SNOW START UP

ISSUE #3: FOCUS ON **SALES & ESTIMATING** *Brought to you by* SIMA | SnowEx

FIVE TIPS FOR SNOW SALES SUCCESS

New to sales or looking to jumpstart lackluster growth? Sales is a mix of art and science. You have to know your clients, know your company's worth and build a system that allows you to benchmark how you're doing and where improvements can be made. Here are 5 pieces of advice to get you started:

1

Build a process

Set realistic and achievable goal sales goals. Then create a plan to achieve them and commit to working that plan persistently until completion. A sales plan with a predictable outcome is built from measurable and completely controllable metrics. The ideal sales process will look different for every company, but having a process to achieve your goals is paramount. Document the process, establish benchmarks and track the results. You'll soon begin to see which sales tactics work in your market and with your targeted prospects.

2

Don't try to be everything to everyone

Heeding that advice is key for a small business looking to establish itself and grow the company. Evaluate your market opportunities, your company's strengths and weaknesses, and be deliberate and specific in identifying the types of clients you want to work with. Not all business is good business. Clearly define who is and isn't a good fit for your business, whether it's property type, location, service expectations or how the prospect values your service.

3

Don't be afraid to say no

The more time wasted on dead ends and bad deals, the less time you have to pursue worthwhile, profitable opportunities. Because someone asks for a proposal doesn't mean you have to give one. It's OK to say no, but it's easier to do once you've established your ideal client profile. And if someone asks you to lower your price to meet their budget? See #1 and #2.

4

Know what you're selling … but don't sell service

Spend time with the operators who'll execute the services in the contracts you sell. Really get an understanding of what it takes to complete the operations. Walk a site with an experienced operator or do a ride-along on a snow event. Understand the key factors that go into the estimating process. But when it comes time to make the sales pitch, don't sell service. Sell the value you bring to your client by focusing on clear communication and relationship building.

5

Drive the narrative

Every market has a typical contract type (e.g., seasonal, per-inch, per-push, etc.) — but that doesn't mean you have to follow it. Educate your clients on why you're proposing the contract and why it's a good fit for them. Markets, weather patterns and service expectations are just a few things that impact the ideal contract type. Don't fall into the "It's always been done this way" rut if it means that contract will cost you in the long run. Know your numbers and the true costs to deliver service and build your price accordingly.

SIMA's 52-week procurement timeline is an excellent resource for contractors to build a sales timeline. Share it with clients and prospects to illustrate the year-round work involved to deliver excellent service and the importance of signing contracts early.

ESTIMATING 101

Creating an efficient, accurate, consistent snow management estimating process takes time and a great deal of focus. In earlier StartUps we talked through key estimating concepts like job costs, overhead, profit margin, etc. You'll consider those numbers, your production capacity, and your current and projected portfolio of contracts — along with these four essential building blocks — to build a competitive and fundamentally sound snow management estimate:

BUILDING BLOCKS	KEY COMPONENTS
Level of Service: Describes the expected outcome(s) on a site or set of sites from the completed performance of snow and ice management services. As the snow professional, it is your duty to understand the client's true LOS requirement. Don't be afraid to ask questions!	**Start & Completion Times:** When will service begin (triggers or thresholds)? What is the specific time, time range or set of times for completing service expectations? **Extreme Weather Scenario Planning:** Consider the "what-ifs" in your estimate. Extreme or long-duration events will require more labor, equipment and materials. Don't underestimate those costs. **Surface Conditions**: What does the client expect the surfaces to look like at completion of service? Be wary of terms like "free of clear and ice" and "zero tolerance." They are difficult (and very costly) to achieve. If that's the service required, make sure the client understands the costs associated with that LOS.
Scope of Work: Defines the service criteria and specific areas to be serviced on a site or set of sites. As the snow professional, you should drive this process!	**Site Size and Complexity:** Accurately measuring the space that will need to be serviced is essential. As important is estimating the level of difficulty for servicing a site. Consider the obstacles and obstructions, layout, topography, traffic patterns and more. **Services Needed:** Identify expectations (e.g., snow clearing, hauling, sidewalks, ice patrol, etc.) and build true costs of those services into the estimate.

A QUESTION OF CAPACITY

CAPACITY: The overall available service potential based on calculated production rates for equipment, materials, labor and subcontractors. Understanding capacity is key to ensuring you do not overcommit with the current allocation of available resources.

CAPACITY RESERVE: While every company is different, a good rule of thumb is to keep at least 10% capacity in reserve. For example, for every 5-10 pieces of equipment in a fleet, it's recommended that at least one of those be allocated for backup to fill production gaps in the event of a breakdown or larger storm event — or to even be able to take on a new client midseason.

CAPACITY AND CYCLE TIME

Understanding the concept of cycle time is key to forecasting your overall capacity in snow.

CYCLE TIME: The estimated time it takes to service a site, service area or route once. Cycle time is influenced by a variety of factors, including Level of Service and production rate(s). Cycle Time can be increased or decreased on a site by adding, removing or changing equipment. For example, on the same prospective site, cycle time can differ due to allocations of equipment.

For scenario 1, a smaller piece of equipment will take 3 hours to cycle through the site once. In scenario 2, allocating dedicated larger equipment, like a loader with a large plow, can decrease the site cycle time and increase capacity.

ESTIMATING TOOLS

Production Rates: You need to know how much time it takes to complete work in a specific area with a specific resource. These rates need to account for equipment, material, labor and subs. Start with SIMA's basics and then work to build your own rates.

Efficiency Factor: Used to estimate the level of difficulty of servicing a site. Use a multiplier applied to a production rate to determine modified production rates taking loss of efficiency into account. For example an "A" lot with no obstructions will take less time than a "C" lot with islands, loading docks, etc.

