

In This Issue...

Customer Profile:
 Alamo Heights
 Garage **pg. 2**

JASPER Includes
 Gearbox with AWD
 Transmissions **pg. 3**

JASPER Researches
 Damage to GM
 Aluminum Front
 Differential
 Housings **pg. 3**

Jim Davenport:
 Cooler Flushing...
 Not So Cool **pg. 4**

Craig Hessenauer:
 2010... I Can't
 Wait! **pg. 5**

**Associate Stock Ownership Plan
 Preserves JASPER's Future**

Jasper Engine and Transmission Exchange announced the transfer of 100% of their stock to a newly formed company - Jasper Engine Exchange, Inc. Employee Stock Ownership Plan (ESOP). The announcement was made during a special presentation to Associates March 2nd.

Doug Bawel, President/CEO, said "We are so proud of what our Associates have built the last 68 years. We wanted to have a method to:

- 1) Reward our People for their Efforts,
- 2) Preserve the Jobs in the Communities of Southern Indiana and Willow Springs, Missouri,
- 3) Pass along the JASPER Legacy.

It was a natural fit, and the right thing to do."

"This ESOP, unlike most ESOPs, is 100% financed by the Shareholders," Bawel added. "We want our Associates to know that the management team is going to be very active in making sure our Great Company is poised for generations to come. We are excited to be a part of this transition and legacy. Our Customers will continue to experience the highest quality products and service in our industry." He went on to add, "Our benefit and pay package remains unchanged, including our very successful quarterly bonus and 401k profit sharing plan."

Bill Kaiser, JASPER's corporate legal counsel, describes the ESOP this way:

"The decision JASPER made to choose an ESOP, rather than have its assets purchased by another company, is pretty incredible. It means that management is

not going to shop the company around in order to get the most money. It's more important for management to make sure this company continues on in the future in their same present locations and the same Associates."

This 100% Employee Stock Ownership Plan is an additional retirement benefit made available to all full-time Associates throughout all subsidiaries of the company.



JASPER President Doug Bawel addresses the Employee (Associate) Stock Ownership Plan during a March 2nd presentation.

Be Car Care Aware™

Alamo Heights Garage

San Antonio, Texas, is the home of Alamo Heights Garage. This is a general auto repair facility that knows how to give back to a community and keep the business in the family.

Alamo Heights owners, Gary and Darla Pundt, are second generation owners. The business was started in 1958 by Gary's parents, John & Lee Pundt. In 1997, Gary and Darla purchased the business from Gary's mom, and focused their efforts on running the business and raising their family.

Gary and Darla compliment each other's strengths. Darla is a Certified Public Accountant. She is the financial counter balance to Gary's extensive automotive background and allows him to focus on vehicle diagnostics and service. "Darla's skills are an asset to this business," says Gary.

Gary has worked in the automotive industry since he was 16. He graduated at the top of his class, receiving a degree in Automotive Technology. Gary is a member of the Texas State Technical Institute Advisory Board and is serving his second term as state president of the Texas Independent Automotive Association (T.I.A.A.).

When Alamo Heights first opened 52 years ago, their original location had room for just six cars. The business has moved three times over the years and has been located at 8719 Broadway since 2006. This facility has 20 service bays in two buildings, with a combined 10,000 square feet of work space.

Of the eight employees at Alamo Heights, four are ASE-Certified and two are Master Technicians with L1 Certifications. The other two are Certified in brakes and chassis. Alamo Heights pays for all of their technician's additional

training. They also utilize web-based training and offer incentives to technicians for self-continuing their education. The company also implemented monthly safety lunch meetings with their employees.

When it comes to using JASPER for remanufactured products, Alamo Heights has been a customer for the past three years. They average 12-15 purchases a year, including engines, transmissions, coolers and installation kits.

"After touring the facility in 2009, I saw the different processes and quality that goes into each and every product," says Gary. "JASPER truly builds a superior product and has a great warranty."

Gary is very appreciative in the way JASPER strives to make the independent garage owner a successful entity. "JASPER continues to support our industry and the T.I.A.A.," adds Gary. "This makes it very easy for me when deciding where to spend my money."

When it comes to customer support, Alamo Heights Garage takes the time to provide exceptional repair service to their customers at a fair price. Additional services include quarterly newsletters sent to customers, and Alamo Heights sponsors a car clinic geared toward the growing women's market. They offer their own shuttle and wrecker service, as well as a courtesy multi-point inspection of all vehicles that roll through their shop. Plus, the company participates in a yearly vehicle repair program for the city's Battered Women's Shelter.

