2022 Snow & Ice Profitability Benchmarking Study

SIMA® Foundation

ABOUT THE STUDY

On behalf of the SIMA Foundation, thank you for your interest in the 2022 Snow & Ice Profitability Benchmarking Study.

Benchmarking data in important areas such as financial structures, contracts, revenue and profits is essential; and more is needed as the private snow and ice management industry grows.

The Snow & Ice Management Association's (SIMA's) vision is that snow and ice management professionals and those who benefit from their services adhere to the highest industry standards. Part of the SIMA Foundation's purpose is to conduct research and benchmarking studies on issues impacting industry stakeholders. This study establishes benchmarks that will allow companies of all sizes to compare their operations to others and identify areas for improvement. It also establishes a baseline from which to track changes in costs and profits in the coming years.

This study would not be possible without the generosity of donors who support the SIMA Foundation a 501(c)3 non-profit organization. Our hope is to build on these research efforts. We welcome feedback for future research needs. Email your suggestions to ***martin@sima.org***. If you're interested in learning more about the SIMA Foundation's work or to donate, please visit ***sima.org/foundation***.

Debora Babin Katz, TrucBrush Corporation
Chair, SIMA Foundation

TABLE OF CONTENTS

METHODOLOGIES

RESPONDENT PROFILE:

- Owners (⅔ of respondents), executives, finance managers or administrators
- Self-performing companies (62% of respondents), with aggregators making up 35%. The respondents averaged 22 years in business.
- Local operators (82% of respondents) compared to regional (13%) and national (5%)
- Thirty-nine percent of respondents were small (<$1M total revenue), 41% were medium ($1M-$5M), and 20% were large (>$5M) revenue companies.
- US companies (4/5 of respondents) vs. Canadian companies (1/5)

Data for the 2022 Snow & Ice Profitability Benchmarking Study was collected from more than 130 SIMA member and non-member service providers through a confidential survey conducted by Steve Wolf of WolfWorks Consulting in May 2022.

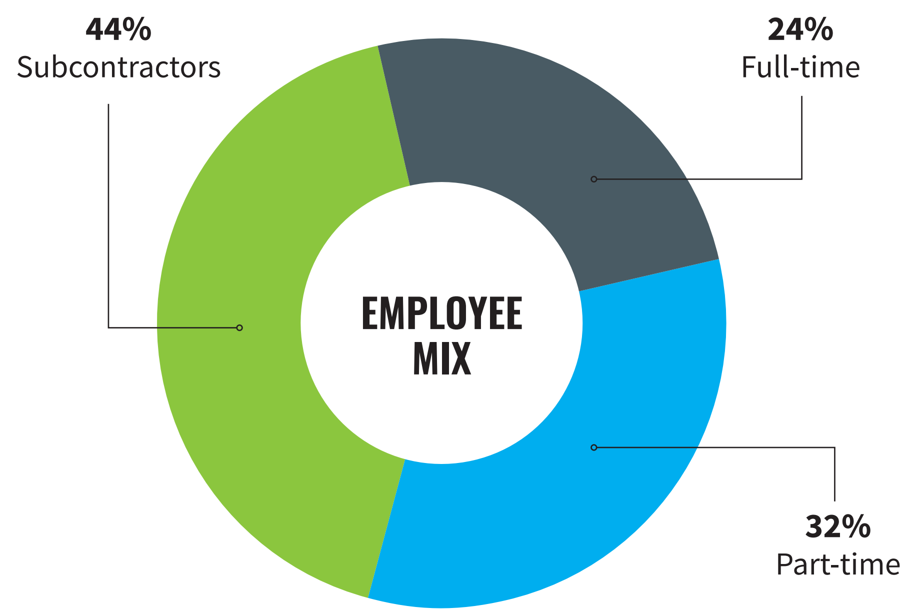
LABOR

102

The average snow & ice provider's employees for snow & ice services in a given year

