

The Allin Co. uses salt brine trucks to spread liquid calcium chloride.

# Snow removal: brisk, always profitable

By Sharon Conners, Contributing Editor

*Snowplowing represents more than a change in work environment. It's not easy, but there's money to be made for the dedicated, well-equipped contractor. You not only expand into a year-round business, you can keep people on the payroll.*

**I**t's -30° F and the brutal winds blow and drift snow across the roadways, making many streets impassable. The only people who are likely to be on the road are in the business of snow removal.

At the first sign of snowflakes, snow plow teams begin to gear up for their mission to clear roads, parking lots and driveways.

It doesn't matter that it's three a.m. Sunday. There's work to be done and it has to be done now, not later when churchgoers can't make it into the church parking lot.

### **Tremendous opportunity**

Contractors that spoke with *LANDSCAPE MANAGEMENT* report being in the snow business anywhere from five to 20 years. During that time, they experienced growth from 100 to 1,000 percent.

Chris James, president of Chris James Landscaping Inc., Midland Park, NJ, says since the late '80s the company has consistently been over \$100,000 in sales in snow/ice services. An average winter can bring somewhere between \$125,000 and \$150,000 to as much as \$280,000.



**Glossop: It's more than pushing snow around.**

James is frank about his pricing strategy: it's based on his experience, and his experience alone.

"I don't believe in letting the industry set my pricing. I set my pricing on what I know it takes to be profitable," James says. "In the corporate areas I work in right now, I have several very good competitors. They're true professionals and we're all in the same pricing realm. I also have a dozen other companies in that same area that are completely unrealistic with their pricing. The same is true in residential."

In Erie, PA, where it snows an average of 150 to 300 inches each year, **John Allin**, of Allin Companies, started out in 1978 as a one-man operation. In 1986 the company grew to the point where it moved out of the house and garage. It has year-round, 40 employees and 45 subcontracts for winter. Sales from snow services this year are expected to be about \$700,000.

**Rick Kier**, owner of Proscapes Inc., Jamesville, NY, started out at about age 10 with his father's snow blower doing the neighbor's driveway and hasn't stopped since. He bought his first truck one month before he turned 16.

"It is very important that a contractor understand the requirement and the dedication that is involved. All the contractors that I know that are

involved both in our organization and without in snow and ice management are people that understand they have to be on call 7 days per week, 24 hours a day," says Kier.

**William Pullin** of Environmental Maintenance, Baltimore, Md., says snow work "is a very grueling operation. It requires extremely long hours, a lot of stamina and the ability to stay focused for long periods of time. I'm talking about 30 hours a shot."

**Joe Drake**, president of JFD Landscapes, Inc., Chagrin Falls, OH, started in '79-80 with just one truck right out of high school and now plows with 11 trucks. He says he probably made more money when he was just doing the driving versus what they're doing now, but snowplowing is necessary in the business. "There's no set schedule. Employees don't like this. They could be out there from a couple hours to two or three straight days plowing snow," says Drake.

## Watching weather is easy

**Don Wilmes**, director of sales for the public sector at DTN Weathercenter (Data Transmission Network), says his company provides a system to contractors via satellite that has the most recent next generation radar images. They are able to track the intensity and movement of storm systems with a 48-color palette. Images are updated every 15 minutes, 24 hours per day. It provides the ability to look at short range forecasts: 12-hour, 24-hour, 36-hour and 48-hour forecast maps. They are updated four times per day.

The company has an arrangement where it leases equipment. It provides the satellite dish, monitor screen, data box and all the cabling. There is a one time, \$318 start-up fee. The flat monthly subscription rates are \$72 per month if billed on a quarterly basis and \$68 per month if the first year is pre-paid. DTN maintains the equipment for them.

