

By *Daniel M. Isard*

Step 8: Alternative Services

What can you do to raise the revenue on each call you get?

In my professional lifetime, I've been exposed to many different types of businesses. Some were service, some manufacturing, some retail; I was even professionally acquainted with the casino industry for about three years (remember this, blackjack players, do not split sixes!). Most of my career, though, has focused on funeral service businesses and, comparatively, I can tell you there is no business more difficult to run.

Every dynamic of running a funeral business is difficult. Marketing a funeral home is like marketing an intangible service, yet it has a high capital investment and a high fixed cost of operations. It's more like operating a hospital than any other business.

Revenue mix is going through a change in this profession as well. Thirty years ago, merchandise was about 50% of revenue; today, it's about 25%. One could compare this with a bar transitioning from selling liquor to trying to survive on service fees when customers bring their own bottles 75% of the time.

WITH MORTALITY OUT OF YOUR CONTROL AND MARKETING DIFFICULT, WHAT CAN YOU DO TO RAISE REVENUE?

The last major difficulty in operating a funeral home is the fixed cost of operations. Imagine the typical funeral home in America that serves 120 families out of one location. The overhead of that firm is almost the same if it serves 130 families as

if it serves 110. The only variable costs are merchandise, a little labor and some prep costs. Just as there is difficulty in having a high fixed cost of operations, the benefit is that as you can increase revenue, it is accretive revenue. Let us use our friend, Mr. Math. A 120-call, one-location business might generate \$720,000 in funeral service revenue

(not including cash advances). If, one year, this firm serves 10 extra families, that's an additional \$60,000 of revenue. If the cost of goods is 20% (\$12,000) and we assume a little bit of part-time staffing (about \$2,000), the result is that out of the \$60,000 of revenue, about \$46,000 goes to the bottom line. That is the benefit of the fixed-cost business.

The inverse is just as true. If, rather than serving the 120 calls it anticipated, the firm serves only 110, Mr. Math tells us this is a decrease of \$60,000 in funeral service revenue. The only expenses that will be reduced are the cost of goods (about \$12,000). Staffing would likely be reduced due to the lack of need for the part-timers for 10 services. That saves about \$2,000. Therefore, revenue is now down \$60,000 and overhead is off by \$14,000. I'd be willing to bet that profit is going to be reduced by \$46,000 from that budget.

Therefore, 10 calls up or 10 calls down (about 10% variance if your business is more or less than the example) is not unusual, but it has a swing of \$90,000!

Since mortality is out of your control and marketing is difficult, what can you do to raise the revenue on each call you get? After any costs of generating this additional revenue, it all falls to the bottom line.

These alternative offerings fall into two categories: merchandise and services.

MERCHANDISE

PAPER PRODUCTS I know there are several high-end companies that offer fabulous paper products, but I've seen very few funeral homes get a dramatic increase in revenue by focusing on paper products for two reasons. First, the cost of paper products is a fixed cost, and asking someone to spend a few hundred dollars extra is a stretch. The second and most potent reason funeral service doesn't do this successfully is because funeral directors do not sell. Most arrangers rely on a display, but after going through the casket, vault and other incidentals, most funeral arrangers are afraid they have burned out the

family on retail decisions. I am not saying, “Don’t sell upscale paper products.” I am saying, “Don’t bet the ranch on this being the singular solution.”

FLOWERS Did you know that an average of about \$450 is spent on flowers for a funeral? Did you know that if you added flowers to your website, you could earn another \$90 per funeral? If you do the math, this will add about \$10,000 a year to your bottom line. What could you spend \$10,000 on? So why don’t more funeral homes offer flowers to families?

JEWELRY I love the imprinted jewelry so commonplace in our convention displays. I love the other personalized funeral jewelry as well. So why don’t we sell more of it? Short answer: Read “Paper Products” above. Longer answer: “We do not have very good displays.” Take a picture of the display you have for jewelry. Then visit a high-end jeweler and look at its display. The lighting and display setup are totally different. Longest answer: “You need to market like a retailer, not a funeral director.” Directors think the time to market is now, before interment or in-urnment. Retailers believe that the time to market is perpetual. Imagine a note to families in early November that tells them this is the first year they will not be getting a present from _____ (name of deceased loved one). Imagine if they had the chance to distribute to all the grandchildren an ornament from _____ (same name). Imagine if they had a link to your website. Let them know they have until _____ (last date to order to arrive before Christmas). Do this not only before Christmas but before other key dates for the deceased as well.

