

SNOW START UP

ISSUE #5: FOCUS ON SALES

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SELL SMARTER

Business author David Amerland says: “You can’t be everything to everyone. At some point you need to make a choice of what truly matters to you and why.” Nowhere is that truer than in selling snow and ice management services. This issue of Start Up shares tips on how to make smarter, more focused decisions on client acquisition.

KNOW YOUR MARKET

Many snow contractors try to be all things to all types of customers, which can lead to reduced profits and weaker sales. The marketplace is large, so establishing geographic boundaries and customer type is essential to leveraging your equipment, manpower and supervision to their fullest capacities. Knowing the types of prospects in the market, as well as the competitors you’ll be bidding against, can help you craft a sales strategy that maximizes your time and efforts, and hopefully will lead to higher close rates of profitable contracts.

MARKET ANALYSIS

➔ If you’re just getting started in commercial snow and ice or are looking to grow, a market analysis can provide a view of potential customer acquisition opportunities.

Don’t start with the premise, “Let’s find out what’s out there.” Instead, conduct research because there’s a particular opportunity to explore. For example, “Continuing with our current market segment (commercial properties), what are the customer potential and cost implications if we extended our service base by a 5-mile radius? By a 10-mile radius? By engaging a new segment of our target market?”

That data will give insight on whether your strategy is viable and the changes that would need to be made in the company to put the plan into action (e.g., adding labor, equipment, materials).

COMPETITIVE ANALYSIS

➔ Who are you up against? In addition to knowing the potential customers in your market, you have to know your competition:

- Established professional snow and ice management companies
- New or small, under-the-radar snowplowing companies
- Companies that sell a different product, such as landscaping, paving and construction, in the off-season that have the infrastructure to support winter operations

As with the market analysis, the competitive analysis will provide valuable data to help you make smarter decisions. Key competitor data to uncover includes (but is not limited to, depending on how in-depth you want to go):

- Company’s location and market target
- Years in business
- Number of employees (snow season)
- Whether it is snow only or provides additional services
- Sales revenue
- Price strategy
- Market share
- Key customers
- Advertising and PR efforts

Profile your competitors

Once you identify your primary competitors, ascertain their objectives and strategies. For example, what does Company XYZ emphasize? Low price and low service? Zero tolerance and high price? Do they service a unique niche in the market?

Also analyze their strengths and weaknesses: Look at their equipment, pricing (if possible), reputation in the market, and the quality of service (timeliness and performance outcome).

Taken together, the market and competitive analyses should show you the potential for growth into new markets or customer types, if you can expand your market share, or if you may need to defend your market share against increasing competition.



QUALIFY PROSPECTS... AND DON'T BE AFRAID TO SAY NO

Not every customer is a good fit for your company. Commit to qualifying every lead before providing a proposal or investing significant time in trying to secure the business. It takes discipline to pass on potential business, but that's exactly what this requires — discipline and a commitment to being intentional in the sales process. When should you say no?

- 1 When they aren't your target customer.** When the person, company or property isn't the type of business you're actively pursuing, they're likely not a good fit.
- 2 When you can't identify a pain or problem to solve.** Why are they seeking proposals? What's their pain point or problem they want to solve? If you can't uncover the pain points or can't solve their problems, chances are both parties will end up disappointed in the end if you agree to a contract.
- 3 When they're price shopping.** This one can be tough for the less-seasoned sales professionals, especially given the routine nature of snow work going "out to bid" regularly. Some prospects must routinely put their contracts out to bid, but don't be fooled into thinking the only way to win some of these deals is to be the lowest bidder. Know your numbers and what it's going to take to service the contract. If the numbers don't make sense, don't lose money to get the customer.



- 4 When they can't afford you.** There's nothing wrong with a prospect that simply cannot afford your service. And there's nothing wrong with you not wasting time preparing a proposal. But how do you know if they can afford you before you give them a proposal? Discuss money early. When a prospect receives your proposal, they should already have a clear understanding of what it's going to say. If the prospect is getting their first taste of what your services will cost by way of a submitted proposal, you likely have not qualified them.
- 5 When your business styles do not mix.** Prospects are often much less knowledgeable than the snow professional, yet many insist on levels of service and scopes of work inconsistent with industry best practices. If a client insists on doing business in a manner not consistent with industry best practices, or your company's standard operating procedures, think twice.

QUALIFYING QUESTIONS

Qualifying and selling comes down to asking great questions. Here are a few key questions that can be effective when qualifying a prospect:

- 1 Who are you currently using for snow and ice management?**
A basic understanding of the market space can give insight into the prospect's standards, price tolerance and past experience.
- 2 How long have you been with your current provider?**
If this prospect changes contractors every year or two, now is the time to learn that.
- 3 Why do you no longer wish to work with your current provider?**
This is where you learn if the prospect is price shopping, kicking tires or going through a mandatory annual bidding process. It's not uncommon for prospects to say they're actually happy with their current provider but are willing (or even required) to entertain additional bids. If the client is happy, the incumbent will likely retain the business — unless you're prepared to undercut pricing.
- 4 Who is involved in the decision-making process?**
If the person who is gathering proposals doesn't have a say, ask who does and schedule time to meet with them to go over your proposal. If they won't meet with you, are they someone you really want to work with?
- 5 What is your budget?**
Don't be afraid to ask. This is business. Even getting a general range is better than nothing.

