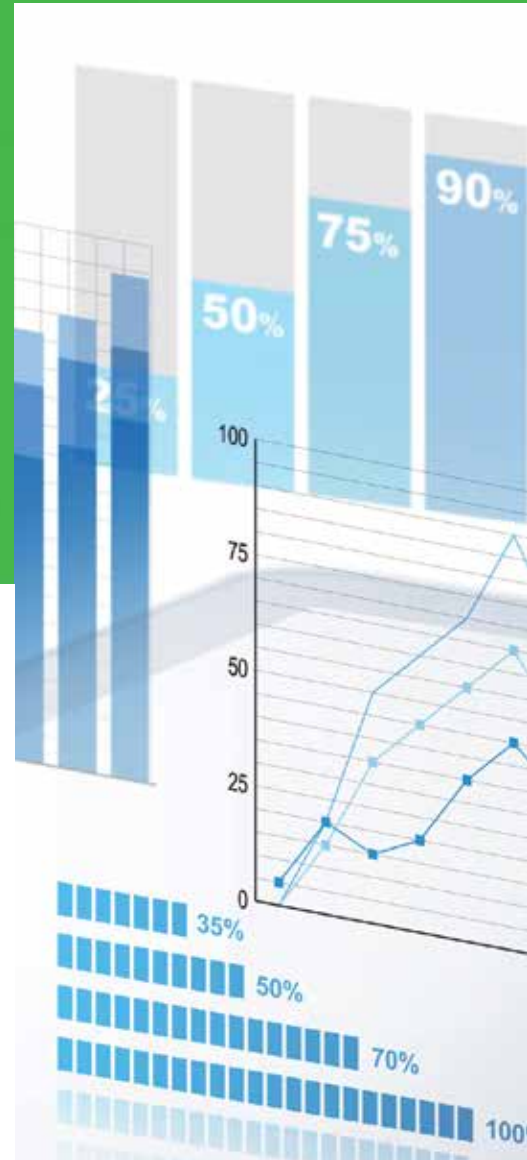


REINVESTING IN YOUR FUTURE

Things in your business have changed, and owners may need to refocus their plans.

BY CHRIS CRUGER





he last couple of years have been quite the wild ride as the world as we knew it was turned upside down. The ways we've done things for decades have changed and so must our thinking when it comes to re-investing in our business.

What we reinvest in our business is a combination of capital (money) and your most valuable resource, time. There is only so much of each, and the way we use them is vitally important in securing the future of our business.

We have been filled with revelations about consumers and their propensity for convenience, transparency and preneed. Their wants and needs are different now, so we must adapt. We are plagued by staffing challenges and many of the same factors impacting the general economy around us. But we have also been blessed in that the profession has come through these several years in a far better position than many other businesses. We've been challenged to staff our locations and to adapt, but we have persevered.

The focus of where to reinvest these days seems simple – invest in the areas in which you see your greatest threats. By my estimate, those categories are probably staffing and technology. If we could reinforce our employee situation and the command of process within our organizations, we would have the great majority of issues under control. Don't get me wrong – the physical condition of the facility remains critically important.

Conventional wisdom would suggest that you should reinvest 20%-50% of your total profits into the business. This figure shifts quite a bit depending on where the business is in its life cycle. The actual amount varies based on the actual strategy, as opposed to a set percentage. The other key consideration is maintaining the proper amount of working capital (cash) to continue to operate your business comfortably. In some cases, this may mean the owner is forced to take less from the business than he or she might have in the past.

In short, there is no one size that fits all for reinvesting in your business. The answer is you should probably be reinvesting a little more than you are.

With the rapidly changing landscape, I want to focus our attention to three key areas: physical plant, workforce and technology. The physical plant has always been an area of concern, but workforce and technology have rapidly become areas requiring the most attention. Most of us have gotten used to accepting the need for a new roof or a resurfaced parking lot, but technology and staffing have not been

where most funeral home operators have focused their investments.

We will touch on each area and provide some direction. "Allocation" percentages or areas of investment may be different based on your current circumstances. Different businesses and people will always have different needs.

