BY CHRIS CRUGER

What If You *Don't* Accomplish Your Plans?

Doing nothing is a strategy in and of itself, but it comes at a significant cost.

As another year comes to a close, owners of funeral homes and cemeteries across the country will begin thinking about their plans for 2027. Budgets will be reviewed. Goals will be set. Revenue targets will be established. Maybe a new marketing initiative, technology upgrade, staffing plan or facility improvement will make its way onto the list.

Before you decide what you're going to do next year, I challenge you to ask a different question: What would happen to your business if you did nothing? Doing nothing is still a decision, but given today's environment, it's one of the most expensive decisions a firm can make.

Strategic planning should not be simply an exercise in deciding what you want to accomplish in the next 12 months. It should force you to look honestly at where your business stands today, where the profession is headed and what could happen if you failed to respond. As you look to evaluate the state of the profession, there are signals you cannot afford to ignore.

NOT JUST ANOTHER BUSINESS CYCLE

For years, funeral service professionals have discussed changing consumer preferences, rising cremation rates, technology, staffing, succession and consolidation. What's different today is that these forces are no longer operating independently; they are converging. The funeral service profession is moving from a traditional location-centered model toward one that's increasingly consumer-centered, multichannel and service-differentiated.

One of the greatest missteps in strategic planning is building tomorrow's plan around yesterday's consumer.

Families expect flexibility, personalization, transparency and convenience. Cremation continues to reshape the economics of the business. Younger decision-makers are approaching deathcare differently. Technology has moved from a nice-to-have to a basic operating requirement. And an aging ownership base is bringing succession to the forefront.

At the same time, many operators are experiencing pressure on death calls. It's easy to attribute this to mortality trends, but the answer might be more complicated. Changing demographics, population movement, direct cremation, nontraditional services, low-cost competitors, digitally visible providers and weaknesses within a firm's conversion process can all affect call volume.

This distinction is important. If calls are down because deaths in your market are down, that's one problem. If calls are down because families are choosing someone else, that's an entirely different problem. The question is no longer whether the profession is changing, because we know it is. The question is whether you understand how those changes are impacting your business.

THE CONSUMER HAS ALREADY MOVED

One of the greatest missteps in strategic planning is building tomorrow's plan around yesterday's consumer. Today, families have more choices, and their expectations are being shaped by experiences outside of funeral service. They expect information to be accessible and businesses to respond quickly. They want to understand their options and pricing, and they expect digital convenience. And they desire services that reflect their beliefs, preferences, budgets and perceptions of meaningful remembrance.

Cremation is central to this shift, but this isn't just a cremation-versus-burial discussion anymore. The challenge is what happens around disposition. Some families might want direct cremation; others might want cremation with visitation, a ceremony, personalized memorialization or a reception held somewhere other than the funeral home. Some might want traditional services; others might approach death with little to no religious connection. Your opportunity is to create meaningful pathways for *all* of them.

One danger for providers is assuming that family members won't want ceremony, memorialization or professional guidance just because they chose cremation. If funeral homes treat cremation like a lower-priced disposition option, they risk turning

themselves into commodities. And when consumers cannot see the difference between providers, price becomes the most obvious differentiator. That is a strategic-planning issue.

THE COST OF DOING NOTHING

Owners should not look at declining call volume and assume the market is down. Maybe it is, but perhaps families are choosing the direct-cremation provider down the road or finding a competitor with a stronger online presence first. Perhaps inquiries are coming through your website, but no one is responding quickly enough. Perhaps your service offerings are no longer reflective of what families in your community want.

These are different problems, and they require different solutions, which is why strategic planning today must begin with better diagnosis. Owners must look beyond total call count. They should understand inquiries, conversion, case mix, cremation mix, revenue per call, preneed activity, local demographics and sources of new business.

Some of the traditional ways funeral homes have measured market share are becoming less dependable. For example, obituary counts no longer tell you exactly what is happening in your market. Better planning requires better information. Without it, you're merely making assumptions. You need to know your market and your business.

The same is true of technology. For a long time, technology could be treated as a separate line item or project. Today, it touches nearly every part of the business. It affects how a family finds you, how quickly you respond, how clearly you communicate, how you generate leads, how you manage reviews and how leadership measures performance. Internally, it affects accounting, reporting, customer relationship management, workflows, analytics, staffing decisions and management accountability.

This doesn't mean technology should replace the human side of funeral service. Actually, it's the opposite – the strongest models combine digital convenience with the compassion, expertise and counsel that funeral service professionals uniquely provide.

Technology can be expensive, but failing to modernize creates a different cost. Missed inquiries, poor follow-up and an outdated website all come with a cost. So, too, does not understanding your conversion rate or wasting time with inefficient processes. These costs won't appear on your income statement under a line labeled "failure to modernize," but they are there, nonetheless.

PEOPLE AND SUCCESSION

The human-capital challenge might ultimately prove just as important as the consumer challenge. Owners are aging, staffing shortages continue, and burnout is real. In addition, many younger professionals have different expectations regarding scheduling, development, technology, mentorship, compensation and workplace culture.

At the same time, many owners do not have a clear succession plan. If the owner disappeared from the business tomorrow, who would lead it? Who understands the financials? Who manages employees? Who fosters the relationships? Who makes decisions? Who could eventually own the business? If the only answer to most of these questions is the current owner, then there is a strategic vulnerability.

