

How to Sell **More** Preneed Contracts



I am certain that no one has written more about preneed in their lifetime than me. I am not bragging. I am trying to help. To me, selling preneed is easy. The tough part is finding the people that will talk to you about buying a preneed contract. Let me give you three simple steps to increase your preneed production by 100 percent within one year.

Before I get you to start selling, I need to make sure you understand how to recognize if you have a good program. I will not bore you with charts and graphs about insurers or trust companies. Frankly, I will save that discussion for another day. I want to start with some basics.

First, write down how many families you serve per year in total _____ (go ahead write in this magazine). Now, write down the average number of preneed contracts you write in a year _____. Simple math has us determine the number of preneeds you write to annual services _____ / _____. This is reduced to a percentage. For example, if you serve 100 families per year and write 20 preneeds, you are 20/100 or 20 percent. The national average is about 35 percent by my estimation. Are you above or below the national average? It is not unusual for a funeral home to have preneed sales equal to 80 percent of total calls.

One year from now I would love you to realize a 100 percent increase above your current percentage or be at 80 percent of your total calls. If your preneed to total services is currently at 35 percent, your goal would be 70 percent. If you are currently writing preneeds at a rate of 60 percent of your annual calls, your goal should be 80 percent.

The next part of the analysis is to write down the total number of preneeds that are in backlog: _____. If they all came to maturity today, this is the total number of contracts, insurance and trust, you would need to serve. Let's compare this to your

current annual case count _____/_____ (preneed backlog to annual calls). If you are a 100-call business and you have 140 preneed contracts waiting for future service, this is 140/100 or 1.4. The national average is 1.4.

Your goal over the next five years is to double this. We are looking for a net increase (in this case) of 140 net new preneed contracts above those served during this time period. Therefore, we want to get to more than 280 calls. I know I said “more than” because if you start writing more preneed contracts, you are going to increase from your current case count. I would estimate a 100-call business writing 40 more preneeds per year would become a 110- to 120-call business. The goal is to be 2.8 times the annual contracts. The result needed to achieve this ratio is an increase to about 310 preneed backlog contracts.

Now analyze the type of preneeds you are writing. Earlier I had you write down the total number of preneed contracts you write in a year. Now, break these down into two types of contracts: those that are single pay: _____ and those that are multipay: _____. Let’s do another math exercise: Let’s contrast the percentage that are single pay _____/_____ (single-pay to total preneeds written) and those that are multipay _____/_____. If you are like most funeral homes, about 70 to 80 percent of all preneeds written are single pay while 20 to 30 percent are multipay.

This is not some form of coast-to-coast mind control game; it is simple. More than 70 percent of all people that buy a preneed are doing so as part of establishing themselves for Supplemental Security Income or Medicaid spenddown. So they are transferring a lump sum of money. I would tell you that on average, these people are age 78 when they purchase the preneed arrangement.

For those that are buying a preneed and paying for it by

installment payments, the average age is around 72 years old. They are choosing preneed because it makes sense, but they are not ready to give up the last of their assets to make the purchase. If your ratios are different, that is fine. However, we see that as you have walk-in preneeds, they are lump sum and older ages.

The goal of the increase in preneed contracts is to have younger ages and more multipay. So, if your current multipay is 20 percent, as you increase the quantity of preneed contracts, the goal is to increase this to 40 percent. Your lump sum contracts would come down proportionately.

Now that we have identified our goals of annual increase in writing new preneeds, it comes down to doing it. As I said, there are three techniques to accomplish this.

1. Create a list.

Many people do preneed mailers. They buy a list. They use a list broker who thinks they know their list. However, no list of strangers is perfect. We can create a perfect list.

The people most likely to buy a preneed from you are going to be those that are also thinking about you for their at-need servicing. These people have been in your building. They have been to services you have conducted for families. They are neighbors of deceased and surviving families. You need to do everything you can to identify these people. Get this list into a database or email contact management software.

Every time you have an event, make note of those people who are on site. If you have an aftercare or outreach event, have a registration on site or in advance to be able to capture the list of people who are present. Don’t eliminate those people in their 30s and 40s like your list broker would do. They are going to be influencing their parents and grandparents. You want them positively influenced by you and your business.

By creating this list, now you have the names of the people you want to help. So, start by helping them. Send them custom letters. Send them letters about the benefits of prearranging. Explain the points of law, economics, tax and third-party testimonials to help these people make good decisions. Encourage them to visit your website.

Explain issues about burial and cremation to these list members. Discuss the items that make a funeral worthy of \$10,000 or more, and several days of a survivor’s time. Use third-party stories.

A good list entry has a street address, but it should also have an email address. You can have people sign up for online obituary notification and other offerings to get their email addresses. Remember, email costs virtually nothing to send, and it is quick. Occasionally there are local news stories you want to send out your point of view on, and email gets it there before the morning paper.

The typical mailing has about a 1 percent response rate. When you create the list from scratch and send out customized letters, you increase this response rate to 4 percent. A personalized list of 5,000 names would result in more than 150 additional leads in a year over a brokered list. This 4 percent is still a small response rate, but it doesn’t include those people who one day just walk in after getting your information. You are influencing them positively.

2. Have a dedicated salesperson.

I know we have so many rules to follow. Some states require a preneed person be a licensed funeral director or funeral director/embalmer. This is a terrible rule. It is born out of fear. One underachiever doesn’t want an overachiever to gain an advantage they perceive they can’t have. Well, change the law if you must. We need professional salespeople. We don’t need funeral directors selling in their spare time. Or worse, we take them

out of their comfort zone meeting families at need and throw them to the wolves trying to sell.

We need to train a dedicated preneed salesperson on the honor of funeral service and how to sell without being rude. We need to allow them to sell unfunded as well as funded preneed arrangements.

We must be willing to let consumers record their wishes and then treat them as if they are prearranged at your funeral home. They can fund this account later or just pay it off at the time of their death.

An average salesperson will typically sell three out of 10 sales opportunities. However a well-

trained sales person will produce a result in about six out of 10 sales opportunities. Since each preneed tends to represent 1.5 contracts, the increase of 30 percent more sales results in 45 percent more sales contracts. A good list with 5,000 names mailed just twice a year should result in about 30 more preneeds sold per year.

The well-trained salesperson can get referred leads. Leads have a cost. But a referred lead has no cost. Leads have a closing probability, but the closing rate from a referred lead is a hundredfold higher than a nonreferred lead. I even like paying a higher rate of commission on referred leads as there was no cost to get the introduction.

3. Communicate with the people on your list.

We need to be selling by example – not by constant solicitation. Yes, we want to offer to allow families to prearrange. Have seminars. Record those seminars. Put them on your website and have links on your social media sites. Have testimonials from happy families. Put those online and in your advertisements. Use them within your brochures.

You have brochures featuring the face of a 60-year-old model around the funeral home that are free – and they are worthless. You are using quotes from national experts that no one in your community knows rather than promoting and displaying testimonials from the local families you serve. Spend the money to print a localized brochure. Spend the money and get the result.

Have special events for those who have prearranged with your firm. Bring them together for outings and educational events. Let them use high-speed scanners to prebuild their own video obituaries.

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