

By Daniel M. Isard

Achieving Your Ultimate Goal

A solid, written business plan that is reviewed quarterly is mandatory if you own a funeral business. Here's what should be in it.

Why? Why did you choose to be funeral professionals? And why did some of you choose to manage a funeral business and others to own *and* manage a funeral business? To the last question, I hear some candid and honest answers:

- It's my family business; I was cast into this position.
- It's the only thing I could see myself doing; I've been working here since I was a kid.
- I didn't know I had a choice.

Well, whether you guilted yourself into this profession, were born into it or exercised your free will, you are here.

Therefore, the question is no longer "Why?" but "How can I do this job better, manage this business better or convert this business I own into the best it can be?"

All of these questions come down to the same thing goals.

Some years ago, I came across a leading university study that reported the following for people at retirement age:

- 5% had enough money to live on for the rest of their lives.
- 20% had enough money if they curtailed their spending by about 20% from their working budget.
- 65% knew they didn't have enough money to retire but retired anyway.
- 10% knew they

had to continue working past their retirement age.

Around the same time, I happened on a survey by a securities firm that stated the following for people working:

- 5% had a written and monitored financial plan for a successful retirement.
- 25% had a mental plan they were hoping would come to fruition.
- 60% had neither a plan nor an idea of what it took financially to retire.
- 10% did not expect to retire.

Both surveys crossing my path at the same time must have been divine coincidence, but the conclusions are absolute. If you want to succeed in your financial life, you must have a written plan that is reviewed regularly. I suspect the same is true in business; we call the latter a "business plan."

If you start a business from scratch, a business plan should be written so you can be organized in your thinking as well as demonstrate the assumptions you wish to achieve in operating your business. If there are investors, it's imperative for guiding them in making informed decisions.

So, to recap: Do you really need a business plan if you own your own business? Not to put too fine a point on it, but... YES! Yes, for the benefit of your investors, since in most cases a firm's investors are the family members who own the business. Therefore, you should have a business plan written and reviewed for your own sake.

COMPONENTS OF A GOOD BUSINESS PLAN

Several years ago, we looked at our client base as we helped some clients with annual business plan creation and review, and found that their focus points, by their own self-evaluation, were:

- 5% focused exclusively on revenue (service and revenue) items.
- 10% focused on case count.
- 65% focused on expenses.
- 20% didn't focus on anything, just assuming that the future would be like the past.

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home. But rather than try to cover them all, focus on the areas most important for your business management style. I've also learned that an owner needs to go over his or her written objectives quarterly. Too many variables in funeral service can make one month high or low, so a quarterly review is reasonable for most businesses.

Here is an overview of 14 areas we think a funeral home owner's business plan should cover:

REVENUE: The study of your revenue from service fees.

CALLS: Look at your calls by mix, quantity and trends.

MERCHANDISE: Review what you are selling versus what you anticipate selling.

PERSONNEL: Your largest expense must be managed effectively.

REAL ESTATE BUDGET: Your real estate is the embodiment of your business identity.

OTHER INCOME: This includes items such as casket discounts, interest on accounts receivable and bad debt recovery.

PROFIT ANALYSIS: Profit is a key factor. It's the reason we work and invest money in our business.

TOTAL INVESTMENT REVIEW: What is the business worth? How is it changing?

TAX ANALYSIS: Taxes on the profit must be paid at either the business entity or shareholder level.

DIRECT OPERATING COSTS: Basic expenses of operation include auto/livery, general and administrative, and advertising/marketing.

PRENEED BREAKDOWN: Preneed must be viewed as a service of convenience for families and a key marketing practice for the business.

BALANCE SHEET COMPARISON: Cash, accounts receivable, inventory and debt must be understood and managed properly.

FAMILY FOLLOW-UP SURVEYS: As calls are not on the financial statement, you must have a constant review of your family follow-up surveys.

STAFF IMPRESSIONS: I like to get feedback from the staff on how the business is changing each quarter.

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