

MONEY WELL \$PENT

By Tom Canete, Canete Landscape & Snow Management

Over the past 24 years, I have worked with numerous business consultants and coaches specializing in various trades and topics. My first consultant knew nothing about the landscape and snow industries but was well-versed in general business practices. If I had to grade those first few years, I'd say he earned a 70% success rate. After mastering the basic business skills from consultant number one, I was eager to seek out consultants specializing in my trade businesses: landscaping, snow, and garden center wholesale/retail.

Over the next 20 years, I worked with multiple consultants to the point where I consider myself a "consultant junkie." Implementing changes directed by consultants can be daunting because it often requires individuals or teams to step out of their comfort zones. Sometimes, there's a need for compromise between the consultant team and management to implement changes effectively. Whatever changes are made needs to be maintained until they become standard company processes or procedures. This can be challenging, as it's human nature to revert to what's comfortable.

One of the most important lessons I've learned from working with consultants is the value of assessing what you're worth to the company per hour. After determining your value, review what you do daily, weekly, and monthly within the company. If the tasks you are handling can be delegated to someone earning less, delegate them. This will free you up to focus on more critical company tasks or projects.

This leads me to another crucial business function: working on your business rather than in your business. This concept aligns with understanding your worth per hour. You should focus on the high-value tasks that drive the business forward. It can be challenging to delegate tasks you enjoy or find easy, but it's essential for growth. Assembling a capable team to handle these tasks can be expensive, but it's necessary for building a robust business infrastructure. The most productive companies are often those where the owner focuses on what they excel at, while other

tasks are delegated to employees or managers who excel in those areas. A well-run team complements each other's strengths.

It's crucial to keep your ego in check and never stop learning. Whether it's through classes, consultants, coaches, peer groups, or networking, always be open to new ideas and willing to implement what you've learned. Remember, "success leaves clues."

Think of your business as a ship, and you are the captain. While I have a boat license, I am far from being a captain of an actual ship. However, the years of business training and the amazing team my business has assembled allow me to steer the ship that is my business.

Five years ago, I started working with a financial consultant who helped me implement a new business model that scaled my snow business tenfold. I had been introduced to this model years before but quickly dismissed it because it seemed complex and too good to be true. Despite my love for the landscape and snow industries, I was hesitant. However, the knowledge I gained from my financial consultant enabled Canete Snow Management to increase sales, acquire brand-new equipment, and attract top-notch operators and employees.

Let's rewind to before five years ago, and I'll tell you how we procured snow equipment. We would keep an eye out for loaders in good condition within the \$30,000 to \$100,000 price range. However, buying used equipment came with challenges. Banks are generally reluctant to lend money for used equipment,



and if they do, the interest rates are much higher than for new equipment. This meant we needed to keep cash on hand to make these purchases, which could become a financial burden if the winter didn't bring enough snow.

Another issue with the used equipment was its reliability. Breakdowns often occurred in the middle of the night when parts suppliers and repair shops were closed. If a major component like an engine or transmission failed, the repair costs could exceed the machine's value. Finding parts for older machines could also be difficult, as manufacturers often stop producing parts after a certain number of years, or they go out of business altogether. Some snow companies have resorted to using older machines as parts donors for the same model year machines still running. This lack of reliability caused significant disruptions and additional financial strain, as we had to pour money into aging equipment.



We initiate the sales agreement process as early as May or June each year. Starting early ensures the large quantity of equipment we requested is allocated and available for us. For the upcoming winter, we have purchased 63 new loaders and 23 skid steers, all of which come with warranties and will be sold by spring 2025. This approach results in minimal depreciation compared to owning the machines and depreciating them over five years of payments. Additionally, there are no payments required during the spring, summer, or fall months when the equipment is not in use. Another advantage is the favorable interest rate we've negotiated, making monthly payments less than half of what winter rental equipment would cost.

This strategy is one of the most valuable insights I've gained in my 24 years of consulting. ❄️

*For more details about this business model or any other inquiries, please contact me, Tom Canete at Canete Consulting:
Office: (973) 616-5296 | Cell: (973) 417-4652 | Email: tcanete@canete.com*



An alternative approach was to purchase brand-new loaders and skid steers from local dealers. However, the monthly payments for new equipment can be substantial and continue for years. This could lead to financial difficulties, especially if a season brought little or no snow. "Snow-only machines" typically sit idle for 7-8 months of the year, which is not the best use of the company's money unless they are put to work or rented out.

The upside of new machines is the warranty they come with. In most cases, these warranties can be extended beyond the original term, which costs more but helps with production and repair expenses. Whether running used or new snow equipment, it's essential to perform regular maintenance during the 7-8-month off-season. Starting and driving each machine every couple weeks helps keep the fuel system working, fluids circulating, brakes and battery charging system functioning, as well as other moving parts in good condition. Another benefit of the program is the maintenance of the units. Since the machines are disposed of in the off season, the service on the machines is performed by the supplier at their expense.

Here's an overview of the business model I adopted five years ago. Prior to each winter season, we purchase brand-new loaders and skid steers. We secure sales contracts to sell these machines every spring. We can take delivery as early as summer without making any payments. Our payment plan starts in December and runs through April, covering five to six monthly payments and then we are done as soon as I initiate the sales contract. We only sign the equipment purchase agreement once the sales agreement is in place. The other major benefit to my company is the equity that builds up every year.