

# Building with the Future in Mind

by Jared Tanke

I've always been fascinated by how much business success comes down to the things you can't immediately see in a spreadsheet. Sure, numbers are important—revenue, profit margins, and market share all matter—but what separates a truly valuable funeral home from the rest often lies beyond those metrics. It's the things you invest in today, the ones that don't show up as line items, that can make all the difference when it's time to transition your business.

Here are some of the key areas funeral home owners should focus on in order to build not just a profitable business, but one that stands out to potential buyers when it's time to sell.



## 1. Build a Strong Team and Foster the Right Culture

Think about your team. Are they just employees, or are they the heart and soul of your funeral home? When we at Foresight value a business, one of the key risk factors we look at is “Key Man Risk”—essentially, how dependent the business is on the current owner. Buyers are looking for operations that can function smoothly without the owner at the center of every decision.

### Preparing Your Funeral Home for Maximum Value

- **Delegate and Develop Leadership:** If you’re still the go-to for everything, start sharing the reins. It may be tough if you are accustomed to doing things one certain way, but if you have trust in your employees, it will all work out. Train your team to handle more daily operations, show them how best to represent the business in the community and foster those relationships that you have been doing for years. Along the way, you may even be amazed to see your staff have new ideas that make things even more efficient.
- **Culture Matters:** A supportive workplace culture doesn’t just keep employees happy; it keeps them loyal. Over the last few years, staffing has been one of the hottest issues within the profession and among other small businesses. Being able to maintain a high employee retention adds significant value to your business as it ensures continuity for a new owner.



## 2. Establish a Strong Digital Presence

Let's face it: we live in a digital-first world. The emergence of Artificial Intelligence was not just a blip in time, it is going to continue to make progress and impact just about everything we do. The days of relying solely on word-of-mouth or walk-ins are long gone. From our 2024 Funeral & Cemetery Consumer Behavior Study (FCCBS), over two-thirds of families viewed a website prior to a service, and 51% of consumers stated that they could be steered to a funeral home based on reviews online.

- **The New Business Card is Digital:** It may be a simple video introducing yourself and your funeral home, but making that connection with families through a high quality, well laid out website is going to be critical. If you are not telling your story online, someone else will.
- **Online Reviews Matter:** 51% of consumers say they may be steered to a funeral home based on reviews, 48% visited a Facebook® page for a funeral home. Just like you might check Yelp® before trying a new restaurant, families are checking you out online before calling. Investing the time and money to make sure what they find online is reflective of your quality of service is key.

## 3. Price Your Services Properly

Pricing isn't just about covering your overhead costs and keeping up with inflation, it's about demonstrating your value to the families you serve. No buyer wants to come in and immediately shock the market with large price increases, so assuring that you are priced correctly shows you:

- **Know Your Market:** Understanding your competitors and your local demographics is crucial. What may have been a strong Catholic demographic market 50 years ago may now be shifting in religious preferences. This will have an effect not only on how you serve families, but how you price your services as well.
- **Will Be Transparent:** Families today value clarity. Being transparent with your pricing fosters trust, and 59% of consumers say they are more likely to work with your funeral home if pricing is online. This goes back to the digital presence and being able to connect and build trust before that first phone call.

## 4. Multiply Your Revenue Sources

Having multiple sources of revenue generation is extremely helpful if and when funeral services may seem slow with at-need families. Being proactive with pre-need sales programs, and using your

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facilities to the best of their ability are ways you can keep growing your business even when times may seem slow.

- **Pre-Need Sales:** There is no better way to grow your position in the marketplace than to be actively selling pre-need. Depending on your area, getting help from a third-party marketer may be a good idea so that they can do a lot of the heavy lifting required with finding and pursuing leads.
- **Expand Offerings:** Services like grief counseling, memorial keepsakes, or after-care programs add value for families and diversify income.
- **Use Your Space:** We have heard several clients that have chosen to open up the funeral home as more of an “event center”. Depending on the space available, this could be meetings, luncheons, receptions, or other types of parties. It may not be the biggest source of income, but if there is a need for it in the area and your facilities are not being used as much, it may be another way to expand your offering.

## 5. Maintain Clean Financial Records

Okay, this one is about the numbers, but it’s important to have them in order. Clean, detailed financial records become such a value add when it comes time to working with buyers because it gives them confidence and comfort that what we have represented to them is accurate.

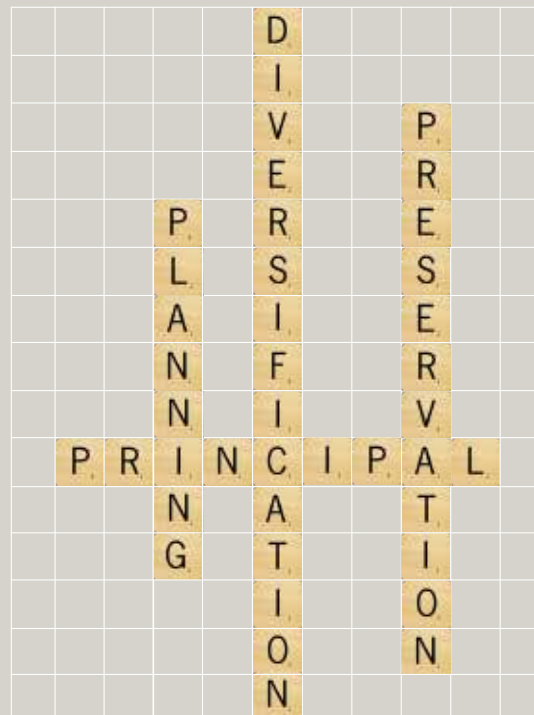
- **Be Organized:** Can you easily pull five years of financials, corporate documents, call volume reports, or pre-need statements? If the answer is no, then you should get to work on this now. One of the biggest reasons why deals fall through is because of time. The more time it takes to go through due diligence and review files means more time for the unknown and sometimes that means the deal is off.
- **Know Your Value:** Surprisingly, only 53% of funeral home owners know the value of their business (2023 NFDA Succession Planning Study). Having a good pulse on the value of your firm, and understanding what the landscape is for buyers out in the market can be very valuable so you know when it’s the right time to sell.

I know this might feel like a lot to think

about, but every step you take today will pay dividends when it’s time to sell. By investing time and energy in getting the right team, improving your digital presence, understanding your market and pricing, utilizing your facilities, and keeping good clean records, you can ensure your business will be highly sought after and in great shape when it comes time for succession. **M**

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