

# 10 Steps

TO A BETTER

# Snow Business

**Ready for a profitable season? These tips will make your operations run more smoothly in any weather**

BY VICKY POULSEN

**T**he leaves haven't even begun to fall but already contractors are gearing up for winter. They're making plans, signing contracts, checking inventories and reviewing their operations. No stone is left unturned for those serious about being a player in today's snow and ice removal market.

#### **Too early to plan?**

"Procrastination is a killer for those who wait too long before making plans for their snow and ice removal services," says John Allin, president of Allin Companies in Erie, PA, and president of the Snow & Ice Management Association (SIMA).

"For those with the right mindset about snow, it has become the highest profit margin portion of their business — even in

areas where there is little snowfall," adds Allin, who begins his pre-season planning in the spring.

Dino Tudisca, owner of All Things Ice & Snow, which is part of Exterior Solutions Limited Liability Corp. in Bozrah, CT, gets little snow in his area but runs a highly lucrative snow and ice removal business.

"A lot of people do snow removal to keep their lawn care business, but we do the opposite," says Tudisca, whose customer base is largely health care facilities. "When we look at the amount of time vs. the amount of revenue it brings, it's the most profitable area of our company."

"Successful plowing contractors indicate gross profit margins for snow removal in excess of 60% are normal, and gross profit margins for ice control services in excess of 70% are achievable," Allin adds. "Contractors who project five snow events per sea-

son in a great winter, to those that project 35 snow events in a mild winter, all report gross profits at or in excess of those numbers."

We asked contractors to list their "Top 10" steps for a successful season. Here's what they told us:

### 1 Get good customer contracts

A well-written customer agreement is a good safety net if anything goes wrong (and something always goes wrong). It should clearly spell out the levels of services you provide as well as your prices. Financial and/or payment terms also must be included to avoid any misunderstandings. Get renewals signed months in advance in order to determine your cash flow needs and the amount of new business you're going to need.

"Most renewals should contain a price increase of some sort," advises Allin. "Most good customers expect price increases, and by discussing and negotiating your increase now, you will avoid that 'let's go out to bid' mindset that will become an issue in fall."

Allin says multi-year contracts are the best way to go because they allow customers to "lock-in" pricing for an extended period of time. "It also keeps potential competitors from getting a foot in the door with a good customer of yours."

A "hold harmless" clause will protect you from liability for any slips, falls or motor vehicle accidents arising from naturally occurring situations.

Non-refundable retainers are also a good idea in areas where snowfall is minimal, providing you with cash in the event of a winter with little snow.

Some contractors have even written restrictions in their contracts to protect them from dangerously cold temperatures.

**2 Price for profits**  
Snowplowing is a profitable business if priced and managed properly. The four basic ways to price are:

- ▶ per push
- ▶ per hour per truck
- ▶ per season or
- ▶ per inch of accumulation.

"Price your services in a manner that is consistent with your profit goals and the needs of your customers," says Allin.

Bob Wilton, president of Clintar Groundskeeping Services in Toronto, Ontario, says he concentrates his efforts on securing year-round and fixed-rate contracts.

"We don't work by the push/plow or by the hour. We need to guarantee our people an income for the winter, and in order to do that, we need customers who will guarantee us money."

Allin also advises that if you're charging "per push" or "per truck," having customers in the immediate vicinity will cut down on travel time between jobs. "It just makes good sense to cluster your accounts strategically."

### 3 Check your equipment early

The best time to evaluate your equipment needs is in early spring when everything from the previous season is still fresh in your mind. This is your best chance of remembering what needs to be replaced, repaired or just painted. Early planning also helps guarantee delivery before equipment stocks are gone.



In snow removal, matching the right equipment with the job is critical.



Bob Wilton

Last winter, Wilton's operation used 236 pieces of equipment plus 100 brokered pieces. "We think of ourselves the same way as a fire department. Everything has to be in a state of readiness because you don't know when the fire bell will sound," he says. "We have a system of stocking parts that you can't find at 4 a.m."

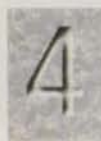
Tudisca makes sure large equipment is put on site early in the season so it's there in case of a winter emergency. "It's crucial in our area, where it can be 60 degrees one day and snow the next," he says.

Matching the right equipment with the job is critical. Small equipment such as snow blowers, skid-steers, small loaders and ATVs with plows can increase the service level with less labor. Fortunately, there is an abundance of subcontractors with heavy equipment who will lease to snow removal contractors.

Make sure to stockpile salt, calcium chloride, fuel and extra equipment at storage areas near your clients. Review your past logs for reordering.

*continued on page 54*

continued from page 52



#### Plan future scenarios

Successful snow and ice operations don't just happen. There is a ton of planning that's involved so everyone stays on track.

"One of the first things we do at the end of winter is a wrap-up meeting to review last winter," says Chris James, president of Chris James Landscaping and Snow & Ice Solutions, Inc. in Midland Park, NJ. "In September or October, we'll review these key points again."