URNS AND MORE ORNATE URNS I have never seen a business model that shoots itself in the foot more than funeral service. I have heard arrangers ask families, “Do you want to buy an urn?” Oh, the use of language that kills a sale! Or when a family asks, “What will grandmother’s cremated remains be returned to us in?” the reply is, “a temporary urn.” When something has a shelf-life longer than yogurt, it is not temporary!

There are three types of urns: traditional designs, alternative designs and non-urns. A traditional urn looks like an urn. It could be round or square, but sure enough, someone is going to say, “That looks like an urn.” Alternative designs are artistic in nature and often look like things other than urns. I have seen statues that are really urns that could be displayed proudly in any home. Non-urn urns are those items crafted to hold cremated remains. I have seen shirts sewn to hold cremated remains. I have seen blown glass holding cremated remains. I have seen gemstones created out of cremated remains.

VIDEO PRODUCTION About the turn of this century I started to see video eulogies. They had existed for many, many years, but they were usually reserved for celebrities and potentates. With the increased speed of computers and video cards, we began seeing more mainstream software to capture and display every life via video. More and more grandchildren started to produce these as their contributions to the service. With the ability to use high-speed scanning and batch transfer of digital images, they’re easy to create.

However, you might be thinking, “How do I make any money off this if everyone can do it?” You don’t! You just happen to have the display ability in your chapel, which you cannot do at a gravesite. Therefore, more videos mean more use of your facilities. One fast-thinking funeral home in Florida has put an outdoor video screen in its parking lot so families can come to a funeral and not worry about being exposed to COVID-19 in a funeral grouping.

BOOKS Nothing beats the comfort of holding a book and turning its pages. Unlike video, you can leave a book on a table for anyone to pick up and casual-

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ly look at. How do you make a book? You take the pictures (as discussed in the “Video Production” section) and place them in a book. There are many companies that produce these customized books. Whether you sell them or give them away, they build goodwill. One client

markets this by telling the family she is going to create one for them and that the first is free. She then tells the family she can produce additional copies for \$X. Each sale is usually about 10 copies!

BLANKETS Much like images in books and videos, memorial blankets are easier to offer than ever before. The computerized loom business is an affordable option as an additional memorial choice.

3-D CUSTOMIZED URNS The advent of 3-D printers has hit the urn world. Why not have a customized urn of your loved one. Since most people don’t have a 3-D printer, this offering is most unique. Unique means the price cannot be compared.

Ultimately, you can try any or all of these ideas.

SERVICES

REPATRIATION INSURANCE Preneed is about a \$60 billion pool of funds in the United States. That

AQUAMATION

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BIO-RESPONSE
SOLUTIONS

VIDEO BROADCAST (MORE THAN JUST HOLDING AN IPAD IN THE BACK OF THE ROOM) IS GOING TO TRANSCEND MUSIC IN A FUNERAL HOME'S OFFERINGS.

means there are approximately nine million people with funded funeral arrangements. I understand there are some who are in nursing facilities, but there are many more who are not. These active adults need to know that whether they die in their own bed or while on a cruise, their funeral is going to be fulfilled. Every preneed of an active adult should include repatriation insurance.

VIDEO BROADCAST If we've learned anything from COVID-19, it's that families may not be able to gather as they once did. A year ago, most thought Zoom was a sound in a kids' song. Now, you should know it has a market capitalization greater than all the U.S. airlines put together. Video broadcast is going to transcend music in the offerings of a funeral home. But this is more than just holding an iPad in the back of a service. I predict the funeral home of the future will have a video board to promote online funerals of the highest caliber.

DNA SERVICE The cures and detection of disease in the next generation will make all our advances in the last 20 years look immature. To do a thorough analysis, the more DNA future generations can garner, the better. You should be offering to capture the DNA of each body you handle for families. It is better to have the DNA than to struggle to find it after someone has been buried or cremated. Most DNA services have a referral fee.

FUNERAL CONCIERGE There are many legal issues to deal with after death. Many of today's survivors either do not want to handle these details or do not know how to handle them. A funeral concierge takes on these tasks for the family. Funeral directors can refer a concierge to the family and receive a finder's fee.

RECEPTION SERVICES Many firms see this as the next advent of their services. Yet many don't want to be bothered or often feel they'd be competing with a local restaurant or caterer. My words in this article are a short answer to a long subject. Reception services might mean creating a reception center, which could be a million-dollar investment. You need to study this, of course, before risking a lot of money.

In summary, try everything. See what works. See what works for you. See what works for the families you serve.

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