

# Ready Mixer

## SHORT LOAD BUSINESS GUIDE



**ELIMINATE SHORT LOAD FEES**



**ELIMINATE ORDER MINIMUMS**



**ELIMINATE WAIT TIME**

**START A SHORT LOAD CONCRETE  
TRAILER RENTAL BUSINESS IN YOUR AREA**



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# Ready Mixer

## TABLE OF CONTENTS

 <b>Business Overview</b>	<b>1</b>
 <b>Mini Batch Plant Statistics</b>	<b>2</b>
 <b>Local Market Analysis</b>	<b>3-4</b>
 <b>Retail Pricing</b>	<b>5</b>
 <b>Site Selection</b>	<b>6-7</b>
 <b>Mix Ratios &amp; Material Sourcing</b>	<b>8</b>
 <b>Marketing</b>	<b>9</b>
 <b>Worksheet</b>	<b>10</b>
 <b>Worksheet Explanation</b>	<b>11-13</b>



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# BUSINESS OVERVIEW



## Short Load Market Data

The National Ready Mix Concrete Association reports over 325 million yards ready-mix concrete produced annually with a 5% growth rate expected over the next four years.

Ready Mix Concrete Association indicates 2% of ready mix orders are from 4 yards or less (Short Load Orders).

This indicates 6,500,000 yards are poured of short load concrete orders.

At a conservative sale price of \$135 per yard, the total sales market in the US for short load orders is 877 million dollars per year in the United States.

### Primary Customer Base of Short Load

#### Batch Plants

- General Contractors
- Concrete Contractors
- Remodelers
- Fencing Contractors
- Homeowners
- DIY Dads

### Reason Customer's Will Buy From Your

#### Short Load Batch Plant

- Better Pricing Per Yard on Short Load Jobs (Batch Plant's Expensive Short Fees)
- Time Constraint (When customers can't get concrete from batch plants due to wait time)
- Rural Projects (When concrete trucks can't access projects whereas mixing trailers could)



# MINI BATCH PLANT STATISTICS



Using third party research from different companies and surveys from different short load batch plant owners across the United States, we were able to find different statistics that would be useful for your short load batch plant start-up.



These statistics follow an operating schedule of Monday through Friday 9AM to 5PM or 260 total working days in a year.

## Average number of yards poured per day

- 2.1 - 5.9 Yards

## Gross Profit Margin Per Yard

- \$70 - \$150

## Customer Acquisition Growth Per Year

- 25 - 50 New Customers

## Customer Retention Rate

- 84% of your current customer base will be repeat customers

- 36% will use your service every week

- 32% will use your service every month

## Demographics of your customer base

- 63% are contractors

- 31% are DIY Customers

- 6% are municipalities



# LOCAL MARKET ANALYSIS



## Understanding Your Market Demand

Understanding your market demand for your area is important and the ideal communities to set up your plant is growing and dynamic communities.

Statistics such as growth rate, owner occupancy rate, and target age range are important factors to consider when researching your local market demand.

You can look at cement usage by state and growth rate of each state to understand a broader picture of whether your area could be a booming short-load concrete supplier.

At Ready Mixer, we recommend two different approaches to assessing your market demand.

Please see next page for different approaches



# LOCAL MARKET ANALYSIS

Our first recommendation would be surveying local transit batch dispatchers and your ideal customer profile (refer to the list of different customer types on page 1.)

Contact batch plant dispatchers and contractors within a 20-mile radius and ask them these three questions.

1. How many short load orders do you get per month or year?
2. Do you currently refer short load orders to any other short load batch plant? (Batch Plants)
  - A. Do you currently use a short load batch plant for short load orders? (Contractors)
3. What are you paying or charging per yard for short-load orders?

This will give you a good indication of the demand for short-load orders in your area.

It also serves as a great way to gain referrals when you open your business up.

A lot of times big batch plants don't want to deal with short load orders and will gladly refer you business.

To get a better idea for your sales potential in your area you can utilize the surveys you took and use U.S. Census Data.

## U.S. Census Data Equation

$$SP = (TAR * GR) + (TAR * OOR)$$

SP = Sales Population within your location's county

TAR = Target Age ( 20 - 60 Years Old)

GR = Growth Rate

$$S = SP * 5.98$$

SP = Sales Population

5.98 = Per Capita Spending on Short Load Concrete Orders

## Survey Method

$$SP = N * (Y * P)$$

SP = Sales Potential

N = Number of Short Load Orders Per Year

Y = Average Yardage of Short Load Orders Per Year

P = Your Retail Price Per Yard for Concrete



# RETAIL PRICING

We recommend you price based on local ready mix pricing near you, short load batch plant competitor's, and concrete bagged pricing.

