

NFDA

NATIONAL
FUNERAL
DIRECTORS
ASSOCIATION

FUTURE'S FORUM 2023

Meeting Report

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INTRODUCTION

On May 10-12, 2023, the National Funeral Directors Association (NFDA) conducted its latest Future's Forum in Brookfield, Wisconsin. NFDA hosts these highly focused, forward-looking sessions on an as-needed basis in order to tackle a serious challenge impacting funeral service providers. Each professionally-facilitated event gathers the brightest thought leaders from across the funeral service profession and its supporting affiliates, such as funeral home owners, managers and licensees; representative association leaders and staff; mortuary science educators and students; representatives of leading supply companies; etc.

The first NFDA Future's Forum, held in 2002, identified winning strategies funeral directors could adopt in the next five years given the uncertain business climate. Two years later, the association convened another forum to identify, discuss and prioritize the critical issues impacting development of the profession's future workforce.

In May 2023, NFDA assembled its third such think tank in order to develop new growth and innovation strategies funeral providers could use to overcome current revenue challenges, increasing costs and staffing shortages. The COVID-19 pandemic's strictures against holding face-to-face arrangement conferences, funeral and memorial services, and burials/interments, as well as its broader impact on the U.S. economy and workforce, significantly challenged funeral homes nationwide during that time.

Moreover, since the first Future's Forum, seismic shifts in the funeral service landscape created greater challenges than imagined, such as transformative funeral-consumer preferences; the ever-increasing cremation rate; competition from non-traditional providers of goods and/or services; the rapid integration of mobile devices and the internet into everyday life across all age groups; etc.

Because of these current pressures and others, the leadership of NFDA decided to hold its latest Future's Forum. The following offers a summary of this event, including an explanation of its methodology; additional background information about funeral service market conditions; key findings and recommendations from the 2023 Future's Forum; and appendices citing important resources that helped inform this event, as well as additional detail about the participants, their thoughts and suggestions.

FACILITATORS



Paul Schoemaker (left) and **Jim Austin**,
facilitators of NFDA's 2023 Future's Forum.

To facilitate its 2023 Future's Forum, NFDA secured the services of two renowned authorities. A leading expert in the fields of strategy, innovation, leadership and decision making, Paul Schoemaker, Ph.D., is a pioneer in the field of decision sciences. Among the first to combine the practical ideas of decision theory, behavioral economics, scenario planning, and risk management into a set of strategic decision-making tools for managers, he has advised more than 100 companies and non-profit organizations worldwide. (In fact, Schoemaker facilitated NFDA's first Future's Forum.)

A prolific author, he has written a dozen books and more than 120 academic and applied papers. Schoemaker's scholarly work ranks in the top one percent in academic citations globally, as measured by the International Science Index, and has been translated into 17 languages.

A former senior executive at Baxter Healthcare, 2023 Future's Forum co-facilitator Jim Austin holds a bachelor's degree in economics and politics from Yale University, and a joint master's in public affairs, and urban and regional planning, from Princeton University. He currently serves as adjunct assistant professor at Brown University, where he teaches leadership and marketing in the School of Professional Studies.

Author of two books on transformative planning in healthcare, he also works as a consultant and has tailored and delivered senior-level seminars on strategy, strategic execution, scenario planning and critical thinking for many leading companies, including Coca-Cola, GE, Boston Scientific, Lincoln Financial and GlaxoSmithKline.



Attendees of NFDA's 2023 Future's Forum in front of the association's headquarters in Brookfield, WI.

PARTICIPANTS AND CHALLENGES

Focusing on the participants, NFDA next invited dozens of individuals from across the funeral service profession and its supporting affiliates. Ultimately, the 70+ attendees represented funeral and cremation providers, mortuary science programs, state and national associations, suppliers, and other relevant organizations. *(Please see Appendix A on page 19 for the roster of 2023 Future's Forum participants.)*

In terms of attendee roles at their respective businesses, the demographics broke down as follows: 45.5% owner, principal or partner; 18.2% manager; 13.6% CEO or president; 13.6% vice president; and 9.1% employee.

