



Financial Benchmarking for Success:

*Findings from 2025
Economics Survey*

Steve Wolf – *President, WolfWorks*

Sponsored by:



CATERPILLAR

- Study Background
- Study Findings
 - Provider Snapshot
 - Business Fundamentals
 - Contracts
 - Equipment and Materials
 - Safety & Insurance
 - Challenges and Results



- *SIMA Foundation* identified **provider economics** as a core issue to study
 - Furthers mission of providing impactful research to SIMA members and the industry at large

What can attendees get out of this study?

CONTENTS:

- **Typical financials** of S&I firms – cost structures, contracts, prices, profits...
- Measures of industry's **economic health** – profitability, growth, economic challenges
- **Changes** over time – vs. 2022 study
- **Best practices** for profitable firms to follow



ACTIONS:

- ❑ **Recalibrate investments accordingly**
- ❑ **Revisit contract structures and prices charged**
- ❑ **Adopt best practices**
- ❑ **Spark conversation**

Approach

- Online survey – 31 questions, 8-12 minutes
- Fielded to mix of SIMA members and non-member companies
- All respondents are **executives** (C-suite, director, manager) who self-rated as familiar with firms' revenues and expenses (7+ of 10)

Key Topics

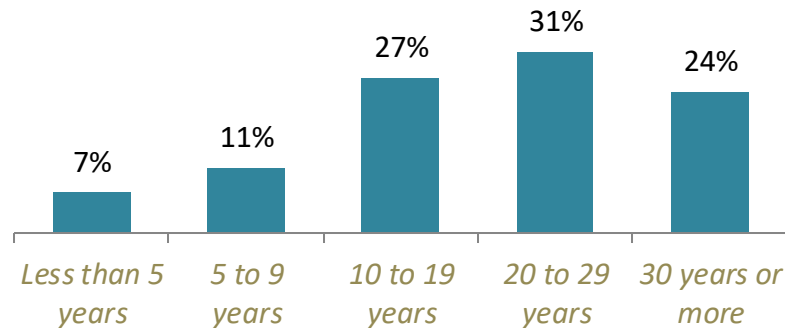
- ❑ **Economic Structure:** Revenue, % snow & ice management, cost structure (labor, COGS, insurance, overhead), profitability
- ❑ **Operations and Pricing:** Contract types, equipment owned or rented, equipment costs, materials costs, profitability
- ❑ **Financial Outlook:** Key challenges, changes to revenues & costs

Survey designed in close collaboration with SIMA Foundation's Research Committee

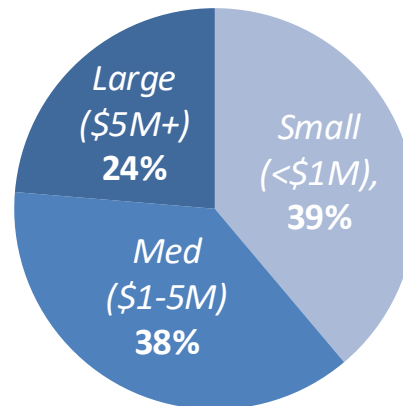
161 total respondents

- 78% from USA, 20% from Canada
- 2/3 self-performers, 1/3 hybrid of self-performers and subcontractors (just 1% are entirely subs)
- In business for an average of **21 years**
- Earns **\$5,100,000** annual revenue

YEARS IN
OPERATION
(N=161)



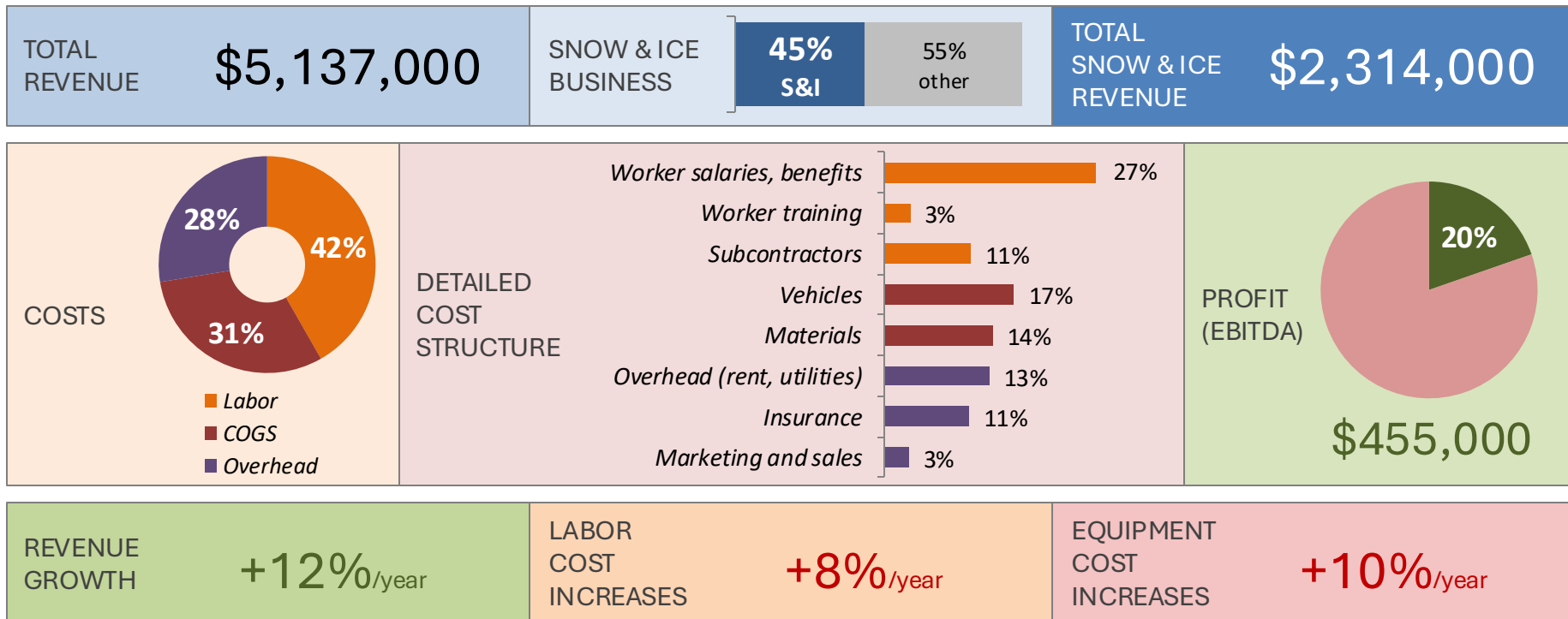
TOTAL REVENUE
(S&I + OTHER)
(N=161)



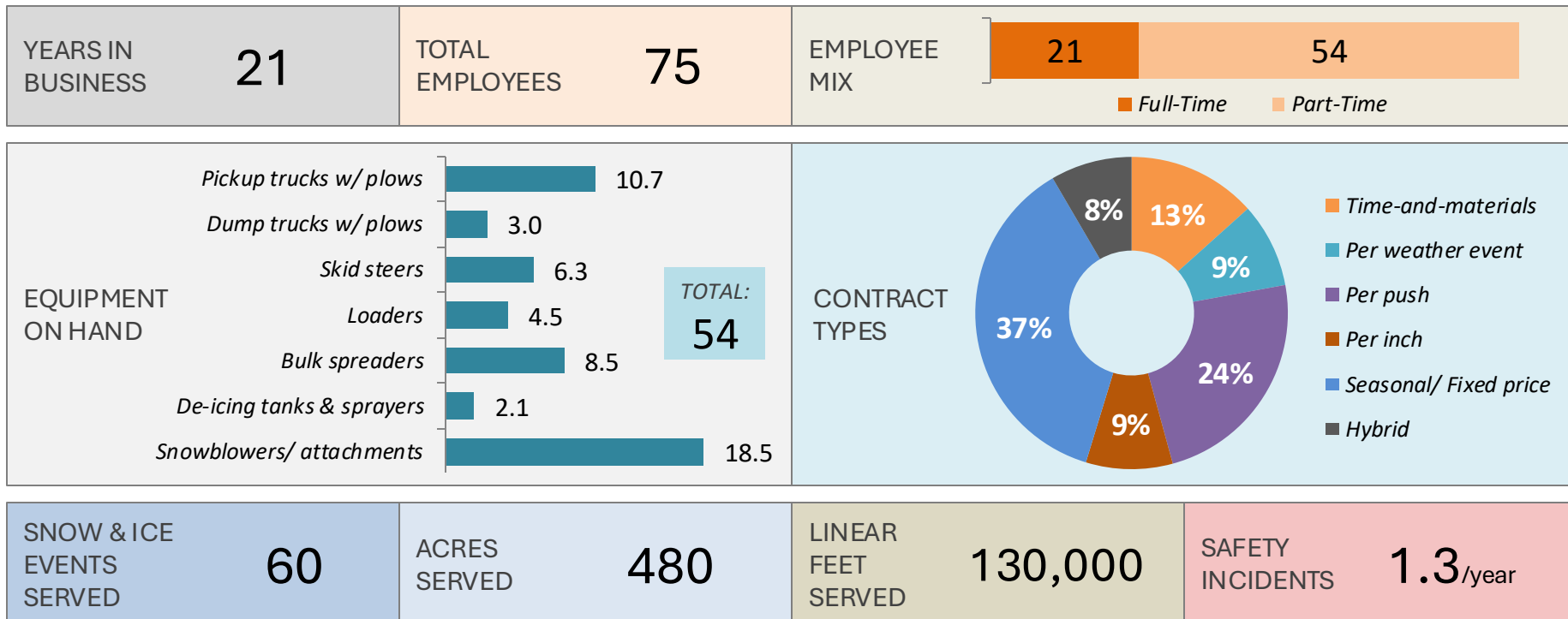
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The average snow & ice company's financial structure looks like this:



The average snow & ice company's operations looks like this:

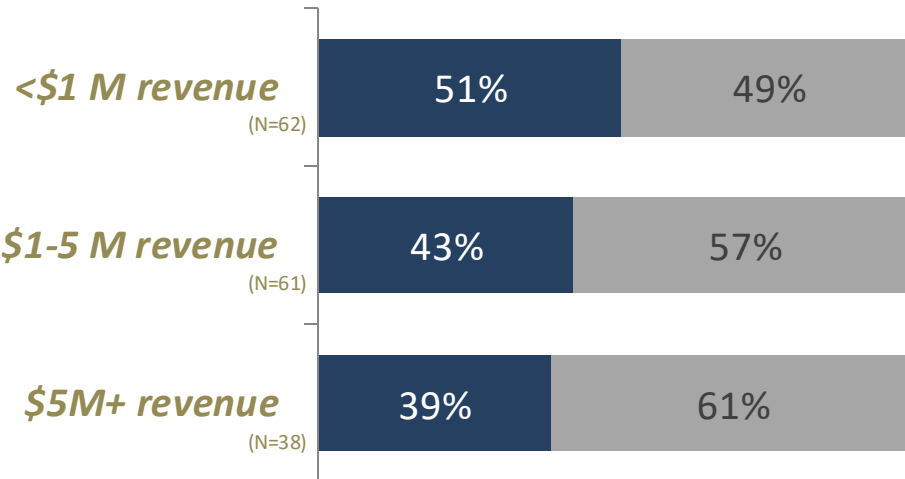
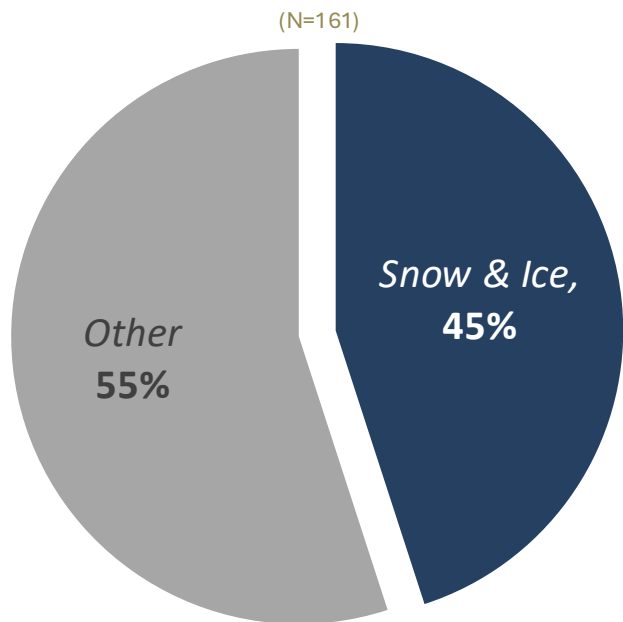


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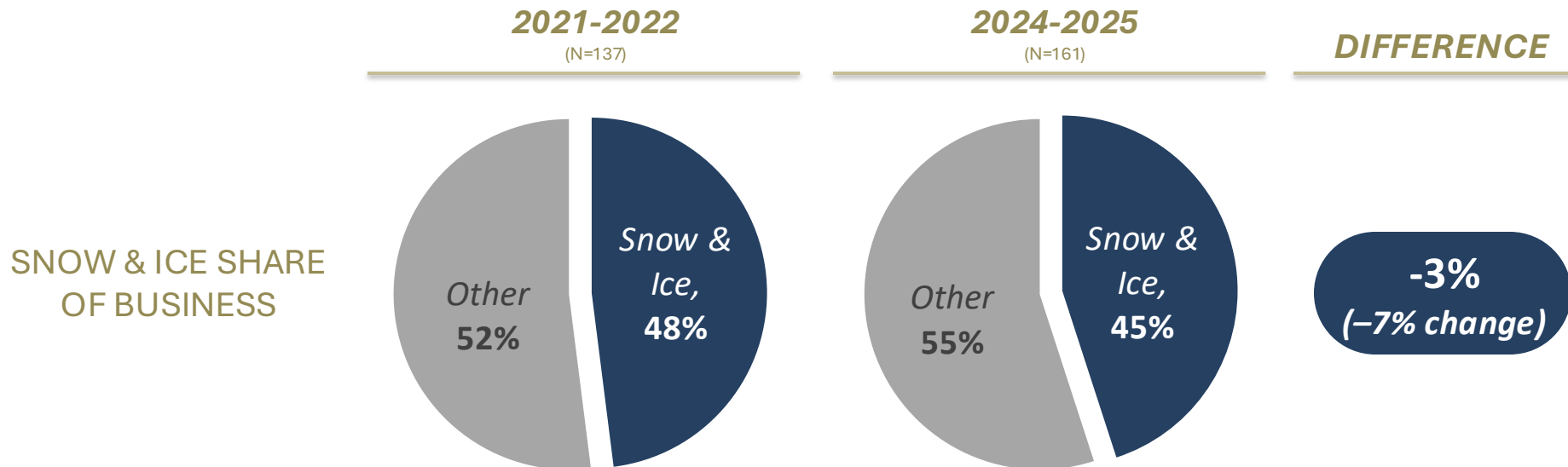
Snow and ice work comprises just under half of providers' total revenue

SNOW & ICE SHARE OF BUSINESS



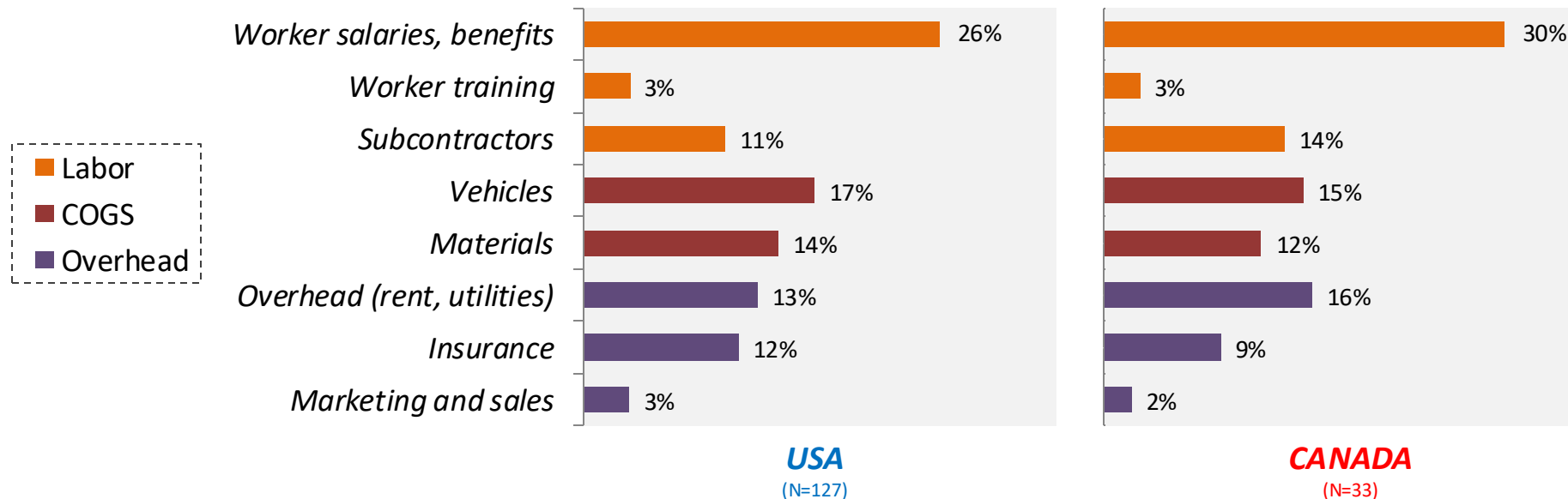
- The larger the company, the more income is derived from work other than snow management

Compared to three years ago, the typical provider earns slightly less from S&I services



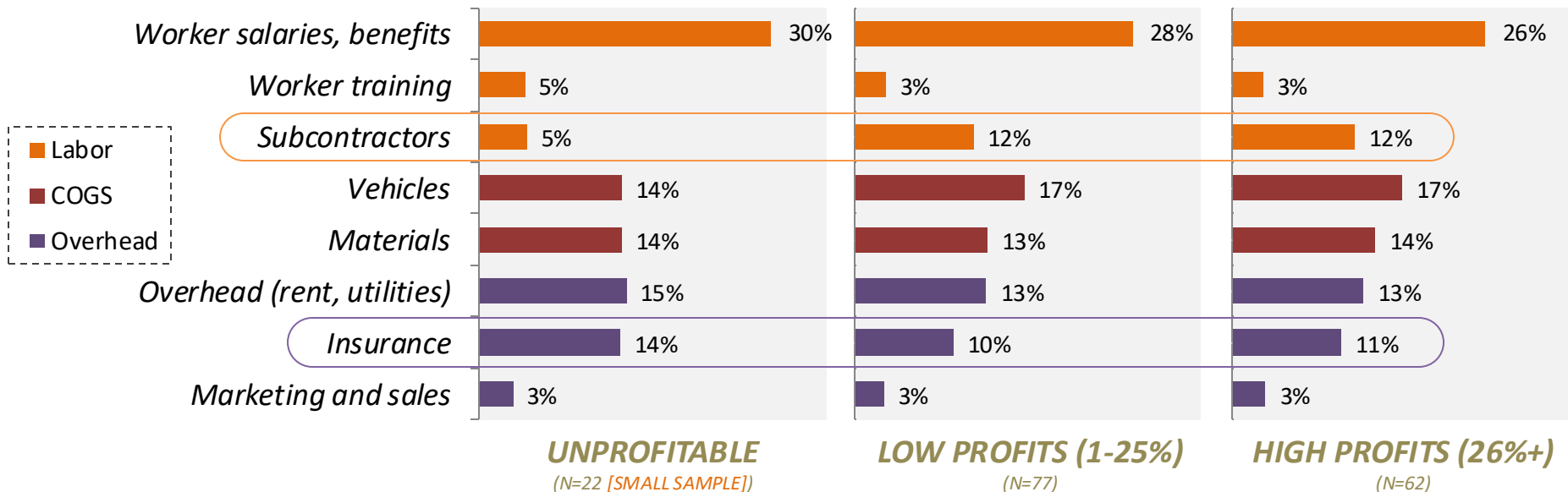
Wages are providers' biggest cost bucket – more than 1/4 of total – followed by cost of vehicles and of materials to handle snow work