According to Wilmes, there are three main areas where the systems can benefit contractors:

1. **Operations planning** will assist them in staffing their crews, scheduling projects and determining where and when they can get work done.
2. **Cost.** There are savings as far as materials, time and equipment is concerned.
3. **Document.** "Our system does allow you to archive or you can print out weather information which can be used to document the actual weather conditions at the time that they send their people out." •

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In Syracuse where it snows an average of 160 inches per year, **David Venditti**, vice president of Clifton Property Services, says, "It takes a special breed of person to plow snow. It's very demanding. You almost have to write the winter off for

now, it's more of a question of managing a snow and ice on sidewalks and parking lots."

## Outfitting for winter

Once a contractor has decided that snow removal is for him, there's equipment to buy and deicers to stock up on.

The amount a contractor can expect to pay for snow equipment depends on the investment they wish to make. Contractors place the range for a truck with a plow between \$25,000 to \$72,000 depending on the type of truck and whether it is new or used and what kind of plow is used. Plows alone range from \$2,500 to \$4,000. Most use the same equipment in summer as in winter with the exception of one or two vehicles.

Glossop says that he would not use a ½-ton pick up truck in the winter unless it was for hauling snow blowing equipment and shovels, otherwise the warranty on it will be voided. He recommends buying a ¾-ton or larger truck.

Rock salt is one of the cheapest deicers contractors use. Regular rock salt ranges in price from \$30-\$60 per ton.

Another common deicer calcium chloride can cost around \$13-\$20 per 80 lb. bag. Magnesium chloride sells for \$18 per 50 lb. bag. Rock salt is generally used for

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— *Wayne VenHuiren, Koala Landscapes*

personal or social activities."

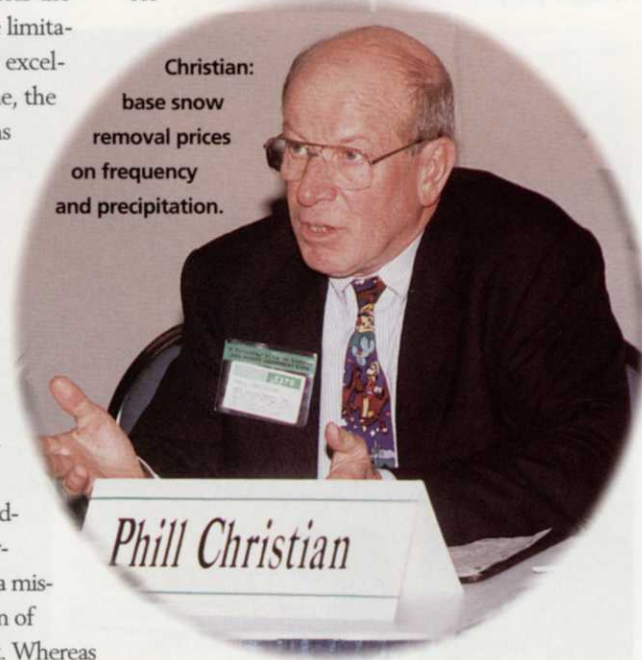
"[The snow contractor] is opening up the door to another kind of liability, which is 'slip and fall' related lawsuits, of which today there seems to be an exceptional amount," says **Michael Frank**, VP/Operations of David J. Frank Landscape Contracting Inc., Germantown, WI.

"The best way to protect yourself against a lawsuit," advises Frank, "is to make sure that your contracts with your clients are very clear as far as you agreed to make a prudent effort to clear the snow and the ice in conjunction with the limitations [caused by the weather]. Also keep excellent paperwork of the work that was done, the time it was done, and what the conditions were so that when you are in a court of law, you have a very good record that you did make a prudent effort. That you did follow the duty of the contractor."

Some mistakes that contractors say they made early on were lack of planning and underestimating the amount of equipment and personnel. Trying to do too many small jobs was another mistake.

**Charles Glossop**, owner of British Landscapes Ltd., Roseville, MN, says not understanding what the customers wanted was a mistake. "Ten or 12 years ago it was a question of pushing the snow in the pile and leaving it. Whereas

**Christian:**  
base snow  
removal prices  
on frequency  
and precipitation.



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roads and parking lots; calcium and magnesium chlorides for sidewalks. Often times buying in bulk helps to defray cost.

