

# GROWTH IS CALLING

**It's time to decide whether you'll evolve your business or prepare for succession.**

*BY CHRIS CRUGER*

The reference to “growth” in the business world does not necessarily coincide with multiple acquisitions. What it does pair with is the word “evolve.” The Foresight Companies’ 2021 Funeral and Cemetery Consumer Behavior Study revealed that consumers are embracing completely new ways of doing things and have no intention of going back to the old ways. They are evolving, and so should we. Empirical insights from the study show this clearly:

- 74% of consumers expect to find prices online (66% expect to see products online as well).
- 47% of consumers will not do business with a firm if it does not provide pricing online (if there is an alternative).

- 32% of consumers’ attitudes about the profession have changed because of COVID.
- Consumer attitudes about the profession’s ability to meet their needs and budget declined through COVID.
- More than half 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, but not in a funeral home.
- 21% of consumers are willing to pay for convenience.



Throughout the study's findings there is one interwoven theme: If you are not evolving, you will be left behind. Dying might be a bit extreme, but firms that don't work to evolve will likely suffer due to this change in consumer behavior. We may see a dramatic increase in the number of firms going out of business or simply being sold. Add to this the uncertainty of current tax structure and the potential for inflation, and we have a catalyst for change like no other time in this profession.

As mentioned, 32% of consumers said their attitudes have changed because of new experiences, including using new technology and adopting nontraditional approaches to celebration. The firms that came through over the last year were those of funeral home and cemetery operators who were flexible, consultative and adaptive.

Consumers who experienced new things may also be changing another tradition, that of celebrating a life at the funeral home. In the Foresight study, 63% of consumers said a big celebration of life event was important to them, and almost half of those consumers said they were thinking about having a celebration outside the funeral home. We must address those wants of the consumer before it's too late.

While all this change portends danger for some, it presents opportunity for others. The future is bright for businesses that adapt and embrace these changes, guarding themselves against the risk of becoming commoditized and, ultimately, irrelevant.

### **GROWTH IS CALLING. ARE YOU ANSWERING?**

If you plan on growing and evolving, the first thing needed is a self-assessment. How have you adjusted your business because of the pandemic? Are you flexi-

ble enough to persevere during changing times? Is your foundation strong? If these questions are making you uncomfortable, I would suggest that you are probably not ready to grow and evolve. Growth calls for embracing change. It requires extensive time and attention, and it may involve periods of imbalance.

### **CREDIT AND GROWTH OFTEN GO HAND IN HAND**

If your growth plans include buying or building, you need to be acquainted with the Five Cs of Credit, a test used by lenders to evaluate the creditworthiness of potential borrowers. The first C is your character, which is determined by your credit history. The second C is your capacity and is determined by the debt-to-income ratio. The third C is capital, or the amount of money you currently have available. The fourth is collateral, or the assets you have available to secure a loan. The final C is conditions, which is the purpose of the loan, the amount involved and the prevailing interest rates.

While this method is great for analyzing your readiness for growth, you are ultimately the best judge. Just because somebody will lend you money, does *not* mean the value is right or it is the right decision for you. Just because you can does not mean you should.

### **GROWING YOUR BUSINESS CALLS FOR A PLAN**

A business plan is a simple template by which to operate your business. Many of us fall into the trap of thinking everybody within our organization knows what they're supposed to be doing. How many times have you used the excuse that you are simply too busy to...? The truth is that most of us waste upwards of 25% of our

time through inefficiency. Who among us would not welcome the opportunity to have more time for ourselves and our family and to enjoy the things we love?

A business plan, organizational plan, budget or whatever you call it is a simple yet critical step in your success. Some insights to follow in creating your plan:

- Include the key stakeholders in the process.
- Check your ego at the door. Be objective!
- Perform a simple S.W.O.T. analysis of your business (Strengths, Weaknesses, Opportunities and Threats).
- Define your goals and establish key performance indicators (KPI)
- Financial (revenue, expenses, receivables, cash, debt, etc.)
- Operational (volume, preneed, physical assets, etc.)
- Organizational (employees, CEUs, community involvement)
- Personal (time off, succession, employee development)
- Create a budget broken down by month that is achievable, realistic and accountable
- Communication throughout the organization.
- If you need help, ask.

The name of your process is not important. The critical element is that you do implement it. There are countless statistics citing that a written plan leads to a greater probability of success. Accountability is key, and the statistic that matters most is your success.

### **GROWTH NOT IN THE CARDS? TIME TO TALK SUCCESSION**

The pandemic has proved to have permanent implications on our



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profession, and this past year has been incredibly taxing on us all, particularly those in the funeral profession. We've seen more people looking to retire than ever before. A study commissioned by NFDA and Foundation Partners Group cited some staggering

figures surrounding succession. One is that almost half of the profession is looking to sell, and many do not have a plan for how to approach this transition and transaction.

At its core, succession planning is the strategy of passing on leadership roles, and often ownership of a company, to an employee or group of employees. Sounds like an easy concept, right? So, why is this so challenging to do? Sometimes the depth of leadership within a small, often family-run operation is just not there. Many of us also simply have a tough time letting go.

In a profession in which we preach preparation, we are failing ourselves and those closest to us. Whether for your estate or for retirement, a succession plan is critical. When started early and

with the consultation of a professional, a well-crafted succession plan is the result of the thoughtful consideration of a multitude of options. When done as a reaction and in "postmortem," it can be a horror show. And while we've been hearing about many high-profile acquisitions over the past several years, the market has become much more disciplined. Sellers now run the risk of limited takers to none at all. Gone are the days of the consolidators buying anybody.

You have options, but you must make the time to consider complex issues to balance legal, financial and stakeholder relationships at every level. If you're not interested in planning for your own benefit, do it for your loved ones and for the benefit of your community and your legacy. Growth can be exciting and a new beginning refreshing, but for those left behind, it can also be a devastating experience.

Growth and succession have one thing in common: preparedness. The concept you must embrace is that getting your house in order is key to peace of mind today and to ensuring the legacy of your business for years to come. ☰

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