13%

Employee turnover per year



REVENUE

$2.365 MILLION

The average snow & ice provider's reported snow & Ice revenue

$4.885 MILLION

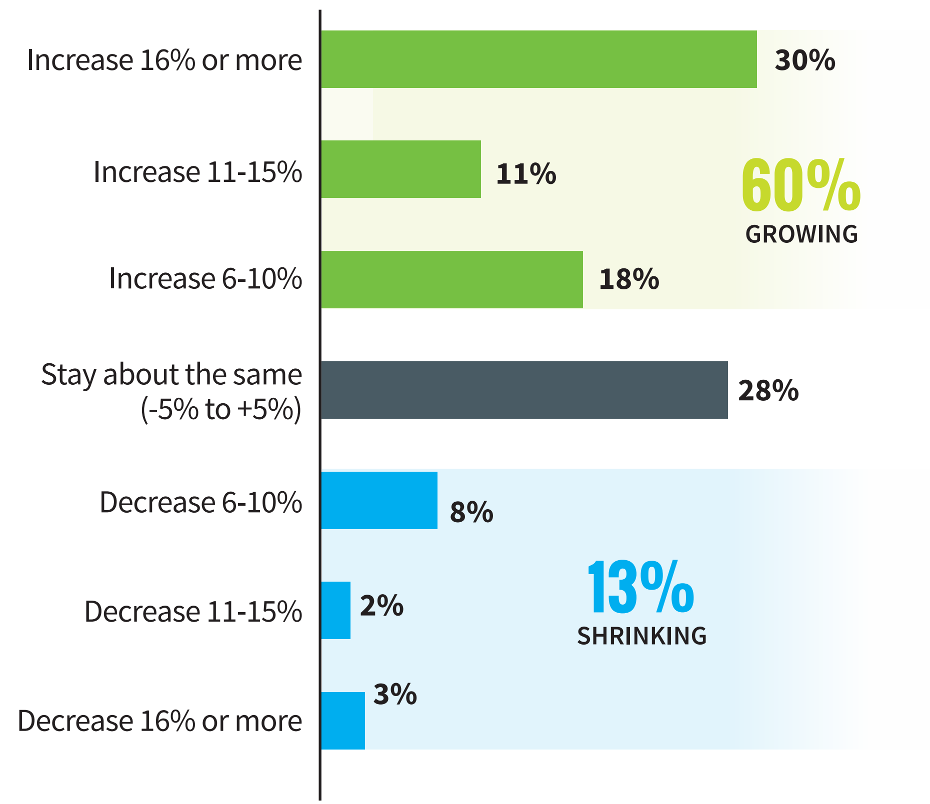
The average snow & ice provider's reported total revenue

+9%

Average revenue growth per year

% CHANGE, ANNUAL REVENUE

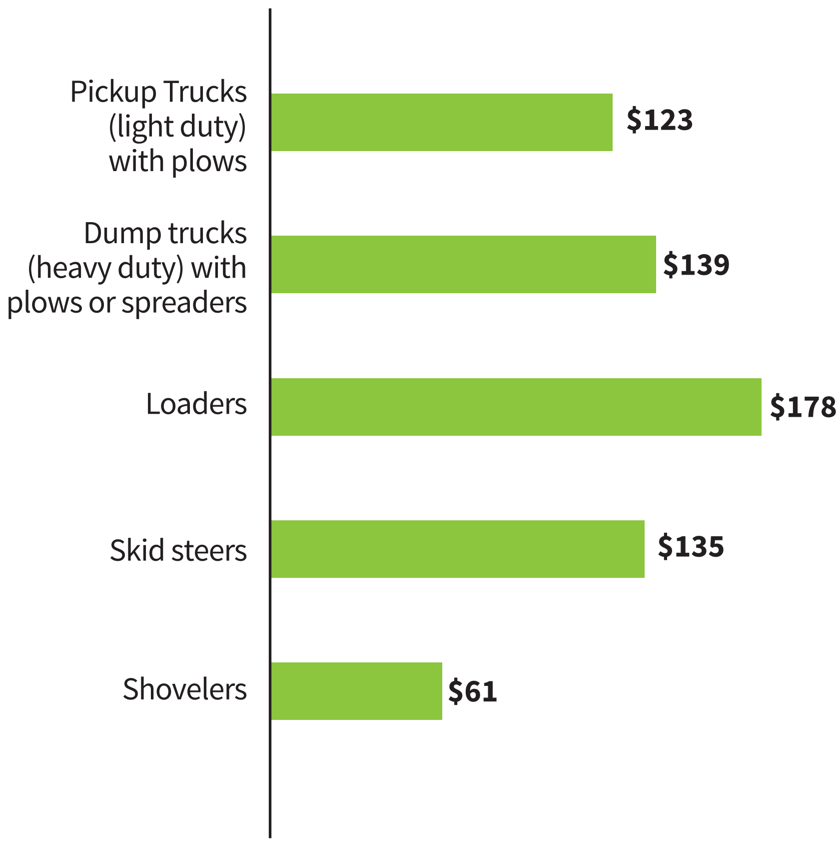
According to research, larger firms and newly established firms are growing, whereas smaller firms and self-performers are struggling to grow.



