

Using Packages to Enhance Your Revenue

by Daniel M. Isard, MSFS

I APPRECIATED ATTENDING THE 2022 ICCFA ANNUAL CONVENTION in Las Vegas. It gave all of us there a feeling of what normal used to be. As I was walking through the exhibit area, one person stopped me and asked, “Is there one single thing we can do to enhance our revenue?” I pondered the question as asked and felt that the topic should be treated as three questions:

1. How do we know what our revenue should be?
2. Is there something we can do to enhance revenue?
3. Is there one single thing we can do to enhance revenue?

Allow me to answer the one question, three ways.

People knew more about planning a funeral or interment a century ago than they do now. Packages for a cemetery or for a funeral home help people make decisions.

How do we know what our revenue should be?

This is simple math. Revenue should be equal to or greater than overhead. Whether you are a cemetery, funeral home, trade service, or combination operation, do you know what your overhead is?

Overhead is made up of two broad categories of expenses. First is the Operational Expenses. What does it cost to open the door, keep the lights on, and pay the staff? This typically is made up of six categories: Staffing, Vehicles/Equipment, Marketing, Direct Costs of (cemetery, funeral, or cremation), Facilities Expense, and General and Administrative.

There are two expense types—fixed expenses and variable expenses. Fixed expenses do not change based on quantity of events of service. For example, rent is the same regardless of the number of events of service. The difference between a cemetery

and a funeral home is a cemetery has more variable costs than does a funeral home, which has many more fixed costs of operation. A crematory is made up of almost all variable costs. Therefore, there is more risk running a funeral home than a cemetery or crematory.

The second type of Overhead is financial

overhead. This is the cost of Debt, Taxes, Capital Reinvestment, and Profit. This type of expense is often miscomputed as people try to establish their Total Overhead. Once you compute your Total Overhead, you can now apportion your itemized pricing for services and merchandise.

Is there something we can do to enhance revenue?

Yes. Revenue is totally under your control! You get to set your prices. If you are a cemetery, most cemeteries are not price sensitive purchases. Families will dial in what they can afford to pay within your many different interment rights.

We recently helped a client start a new cemetery from scratch. He was creating this because the alternatives were either sold out or in terrible repair. One family came to him to purchase a pair of grave lots and when he told them his price, the wife said,

“XYZ cemetery is half that price.” He asked the wife if she had been there recently. They drove through the cemetery and she saw why those graves were less expensive.

Can you enhance revenue?

Yes. Start by making sure your revenue sufficient to meet your Total Overhead needs. Then price your services relative to your competitor. If the competitor is in equal condition, price it reflecting that. But when the competitor is sold out or in bad shape, set your pricing higher.

Is there one single thing you can do to enhance revenue?

No. But if there was one single thing to do, it would be packages. Why do businesses sell services, tangibles, or food products via packages? Three reasons:

First, it makes it easy for families. How many times in a lifetime does someone arrange a funeral or make a cemetery purchase? The answer today is one time. The answer a hundred years ago was about three times. Today, we have smaller families and people live longer lives. A century ago, only about 25% of all people lived to retire; whereas today it is about 70%.

A century ago, we had people that formed nuclear families so when a death or planning for a death was needed we often had three generations going to the cemetery or funeral home to be part of the arrangement. People knew more about planning a funeral or interment a century ago than they do now. Packages for a cemetery or for a funeral home help people make decisions.

Second, packages help people compare easier. Imagine you know nothing about your purchase decisions, but a chart was offered to review. Column one of the chart has 5 check marks, Column two has 7 check marks and Column three has 10 check marks. You know nothing at all about what each check

mark means but I think you will conclude that Column three is the best package.

This is simple, “Good,” “Better,” or “Best” marketing. It is used to sell burgers, computers, cars, and other items.

Third, packages help the business owner set prices. The goal is to get more revenue through the use of packages. Ideally, you want to sell your Best package, but if you are selling the Good package more than you anticipated, raise the price of the Good, which cuts down the difference between the Good and Better packages. Maybe with the smaller differential, consumers will see the Better offering as having more value.

Packages work for funeral home and cemeteries. They work for combos as well;

but blending the critical decision points of a funeral and a cemetery are more problematic. There are only so many packages to offer.

Combining Services and Products in a package is difficult. Saying “this funeral package includes one of two caskets” and someone wants a different casket causes you to have to reply one of two ways. You could offer to apply a credit on the package for the change in casket. Or you could tell the consumer they would therefore have to purchase via itemized pricing.

In the case of a combo, we have two matters to try and avoid. First, the funeral home is governed by the FTC under The Funeral Rule whereas the cemetery is not. We don’t want to be the poster boy for the FTC as they continue to try and bring cemeteries

under The Funeral Rule. Second, there are too many variables to come up with one package covering funeral and cemetery.

Packages work to enhance revenue. Try it. 



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