Many find it advantageous to stock up. Sometimes it involves preparing for the whole season or a snow storm and a half.

Contractors use anywhere from 50-1,000 tons of deicer per year depending on the volume of their business.

"The key to successful snow removal is being prepared. Whether it's having enough supply on hand or the way you maintain your equipment. That's kept us going when a lot of our competitors have failed," says **Wayne VenHuijzen**, owner and president of Koala Landscapes, London, Ontario.

## Bound by snow

Some common types of contracts are seasonal, hourly or per push (event).

**Pullin** of Environmental Maintenance, uses two kinds of contracts.

"I have 'per storm,' which includes plowing sidewalks and salting. They usually break from zero to six inches and six to 12. Above 12 inches is typically time and materials.

"The second contract is hourly and usually has a four-hour minimum. It costs anywhere from \$70 to \$125 per hour. "I would never write a straight 'per plow' contract," insists **Pullin**.

"You have to go by the hour or the inches," says **Richard Lauger**, owner of Lauger's Good Lawn, Youngsville, PA. "Because you can get three or four inches of snow to plow, but what happens when you get 16 inches of wet heavy snow? That has to be figured into the contract."

Many have stipulations in their contracts that if

*Plowing is only the beginning of a contractor's duty. Next, he needs to be concerned with which deicer will get the job done the best and quickest.*

there is snow above a minimum amount they can charge more.

**David George**, exterior division manager, Engledow Group, Carmel, IN, says, "Our contracts are based on minimums with a declining rate the more it snows. The minimum covers the initial purchase of the equipment that I have to make whether or not it snows. If we go out and buy the equipment and it doesn't snow, the return on our investment is pretty poor. The minimum protects against that."

"The reason why we graduated rather quickly

from the residential market to corporate condominium snow removal was that it was like feast or famine," says **James**.

"When it snowed 10 or 12 times, and I had a couple plow trucks doing residential, it was profitable. But during winters that we only had a couple of snowstorms, it wasn't. There wasn't consistency.

"With the corporate property management, all-inclusive snow and landscape contracts assures us our equipment and manpower were more than



Allin: no interest in residential competition.

## So the price is right...

With so many different ways to calculate what they'll charge, a weary contractor can call on the expertise of a consultant to find out the best way is to bill a customer for his services. Phil Christian, president of PDC Associates Inc., Marble Hill, GA, is one consultant who helps contractors. He has a formula for figuring price:

- measure the area to be removed in square feet
- divide by production factor—the number of square feet we can plow per hour
- equals the number of hours required
- multiply number of hours required
- times hourly rate
- times the number of frequencies you expect that year.

Most contractors plow by the hour, which Christian thinks is the most fair, but not the most professional. "Selling your time by the hour is kind of a low end of the business. I would much prefer to have an annual contract based on frequency and precipitation rate. Selling your time by the hour is pretty tough because it may or may not snow in some markets."

Prices range from \$50-\$60 per hour all the way to \$110. Usually the more snow you have the lower the hourly rates.

Christian says one common mistake is "copy cat" pricing—trying to get all the market will bear based on someone else's calculations. Also, not taking into account "snow removal" as opposed to snow plowing. "After the first two or three storms there might not be anywhere to put the snow and you have to hire big tandem trucks and loaders, and sometimes they don't take that into account." ●

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paid for throughout the winter months."

Most snow removal contractors' clients are existing landscape clients. Very few of them advertise their services.

Tom Yackley, president of Yackley All Weather Service Ltd., Oswego, IL, says writing a contract, "should be based on what your client needs. A lot of times it's based on what the contractor thinks he needs. It's got to be an educated guess, not gambling when you price the work out."

