Are You Prepared for Your Future?

Develop a firm plan of action that increases financial stamina and improves customer experience.

BY JOHN T. MCQUEEN

Preparation requires planning. We plan for all sorts of events that may never impact us: fire, theft, accident, natural disaster. We plan for the birth of a child, birthdays, graduations and weddings. We even plan for the inevitable – our demise!

So, if we plan for so many other things, how come so many of us do not plan for the success of our business? Is it too time consuming? Perhaps. Are we simply complacent? Probably. Is it even necessary? Most definitely!

Defining one's strategy, identifying needs, allocating resources, setting priorities to reach certain benchmarks and instituting control mechanisms to identify potential pitfalls are all part of the strategic planning process.

There should be short- and long-term plans in place for your business – for its growth and its people. At a minimum, strategic planning should be conducted annually and results reviewed quarterly. Conduct a short-term strategy for the upcoming year and then review it both monthly and quarterly. Also conduct longer-range strategic planning – for three, five and maybe 10 years into the future. I say “maybe 10” because while you can have some long-range growth goals for your business, a lot can happen in 10 years. Political parties change power, inflation rises and falls, community demographics change, societal beliefs fluctuate. All of these can impact your business' viability.

Today's strategic planning for funeral homes has changed from years ago. Historically, owners might perform a SWOT analysis – a review of their strengths, weaknesses, opportunities and threats. Most would simply review their budget and call count from the prior year, choose a desired increase in revenue for the coming year, set new pricing, and off they would go. I know this firsthand because that is how my father and many of his funeral service colleagues would do their annual adjustments.

Given the changes in our profession, especially in the last decade, such a plan is no longer viable for corporate health. Today, we face a multitude of challenges. Average revenue per call is leveling off while the cost of operations, led by employee wages and benefits, continues to rise. As revenues stagnate and expenses escalate, profits diminish. We find ourselves working harder next year simply to realize the same profit margins we earned this year.

Other factors adding stress to the financial viability of the organization include the continued increase in cremation; the consumer's quest for greater value at a lower price; the realization that a funeral is a need, not a want; and the devastating effects of a global pandemic. All these factors are driving the industry to improve on their facilities, increase staff training, implement upgraded technology options and more. Of course, all these changes also come with added expense and challenges.

Let's look at how we can develop a plan of action for moving forward that increases financial stamina and improves customer experience.

STEP 1:
Defining Your Purpose

Most strategic plans include the development or refinement of a company's vision statement, mission statement and core values. A vision statement is a sentence or short paragraph that succinctly describes what you are trying to build. It is the written picture of where you envision the company going in the future. As an example, Bill Gates' original vision statement for Microsoft was “a computer on every desk and in every home.”

Your vision statement is built on the passion you have for what you're trying to achieve. If you're a fan of author and motivational speaker Simon Sinek, he would refer to it as your “why.” As Sinek will tell you, people buy from you not for what you do or how you do it but rather why you do it. People buy on emotion (the “why”) and justify their purchasing with logic (the “what” and the “how”).

When I owned Anderson-McQueen, my wife Nikki and I defined our purpose – our “why” – as “where the healing begins.” We believed we were not in the business of selling funerals but rather in the business of helping families heal, and it encapsulated all that we did from preneed to at-need to aftercare.

The vision statement you create for your company should be forward thinking, ambitious and long term. The vision statement you create would be one of those items that would fall into the 10-year horizon. When crafting your vision statement, think bold, emotional (relatable), memorable and larger than life. Today, many employees want to feel that they are a part of something bigger than just a job; they want to feel they are making a difference in the world.

The mission statement is not forward looking but rather deals with the here and now of your organization. It tells your customers what you do and how you do it. Although most companies have a mission statement, often written by their marketing departments, most employees cannot remember or recite it.

Both the vision statement and the mission statement play important roles in the development of your company, but of the two, I believe the vision statement is the most important since it sets the tone for your internal customers (employees) as they serve your external customers.

The final piece making up step one is defining your company's core values. At Anderson-McQueen, our core values were integrity, compassion, professionalism, service and distinction. The most important of these was integrity, which we defined as “doing the right thing whether anyone knew we were doing it or not.” Your core values should nonnegotiable.

Step one is vitally important to the overall success of your company because it defines the course of action to be taken and guides the leadership and team in creating your plan. If we do not know who we are or what we want to be, we certainly cannot get to where we want to go.

STEP 2:
SWOT Analysis

As mentioned, a SWOT analysis is an in-depth look at the internal strengths and weaknesses of your company, as well as external opportunities and threats the company may face.

A strength for your company may be owning your own crematory, whereas a weakness may be the ability to find experienced employees. An opportunity may be an underserved niche market that you can tap into to increase business. A threat may be the entrance of a low-cost provider into your community.

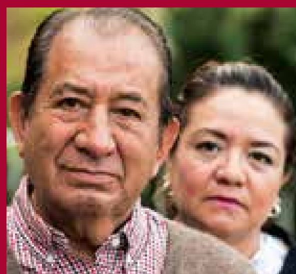
Thorough examination and discussion should revolve around each of these four categories. In addition, SWOT analysis is the perfect point at which to incorporate the assistance of managers and staff members who may have knowledge of coming changes in the market that you may not realize are happening. Using a third party to help facilitate this process can be extremely helpful in recording everyone's views and keeping the team focused on the goal.