PRICING

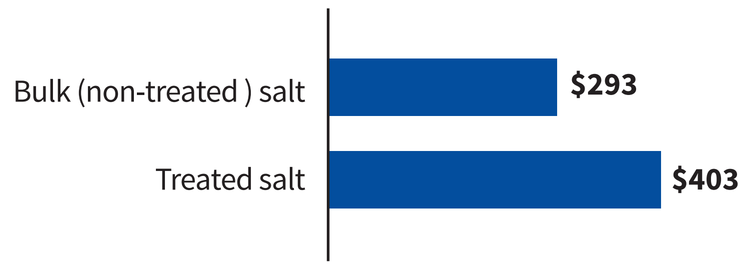
EQUIPMENT PRICES PER HOUR

An evaluation of the data found that larger firms charge more than smaller companies, but not tremendously so. Younger firms (<10 years old) and New England firms charge less.



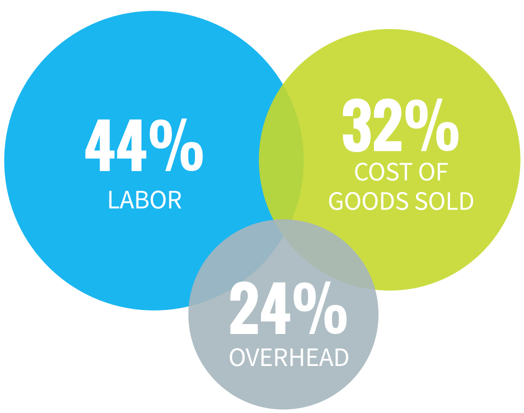
SALT PRICES PER TON

Small US firms and Canadian firms charged customers more per-ton; veteran firms and those in the Mid-Atlantic and New England charge less.