WEATHER VARIABLES

Contractors must take into consideration the variability of weather in their markets to account for the wild swings that can occur. Three key data points to be measured and considered together:

Average Snowfall: Look at these averages across multiple years – at a minimum 5 and 10 years out. Keep in mind averages change so review these every few years and adjust pricing accordingly.

Average Number of Normal Events: How many "typical" events do you receive in your market each year? This is a good first start but remember ... "normal" is rare in snow and ice management.

Average Number of Extreme Events: How many "extreme events" (e.g., blizzards, longer-duration events, ice vs. snow, etc.) do you receive? These events require extra resources and should be built into your pricing.

ADDITIONAL RESOURCES

Estimating snow services is complex. SIMA has several resources and courses that take a more in-depth look at estimating processes. Access these resources at *go.sima.org/startup*.

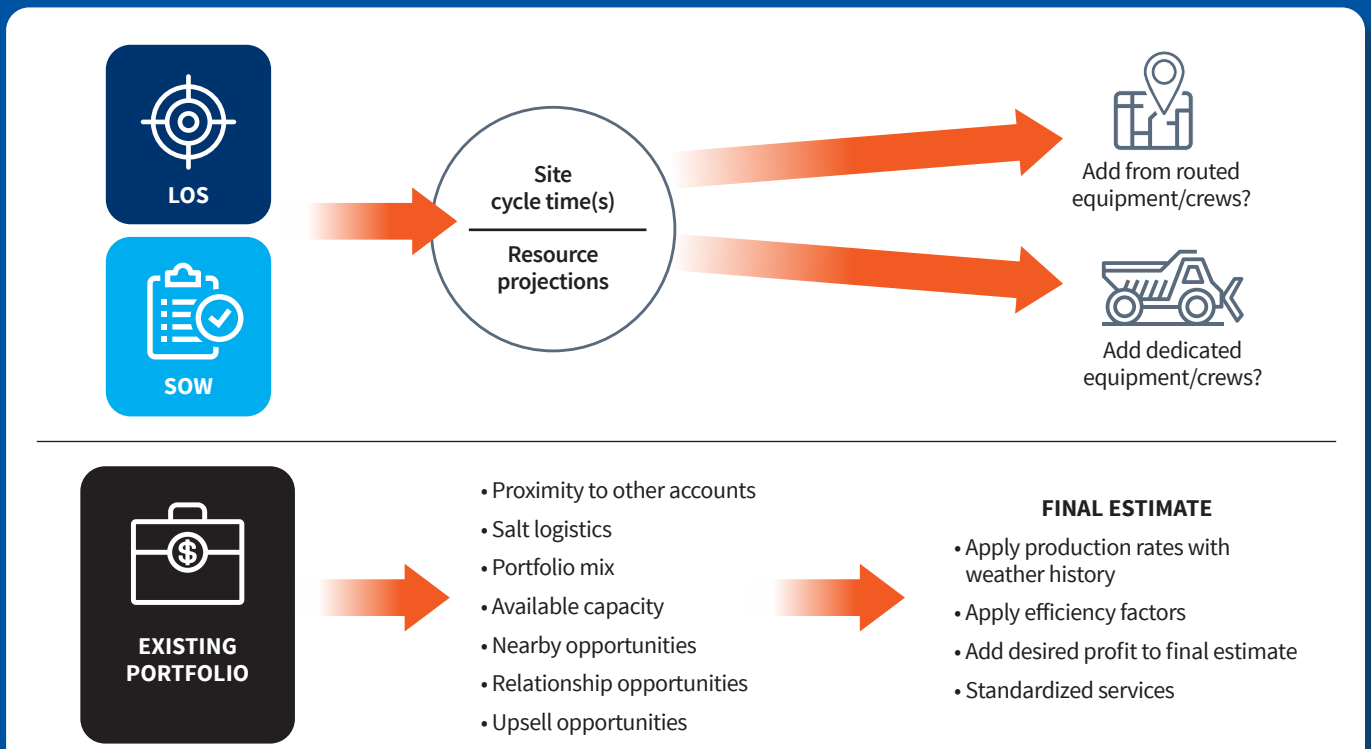
MUST WORK TOGETHER IN THE ESTIMATING PROCESS

SCENARIO 1: 2" TRIGGER AND ONE ROUTED PLOW TRUCK

SCENARIO 2: 2" TRIGGER AND ONE PIECE OF DEDICATED (NON-ROUTED) EQUIPMENT

ESTIMATING FOR GROWTH

Your portfolio of snow customers dictates both your ability to increase the number of customers you have in a given season, as well as your ability to manage the threat of major snow events. If you overestimate your capacity and take on too many clients, Mother Nature might bury you. If you under-estimate, then you likely won't utilize your company's full potential and leave money on the table. When estimating, it's critical to connect current customer allocations with potential new clients.



PORTFOLIO-BASED ESTIMATING

Your final estimating process should incorporate the following processes in some form:

1. Reference an organized list of current customers, with equipment and manpower allocations based off current cycle times, production rates, site logistics/location, weather history and site difficulty factors.

2. Add in potential new sites/customers, with their own allocations, including any efficiency rating calculations, LOS/SOW impacts, etc. This should take into account cycle times for equipment, so you can truly understand the amount of time it will take to service the new client. For example, adding a site to an existing route vs. providing dedicated equipment will have a major impact on when the client will receive service, and the amount of time between cycles.

3. Review the impact of the new site on your overall capacity, and determine if additional capacity is needed to take on that site.

4. If capacity is available, finalize the estimate and pricing based on a synthesis of all key site variables with a key focus on LOS for that site.

Visit www.sima.org/startup for all Snow Startup resources