

# The Route to Partnership

We Would Love To Talk With You



# Be part of our story

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Our name is recognised in the profession for integrity and honesty. Our inclusive and respectful approach to acquisitions has helped Funeral Partners grow to more than 230 branches. We are the fastest growing funeral service provider in the UK.

Despite the challenges the industry has faced over the last couple of years, Funeral Partners remains committed to growing our network **across all areas of the UK** by welcoming high-quality businesses like yours to our family.

With the increased regulation from the CMA and the FCA, the growth of low-cost online funeral providers and the cost of living crisis. We feel now, more than ever, could be a great time to explore the opportunity to become part of our established network benefiting from investment, administrative and regulatory support.

There are many reasons why you might want to sell your business, either now or in the future. Therefore, we thought it would be helpful to share an overview of the route to partnership, which **130 family businesses** have already taken.



*“There has never been a better time to take advantage of an established, proven network and to join Funeral Partners. We invest in family businesses, protecting their heritage and retaining their local identity. As a Funeral Director, I fully understand the importance of protecting your brand’s hard-earned reputation and continuing to provide the highest levels of customer and community service.”*

**Sam Kershaw**

*Over 40 years experience  
in the Funeral Industry  
Chief Executive Officer  
at Funeral Partners*

# Step 1 – Starting your journey

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We understand just how difficult a decision it is to sell your business. Whether you're thinking of retiring, handing down the reins to family members, remaining with the business in a significant capacity, or staying on in an advisory role, Funeral Partners can structure a deal that works for you.

You may be considering selling now or in the future, or you simply want to understand the value of your business, you can rest assured that all conversations are undertaken in the utmost confidence.

To help you along this journey, we have a dedicated web-page, featuring videos, insightful information and partner stories about the acquisition journey and about us.



*“My decision to sell my business to Funeral Partners is the best business decision that I have made and to anyone potentially thinking of doing the same, I would heartily recommend that they speak to Funeral Partners first.”*

**Philip Tomlins**  
Merstow Green  
Evesham

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***You are receiving this information today as we feel your business could be an excellent fit for our network.***

***We'd love to talk with you. Please contact one of the team for an informal conversation, a free valuation or to find out why now is a great time to explore your options.***

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**Sam Kershaw**  
Chief Executive Officer  
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# Step 2 – Understanding your business and motivations

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By understanding your business and what you want to achieve from a sale, we can structure a deal to achieve your desired outcome.

Firstly we will share a confidentiality agreement and information request list with you. The confidentiality agreement helps to ensure information and conversations are kept in the strictest of confidence. The information request provides Funeral Partners with the relevant detail to better understand your business and provide a valuation.

We will schedule a date to come and meet with you in person, at your preferred location, to ask you to share details of how the business operates. Both what you do currently and any plans you have or things you would like to do to grow and develop the business in the future, if you had the necessary investment and resources.

We want to work with you, your business and your employees to continue building on your reputation and successes you have achieved to date, and for this reason we will also need to explore and understand your motivations and commitment around your ongoing involvement in the business.

## **Illustrative information requests:**

- Financial Accounts for the last three years
- Monthly Adult Funeral numbers for the last three years
- Sales data or your last 20 invoices
- Details on property and fleet
- Details on staff costs



Robin & Michael Thorne

*“We weren’t intending to sell, but Funeral Partners offered the perfect scenario where we could run the businesses as we always have and work with families directly, while receiving the investment and support we needed from a larger network.”*

## **Robin and Michael Thorne**

Thorne Leggett and Kemp & Stevens  
Hampshire

# Step 3 – Valuation

Once we understand your business and what you would want to achieve from a sale, we will provide you with a valuation. We are confident that our valuation will offer you the **best price** for your business.

The illustration below, provides an example of our valuation approach.

Enterprise value	£1.5m	The value for the underlying business. We calculate this by applying a pricing multiple to the Year 1 EBITDA <sup>1</sup> forecast for the business under Funeral Partners ownership
Purchase of freehold property	£0.5m	An additional amount for the freehold value of the property (should you wish to sell this to Funeral Partners as part of the transaction). An independent RICS chartered surveyor will determine the value
Earn-out	£0.3m	An additional amount to reward former owners for the business' continued success. The earn-out is paid based on exceeding the revenue forecast
<b>Total potential consideration</b>	<b>£2.3m</b>	<b>The total potential consideration is increased or decreased at completion by the Net Cash (Debt) and working capital adjustment detailed below</b>

At completion, an adjustment will be made to reflect the cash and debt in the business (cash will increase the value above, debt will decrease it). If, for example, you have £200k of cash and £100k of debt in the business then the net cash position will be £100k; this amount will be added to the 'Total potential consideration' above.

