



# 2017 PROPANE INDUSTRY SURVEY RESULTS

**GRAY GRAY & GRAY<sup>®</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS  
BEYOND THE NUMBERS

# Gray, Gray & Gray Propane Industry Survey Results 2017

In what state does your company primarily do business?

24% - Massachusetts	24% - New Hampshire
24% - Connecticut	18% - Maine
5% - Vermont	5% - New York

In what year was your business founded? 1956 (Avg. 61 years)

In what year did you begin selling propane? 1988 (Avg. 29 years)

Are you a family-owned business?

91% - Yes (Avg. 3 generations)	9% - No
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Total number of employees: Peak: 45  
Off-Peak: 40

Number of delivery drivers (full-time equivalent): Peak: 12  
Off-Peak: 7

Number of service technicians (full-time equivalent): Peak: 11  
Off-Peak: 11

What is the average HOURLY rate you pay:

Delivery Drivers	\$21.61 per hour
Transport Drivers	24.58 per hour
Dispatchers	24.83 per hour
Customer Service Representatives	18.19 per hour
Accounts Payable/Receivable Staff	22.24 per hour
Service Technicians	24.23 per hour
Service Manager	30.43 per hour
General Manager	46.10 per hour
Operations Manager	33.80 per hour
Office Manager	27.46 per hour
Sales Manager	36.63 per hour

Does your company have a sales team?

56% - Yes	44% - No
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If yes, average number of sales people: 4

How do you compensate Sales People?

24% - Straight salary (Avg. amount: \$64,000)
71% - Salary plus commission (Avg. total: \$61,266)
5% - Commission only (Avg. 8%)

Are you considering any of the following?

53% - Acquiring another company
15% - Selling your company
56% - Transitioning to the next generation
3% - Conducting a business valuation
6% - Refinancing
9% - Converting to an S Corporation
15% - Retirement

How many propane customers do you have?

Residential:	4,717
Commercial:	679

What percentage of aboveground customer propane tanks do you own?

90% - Massachusetts	98% - New Hampshire
81% - Connecticut	97% - Maine
93% - Vermont	94% - Rhode Island

What percentage of underground customer propane tanks do you own?

51% - Massachusetts	86% - New Hampshire
16% - Connecticut	52% - Maine
35% - Vermont	31% - Rhode Island

Do you charge rental fees for customer propane tanks?

68% - Yes (Avg. \$92)	32% - No
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Do you charge an installation fee for propane tanks?

59% - Yes (Avg. \$109)	41% - No
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Do you charge a minimal use fee for propane tanks?

56% - Yes	44% - No
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If yes:

33% - Fee varies by tank size
21% - \$50-\$60 annual fee
27% - Full tank capacity for 12 months
7% - Half tank capacity for 12 months
6% - \$45 fee per quarter
6% - 2x tank capacity for 12 months

Do you charge a permit fee for propane tanks?

56% - Yes	44% - No
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(Fees vary based on town.)

Do you charge a delivery fee to customers?

18% - Yes (Avg. \$7.68)	82% - No
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Do you charge a hazardous material fee to customers?

21% - Yes (Avg. \$7.58)	79% - No
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Do you charge other fees for propane tanks?

3% - Yes	97% - No
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(Lease fee)

Do you require customers to have a multi-year contract on propane tanks?

For aboveground tanks:	9% - Yes	91% - No
For underground tanks:	18% - Yes	82% - No

If yes, how many years? Avg. 5 years

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What do you spend annually on the purchase of propane tanks?  
Average: \$169,269

What percentage of your annual spend on propane tanks is financed?  
20%

How far, on average, do you travel to pick up propane product?  
43.3 miles

How many gallons of propane did you sell during the heating season just ended?  
Residential Propane: 1,667,680 gallons  
Commercial Propane: 484,705 gallons

What was your average TARGETED margin for propane sales during the heating season just ended?  
Retail/Residential Propane: \$1.29 per gallon  
Commercial Propane: \$.71 per gallon

Do you sell any other fuel or energy products?  
79% - Heating Oil  
69% - Kerosene  
35% - Gasoline  
18% - Electricity

Which of the following do you offer to RETAIL customers?  
76% - Fixed pricing  
59% - Price cap  
82% - Budget plan  
50% - Service contracts  
24% - Free propane for new customers  
12% - Free service for new customers  
41% - Introductory pricing for new customers  
68% - Prompt pay discount  
15% - Temperature monitoring  
53% - Tank monitoring system  
38% - Tank protection plans  
76% - Equipment service  
79% - Heating system service  
76% - Heating system installation  
Other: generators, air conditioning, coal, plumbing

What do you spend annually on liability insurance?  
Avg.: \$120,219

What is your average RESIDENTIAL fill (gallons per stop)?  
144 gallons

What is the average renewal price you charge for a service contract on heating equipment?  
\$236

How many PAID service contracts do you have?  
633

How many total service calls were made last year?  
2,176

Do you require customers to have a multi-year contract with your company?  
6% - Yes (Avg. 3 years)      94% - No

Have you acquired another company in the past three years?  
21% - Yes (retained gallons)  
12% - Yes (cash at closing)  
67% - No

How are you trying to grow your gallons organically?  
4% - Digital marketing  
13% - Traditional marketing  
14% - Builders/contractors  
43% - Conversions  
5% - Good service  
4% - Competitive pricing  
13% - Outdoor living  
4% - Networking

Sources of new customers:  
41% - Sales team  
30% - Customer referrals  
19% - Traditional marketing  
18% - Digital marketing  
11% - Real estate agents  
18% - Other (contractors, trade referrals)

What computer software do you use to run your business?  
Industry software:  
39% - Blue Cow  
14% - Rural Computer (RCC)  
14% - ADDS  
10% - Cargas  
7% - Taurus  
5% - Factor  
5% - Suburban  
3% - FDMS  
3% - Not applicable

Accounting Software:  
65% - QuickBooks  
12% - Great Plains  
5% - Sage  
4% - Peach Tree  
4% - Taurus  
4% - Microsoft Dynamics  
3% - Rural Computer (RCC)  
3% - Clarity

Gray, Gray & Gray is the nation's premier accounting firm for the energy industry. No other accounting or consulting firm has such intimate experience and expertise in the field. We serve the tax, accounting and business management needs of some of the leading propane dealers in the country.

More than any other accounting firm, the name Gray, Gray & Gray, LLP is solidly linked to success in the propane business. What can we deliver to you that your current accountant is missing?

Among our exclusive services for the energy industry are:

- **Propane Survey** – Annual “snapshot” of the industry to assist energy companies with benchmarking and strategic business planning
- **FuelExchange™** – Merger & acquisition service for the propane and oilheat industry
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- **Business Planning** – Formulate business plans and advise on key management decisions
- **Succession Planning** – Assistance with generational transfer or business sale
- **Valuations** – Industry-specific calculations of business value
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