

Pricing Your Snow Plow Service

By John Allin

Photo courtesy of Matthew Norman, Colorado ProWash, LLC, www.ColoradoProWash.com

Contract cleaners who live in colder climates often turn to snow plowing in the winter to keep their businesses and their crews running. How successful these contractors are with their snow plowing depends on the equipment they invest in, the amount of knowledge they have for their industry, and their attitude about how successful they really want to be.

Those contractors who consider their snow business as a profit center rather than an afterthought generally report gross profit margins in the 55 to 65 percent range. Deicing profit margins are often 70 percent or more. These are the contractors who believe they can make a profit in snow work, and they usually do. Those who believe they cannot make a profit, don't.

The Markets: Commercial and Residential

The first step in making a profit is finding customers. Many of the clients you serve with your cleaning business may also need snow-plowing services in the winter.

Snow plowing generally can be sold to three types of commercial clients: industrial, office parks and retail facilities.

Industrial accounts usually pay the lowest because they don't require cleaning to bare pavement; the workers can still get to and

from their vehicles even with some snow/ice on the ground.

Office parks and other white-collar facilities require a higher quality of service. White-collar workers generally wear shoes that are less conducive for walking in snow.

Retail facilities – such as restaurants, shopping centers, and even hospitals – require the highest level of service due to safety concerns for patrons. They are more prone to liability claims and it's your job to keep the site safe for both vehicular and pedestrian traffic.

Then there's residential. If handled smartly, residential plowing can be a lucrative business. Residential customers generally require less time at their site. By having several customers lined up in a small proximity, you can make a good amount of money in less time than a commercial account requires.

Pricing Your Work

Pricing snow work takes a basic understanding of the snow industry. Some mistakenly price by the hour. This pricing method requires very little understanding of the industry, and the profit margins are very low – usually in the 20 to 25 percentage range. A better option is to charge customers “per push,” which means customers pay each time you visit the site and provide a service of some sort.

A third option is “seasonal pricing,” where you estimate the average number of times you will visit a site, what will be required for each visit, and then you give the customer a flat fee for the season. Although this is good for cash flow, it can be a low margin option if it snows more than expected. Most contractors won't use this option for more than 30 percent of their business.

Another good option is to secure non-

refundable retainers, especially if you're in an area that doesn't get a lot of snow. In this case, you price a job (e.g., \$25 for residential, \$150 for commercial), and say that you require two plowings paid up front. These are non-refundable, even if it never snows. You have expenses that must be paid whether it snows or not, and this will assure your customers that you will be ready to come to their rescue when that first snowfall hits. They might hang up then and there, but if they agree, this will be a profitable job and you get your retainer money up front. This will also allow you to take fewer of those small, non-profitable \$15 driveway jobs.

Just the Beginning

Success in the snow plowing business requires more than just hooking a plow up to your truck and getting out in the snow. You need to research the types of equipment available, research removal prices in your area, learn how to properly remove snow and network with others in the industry. Not to mention marketing your services!

If you are serious, a few resources I recommend are *Snow Magazine*, the Accredited Snow Contractors Association (ASCA), and the Snow and Ice Management Association (SIMA).



Photo courtesy of D.J. Carroll, EasyPro Property Services, www.EasyProPropertyServices.com

John Allin is globally recognized as the foremost snow and ice industry consultant with over 30 years experience developing and testing snow removal strategies. Mr. Allin's book, *Managing Snow & Ice*, is considered the bible for snowplowing contractors in North America, which led to an accompanying CD, *Snow Business Forms* filled with forms discussed in the book. GIE Media also publishes an *Estimating Package CD* under license from Mr. Allin as well. John has authored dozens of articles on snow removal for numerous national landscape and pavement maintenance trade publications.

THE BEST CATALOG IN THE INDUSTRY

Call Today for your **FREE** 352 Pg. Catalog!

DULTMEIER Sales

or visit dultmeier.com to Shop Now!

1-800-228-9666 Omaha, NE • **1-800-553-6975** Davenport, IA