

Getting the Most Out of Your Preneed Program

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Ever wonder if you could be getting more out of your preneed program as a funeral home owner?

In a recent study, Funeral Directors Life found that each incremental preneed case added to a funeral home's case volume brought an additional \$3,806 of margin to the bottom line. That's a substantial amount of profit per case given the average revenue (excluding cash advances) was \$5,107. The reason such a high percentage of gross revenue translates to the bottom line is tied to the nature of the funeral business. It's a high fixed cost business. Staff, facilities, insurance, and other overhead expenses are not tied to how many cases a funeral home handles, so each added funeral contributes a disproportionately high dollar amount to the bottom line. Each additional family served (or retained) is more financially impactful to the business because fixed costs are already covered.

That means that your preneed book of business, which affects your potential future at-need call volume, contributes a disproportionately high dollar amount of profitability to your business. So, how can you get the most out of your preneed program? Here are a few ideas:

Start Early with Families

When performed correctly, a preneed program will intentionally create value for families prior to the actual need to meet with the funeral home (i.e. before a death occurs). There are many ways this can be accomplished, but most commonly we see funeral professionals engaging in conversations with seniors earlier in life, prior to the realization that funeral planning is even needed. For example, the best sales professionals are reviewing funeral options with families, sharing funeral perspectives, discussing Medicaid planning scenarios, and presenting creative ideas for personalization (just to name a few) way before the end of life. All of these can be effective ways for the funeral home to open new relationships in the marketplace and strengthen existing ones.

Create More Opportunities

Obviously, the more opportunities you have to talk to people about planning ahead, the more active (and profitable) your preneed program will be. Certainly, traditional advertising methods (newspaper, radio, billboard, television, etc.) can be effective ways to start conversations with potential customers. If you have a dedicated sales professional these can be even more powerful. A dedicated sales person who is having regular conversations with families (perhaps 10-20 per week), conducting group presentations and marketing through direct mail and social media, each conversation can lead to additional preneed opportunities and referrals. Moreover, the funeral home's brand is further promoted and reinforced with families. What ends up happening is that momentum starts to build so that your funeral home has the advantage of being "top of mind" for a family when a death actually does occur.

Focus on the Value of Each Funeral

In addition, with preneed funerals, we have the opportunity, and maybe a bit more flexibility, to educate families about the value of the funeral ceremony and why we have had funerals since the beginning of time. We at Funeral Directors Life have partnered with noted author, educator, and grief counselor, Dr.

Alan Wolfelt, to create a program that helps funeral professionals (at-need and preneed) understand and articulate the value of a meaningful and healing funeral event. What we have seen is that in general, the preneed funeral averages (both for burial and for cremation) are higher than the at-need funeral averages. With margins becoming tighter due to a variety of market forces, implementing an active preneed program now makes more sense than ever. If families have an opportunity to learn about the elements of a meaningful funeral and how they can help their loved ones have a healing experience, they are even more likely to consider the possibilities and how they would most like to be remembered...leading to better overall averages for your business.

As we know in the funeral profession, it's not always the best funeral home that wins; it's often the one that connects with the family first. An active preneed program can help grow and/or maintain market share for the funeral home by connecting with families. This has become even more important as the traditional lines of competition are becoming more blurred. It used to be that brick and mortar funeral homes were the only competitors to be concerned with. As if that wasn't challenging enough, today, there are cemeteries, cremation societies, churches, hotels and virtual funeral homes all vying for a share of the market. So, to assist you in getting the most out of your preneed program in 2018, consider the following: starting early with families, creating more opportunities and focusing on the value of each funeral.