

SNOW SEASON SUCCESS

Operations Checklist:

- ☒ Create a separate snow and ice budget
- ☒ Consider overhead to define sales goals
- ☒ Estimate revenue per hour
- ☒ Diversify contract types
- ☒ Secure last season's snow contracts

Selling Success Rate

60-70%

Existing Customer



How to Set Up Your Snow
Operations for

SUCCESS

If you're waiting for 'light jacket' weather to arrive before setting up your snow operations, you'll be too late. Top snow contractors are ready for the first snowflake long before the first frost. In this three-part series, we're breaking down how the 'snow pros' set themselves up for success, regardless of what Old Man Winter throws their way.

PART 1:

BUILD YOUR SNOW & ICE BUDGET FOR 2019/2020

According to a recent survey, a whopping 61 percent of small businesses didn't create a [budget](#) in 2018. Simply put, if you don't have a budget, your business will likely end up as one of the 50 percent that fail during the first five years.

Smart business owners understand they need a budget to survive and thrive. Snow Pros understand how to work their budgets for maximum profit and they use [budgeting software](#) that's industry-specific—making the process that much easier.

Take the following guidelines into consideration when building your budget.

#1: Create a separate snow & ice budget. Unless your budgeting software accounts for differences between your green and snow divisions (like how jobs are priced or how overhead is calculated), it's important to separate your summer and winter operations. This way, you'll arrive at accurate numbers and plan for seasonal success.

#2: Consider overhead to define sales goals. The way you account for overhead (wages, drive time, fuel, insurance, etc.) differs between green and snow work. For example, insurance costs alone for your snow business can eat up your profits if you're not careful to account for them. Bottom line: You'll need to plan how much overhead your snow division needs to recover in order to (at least!) keep the lights on all year. It's best to assign a fair portion of overhead to each division. For example, if your Landscape Designer doesn't work in the winter, your snow customers shouldn't pay for any of that salary. Learn how to calculate overhead for your snow division.

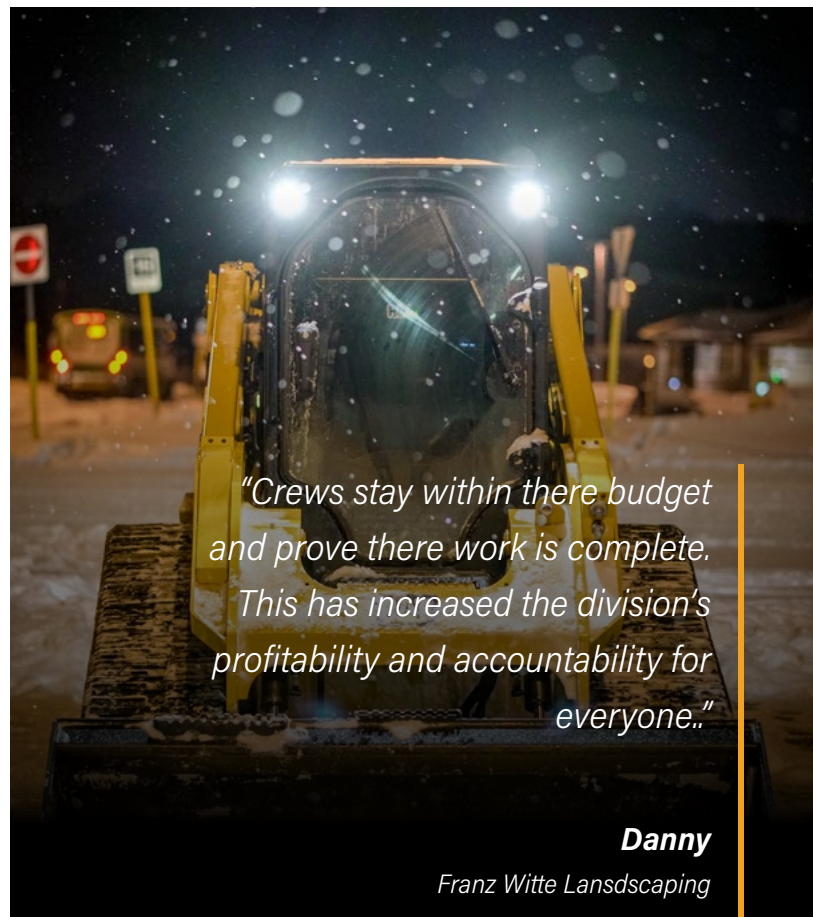
[Download the Snow Overhead Calculator](#)

Once you have an overhead recovery plan in place, you'll be able to define your sales goals and the ideal mix of snow contract types that can help you achieve them. We'll talk more about snow contract types in Part 2. For a record-breaking snow season, watch the webinar *Creating a Sales Process that Actually Sells*.