Added Gary, "The relationships and friendships developed over the years have built values that allow us to provide honest service for multi-generations of families."



Alamo Heights Garage in San Antonio, Texas, providing expert vehicle repair since 1958.

JASPER Includes Gearbox with AWD Transmissions

When it comes to all-wheel drive transmissions, Jasper Engines & Transmissions makes it a point to include the gearbox with each remanufactured unit.

In the GM 4T65E, for example, JASPER has found components inside the gearbox that will fail over time and cause damage to the internal gears.

“There’s a washer hidden underneath the final drive sun gear of the 4T65E AWD gearbox that is a high-wear item,” says Craig Leuck, JASPER Transmission Division Manager.

“There are five tabs on this washer that will either wear down or break off (see Figure 1). That loose metal will either damage, or destroy, the gears inside the case (see Figure 2).”

JASPER takes the stand that even



Figure 1 - The washer hidden underneath the final drive sun gear of the 4T65E gearbox has one worn tab and one tab missing.



Figure 2 - That metal tab from the washer had to go somewhere... and eventually destroyed the case gears.

though the vehicle’s current gearbox may not appear to be worn out, it’s only a matter of time before metal pieces appear inside the case. “Do you want to take the chance on a gearbox having

a worn washer that may not have completely failed yet,” asks Leuck. “Or, would you like a complete unit that’s a quality product to the customer?”

JASPER Researches Damage to GM Aluminum Front Differential Housings

Catastrophic damage to GM aluminum front housings is being researched by the Differential Division at Jasper Engines & Transmissions.

Many of the cores from 2002-2006 GMC Trailblazer and Chevrolet Equinox SUVs are sent to JASPER with either cracked housings or holes blown out the side (see figure 1).

“Several things could come into play with these premature failures,” says Wayne Mehringer, JASPER Differential Division Manager. One such issue is failure of the outer pinion bearing. “The bearings in these units are very small and cannot stand any sideward or abnormal pressure,” says Mehringer.

Another issue could involve the transfer case. “Problems either with a viscous coupler, or the internal gearing, can put extreme pressure on the drivetrain,” says Mehringer. “This extreme pressure can make the outer pinion bearing heat up and fail.”

Issues with tire circumference can also cause differential housing failure, especial-



Figure 1 - Many GM aluminum front differential cores sent to JASPER have either cracked housings or holes blown out the side.



Figure 2 - JASPER will use retaining compound to keep the outer pinion bearing from spinning within the aluminum housing.

ly with all-wheel drive vehicles. “If one of the tires on the vehicle measures larger, or smaller than the other three, this puts extreme pressure on the outer pinion bearing,” says Mehringer. “The bearing will eventually heat up and come through the side of the housing.

During the remanufacturing process, JASPER utilizes a retaining compound to

help keep the outer pinion bearing from spinning within the aluminum housing (see figure 2). “JASPER will also use new ring and pinion gear sets, pinion bearings, differential case bearings, axle shaft bearings, a collapsible spacer, thrust washers, pinion seal and axle shaft seals,” added Mehringer.

Cooler Flushing... Not So Cool

by Jim Davenport, JASPER National Technician Instructor

Jim Davenport

has over 40 years experience in the automotive industry. During that time, Jim graduated from Vocational Technical College in Maryland, majoring in Automotive Technology. He has been an ASE-Certified Master Technician since 1973. Jim has been a Parts and Service Manager of many different vehicle makes. He has been an Independent Auto Repair Claims Inspector and Better Business Bureau Field Inspector. Jim has been with JASPER as a National Technician Instructor for eight years and is a member of the North America Council of Automotive Teachers.



You always hear me use the phrase, "To be a good detective." Pretty much anything with a cooler attached to it will eventually fail, whether it be an engine, transmission or even an A/C compressor.

As technicians, when we normally replace a component, we try to flush out the cooler, whether it be for the transmission or the engine. Now there are a lot of products on the market that are supposed to help us do that... or do they? You know what I'm talking about - flushing machines and cans of flushing products - the ones we used a long time ago and eventually learned our lesson.

Statistically, replacing a cooler, rather than flushing it, will produce a cleaner environment, thus producing better running components and less comebacks.

I know some of your customers will not be happy with a new cooler with the transmission job, but the role of "consumer educator" is just one more hat that we must wear. Whoo Hoo! That's a cool title. Fixing the job right the first time, it is so true.

Now some technicians will tell me,

"Jim, I've flushed the cooler before and haven't had any issues." That's nothing more than a roll of the dice. When it comes to automobile repair, I would like to feel more secure than that. Sooner or later, flushing the cooler will come back to bite you.