S&I BUSINESS EXPENSES BY CATEGORY

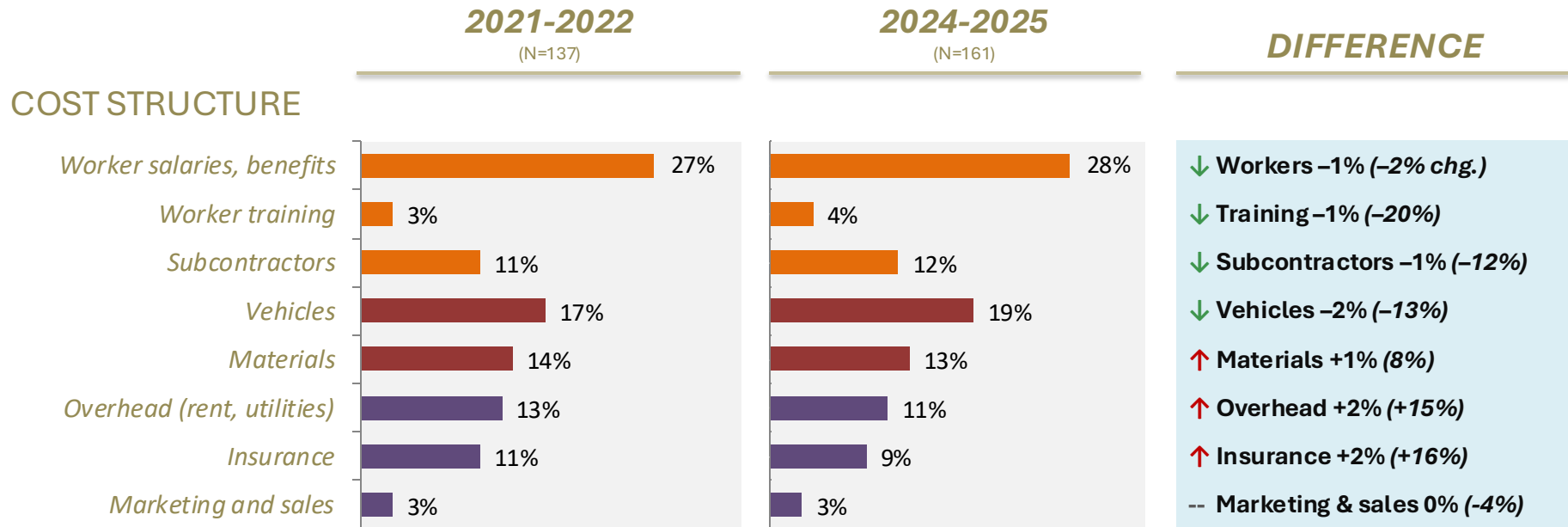


Unprofitable firms spend 25-30% more than profitable ones on Insurance, and are hesitant to leverage subcontractors

S&I BUSINESS EXPENSES BY CATEGORY

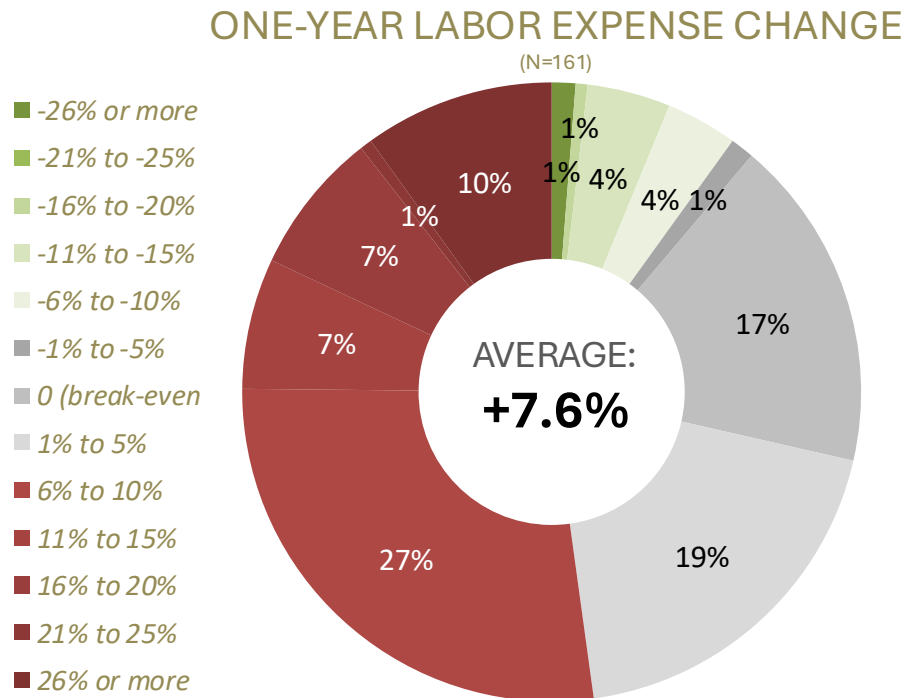


Compared to three years ago, the typical provider earns slightly less from S&I services, and spends more on overhead and insurance



Labor costs (salaries, benefits and training) has increased 8% across the industry

- Half of firms have seen a meaningful jump



52%
INCREASING
(6%+ rise)

38%
STABLE
(B/E or +/- 5%)

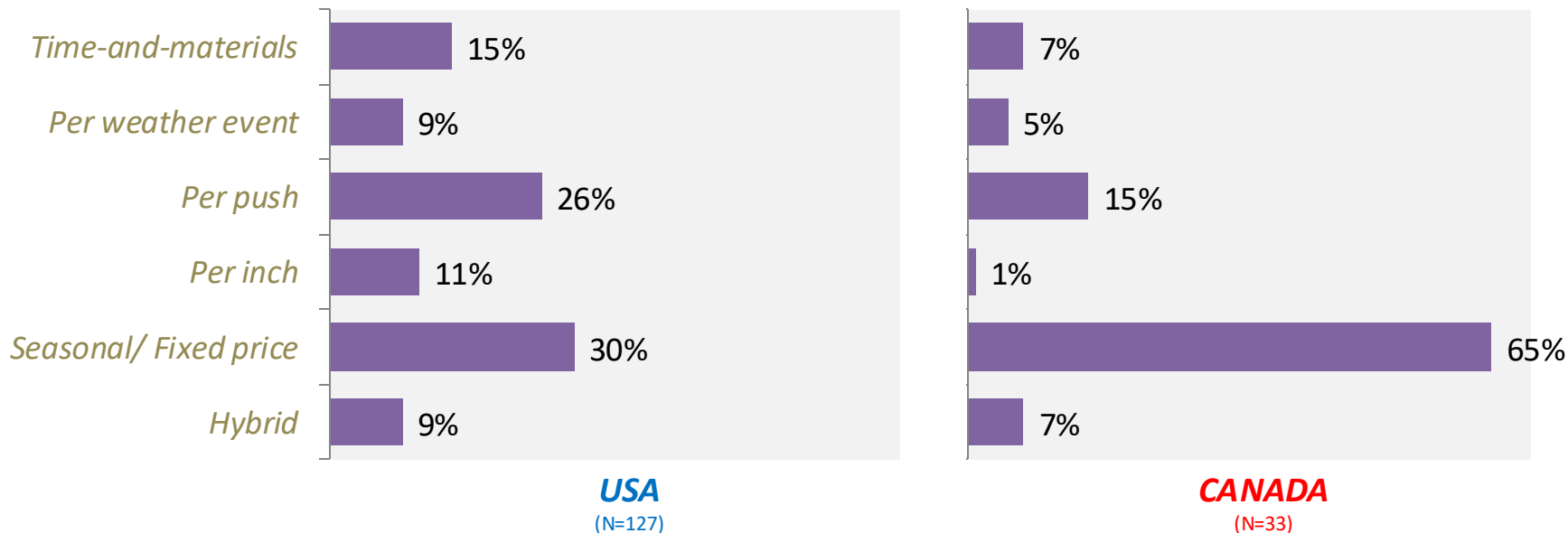
10%
DECREASING
(6%+ drop)

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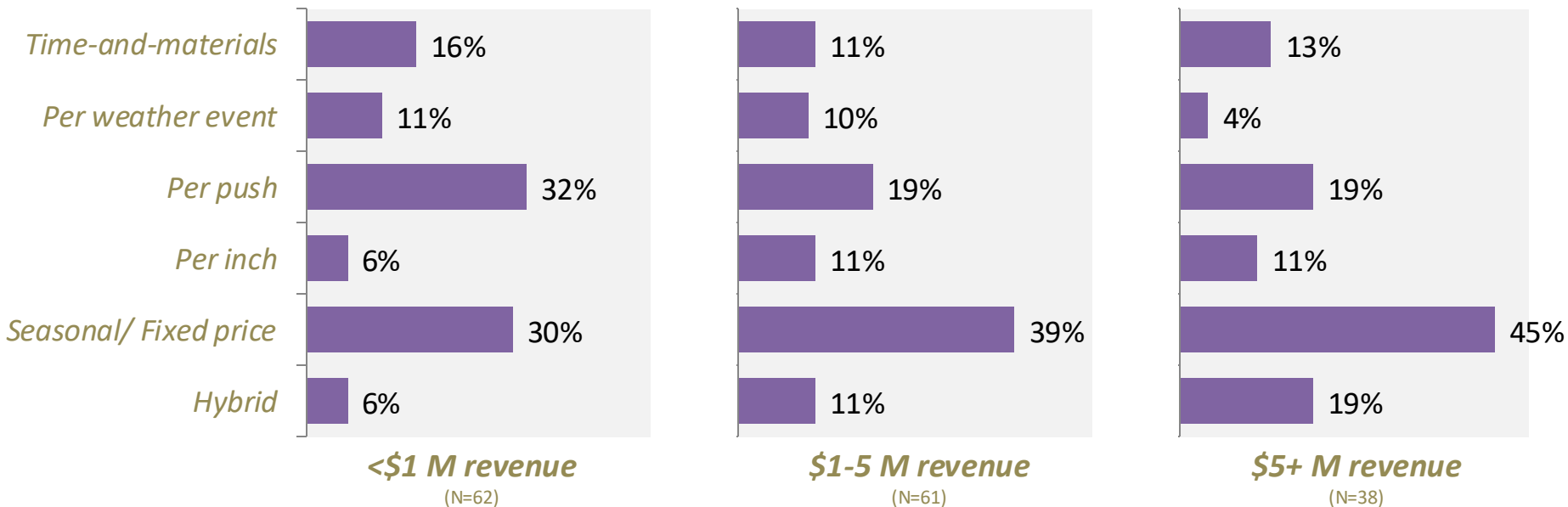
Seasonal comprises the lion's share of contracts issued – in the US and especially in Canada – while per-push and T&M are also common