Among the funeral providers in attendance, their 2022 annual caseload broke down thusly: up to 75 cases, 4.6%; 76-150 cases, 22.7%; 151-350 cases, 31.8%; 351-500 cases, 4.6%; 501-1,000 cases, 13.6%; and 1,000+ cases, 22.7%.

NFDA sent each attendee a pre-event survey and asked them to rank the importance of common external obstacles they faced, as well as the significance of the internal challenges they encountered. Using a scale of 1-7, with 1 representing the least important and 7 the most, here is how often respondents ranked the importance of the external challenges they faced as a 6 or 7 (i.e., highly or most important):

- Shifting customer needs: 75.0%
- Changes in technology: 71.4%
- Economic conditions: 53.6%
- Changing government regulations: 42.9%
- Emergence of new, low-end challengers: 39.3%
- Shifts in competition: 35.7%

Similarly, here is how often respondents ranked the importance of the internal challenges they encountered as a 6 or 7 (i.e., highly or most important):

- Lack of affordable talent in market to assure smooth, high-quality operations: 64.0%
- Lack of vision, strategic thinking and risk-management strategy: 60.0%
- Trapped in "This is how we have always done things" environment; little innovation happening: 52.0%
- Too internally focused; not looking around the corner for opportunities/threats: 50.0%
- Wrong incentives for staff/managers; short-term, risk-averse, transactional: 40.0%
- Insufficient attention given to "weak signals" about opportunities/threats: 36.0%

PROCESS, KEY TERMINOLOGY AND ENVIRONMENTAL BACKGROUND

The first day of the NFDA Future's Forum groups were split into heterogeneous teams of six to eight people. Participants sat with their respective teammates throughout the first day's event to facilitate dialogue and the exchange of ideas, and to make reporting team findings to the entire group more efficient following various exercises.

Each team offered a brief report to the rest of the attendees, including expressed hopes/expectations. Overall, these included:

- To acquire “more tools for our toolbox”
- To discover “ideas and frameworks from other industries”
- To learn “how to embrace an uncertain future”
- To understand how to “change/evolve the role of the funeral director” and “what we should look like to be ready for the future”

The facilitators provided an overview of the Future's Forum process. This included the use of decision-science terminology, defined here for convenient reference even though explanations appear later in the text, as relevant.

- **Ambiguity aversion:** feeling hesitant to take risks when outcomes/probabilities remain uncertain
- **Decision trap:** common but unrecognized/ignored biases, assumptions, tendencies, emotions, etc., that can result in decisions not based on sound reasoning/logic, objective information, etc.
- **Frame blindness:** processing information through a “mental lens” that creates a distorted view of reality
- **Pain point(s):** the challenges, irritations, difficulties, etc., that potential customers experience while seeking a business that might help resolve their specific issue(s)/need(s)
- **Skewed attention:** failing to realize how the information sources gathered/used to form judgments can slant thinking in the wrong direction

In order to frame further discussions, the Future's Forum facilitators provided background information concerning the major challenges funeral providers face today. These conditions encompass uncertain macro-economic and political conditions; new industry dynamics; and internal organizational issues. Possibly most challenging, the macro-economic environment reflects fundamental uncertainties about the social, technologic, economic and political spheres in the U.S.

BREAKOUT SESSION RESULTS

During eight breakout sessions, the teams discussed many of these challenges, including the following:

- **U.S. demographic trends and psychographic shifts.** Involving changing consumer preferences, including the ever-growing cremation rate, these trends also encompass the decreasing desire for viewing and embalming the deceased; funeral business consolidation by corporate entities; low-cost providers entering into the funeral-provider market; ever-growing digital/technologic innovations; and consumer-based environmental concerns that fuel the growth of natural burials/more sustainable solutions.
- **A funeral service business model still relying on physical assets.** Real estate, brick-and-mortar facilities, livery/automobiles, and physical inventories, such as caskets and urns, remain the norm. Despite this, consumers today demand different deathcare services, thereby challenging the traditional business model and opening the door to new business models, including asset-light companies and even virtual firms.
- **Mixed consumer views about funeral-director reputation.** Often viewed as unresponsive to customer needs, some consumers simply do not trust funeral directors/firms. This suggests the need for new customer-centric initiatives with less focus on playing the “director” role and opting instead for a “flexible facilitator” function.
- **Licensing/regulatory requirements for firms and staff.** Just as many other service industries face staffing challenges after the COVID-19 pandemic, such as restaurants, hotels and airlines, so do the nation’s funeral homes. In addition, the educational and regulatory requirements specific to funeral homes and licensed staff add to this challenge.
- **Digital innovation and an increasingly tech-savvy clientele.** Non-stop technologic and software/hardware innovation, including augmented reality and artificial intelligence, might alter how families memorialize, grieve and ultimately heal in the future after the death of a loved one.

STRATEGIC IMPERATIVES

After explaining the inherent decision-making biases and limitations people face, and exploring the myriad forces acting on the funeral service industry, facilitators Schoemaker and Austin introduced what proved to be the substance of the 2023 Future's Forum discussions: the strategic imperatives facing leaders and organizations today. These comprise:

- How to foster greater organizational vigilance.
- Rethinking and revising existing business models.
- Embracing new innovation methods that move beyond incremental change.

The overall intent of systematically focusing on these three challenges was to help participants, and the funeral service profession at large, learn how to identify what is happening in the business sooner and act faster in response in order to better align with new realities.

1. How to foster greater organizational vigilance. Being vigilant requires an awareness of what is happening around you in the business, and society in general, and then translating that alertness into timely action to ward off threats or to seize opportunities ahead of others. Successful organizations operate toward the “high” end of the vigilance spectrum (see *Figure 1*), especially when their environment is changing.

Figure 1: What is Your Vigilance Quotient?



Source: Day & Schoemaker (2019)

STRATEGIC IMPERATIVES

The leadership teams of highly vigilant businesses differ markedly from vulnerable organizations (those on the “low” end of the vigilance spectrum) in the following ways:

- They exercise vigilant leadership with a deep sense of curiosity, an openness to diverse inputs, and a willingness to play the long game.
- They adopt a flexible, adaptive process of strategy making that features an “outside-in” perspective and “future-back” thinking approaches.
- They invest more in foresight activities and adopt flexible, real options or approaches to help contain uncertainty.
- There is clear coordination and accountability for acting on weak signals, enabled by an organizational culture of sharing information quickly.

Vigilance cannot be the sole purview of the top leader, however. By continually signaling an openness in meetings and individually to exploring and acting on early signals of threats and opportunities, an organization’s leader can foster vigilance among the senior leadership team. The most influential leadership-team members tend to be strong communicators, willing and able to partner with other organizational functions and serve as credible advisors to the CEO on key decisions. Much more than advocates for the interests of their particular function or group, they try to overcome the natural tendency to hunker down in isolated silos or narrowly concentrate on immediate tasks.

In turn, vigilant leadership teams create the kind of “psychologically safe” space required for employees at all levels to share their perspectives about relevant issues outside of their immediate domain. Employees deep down in the organization must believe they will receive an open, fair hearing when raising concerns, suggesting ideas, or sharing “weak signals” that are not yet fully clear.

Throughout the 2023 Future’s Forum, teams completed 30-minute exercises related to the topic presented and then were asked to share the results of their discussions with the entire group. Here are select comments offered by participants about the organizational vigilance of their business and/or the profession overall:

- COVID-19 made things regress to the left side of the vigilance spectrum (see Figure 1) but toward the right side for others.
- Technology was way left before COVID-19 and now closer to the middle (see Figure 1).
- Livestreaming: while we might think we’re ahead, we’re actually behind.
- We might seem to be ahead in our industry but are behind in the real world.
- Tech was not new, but we finally started using it.

