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Can Independence Ever Be a Burden?

By Robert L. Pierce

Independent funeral homes face significant challenges and that challenge can even include the very fact that they are independent.

Independent funeral directors have touted the advantages of being independent since the consolidation of funeral service began in the late seventies. And, in the 1970's and 1980's, independence probably was more of an advantage than it is now. Today, independence is only an advantage if the independent firm actively chooses to make it one. And, as we will explore, independence can actually be a disadvantage.

Don't get me wrong, independent funeral homes often have distinct advantages over corporate firms including the following:

A CEO of the independent firm is more likely to be focused on carefully crafted long-term objectives than is the employee-manager of a corporate firm who is likely to be focused on the current year and his or her bonus.

The CEO of the independent firm is closer to the action. Management can be more nimble. Decisions can, at least theoretically, be made quicker and with a longer term perspective since independent funeral homes are not encumbered by the pressure of quarterly earnings reports or the difficulties caused by multiple and often remote levels of management.

An on-site CEO can result in greater quality control and more responsive employee training since he or she is closer to the needs of the organization.

An on-site CEO is more likely to motivate the funeral home staff to promote the funeral home in the community.

An on-site CEO is more likely to have designed management reporting, monitoring and motivational systems that are responsive to the specific needs of the business, whereas a corporate firm is more likely to implement a cookie cutter management system that is adequate for a cross section of funeral homes but fully responsive to none.

And, independence can, in itself, be a marketing advantage in some communities (although a little less so every year.)

The advantages of the independent funeral home are overpowering, at least on paper. It is true that, everything being equal, the independent firm will prevail almost every time. But everything is not always equal. Independent funeral entrepreneurs often fail to exploit their advantages and can even help to tip the scale in favor of the corporate firm in the area.

The Corporate Firms Today

Can a corporate firm actually seize the advantage when they begin behind the eight ball? On paper, they have no chance. But, it can happen for a variety of reasons. First, corporate firms are always managed to some degree. As such, they are only one competent motivated employee away from being competitive.

While the corporate firms have made every mistake and miscalculation that can be made, they have begun to refocus on their core business of operating funeral homes and cemeteries. As a result, they are learning, getting better and managing a little more effectively every day. They are learning to use their clustering synergies to their advantage. They are recruiting, training and compensating more effectively. They are actively working to improve their service levels. They are responding more effectively to competitive influences. They are learning from their

mistakes and applying the techniques that they have learned from their successes more effectively. And, as a result, many corporately owned funeral homes have gotten quietly better.

Let's look at two examples of corporately owned funeral homes that have managed themselves to a greater share of their market. One is rural. The other is urban.

	<u>Firm One</u>	<u>Firm Two</u>
Year 2000	148	141
Year 2001	152	162
Year 2002	162	159
Year 2003	179	175

Both funeral homes compete with independent firms. Both managers intensely manage the service level that they provide to their families and attribute the change in market share to their very personal focus on their families. They both share the belief that the funeral is only a small part of their service to their families. Both managers are very proud of their accomplishments and both treat the funeral home as if it were their own. And, both funeral homes were in bankruptcy during part of the periods reflected.

The change that occurred in both firms was carefully managed. It was a long-term process of re-focusing the funeral home's employees on a complete and total dedication to service to their families. They see themselves as providing a funeral experience that begins with the first call and ends with closure for their families. Both of them take pride in the little things that make their services special. Neither of them uses the term quality when describing what they do for their families. They define their services in terms of the special and very personal things that they do for their families.

And, both claim to start every day looking for new ways to improve their service level.

The two firms that I have chosen to use as examples may not be representative of corporate funeral homes and probably are not. They are only presented because they highlight the impact

that focused aggressive management and a total commitment to service had on two corporately owned funeral homes.

Traditions and Paradigms

As we have noted, independent funeral homes have an inherent advantage over their corporately owned competitors. In at least two instances, however, corporate firms were able to compete effectively and increase their market share versus their independent competitors. What caused the independent funeral homes to lose market share to a corporately owned firm? While independent firms have decided advantages, they also have the following distinct disadvantages:

Paradigms and traditions often keep independent firms from objectively critiquing themselves.

Independent firms often fail to objectively confront their circumstances with the brutal honesty that is required to build a long-term growth strategy.

Independent firms often do not take advantage of the opportunity for growth that aggressive management offers to them.

While traditions are important to a funeral home, they can become an impediment to critical evaluation of the funeral home's practices. Independent funeral homes often hide behind terms like "independence," "quality of service" and "quality preparation of the deceased." Many have no objective standards for their services, no mission statement against which to critique their services, no monitoring systems, and, in fact, cannot identify the specific practices that make their services unique or special or cause them to contribute in a very personal way to the closure of their families.

