

# Growing Up Funeral.



JOURNEY THROUGH THE SUCCESSION DECISION.



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## AS FOR ANY MAJOR LIFE DECISION, THE JOURNEY

through the succession decision feels like a long trip that finds you at the edge of a cliff. Some years ago, my family hiked the Grand Canyon which if you have ever done you will appreciate the analogy. The view from the cliff is beautiful. By the time you reach it, you have worked hard for it, blazing trails and traveling some treacherous territory at times. You have seen roadblocks and found new pathways. You have envisioned the destination many times, dreamed of what it would be like but when the time comes you feel yourself at the edge standing on the precipice and worried what will happen when I take the next step. Will I fall? Is there a ledge to carry me? Do I have a safety parachute somewhere? Did I plan right – do I have all I need for the next part of the journey? Have I done enough to ease the trail for those coming behind me? Am I ready to let go? Do I have the financial and emotional fortitude to take this next step?

For business owners, the question of what is next for your business is a journey, not a moment-in-time

event. From the time you take ownership, you can not help but think of what the next chapter will bring. I remember as a child, my sisters and I would overhear people asking my dad “So who will take over the business?” At that time, I think there was as much concern as curiosity in the question because with four daughters, no one thought any of us would be interested in funeral service. Regardless of the intent, now more than ever, I have a greater appreciation for the question. The question is not just about arriving at the answer, it is truly about the journey you go on to get there.

All the wisdom in the world says you should never build a business plan that does not include an exit strategy, so why is it so hard for us to do? Is it the fear of not being relevant anymore? Is it because we don't know who to trust to help us determine a plan? Or is it the fear that who we want to take over is either not interested, or perhaps they are interested

but we know they would run it into the ground? Perhaps, it is simply that we are so busy working on the day-to-day, we fail to prioritize the time to focus on the future?

As funeral professionals, we tell consumers all the time that they should have conversations about death and about funerals – but to sit down and

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write out what they want is a significant emotional journey. They do not want to think about dying; they are not ready yet. This succession decision process is much the same and quite possibly the best time to plan for ‘what's next’, is the very time when you quite simply ‘are not ready yet’. What then are some things you can focus on to help you down the succession journey, regardless of where you are on

that path today?

- 1. It is ok to ask ‘what about me?’.** Where does your journey take you? I do mean YOU - not your friend, not your neighbor, not your colleague. What destination do you want to get to, and when? As I talk to owners who are considering succession plans, one of the hardest things for them to come to grips with is that it is okay to want something different. For so long, they have given their best to serving families and to being there when needed. They have sacrificed holidays, vacations, and personal well-being to support others when they needed them; it has become a way of life. Sometimes, it can feel selfish to think about what you want, but it is imperative that you ask yourself this question.
- 2. It is ok to ask for help.** We all need maps, and we all need guides to get us where we are headed. No

one goes far alone. Friends, family, acquaintances, and colleagues are all willing to listen and offer advice. That advice is well intended and designed to guide you to a better quality of life from a purely qualitative viewpoint. But just as we know that well-intended friends and family do not always know what is best for families during a death, they do not know all the intricacies of succession planning. I encourage you to also ask experts in this area for help – those you trust to help identify the questions you need to ask yourself: who do you want to run the business, what do you need financially to retire, what is the best way to structure the deal? Trusted professionals can help you navigate the legal and financial implications of your decisions.

**3. The right time is now.** As the Chinese proverb states “The best time to plant a tree was twenty years ago. The second best time is now.” Regardless of where you are in your career, the right time to begin planning is now. And once you have the plan, revisit it regularly – life events and needs change. It can seem overwhelming to walk through this decision process, but starting now to think, contemplate, and plan for where you and your business are headed will make moving forward when it is the right time to take action that much clearer and easier.

**4. Ask key questions.** As you start planning your journey it is more important to ask yourself the right questions than it is to have the right answers. A few to consider are:

**a. What are your top priorities of succession?** For most it usually comes down to two factors – who the successor is and the financial value of the deal. And often those can flip-flop. We start out wanting the ‘who’ to be the bigger priority but at the end of the day we all know that money is a factor – at a minimum you need enough for your retirement. How ‘luxurious’ you want that retirement to be is totally up to you but it may impact the ‘who’ in the discussions. Large and small national acquirers, regional buyers, local competitors, family members, and key employees are all options with strengths and weaknesses to consider carefully.

**b. When do you want transition?** As with most major life decisions, short of some unexpected trigger pushing you, there really is no perfect time. That said, the needs and desires for freedom of time, retirement, and continued progress for the firm drive the timing. In too many cases, I have seen great potential transition plans to children or key employees disintegrate because the owners just could not bring themselves to a point of moving forward. Unfortunately, it is often easier to identify ‘waiting too long’ than the ‘right time.’

**c. What do you need to do now to prepare?** Remember that valuation of your firm most often depends heavily on the cash flow your business is producing. As an owner, you have the privilege of choosing to run your business in less than the most efficient manner, but this can have an adverse effect on value. Buyers are savvy to ‘late game’ changes in pricing, labor, and business process that are strictly intended to drive cash flow, but may be adverse to the operation of the business long-term. You need an understanding of the valuation process and what matters most to potential buyers that you identify as possibilities to continue your legacy.

**d. Who will be your trusted guides in the planning process?** There are many pieces to the business transition process – deal negotiation, real estate legalities, legal documents, tax implications, personal financial planning, and due diligence process are a few. In some cases, these pieces can overlap, depending on the expertise of those you work with. Ask questions to get a sense of the level of competency. Ask for recommendations. And make sure you understand how each professional is compensated up front.

**5. How do you communicate your plans?** This can be tough to answer as often it is a personal choice that could impact family and employees. I believe transparency at the earliest sensible opportunity is key. If you have a family member, or key employee, who is setting their career goals on being the successor and you are thinking differently, the best case scenario is for the conversation to happen early. I am not saying that it will be easy, but it is the right thing to do. Conversely, you do not want

to think you have your successor in place only to find out that they are comfortable being an employee, but not an owner. Communication of plans may not always be easy, but I can guarantee it is easier throughout the journey than it is at the end of it. Obviously, once you formally begin to take the steps of transitioning your business, there are timeframes when details must be kept confidential. It is not uncommon for owners to wrestle with the right timing to share what is happening. My best advice is to remember that meaningful relationships are built on trust. To the degree that relationships of affected people matter, remember that keeping things “secret” for too long can put those relationships in jeopardy.

When my family and I decided to hike the Grand Canyon, we did not just wake up and decide “today we will hike”. It was a much longer process than that. And truthfully, the journey to the edge of the Grand Canyon was difficult. The wrong turns, the missed water stations, the fear of heights and the sheer exhaustion of hiking such an elevation in scorching temperatures were as much a part of the journey, as the breathtaking views along the trail. But the dream of getting there kept us going. We knew we did not travel it alone - family and friends were there every step of the way. People who had gone before shared experiences through books, blogs, and passing conversations. Professionals guided us through unsteady terrain and helped us avoid pitfalls. We saw fun things and scary things along the way. And when we came to the edge – looking down, going forward, was easier than we thought. We had prepared.

**Planning for your exit strategy can seem scary and overwhelming but if you have the courage to just take the next right step and build your route with the guidance and support of others, the journey through succession is truly a beautiful one.**

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