

FÉDÉRATION DES COOPÉRATIVES FUNÉRAIRES DU QUÉBEC (FCFQ)



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CONVERSION TYPE

- For-profit to co-operative conversions: Sole proprietorship to consumer co-operatives

SECTOR

- Funeral

SUPPORTED BY

- Mouvement Desjardins, Desjardins Capital, Investissement Québec

COMMUNITY IMPACTS AND BENEFITS

- Quality funeral services, locally accessible, at reasonable prices
- Bereavement services that meet the needs of local communities

Timeline of Conversion

CONVERSION PROCESS

- The Quebec context of the 1990s attracted interest from multinationals in the funeral sector: the aging population suggested an increase in deaths in the years to come, the industry was characterized by a low level of risk, and the absence of family succession encouraged many funeral company owners to sell to a third party.
- The multinationals held increasing numbers of market shares and co-operative actors feared a hike in funeral prices in the medium-term. Funeral co-operatives realized they must act together to ensure their survival.
- The FCFQ adopted an acquisition and conversion strategy for private funeral homes through the creation of a \$15 million development fund, as a result of an agreement with the Desjardins Group and Investissement Québec, and through the establishment of a team of professionals specializing in acquisition processes.

- The process of acquiring private funeral homes is carried out by the FCFQ team. If the business in question is active on the territory of an existing co-operative, the latter is invited to acquire and integrate the business into its co-operative structure. When no co-operative is located on the territory of the target enterprise, a new funeral co-operative is created to acquire the business, which is, in the meantime, owned and managed by the FCFQ.

Key Lessons From Conversion

- FCFQ's collective vision contributes to the network's strength and reputation. Owners who want to sell their funeral business are reassured to know that the communities they serve will continue to receive services. Plus, they will be able to take part in the decisions that affect them.
- The FCFQ has a team of specialists from the funeral sector and from various fields of expertise that are required to carry out business acquisitions and to facilitate their integration within existing co-operatives or newly created co-operatives.
- FCFQ's internal procedures make it possible to overcome the potential issues related to the extreme degree of confidentiality of these co-operative takeover transactions. They help build trust with the various stakeholders, while ensuring that existing or future co-operatives have the time for successful conversion of acquired businesses.
- Access to flexible funding, thanks to co-operative development programs created by Desjardins Group, facilitates financial structuring of acquisition transactions.
- Local management staff specialized in the funeral sector is a prerequisite for the acquisition of private companies by FCFQ. The creation of a new co-operative is only considered if the owner-seller agrees to manage it for a certain period of time, and to contribute to the co-operative's creation process.

Key Challenges and Responses

CHALLENGES

- The process of acquiring private funeral businesses is very confidential. The co-operative targeted by the FCFQ to acquire the business is not informed of the acquisition until late in the process. Without a relationship of trust between the co-operatives and their federation, and without prior development of an integration plan, these acquisitions would not be possible.
- The strict confidentiality of acquisition transactions does not allow for prior creation of a funeral co-operative in territories not already served by an existing cooperative. The acquisition and management of the business acquired by the FCFQ provides the time needed to set up such a co-operative.
- Owners who wish to sell their funeral business rarely announce their intention publicly. The presence of solicitors hired by FCFQ is needed to recognize the acquisition opportunities.

KEY RESOURCES

- In-house team of specialists in business acquisition-conversion, as well as in co-operative management and governance with in-depth knowledge of the funeral sector, with skills and abilities that complement co-operative personnel.
- Recruitment of solicitors whose mandate is to identify funeral business acquisition opportunities, approach the targeted sellers, and facilitate the transactions until the letter of intent is signed, if applicable.
- Internal process of acquisition-conversion of businesses into funeral co-operatives, which has been improved over 25 years of experience in this field.
- Development fund that provides access to loans which co-operatives can use as a down payment to purchase funeral homes.