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Leadership

The Absolutely Essential Ingredient

By Robert L. Pierce

There are four business books that have helped shape my business life. I think that they should be required reading for managers and Chief Executive Officers. I am going to give you my thoughts on each and how they have affected me as a prelude to my article on leadership and the role of the Chief Executive Officer.

Seven Habits of Highly Effective People by Steven R. Covey was a wildly popular book with business managers and chief executives when it was first published more than fifteen years ago. It presents a principled approach to problem solving, focusing on fairness, integrity, honesty and human dignity. It is exciting and inspiring. If there is a knock on Steven Covey's approach, it is not a straight forward nuts and bolts approach to management that can be easily internalized and applied but it is an inspiring read.

Good to Great by Jim Collins is my favorite business book, somewhat critical reviews and sometimes off the mark commentary notwithstanding. The book highlights fifteen previously under-performing companies that were transformed by visionary leaders and contrasts their approach to that of their peers. For me, its most important message is that great leaders find a way to simplify complex situations and then communicate the concept in a simple message that is understandable to everyone on the team; and then to instill a sense of mission in the organization. **Good to Great** very effectively highlights the difference between management and leadership and is a must read for current and would-be business leaders.

One Minute Manager by Kenneth Blanchard and Spencer Johnson is a very simple and yet important read. It focuses on the relationship and communication between the manager and

employees. It assesses the role of the manager in very simple terms; clear, concise and unambiguous goal setting; communication of objectives, and giving praise for accomplishment. This book changed my business life. A company's greatest weakness may well be the failure on the part of management to communicate effectively with employees. It is the manager's role to lead and the employee's role to respond to that leadership. If the manager does not fulfill their role, the employee cannot fulfill theirs either. I recommend this book very highly.

Who Moved My Cheese by Spencer Johnson is an amazing book for aspiring leaders and everyone else for that matter. It may well be one of the shortest and simplest serious books ever written if you can overlook that fact that its main characters are mice and "Littlepeople." It is about change; shaping, communicating and accepting change; and adapting to it. As business leaders and managers, we are faced with the need for change every day, particularly in the funeral industry where constant change is the norm rather than the exception. While the book is not a classic management textbook, it provides considerable insight into the psyche of an organization and the responsibility of its leaders to lead and adapt.

Management Roles

You are probably wondering why I chose to begin my discussion with a mini-review of four books. I did so because all of them have helped shape my business and personal lives and because, taken together, they pretty clearly point out the distinction between leaders, managers and employees in a business environment. That distinction between management and leadership is one that is often obscured because the term management is often used to imply leadership. Management and leadership are, however, very different and have very different roles in an organization.

The role of the Chief Executive Officer is the pivotal role in any company. In **Good to Great**, there was one person at the helm of each company, the companies employed thousands of people, and that one Chief Executive was able to convert these underperforming companies into perennial powerhouses. It was one person who set the direction, established and communicated the goals for the company and set the moral compass. It was one person who communicated the message, focused the company on a successful path, and then made it happen. Everyone else was, at least arguably, important support for the Chief Executive and their vision.

The role of the manager is very different from that of the CEO. The manager takes the vision of the CEO, breaks it down into functions and people, and then turns the CEO's vision into action within the context of the company's business plan. The manager is responsible for communicating the message to the employees clearly and succinctly, establishing clear and achievable objectives, setting time frames, building systems to monitor accomplishment, and making adjustments as the process progresses.

The employee has the role of supporting the goals and objectives of the company and then doing their part to accomplish the objectives as they have been communicated to them. It is the employees of a company that ultimately make it successful. It is the role of the Chief Executive Officer and managers to focus the company's employees and to monitor and manage their accomplishment.

Now the Practical

Funeral homes rarely have the size to have a multi-level management system. In most funeral homes, the owner is the CEO, the manager, and a key employee. That makes one person responsible for setting the vision, building the vision into a business plan, communicating the vision to employees, setting objectives for employees, managing the implementation of the plan, delivering on the plan as an employee of the company, monitoring results, and taking corrective action. As you might guess this rarely works. It is not natural to report to one's self as is often the case when the business owner fulfills the CEO role, the manager role and the role of employee.

Funeral homes tend to be all-consuming when we have guests in the home. And when we have no calls, there is a tendency to want to rest from the exertion that was required when the funeral home was busy. And, further, there is a natural tendency on the part of everyone to want to stay within one's comfort zone.

Funeral home owner-manager-funeral directors almost universally want to focus their energy on the delivery services and the administration of the business. As a result, many funeral homes are without the CEO function and many are without a focused management function because they have no business plan to focus the manager. This means that the company has a lesser sense of vision and focus. It does not have a formal business plan. It does not have an effective and structured method of communicating with and focusing employees. It does not have

effective monitoring systems. And, it is without a functioning profit management program. And, that is a very expensive way to operate a company.

Our experience indicates that funeral homes with owners who are not involved in the day-to-day operation of the business are far more likely to be profitable than a funeral home that is managed by a full-time owner-manager-funeral director employee. The reason is obvious. Non-involved owners are more likely to provide the CEO and management functions because they are not embroiled in the day-to-day operations of the business. They have time to concentrate on the business of the business. The results of their concentration can be startling.

Conclusion

Small businesses owners have to focus on two aspects of management if their companies are going to reach their full potential. They have to make sure that the business is supplied with the vision and focus that is the responsibility of the Chief Executive Officer and they have to ensure that the manager function is in place to bring the company's mission to fruition. These functions are evidenced by a strategic vision and a written business plan and budget among other things. If your company does not have a well thought out strategic plan, a written business plan and budget; this article was written for you.

This means that funeral home owner-managers have to reflect on the roles to which they are willing to commit or they have to bring in an "outside force" to assist them with the roles that they are not willing to perform.

It is simply too expensive to allow a company to wander without a focus. It is our experience that proactive management adds one thousand dollars per call or more to the bottom line and that is just part of the cost of a lack of mission. There are many intangibles that may be even more important than money.

It is critical that every company have focus and direction. It is critical to the well-being of the owner-manager. It is critical to the well-being of the employees. And, as the **One Minute Manager** tells us, employees desperately need a scorecard to tell them when they are accomplishing the objectives of the company and when they are not. And, ultimately it is critical to the patrons of the funeral home. A business without a vision and a plan will not make the

changes that will be necessary to keep up with the funeral needs of the community as they evolve.

Bob Pierce has spent many years as a Certified Public Accountant, was the Chief Financial Officer of an aggressive cemetery and funeral company, and has spent the better part of thirty years involved in the purchase and sale of funeral homes as a broker and as a member of the Board of Directors of a public funeral home company. He has been involved the purchase and sale of more than a thousand individual funeral homes and has critically analyzed many more. He is currently a principal in Pierce CFO, a firm specializing in profit and value management with offices in Tallahassee, Florida and Alexandria, Virginia. He can be reached for comments at 850-219-0800 or by email at bob@piercecfo.com.