



STEVE ZITTLE

THE “LOST” ARTS

IT'S NOT ENOUGH TO BE PROFICIENT IN JUST A HANDFUL OF THE ARTS TO REMAIN COMPETITIVE, LET ALONE MAKE A PROFIT.

One of the characteristics that drew me to funeral service more than 28 years ago was the fact that funeral service professionals had to be proficient in such a wide variety of subjects. Truly, in our business, no two days are alike.

Everyone who has taken the National Board Exam, for instance, has studied the complexities of embalming, restorative art, microbiology, pathology, chemistry and anatomy. I'm a product of the “old school,” where the appearance of the body is a big deal, and so I believe that the prep room and our ability to excel there should not be minimized.

However, our industry is rapidly changing direction. According to the International Conference of Funeral Service Examining Boards, it is possible to acquire a funeral director-only license in 29 U.S. states, including Washington, D.C., and four Canadian provinces. That means that in more than 56% of the jurisdictions in the country, a person can be a licensed funeral director without any specific prep room knowledge or training. The reasons for this shift can be debated, but with the prevalence of memorialization without the body present, it stands to reason that prep rooms just aren't being utilized like they used to be.

This shift then puts a greater emphasis on the funeral service “arts,” specifically the areas of sociology, history, psychology, funeral directing, business and funeral service law, marketing and merchandising, accounting and computers.

Let's face it – showing good-looking bodies isn't a winning strategy for propelling your business in the 21st century. And I would argue that excelling in just a handful of the arts is not enough. Our businesses must be proficient in each of the arts to remain competitive and profitable.

If you're like me, when you first came into the business, your duties probably fell into two main categories: embalming and arranging/directing. You were sent into the prep room to learn from a grisly veteran how to find vessels, set features, mix fluid, etc. Over time, you developed your own skills and picked up some restorative art techniques along the way. Eventually, you were allowed to sit in on arrangement sessions with a seasoned director. Here you were able to apply the sociology, psychology, funeral directing and funeral service law you had learned. After a period of time, you could embalm bodies and arrange and direct funerals on your own, and another generation of funeral directors was born.

But what about the other arts? Business law, which could include OSHA and human resources compliance; marketing and merchandising; accounting; and computers were usually handled by the owner or management. These were considered “above our pay grade.” As a result, the typical funeral director has precious little training or experience in these matters. The sad truth is that the actual decision makers are also often short on knowledge and experience in these areas,



to their own detriment. Their only qualification may be that they are trusted a little more than everyone else (if only because their last name is on the sign out front).

These specific arts – business law, marketing, merchandising, accounting and computers – are rarely practiced by regular funeral directors. They are walled off from most of the staff, to be handled by the owner’s family or management or perhaps just plain neglected. Those fortunate enough to be entrusted with this responsibility have a history of poor judgment and execution because they themselves don’t have the time, knowledge or training to excel. Often, they see their role as caretakers who are responsible to not screw up the business until they can pass it off to someone else. This attitude may have caused minimal damage in times past, but in today’s environment, funeral service must be adapting to continually changing market conditions. Let’s examine some of the more common mistakes in these “lost” arts.

BUSINESS LAW

There are only two cash-positive departments in the entire federal government. The first and most obvious one is the IRS. (It would seem that the department in charge of collecting funds for the entire government would bring in more money than it spends.) The second is the Department of Labor. That’s right, the DOL brings in more money in fines than it spends in administration. Does that scare you even a little bit? Even if your firm has just one employee, you are still liable for a DOL audit.

At a hearing, the only evidence you can present is your firm’s employee manual. Does your firm have an employee manual? When was it last updated? Does it have a social media policy? Are you positive that it is still legally compliant? Do you know all of the legalities to hiring and firing? Are you conducting annual employee performance reviews? Do you know the difference between a non-exempt employee and an exempt employee when it comes to overtime pay?

When I speak with funeral directors and ask those questions, I often hear a similar answer: “We only have a handful of employees. We’re so small, and our employees are very loyal.” Are you willing to make a \$10,000 bet on that? That’s \$10,000 for *each* potential violation.

MERCHANDISING

How do you set your GPL pricing? As Daniel Isard, president of The Foresight Companies, has said, “You spend all year

criticizing your competitor as a big idiot, and then at the end of the year, you base your prices on his GPL.” Do you think other retailers base their prices strictly on their competition?

Your pricing must be based on your individual overhead. How much does it cost you to embalm a body? How much does it cost to employ your staff? How much does it cost to truly operate your business? If you don’t know the answers, then please pay close attention when you get to the accounting section!