As for the challenges to becoming more organizationally vigilant, participants said:

- Funeral directors are too set in their ways; they need to get outside of their comfort zone.
- Challenge the current business model: celebrate small; explore alternative models; do we really need “bricks and mortar”?
- Finding time to do what really matters long term – too busy.
- Failing to act after development seminars, training.
- Keeping an open mind when busy with operations.

STRATEGIC IMPERATIVES

- Communication, especially multiple levels down in the organization.
- Too comfortable or, conversely, thinking “running harder” is enough.
- We don’t do a good job listening to our customers and younger staff.
- Our customers do not understand us well, including the tools available to help them.

2. Rethinking and revising existing business models. The facilitators examined how uncertain business conditions often demand modifications to an organization’s current business model in order to remain relevant and viable. In such cases, uncertainty is not the enemy because it can present new opportunities to those who are alert, curious and willing to change.

Although data and business analytics can prove to be important tools when assessing the current business model and modifying it, the revision process is as much art as science. Business model changes are seldom successful “out of the box” since they must be fine-tuned (and sometimes completely overhauled) before they can become scalable profit engines.

The “lean startup” model that has spread beyond Silicon Valley, for example, emphasizes the capacity to “pivot” by quickly testing, discarding and replacing ideas and models that do not work.¹ Entrepreneurs and innovative managers in larger firms who can learn and adjust quickly are more likely to succeed. To truly prosper in uncertain and chaotic worlds, proactive business model innovations are required to overcome the slow, reactive approach to change normally seen in organizations.

In addition, the new “sharing economy” allows firms such as Uber and Airbnb to save on capital invested and share business risks more with their contractor-partners, enhancing adaptivity to market changes and growing uncertainty while simultaneously disrupting incumbents.

An effective business model articulates the logic of how a business creates and delivers value to customers. It also outlines the architecture of revenues, costs and profits associated with how that business creates value for itself.² Important features of the business model include identifying unmet customer needs, leveraging new technologies, explaining how the organization operates, and showing how to capture economic value.

There is usually no single “right” business-model innovation since there is no way to be certain which variation(s) will thrive in a transforming world. But it helps to win the innovation game if the business model is asset light (such as airplane companies not owning airplanes); scalable (thanks to digital platforms); and coherent (by creating self-reinforcing loops that increase customer satisfaction with the new business model).

After examining real-world examples of innovative business models that took advantage of uncertainty and fundamentally transformed existing industries – such as Apple’s iPod and iPhone, and Uber and Lyft’s ride-share concepts – Schoemaker and Austin tasked the Future’s Forum teams with brainstorming and discussing possible innovations to the traditional funeral home business model. Select ideas offered include:

- Bring an event planner on staff.
- Can we be more flexible and use non-licensed personnel?
- Hire students from event-planning programs, e.g., Kendall College, Chicago (a culinary arts and hospitality management educator).

STRATEGIC IMPERATIVES

- Are we pushing our products and services, or creating demand from the outside (a pull strategy)?
- Gather input from non-customers; conduct focus groups.
- Form new partnerships; work more with hospice organizations, etc.
- Assess role of funeral director – could some tasks be done by more-junior persons?
- Bring in freelancers who might be innovators.
- Normalize “green” funerals.
- Could artificial intelligence reduce burnout and work burdens?
- Start relationships within the community earlier than typical, such as continuing-education programs, outside partnerships, or sponsorships.

3. Embracing new innovation methods that move beyond incremental change. Participants explored the third strategic imperative, which involves finding and creating market spaces with unmet needs where others cannot easily compete. Instead of contesting those in well-defined industries using traditional strategies, companies facing changing times should explore new market spaces, in particular. Their overall aim should focus on offering more value, incurring less cost and encountering fewer rivals.

To illuminate this concept for participants, the facilitators cited *Blue Ocean Strategy* (BOS) by Chan Kim and Renée Mauborgne. This best-selling book defines “blue oceans” as market spaces with unmet needs where others cannot easily compete. Conversely, the authors define “red oceans” as market spaces where rivals slug it out in established industries, hoping for incremental gains while generally using the same strategies and tactics. This results in a great deal of “blood” (hence the red ocean) and little wealth creation, i.e., red ink.