Your three competitors you will price against will be local ready mix batch plants, other short load batch plants,

and bagged concrete pricing. When you do price keep those factors in mind. We recommend you price 70-75% of their price. You can also add a hourly rental rate that goes up per hour that the trailer is rented out which incentivizes your customers to bring it back quickly so concrete does not set in the drum.

Below are a few graphs of mockup data based on industry trends that lead to projected profitability year over year.

These graphs serve as a tool for you to collect your own local data and run the numbers to find your projected profitability year over year.

Competitor Analysis Chart

COMPANY	3000 PSI MIX PRICE PER YARD	SHORT LOAD FEE	MINIMUM TO DELIVER
COMPANY A	175	225	10
COMPANY B	170	100	4
COMPANY C	180	225	5
LOCAL AVERAGE COST	175	183	6

5 Year Business Outlook Chart

YEARS IN BUSINESS	ANNUAL YARDS POURED	ANNUAL REVENUE	PROJECTED GROSS PROFIT
1	1000	268,000	193,000
2	1200	321,600	231,600
3	1400	375,200	270,200
4	1600	428,800	308,800

Calculations Chart Based On Competitor Analysis Chart

COST PER YARD WITH SHORT LOAD FEE	358
RECOMMENDED PERCENTAGE OF COMPETITOR PRICING	70-75%
RETAIL PRICING PER YARD	268.50
COST OF GOODS	\$75
GROSS PROFIT	\$193

Average Time our Equipment is Paid Off By

AVERAGE MINI BATCH PLANT COST (2 TRAILERS & HOPPER)	SHIPPING COST	EQUIPMENT PAID OFF WITHOUT INTEREST
53,000 - 68,000	1,000 - 3,000	4 - 5 MONTHS



# SITE SELECTION

Site Selection is an important part of your short load batch plant set up.

Things to consider when setting up your short load batch plant are...

- 1) Customer Traffic Flow
- 2) Material Used to Build Material Bins
- 3) Water Source
- 4) Cement Storage
- 5) Dump Truck Traffic Flow

## Material Bins

To begin, if con mix is available in your area you will only have to construct one material bin instead of two as con mix is a mixture of sand and stone. You can construct your material bins using a variety of methods such as precast concrete blocks, concrete, railroad ties, and redwood slats. Ensure that your material bins are free of overhead hazards as dump truck beds rise high in the air. We recommend that you build your walls 6 feet high as most material bins can hold two truckloads worth of material. We recommend pouring a sloped concrete bottom so rainwater drains out of the bin. You can install a sprinkler system near the top of your bins to keep the material wet during dry season. You could pump recycle water from your waste clean up pit onto the raw materials as well.

Read on to the next page to view an example layout





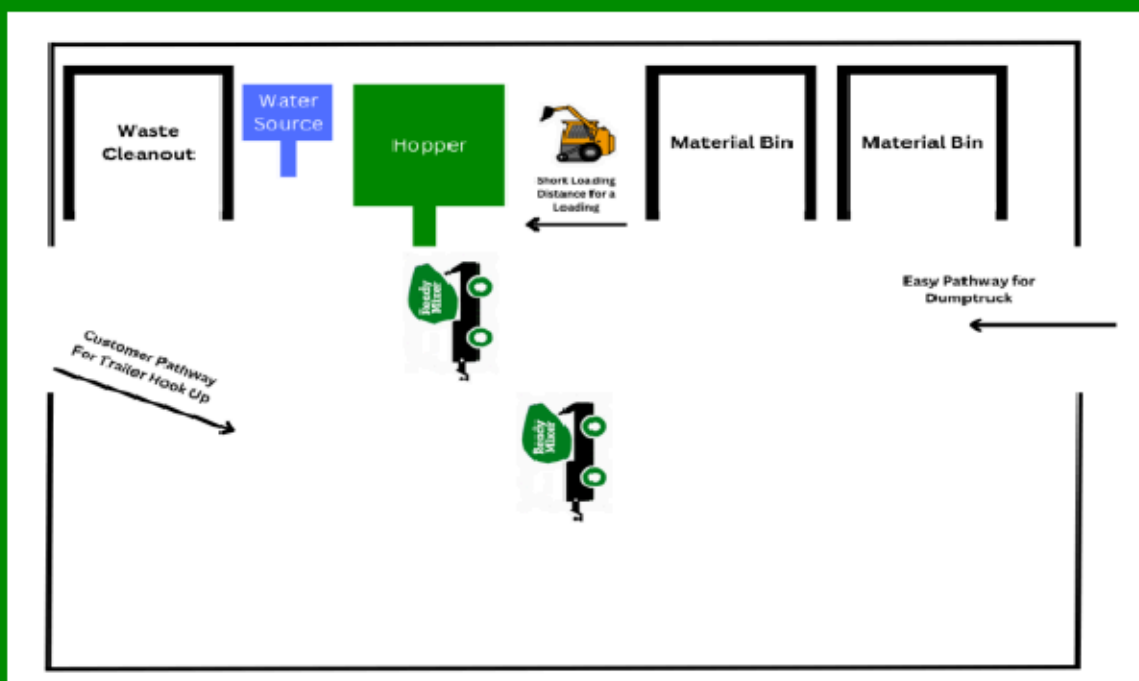
# SITE SELECTION

To continue on site selection

Below is a diagram representing an example of site planning for your short load batch plant.

