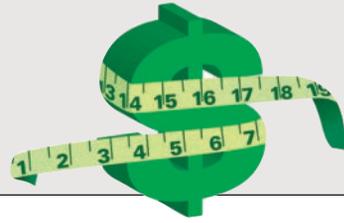


# Financial Fitness

[financial management for your business]



## If You're Not Growing, You're Dying

By **Chris Cruger**, chief executive officer, *The Foresight Companies*

One of the sexiest topics out there is always growth. The only question is, what does growing really mean? For the purposes of this discussion, let's consider growth becoming greater over a period of time.

Growth doesn't necessarily mean an aggressive acquisition binge, but it does mean being in a constant state of evolution. As we have seen in the 2021 Foresight Consumer Behavior Study, 32% of consumers have a different attitude toward the funeral and cemetery profession or their expectations for memorialization have changed as a result of the pandemic. Consumers are embracing a new way of doing things – and they have no intention of going back to the old way of doing things. Technology is rapidly becoming the bedrock of the profession.

Over the past year, three groupings have emerged – there have been clear winners and losers. The disparity of these groups is far greater today than at any point in history. While it might sound insensitive to suggest anybody won as a result of the pandemic, on the professional front, there were some very clear winners. Unfortunately, the gains of the winners came squarely at the expense of the losers. The losers were the ones who were slow to react, slow to adapt or chose to do nothing.

If you have not already seen the results from this year's Foresight Consumer Behavior Study, check it out. The evidence clearly shows that consumer expectations have



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changed:

- 74% of consumers expect to find prices online (66% expect to see our products online).
- 47% of consumers won't do business with a firm if they do not provide pricing online (if there is an alternative).
- 32% of consumers' attitudes about our profession have changed because of COVID.
- Consumers' attitudes about the profession's ability to meet their needs and budget declined through COVID.
- Greater than 50% of consumers would choose to make their arrangements virtually or by having the funeral director or counselor visit their home.
- 49% of consumers are looking to have a large celebration – just not in a funeral home!

- 21% of consumers are willing to pay for convenience.

There are mountains of additional findings from the study, but the overwhelming theme is if you are not growing and/or evolving, you are going to be left behind. The firms that do not evolve will likely become casualties of this reset.

The number of businesses likely to be sold over the next several years will reach into the thousands. The winners and losers coming out of the pandemic will be clearly identifiable.

### Are You Ready to Grow?

The first thing you need to do is a little self-assessment. How have you adapted your business to COVID-19? Are you nimble and adjusting to the changing times? How firm is your foundation? Is *your* house in order? If you are not comfortable with change, I'd suggest that you're probably not ready for growth. In order to really grow, you will be in a constant state of change.

Positioning yourself for growth is all about condition – the condition of your personal, business and financial health. The single greatest thing you can do to prepare yourself for growth is to get your house in order. If your business, personal or financial life isn't in order, spend your time and focus there first. Your highest return will come from creating a little harmony in your life.

## Personal

While growth doesn't mean you're going to be off on a spending spree, it does require focus. Having some harmony in your personal life makes for a far smoother process. Growing a business takes time, focus and is not for the faint of heart. If you are looking for the next stage of growth, perhaps do so when your personal life isn't in turmoil.

Your mental health and ability to focus on the tasks at hand are directly tied to priorities. Depending upon your growth plans, they will likely require 100% of your time and there will be a definite imbalance in your life for some period of time.

## Business

Having the proper foundation on which to grow is critical. While I am sure it has happened, it is rare to see a successful structure built upon a shaky foundation. The culture of your organization and the current state of operations speak volumes about your probability of success in future ventures.

As you will see when I touch on the financial condition, history has a strong role to play in determining your ability grow. If your existing business is not in a healthy state, there will be little opportunity for growth.

You must be organized, in control and have a strong command of what's happening in the business. If you don't know what that means,

ask for help. This is a nonnegotiable and one that often leaves people scratching their heads.

## Financial

From a financial standpoint, it makes sense to understand how you'd be viewed by a bank. A bank is obviously looking at this from far more than just a numbers perspective, but it makes it even more simple to understand. The bank is looking at both qualitative and quantitative measures to determine if you're a good risk.

If your growth plans include either buying or building, you had better become familiar with the five C's of credit. The five C's are really pretty simple, but they encapsulate the essence of, are you a good risk? Would a bank (or individual) feel good about lending you money? The five C's is a system used by lenders to gauge the creditworthiness of potential borrowers, consisting of a quintet of characteristics.

### The Five C's of Credit

- The first C is Character – Your character is determined by your credit history.
- The second C is Capacity – Your capacity is determined by the debt-to-income ratio.
- The third C is Capital – The amount of money you currently have available.
- The fourth C is Collateral – The assets you have available to secure a loan.

- The fifth C is Conditions – The purpose of the loan, the amount involved and the prevailing interest rates.

The five C's incorporate a much more holistic attempt at capturing your readiness for growth, but ultimately the best measure is yourself. Only you will really know if you're ready – just because a bank will lend you money does not mean *you* are ready.

All too often, I see people making decisions based on whether something is financeable. Just because somebody will lend you money, it does *not* mean the value is right, or it is the right decision for you, at the time.

Growth can be really fun, it can be exciting and it can be addictive. More than anything, growth is necessary to stay alive in this profession today. The profession is moving too quickly. You must be staying current with the demands of the consumer and constantly evolving your business.

One of my favorite terms is the acronym from the U.S. Navy, K.I.S.S. (Keep It Simple Stupid). The simplest way to position yourself for growth is to keep your house in order! Make sure you are doing your best on a personal, business, and financial level. If you're not there yet, don't stress. Try to do a little each day and each week to improve.

You will be amazed at what you're able to accomplish in a short time. But you have to start! •