Offering Cirque du Soleil as a prime example, the authors state that its founders recognized how creatively fusing a traditional circus with current theatre models could tap a market segment that would otherwise spend its entertainment dollars elsewhere. Thus, by rearranging and combining beloved circus attributes – from its animal acts to its daring stunts and music – with those of the theater – where sophistication, mystique and storyline rank high – Cirque du Soleil created a novel, hybrid offering that found great market appeal and experienced little competition for quite some time.

A defining characteristic of BOS is that the new business model must offer consumers more value at a lower cost. Those with traditional mindsets dismiss this idea, unfortunately. Caught in the grip of false dichotomies, they believe that these two components must always be traded off, i.e., customers can either select higher quality or lower cost, but not both. This mindset prevailed among U.S. automobile manufacturers until Japanese auto companies (especially Toyota) showed Detroit otherwise.

Likewise, Cirque du Soleil dumped expensive animal acts involving elephants and tigers to lower costs while increasing value. And Southwest Airlines offered better service in terms of travel times, locations, etc., while also lowering costs compared to legacy airlines. Southwest’s steady schedule, quick turnaround, limited need to make reservations, and flexibility of ticket use fused the characteristics of ground transportation via bus or train with traditional airline travel.

In order to achieve both lower cost and higher value, however, businesses might find it necessary to realign their resources, incentives, processes and systems to achieve this goal. For example, Southwest’s pilots and other staff will actually help load luggage when necessary to stay on schedule.

STRATEGIC IMPERATIVES

Another critical aspect of this third strategic imperative involved the analysis of consumer “pain points.” These comprise the challenges, irritations, difficulties, etc., that potential customers experience while seeking a business that might help resolve their specific issue(s)/need(s).

In order to identify pain points, business leaders and managers must adopt an “outside-in” mentality and ask themselves:

- What are the main issues customers and others encounter when working with us?
- How can we more innovatively solve those issues and make things easier?

Identifying consumer pain points – from their perspective instead of that of the business and its staff – entails three key steps. First, business leaders and staff must not view their customers as “mostly the same.” It is critical to start with one specific customer group or segment in order to understand its unique issues in greater depth. Second, business leaders and staff should map out the stages/steps that each specific customer group encounters when dealing with the business, its staff or the organization (see *Figure 2*). Finally, when considering those concrete issues, business leaders and staff need to identify innovative ways to lessen each specific customer pain point or frustration level.

Figure 2: Pain Point Template

Customer Segment _____

Stages of a Key Customer Segment/Channel in Dealing with You	Customer/Channel “Pain Point”?	New Approaches/Products/ Services to Overcome?
Find Out About You:		
Compare offerings:		
Informational meeting:		
Work with you:		
Follow-up:		

Using the pain-point template above, participants were asked to focus on a specific customer segment – such as “Family recently moved into area” (see *Figure 3*) or “Teen(s) dealing with sudden death of both parents” – and then identify potential consumer pain points in those scenarios before offering ways to reduce those potential customer frustration levels.

STRATEGIC IMPERATIVES

Figure 3: Pain Point Analysis (Example)

Customer Segment *Recently Moved into Area*

Stages of a Key Customer Segment/Channel in Dealing with You	Customer/Channel "Pain Point"?	New Approaches/Products/ Services to Overcome?
Find Out About You...	<i>Anxiety Where to look?</i>	<i>Private view; email prior; virtual tours</i>
Compare offerings...	<i>Lack of expertise Hard to compare Hard to focus given emotional issues</i>	<i>On-line \$ info; phone call; virtual tour.; third-party reviews</i>
Informational meeting...	<i>Anxiety Do not want to be "sold" Lack of trust</i>	<i>Go to them.; website; reassurances.; rid preconceptions</i>
Work with you...	<i>Payment options? Multitude of choices</i>	<i>Service options.; website; external reviews.; testimonials</i>
Follow-up...	<i>Something not right Want to be left alone...but not sure how to handle grief</i>	<i>Pre-need.; family follow-up.; grief counseling</i>

Ideally, funeral providers should conduct this exercise using the pain-point template in Figure 2 to reflect their unique situation and the various customer segments they seek to serve.