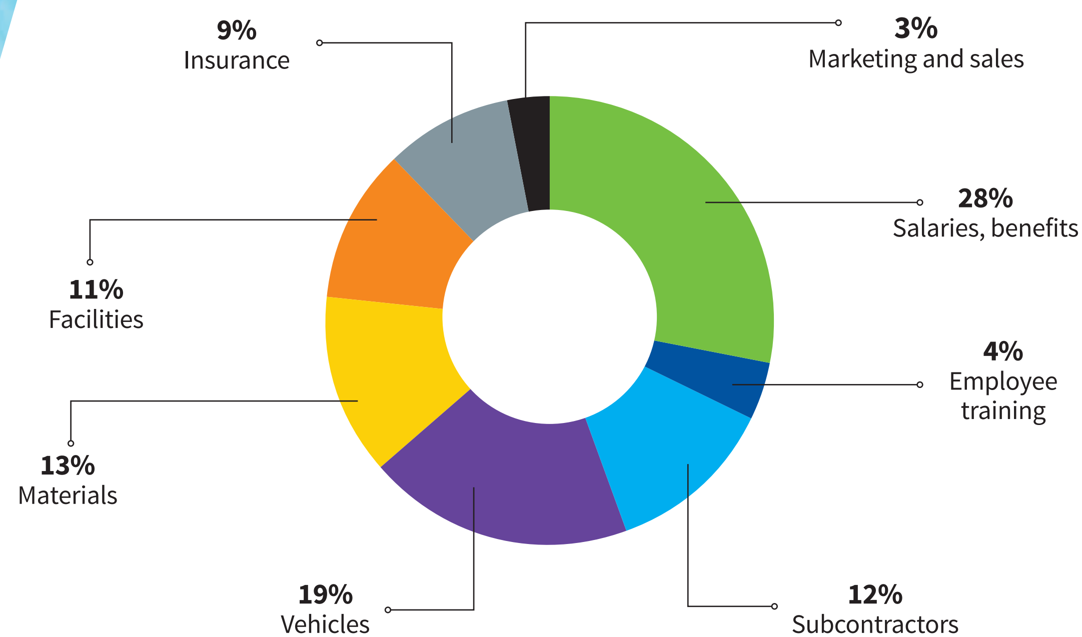


COSTS

Respondents reported the following cost breakdown:



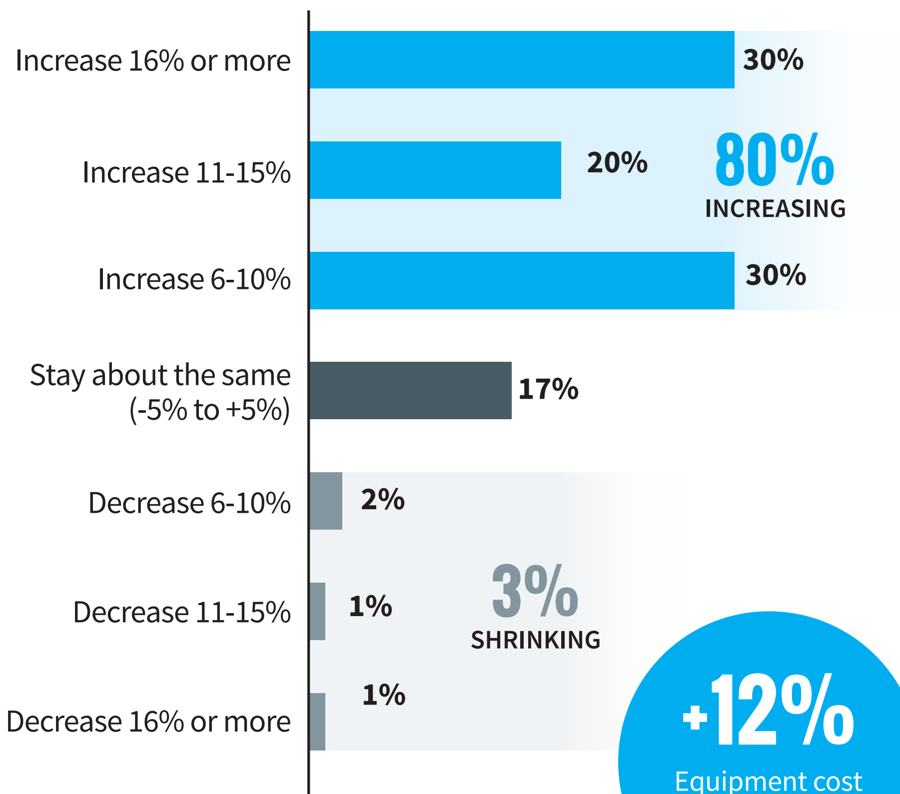
DETAILED COST STRUCTURE



COSTS

EQUIPMENT COSTS

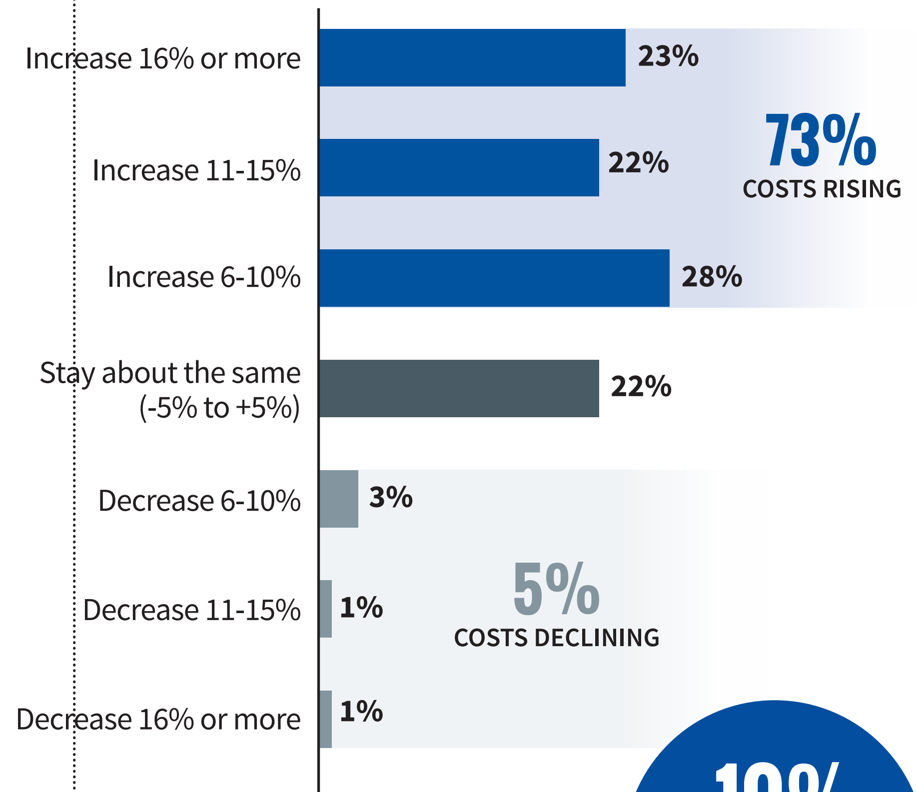
4 in 5 respondents reported expenses for vehicles and materials are increasing.



