

By *Daniel M. Isard*

## The Best New Thing

Why be influenced by someone you don't respect? A confident owner/manager who knows that his staff and firm deliver exceptional service has no competitors.

**S**ince I first set foot in a funeral home in 1984, one best new thing has come along and evolved. No, you can't buy it. No, you can't steal it. And no, you can't copy it from your competitor. This new thing, however, will help you increase your profit and the value of your business by thousands.

Will it bring a smile to your face? Absolutely! Is it advertised in the pages of this magazine? No. In fact, if you add it to your repertoire, you will be the only one to have it. You should be warned that it is as infectious as any virus, though, so it will infect your staff and those around you.

Are you stumped? Well, the best new thing is... *confidence*.

"But, Dan," you say, "I am very confident."

Well, saying it doesn't make it so. Confidence starts with the belief that you do your work and your staff performs its ministry to families exceptionally well. If you have that belief, then you have no competitors!

I often find that even though a new client might not respect their competitor, they still react to them. How can you fear someone you don't respect? By lacking confidence.

Confidence is quiet, not loud (that is braggadocio). As Teddy Roosevelt famously said, "Speak softly and carry a big stick." Confidence is that big stick. Teddy also said, "Each time we face our fear, we gain strength, courage and confidence in the doing."

To understand confidence, think about how you set your prices. The prices you set are supposed to generate sufficient revenue to cover your overhead, build financial assets to weather a difficult time and generate a profit. Yet most funeral home managers, most of whom are also the owner, set their prices by:

1. *Adding a little to last year.* This assumes that last year's prices were analytically set and produced the result you wanted.

2. *Setting prices a few dollars over or under a competitor.* If you don't respect your competitor, why are you letting them set your prices?

3. *Imposing a "no-walk policy" and matching a competitor's prices if necessary.* You can only match prices if you have the same overhead. Are your buildings the same? Are your debt payments the same? Do you pay your staff the same? Probably not, so how can you offer to perform services at the same price point?

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You also really can't set your prices relative to your competitor's until you know how your community sees each of you. Therefore, you need to conduct two surveys. First, survey the community in general for their opinions of every funeral home in the area. Next, survey just the families that chose your firm. Do you know why they chose you? Knowing is confidence.

We performed a survey on behalf of a client that was spending about 8% of revenue on marketing (preneed and at-need). Yet when we asked families why they chose the firm, we found that less than 2% said it was due to advertising or public relations. Instead, it was primarily due to their location and physical plant. Their building was their advertising!

When we then conducted the general market survey, we found that most people felt our client's property was much better than the main competitor's. We also found that most people went to that competitor (about 20% of the market) because these families had limited means and knew this business would

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**“BUSINESS ETHICS IS NOT ABOUT ETHICAL BEHAVIOR. IT IS ABOUT TAKING ACTIONS IN BUSINESS FOR THE RIGHT REASONS.” THIS WAS AN EPIPHANY TO ME.**

still serve them based on what they could afford. This led us to push more of our client’s resources toward promoting preneed sales because it created assets for those families that heretofore would have gone to the competition. After five years, the competitor was down to about 16% market share, and this was *before* most of our client’s preneed arrangements matured. Knowledge increases confidence.

Some of you might know that I delayed completing my master’s degree because I had to take a class

in business ethics, which I thought would prove a waste of my time. I knew what ethical behavior was. Within the first five minutes of the class, however, the professor explained: “Business ethics is not about ethical behavior. It is about taking actions in business for the right reasons!”

This was an epiphany to me and explained why so many businesses never reached their maximum. Imagine, for instance, a business owner who says, “My goal is to be the best funeral business in this town.” That is a fair statement, to be sure, but business ethics challenges it to see if the owner’s actions are aligned with the goal (they usually are not):

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- No profit-sharing plan for employees because it is “too expensive.”

Do you see how we often brag about goals but take no action toward them? Too often, people lack the confidence to be great.

During the Summer Olympics, we had a chance to see profiles of the athletes. Each had a mental paradigm of what he or she had to accomplish to have the best chance at a medal. Each athlete then geared their training to get their body in the best condition to reach those ideals. They didn’t do an eight-hour workout and then hit a drive-through for a

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shake and a burger. They put into their body what they needed to get out of their body. Not all of Team USA's 600-plus competitors expected to medal, but they all expected to compete at their highest possible level. Getting beat is part of the risk of winning. They had the confidence to know they were going to do their best.

So how do *you* get confidence? Well, like an Olympic athlete, you might need some coaching, perhaps even a team of coaches. We all assume our accountant, who was a high school chum, knows their stuff, but does that accountant know the difference *between* the lines on your GPL? Do they give you proactive advice or just wait for you to ask them questions?

A new client once presented the firm's books to me. Their business was a C corporation (taxed at the entity level), and when I asked why, I was told, "I

## IF YOU SET PRICES WHERE THEY SHOULD BE, WILL YOU LOSE SOME FAMILIES? MAYBE, BUT RUTH'S CHRIS MANAGERS DON'T FRET ABOUT THE LINE AT MCDONALD'S.

have asked my CPA that for years, and he says it is the best for us."

In this case, it was *not* best for them. After delving deep into the historical financials, I deduced that the CPA was lazy. Being a C corporation allowed the CPA to file the firm's taxes in June, which spread out the accountant's workload. Don't just work with friends. Work with people who will challenge you.

When you start to gain confidence, you will realize the actions of a competitor don't affect you. Run your own race! Work to make your staff worth more after you've hired them than they were before joining your firm. Will you lose some? Yes, but you can

hire and train the next person to be just as strong. You have confidence.

If you set prices where they should be, will you lose some families? Maybe, but Ruth's Chris managers don't fret about the line at McDonald's. They know their market. Likewise, you need to know that everyone in your county who dies was not necessarily your market. Have confidence.

Confidence is that smile on your face that comes from knowing you're doing it as you desire. The results will come.

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