#3: Charge for your equipment. Inexperienced contractors will stop factoring the use of plows, salters and other equipment into their estimates as soon as they're paid off. Be sure to include equipment recovery costs in your budget so customers are paying for the wear and tear. This way, when it's time to buy new, you'll have the cash to equip your crews with the most efficient vehicles and equipment for the job.

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In Part 2, we're going to dig into unbillable time



"Crews stay within their budget and prove their work is complete. This has increased the division's profitability and accountability for everyone."

Danny

Franz Witte Landscaping

PART 2:

MINIMIZE UNBILLABLE TIME IN YOUR SNOW BUSINESS

Unbillable time is any time spent on activities that don't generate revenue but are necessary to run a business, e.g. estimating, invoicing and employee training. In snow & ice, you can add driving—both between sites and to and from salt depots, to the list. Unbillable time can't be avoided but top snow pros know exactly what to do to minimize it.

Start with your Revenue Per Hour. If you have a budget (and you should!), you'll know how much revenue you need to generate per hour to meet your sales goals.

Estimate Revenue Per Hour on a bid includes the total selling price of the job – including all labor, materials, equipment, subs, overhead and profit – divided by the number of hours estimated. It's the total revenue your crews are producing per man hour.

Your **Company Revenue Per Hour** is something you set in your budget – it defines the revenue per man hour worked that you need to achieve in order to hit your sales goals. Your company revenue per hour is calculated by taking your budget's total sales, and dividing it by the number of man hours in your field labor budget minus the % of unbillable hours that you have.

Your Estimate Revenue Per Hour is helpful for two reasons:

#1: It can tell you – at the estimate level, before you even take a job, whether that job is helping your company hit its sales goals (or holding you back).

#2: It's an easy metric at the end of the job to measure to ensure your crew's actual productivity is operating at a level that will ensure your company hits the goals you established with your COMPANY revenue per hour.

So, if your company had \$1,464,000 in sales and 23,750 man hours in the field labor budget, with 10% unbillable factor, the math looks like this:

$1,464,000 \text{ sales} / 23750 \text{hrs} \times (1-10\%)$

$1,464,000 / (23750 \times .9)$

$1,464,000 / 21,375 = 68.49$

Which equals **\$68.49**. What that means is, the **average** revenue per hour on your jobs needs to be \$68.49 per man hour in order to hit your sales budget.

You'll want to sell to jobs that hit or exceed your revenue per hour and here's how:

TRUST YOUR ESTIMATES

Once you've estimated a job, you should have the price (revenue) and the man hours estimated for the season (man hours). Simply divide price by man hours to ensure that job is helping you achieve your sales goals (at or above the target revenue per hour) or whether it's a job that's not very productive (below the target revenue per man hour).

Download our [Unbillable Time Spreadsheet](#) to know what it's costing!



PART 2...

OPTIMIZE YOUR CONTRACTS

There are two types of snow and ice contractors: those who take whatever jobs they can get and those who optimize their contracts. 'Plow and pray' is no way to run a profitable business so let's take a look at how you can sell smart.

Scenario A: You have contracts with 10 banks in your area. It takes 15 minutes to drive between each bank. That's a total of 2.5 hours of unbillable time in a 10-hour shift. Assuming your snow staff produce \$120/hr in revenue per man hr, the table below illustrates the compound effect on lost revenue.

# of Staff	Unbillable Hrs/Event	Lost Revenue/Event	Lost Revenue/Season (25 Events)
5	2.5	\$1,500	\$37,500

Scenario B: You've landed a contract with a large distribution center where the revenue equals that of the entire bank route. Selling services to the warehouse next door would be a lucrative move. With the money you'll save on unbillable time and costs – you may even be able to use the same equipment if time permits – you'll be able to easily outbid competitors and still turn a profit.

By concentrating your sales in the same areas, you'll reduce drive time. And once those sales have been made, you can go even further and optimize your routes with [LMN's Job Groups](#). This snow removal software feature takes your list of jobs and automatically optimizes all of your snow routes for the season. All you have to do is provide a start and end point and the software does the rest.

OPTIMIZE YOUR MATERIALS AND EQUIPMENT

Salt: Your crews are either lined up at the salt depot waiting for it or wasting time driving to get it. To eliminate long wait times (and lost revenue), stock salt at the yard or setup temporary winter yards closer to your sites.

The snow pros know that the ultimate way to reduce unbillable time is to have dedicated salt trucks. With trucks specifically for salt, there's less wasted time and labor dedicated to salt. And that means more revenue generating opportunities for plow trucks.

Once your contracts are optimized, it's important to plan your equipment needs. Would a tractor be faster than a plow for a group of jobs? An investment in new or leased/rented equipment will pay for itself if jobs can be completed more quickly and efficiently, leaving time to take on additional work.

OPTIMIZE YOUR TECH

It's no secret that technology can transform your business. By leveraging [snow removal business software](#) to automate key functions—from snow removal estimating, customer relationship management and snow crew monitoring to invoicing, you're freeing up time for business building.

What if you could...