Your GPL should reflect your anticipated call volume in each of its component parts – burial, casketed cremation, non-casketed cremation, trade, etc. – plus the desired profit margin. Therefore, your GPL should be tied to your profit and loss statement. My friend, if your idea of raising prices is to add \$50 or \$75 to each item, you need help.

Is your basic non-declinable service fee more than your fee for direct cremation? If it is, that means the burial families you serve are subsidizing the direct cremation families you serve. You are one cocky local TV investigative reporter away from having some serious explaining to do.

Lazy owners or managers will be enthralled by the latest gadget or gimmick they see at a trade show. “This new (fill in the blank) will revolutionize the industry! My casket rep told me that the focus groups were unanimous! And I’m such a loyal customer that they’re going to give me a 30% discount to boot! Profitability, here we come!” I encourage you to walk around the funeral home and look in the cabinets and drawers for all those cutting-edge but now dust-collecting trinkets from past years’ trade shows.

ACCOUNTING

“Accounting services don’t vary much among providers.” You may think so, but is that also what you think about the difference between you and your competitor when it comes to funeral services offered? We tend to oversimplify what we don’t understand, so if your idea of accounting is filling in tax forms, then you are greatly underestimating the value of quality accounting.

Just because your accountant belongs to your church or Rotary club and even if you have prearrangements on the books for his mother, it doesn’t mean that he’s the best option for your funeral home. Does your accountant know the difference between a cremation container and an urn? Does he or she know the average EBITDA percentage for our industry? If not, you may be leaving tens of thousands of dollars on the table regarding your profits and the value of your business.

The bigger problem within funeral service is the utter lack of proper, timely analysis. If you’re like most funeral home manager/owner types, you will get a profit and loss statement from your accountant three to six months after the given period. Between arrangements and lunch, you’ll put your sandwich down long enough to scan it for red ink. If there isn’t any (or much), you’ll file it in the drawer with the ones from previous periods.

My questions are these: What good is getting a report detailing where your business was months ago? And what good is a report full of numbers without detailed, practical analysis of what they all mean to you? If you are your accountant’s

only funeral home client, how is he or she supposed to know how your numbers compare to industry results?

Too often, we measure success with call volume. How's your year going? "We are 10 calls over where we were last year at this point. Business is booming." Is it? Could your increased call volume be hiding the fact that your direct cremation business is increasing while your revenue per call on said direct cremations is actually falling? If your market deaths are up 10% but your market share is only up 2%, is your increased call volume hiding a major problem? How would you even know?

The biggest problem funeral homes face today is not increased cremation rates. It is a lack of quality analysis of their businesses. With proper analysis and planning, rising cremation rates will not be a concern. In fact, there is barely an issue with your business that good analysis and planning cannot combat.

MARKETING

I know how proud you are of your Yellow Pages ad, but if it's still a central component of your marketing plan, you may want to reconsider. When was the last time you used a phone book? How much are you spending for marketing and advertising? Which of your current methods is giving you the big-

WE LIKE BUZZWORDS LIKE "WE CARE MORE," BUT YOU ARE NOW DEALING WITH BABY BOOMERS AND GEN X PRIMARILY, AND THE MILLENNIALS ARE RIGHT AROUND THE CORNER. THESE GROUPS DON'T RESPOND TO MARKETING DESIGNED FOR THEIR GRANDPARENTS.

gest return on investment? How would you summarize your overall marketing message? What are you known for in your community? How do you distinguish your firm from your competitors'?

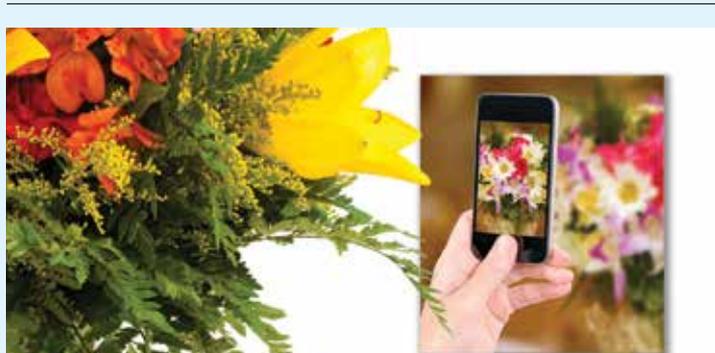
Many funeral homes without a proper message fall into the "we care more" trap. If you use your marketing to imply that you care more than your competitors, this is you. We like buzzwords like compassion, dignity and respect. They are safe words that make us feel confident that the public will like and trust us. For the Greatest Generation, it probably worked, but the Greatest Generation is no longer your customer. You're dealing with baby boomers and Gen X primarily, and the millennials are right around the corner. These groups don't respond to marketing designed for their grandparents.