+12% Equipment cost increases per year

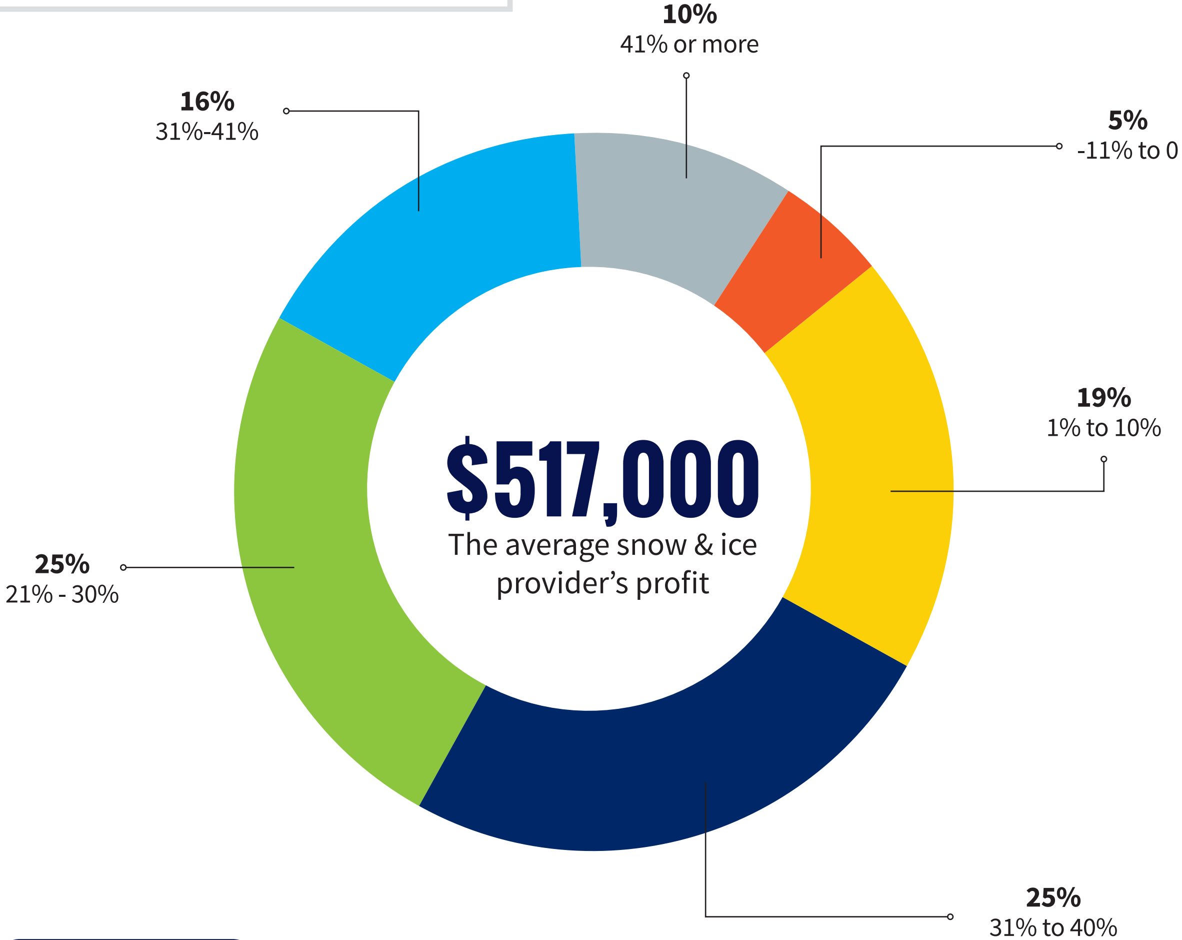
LABOR COSTS

Three-quarters of providers reported labor costs (employee salaries, benefits, training, subcontractor pay) increased from the 2020-21 winter to the 2021-22 season. While the increase in expenses is fairly uniform across firm types and sizes, the survey found operators in New England have been hit the hardest.



+10% Labor cost increases per year (average respondent)

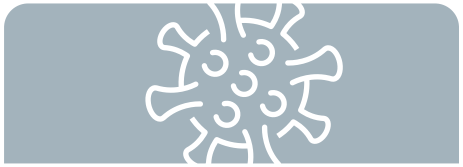
PROFIT



22%

Nine in 10 providers are profitable, averaging 22% margins (EBIDTA - Earnings before interest, depreciation, taxes and amortization)

DISRUPTORS



COVID: 33% of respondents reported the pandemic had an adverse impact on their profitability. The pandemic especially affected newer firms and those in the midwestern United States. Yet 1/4 to 1/5 of the largest operations reported a positive effect.

SUPPLY CHAIN: 66% reported supply chain issues are negatively impacting their profitability. The supply chain has had an outsized effect on the newest companies, those operating in multiple locations and the northeastern and atlantic United States.