Moreover, businesses should consider conducting pain-point analysis for other processes, such as improving the experiences of staff when at work. It might help to identify the firm's "pleasure points" because consumers, partners and staff will assess the overall cost-benefit equation each segment encounters. The more a firm can reduce its pain points and strengthen its perceived positives, the better off the business will be.

While the specific customer pain points identified by each team proved unique for most customer segments, several common pain points emerged from this exercise, such as:

- Anxiety upfront about what to do/say.
- Lack of trust in the funeral home.
- Payment concerns/budget constraints.
- Fears of offending other family members.
- Managing grief afterward.

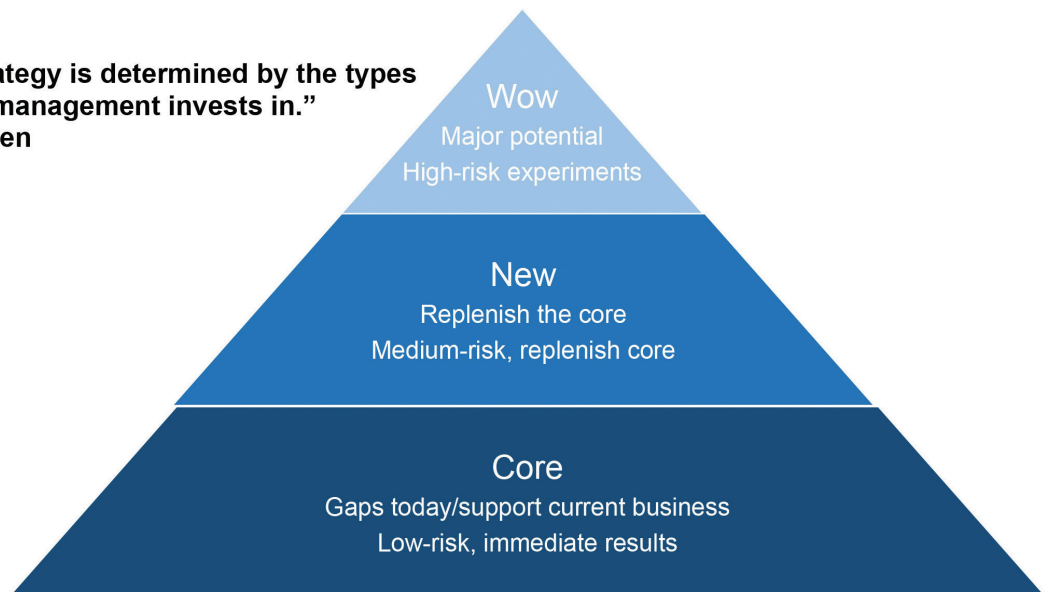
CORE • NEW • WOW

The final day focused on moving from strategizing to action. As Benjamin Franklin said, “Well done is better than well said,” and too often, organizations spend inordinate time developing and finessing mission and vision statements but fail to actually execute them in a sustained and focused manner based on an action plan and defined tactics to achieve their goals.

While there are many approaches to strategic implementation, the best rely on clear priorities that meet short-term budgets and targets, as well as longer-term, more-transformative objectives. Thus, it is important for businesses to maintain a well-balanced portfolio of options so they can ideally succeed no matter what the future brings. The “Strategic Pyramid” (see Figure 4) suggests the proper portfolio mix organizations can use by distinguishing three types of initiatives: Core, New, and Wow.

