.S. industry comprises establishments primarily engaged in changing motor oil and lubricating the chassis of automotive vehicles, such as passenger cars, trucks, and vans.

#### Rules of Thumb

40 percent of annual sales (Tune-up) plus inventory

3 times EBIT (Tune-up)

45 percent of annual sales (only Auto Lube businesses) plus inventory

1.5 to 2.25 times SDE plus inventory

#### General Information

"Things to look for: franchise vs. independent, royalty fees, gross minimum 70 percent, payroll maximum 23 percent (+ payroll taxes), owner cost/price per gallon of oil, underground pits (minimum of two), supplier contacts & obligations. Things to add in the value of the business: more than one location to be purchased, minimum gross profit 72 percent, strong manager in place, multiple locations, lube & oil change only, high profile franchise, long-term leases & good rents, volume of minimum \$30k per month, reputation, absentee owner. Things to subtract in this business: owner-operated, volume less than \$25k per month, long-term oil supplier contract, car count low, only one bay, non-drive-thru capabilities, gross profit less than 65 percent, appearance, geographical site, most equipment on lease. Overall this type of business has lost some of its glamour and value multiples are down"

#### Oil Change-Market Share by Type of Chain

Automotive Chains	38%
Non-Automotive Chains	11%
Department Store Chains	03%
Discount Store Chains	48%

**Seller Financing**

"4 years"

## sales:

Cost of Goods	19% to 24% (average 22%)
Payroll Costs	20% to 25% (with manager 25%)
Occupancy	10% to 16%
Royalty Fees (franchise)	5% to 8% (average 6%)
Profit (estimated)	12% to 18%

## Auto/Lube - Repair Services

Expenses as a percentage of annual sales:

Cost of Goods	24% to 30% (average 27%)
Payroll Costs	22% to 26% (with manager 26%)
Occupancy	10% to 16%
Royalty Fees (franchise)	4% to 8%
Profit (estimated)	14% to 23%

Tune-Up Services "Average sales volume per bay (single) \$13K/mo. If you have eight bays the sales volume should be \$100K per month if you have the proper equipment, mechanics and car count."

**Industry Trend**

"Rapid growth in the Central States as well as the Northeast and Southern geographical areas."

**Advantages**

"Jiffy Lube, Grease Monkey, etc. provide a quick turn around, normally 40 minutes or less."

**Disadvantages**

"The name brand lube and oil change companies are normally more expensive than the discount stores."

**Additional Resources**

## Associations

- ▶ [Automotive Service Industry Association](#)
- ▶ [Independent Automotive Service Association](#)