How are you using social media? Do you know which social media platforms are most effective for each type of consumer? Are you producing original content? Are you using video? Are you just posting your obituaries (yawn)? What is your plan to engage future customers? Why are consumers increasingly disengaged from you? Why don't they care that you are a pillar in the community, a Sunday school teacher or that you serve on 10 different boards?

Are you effectively using aftercare to increase your preneed and at-need business? Do you even know how to go about creating or improving aftercare?

How's your website? I look at a lot of funeral home websites in a given week, and aside from the standard templates offered by the major providers, there are some real train wrecks out there. I'm amazed at the number of businesses that don't even have a website (a free Facebook page doesn't count). If your website has a page that says "Under Construction" or "Info Coming Soon," please do us all a favor and update it!

Your website is now what your building used to be. Think about it. In the "old days," people would get their first impression of your firm by visiting your building. Today, most view your website prior to deciding to visit. It should be clean, have your phone number prominently displayed and give people a window into that marketing message I wrote of earlier. Why not list your staff, with pictures and biographies? Humanize yourselves. This is your basic marketing foundation. Brag on yourselves! Communicate why you are the consumer's best choice for whatever they're looking for. (And please avoid the tired buzzwords. Everyone knows you care and can be trusted. Anyone, including your competitor, who is willing to get up at 2 a.m. to pick up a deceased grandmother is a good, caring person.)



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FIXING WHAT'S BROKEN

To those of you “regular” people who don’t have any influence in these areas at your firm, you are probably a fantastic resource of ideas, and wise owners and managers will take time to find out what you think. Possibly you see yourselves as future owners or managers and can take some of these ideas of mine to heart. For those of you who have influence in your current firm, I hope this will provoke some reflection.

Either way, we in this industry must first recognize we have work to do. The most pressing need is for you as a decision maker to honestly evaluate the strengths and weaknesses of your firm when it comes to funeral arts. Few of us are

honest enough with ourselves to find the real faults of our operation. An independent eye is usually necessary to root out the sacred cows. Without a substantive analysis of where we are, it is difficult to create a road map to success.

It is important to understand that no one, no matter how smart, experienced or disciplined, can be an expert in all of the funeral arts. You are first and foremost human. Recognize your strengths and open yourself up for help in areas of weakness. If you have a 150 call-per-year business, I doubt you’re doing all of the vehicle maintenance work yourself, unless that’s an area of strength for you. Instead, you pay a professional to sweat the details of replacing the alternator.

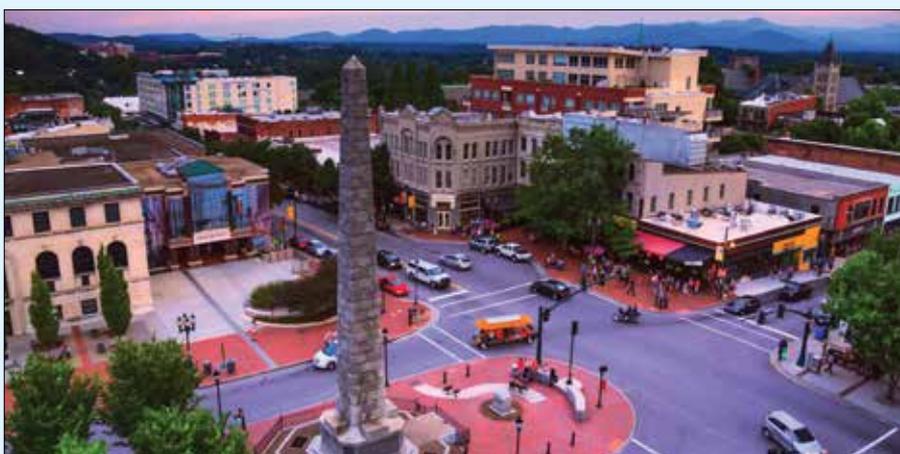
If something doesn’t line up in the engine, it isn’t your problem. You pay for a service and the comfort of knowing it was done correctly.

The same is true for the funeral arts. You direct the funeral. You are that expert. People pay you for handling those details and the peace of mind they have knowing you are doing so. Why do most funeral homes pay other companies to provide their websites? Because they know that website design and coding are not in their wheelhouse. They leave those details to professionals who know what they’re doing.

Funeral directors should be encouraged to get over their pride and get help from professionals who specialize in these arts. Many marketing dollars have been spent in vain rather than as part of a comprehensive plan put together by seasoned professionals. Human resources issues have the potential to break a business. Thousands of dollars have been left on the table by funeral directors without good GPL pricing advice. Remember, all accountants are not created equal.

If you aren’t receiving the profit you’d like or you’re interested in an evaluation of one or more of your “arts,” feel free to reach out to me. ☰

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