

Business

By Nick Padlo



Defining *Your* Legacy

How to Maximize the Three Major Business Life Events

As people, we all go through various life events that can shape the course of how we live our lives in the present and what that will mean for our legacies in the future. These can range from what college you go to, the profession you choose for your career, all the way to where you decide to live and raise a family.

Funeral home and cemetery owners go through various life events as well, but the common three that shape and define legacies are: how/when you decide to become an

owner, how you decide to own and operate your business financially, and ultimately how you plan the succession/sale of your business. As a funeral business owner, it is important to align yourself with tailored companies who understand the opportunities and challenges you face on not only a day-to-day level, but on an annual and lifelong level as well. Getting off to the right start financially will remove much of the burden you may face so that you can serve your true purpose and passion by serving each

family with honor and integrity.

In today's market, there are many aspiring funeral home and cemetery professionals who would like to harness their entrepreneurial spirit by owning their own business. In most cases, it will require a solid capital investment to either purchase an existing business or start a business in an underserved market.

There are various niche components to the funeral profession that not all capital providers may fully understand, so working with a business consultant who specializes

in your profession is a critical component of starting off your business venture the right way. Even in an event where capital can be made available to you, it is always wise to have a second set of eyes on your potential venture. This customized backup solidifies answers to more finite questions such as: “What are my true transition risks?” “What is the market value of the business goodwill/economic real estate I am purchasing?” “What is the health of the preneed book of business I am purchasing?” An in-depth analysis on your opportunity will provide deeper assurances outside of just your potential ROI demonstrated from a lender and/or equity source.

In addition, when it comes to closing on your transaction, it is always helpful to have company in your corner that can speak both funeral and lending/equity languages. A customized process can cut down on proposal turn-times, simplify complex lending regulations, and allow you to be handheld through the entire financing process up to the day you first open your doors for business.

Once you have established your business, it is vital that you begin the long-term plan for the succession or sale of your business. You might not plan to exit your business for 20 years or longer but being consistently prepared is a major key in case that time frame suddenly moves up or you see an opportunity to expand your business which ultimately impacts those future plans. This all begins with a

fair market valuation of your business. The valuation can serve as a benchmark for where your operations stand today, and it can also serve as a tool for where you would like to ultimately end up once you plan to retire. What happens between these two milestones are critical components for whether or not you achieve the goals you have set for your business.

As a funeral business owner, your management responsibilities are vastly different from other business sector owners. Often, you are tasked with managing staff scheduling, meeting with families and prearranging funerals, making purchasing and pricing decisions, and potentially even staying on-call for removals and embalming work. Given the heavy workload, it is crucial to have a team in your corner analyzing your business on a quarterly and annual basis to address areas such as: pricing recommendations, revenue per call measurements, payroll analysis, merchandising analysis, balance sheet analysis, and preneed examinations. The right consulting partner will also allow you to gain knowledge on where you stand locally, regionally, and nationally with your operating metrics. With this portion of the business covered, you will spend less time worrying about working “on” your business and more time enjoying working “in” your business where your passions truly lie.

The final and arguably most important life event you will face as a funeral business owner is the suc-

cession/sale of your business. We are finding it less common for family members/key employees to take over business operations across the nation, so your potential retirement options are vastly enhanced by making sound decisions during your first two major life events.

Again, choosing the right consultative partner will help you avoid potential mistakes such as: lower than expected sales prices, complicated transitions of ownership, staff turnover, and the loss of your hard-earned heritage within the community. Steady growth, gradual modifications, and knowledge of value over time will allow your succession plan to be seamless so that you can enjoy what is no doubt a long-lasting legacy you have created for the families you serve.

Most funeral business owners do not go into ownership with the dreams of simply becoming wealthy. The wealth they create is a byproduct of the true passion they must serve their communities and families the way they should be served, with honor and integrity.

Becoming and remaining aware of your three major life events will allow you to enhance the quality of service you provide and will therefore dictate a more substantial and justifiable business value when it comes time for you to pass the torch. Having the right partnerships in place along the way will ease the burden of financial management and will allow for a smooth and gratifying ride during every step of your business life cycle. •