When I served as president of the Academy of Professional Funeral Service Practice, we'd have routine strategic meetings and bring in a past president to oversee the process, allowing all board members and officers to remain engaged. The same concept works well for the funeral home.

STEP 3:
Creating Objectives

When I create objectives, I break them down into short-term (one-year and three-year) and long-term (five-year and 10-year) objectives. Often, you will not need to revise your 10-year plan or even your five-year plan on an annual basis unless something dramatic changes.

However, your one-year and three-year plans need to be reviewed on a regular basis. Typically, we would review the three-year plan annually and the one-year plan quarterly. We reviewed quarterly because funeral service is historically known for having monthly fluctuations in call volume and revenue.



Robust strategic planning builds a strong business that can meet the needs of its clients.

When creating my objectives, I prefer to start at the 30,000-foot level, viewing the entire forest as opposed to just a few trees. As an example, when Nikki and I bought out my siblings, my 10-year goal was to double call volume within that 10-year period, taking the firm from 2,100 cases to 4,200 cases. From there, we could drill down on smaller targets and plans that would help us reach the long-term plan goals.

One of our three-year goals was to open a new funeral home in South Tampa, which we felt provided us with a new market area and was perfect for our low-cost operation. Another three-year plan was to update several locations, bringing those facilities up to a fresh and renewed appearance, one comparable to the brand's service level.

Our one-year plans were tactical in approach. Over the years, we have shared financial information and a multitude of other metrics with staff with a goal of getting all team members to "think like owners." I found that results were significantly varied, however, and most did not embrace the concept. Therefore, we changed our approach and focused our funeral directors on securing the call. Each location within each brand was given an annual and monthly call volume goal, accounting for seasonality. Once the call was secured, the directors had other measurable goals to attain, such as average revenue and more.

Whatever your objectives, they must be:

Specific An objective must be well defined and easily articulated. A good example of a specific objective would be to increase call volume by 10%, accompanied by a plan for how we are going to help team members achieve that goal. A bad example would be "increase call volume," in which team members are left to assume what would be appropriate, i.e., is it one call or 10 calls? They also may have no idea how to make it happen.

Measurable If we cannot measure something, we cannot determine its effectiveness. This holds true for everything, including marketing campaigns, customer satisfaction scores and more. Measure frequently and celebrate the successes.

Achievable We should design goals that team members can achieve – not without effort but within reason. If our team members are achieving their goals, the company is achieving its goal. Nothing demotivates an employee more than having goals that are not achievable.

Realistic When setting goals, you must be realistic in recognizing that you are working with humans. As such, they will have good days and bad days, and it is your job to support, encourage and recognize them. You also cannot set unrealistic goals, such as "We want to handle every Catholic funeral in town," unless you are the only funeral home in town. You must be cognizant that sometimes goals will need to be changed, such as during a global pandemic.

Time Sensitive The goal or objective must be time specific. Often, the timings are based on calendar periods, such as a day, week, month, quarter or year. The periods may vary depending on the type of goal. For example, you might break revenues down to a daily, weekly or monthly amount. Because we knew we needed to average $19,000+ per day every day to meet our targeted revenue for at-need cases, our preneed sales team tracked their success daily and monthly. Their sales numbers were usually based on monthly targets, but their activity (phone calls, contacts, etc.) was based on daily rates.

At The Foresight Companies, we recognize that each client's business has specific and unique requirements and therefore work to customize client objectives to meet individual needs and marketplaces to ensure that we meet each requirement.

STEP 4:
Ready to Act

At this point, most of the hard work is now complete. You have defined your purpose, completed your SWOT analysis, set your objectives and made sure they were specific, measurable, achievable, realistic and time sensitive. Now it's time to act!

To make each objective successful, you must develop a plan that shows team members how to achieve the goal. Simply establishing an objective and making it specific and measurable does not make it achievable. You need to provide team members with specific actions (a success plan). This plan needs to provide actionable steps team members can follow to achieve the desired outcome.

The more actionable the plan is (in other words, the more detailed the steps), the greater the opportunity for team members to achieve the goal. As team members become more comfortable with the process and are consistently performing at or above plan, you may allow them flexibility by reducing some of the oversight in the plan, thereby giving them more ownership of the process. But if sales decline or other measurable results diminish, you will need to reinstate your detailed action plan to get team members back on track.

Strategic planning is an essential process in business if we are to remain relevant and viable. Given the economic devastation that has occurred for many families in our communities throughout the nation due to the pandemic, positioning yourself for the coming year is even more important than ever before.

Consumer research is reflecting that attendance at large gatherings, such as funerals, will be less prevalent in the post-pandemic world. Consumers have also expressed an overwhelming desire to continue planning online as opposed to coming into the funeral home environment. All these changes will continue to affect the ways in which we communicate, connect and serve. They will also impact future revenues, operational costs and profit margins. Unfortunately, without proper planning and insight, outcomes could be disastrous.

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