CONTRACT TYPES: SHARE OF TOTAL



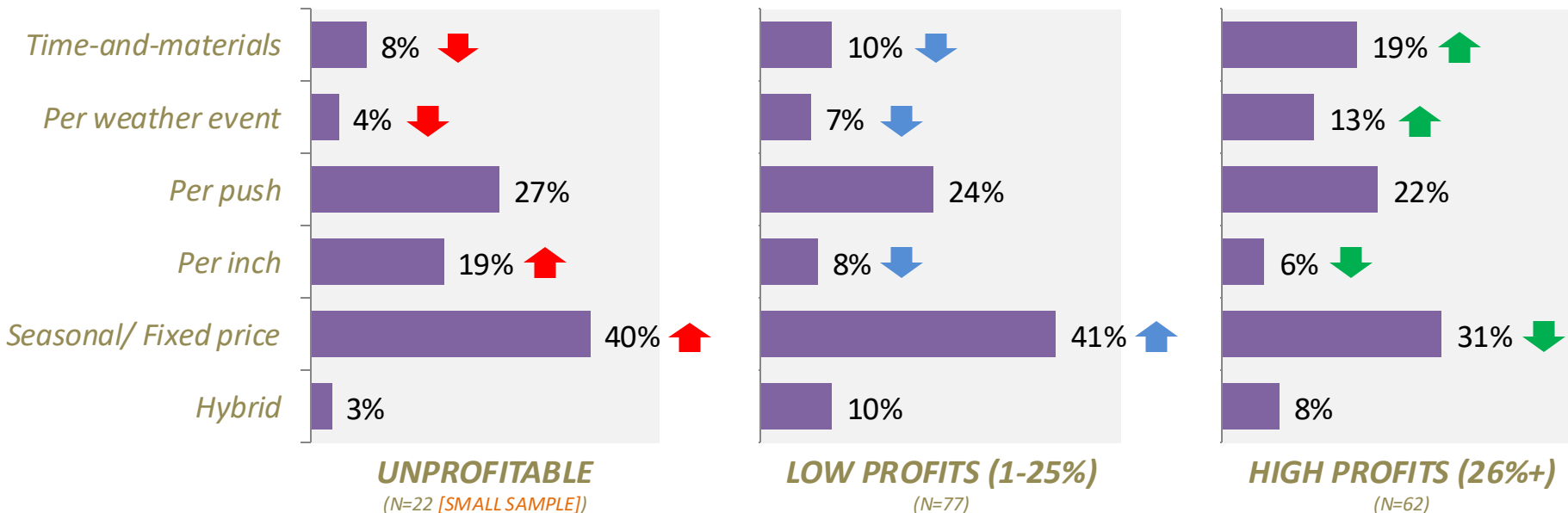
Smaller companies rely more on per-push, while larger firms are more likely to utilize seasonal pricing

CONTRACT TYPES: SHARE OF TOTAL



Profitable providers rely more on T&M and per-event structures, less on per-inch and seasonal

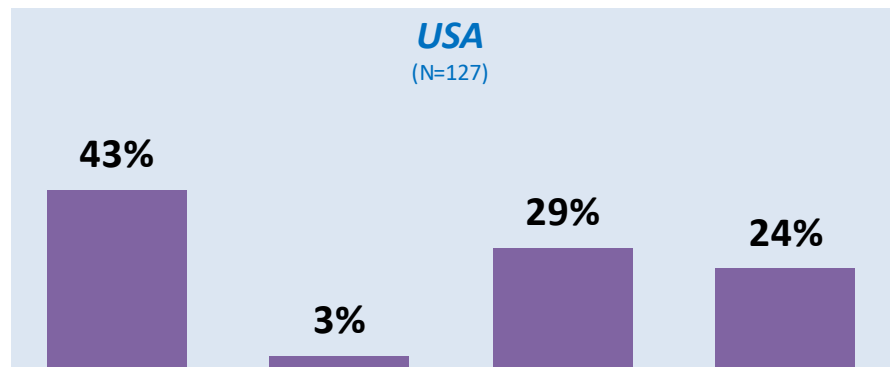
CONTRACT TYPES: SHARE OF TOTAL



Half of seasonal contracts have no limitations whatsoever

- Another 1 in 4 specify a ceiling above which additional fees are charged

SEASONAL CONTRACT STRUCTURE



NO FLOOR OR CEILING (FLEXIBLE)

Contracts can accommodate any amount of snow

FLOOR ONLY

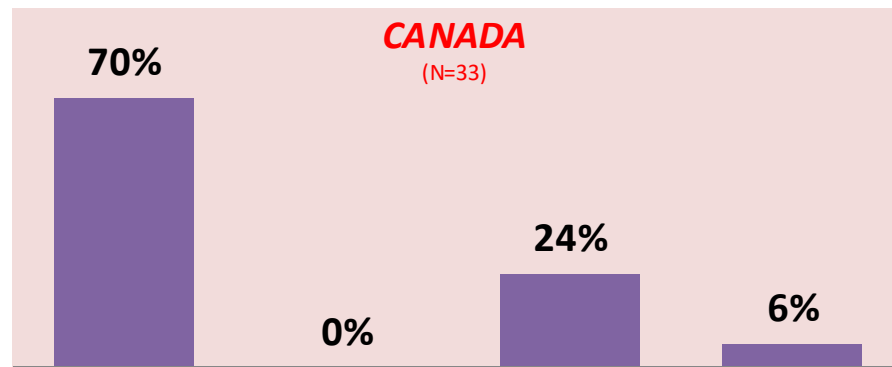
Minimum by which snowfall below "floor" results in reduced price or rebate/credit

CEILING ONLY

Maximum by which snowfall above "ceiling" results in additional charges

BOTH FLOOR AND CEILING

Seasonal contracts specify both a floor and ceiling



NO FLOOR OR CEILING (FLEXIBLE)

Contracts can accommodate any amount of snow

FLOOR ONLY

Minimum by which snowfall below "floor" results in reduced price or rebate/credit

CEILING ONLY

Maximum by which snowfall above "ceiling" results in additional charges

BOTH FLOOR AND CEILING

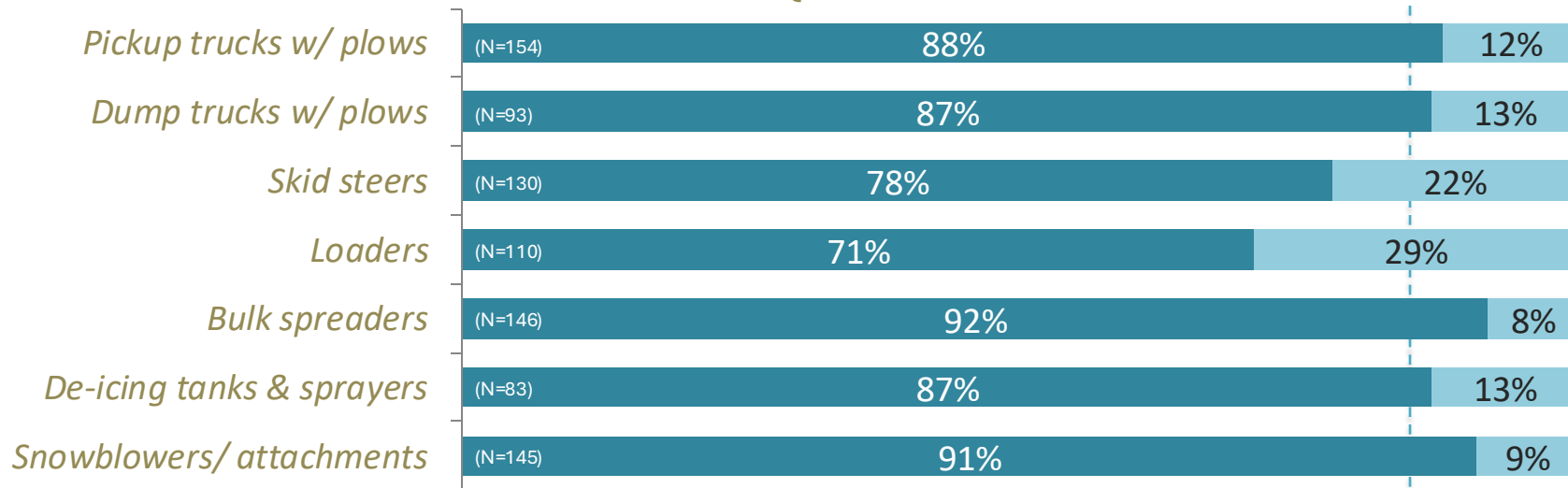
Seasonal contracts specify both a floor and ceiling

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S&I providers own most of their equipment, but tend to rent or lease loaders and skid steers more than other types

EQUIPMENT RENTED OR OWNED



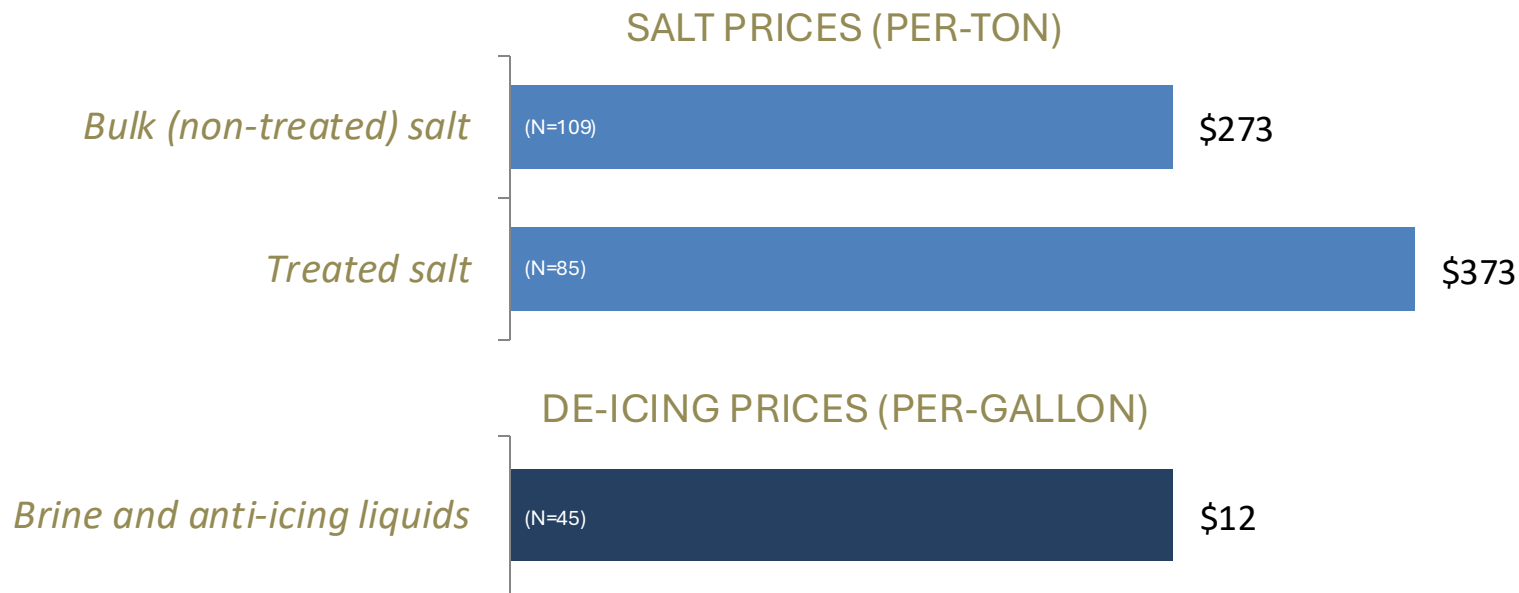
AVERAGE: 85% owned

On average, S&I firms charge \$145/hour for pickup truck work, \$155 for dump trucks, \$200 for loaders, \$160 for spreaders and \$135 for de-icing

