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ICCFA Magazine
author spotlight

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Editor’s note: The Cemetery Impossible column is written by the staff of The Foresight Companies. **If you have a question you want to be featured in this column, please send it to danisard@f4sight.com.**

Dan Isard or a member of his staff will call you to get more information and a recommendation will be provided via this column, helping not only you but also others who are facing similar challenges.

MANAGEMENT

Combination funeral-cemetery operations can be beneficial not only for consumers but also for owners.

But don’t make the mistake of thinking that cemeteries and funeral homes should be managed the same way.

Cemetery Impossible

Why isn’t my combo generating advance sales?

Dear Cemetery Impossible,

I own four funeral homes and two cemeteries. The cemeteries are each in the same town as one of my funeral homes. In those towns, I have made the funeral home manager the cemetery manager. Every cemeterian I speak to tells me that having this “combo” is great, but I get very few advance sales at the cemeteries. Most of my cemetery sales are at-need. What am I doing wrong?

Sincerely, Confused Combo

Dear Confused Combo,

In the eyes of the public, a funeral business and a cemetery are aligned. They both deal with providing solutions when a death occurs. One large brokerage firm in the 1980s even gave an all-inclusive name to the two businesses, referring to it as the “death-care” profession.

While the public and Wall Street think funeral homes and cemeteries are related, in reality they are related in the same way giraffes and hamsters are.

Giraffes and hamsters are both animals, but they have very different needs. Funeral and cemetery organizations are total opposites in terms of their business plans, the professionals who own and (should) manage them and their practical applications within society.

The cemetery business is an advance-sales business with strong recordkeeping, a high need for property care and a cycle of service measured in generations. The funeral business is a patient business with little emphasis on advance sales and a cycle of service measured in days.

Even the licensure is different. A cemetery as a business requires no license for the operators, unless state law requires a property sales license. The funeral business is licensed as a business, and in addition, each professional working with families must have some form of license and, in most cases, continuing education (Colorado excluded, of course).

The people who are attracted to the cemetery profession are usually more advance-sales oriented. In



a well-run cemetery, there is typically \$2 of advance sales revenue for every \$1 of at-need revenue.

The funeral profession typically has about \$0.40 advance sales revenue for each \$1 of at-need revenue. In addition, the funeral advance sales are usually driven by consumers embarking on an elder care spend-down program.

There are no receivables in at-need situations at cemeteries. Cemetery advance sales have receivables, but they are typically 100 percent secured. The funeral business typically has at need receivables equal to 15 percent of annual revenue—or more, and those are typically unsecured.

As you can see when you examine their at-need to preneed sales ratios, revenue recognition and long-term service methods, these two businesses have nothing in common. You no longer need to wonder why your funeral director is not making your cemetery profitable.

We have seen the benefit of the combination operation in small and mid-size towns. It is powerful in large cities as well. It is powerful because the cemetery draws people to use the funeral home. The average age of someone who buys cemetery property is 65 to 70. The average age of someone buying a funeral prearrangement is 72 to 78.

It is clear to me that the cemetery is the first draw. You can secure the relationship best when you lead with the cemetery, not the funeral home.

I strongly recommend that you have two different managers—one manager for the funeral home and one for the cemetery. Have the cemetery manager work on new sales. Have the funeral manager work on at-need cases and the occasional advance sale.

When the funeral home has an at-need arrangement scheduled with a family who has not yet chosen a cemetery, the cemetery manager should be invited to sit in on the funeral arrangement. The two businesses should enhance their level of service for the benefit of the arranging consumer.