Figure 4: Strategic Pyramid

“A company’s strategy is determined by the types of initiatives that management invests in.”
Clayton Christensen



© Jim Austin

Core: These initiatives keep current operations running ever more efficiently, such as the quality or operational investments essential for meeting current budgetary and payer/customer requirements. Generalizing across different industries, Core strategic priorities represent 70-80% of what an organization should focus upon to keep the lights on and remain stable.³

Core activities also typically “pay” for those new or transformative initiatives that are medium-term (New) or longer-term (Wow) since such projects rarely yield revenues in the short-term. Thus, if Core initiatives generate insufficient incremental investment, the organization will struggle to meet its short-term financial and operational necessities unless it can secure other sources of capital.

CORE • NEW • WOW

New: Over time, these medium-term, moderate-risk priorities can replenish or expand a company's Core initiatives. Initiatives in this category typically represent 10-20% of a group's strategic investments in any given year. Importantly, this category would also include investments that an organization could perhaps reduce or even eliminate with little loss in order to redirect resources to more important Core or new-growth activities.⁴

Typical investments here might involve developing a risk-sharing relationship with several payers, adding a new service, or launching an improved product version. In addition, there might be many adjacencies worth considering in this category that either offer new services to current customers or existing services to new customers.

Wow: These initiatives comprise longer-term experiments or "pre-pre-feasibility" studies that might, in time, reveal transformative growth opportunities. This includes those "moonshots" that Google and mega-innovators like Elon Musk are fond of, but can also consist of classic investment options, such as new social-media platforms for offerings.⁵

No matter how seductive such innovation efforts might seem at first, however, beware of allocating more than 5-10% of resources and management time to them. The harsh reality is that most Wow initiatives will fail. For example, offering a new product to new customers has a very low overall success rate in business.

Why is building a portfolio of options, as depicted in Figure 4 above, so critical when facing uncertain futures, as is the case in funeral service? Rita McGrath, a professor at Columbia Business School, followed nearly 4,800 publicly traded companies with market capitalization exceeding \$1B and found that fewer than 2,400 increased their market value in real terms, while 8% of these firms managed to grow their revenues by at least 5% every year.

So, how did the "outliers" manage to outperform their peers so systematically? In the Core section of their innovation portfolio, the outliers:

- Promoted from within.
- Focused management on culture and shared values.
- Held on to talent.
- Did not make radical strategic or business/operational shifts.
- Maintained a reliable customer base.

At the same time, these successful outlier firms also were "rapid adaptors" and:

- Made small bets to diversify their existing businesses.
- Actively acquired new talent.
- Tried to build flexibility into operating processes so they could respond to unforeseen challenges.
- Sought to make their current operations ever more efficient and innovative.

CORE • NEW • WOW

McGrath concluded that companies that succeed over time tend to support both their Core initiatives and build New adaptive capabilities to meet their changing environments. She wrote: “Few companies manage to prosper over the long term. Those that do tend to be both more stable and more innovative than their competition.”⁶

With these innovation frameworks in mind, facilitators Schoemaker and Austin concluded by asking participants to brainstorm innovation opportunities for their own organizations (*based on Figure 4 above*), which yielded diverse suggestions, including:

Core Initiatives

- More focus on consumer thoughts and needs.
- Review our processes – are all essential?
- Improve accounts receivable.
- Staffing; garner more staff input and development.
- Greater emphasis on partnerships and relationship building across our community.
- More effort to incorporate staff into decision making.

New Initiatives

- Use artificial intelligence for obits, backroom tasks, etc.
- Hospice and clergy/celebrant training for all funeral home staff.
- Online planning/preplanning.
- Educating consumers via town hall meetings, other forums.
- New outside partnerships.
- Educational and interactive videos.
- Follow hospitality and hotel industry ideas.
- Partner with third-parties to give more service.
- New approaches to finding staff from non-traditional sources.
- Professional development opportunities for all staff tied to new incentive and reward programs.
- Broaden programs beyond funerals – event planners? event space?
- Acquire other firms.

Wow Initiatives

- Live chats through website.
- Repurpose space and funeral home for life events to make public space available to all entities.
- Funeral-home sponsored events, a la “Make-A-Wish” programs.

