

To Build and What to Build

Building a business for the future takes diligent research and smart decision-making.

Dear Dan,
I have a funeral business that's in its third generation, and my building is 100 years old. That is my problem. Even if the building were perfect, which it is not, the location is not as good as it once was. So my concern is how to build a business for the future.

Signed, Got Hammer
and Nails in Nashville

Dear Hammertime,
Your question is a great one and necessary for guaranteeing a profit in the future. While staff is the largest cost of operations each year, real estate is the largest tangible asset of a funeral home business. Most people who own a business can do nothing about the investment in real estate; they inherit the real estate from the previous owner. Funeral homes are not mobile. Most funeral homes are more than 50 years old, so they predate OSHA and our new social sensitivity for access for all. Furthermore, as our average life expectancy increases, we have more and more people within the community who need specialized accommodations as they can't get up and down steps easily or need handicapped bathrooms. Therefore, you have two issues, where to build and how much building to build.

When it comes to where to build, one option is to follow the leader. Have you ever seen a new hospital being built? That facility costs \$100 million or more for the initial project. To decide where to build it, the hospital board didn't just guess or talk to ministers. It looked at zoning maps, growth and population density estimates and road proposals. It looked at everything you, too, should review before building a funeral home. However, you probably don't have the ability to access all of those resources, so one way to do this is to look where the hospitals are in your community or where they plan to be.

A second method is to look at where you are currently serving. In the 1980s, my company's summer interns were often given the addresses of the notifying parties and decedents. They used large aerial maps of the service area of clients and placed pins on the map for decedents (red pin) and the arranging parties (white pin). We did this for the previous three years. While this was not perfect, it showed the areas from which the population choosing your funeral home came. Today, an intern could do this in an hour if you have the data in a funeral management service program. The conclusion would be just as obvious.

Given the choice of locations, look at the visibility of traffic patterns. You want to be on main roads and have access from two streets. This might cost 20 percent more than being down the road a mile, but it is usually money well spent. Your building is more than a building – it's a statement of your brand. This also is why the landscaping must be up to date since families will translate your care of the facility and grounds to the meticulous care you will give to their loved one.

The most complex issue is what to develop. Start with the concept of the land. How much land do you need? One funeral home owner bought 18 acres. He developed two acres for his funeral home and in the remaining space he is now growing corn! It was land for growing corn before he bought it; however, since he bought it priced as commercial property, which was 400 percent more than the price of farm land, and it is still used for farm land, he is hemorrhaging cash flow on the remaining 16 acres. The director feels that someday the community will expand its boundaries to be out there and he will get his money out of it then.

In my opinion, this purchase was a serious financial error, akin to saving water in your bathtub so that when the 100-

year drought hits, you'll have water.

Do not over-own land. In the past, many funeral home owners would own the property surrounding their funeral home as a protective investment. This was especially true with urban funeral homes. I get it. I don't like the financials of the decision, but I do get it. If your neighbor doesn't take good care of his or her property, it may influence people wanting to go onto your property. There is logic here, but it has a cost.

What purpose does the land on which a funeral home sits serve? I think there are five functions:

1. *Parking.* How many cars do you need to accommodate on your site for chapel or visitation? Do you need off-street parking only or are there street options? Can you share other businesses' parking during non-competing times? If I had to guess, I would assume the typical funeral home needs 90 parking spaces off site. Look at your competition and see how many cars it can park. You don't want to be less, if possible. However, too many is a waste of space. Is there on-street parking available for overflow times?

2. *Sightlines.* I have seen a few well-designed funeral homes that are failing because they are a block off the main drag. There is no sight to their signage and therefore they are not getting an advertising value out of their land and building. The funeral building has a great deal of goodwill. That is why funeral home owners/managers take so much care to keep up appearances.

3. *Building Space.* The building itself needs to be quantified. I do not want to design and invest in a funeral home based on historic ideals of what a funeral home should be. One client recently asked our advice on how large a chapel to build. My first question: "What percent of your 300 calls is using your chapel?" He replied, "About 10 percent." It seems most are go-

ing to worship sites or graveside. On-site chapel use has been trending lower for the past 10 years. His existing chapel is beautiful, but consumers desire to have the funeral service someplace else. In our family follow-up service, we ask why those who chose a church or other off-site facility did so. For the most part (47 percent), we hear “it is the custom of our church to hold the funeral at the church.” If families are not using your chapel, why invest in the space and cost of building a chapel that seats 200 people when it’s only going to be used 30 times a year or less.

The components of the building should be progressive. Is there space for children to have care so families can attend visitations and services? Are the audio, computer and video at the highest level? Is there sufficient office space? How many visitation rooms do you need? Is your professional area state of the art and is there a segregated area for hair and makeup?

If you are going to build a chapel, I recommend you have individual seating rather than pews. Pews make the room look like a church, whereas individual seating is more comfortable and

flexible. The funeral home of the future should not look “churchlike.” And no, that is not blasphemy. It is solid research. The Pew Research Center (yes, a pun but not a pun) found that in 2014, almost 23 percent of all Americans are religious “nones.” This group is growing at a large rate, up from 18 percent the year before. The “religious nones” are not just in California (they represent 25 percent of the population there). Boston is at 33 percent (and we all know that Boston used to have more religious “nuns” than religious “nones”). So, build a building that is inclusive not exclusive.

4. *Retort.* The number of retorts has been increasing. Since 1876, when the first U.S. commercial retort was built, retorts have increased to more than 2,800 in number. This is a pretty strong increase. Given that there are about 20,000 total funeral home locations, this represents about one retort per seven funeral homes. When you eliminate states in which you cannot own a retort as part of a funeral business, this figure is closer to one out of four funeral homes that have their own retort. Not building a retort

into a newly constructed funeral home is akin to not putting a preparation room into a new facility being built 100 years ago. The important question to consider about the retort area is does it need a witnessing area? As our communities become more multicultural, we need to consider that many beliefs prefer to witness or participate in the cremation. For a small investment, this could be a market-influencing decision.

5. *Other Multipurpose.* Have you surveyed families to determine if they would want a common gathering area for food serving after a service? In Judaism, this is a “shiva,” but it is a very common matter for Christians and non-religious services as well. Do you have a room in which to gather for aftercare and outreach events? A social area has a small cost but could open up many opportunities.

Hammertime, when building a new funeral home, start with a blank slate. Build the funeral home that your competitor will see and say, “You can’t touch this!” Work with architects who have built funeral homes before. Little things, such as the width of a hallway or doorway, can make a difference. Don’t skimp on lighting. Use solid decorating from a professional decorator. Build the funeral home of the future, not one from the past! ✦

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