

Bring profits in from the cold



BY VICKY POULSEN

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**These companies
have learned how
to plan and stay
productive all year
long**

Successful snow and ice operations don't just happen. It takes a tremendous amount of planning, marketing and the right equipment and supplies. If done correctly, snow and ice removal can outdo your other profit centers in gross revenue.

In fact, for operations like the Allin Companies in Erie, PA, gross profits in 2001 are expected to double thanks to increased growth in snow revenues. We asked company president John Allin how his company does it, and here is what he and two other contractors had to say about running a successful snow and ice removal operation:

LARGE CONTRACTOR

Name: Christopher M. Aldarelli

Title: President

Company: Aldo 1 Landscaping & Lawn Service, Inc.

Location: Ocean, NJ

2000 revenue: \$12.1 million

Business mix: 20% lawn maintenance; 20% landscaping, irrigation and paver work; 52% complete site development; 8% snow removal. Provides full services for both residential and commercial clients. Around 80% of snow removal accounts are commercial, with 20% residential.

Employees: 150 (including three full-time mechanics on site)

Company profile: "I began my business in 1988 doing lawn maintenance and landscaping work. Over the years, I expanded

to provide trimming of shrubbery, concrete work, pavers, irrigation, machinery work, complete site development, snow removal as well as continued maintenance and landscaping."

Equipment arsenal: "The machinery and equipment we use for snow removal ranges from snow shovels to backhoes and front-end loaders. We use our pick-up trucks as well as our Tandem trucks."

Purchasing decisions: "We own all our equipment and don't need to rent for snow services. We don't subcontract any of this work because we have all the equipment and labor needed."

Planning/pricing: "We usually begin planning at the beginning of September. We price this service at a per-storm charge. A good storm accumulates at least four inches of snowfall. Any percentage over, we charge them more due to the wear and tear of the equipment and length of time it takes to remove the snow."

Get it in writing: "We provide all our commercial properties with current contracts for the season. Customers also contact our office around this time if they are pricing contractors. A well-written contract is important, especially with snow removal services."

Ice control: "The only product we purchase is the ice melter and/or salt (potassium chloride)."

MEDIUM CONTRACTOR

Name: John Allin

Title: President

Company: Allin Companies

Location: Erie, PA

2000 revenue: \$6.55 million

Business mix: Installation landscape contracts are 70% commercial, 30% residential. Landscape maintenance is 95% commercial. Snow management services are 98% commercial.

Employees: 70-plus people at peak

Company profile: Founded in 1978 as a snow removal business and beginning landscape work in 1982, Allin Companies has grown into a full-service landscape contracting and snow management business. Of its \$6.55 million revenue in 2000, \$4.73 million came from snow/ice management and snow removal services. Allin Companies does residential design/build, general construction (prevailing rate), maintenance and snow removal. The company's revenue is expected to reach \$12.5

million in 2001 due to an increased growth in snow revenues. Usually run two- or three-man crews.

Equipment arsenal: "We actually only own seven plow trucks, two loaders, 100 snow pushers, five salt trucks and six skid steers. We have five sidewalk crews in winter; the rest are subcontractors. This past winter we utilized 4,300 'units' (any equipment used in snow removal) and had over 2,000 sites in 12 states. This season we will run 5,500-plus units on 3,000 sites in 17 states. We have two full-time mechanics in our Erie operation."

Purchasing decisions: "We look for dealer support and backup as well as backup from the manufacturer. With our size, we have relationships with manufacturer and rely on their dealer network to assist our subcontractors in keeping them operable."

Planning/pricing: "We currently have six individuals working 'snow' year round."



We never stop planning. Selling and signing up new business takes place from January to December. Our work is priced 'per push' or 'per season' for the most part. We have only a few customers who demand hourly rate pricing. They are usually "national" accounts with large sites. We shy away from hourly rate structures because they normally generate the lowest margins."

Get it in writing: "The difference between a well-written and structured contract and a poor one can mean the difference between going broke or making a profit. Liability exposure needs to be dealt with closely so that all parties share in the exposure, or so that the contractor is assuming liability exposure for only what they are responsible for maintaining. Some exposure is inevitable. Even with a poor contract, proper record keeping can be key to success. Even with a well structured contract, poor recordkeeping will destroy any good contract document's language."

Ice control: "All ice control products work. However, they must be used as they are designed. Most are used improperly due to ignorance on the contractor's part, and even on the supplier's part at times. Rock salt works everywhere, but only under the right conditions. The alternative deicing products also work everywhere, but also only under the right conditions."

SMALL CONTRACTOR

Name(s): John Wernis & Sam LaGrasso

Title: Owners

Company: United Lawnscape, Inc.

Location: Shelby Twp., MI

2000 revenue: \$4 million

Business mix: 35 percent residential/65 percent commercial in the lawn division/100 percent commercial in snow division

Employees: 95 people

Company profile: "United Lawncare came into existence in November 1977 when two companies, Excel Lawn and Sam's Lawn Care merged. Currently, the company offers numerous services in landscaping, lawn maintenance and snow removal. Each division is an integral part of the success of our company. Landscaping and lawn maintenance each produce 40% of our revenues, while snow removal accounts for 20%."

Equipment arsenal: They have 31 snow plows in various makes and models, snow throwers, dump truck tailgate salt spreaders and CaC12 spreaders.

Purchasing decisions: "Whether it be plows, trucks or snow blowers, we look for a proven track record — positive performance in the field, durability, versatility, maintenance requirements and specifically with plows, the ease of removal and mounting. When purchasing products, specifically ice melter, we take into consideration contents (percentage breakdown), safeness for vegetation and concrete, effectiveness, price and packaging."

Planning/pricing: "We begin preparing for the snow season around July 4th each year

by submitting bids. In October and November, we evaluate our systems from the previous year, make improvements, develop zones, assign zone managers and start forming crews. Of the services we offer, the only part we subcontract is plowing. We have 30 of our own trucks on the road and about 20 subcontractors with their own trucks and plows. When pricing



John Wernis (left) and Sam LaGrasso, owners of United Lawnscape Inc.

our services, we take into account our operating costs per man hour. We prepare our contracts including a set number of labor hours per season. Any additional services required are billed accordingly as they occur."

Get it in writing: "A well-written contract protects you against unnecessary legal suits, misinterpretations of services to be rendered and costs per service. Also, our contracts, having equal monthly installment payments, provide us with consistent income to cover our overhead expenses during the winter months."

Ice control: "We've had the best results with Professional Ice Melter in our area. It performs well in our climate and is priced affordably."