EYE ON THE RFP

Boilerplate RFPs are common in the industry — be cautious before accepting an offer to quote the job until you thoroughly review the RFP. You'll understand the true scope of the project and identify items that may be missing that could impact the price of service delivery. Go over the RFP with a fine-toothed comb and look for these key details:

Clear, detailed level of service expectations

- Description of outcomes
- Accumulation triggers / thresholds
- Service completion timeframes
- Service priorities
- Post-storm requirements
- Initiation of additional services

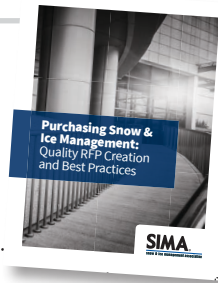
Scope of work requirements

- Service areas
- Acceptable services (e.g., snow removal vs. snow clearing, deicing/anti-icing)
- Site planning and inspection responsibilities
- Material use and staging
- Equipment requirements, including on-site staging

Terms and conditions

- Service verification and documentation requirements
- Billing requirements
- Technology / software requirements
- Fee structure and modifiers
- Accountability and monitoring
- Contract terms (e.g., compensation, service begin/end date, regulatory compliance)
- Liability

➔ SIMA has developed snow and ice procurement standards and best practices. Visit sima.org/best-practices for a deeper look at the Quality RFP Creation and Best Practices and the Procurement and Planning Standard.



IN-SEASON SALES: SCOUT FOR PROSPECTS

Once you set your portfolio, that doesn't mean you shouldn't be constantly looking for opportunities that may arise during the season.

1. Customers cancel. If your customer cancels or doesn't pay for services, that will result in a loss of revenue. Actively selling allows you to quickly fill open route slots and recover revenues. Good prospects are those who might have called you too late into the season that you had to turn away if your book of work was full.

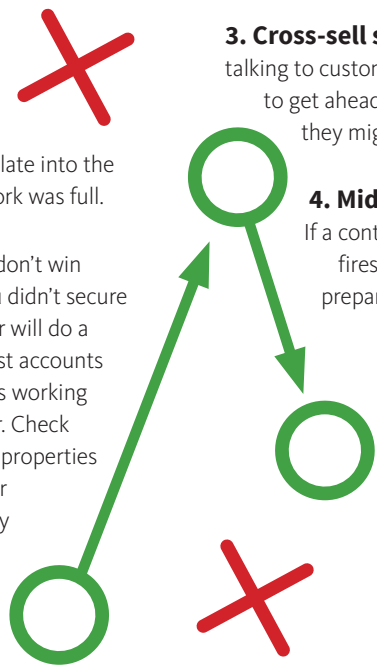
2. Planning for the future. Most contractors don't win every proposal they send. Keep an eye on those you didn't secure so they stay top of mind. Not every snow contractor will do a good job for their customers; reaching out to the lost accounts during the season to see how their current service is working could be the foot in the door you need for next year. Check the service quality that other companies provide to properties near yours. If your quality is superior to that of other providers, those property owners and managers may have noticed the difference. You may be able to use this information to help convince them to contract with you in the future.

3. Cross-sell services. During the season, you'll naturally be talking to customers. These interactions are a good opportunity to get ahead of the game and start selling other services they might not already take advantage of.

4. Midseason switches may be needed. If a contractor has a service failure and their customer fires them, they'll need a new (hopefully more prepared) contractor to replace them.

WORD OF CAUTION:

Don't bite off more than you can chew. Know your capacity for service. If you don't have the equipment and people to service in-season sales, don't accept the work. If they're a quality prospect, let them know why you can't accept the work and plan to reach out after the season.



SELL VALUE, NOT PRICE

What's in it for the customer? While qualifying customers is crucial, it's equally important to address the question: "What's in it for them?" Why would prospects invest their time and be open to qualification? Customers are seeking value and benefits right from the start.

Customers have many choices when choosing a service—and price isn't the only distinguishing factor. They will base their decision on whether your service offers value for the price. Presenting a random or a lower price to make up for inadequate salesmanship is not selling. Listen to your customer, ask questions and understand their needs. They will tell you what they want. Can you deliver what they need?

More than a commodity

Competing on price alone is a failed business strategy. If you win a customer on price, you'll lose them on price. Commodity items – things we buy that appear to have no real difference – compete on price. You don't want your customer to see your service or our industry as a commodity.

Sell your company, your service and your skills. Why



should they buy from you? What makes your service special? If your competitor's price is lower, why should they remain loyal to you? It takes time and effort to build a brand, position your service in the market, and build a reputation.

Work on your business so that when you make your sales call, you don't drop your price to close the sale. Having confidence in your business and the ability to back up your promises will gain you respect from the customer and from the market as a whole.

ARE THEY WORTH IT?

How do you decide how much to invest in retaining clients and selling to prospects, and how do you decide which clients provide the best return on your investment? These are a few areas that can help you shape your sales strategy:

- 1 Service frequency.** Clients that have low tolerance for snow and ice accumulation will require more service, and their contract values will be higher.
- 2 Repeat sales.** A returning client adds value each year. Multi-year agreements allow you to plan further in advance and become more efficient. You can become more competitive on pricing and still potentially increase your profit margin.
- 3 Cash flow and payment timing.** Evaluate how long it takes your customer to pay their invoices. A client increases their value when they pay quickly.
- 4 Multiple business lines.** If you can sell clients other services you provide, your revenue could expand. The gross margin will likely vary between the lines of business. If your lower-margin work puts your higher-margin work at risk, you will need to invest more in your lower-margin service to protect your relationship, which cuts into your profit. Decide what services you should offer and whether it will strengthen your client relationship.
- 5 Customer's growth.** Their growth can translate to more revenue, either increasing the scope or size of the work at the current site or adding sites that you can build into your portfolio. Assuming the additional sites fit into your service mix and routing, it can be a real win.
- 6 Referrals.** Referrals reduce your selling cost and improve your overall margins.

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