EQUIPMENT PRICES (PER-HOUR)

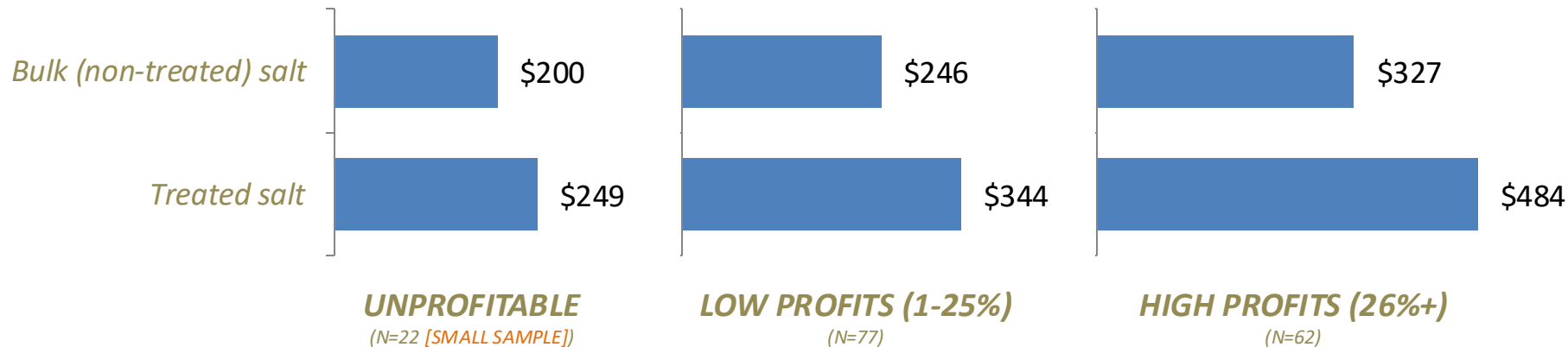


Bulk salt is priced at an average of \$273/ton, treated salt \$373/ton, and de-icing liquids such as brine \$12/gallon

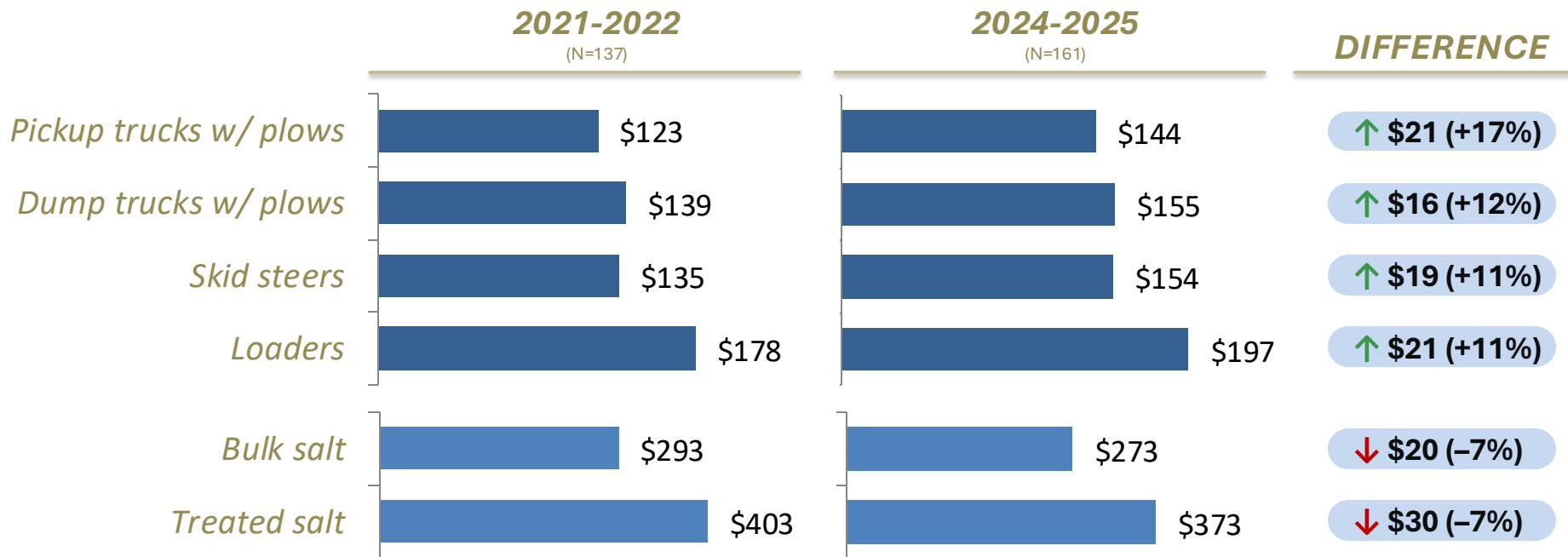


The most profitable providers charge far more for both bulk salt and treated salt than less profitable and especially unprofitable firms

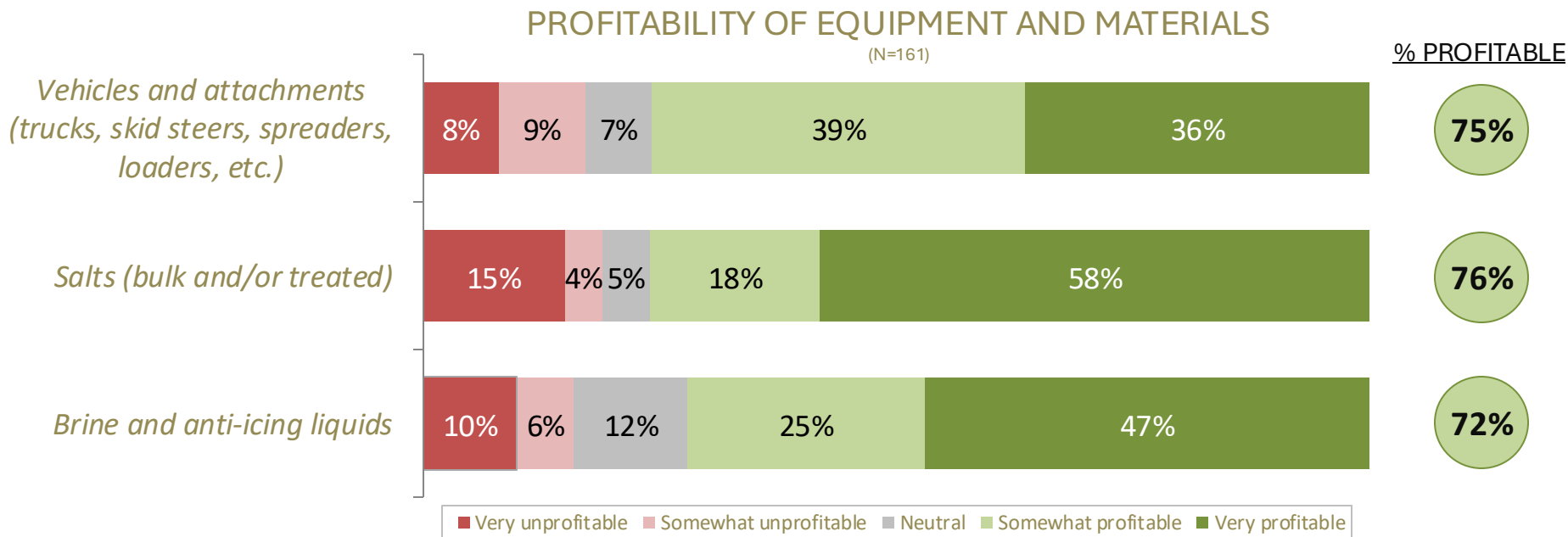
SALT PRICES (PER-TON)



Compared to three years ago, companies are charging more today for equipment but less for salts

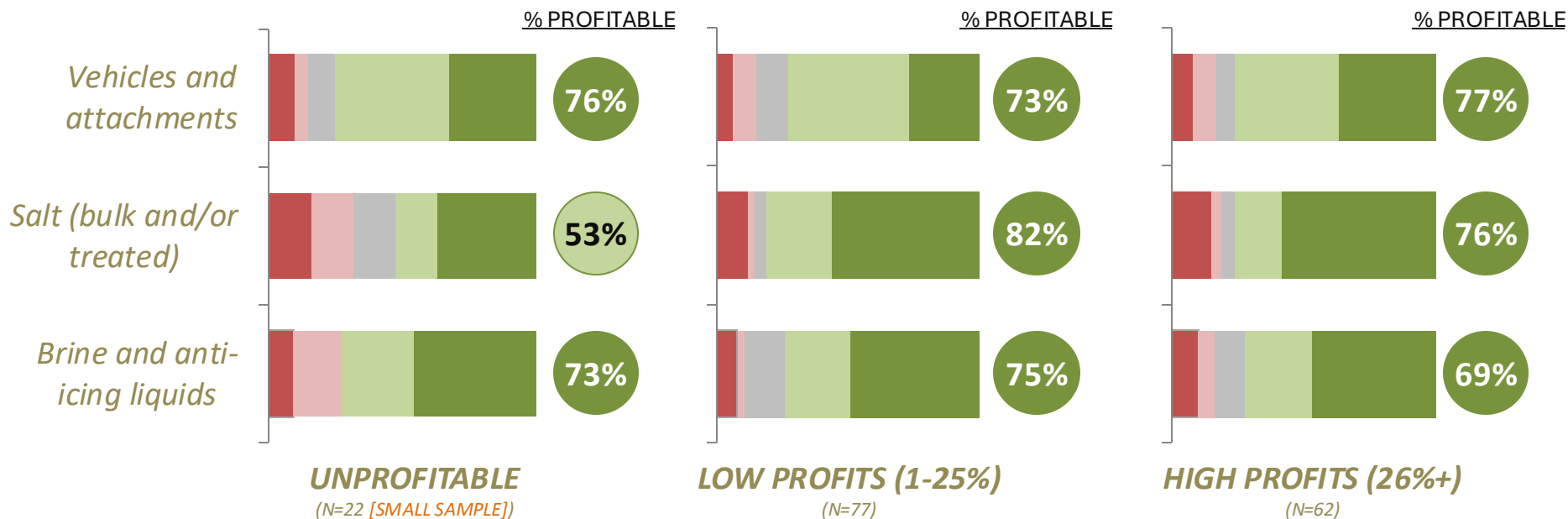


Across categories of equipment and materials, salts are more profitable than equipment, and de-icing liquids least profitable