"You grow some years a little bit and then there's other years, because of the weather, that you make a big jump and then the next year, you make another big jump. We have never leveled off, we have always grown. In the last five years I would say our business has doubled maybe three times."

"You have to take the time to assess your abilities, your employee's abilities, your client's expectations and are they compatible," says Yackley. "Where a lot of contractors fall down on the job is that they fail in the preparatory stage. They lack experience and education."

### Flurry of competition

While residential snowplowing is profitable when it snows a lot, there are some drawbacks. There is a lot of competition, especially from the guy who just happens to own a plow.

Pullin says, "The only time there is any money to be made in residential is in blizzard conditions. It's unfortunate but the prices will triple when demand is high."

Adds Frank, "for a smaller contractor it would be in his best interest to do residential work because it is very profitable. You can make more per hour doing residential than you can doing commercial."

"Every Tom, Dick and Harry that has a truck is out beating the bushes to plow residential. I've got 'competitors', one truck operators that are willing to plow driveways for less than half of what I'll plow them for. We can't compete with them, nor do we want to," says Allin.

Most competition comes from the guy with a pick-up and a plow scooping driveways. Competitors are most likely to take a bite out of a contractor in the residential market where small-time contractors are predominant. There is some competition in the commercial market, however, most contractors enjoy a comfortable niche.

"The problem with a one or two-truck opera-

***Contractors say a truck and plow outfit ranges between \$25,000 to \$72,000.***

tor," says Allin, "is that if he's servicing a plaza and he has a truck go down he has lost 50 or 100 percent of his workforce. I've got 75 to 85 units out moving snow. If I lose one or two trucks, it doesn't affect the overall operation of the business that much. We can still service the customer."

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"In the landscape industry," says Kier, "if you have a lawnmower breakdown, you can call a customer up and say we're coming back tomorrow and they're just fine with it. In the snow removal business if the customer opens up their garage door at 7:05 and you were supposed to have the driveway plowed at 7:00, your name is mud."

Glossop is not concerned about the guys with pick up trucks.

"I would much rather hire some of those people and put them out in the field as a good subcontractor and probably pay him a little more than what he would be making if he was out there bidding it on his own. It comes down to a liability and an insurance issue more than anything else," says Glossop.

## Gearing up

The number of people that contractors use to staff their snowplow operations varied according to how many customers they served. Some contractors use as few as two and others as many as 400 during a blizzard.

Yackley says his company determines how many hours it needs to cover the work. Then, he figures out how many people he needs.

"This year I know we're expanding and I'm going to need 1800 hours," he predicts. "I've got to come up with more equipment and more people I feel are qualified to do the job so I have 1800 hours I can use a day."

In Baltimore, where the snowfall is an average 21 inches per year, if snow is six inches or less, Pullin needs 75 to 100 people. "In situations like we had in

'96 where we had 30 inches of snow in one week, I had 400 people working around the clock."

## Starting out: be ready

The reality of snow removal is this:

"A landscape contractor has to look at whether or

*"With corporate property management, all-inclusive snow and landscape contracts assures us our equipment and manpower were more than paid for throughout the winter months." —Chris James, Chris James Landscaping, Inc.*

not he wants to allot five months of his winter dedicating 24 hours a day, seven days a week to be on call and to be able to provide snow-related services," says Michael Frank. It does take a lot of dedication and time. It's days on end a lot of times and 24-hours in a row. It also places exceptional wear and tear on the equipment that he uses during the summer months."

As a snow removal professional, it's often hard to predict what kind of weather the winter will bring. It's also a risky business venture that a contractor has to decide whether or not they are willing to take. Whatever the outcome, a contractor's first responsibility is to make sure his company is geared up for winter.

Profits will hopefully come later. ●



Frank: know the importance of 'prudent effort,' and what the job requires.

*As we were going to press, it was learned that Phil Christian, mentioned in this article, died of a heart attack on September 1.*

*LANDSCAPE MANAGEMENT extends condolences to Mr. Christian's family, friends and business associates.*