Why you can't flush today's coolers? Well, two words come to mind: "manifold design." Think of it as a radiator. There are cooling tubes going left to right and the sides are the main shaft. Now the shaft fills with fluid and then goes across

the multiple layers of cooling tubes.

Just imagine that one tube is clogged with contaminants. You start the flushing process and the flush will travel across the cooler through the path of least resistance. This leaves the tube with the contaminants in it.

I believe it is a false sense of security when flushing. Now you will hear the vehicle manufacturer suggest flushing coolers with warranty repairs, except this one from Ford stating on the 4R100 "do not flush... replace cooler." Now that's cool.

JASPER's Official Stand on Cooler Flushing

It is important that JASPER has a clear definition and policy that reflects the best interest of our customers and our company. Past failure to address this issue has allowed misunderstandings within our company and among our customers.

Cooler free flow can range from one and one-half quarts to over four quarts in 20 seconds. It all depends on the transmission. We have established the average acceptable flow as two quarts in 20 seconds. However, we also know that this is not true in all situations. For example, the Dodge 47RE transmission requires up to four quarts in 20 seconds.

Replacing the vehicle's system with an external cooler isn't always the answer. Consider the fact that the original manufacturer's system uses the engine's radiator to transfer the heat from the transmission's fluid to the vehicle's cooling system. Under all conditions, this is consistent, since it is thermostatically controlled. An external cooler depends on its ability to transfer the fluid's heat to air, which is a less-effective method. It is not monitored by a thermostat and depends on constant air flow to be effective. There are two situations where they could cause a transmission failure. One is where the air flow over the cooler is interrupted (snow plows, low-speed towing, stopped in traffic, etc.) A second problem arises in extremely cold conditions where the transmission fluid is unable to warm-up. In fact, under extremely cold conditions, it could contribute to the jelling of the fluid.

Flushing the system is no longer effective. The newer-style coolers have complex internal grids used to enhance heat transfer. These systems collect debris and are impossible to fully flush. Some systems have thermostats that open at 190 degrees. The bypass on these systems causes a misleading appearance that the cooler itself is being flushed.

Comparing cooler flow as it exits the transmission to the flow after it passes through the cooler is not always effective. Some Chrysler 41TE and 46RE coolers, that have contamination, could pass a flow test at normal operating temperature. However, under load or hot conditions, the cooler will restrict the fluid flow to dangerous levels.

The point is, there is no single answer that fits all circumstances.

Listed below are three blanket statements that are considered JASPER's position. They are listed in order of preference:

- 1. REPLACE WITH A NEW SYSTEM (RADIATOR). Check flow to assure lines and check valves are OK.**
- 2. REPLACE WITH AN EXTERNAL. Keep in mind the above information and flow test.**
- 3. FLUSH THE ORIGINAL SYSTEM. A heated, hydraulic shock system is the best. Flush in a can is not acceptable. Always flow test at operating temperature.**

2010... I Can't Wait!

by Craig Hessenauer, JASPER Regional Sales Manager

Craig Hessenauer

has been a Jasper Engines & Transmissions Associate for 20 years, working primarily in the Mid-Atlantic region.

Craig began his Automotive career 28 years ago after attending Salisbury State University in Maryland in pursuit of a Bachelor's Degree in Business Administration.



I'm so excited that I just can't hide it any more. You know; I've been called a lot of things before but never "giddy", until recently. Yes, I've been called bullheaded, controlling, intense, and I'm sure a few other choice words in my absence. Those descriptive words are certainly not synonymous with "giddy" are they? Go figure. But that is what a customer labeled me recently during a discussion we were having regarding the current status of the automotive aftermarket. Me giddy? I had a hard time with that accusation at first, but after thinking about it for a moment; I was forced to agree.

R.L. Polk recently released information which shows motorists, as of October 2009, keeping their vehicles an average of 10.2 years. That's compared to the July 1995 average of 8.4 years. Wow! What an opportunity.

When comparing the automotive aftermarket's sales volumes in recent years to it's sales volume in the 1990's, one could say that the industry has been depressed for several years. For almost a decade, the new car compa-

nies had incorporated a very flawed "push through" marketing philosophy that not only destroyed their own industry, but destroyed our industry too! ("Push through" meant that they produced more cars than were in demand, which forced them to heavily discount what they sold). An oversupply of vehicles for sale depressed both new and used car prices, which made it more appealing for consumers to decline your repair quote in favor of replacing the vehicle. So while we are watching our nemesis (the pushy new car and light truck industry) falter, I say it's time for a celebration!

