

Value Priced Service



STAYING IN SYNC WITH THE CONSUMER



BY CLAIR
FERRIS

IT WAS CLEAR TO US THAT CONSUMERS WERE CHANGING

that whatever was happening would be different than what we had experienced before. It was time to make a decision and how to go about it was a challenge.

When we arrived in Olympia, Washington in 1989, the cremation rate was 26%. At the time, I worked for a regional company as a general manager for a small cluster of two funeral homes, a cemetery and crematory. We were averaging over six hundred and fifty funeral calls a year and within a year and a half, the business was sold to a major consolidator. Over the next thirteen years, I would find myself serving as a regional vice-president in their Combination Division and later a Regional Manager after some restructuring. During this time, I witnessed a dramatic change in the industry which I believe resulted from the aggressive and sometimes overzealous prices being offered by major consolidators. Ultimately, the company went through two and a half years of bankruptcy and reorganization.

In 2002, I again found myself within a restructuring process where many of my counterparts' positions and mine were eliminated. My wife and I, now had to make our first decision of many. Perhaps the most significant was "will I look for another job out of the area, or will we stay in the area and start a new business from scratch and compete with our former employer?" We chose the latter. At fifty-three years of age, this was not a decision to be taken lightly, but it was the right one and we knew it. During the thirteen years we had lived in our community, we saw a complete shift in the cremation rate as it was now pushing 75%. We also recognized traditional burial families being forced out of their traditions due to price. Our next big decision would be to determine what our new business should look like, function like, and how we would intersect the changing needs of consumers in a new and different way. One thing was certain, we would not be an "also ran" establishment funeral home. We had

to send a signal to the community that we were different, accommodating and affordable.

"One thing was certain, we would not be an "also ran" establishment funeral home. We had to send a signal to the community that we were different, accommodating and affordable."

If we were to build a traditional funeral home, we would in essence look the same. We had to think of ways we could respectfully give families a positive experience while not utilizing the usual funeral home experience. And if we wanted to provide more affordable pricing, we could not afford the overhead of a traditional funeral home facility. Doubts entered our minds: would families trust us if we didn't have a big facility? We would be the new guy with just another funeral home competing against

the 100-year-old entrenched business down the street? To compete, we came to a pure antidote for these doubts- we had to look, feel, and truly be different from the competitor the public was seeking to leave.

Within our business plan, we knew cremation was going to dominate. At the same time, we felt certain that families looking for memorialization and more traditional services were making abbreviated choices due in part to pricing. They were not getting the quality of service respective of the prices paid. So we elected to provide a "Value Priced Service" that would give families the affordable options they desired within financial reason. Although the budget was based upon the cremation market, our intent was to let burial families know they could get what they wanted without breaking the bank. Celebrating a life whether it be with cremation or burial was a big focus for us, as was the desire to serve everyone. This mindset

bolstered our growth and average sale opportunities.

I have to admit, when we decided to start our value priced business, the timing was a big part of our decision. The other thing that was very important was our personal motivation; this would be "our business." Everything was on the line for us. To fail meant real financial ruin. That fact alone can provide a great deal of drive and focus.

We constructed packages that provided a full level of service including value added items at no additional cost. Unlike the deep discount operations, we chased down the death certificates, we wrote and placed the obituary, and we designed and printed custom memorial folders and register. We would also take photos of the event at the request of the family as a complimentary service. Families would get complimentary website access to their photo album and also get permanent online obituary and guestbook service. Yes, it is a lot of work and the margins are thin, but soon the word got out to the gatekeepers in the community and the referrals poured in. The increased volume and successive growth of our business helped solve for the narrow margins. There is magic in volume. The bottom line for us was to have a family experience the perception of value while being well-served. The savings to the family were not measured in a couple of hundred dollars savings, but more like \$1500 to \$2000 savings. This was measurable and meaningful to our families. It was enough to sway some families into keeping their traditional choices. Never the less, the migration to lower cost cremation options had become an irreversible consumer preference in the industry. My advice to funeral directors in areas of the country that enjoy lower cremation rates is to learn to embrace the inevitable and prepare for it and to make it affordable for families to continue to have funerals, before they are trained that they simply cannot afford them.

"There is magic in volume. The bottom line for us was to have a family experience the perception of value while being well-served."

An observation we had seen prior to starting our business was the transition of families leaving their traditional burial values and moving toward what they perceived to be more convenient cremation choices. The most stark and blatant examples were folks who had

their pre-arranged cemetery burial plans completed and paid for, who actually abandoned their plans for direct cremation services. In some cases, these families would alter their plans to bury an urn rather than a casket, while others simply scattered the cremated remains instead. This eliminated the cemetery portion all together. In our state, many cemeteries are undergoing financial stress because of these changes.

We feel fortunate to have recognized the consumer trends shifting and to have been flexible enough to "ride the wave" with them. The timing was right for us. We leased simple and lower cost facilities to save us from being indebted. We were able to be in business immediately and with fixed overhead costs, and we could provide the resulting savings to our families. We did not lose our "traditional" values of service. Yes, that meant charging more than the deep discounters but substantially less than the large brick and mortar firms that were finding themselves out of sync with the consumer.

"We feel fortunate to have recognized the consumer trends shifting and to have been flexible enough to "ride the wave" with them."

There is still a place for every segment type in the industry whether it be discount, direct services, value priced or premier care. We studied our market and felt a value priced format was the best fit for both the community and for us. It gave us the opportunity to be creative and provide our community the level of service that reflected our training and history in the profession. It also gave us a sense of worth, knowing we were able to help people as we performed our mission: provide options and counseling, listen to their choices and support them in their decisions.

Two years ago, we began a new chapter in strategy and decision making for our business, as my wife and I began to look for a succession plan that would honor the DNA of our unique operation while giving our firm and our staff added opportunities to grow and to serve. We partnered with privately-owned consolidator and this decision was based on their core principles and their understanding of industry trends, their embracing of families who choose cremation, and most of all, their appreciation of our business model.

Recently, we expanded our business to the Federal Way market with the opening of a new location. I have to say I am proud to be continuing to expand and glad to be able to still be active in the business my wife and I began together.

Ultimately, our value pricing model decisions worked for us. We saw our business go from zero to being the leading value funeral provider in our first four and a half years of opening our doors. Today, we enjoy the opportunity of serving over 55% of the market. Yes, it has been a lot of hard work and that work continues, but it has been well worth it and an honor to serve our neighbors. The reasons we chose this operating platform were right for us. It may very well work for you also.

"We saw our business go from zero to being the leading value funeral provider in our first four and a half years of opening our doors."

Clair Ferris and his wife Sharon founded Funeral alternatives of Washington in 2002. There are four locations in the South Puget Sound area. One location includes an event center where memorial services, weddings, corporate meetings and parties are held.

Clair Ferris – The Cremationist – Vol. 54, No 2