It is the goal of every business to be the best at what they do (or it should be.) It is more than a goal for the funeral director. It is an imperative. The funeral director accepts immense responsibility for the well being of their clientele. Funeral directors absolutely have to be the best at what they do. The well being of their families depends on it.

The use of a poorly defined term like “quality” can keep a business from being objective about itself and its service level. And, with the changes our industry is going through, one absolutely cannot be complacent.

Confronting Ones Circumstances

Independent funeral home businesses over-use the term “independent.” The term does not imply anything beyond the fact of its ownership. It does not imply quality or competence. The independent funeral home must earn its reputation every day by being the best at everything that it does just like any other business.

Some independent funeral directors believe that their independence exempts them from having to aggressively manage their businesses and the funeral experience that they provide to their families. As a result, they often fail to aggressively and objectively confront their weaknesses and, further, they fail to face the strengths of their competitors. It is only by acknowledging ones circumstances, that one can begin to build a successful long-term strategy and business plan.

The Opportunity to Manage

In order to assess the management opportunities of independent funeral homes, one must first define what it is to manage.

Webster’s New Unabridged Dictionary defines management as “one who is skillful in contriving, planning, or intriguing so as to accomplish his purpose.” Management can also be described as the “harnessing of the basic human desire to succeed” or the “art of delegating responsibility and authority to accomplish a function.” Management is perhaps best described as a “system” that motivates a group of individuals to accomplish the objectives of the organization. Regardless of the definition that one chooses to employ, management is clearly about people.

The art of management, while encompassing many disciplines, always comes down to the basic concept of providing employees with a framework in which they can be successful and fulfilled. In order to accomplish this, management systems must provide the following for the organization:

- Building clear and achievable goals for the organization,
- Interactively constructing the objectives into a business plan and budget,
- Motivating and focusing employees,
- Monitoring the effectiveness of the individual and the organization,
- Providing the organization with feedback, a scorecard, so it can evaluate its successes and failures,
- Providing systems to correct the plan or its implementation as circumstances warrant, and
- Acknowledging the accomplishment of the organization and its individuals.

Management has a decidedly future orientation. It is the catalyst for a motivated and fulfilled team of employees. While a management system includes some clerical functions such as the construction of a business plan and budget, it is more about goal setting, motivation and team building than it is about budget and financial reporting.

It may be helpful to understand the distinction between management and supervision. A supervisor is one who directs others to perform tasks. The supervisor's role typically includes functions like arranging work schedules and making day to day decisions in furtherance of the goals that have been established by management. The Supervisor has a decidedly present orientation. Supervision is not a long-term motivating factor in an organization. It is not management in the organizational sense of the word.

It is the role of management, the Chief Executive Officer, to provide the organization with a future orientation and management systems that motivate and focus the company's employees. In real life, however, the CEO is often so mired in the tar pit of other duties that he or she has little or no time or energy for management.

Independent funeral homes often fail to exploit their natural advantage. The simple failure to manage opens the door for the "managed" corporate firm, or any other competitor or potential competitor for that matter.

Conclusion

The choice for the independent funeral home is very clear. The mantra of independence can bring focus and motivation to a business. It can be a rallying cry around which we build a focused and dedicated team. It can be a call to arms which brings us to heights which we can only imagine. It can be a term that inspires us to challenge our traditions and confront our weaknesses. It can be the impetus to build our companies to be the best. It can be the stimulus that builds service to levels beyond our current comprehension.

Or, it can be a mask that hides our blemishes and keeps us in the dark; a burden with which we are saddled and which keeps us from being all that we can be.

Most of the advantage of independence has to do with having the CEO and the decision process closer to the action. In order to exploit the advantage of independence, one has to have an effective, nimble, and focused management system. Without an effective management process, much of the competitive advantage of the independent funeral home is conceded and the advantage can even swing to a modestly managed competitor.

The issue is not really one of the independent vs. the corporately owned firm. It is, in fact, more global than that. It is an issue of applying focus, discipline and effective management in order to gain a competitive advantage in the market place. It works equally well against any competitor. It is a simple matter of knowing who you are, where you are going, having a plan to get there, motivating and focusing your employee team, knowing when you are successful and when you are not, and acknowledging the success of your team as it occurs. Each business can be as good as it chooses to be. It is that simple...and that complex.

It has been said that funeral homes are not about profit. Few successful businesses are. But, profit is what happens to funeral homes (and other businesses) that do a really good job.