

A Performance Overview: Evergreen Cemetery - El Paso, Texas



One of the commonly heard questions we hear from business owners relates to firm performance. How will the firm perform once it is owned by SCI? Will success continue? Will associates be retained? We measure all of our acquisitions' performance against expectations for the first three years after we partner. The results are very positive: 8-9 out of 10 firms exceed or meet our expectations. We, therefore, wanted to use this newsletter to spotlight acquisition firm performance.

In this edition, we will review our September 2015 acquisition of Alameda and East Evergreen Cemeteries (442 interments combined in 2014), located in El Paso, TX. We are proud of the performance of these properties since 2015, and we are proud to have invested in Evergreen East with the construction of a new funeral home and a replacement for their existing cemetery office.

Background

Evergreen Alameda Cemetery in El Paso, TX was established in 1894. Prominent members of the area and community interred at Evergreen include a U.S. Senator and Congressman from the early 1900s, a Revolutionary General from the Mexican Army and an MLB player.

Driving factors in the sale of Evergreen were twofold. First, the majority owner, Richard Poe, wanted to get his estate in order for the next generation. Second, the general manager and minority owner, Bob Kilby, wanted to retire to spend more time with family and friends. Typically, we prefer to keep the general manager in place after an acquisition, but we are also prepared, when necessary, to bring in new talent or promote existing, top performers and give them more responsibility.

Assimilation

The transaction was a little trickier than most. Unfortunately, the former owner passed away right before we were able to close on the transaction. And since the general manager wanted to exit the business, we had no continuity of management. Additionally, the existing sales team was handled by a third party sales company. While acquiring firms and cemeteries with third-party salesforces isn't unusual for us, there is a transition to SCI's team that takes place over time in these situations.

Fortunately, SCI's market leaders were able to utilize their wide network of contacts to locate a new general manager for the parks and build a new sales team, which fit well with the existing culture and Evergreen associates. The patience and dedication to serving the community shown by the Evergreen associates, coupled with the new leadership, has been a successful recipe.

Business Performance

So, how is Evergreen performing under our ownership? Based on 2018 results to date, we are on track to grow revenues roughly 10% annually since our first year in 2016. Additionally, our at-need families served has grown roughly 7% annually over that timeframe. While we don't necessarily expect to see these strong results every year, this illustrates our intentional focus on continuing the level of excellence each owner works so diligently to establish and maintain. We understand that owners who partner with us are trusting us with their reputations and legacies in their respective communities and in our profession. Evergreen serves as a great example of us not only highly valuing this trust, but also working diligently to maintain it.

In addition, our market leaders worked with the Evergreen associates to build a business plan and gain approval for a world-class funeral home and cemetery office to be added to Evergreen East. This allowed us to up the level of service by providing the convenience of a combination facility, as well as providing our associates with a better work environment. Evergreen East Funeral Home opened in January 2017 and has been a tremendous success, serving over 160 at-need families since opening, and providing over 330 families, security and protection, with a pre-arranged funeral. Evergreen's future serving the El Paso community is secure.