

Balancing Act

Being a funeral home owner is as much about being a human resources manager as it is about being a funeral director.

Running a funeral home is either a business or a job. Which one depends on three factors:

- Is your name on the sign and does the bank have a large loan with your signature?
- Is your name on the sign and does the bank have a large loan with your family member's signature?

- Are you earning a wage for working?

By my estimate, there are 19,000 funeral homes across the country, of which 15,000 are owned by about 10,000 individuals. If you are one of those 10,000, you are either living in a small town upstairs from your office and doing most everything yourself or you are a larger business and employ others.

If you employ others, there are many different others, even in small businesses. They may be professionals – funeral directors, embalmers or the dually licensed. Somewhere there's a desk and you have some administrators, who, two decades ago, got a free lunch on National Secretary's Day. You probably have a "Tom" who has a great old tool set and knows how to make everything in your building work. And of course, you have some part-timers who work visitations and funerals to round out your full-time staff. Operating a funeral home that does more than 30 calls a year takes a lot of arms and legs!

As we continue to prepare to rebuild the funeral home nation in our 2020 series, we must establish what we are dealing with. Being a funeral home owner today is as much about being a human resources manager as being a funeral director since you must rely on staff to keep your service level strong.

Imagine the weakest link in your crew and how that could impair your brand. I remember a client who had a hearse with a bad transmission. He knew he had to lead a funeral about 50 miles that afternoon and was fearful his muffler wouldn't make it. His version of "Tom" said, "I used to be an auto mechanic. I can run, buy a new muffler and have it ready for the 2 p.m. departure." The client didn't ask any questions and told him to get it done.

As the procession lined up behind the hearse, Tom stood next to my client, all smiles. When all were ready, the driver started the engine. My client was devastated; it seems Tom had successfully replaced the muffler with a brand-new glasspack muffler (very loud and used on street racing cars)!

Imagine you're running a firm that serves more than 250 families a year and are totally reliant on every staffer who makes arrangements operating under the same definition of service – the same definition of *quality* service, to be more exact.

Consider another client who spent hours training the older directors to make sure everyone understood the same limits of a "direct" cremation – that the funeral director is to ask certain questions about visitations, presentation of the body, services, participation in the cremation and the return or inurnment of the cremated remains. You hope your staff are all talking about direct cremation the same way but find out that there are one or two who don't want to bother. Asked my client: "Should I fire them?"

My reply is not to fire but first to talk. Find out why they don't think it's in the family's best interest to know their options, and correspondingly, why they don't think it's in the best interest of the business to discuss all options with a family. Once armed with this insight, you'll know whether you should retrain, dismiss or exclude the staffer from working with cremation families.

There's a fine line between education and training. Education is a holistic understanding of the problem and the solution. Training is "do it this way because I say so." If people don't understand a concept such as harassment in the workplace, then tell them what not to do. That is training. If they understand but keep making wrong choices, that is a time for education.

When cremation was an option chosen by a minority of families, the last option (excluding the staffer) was easier to manage than it is today. Many markets that were 20% cremation a generation ago are well above 50% today. I suspect that more and more funeral directors who personally object to cremation are going to lose their effectiveness with families.

Staff supervision should be surrounded by an employee handbook, annual reviews, confidentiality statements and other pertinent documents. Unfortunately, many people think like this client, whose lawyer told him, "I don't think you need any of that stuff. If you get sued, you don't want all those documents because a jury will judge you by them. Better to just plead ignorance." So, what are the odds that this client was sued by an employee for wrongful termination! You guessed it – he wound up paying out more than \$400,000 to two full-timers he fired. I guess the jury didn't choose to give credence to his claim of ignorance of the law!

When dealing with staffing, there is a cost. In my study of thousands of funeral homes, I have learned that most funeral businesses should break their staffing costs into three categories of expense.

1. OWNER COMPENSATION

Owner compensation is difficult to compute. It should be a minimum dollar amount not to exceed a percentage of revenue (in

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most cases, it should not exceed about 6%). The minimum dollar amount is a function of costs of living and licensure and is easier to define by a question: "What would [a large public company] pay you to manage the business you own?" In most cases, this could be as low as \$60,000 to as high as \$150,000. Thus, in a business serving 180 families and generating \$1 million in revenue, the salary would be \$60,000 to \$X. \$X varies based on the market's cost of living. In Chicago, New York and Boston, it's going to be on the high end. In Denver, which has no license requirements, it will be on the low end.

2. NON-OWNER COMPENSATION

The non-owner compensation formula is similar but, in most cases, should not exceed 15% of revenue. If your full-service funerals make up 80% of your total cases, the number of licensed staff can be predicted by a formula. You need two people for the first 120 cases and one for every 80 cases thereafter. So, a 200-call business with 80% full-service funerals would need three

people. If the owner is working a full shift, then he or she would be part of that mix. The tricky part is what happens when the full services rendered is down at 50% or less. In that case, you need to adjust the formula. There is a certain number of people you need, however, without which you cannot be effective. The only other option is to use part-time licensed help or contractors.

3. BENEFITS AND TAXES

Typically, benefits and taxes are around 28%-22% of total payroll. We know that payroll taxes are about 10% of compensation to the employer. The company might provide benefits that are much greater than most offer, in which case these costs could be much greater. In some markets, the cost of health insurance might be higher than average, which could also make these benefits increase in cost.

Funeral service exists in a world of negative employment. There are about 35,000 people licensed, but we are losing about

1,750 each year to death, burnout and normal retirement. We have fewer people passing the boards each year, and our attrition rate is about 50%. Mortuary schools are trying to fill this gap, but by my estimate, we have only about 500 people each year who reach a point of five years in the business. This will be the number-one conundrum for the next generation of owners.

The balancing act is never-ending in the human resources world. How many staff do you need? What percentage need to be licensed staff? Do they qualify as exempt or non-exempt? Are you paying them properly? Are you treating them properly? Do they know what is confidential property of the company?

I am raising lots of questions. Beginning in three months, this column will help you prepare your business with a vision to the future – and staffing is going to be one of the top 10 subjects.

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Chicago	8:20A	A1	DELAYED
Dallas	8:23A	B10	DELAYED
Denver	8:27A	C2J	CANCELLED
New York	8:34A	C11	DELAYED
Chicago	8:39A	A3	DELAYED
Mexico City	8:40A	B7	DELAYED
Atlanta	8:44A	B9	DELAYED
Tampa	8:49A	C2H	DELAYED
Detroit	8:54A	C2	CANCELLED

165 people missed their flight, but 1 missed his funeral.

If you've traveled even a little, then you know that whatever can go wrong, usually does. But if something happens to the person whose funeral you're directing, it can affect your business and your reputation. Eagle's Wings Air is the **only** company that schedules and monitors the air transportation of the deceased from funeral home to funeral home. We're always monitoring your ship-out. That means checking, confirming, and reporting so you can stop worrying. Our thorough understanding of the deathcare industry, coupled with unparalleled access within the airline industry, helps ensure that all your funeral processions can depart right on time.

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