Developing people, transferring institutional knowledge, creating a management team and preparing an individual for ownership take time. You cannot force those things six months before your retirement. The cost of doing nothing today might be discovering several years from now that nobody is prepared to take your place.

Strategic planning today must begin with better diagnosis.

Perhaps nowhere is the cost of inaction more visible than in today's mergers-and-acquisition (M&A) market, which remains active but is increasingly bifurcated. Well-positioned businesses with strong leadership, clean financial records, scalable operations, stable or growing call volume, and demonstrated relevance to today's consumers continue to attract interest.

On the other hand, businesses with declining performance, weak leadership, staffing gaps, deferred maintenance, disorganized financials or shrinking market share face a very different market. They encounter fewer credible buyers, greater financing challenges, longer transaction times or no buyers at all.

This tells us something important: There is no single valuation market in funeral service today. Two businesses that look similar on the surface could produce very different outcomes based on their operating performance, geography, leadership, financial discipline, market position or compatibility with a particular buyer. This is why I believe that even owners who aren't thinking about selling should pay close attention to what's happening in the M&A market, because it offers insight into what can build – or erode – the value of their business.

THE HARD QUESTIONS

Strategic buyers have become more disciplined and selective. A great reputation and decades of history are meaningful, but they are no longer enough on their own. Buyers want evidence that a business can perform amid today's conditions and tomorrow's challenges.

Is call volume sustainable? Is there management beyond the owner? Are the facilities in good condition? Are the financial records clean and credible? How strong is the local competitive position? These are not only the questions buyers are asking but also strategic-planning questions.

Owners should pay attention to these questions. The things you do to strengthen your business today are the

things that preserve your options tomorrow. Improving your financial reporting, developing your management team, investing in your facilities, understanding your market, adapting your service offerings and protecting your sustainable earnings aren't simply steps you take to prepare for a sale – they are steps you take to build a stronger business.

Conversely, ignoring these areas won't just create a problem during some hypothetical transaction years from now. It can affect your firm's performance, profitability, competitiveness and value today.

WAITING ELIMINATES OPTIONS

The Foresight Companies increasingly encounters businesses with owners who know they need to transition eventually, but they continue to wait. Maybe they aren't emotionally ready or they believe another few years will improve the business. Maybe they assume the next generation will take over or they simply don't know where to begin.

Meanwhile, their call volume slips, facilities age, key employees leave, margins tighten and financial records become even more complicated. In addition, the owner grows more tired and less willing or able to reinvest. By the time the owner is ready to sell, the business might no longer be.

It's at this point that Foresight's ability to create options becomes much more limited. There might be fewer qualified buyers, or financing might be more difficult.

Optionality has value, and time creates optionality.

Deferred facility investments can be transaction issues. Real-estate questions can complicate a deal. Weak management depth can concern buyers. Declining performance can undermine confidence in future earnings. In some cases, a viable transaction no longer exists.

Thus, what should be a carefully planned transition can become a forced decision. This is the part owners sometimes miss when they delay succession planning. The cost isn't just that your business might someday be worth less. The cost is that you might have fewer choices about the timing, about the buyer, about the structure and about your role after closing. You also could lose the ability to protect your employees, family, legacy or community presence. Optionality has value, and time creates optionality.

OPTIONALITY ON TOP

Strategic planning is sometimes treated as an exercise in predicting the future, but that is not the objective. You cannot predict exactly what death rates will do, how quickly consumer preferences will evolve, where interest rates will go, which technologies will succeed, which buyers will be active or what the M&A market will look like five years from now.

You can build a business capable of responding, however, and that is what a good strategic plan should accomplish. As you plan for 2027, ask yourself:

- "Are we gaining or losing relevance in our market?"
- "Do we know why our call volume is changing?"
- "Does our service mix reflect what today's families actually want?"
- "Are we making it easy for consumers to find, understand and choose us?"
- "Are we using technology to improve both the family experience and our operation?"
- "Do we have the people and leadership necessary for the next five years?"
- "Are our financials giving us the information we need to make decisions?"
- "Which investments have we continued to postpone?"
- "If I wanted or needed to transition the business three years from now, would it be ready?"

The opportunity for funeral service has perhaps never been greater than it is today, but this opportunity will not be distributed equally. The businesses poised to capture it will be those that combine the strengths that have always defined great funeral service – compassion, trust, community presence and meaningful service – with stronger consumer engagement, technology, talent development, financial discipline and market intelligence. The M&A market is reinforcing the same message: Preparation, operating quality and relevance all matter.

As you sit down to build your strategic plan for the coming year, don't begin by asking what you want to accomplish. Instead, start by asking what will happen if you *don't* accomplish it. This might be the most important exercise of your 2027 strategic planning.

Chris Cruger is CEO of The Foresight Companies, a business and management consulting firm specializing in succession planning, representation of buyers and sellers, financing, and valuations. Contact Cruger at 602-274-6464 or ccruger@TheForesightCompanies.com.

Financial, legal or tax advice contained in this article is for informational purposes only, but it is neither a legal interpretation nor a statement of NFDA policy and might or might not apply to your individual position. Readers are strongly encouraged to seek the counsel of qualified advisers before undertaking any action based on this information. Reference to any specific product or entity does not constitute an endorsement or recommendation by NFDA. The views expressed by authors are their own, do not necessarily reflect views of NFDA, and do not imply an endorsement of them or any products or entities they mention or represent.