



Contemplate The Future NOW

Change is what will separate the firms that capture the opportunities ahead from the ones that simply fade away.

BY CHRIS CRUGER

Determining how much to reinvest in your business is never an easy task. It's even more difficult when times are tough. The rising cost of doing business, an incredibly difficult labor market and rapidly changing consumer preferences are making these decisions more challenging. However, I would like to present these challenging times as times of opportunity!

What we reinvest in our business is a combination of money and time. Today, both seem in limited supply. How we measure them is the most critical decision we make for our future success.

Conventional wisdom would suggest that you reinvest 20%-50% of your profits back into your business. This figure shifts depending on where a business is in its life cycle. Typically, that amount tends to be higher if you are in growth mode and lower if you are a little more mature. Other considerations include working capital and your personal re-

quirements away from the business. Unfortunately, I think the conventional wisdom goes right out the window as pressure on the bottom line is far greater today than it's been in a long time.

A few simple observations:

- The Federal Reserve raised interest rates seven times in 2022.
- Suppliers have been hitting funeral homes with price increases and surcharges at levels not seen in a very long time.
- The labor market has continued to get increasingly more difficult – the cost and availability of quality people are at a state of alarm.
- The Consumer Price Index for 2022 came in at 7.7%, according to the Bureau of Labor Statistics.
- Consumer preferences change constantly.

Unfortunately, I think all these factors are causing a near perfect storm for our profession, meaning that there will be many that simply won't survive and that

making the right investments in your business today is perhaps more important than ever before. You may be faced with dipping into reserves or even financing some of your needs for the future, but I firmly believe these threats and challenges present incredible opportunities like never before in the profession. And these opportunities, of course, favor the progressive and more forward-thinking.

No matter where you are in your business life cycle, areas of reinvestment you should consider include your people, technology, your facilities, marketing and acquisition (create scale).

INVEST IN YOUR PEOPLE

Sometimes it's hard to accept, but our single greatest asset is our people – the skills they have, their compassion and their ability to serve your community in its time of need. And that means having much more than a body to fill a position.

I believe the most important customers we all have are the colleagues with whom we surround ourselves. You must have the right people with the right skills – and all working together. Funneling money into training and employee development is a critical part of adapting to the changing landscape we face.

I think it's well summed up here by a quote that I've seen attributed to Trish Bertuzzi in her *Sales Development Playbook*: “The CFO asks the CEO, ‘What happens if we invest in developing our people and they leave us?’ The CEO responds, ‘What happens if we don't and they stay?’”

We all need to double down on training and recruitment in any way we can. This means recruiting the right people and then investing in their success. It also means paying more than we may have in the past. The shortage of people and rising cost of living mean that our salary expense may be quite a bit higher now.

Contemplate how much you are paying your people. The challenges of the cost of living are impacting us all. If your people are feeling the stress outside the workplace, it's hard for them not to be bringing it into the workplace.

INVEST IN TECHNOLOGY

In various areas of The Foresight Companies' Funeral & Cemetery Consumer Behavior Study (now in its fourth year), 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, though, 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

PEOPLE

TECHNOLOGY

FACILITIES

MARKETING

ACQUISITION



will go to someone who does provide the options.

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 better we will serve clients today.

Technology isn't cheap and it always requires change. Though few of us appreciate change, it's what is going to separate the firms that capture the opportunities ahead from the ones that simply fade away. Having a fully integrated front of the house (marketing, virtual capabilities, follow-up, etc.) and back of the house (case management, financial rec-



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ords, data security) are critical pieces of success today. The environment moves too quickly to not be using technology to stay ahead.

Technology is often underprioritized in our profession. If it hasn't been one of your larger investments over the past few years, you might need to change your focus.

INVEST IN YOUR FACILITIES

Facilities are the most common and logical place that we focus reinvestment. In most research, we find that your physical facility is one of the primary reasons you drive customers away. If your facility isn't up to standard, it is hard to deliver the proper value proposition to clients.

If you haven't done a physical audit of your facilities, I encourage you to do so annually. You should be purposefully walking your entire property each year and tracking all potential needs. View your property through the eyes of the families you serve. Anticipate their expectations of your facilities. Put a budget together so you are prepared for these expenditures, big and small. Nobody has ever been saved by sticking their head in the sand and pretending like things are going to fix themselves.

RAMP UP YOUR MARKETING

Marketing is an area that people cut far too easily when money is tight. Obviously, there are measures to how much and when you should be investing in marketing, but having a plan is important. Being

purposeful in your spending is also important.

There are some excellent vendors in the market to assist you in your planning – consider hiring contractors who specialize in SEO and digital and content marketing to expand your online presence. Often, a small investment in digital marketing can yield big results.

ACQUIRE YOUR COMPETITOR (CREATE SCALE)

In challenging times like we face now, there will be opportunities that present themselves without much warning. Scale matters more today than perhaps at any other time in this profession's history. Companies acquire businesses for multiple reasons – to grow in new markets or to eliminate a competitor by merging. The opportunities are more common than you might think; ownership is getting much older rather than younger.

In a recent NFDA/Foresight study, 42% of funeral home owners today expect to retire or transfer ownership within the next five years. While acquiring your competitor will undoubtedly require capital, it is also the fastest way to speed up your growth. Leverage and scale create value. Scale and size ensure that you have succession options when the time comes for you to exit your business.

I firmly believe there has never been a better time

I FIRMLY BELIEVE CURRENT THREATS AND CHALLENGES PRESENT INCREDIBLE OPPORTUNITIES THAT FAVOR THE PROGRESSIVE AND MORE FORWARD-THINKING FIRMS.

THE OPPORTUNITIES FOR ACQUISITION ARE MORE COMMON THAN YOU MIGHT THINK; OWNERSHIP IS GETTING MUCH OLDER RATHER THAN YOUNGER.

than right now to be in the profession – that is, if you’re willing to be a little more forward-thinking than the next person. Reinvesting in your business is the most lucrative way to keep your business growing, and not reinvesting in your business is the quickest way to see any opportunities slip away. Investing when times are tough isn’t easy, but it is a re-

quirement if you want to survive for the future. All too often, we sacrifice our long-term needs for our short-term wants.

It’s one thing to have a great business; it is something entirely different to maintain and grow it. Sometimes you may not even be growing the business, but you must reinvest to maintain the market you have worked so hard capture.

One of the greatest 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. Your business today is your people, your facilities and, increasingly, technology. Prioritizing these areas and positioning yourself for future opportunities are the keys to the future. ☰

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