



# SEEING THE FUTURE



MY  
BUSINESS  
GOALS

1

MY  
BUILDING  
VISION

2

MY  
OPERATING  
PROCESS

3

MY  
ACTION  
PLAN

4

## To successfully move their firms to a secure future, owners must have clarity of vision. Begin by answering these four important questions.

BY DANIEL M. ISARD AND JEFF HARBESON

Being a successful business owner requires vision, and the clarity of that vision will provide the best chance of success into the future. You must see – or predict – the future and be prepared to address its issues sooner rather than later. You also must communicate your vision for the future to the many stakeholders who rely on your decision-making, some of which are more reliant on your prognostication than others. Your community, employees, lenders/investors and family all have a vested interest in your ability to make good decisions. Of course, *you* rely on your decision-making as well.

Experience is one of the best teachers; it shows you what can happen and the kinds of decisions you should be prepared to make. The key to future planning is estimating the obstacles, some of which you may have avoided or screwed up in the past. The only problem with running a funeral business today is that what we are seeing for the future has never been seen before.

Imagine you want to make a sound decision regarding a casket company contract. There are many issues, so on which will you focus? Do you focus on workmanship, delivery, price, contract terms? How do you estimate the number of caskets to which you can commit in a world of declining casket sales? You've not made decisions like these before! How many years into the future should you commit to a casket company? If yours is a 125-call business, selling some 80 caskets a year now, how many will you be selling five years from now? The length of the contract should be limited by your vision for the future, not the discount, pricing or rebates.

At the turn of the century, there were about 22,000 funeral homes in the United States. Today, there are some 20,000. How did we lose almost 10% of all funeral homes? Population is up and mortality rate is up, and therefore, total deaths are up. How did we lose 2,000 funeral homes? We believe it's due to the lack of vision by the typical business owner.

Can you imagine 2,000 businesses dying? It means 2,000 families liquidating their reputation for salvage value. It means about 10,000 employees being let go. It's about 30,000 families that have prearranged with a funeral home only to learn of its demise. It's 2,000 buildings repurposed, with people walking by them, saying, "Didn't this used to be the funeral home?"

Do you know any of these 2,000 funeral homes, which included those that were privately owned as well as those owned by public companies? What are the chances *your* business will be part of the next 2,000 to put up their shutters? The inability to effectively see the future adversely affects everyone.

Perhaps we had a glut of funeral homes 20 years ago. Maybe this contraction is good for business, just as culling a deer herd through hunting and introducing predators is beneficial for the species. Between us, over the years, we have been in 49 states and set foot in thousands of funeral homes, and there are places in this country with more funeral homes than fast-food franchises, especially in small towns.

Visualize a rural area with 20,000 in population and 40,000 in the service area. There are maybe 300 to 350 calls a year, and there are three funeral homes. Breaking it down economically, we have three buildings purposed for funeral homes. There are three ownership families and perhaps six to eight licensees, with another six full-time employees. These three businesses probably own 12 business vehicles, three of which might be hearses. How inefficient is that?

Next, imagine there are just two funeral businesses. One building, four cars and perhaps one licensee could be freed up. The building and cars would free up investments of about \$1.5 million or more, and since staffing is getting tougher and tougher to deal with, the employee savings can be significant. Annual savings on facility maintenance, utilities, upkeep, advertising and insurance could be \$100,000 to \$130,000. The savings could be used to curtail the cost of funerals, create added profit for the two ownership families, or a bit of each. Think about the huge amount of money saved when this is multiplied by 500 rural locations!

Now, we're not saying we should go through the country and reduce the number of funeral homes. Society is doing that for us. This phenomenon is not always just a rural issue, as urban funeral homes are also subject to this risk. As the average revenue per call reaches an apex for many, costs of operation increase, and therefore, profit declines. Business owners who do not focus their vision on operations will be hallucinating before going blind.

The year 2020 is being heralded by NFDA as a clarion call to funeral home owners to employ a vision for their business going into the future. You must decide, as Darwin predicted of all species, whether to "migrate, mutate or die."

We suggest you do this in a predictable way. Thus, your vision must answer four questions.

### QUESTION 1

#### Do I want to stay in business into the future?

We in this business know that life is short. The ultimate question you must ask yourself is, "Are you happy doing

what you're doing?" It doesn't matter if you're 30 or 70 – you have free choice over what you do as an occupation. If you don't want to be in the business, you'll need to figure out two decision points: What do you want to do and who will carry on the business?

Maybe you want to be a funeral director but not a business owner. That is allowed. There's no need to stress yourself out and not love your life!

## QUESTION 2

### What changes to my physical plant are needed to stay in business into the future?

Here's another way to consider this question: Visualize your building burning to the ground. Would you rebuild the same building you had? When we ask clients this question in planning sessions, almost 90% say they would not recreate their existing building. Of those 10% who would, most have built their facility in the past 20 years, with an eye toward the present-day business.

The building is the biggest investment you make in capital assets. Is it functional for the way funerals are practiced today? I have seen many buildings adapted over time to be funeral homes, but in reality, they don't

work – too many steps, bathrooms that are too small, a location not near enough to where families reside. If that's the case, create a plan to rebuild the building in the location that is best for the families you serve.

## QUESTION 3

### What operating changes are needed to successfully survive into the future?

It was easy to run a funeral home in the 1980s. With two days of visitation and each body casketed, you couldn't help but make a profit just by marking up the merchandise. Well, today, almost 50% of all bodies nationwide are not buried, visitation is half what it used to be and merchandise is more moderate or not being sold. Making a profit with a multimillion-dollar building is tough – tough, but not impossible.

A good place to start is knowing your consumers and what they are willing to pay for. You must set your prices analytically, not a tad higher or lower than your competitor. Marketing effectively is critical. You don't fight for calls; you must be where consumers are looking when they are looking and then they will choose you. It takes more than just joining Rotary or a church to market today.

## QUESTION 4

### When will I enact these changes?

There is only one answer to this question – today! Don't wait until some undetermined time or until things get worse. Write out your plan. Write out your job description and then hire advisors and other staff to help you. Employ technology to make your time be spent effectively.

You must see the future. You must communicate that vision to your staff, advisors and community. You must set gating events and confirm that you are moving in the right direction, communicating those points of completion to your stakeholders along the way.

If you don't have the vision, move over and let someone else lead. Migrate or mutate your business or face the inevitable – you will not be part of the 2020 Vision but rather the next group of 2,000 funeral homes to close. ☰

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