We recommend drawing out on paper your planning for your short load plant with all the factors considered.

Not only should you consider traffic flow for incoming trucks to hook up to your mixing trailers, but you should also consider dump trucks coming in to load aggregates in your stockpile. Referencing the pictures below, you can see the dump truck would have an easy pathway to the material bins. Your customers also would have an easy and quick time loading material into the trailers as well. The loader you are using also doesn't have to travel far to load materials into the hopper. The water source which you can connect to a water hose wouldn't have a long distance to add water into each mixer.





# MIX RATIOS & MATERIAL SOURCING

For Material Sourcing, you can call your local cement manufacturer or cement terminal to ask if they have bagged cement. Some might and others might not. You can also negotiate with Big Box stores like Home Depot when you buy by the pallet. This will help drive down your cost of goods. Material Yards or Stone & Gravel Suppliers is where you will get your aggregates. Your supplier of sand and stone can help you with the conversion of ton to yards when you get ready to place your order.

For Mix Ratios, we recommend using the 1:2:3 ratio, which is one part cement, two parts sand, and three parts gravel. Our Water to Cement Ratio we recommend using 6 gallons of water to 1 Cement Bag used.

Different jobs will require different strength levels needed, which a good general rule of thumb is the more force the concrete will take, the higher the PSI it will need.

1:2:3 Mix Ratio for 1 Yard of Concrete with different PSI Levels Chart

MIX RATIO	CEMENT	SAND	AGGREGATE	GALLON TO CEMENT BAG RATIO
	1 PART	2 PART	3 PART	6 GALLONS TO 1 94 LBS TYPE 1L CEMENT BAG

NUMBER OF YARDS PRODUCED	PSI YELD	NUMBER OF 94 LBS TYPE 1 L CEMENT BAGS	SAND	GRAVEL	GALLONS OF WATER
1	2700 PSI	4	752	1128	24
1	3000 PSI	5	940	1410	30
1	3500 PSI	6	1128	1692	36



# MARKETING

Marketing is another important part of your business.

If you know every contractor in town, you are already off to a great start, but if you don't, a good marketing plan would be helpful for your short load batch plant start up. From our experience, good signage in high traffic areas, facebook ads, referrals from big batch plants, google my business listing, website, facebook business page, contractor directories for your state, B2B Databases, Local Chamber of Commerce, Newspaper Grand Opening Post, and Yard Signs.

Remember once you acquire the customers they will come back for more business.

Customer Service is vital for this business as well as you have a recurring customer base.



# WORKSHEET

## YOUR MATERIAL COST?

Cement per 94lb bag: \$\_\_\_\_\_ X 5 (average sacks per yard) = \$\_\_\_\_\_ (A)

Price per ton of con-mix: \$\_\_\_\_\_ X 1.35 (tons per cubic yard) = \$\_\_\_\_\_ (C)

Price per cubic yard of con-mix = \$\_\_\_\_\_ (B)

Price per cubic yard vs price per ton see "Explantaiton Page"

TOTAL MATERIAL COST OF ONE YARD OF 5-SACK CONCRETE = \$\_\_\_\_\_ COST

## YOUR RETAIL PRICING?

Local Transit Mix Company Price Per Yard of 5-Sack Mix Concrete without the "short load" fee: \$\_\_\_\_\_ (E)

Local Transit Mix Company Price Per Yard of 5-Sack Mix Concrete with the "short load" fee: \$\_\_\_\_\_ (F)

If Purchased by the pre-mix bags of concrete, one yard would cost:

80 lb bag @ \$\_\_\_\_\_ per bag X 44 bags = \$\_\_\_\_\_ per yard (G)

60 lb bag @ \$\_\_\_\_\_ per bag X 60 bags = \$\_\_\_\_\_ per yard (H)

Trailered Ready-Mix Competitor Price Per Yard of 5- Sack Mix Concrete: \$\_\_\_\_\_ (I)

MY RETAIL PRICE PER YARD OF 5-SACK CONCRETE WILL BE: \$\_\_\_\_\_ RETAIL

## GROSS PROFIT?

My retail price per yard of 5-sack concrete: \$\_\_\_\_\_ (J)

Total material cost of one yard of 5-sack concrete: \$\_\_\_\_\_ (K)