Unprofitable companies struggle to earn a profit on salt

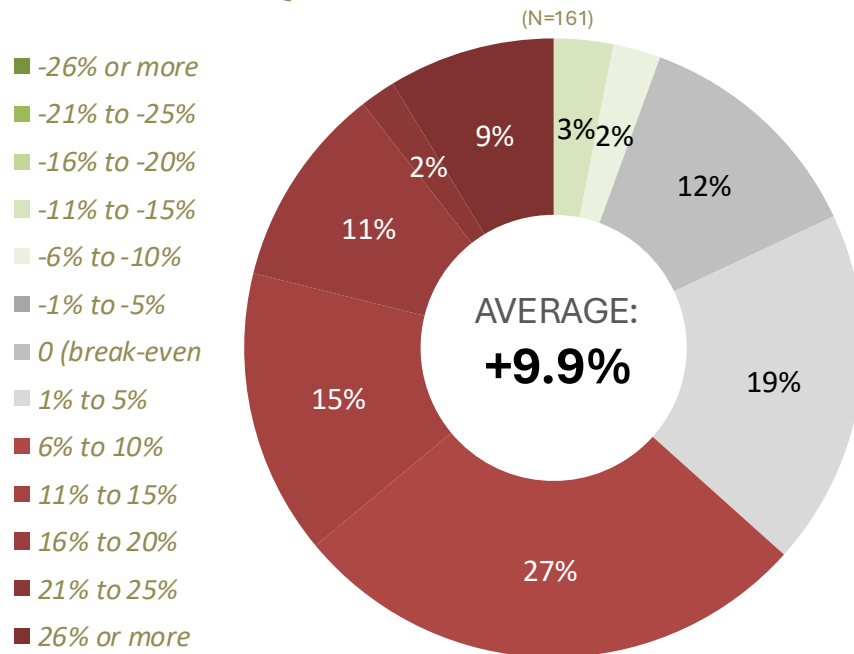
EQUIPMENT AND MATERIALS PROFITABILITY



Expenditures for vehicles and materials are up significantly - 10% - vs. last year

- Nearly 2 in 3 of S&I providers have experienced a meaningful increase

ONE-YEAR EQUIPMENT & MATERIALS EXPENSE CHANGE



63%
INCREASING
(6%+ rise)

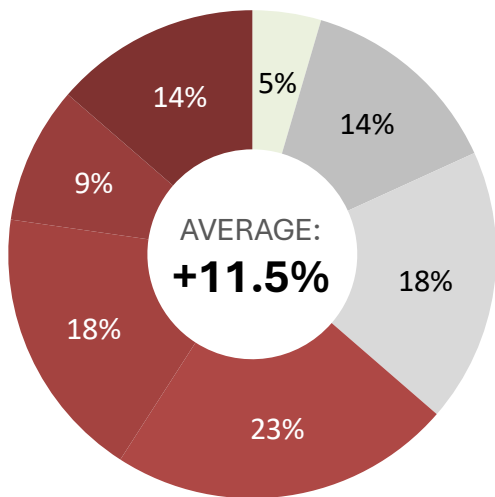
31%
STABLE
(B/E or +/- 5%)

6%
DECREASING
(6%+ drop)

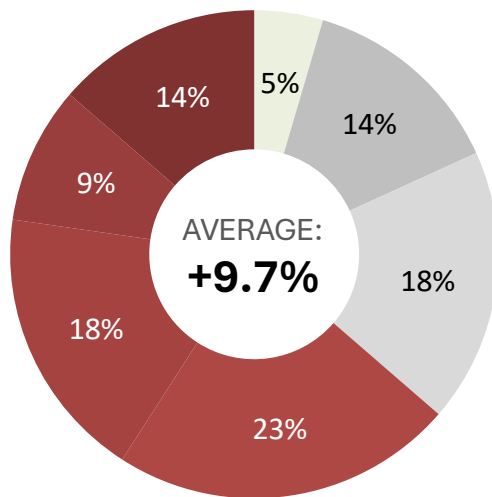
Profitable providers' COGS have risen in the past year, but less so than those not earning any profits

CHANGE TO EQUIPMENT & MATERIALS COSTS

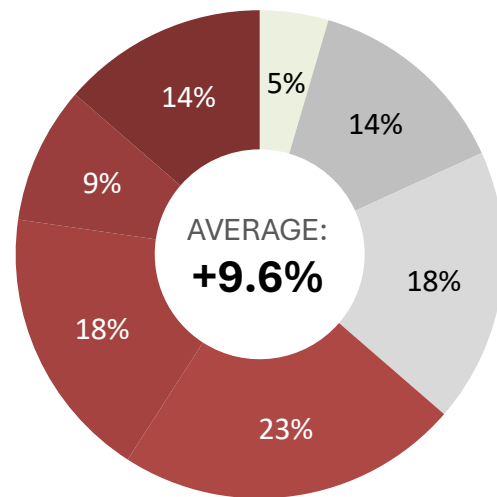
- -26% or more
- -21% to -25%
- -16% to -20%
- -11% to -15%
- -6% to -10%
- -1% to -5%
- 0 (break-even)
- 1% to 5%
- 6% to 10%
- 11% to 15%
- 16% to 20%
- 21% to 25%
- 26% or more



UNPROFITABLE
(N=22 [SMALL SAMPLE])



LOW PROFITS (1-25%)
(N=77)



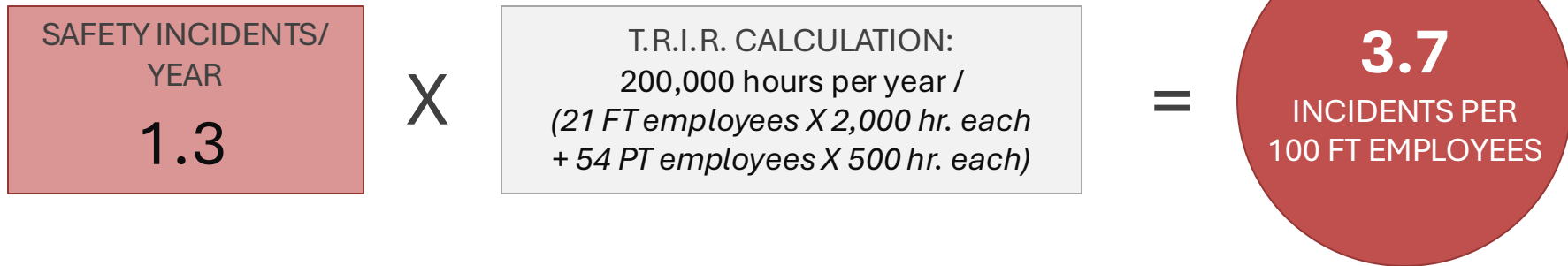
HIGH PROFITS (26%+)
(N=62)

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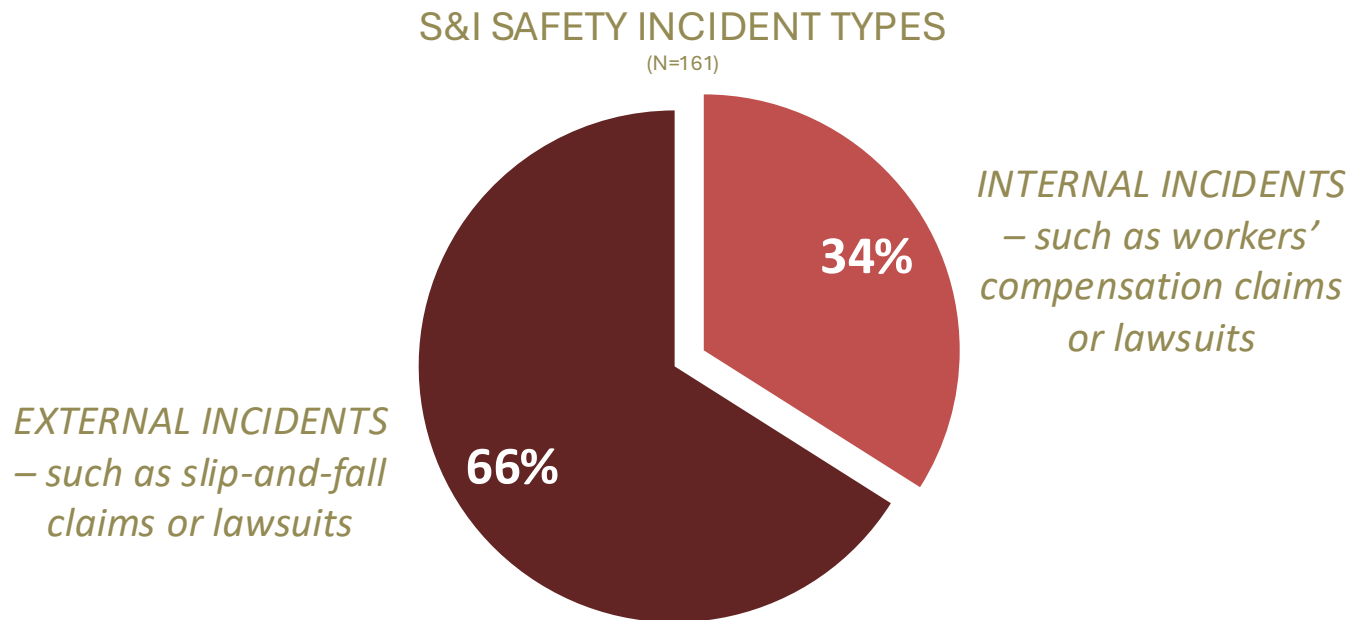


On an apples-to-apples basis – per every 100 FT employees (200,000 annual labor hours) – S&I companies incur 3.7 safety incidents annually

TOTAL RECORDABLE INCIDENT RATE
(N=161)

