

SEPTEMBER 2018



# SNOW BUSINESS

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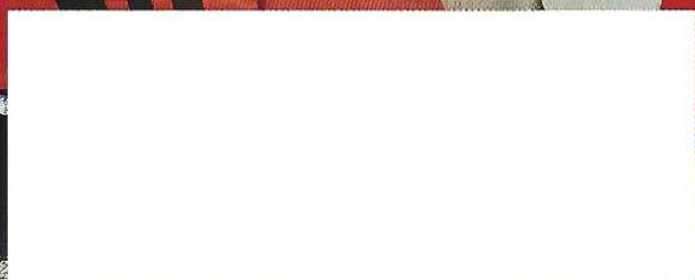
## JAM PACKED

Suburban Snow Plow  
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**SERVICE VERIFICATION**  
SPECIAL PRESEASON FOCUS







# Service verification matters

Poor execution and lack of processes can prove costly



**S**ervice verification — it's a process that you can't live without in today's snow and ice management world. Your customers demand it and your business will be better off for it, provided you have a great system in place that not only captures the data but also allows you to use it as a key differentiator in your dealings with your clients and your employees.

Don't mistake service verification as just service documentation. The myriad data you collect directly drives the strategic and operational outcomes in four key areas. As you evaluate your service verification systems, consider how your processes drive your business forward in the following areas: client accountability, billing and payroll management, risk management, production rate/job costing and strategic differentiation.

## Client accountability

Service verification provides clarity for your clients as to who provided what service and when.

Good data tracking fosters accountability and communication and can reduce the temptation by the client to micromanage snow operations. Many systems can allow them to log into a portal to receive real-time updates or for you to generate emails or alerts when service is complete. Proactive communication with the client can head off service questions, which will allow you to more quickly invoice. *See page 50 for buying tips for documentation technology.*

## Billing & payroll management

Documentation mistakes create billing



mistakes, so accurate and timely documentation of services is essential to making sure you get paid on time and that your customers trust that you are charging them appropriately.

In today's world, an organized contractor should have an automated system that handles billing and payroll automatically as the work is in progress and with accuracy and grace. Organization is essential.

If you're struggling to bill quickly, it may be tied to your pricing model — especially if you're selling by the inch or based on storm totals. Some companies are taking 90 days or longer to get billing out and then have to go back to find verification documents that have long been forgotten. That delay can compromise your ability to stay in business. Is there another pricing model that does not put this kind of pressure on your company during and right after the storm?

When cellphones came out, we paid by the minute. Eventually, though, providers realized they had created a monster by having to track all those minutes. They realized it was cheaper and that they could make more money by not worrying about the minutes and having people pay flat-rate fees.

If you're billing out 90 days, your

model doesn't work. I recommend you step back, look at the big picture and determine how you really want to run your company. If you want to invoice at 9 a.m. every Tuesday, you need a system to make that happen without aggravation.

## Risk management/legal

This is one of the most critical aspects of running a snow contracting business. Liability is the ugly monster that can cause our insurance rates to skyrocket or make it unaffordable (if the insurance company is even willing to offer a policy). This problem can put us out of business! There are few easy steps to address this precarious issue.



### Under-promise and over-

**deliver.** As contractors, if we do this, we will keep our customers happy. Client-produced snow contracts are usually written by people who don't understand the realities of the industry, which is how we end up with contracts that may have unrealistic expectations such as "Contractor will plow the pavement whenever 1 inch of snow accumulates" or "Contractor will not allow any snow or ice to accumulate on the pavement at any time." These



## SV AUDITS: A NEVER-ENDING PROCESS



Your service verification process should include a yearly audit of your processes, policies and procedures to ensure ongoing quality and accuracy of the data you collect and organization-wide accountability. We recommend addressing two to three items each year to avoid overload (unless you experience whole-scale failures). Address any issues that come up during the season immediately.

### WHY SHOULD YOU AUDIT?

- **Operations.** Use the information to improve operational efficiency and safety.
- **Estimating and job costing.** Track key data to understand production rates and the true costs incurred when providing service.
- **Customer service.** Proactive communication and timely access to data and information will help strengthen client-contractor relationships and build trust.
- **Legal.** Documentation of proper services is your strongest defense in the event of a claim. Ensure you are keeping records on file for at least the time required to meet the statute of limitations.

### WHAT TO AUDIT?

- **Policies.** Are they clearly written and communicated? Are they being implemented properly?
- **Procedures and processes.** Are they working as they should? If not, where is the failure occurring and how can you correct it?
- **Documentation.** Is the information clean, accurate and complete?
- **Storage.** Are you sufficiently organizing paperwork or online data storage? What is your backup plan for digital files and information?
- **Invoicing.** Is it accurate and timely?

contracts are unreasonable, yet contractors sign them all too often.