CONTRACTS / PORTFOLIO

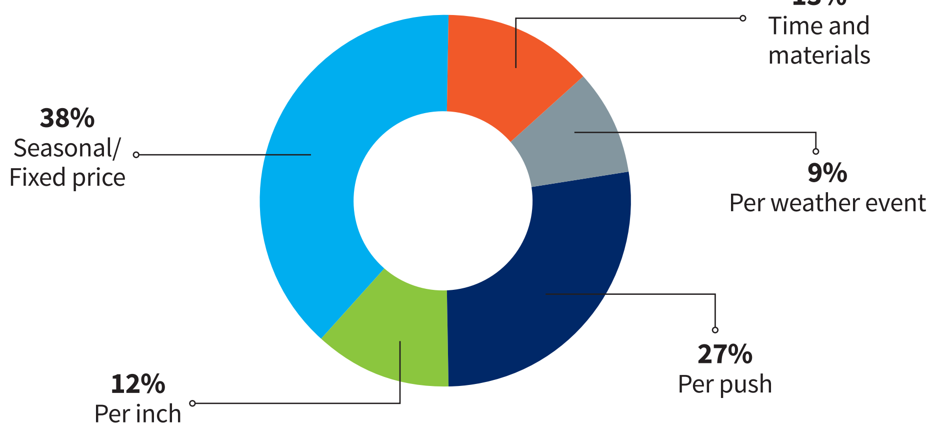
100,000
Linear feet served

480
Acres served

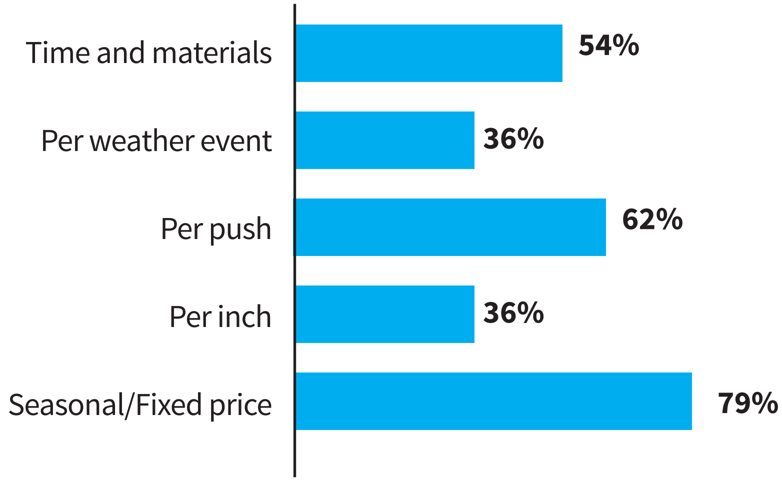
Companies charge clients a mix of contract types, averaging 2.7 per company. Seasonal (4 in 5 companies) is most common, followed by per-push. The smallest companies are more apt to charge per event while large firms tilt toward seasonal.

Canadian firms charge fixed/seasonal contracts

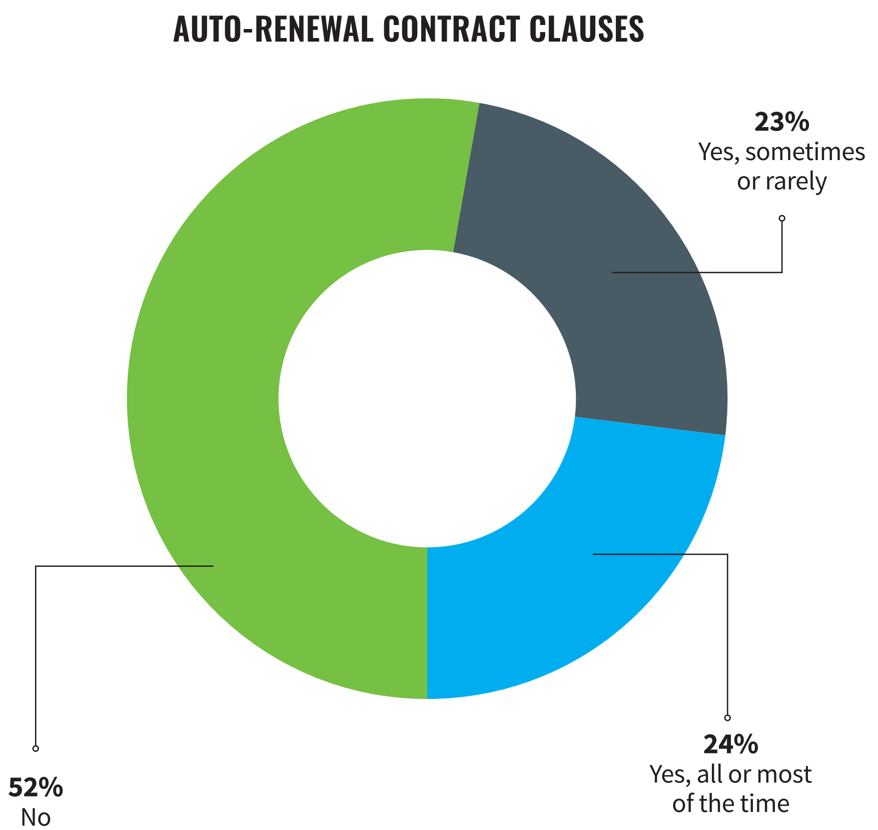
CONTRACTS % OF TOTAL PORTFOLIO



CONTRACT USAGE FREQUENCY



CONTRACTS / PORTFOLIO



58%

The largest companies ($5M+ revenue) have the greatest tendency to insert an auto-renewal clause in their contract.

18%

Operators in New England are unlikely to use contract auto-renewal

SIMA® Foundation

Opportunity. Research. Awareness.

www.sima.org/foundation