

My Final Column

After 39 glorious years, which went by in a nanosecond, this issue marks my final column before I turn over this printed space to Chris Cruger, my business successor. I'm also fortunate to hand over ownership and control of The Foresight Companies, which I founded four decades ago, to Cruger and the irrepressible Doug Gober. Selecting them as my successors was one of the greatest decisions I've ever made, but it took risk, patience and trust by all three of us to achieve a great outcome.

With that said, I now seize my chance to bid you, my audience and friends, adieu in my own way. Well, not really "my way" since there will be no math involved.

PAST

I entered the world of funeral service at an amazing time and, ultimately, the evolution of my career was totally on the fly. You see, before specializing in the deathcare profession, my forte was financial services. Upon joining a firm in 1984, I sought to target-market to businesses that needed advice on wealth management and business succession.

Uniquely able to guesstimate the future, I came along just as SCI and a few others started making acquisitions, converting a mom-and-pop business into a profession with economic legs. In 1985, funeral homes (the business and the real estate) were selling for about \$2,000 per annual call. Back then, that was equivalent to about 70% of a firm's annual revenue – a drop in the bucket by current-day valuation metrics.

My love of business valuation allowed me to dissect the methods of these upstart buyers of funeral and cemetery businesses. I also tested, mathematically, how they were valuing companies for purchase. This was similar to having an engineer or scientist on hand as someone taught people how tin cans could transmit their voices across a string. Watching the early days of Bob Waltrip and Ray Loewen didn't seem remarkable at the time, but I know now that it was.

Along the way, I was able to witness what built or ruined the value of a funeral home business. Between my love of stand-up comedy and sarcastic writing, I built a "voice" that many of you, your parents, perhaps even your grandparents listened to. Even those who didn't implement my advice in the 1980s remembered the jokes I made then.



In 1986, NFDA was kind enough to give me a presentation stage for the first of many times and also, ultimately, published my typewritten words more than 500 times.

From there, I built a company providing service to more than 3,000 funeral homes and 800 cemeteries. I also saw the rise of the acquisition companies, as well as the fall of many of them at the turn of the 21st century.

As Bob Weir and Jerry Garcia of the Grateful Dead sang, "What a long, strange trip it's been."

PRESENT

In this, my final column, I implore you again to take action now to help protect your business and your profession down the road. This boils down to the following three steps:

1. Know What Families Want and Need From You.

On a trip to Bali a few years ago, I found myself stuck in traffic because a funeral ceremony and procession blocked the street. As we waited, I asked my guide, "Maybe we can drive by a local funeral home so I can see what a Balinese funeral home looks like?"

He replied, "What is a funeral home?"

I explained what a funeral home was, which resulted in a period of noncommunication, so I said,

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“When a loved one dies, who cares for the body?”

“We do.”

Next, I asked who builds the multi-level biers that carry the body to the place of cremation.

“We do.”

Finally, I asked, “Who handles the cremation?”

“We do.”

Snarky cynic that I am, I thought, “This is really a third-world country.”

But the more I thought about it, the more I realized I might be totally wrong. The Balinese comprise their own “chevra kadisha” – the dedicated volunteer community of Jews who care for their deceased loved ones, friends and neighbors. Thus, they had no need to create a business enterprise to provide these services any more than a church needs to hire a caterer to cook on a potluck dinner night.

During the past 50 years, the role of the funeral home in Western cultures has declined dramatically. We rarely use limousines as often as we did in the past. We don’t gather at a funeral home as we once did. We don’t use professional services to care for the body with the same frequency anymore. In other words, in our first-world community, we are evolving toward Balinese standards; they are not progressing toward ours.

Why is that? Because funeral home operators have failed to adapt to the changing customs of the American way of death. (And no, I intend no direct reference to Jessica Mitford here.) Despite the presence of “deathcare professionals” historically – stretching back at least 5,000 years or more – the current dysfunction among funeral providers echoes that of buggy whip manufacturers 100-plus years ago. In past columns, I’ve used the Darwinian conclusion “Migrate, Mutate or Die” to urge readers to continue evolving. Here, now, and stating it precisely: You must provide services in which your consumers see value.

But don’t get confused – value is not the same thing as price! Price is a measurement of the amount paid, but value is a relative measurement; the feeling from the consumer’s perspective that the exchange was worthwhile.

Ever since the Federal Trade Commission (FTC) first issued the Funeral Rule in the mid-1980s, practitioners have defensively tried to protect their profession – often similarly to how American wagon trains of old would protect themselves against attacks by “circling the wagons.” Unfortunately, when funeral directors did so, they shot inward. They fought against cremation, thinking the casket was their domain of profit when, in fact, their domain of profit is the service inherent in every call. The merchandise is merely an adjunct to some calls.

The next iteration of the FTC Funeral Rule will probably force you to increase your pricing transparency. Funeral service is fighting such transparency, which I think is wrong. Regardless of the outcome, find a way to help families clearly understand your prices and emphasize the things only you/your firm can do for them. If you do that successfully, the market will come to you!