How big is this news for you? Do you remember the 1990s when you had two to three weeks of work scheduled and could never get it all done? Well get ready 'cause here it comes again! Don't believe me? Then take a look at the data below. Compare 1991, when new car, light truck and SUV unit sales were running 12.51 million annually to when new car, light truck and SUV unit sales were booming from 1999 until 2006 at 17.05 million! (Source the US Dept of Commerce, Bureau of Economic Analysis). What happened in the years that followed 1991? The automotive aftermarket was thriving! What happened in the years that followed 1999? It took a year or two, but the automotive aftermarket experienced a continuous and then sharp decline.

The great news is that the trend is reversing and the statistics are telling us that the automotive aftermarket is about to explode. Many shop owners and service writers are reporting that more of their customers want to keep driving what they have and as a result the shops are getting more work.

Still don't believe what is about to

happen? Then look at the last two years of new car, light truck and SUV unit sales data. There was a step down from 17.05 million in 2006 to 13.48 million in 2008. Then sales were down right depressed in 2009 at 10.54 million. And it's not getting any better in 2010, is it? In fact, new car and light truck sales are far worse than even 1991! Hey Nemesis... You had more than your fair share of market dominance, now it's our turn to earn!!!

Amen and Hallelujah! It's about fabulous time! I guess a "little giddy" might properly describe how great I feel about our little part of the Global economy. During the last 10 years, while other industries have been steadily raising their labor rates, many of you have been forced to keep labor rates low in order to compete for the dramatically lower repair volume. Plumbers in major markets, for example, are charging \$130 to \$140 per hour. What is your labor rate? Hey, would you like a 28.7% increase in your labor rate? That is where your labor rate would be if you would have pegged your labor rate increases to the Consumer Price Index (CPI) over the past 10 years. The CPI went from 166.6 to 214.53, a 28.7% increase during that period of time. What was your labor rate 10 years ago? For most of you only about \$10 less than it is now, which is probably only an 11 to 15% increase. Not fair is it? And all because the new car companies mismanaged their market and depressed ours. Well, there's no further point to looking back, as we can only influence where we can go in the future. So I believe it's time to say GIDDY UP, COWBOY! It's our turn to earn! Make 2010 your year for economic recovery.

New Car/Light Truck/SUV Unit Sales in the United States

Year	1991	1999	2006	2008	2009	2010
Sales per Year	12.51	17.4	17.05	13.48	10.54	10.78

Source: UNITED STATES DEPARTMENT OF COMMERCE Bureau of Economic Analysis (sales are annual in millions)

Cash for Clunkers... Any Lessons Learned?

While our country has been mired in the great debate over health care reform, let's take time to review another one of our government's promotions... the infamous "Cash for Clunkers" program.

This program had two objectives: help the environment by increasing fuel economy and boost car sales to help Detroit and the down economy... In both objectives, **It Failed.**

In a Washington Examiner article, Irwin Stelzer, a Hudson Institute economist, wrote, "the buyers of the almost 700,000 cars - 41 percent from Japanese makers and 39 percent from the (once) Big Three - for which dealers filed nearly \$2.9 billion in refund requests, included many who merely accelerated their purchase. It was estimated that 60 percent of buyers would have bought cars without the incentive."

Stelzer added that program didn't help when it came to reducing our country's dependency on foreign oil. "On the best of assumptions about the fuel saved by replacing inefficient clunkers with cars that get perhaps 10 mpg more than the vehicles they replaced, the reduction in gasoline consumption would cut our country's oil consumption by 0.2 percent per year, or less than a single day's gasoline use."

In a Wall Street Journal article, Burton Abrams and

George Parsons, of the University of Delaware, added up the total benefits from reduced gas consumption, environmental improvements and the benefit to car buyers and companies, minus the overall cost of the program, and found a net cost of roughly \$2,000 per vehicle. Rather than stimulating the economy, the program made the nation, as a whole, \$1.4 billion poorer. Keep in mind this does not even look at the cost of material, energy, etc. to produce those 700,000 vehicles.

Stelzer went on to say the Cash for Clunkers program had no regard for consumers in the market for a used vehicle (and for that matter the independent garage owner called upon to fix that vehicle). By mandating the destruction of trade-ins, Congress removed 700,000 cars from the used-car market, driving up the prices of the cars that lower-income consumers tend to buy.

Further, by ordering that a trade-in's engine be destroyed by replacing the engine oil with a sodium silicate solution, Congress sharply reduced the pool of good, salvageable engines that could be remanufactured, sold and returned to service.

There could be more to this article, but you get the idea. Stelzer said it best.... "It takes a politician to declare Cash for Clunkers a success."



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