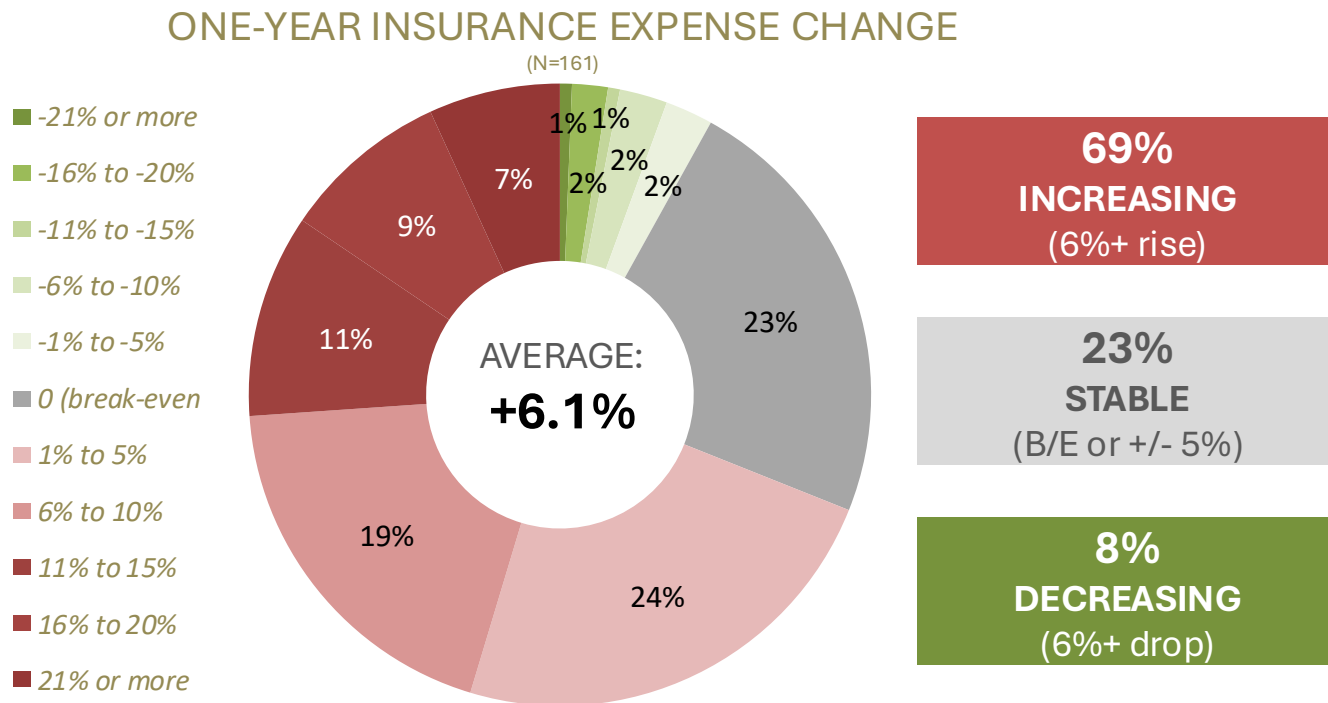


Across the industry, external incidents are twice as common as internal ones



Providers' insurance costs are on the rise, to the tune of 6% over the past year

- 7 out of 10 have absorbed a meaningful increase



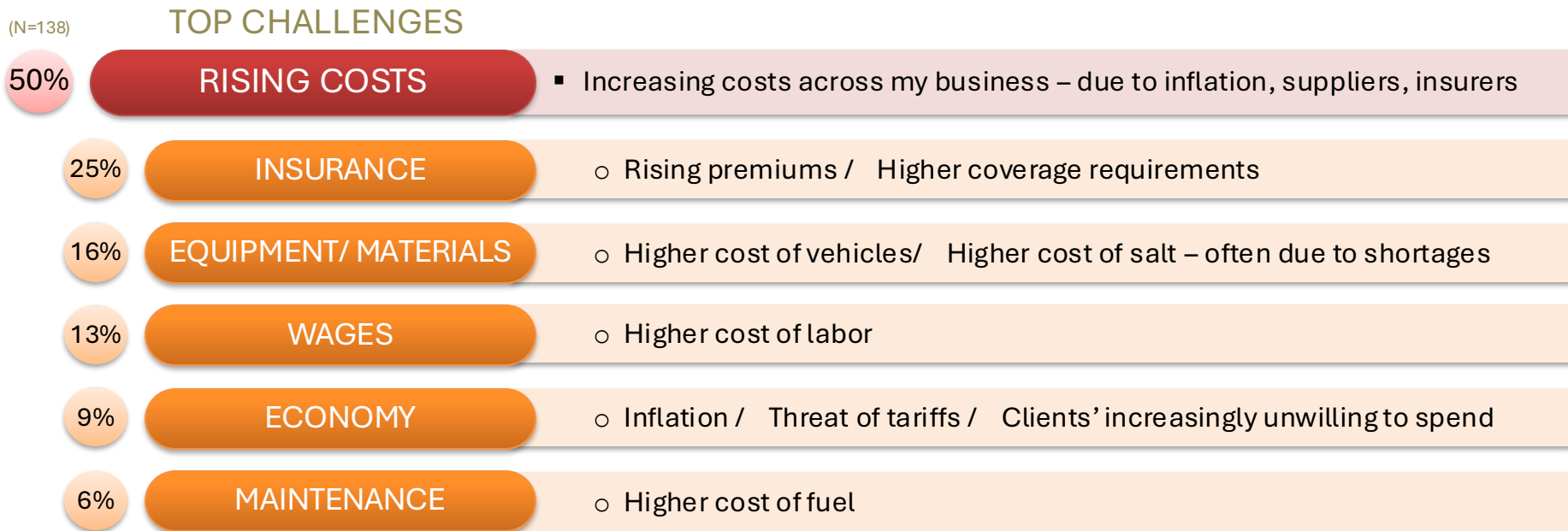
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Common economic challenges include fast-rising costs, weaker snow seasons, unsavory competition, and issues finding and keeping workers



Among cost difficulties, insurance rates are most prevalent – followed by COGS prices, wage hikes and the economy in general



“High wages, high insurance premiums, skilled workers, and tariff concerns from customers looking to cut costs”

“Equipment cost increases combined with low snow totals result in a much higher cost per inch for plowing services”

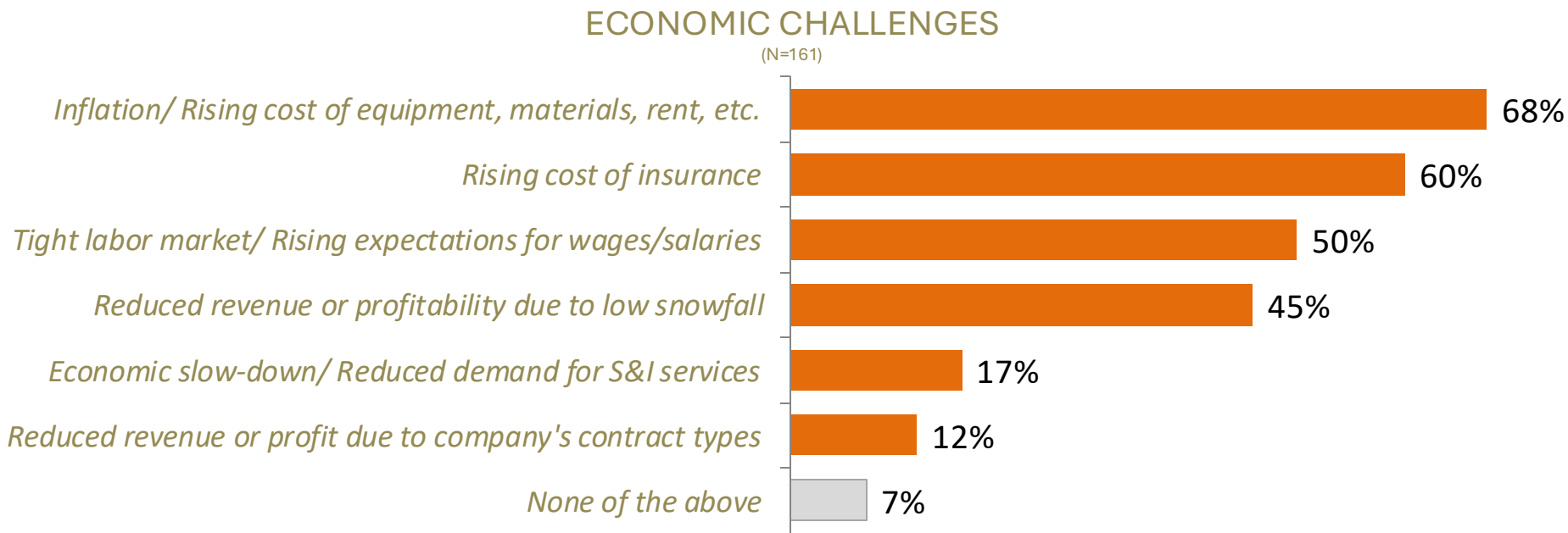
“Charging the right price to make the appropriate profits for the work”

“Small operators without insurance low-balling contracts, underserving clients, and giving a black eye to legitimate businesses”

“Recruiting employees that are experienced and want to work... The available workforce is either too delicate or unwilling to perform manual labor in inclement weather”

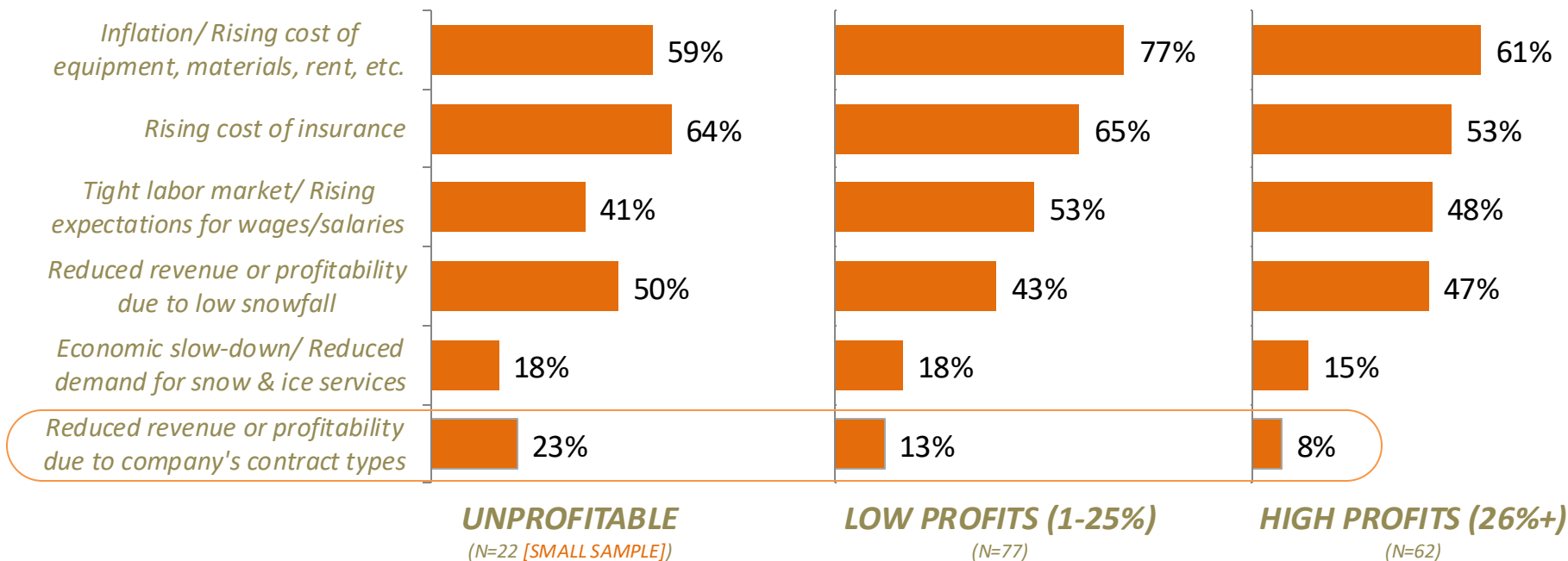
“The challenge is balancing inflation rates with appropriate service level pricing, salt shortages and the fiscal tolerance of our customers while combating subprime providers with below market prices”