A working capital adjustment will also be included to ensure that the business has sufficient working capital (e.g. stock) to operate on a day-to-day basis going forwards.

The above illustration relates to a share sale as opposed to a trade and asset sale.

## Window of opportunity to maximise your returns

Business owners can benefit from Business Asset Disposal Relief (formerly Entrepreneurs Relief). This applies capital gains tax at a discounted rate of 10% on the first £1m of a business sale.

This may change, so there is a window of opportunity for business owners to benefit from these low tax rates and potentially receive significantly higher post-tax proceeds from a sale.

## We know how much your business is worth

Get in touch with one of the team for a free non-obligatory valuation

<sup>1</sup> Earnings before interest, taxes, depreciation, and amortisation



# Step 4 – Formal offer and Heads of Terms

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Once a value for the business has been agreed upon, we will provide you with a formal written offer for your business. The offer will set out the key commercial terms of the transaction, such as the price we will pay and your ongoing involvement in the business after the sale.

Should you accept, the next step is to convert the offer letter into a legal Heads of Terms. This document is non-binding, save for the exclusivity and confidentiality provisions, and acts as a blueprint for the transaction. The exclusivity provision specifies a period for the necessary due diligence, integration planning and legal work to be completed.

The period is usually between 12 to 18 weeks from the agreement of the Heads of Terms. At this point, you would need to appoint an experienced commercial solicitor to assist you with the transaction.

We are happy to provide details of firms with experience in this process, and in the event, you use a recommended solicitor, we will contribute £10k towards your legal fees. If not done already, we would advise you to speak with your Accountant, as you will need their support in the steps that follow.



David Gresty & Paul Birkett

*“Funeral Partners is definitely the best of all the scenarios you can move into from being an independent Funeral Director. It brings you a sense of security while letting you remain involved.”*

**David Gresty**

Arthur Gresty and C L Birkett & Son  
Manchester

# Step 5 – Due diligence and integration planning

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Once the Heads of Terms are agreed upon, we will commence the due diligence process. This helps provide Funeral Partners with a deeper knowledge of all aspects of your business and, in turn, helps with integration planning. The due diligence process can be broken down into four key workstreams:

**Legal** – Our legal advisor Freeths will assess legal documentation and information related to the company and work with your appointed solicitor to produce the relevant sale documentation that accurately and fairly reflects the final sale agreement reached.

**Financial and Tax** – Our Financial and Tax advisor Cooper Parry, will work with you and your Accountant to collate the necessary information to help validate the numbers that you have already supplied to us.

**Operational** – This is performed in-house by Funeral Partners and helps to provide a thorough understanding of how the business operates. This will be used to support integration planning.

**Property** – Our independent property advisors will provide an accurate picture of the level of investment required for properties and will provide an independent market valuation for any property involved in the deal.

## Integration Planning

Throughout the process, you will be supported by our dedicated integrations team. They will work with you to develop a tailored integration plan. This tailored plan will be documented in a **Welcome Pack** and will facilitate the seamless integration of your business into the Funeral Partners family.



*“Whilst there will be some changes, we must preserve what makes your business great. As a former Funeral Director myself I appreciate no two funeral businesses are the same; that is why my team and I will work closely with you to develop a tailored integration plan.”*

**David McCarthy**  
Head of Acquisition Integration  
at Funeral Partners

# Step 6 – Completion

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Pre-completion we will meet with you to formally share the Welcome Pack. The purpose of the Welcome Pack is to set out what steps will be taken as part of the integration process and provide you with complete transparency and clarity on what you can expect to happen post-acquisition.

Once due diligence is complete and the Solicitors have finalised all the relevant sale documentation, formal signing will take place, often with documentation being electronically exchanged. The money changes hands, and the business and its employees will officially be part of the Funeral Partners family.

## Safeguarding staff

We recognise how important your employees are to the continued success of the business and that for a lot of owners, employees are family members and close personal friends.

When you're ready to tell your staff, we will be on hand to support you; we find doing this pre-completion works best. We want to reassure staff that their jobs are safe, have the opportunity to meet some of us and provide them with the necessary information and support.