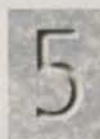
Chris James

He takes his employees on a walk-through of all of his customers' facilities to familiarize them with all the differences of each site. "On these tours, we carry a written game plan for each facility to pinpoint areas of concern," explains James. "We even have an employee handbook filled with contacts, phone numbers and possible scenarios to help them in case of a snow emergency."

Successful snow and ice operations don't just happen. There is lots of planning needed to make things work.

For his site planning, Wilton uses a software program that gives his staff a detailed map of where they are to plow and place the snow. They also prepare their customers' properties in the event of a storm.

"It's imperative that danger points be marked with steel stakes; snow fences are erected to eliminate drifting; and salt and sand boxes are nearby so customers have quick access to these products," he says. "We spend a good amount of money preparing the site, but it makes it easier for us."



#### Market like mad

James believes that a picture is worth 1,000 words. His aerial photograph of the Calvin Klein cosmetics facility his company services is his pride and joy.

"People are visual — they want to see more than they want to read," says James. "I can lay that photo in front of facility managers, and they're going to see the scope and size of my capabilities in snow and ice removal as well as landscaping. I portray my business as a total service provider and push a full menu of services."

"We focus on teaching customers the importance of a quality winter maintenance program," says James. "We also let them know regularly if we've added new equipment, so they'll know that we're reinvesting their money for their benefit."

Direct mail, personal notes to clients, Yellow Pages ads and newspaper advertising are just some of the marketing tools James uses. However, he says marketing is not just placing an advertisement; it's having a plan, commitment and budget.

"It's also knowing your products or services and identifying who buys them," he adds. "I don't think we (as an industry) state clearly enough that a quality winter program will ensure that the economy moves forward," says James. "What we provide is safety and productivity. That's peace of mind, especially when you have a client who's hauling in excess of \$1 million of product in their trailer. I can guarantee

that their trailers will leave on time and, all of a sudden, I become very cost-effective."



#### Manage your subcontractors

"One of the benefits of having subcontractors is that it reduces your out-of-pocket capital expenditures for equipment that would only be used during a limited time during the season," says Mike Sullivan, snow service manager for Lipinski Snow Services Inc. in Mt. Laurel, NJ. "Also, they allow you to grow your business larger than you can do in-house."

Sullivan says subcontractors also play a major role in alleviating the stress of sidewalk clearing. "Subcontractors have all the small equipment necessary to increase the production level of the sidewalk snow removal operations."

He recommends you have some common knowledge of the prospective subcontractor and be on guard for any red flags that may crop up during your first contact.

"When you are face-to-face, give your expectations and look for his reaction and how receptive he is," says Sullivan. "Is he listening or totally ignoring you? First impressions count, so don't be shy about asking too many questions up front."

Seek out a subcontractor's former customers to get a better understanding of the quality of his work and his reliability. Ask about his driving record, as well.

"I've met good subcontractors through word-of-mouth," says James. "Good networking is also the key to finding good subcontractors."

Insurance is also necessary to protect the property owner, the contractor and the subcontractor from a catastrophic loss. "Subcontractors should at least carry automobile insurance to cover any property damage caused by their vehicles during op-

erations," Sullivan recommends. "If a subcontractor supplies the labor, require the subcontractor to carry worker's compensation as well."

7

### Build strong practices

Even a light snowfall can test an entire operation. To make sure that your crew is up to the task, Allin offers the following tips:

- ▶ Plowers should have some form of communications with them.
- ▶ Carry spare parts that might break.
- ▶ Carry a snatch strap or tow chain to pull out other plowers who get stuck, plus jumper cables and a bag of salt in the bed.
- ▶ Don't let the gas tank get too low.

Condensation in the tank can cause fuel line freeze-up. Use dry gas when temperature fluctuations are great during any given 24-hour period.

8

### Keep good records

Protect your business from payment disputes or liability issues through accurate record keeping — log everything that is done

for a customer, whether it's per occurrence or application. Have all crew members keep a log book with them at all times.

"Often, after several visits, the plower has trouble remembering all he did. By writing it down, he can accurately invoice customers," says Allin.

Excellent record keeping also helps when planning your equipment and supply needs for the next season.

9

### Talk to each other

One of the greatest frustrations in snow removal is the inability to communicate with your staff, including your subcontractors. Small problems can turn into

major disasters. Demand that everyone be able to communicate with your dispatcher.

If bad weather is imminent, everyone should know his or her role in the communication process, which might mean extra surveillance in areas where more problems are predicted.

Communication may be in the form of pagers, 800-numbers, cell phones, low-band radios, trucked radio systems or CB radios.

10

### Remember the risk

Timing plays a huge role in determining risk. The work may be done in treacherous conditions, much of it at

night. Allen offers the following tips to safeguard employees during plowing:

- ▶ Encourage employees to take a nap or go to bed early.
- ▶ Advise them to take snacks, food and pop/soda in the truck.
- ▶ Keep warm clothing on hand in case they get stuck and have to dig themselves out of a snow bank.
- ▶ Allow them to view the properties they will service before the season begins. Finding curbs and manhole covers during a snowstorm can be dangerous!
- ▶ Require that they wear their seatbelts.

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