When asked to rate several challenges, rising costs, a difficult labor market and lower revenue due to less snowfall rise to the top



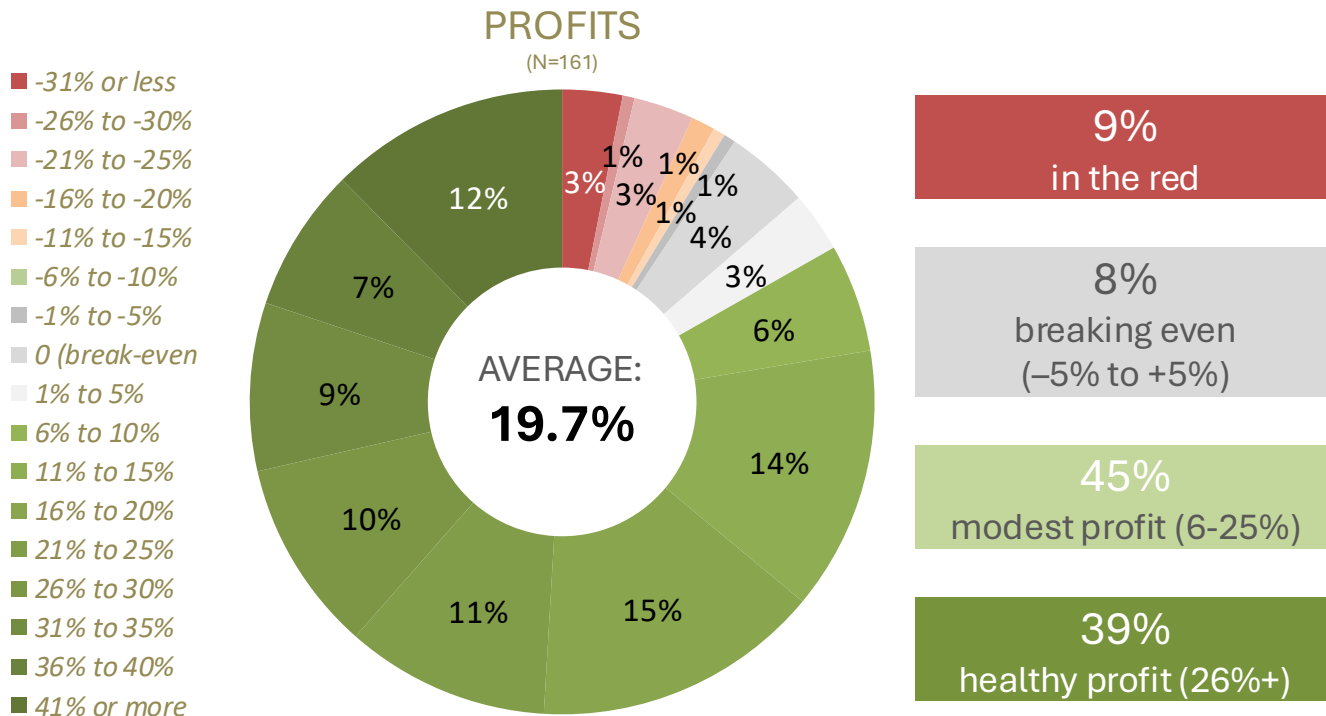
Unprofitable companies cite contract issues more than profitable ones

ECONOMIC CHALLENGES



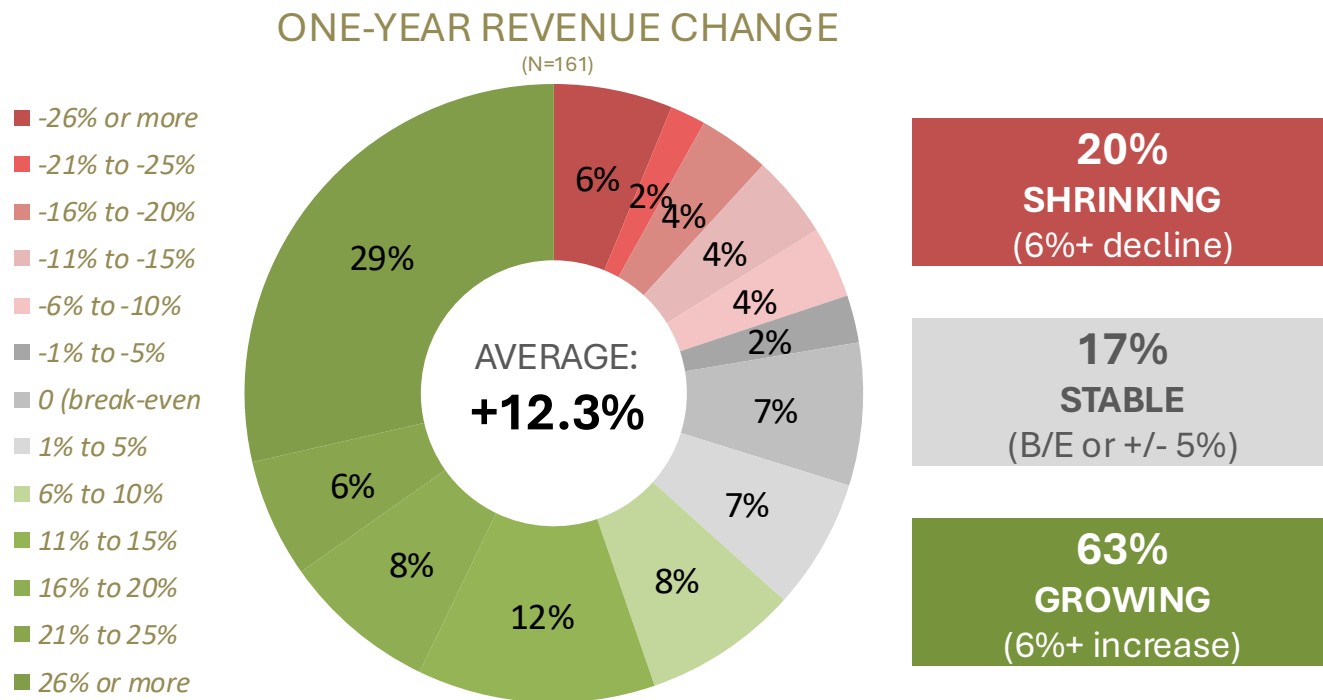
S&I is a profitable business, with average EBIDTA margins of 20%

- 83% of firms in the industry are profitable
- 2 in 5 firms rake in profits of 25% or more
- But nearly 1 in 10 are losing money



Firms report that earnings have grown 12% from last season to today

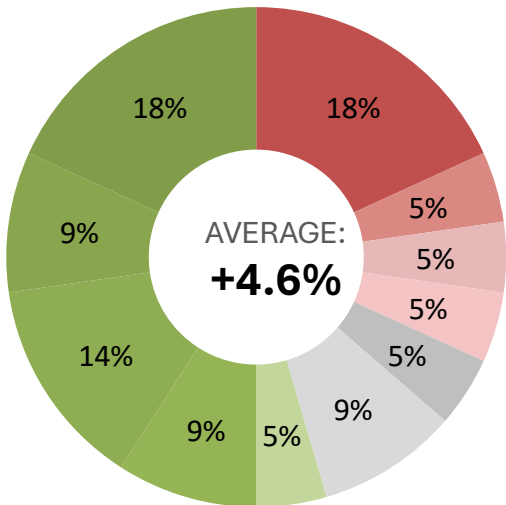
- Nearly 2/3 of firms are seeing their business grow in size
- However, 1 in 5 are actually shrinking



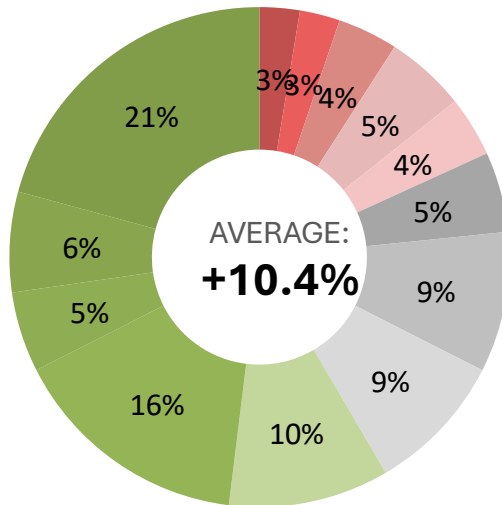
Profit and growth appear to be closely intertwined

CHANGE TO REVENUE

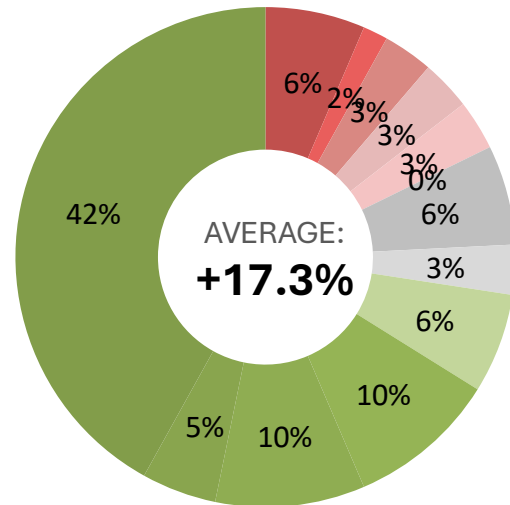
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Questions??? Comments???



And coming soon...



“Snow & Ice Economic Outlook” report

- Includes additional data on the survey’s results (including by size, tenure, region)
- FREE and FIRST to all 161 firms who completed this survey
- Later, to all SIMA members (non-members can access the report for a fee, TBD)
- Sponsored by *Caterpillar* and the *SIMA Foundation*





SNOW & ICE SYMPOSIUM

Please complete the session survey.



THANK YOU for joining us!