My gross profit per yard of concrete: \$\_\_\_\_\_ PROFIT

\$\_\_\_\_\_ profit divided by \$\_\_\_\_\_ retail = \_\_\_\_\_ % Profit per Yard. (L)

(Actual profit margin will be higher due to "portion of a yard" that are up to 30% total sales)

## POTENTIAL MIXING TRAILER PROFITS

Assume 700 yards a year X \$\_\_\_\_\_ retail X \_\_\_\_\_ % profit = \_\_\_\_\_ (M)

Assume 1200 yards a year X \$\_\_\_\_\_ retail X \_\_\_\_\_ % profit = \_\_\_\_\_ (M)

Assume 2000 yards a year X \$\_\_\_\_\_ retail X \_\_\_\_\_ % profit = \_\_\_\_\_ (M)



# WORKSHEET EXPLANATION

The worksheet is meant to serve as a potential financial forecast for your area. By no means can we guarantee the numbers that are filled out on the worksheet. We are just trying to provide an educated guess at the market size and profit potential in your area.

## **Your Material Cost? (A,B,C,D)**

Call your local suppliers of bagged cement and ask what they charge per sack, ask if they offer bulk buying discounts or if there is a certain threshold you have to buy before you can get a discount. If you can not get a discount, then please factor in correctly what your cost would be for cement. (A)

Next call your local suppliers of pre-mixed sand and gravel. This is called con-mix or concrete-mix. This is sold in two ways: by the cubic yard or by the ton. Be sure to get a delivered price. If your supplier sells by the cubic yard, enter that dollar amount on line (B). If it is sold by the ton, which is more common, use the formula provided on line (C).

Labor cost represents dollars spent for employee time that would be taken from other yard duties. It's also as constant as raw materials. With a start up system figure out your labor expense as one quarter of the hourly wage paid because it will take about 15 minutes to complete a trailer hook up of 1 yard mixture.

Enter this figure on line (D).



# WORKSHEET EXPLANATION

## Your Retail Pricing? (E,F,G,H,I)

The first thing to do is to check to see what the local transit-mix company will charge for a single yard of concrete, generally, there will be a "short load" fee as well since we'll look at that number later.

Enter this information on lines (E) and (F).

If a customer went to a local handyman store for pre-mix bags of concrete, what would they pay to mix a yard of concrete by hand? This is helpful and useful information when explaining why customers should buy from you instead of breaking their backs to mix concrete by the bag and then have to "work" it.

Also point out that bagged pre-mix concrete is generally a post-hole mix or a 4-sack mix, which is not very strong and prone to cracking in flat-work. Enter the pricing and calculations on lines (G) and (H).

Do you have any competition? This is not necessarily a bad thing. Competitors cannot expect to control the entire market. (As an example: how many car dealerships are in a mix (TBRM) and this exposure helps everyone who offers this service. If you have another TBRM location in your area log in their price for a 5-sack concrete online (I).

National averages suggest that your price per yard should be higher than the local transit-mix company's price per yard. An easy way to look at this will be that you want your price above what they charge per yard, but leow what they charge with the "short load" fee. Next, you must consider your competitor's pricing, certainly, you have competitors in your market for other goods you provide. Use the common sense that sets the prices of these goods to set the price of your concrete, but remember this: You will be providing concrete in trailers that will keep the concrete ready to use after traveling to the job site! This is worth a few extra dollars per yard and the customer will realize this after using the rotating drum only once! (Many operators charge an extra \$20 per yard or more for the convenience of a rotating drum.)

With this information from these surveys, you can now establish a projected retail price that you will charge for a yard of five-sack concrete on line (J).



# WORKSHEET EXPLANATION

## Gross Profit? (J,K,L,M)

It seems easy to figure this out, but keep in mind that not only will you sell full yards but you will also sell portions of one yard. Pricing of the quarter yard increments is more than just that portion of the full yard price so your profits will increase as you sell portions of a yard. Your ready mixer sales representative can help you establish the retail sales price for 3/4, 1/2, and 1/4 yard portions. For the sake of this worksheet, use the formula provided for a conservative estimate. Transfer your total material costs to line (K) and subtract it from the retail price per yard on line J, which calculates your profit per yard. Take your profit per yard and divide it by your retail price to find the percentage of profit you will gain on each yard. (see line L) The amount of money you will make correlates directly with the amount of yards that you sell per year. Different factors such as growth rate and population within your 20 mile circular radius of your location will factor in your yearly production of yardage. Given the average short load batch plant will do 1200 yards per year. We use three examples of and use 1200 as the median. You could do lower which we use 700 yards or you could do higher which we use 2000 yards per year. This will give you better ideas if you miscalculated your area and it produces lower than what you expected. Calculate your yearly profits on line. (M)