A **Questions and Answers** booklet will be provided to staff containing a comprehensive suite of information, answering key questions and documenting what staff can expect over the coming weeks.



Steve & Shona Sim

*“I wanted to maintain the high standards the Sim & Son name has become known for, and Funeral Partners was the right family-oriented network for the job. Funeral Partners allows Sim & Son to continue operating as it always has while investing in it and supporting with administration.”*

**Steve & Shona Sim**  
Sim & Son  
Glasgow



# Step 7 – Post-completion

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The integration process typically takes a couple of weeks, but we can be flexible to suit you and the business' requirements. It will involve our integration team working alongside you and your employees on-site to implement the integration steps agreed upon in the Welcome Pack.

Typical changes include:

**Systems** - introducing our accounting and administration systems into the business. This is often the first and most welcome change.

**Regulatory** - introducing relevant documentation and procedures to ensure compliance with regulatory requirements.

**Premises and marketing** - we will keep your family name above the door, retaining the local identity and protecting the heritage of the business. We will however, need to remove references to the word independent and will introduce new stationery, client literature, brochures, website etc., that show your funeral home name and acknowledgment that it is now part of the Funeral Partners business.

**Operational planning** - a great advantage of joining Funeral Partners is the access to a much greater pool of resources and the ability to use these to continue to deliver an exceptional service to our families. We will work with you to implement new procedures to help you benefit from our network and head office support functions such as HR, Finance, Compliance, Marketing and IT.

**Funeral plans** - Funeral Partners has its own pre-paid plan called Choice. Upon acquisition, we will continue to honour the redemption of existing plans held by the business but going forward, we will only sell Choice plans. In order to sell Funeral plans the team will need to be trained to adhere to FCA regulations, which will be provided by our Choice team.



*“Following integration, we will continue to work in partnership with you, building upon your existing success and supporting you with the necessary investment, regulatory, compliance and administrative support to enable you and your team to focus on what matters most; serving local families.”*

**Matthew Barber**

Third Generation Funeral Director and  
Chief Operating Officer at Funeral Partners

# Your questions answered

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## **What is your approach to property?**

If you own the freehold, either we can purchase this with the business, or you can retain it and we will rent it from you on a long-term lease. If you do not own the freehold, we will either enter into a new long-term lease with the landlord or take over the existing lease.

## **How will my business change post-acquisition?**

As part of the due diligence process, we will work collaboratively with you to develop a tailored integration plan. Whilst there will be some changes, we will work closely with you to help ensure we preserve what makes your business great, including keeping the name above the door and protecting the heritage and tradition of the business.

## **I have younger family members in the business. What will happen to them?**

Having existing family within the business is important to us for continuity of service and reputation. With the support of the Funeral Partners network, younger family members can prosper and one day manage the business, continuing its success thus far. Being part of the Funeral Partners network also allows family members to explore training and other roles across the wider organisation; whether this is a management position or a move into a head office function such as marketing, the opportunities are plentiful.

## **What will happen to my employees?**

Safeguarding the interests of employees is central to our acquisition approach. Employees won't be worse off, and we will protect their current terms and conditions.

We will provide all employees with training and development opportunities which will allow them to thrive under Funeral Partners ownership.

## **Will a new manager be drafted in to control the business?**

No – through the acquisition process, we will work with you to understand the needs of the business and how best to support these. You will have the continued support of our regional team and head office functions. Additional local resources and support can be provided, but this will depend on the situation.

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Even if a sale is not a consideration for you now, it's never too early to have an initial chat and understand your options and why now is a great time to explore them.

## **For an informal, confidential conversation call:**

Sam Kershaw on **07834 531822** or email: [\*\*sam.kershaw@funeralpartners.co.uk\*\*](mailto:sam.kershaw@funeralpartners.co.uk)

Steve Wilkinson on **07528 970531** or email: [\*\*steve.wilkinson@funeralpartners.co.uk\*\*](mailto:steve.wilkinson@funeralpartners.co.uk)

Jon Davies on **07936 940398** or email: [\*\*Jon.Davies@funeralpartners.co.uk\*\*](mailto:Jon.Davies@funeralpartners.co.uk)

Find out more at:  
[\*\*www.funeralpartners.co.uk/story\*\*](http://www.funeralpartners.co.uk/story)

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**Your reputation is our reputation**