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Unique Opportunities to Become More Profitable

By Robert L. Pierce

The purpose of this article is to explore opportunities that are available to businesses because of the economic environment in which we find ourselves and to explore why many executives fail to take advantage of them.

Everyone has their passion. For the lucky few, it is climbing Mount Everest or mountain biking through the wilds of Peru. For most of us, however, our passions are more down to earth. The passion of the entrepreneur, at least early on, is invariably wrapped up in his or her business. It would be difficult to accept the trials, tribulations and sleepless nights that go along with entrepreneurship without a passion for business. It is something that only an entrepreneur can truly understand.

Every entrepreneur also understands that there is a cost associated with entrepreneurship. Many, if not most, entrepreneurs trade a very important part of their life for their passion. I have missed many birthdays and ballgames and other things that are truly important because of my passion for entrepreneurship. It is my experience that most entrepreneurs have difficulty reaching an acceptable balance between business and personal objectives. Balancing life, family and business is a very important part of one's business plan.

The entrepreneur makes the trade-offs that are often necessary for a variety of reasons. For some, it is the perceived freedom of being one's own boss, something that only a handful of entrepreneurs actually accomplish. For others, it is the opportunity to provide an important service to the public, something that is true of almost all successful entrepreneurs. It may well be the lure of economic and professional independence although very few entrepreneurs start with accumulation of wealth as their primary motive. There are many motivations for entrepreneurship.

For me, and I think for most entrepreneurs, the primary draw of entrepreneurship is the control that one has over one's destiny. The excitement of competition, strategy building, long-term business planning, employee motivation, execution of business plans, providing a superior service and ultimately, success is captivating. And that is the reason that I am writing this article.

The fun part of entrepreneurship is absolutely captivating, maybe intoxicating. Every entrepreneur loves to address the macro issues that we face today. They are cutting edge, exciting, fun. They have serious implications for the industry and for individual funeral homes. They are very important. Industry publications speculate on their impact. Everyone has an opinion. The challenge of building strategies and business plans that take advantage of these macro-trends is what entrepreneurship is all about. The changes that we are going through justify every minute that is spent to ensure that our businesses are beneficiaries of the changes, not casualties.

There are, however, many profit opportunities that are not as exciting and challenging, not as much fun, but still offer substantial additional profit opportunity. They are often overlooked because of their lack of pizzazz.

Before I get into my article, let me give you a personal perspective. Profit is not a dirty word. It is not to be confused with greed. Profit is the grease that allows a business to provide a high quality of service over a long period of time. It is a key ingredient of a successful business.

There is an expression that has been around a long time, "If you get lemons, make lemonade." It is applicable today. The current recession is affecting businesses. Recession is not fun. It is not exciting. And, as a result, the opportunities that it brings to bear are often overlooked. Time is spent on the more exciting aspects of the business and the boring and mundane opportunities are often missed.

Because of the recession, interest rates are at multi-decade lows. The lower interest rates offer businesses several opportunities. First, they offer the opportunity to refinance and take advantage of the lower rates. I would venture to say that only a small percentage of funeral entrepreneurs have taken advantage of what is, for many businesses, a substantial opportunity to increase profit and cash flow. Why not? Because refinancing debt is not fun. It is not fun to dig out existing notes and loan agreements. It is not fun to prepare a loan presentation. It is not fun to present your business to multiple bankers. It is not fun to negotiate rates, points, terms and collateral. It is just not fun, period. And, as a result, many entrepreneurs will use their time in other more exciting ways, passing on a substantial and lucrative opportunity.

Lower interest rates also make other opportunities available. They make remodeling, expansion, the purchase of new equipment, and the purchase of a new location more affordable. These decisions, however, are of great import. They need to be viewed from both a financial and marketing perspective and in the context of one's long-term business plan. If they are appropriate, now is the time to consider them.

The recession has another and more noticeable impact on our businesses. It is going to affect the ability of some families to pay for their services. As a result, it is going to cause funeral homes to have to review their credit and collection policies. First, funeral homes have to initiate credit and other policies that protect them from excessive bad debts. That goes without saying. And, second, there very well may be an opportunity to increase market share by judiciously offering credit where and in a manner that is appropriate by accepting a slightly greater risk than is normal. The cost of market share increase is always great. A carefully controlled credit policy that is directed at market share expansion may be worthwhile.

Building macro-economic trends into our business plan is the entrepreneurial equivalent of a video game. Exploring refinancing and other potential benefits of our current recession is the management equivalent of a root canal, not fun but still a necessary management task. If one forces oneself to address these boring and mundane tasks of management, however, business profits will be affected for years to come. While not exciting, their impact on profit is immediate, quantifiable, and certain. And, that is exciting.

I have been an entrepreneur for many years. I know that the exciting aspects of management get more attention than the mundane and boring ones. We have a special opportunity. The recession is costing America's businesses money. Don't miss this "boring" opportunity to get a little payback.