I remember meeting a former NFDA president at his business years ago. He was 72 years old at the time and regaled me with the fact that he embalmed his first body when he was 15.

“My goodness, sir, you must have seen a lot of changes in the past 57 years,” I said.

“Yep,” he said, “and I have been against every one of them!”

This is the mentality causing practitioners today to chase consumers instead of leading them into the future. This is the mindset giving momentum to government agencies that think they must force pricing transparency.

2. Be Assertive and Confident. During my career, I have been fortunate to know you as a community. I have fought with powerful media and government types to defend you from those saying you take advantage of the grieving during their time of weakness. I have been persecuted by state attorneys general who thought I helped you fix prices by teaching you how to set prices. I have advocated against those who say your charges are high.

I did so because I know these claims are blatantly false. I believe the 35,000 people engaged in this profession are caregivers. As such, you give of yourselves round the clock. You miss too many events with your families because you can be called upon every day of the year, potentially 24 hours a day.

My confidence in these battles comes from experience and, of course, numbers. I know that out of almost 3 million funeral events a year – which results in care for almost 400 million survivors – there are fewer than 1,000 complaints registered by attendees. Sure, I know errors happen occasionally, but in my 39 years of “watching you,” I have found fewer than 10 bad people in this group. This demonstrates how many great people – at all levels and positions – there are within this profession.

Unfortunately, you folks do not advocate for yourselves. You need to stand up to bullies. You need to fight to protect your reputation. You need to advocate for changes in the laws/regulations that restrict your growth. Ask yourself:

- Why can’t funeral homes serve food for receptions in all states?



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- Why isn't preneed a consistent product governed by uniform laws throughout the country?
 - Why are funeral directors portrayed as sullen and dark?
 - Why do laws restrict your business ownership? Why do some states separate ownership of funeral homes from cemeteries?
- Don't protect the past. Advocate for the future.

3. Change Your Business Models, Education and Licensure. The biggest problem the next generation of owners will face involves staffing. During my career, the number of families the average funeral home serves annually has grown from about 90 to 130. That number will continue to rise as the U.S. population grows at the same time the number of funeral buildings declines.

Thus, I beg you to revisit the professional licensure requirements in your state. In almost half of U.S. states, a practitioner must be a licensed embalmer in order to make funeral arrangements. Some states insist you must be licensed as a funeral director or embalmer to sell preneed. You should not need to be an embalmer in order to arrange funerals any more than a waiter must also be a chef.

Changing the licensing in your state will make it easier to attract people. Staffing is the number-one peril for your future, and you need good people sitting "knees to knees" with families. The arranger guides the living, so you must find a way to teach future arrangers what they need without burdening them with superfluous education.

The FTC implemented the Funeral Rule in the 1980s. In 2015, cremation became the majority disposition choice by consumers. During this period, the funeral service business model evolved whether you knew it or not. Looking to the future, the business model will remain service driven, not merchandise driven.

Forty years ago, most funeral buildings dedicated almost 2,000 square feet to displaying full-size caskets. This is no longer needed. Today, the progressive funeral home owner/manager should require

a complete rebuilding of the funeral establishment business plan and its physical plant.

FUTURE

As I conclude my final column, I intend to shuffle off to Sedona, Arizona. I plan to spend some time serving a few more clients for a few more years, as Cruger and Gober allow. One cannot golf every day.

I promise that if I have something to say, I will ask *The Director* to allow me to visit you again within these pages. As always, if NFDA feels my thoughts are worthwhile, then they will let me in.

But the fact is that, at this point, I no longer want the obligation of meeting constant deadlines. I'm not a rebel; I just don't want to be that old funeral director who still shows up during calling hours wearing a shirt, jacket, 30-year-old tie and pajama bottoms. Instead, my goal is to be "the cool grandpa." I'd rather be forgotten than looked at quizzically by those whispering, "I thought he was dead?"

To Ed Defort, Dawn Behr and Chris Raymond, who have long edited my words but not my punchlines, I thank you. I know you have gotten letters and phone calls challenging your decision to publish some of my columns. I imagine some of these challenges were well-written and cogent, while others used words clipped from magazines, glued onto paper and mailed, unsigned.

Long ago, one of your magazine predecessors said to former longtime NFDA Executive Director Howard Raether: "I hope this is the last time we do this!" after the annual editing/updating of Raether's obituary so it was ready to use when needed.

Ed, Dawn and Chris – this is the last time!

Next month, another dynamic writer will provide his thoughts in this space: Chris Cruger. He possesses a passion and experience in this profession at all levels. He earned my respect even before he joined Foresight, and it has only grown.

Sure, his slant will be different than mine – probably not as snarky and probably less math – but if he ever writes a story about his "Uncle Murray" in Philadelphia, please let me know. Uncle Murray is trademarked!

Dan Isard will continue to be a participant in the journey to serve clients in the funeral and cemetery world through The Foresight Companies. He can be reached in perpetuity at disard@theforesightcompanies.com or 602-274-6464.

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