Contractors need to read the contracts and be willing to push back on unacceptable or unrealistic expectations. I am a big believer that if you come forward with a problem, you should also come forward with a solution. Don't just say "I can't sign this." Ask "Can you change this sentence to read like this?" Give them the exact verbiage you'd be willing to sign and educate them as to why you're suggesting the change.

There may be more leeway in the contract verbiage than they let on; but if they really want to do business with you, they will advocate for you and the contract changes you propose.

If you speak up and do it respectfully, they'll look at you as a subject matter expert instead of a commodity. Do this early in the process so you have ample time to work through these issues. In the end, there may be a certain percentage of work that you have to have the guts to walk away from — and that's OK. Better to walk away than to put

your company and your team into a situation where you cannot deliver.

**STEP 2** **Build a set of standard operating procedures.** This will ensure you can systematically and accurately deliver service to meet the contract specifications. Have a system of checks and balances that help ensure service delivery is successful under most conditions. Contracts should define what is not normal so you have an out clause when normal service just is not possible.

**STEP 3** **Organize and motivate your team to deliver when it counts.** Make sure they know how important it is to take care of the customers and deliver what was promised.

**STEP 4** **Document everything.** Knowledge is power and the more information you have the better you can protect yourself from liability. A well-organized snow

*Continued on page 30*

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## SERVICE VERIFICATION // BEST PRACTICES

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company will document all of the following:

- Written contracts for 100% of work performed. Nothing is done without a signed, written contract. Any changes to the contracted service, even a temporary one, need to be documented.
- All customer communications: Compliments, complaints, service requests, changes in service levels, closings, hours of operations, etc.
- Weather conditions before, during and after the event. Ideally, track any time there are slippery conditions that could lead to a liability issue. Document timing but also what the snow was like and extenuating circumstances that may have impacted your ability to service.
- Service delivery. This should include service performed and by whom; what equipment and quantity and types of deicing materials were

used; and what time service started and ended.

- Any areas that were not able to be serviced due to circumstances such as vehicles blocking part of the parking lot.
- Document if it was snowing at the time of service. "Storm in progress" is a strong defense in many states, but you need to document that it was still snowing.

Build or buy tools (software programs or mobile applications)

that handle all documentation as easily and streamlined as possible. Then it's up to you and your team to have the discipline to use them each time to make sure you have the documentation when that unfortunate letter arrives in the mail informing you of a liability claim. If you aren't ready to evaluate and invest in software, ensure that your paper-based system has redundancies and strong processes in place to capture accurate data and to prevent loss of documentation.

### SERVICE VERIFICATION BEST PRACTICES

- Implement a documented verification process.
- Use electronic reporting and location verification.
- Conduct post-service inspections to verify and document service completion.
- Provide post-event communications to clients related to weather and services rendered.

These best practices are included in SIMA's newly revamped Best Practices Checklist and the Quality RFP Creation and Best Practices. All of SIMA's best practices are free for download at [www.sima.org/bestpractices](http://www.sima.org/bestpractices).



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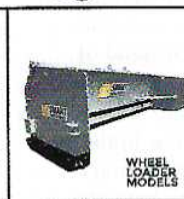
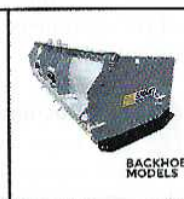
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## Production tracking/job costing

To track your success in performing work, you must first have a measurement to benchmark against. These measurements should have been in place from the start to ensure you are correctly pricing the work.

Although there are many pricing models, I like to see production tied to time rather than snowfall. We pay our people by the hour and our machines burn fuel per hour. Time is the limiting factor that allows us to fit in only so much work between when it snows and when our customers expect clear pavement.

I'm not proposing you work "by the hour" but rather price your work knowing how long it should take. After the storm, after the season or anytime in the future, you should be able to look back at how long the job took, what materials were used and any other costs directly related to the work and perform accurate job costing for each job.

Never renew a contract without performing job costing to ensure you are making a profit. On a larger scale, you should be able to confirm your pricing model is working across your entire company and adjust when necessary. If one or two are not profitable, you might be willing to write those off as the cost of doing business. If it's more than an anomaly, you should re-examine your pricing model. If you're going to take a risk, there should be a reward. Snow management is fun and we love doing it; but it gets old fast when you're not making money.

## Strategic differentiation

Far too many contractors try to differentiate themselves by having the lowest price. We could talk for hours on how that is not a good path to follow.

Your challenge is to find a way to highlight what you have to offer in a way that makes customers want to hire you even if you're not the lowest-price provider.

Strong service verification can be a key differentiator. When they buy snow and ice management services from a company that has made service verification a priority, they also get

transparency, accuracy and clarity in service provided. This can build trust that is invaluable and make you "the go-to snow service provider."

There's nothing I like better than to have a customer say, "I got five bids, and you are the highest of all five but I'm going to hire you." Then I know I've done my job and created

a positive differentiation that makes them want to do business with me, regardless of the cost. **SB\***

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