

By Daniel M. Isard

Consider the Future

Promoting service fees, not merchandise, is the only way to survive as a business.

You are reading my second submission for this month's column because the first was rejected by my editor. And, like any good pouting 8th-grader, I have begrudgingly taken his rejection and done as admonished. The editor wrote me after reading my first draft: "Daniel Mark Isard, you go back to your desk and *complete* this assignment right now!"

The original article, I admit, was the shortest I'd ever written. My editor didn't like that; he said he felt I didn't explain myself thoroughly. Of the more than 500 articles and thousands of words I've written for this profession, this was the first I wrote that was just five words (an average article is between 1,200 and 2,000 words).

I thought I had given quality advice in those five words, one of which is more of a social stereotypical expression than it is a word, but they do get the message across as clearly as if I had used 100 words.

Aren't you curious to know what the first five-word column in the history of *The Director* was? Since my editor insists I fill up my required 1,500 words, I can invest five of them by offering the original submission in its totality and still have room to "build out the theme," as I was chided to do. So here goes. In its entirety...

Merchandising? Fuhgeddaboutit! Promote service fees.

And now, loyal readers, you know everything about selling funeral merchandise in just five words. You know it in about four seconds, rather than the typical five minutes it takes to read one of my articles.

What I am trying to tell you is the following. In my 35 years of observing this profession, we've had some changes. In 1984, one death equaled:

- One visitation, which lasted at least one night and often two
- One funeral service, either at a religious institution or the funeral home's chapel, followed by a gathering at the cemetery for a committal service in front of the gathered mourners
- One casketed body; since the body was on display for mourners for at least one night and a funeral service, the casket was an ornate piece of merchandise used as part of the display
 - One grave; in 1984, cremation was only 3% to 5% of all cases
 - One grave vault; the vault protected the casket and the body, whereas the casket just protected the body
 - One grave marker; a body in a grave had a marker that allowed loved ones to find the grave when they wanted to pray, visit or spend time reflecting on the life of the deceased.

- One vase for the gravesite so that when loved ones came to visit and brought flowers, they could display them in an upright container and not lay them down to be scattered and litter the cemetery.

That was 1984. One death equaled a merchandise list of a casket, vault, marker and vase. Even in 1984 dollars, that was about \$3,000 in sales! Today, it would be about \$5,000 or more. Today, however, one death equals:

- A visitation in only half the cases; half of the visitations that do take place are two hours or less and held just prior to the service
- A funeral service for only half the calls; that number is declining rapidly
- A casketed body in slightly more than half the calls, as most cremated bodies are not casketed
- A grave vault for half the calls and primarily used only for those interments where the cemetery requires it
- A grave or interment place for casketed bodies and about 10%-30% of cremated bodies
- One grave marker only in cases of interment
- One vase for the gravesites to which visitors will go back regularly.

In 2019, one death equaled about 40% of the sales that were created in 1984. The only good news here is that in that span of 35 years, total deaths have increased dramatically – from 1.8 million to about 2.8 million as our population grew from 238 million to more than 310 million today. Even with the increase in noncasketed calls, the decrease in total caskets sold is not as radical as you might suspect, declining from about 1.8 million sales in 1984 to about 1.4 million this year (according to my own estimates).

We are only selling about half the merchandise we were selling 35 years ago, and we'll most likely be selling half of what we are selling today in the future.

Thus, promoting service fees is the only way to survive as a business. Since the institution of the Funeral Rule in the 1980s, we've had to help consumers bifurcate their purchase of merchandise and the choice of services they want us to provide. That seems easy, but for so many years, we were still thinking like previous generations that were reliant on their revenue coming from the client's choice of merchandise. The present and the future are different.

If 50% of the families you serve do not buy merchandise from you, may I repeat my previous admonition – fuhgeddaboutit!

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You need to set your service fees to cover your needed overhead or you are going to meet the grim reaper of business – the bankruptcy attorney.

One hundred percent of the families you serve need your basic nondeclinable services fee, so set it properly. All families served need your removal fee, so set it accordingly. One hundred percent of families need some form of care, cleansing, embalming or refrigeration of their loved one while they are in your care, so set these properly. Fifty percent of families desire to have their loved one cremated, so set the cremation fee properly, too.

Rather than having a dialogue on what the markup should be on caskets, vaults or urns, fuhgeddaboutit! You are going to be selling that merchandise to fewer families each year. You can charge a modest markup on your merchandise in inventory and make a fabulous profit as long as you set your service fees properly.

So, after reading this article please do these three things (in this order):

- Send my editor a note and say, “If Isard wants to write a five-word article, fuhgeddaboutit!”
- Tell your casket company you want to be on consignment.
- Rewrite the prices on your GPL as if you never sold any merchandise.

You will be more profitable. You will have less stress. You will make the same profit on each case regardless of whether it is

buried, cremated or shipped out. If you’re not sure how to set prices as service fees only, I have written that on that topic several times; send me an email and I’ll send it to you. Next year, with our theme being 2020 Vision, I will cover it again but from a more progressive direction.

This, of course, is not to say that you shouldn’t offer a variety of funeral and memorial merchandise. You should. You are a retail establishment. Think of yourself as a retailer for that portion of your business. The other side of your business is the professional side. You offer professional services. Prior to 1984, you were more retail and you threw in the professional services. Today, they are separate and distinct, but the future will be more one-sided.

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