THE PHYSICAL PLANT

This is the most common bucket for investment and one on which funeral home operators spend the most time and attention. The 2020 Wharton-Baker Consumer Loyalty Study told us that the single greatest reason a customer is driven away is the condition of the physical plant.

In the current environment, subject to where your business is in its adaptation of technology and other needs, I would suggest that about 20% of your total capital investment be made in the improvement of physical plants. This is often an area in which a disproportionate amount of focus can be spent because of its nature. I am not suggesting that we shouldn't focus on our facilities; I am simply suggesting that we must put more focus elsewhere right now.

WORKFORCE

We often think of our buildings and facilities as our most valuable assets, but I suggest you reconsider that and instead focus on the area of your business that accounts for the most significant expense – your staff. That is the single greatest driver of our success. And, by the way, that includes you.

We are not all born leaders. We may be wonderful funeral directors, caregivers and pillars of our community, but that doesn't simultaneously make us a captain of this industry. Allocate some money in furthering your own education, and I'm not just talking about CEUs – take classes in management or basic business operations. Also, you're an entrepreneur, so you don't have to do literally everything yourself. Hire people to help take less consequential matters off your plate, leaving you to concentrate on working on your business. You can also outsource some basic, everyday tasks, too. If you don't know where to begin, hire a coach.

You should be proud of your team, and your team should be proud to work for you. Now, that isn't going to happen without both your respect (earned) and your investment in their training and continuing education. Another part of this mutual respect is paying people fairly and creating a positive work environment. We can't all provide the same pay or benefits, but we can make our place of work the best we possibly can. This is true whether there are two of you or 200.



With consumers more inclined to utilize virtual options, livestreaming and different ways of memorializing a loved one in their experience, it's important that we can support some of these options. The more we can integrate technology into our business, the more it will stand to reduce some of the headcount we require in the long run.

We all know the saying, "You are only as strong as your weakest link." It's critically important that each employee understands your culture, business practice and the proper ways of doing things. In an environment in which good people are hard to come by, remember that the wrong person can be more disruptive and destructive than anything else.

This is an area in which each of us should be doubling down in every conceivable way. That means dedicating time and capital to recruiting the right people and investing in their training and success. Our associations, colleges and industry leaders are doing all sorts of creative things to bring people into our profession. We must do more.

Investing in your workplace should account for around 40% or more of your time. If your firm is short-staffed, focus every available minute on this area. Most owners are only talking about a couple of people to fill these positions. If we are creative and on the lookout for people to build our bench, and if we are constantly making this a priority for our time and money, we'll be amazed at how we can chip away at this challenge. The problem may never go away, but it's our obligation to do something about it.

TECHNOLOGY

In various areas of The Foresight Companies Funeral & Cemetery Consumer Behavior Study, it is clearly documented that technology now permeates every aspect of funeral service. From marketing to aftercare and everything in between, technology is a key piece of the business model for the future. All too often, we see businesses that still rely on dated ways of doing things and are reluctant to change. But the consumer is rapidly telling us that if we fail to adapt, they will go to someone who does provide the options.

Throughout the pandemic, we saw that firms that were progressive in their thinking about technology were positioned for success. So, if you haven't done so, shore up the technology side of your house. Make that extra effort to try new things. Look at other aspects of your life – from healthcare to home care to education – to see how they are evolving and think about where our profession may be headed. Heck, think about where our profession is today compared to three years ago!

We've come through in a far better position than many other businesses. We've been challenged to staff our locations and to adapt, but we have persevered.

Until you are ahead of the curve, technology should account for almost 40% of your total capital investment. Once you have facilities, staff and systems somewhat current, then rebalancing your focus again makes sense.

It's one thing to have a great business, but it is something entirely different to maintain and grow it. Sometimes growth isn't the main driver, but you must constantly reinvest in the things that matter most to your business.

When times are challenging, it can be difficult to put that little extra back into your business. You must weigh the short-term gains against the long-term implications to the business. One of the first lessons I learned growing up was to take care of the things that matter most. Investing in your business is simply good business and the right thing to do. ☰

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