- » Save 25 hours a week on payroll alone?
- » Generate and send estimates right from the cab of your truck?
- » Know your crews' locations in real-time using a snow removal tracking app?

Though replacing old systems and processes with snow plowing software can seem overwhelming in the beginning, you simply can't build a sustainable, competitive business without it.

When you focus on minimizing unbillable time, you'll notice your business is able to handle more capacity with less overhead. For example, when contracts, equipment and technology are optimized, one admin person is able to handle double (or triple!) the snow business. And that's just one employee. Now imagine the impact on your entire snow operations.

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In Part 2, we dug into [unbillable time](#) and in Part 3, we're talking about how to sell snow and ice contracts this year.

PART 3:

SECURE LAST SEASON'S SNOW CONTRACTS

It's time to get down to business. And that starts by ensuring you'll actually have a booming one in a couple of months. Starting in the summer and continuing into early Fall, your sales team should be re-signing and/or renegotiating commercial and residential contracts.

It's far easier and more profitable to sell existing customers. In fact, the success rate of selling to an existing customer is 60-70% compared to just 5-20% for a new customer (source: [ClickZ](#)). Furthermore, increasing customer retention by just 5% can increase profits from 25-95% (source: [Huify](#)).

A contract renewal notice should never be the first time a customer hears from you since the last snowfall. Ensure you're keeping in touch with customers all year long.

Send out a **monthly newsletter** highlighting winter weather predictions, company news (like key hires and new equipment), profiles on your customers and winter safety tips. Include links to your social media channels. Stay active on Facebook, Instagram and/or YouTube. Research which **social media channels** your customers follow and decide on the type of content they would find valuable and entertaining. With so many competing priorities, it's easy to let social media promotion slide.

Assign the task to a qualified employee or outsource the task to an agency. Regardless, ensure you schedule your posts at least a week in advance (preferably a couple of months) so your social media coordinator knows exactly what they're posting on a daily basis and you know how it will support your marketing plan.

Consistency in communication – year-round, is key in order to stay top-of-mind with existing customers and secure that lucrative repeat business. And snow plowing software that features a built-in customer relationship management tool will ensure you know where your customers (and leads!) are in the sales cycle.



"In the case where it doesn't snow much at all, it could be a 70% or 80% net profit, which does happen in the snow business!"

Mark Bradley
LMN Software

GENERATE NEW SNOW BUSINESS

No matter how consistently you've been keeping in touch with last year's customers, you're still likely to lose a few to a persistent competitor with a low-ball quote. Whether you simply want to hit last year's numbers or expand your business, you need to get strategic about new sales.

Define your market segment: As tempting as it is to take every bit of work that comes your way, it can seriously affect your bottom line. Each customer type has different requirements, from staffing to equipment. By staying focused on a segment, e.g., residential, commercial or industrial, you'll increase efficiency and revenue.

Diversify contract types: If winter packs a punch and 90% of your contracts are per push, you'll be laughing your way to the bank. But what happens if there's one or two small storms and that's it?

You need to be sure you're covered regardless of snow fall with a mix of contract types:

- » Per Event or Per Inch
- » Seasonal or Monthly: Base price for a select period of time.
- » All Inclusive: Typically includes caps, threshold and other restrictions.
- » Time & Materials: Many customers favor being charged for the work that's been done.

Use YOUR preferred contract types (or ideal mix) as a criteria when screening leads. Saying 'no' to a potential customer because they don't match your desired contract type can actually be in your best interest as you'll make room for that perfect match while minimizing your risk in a risky business.

"With LMN, we were able to manage 125 active properties the first year, and over 200 the second. We could not have grown without it."

Erich

Suburban Snow Plow LLC



THINK LOCATION, LOCATION, LOCATION!

When you're taking every job that comes in, you're missing the most obvious (and most profitable) sales opportunities right next door.

Say you've sold a shopping mall parking lot. A few steps away, there's an office building. With the efficiencies gained through labor and equipment by servicing properties that are adjacent, you could beat any competitor estimate and still make a killer profit on the job. Think about how much easier snow crew scheduling will be.

When it comes to sales and marketing tactics, e.g. cold calling, email marketing and/or social media, focus on proximity to existing sites. Whether you're dropping off flyers, targeting a Facebook ad to a certain geographic location or offering existing customers a referral bonus for selling neighboring businesses, make sure to 'Love Thy Neighbor' when you're planning your promotions.





BUSINESS
MANAGEMENT
SOFTWARE

Snow will happen but your business shouldn't be entirely dependent on miserable weather. When you're strategic about who you're selling to, what you're selling and where you focus your efforts, you're most definitely setting yourself up for success this season. And when you're using snow management systems like LMN, for key operations functions like snow removal estimating and snow removal time tracking, you're optimizing your business for success this season and beyond.

LMN FOR SNOW

Leave your competition in the drifts!

Mobile Timesheet, Estimating and Job Tracking Software for snow & ice companies