INTERESTING AND INNOVATIVE IDEAS

The primary objective of NFDA's 2023 Future's Forum was to foster a mindset of innovation in an industry that many view as "traditional" and even old-fashioned. The reality, however, is that many opportunities surfaced during the event that could dispel this stereotype. Here are some of the interesting, innovative ideas – ranging from New to Wow (see Figure 4 above) – that the teams generated. While some overlap occurs, each team emphasized aspects of what could be done in their own words, for their specific businesses:

- Serve special or unique food at services; therapy dogs; use more outdoor spaces; raise bar on licensing requirements to get better staff (is also a barrier to entry for rivals).
- Find non-traditional sources of workers; liaison with local event planners; remodel and refresh funeral home; pursue asset-light strategies; link more with hospices.
- Learn from other businesses, e.g., how dental staff reduce the doctor's own time; check what funeral home staff can do to lighten the work time of the funeral director.
- Vendors should cut out stuff (be more selective); put top performers on new tasks; network better; bring in outside talent at times and use freelancers part time.
- Present green/natural burials as normal/standard beside traditional ones; give green approaches more prominence and visibility in all formats.
- Give more support to licensees; invest in them as a community and celebrate; improve training models (included augmented reality); help students pass the exams.
- Tell the funeral story better in community; partner with hospice providers; leverage artificial intelligence to gain efficiencies and market funeral home better; pursue public sponsorships.
- More family contact before death; use social media better to connect and learn; don't just tell our story, yell it from rooftops with vigor, conviction and enthusiasm.
- Focus more on consumer needs (pull vs. push); explain better what a funeral director does; experiment; run quick tests; "To succeed faster, make more mistakes."
- Leverage IT; run semantic searches of calls, text messages and emails to mine data; start using artificial intelligence; try virtual-reality experiences and create a metaverse about death services.
- Take more risks and understand why not taking risks is the riskiest thing of all; the biggest mistake people make is not making mistakes (*according to See Sooner/Act Faster*).

Going forward, funeral business leaders and staff should:

- **Play with the various innovation ideas developed during NFDA's 2023 Future's Forum.**
- **Create small teams within their organizations who can explore these ideas further.**
- **Invest small financial amounts in pilot tests to see if some ideas are feasible.**
- **Continue or "pull the plug" as needed.**

PARTING THOUGHTS AND SUGGESTIONS

In addition, it is critical to keep in mind that innovation is an iterative process, involving setbacks and blind alleys. Therefore, remain patient and expect some failures, but always look for the silver lining(s) that every mistake can offer.

Moreover, leaders must decide which activities to reduce or terminate all together in order to make room for new initiatives. While it might feel tempting to just add more projects, if the plate is already full, little will happen, or it will be done poorly. Ideally, for every new project added, another activity of comparable resources and time-demands should be reduced. If that is not feasible, then a business might need to hire more people to handle the additional workload.

It is also important for vigilant businesses to keep an eye on how their competition is changing, and well as how new entrants could enter with disruptive models. Just as Uber and Lyft disrupted the traditional taxi business, the same could happen to funeral homes. Figure 5 shows a preliminary profile of a “virtual funeral home” that might offer consumers more value at lower cost. This scenario could become a serious reality in the future.

Figure 5: Attributes of Physical vs. Virtual Funeral Providers

	TRADITIONAL	VIRTUAL
Owns building and cars	Yes	No
Value proposition	Service	Low Cost
Local connections	Deep	Shallow
Family business	Yes	No
Offers detailed script of how to conduct a religious service with strong preference for burial	Yes	No
Favors one-stop shopping/full service	Yes	Flexible
Favors traditional customers	Yes	Agnostic

To explore such competitive threats more fully, 2023 Future’s Forum participants conducted a breakout exercise to see how funeral directors would “attack” their own business from the outside if they were attempting to enter the marketplace. Appendix B (page 20) offers insight into the possible vulnerabilities that teams identified.

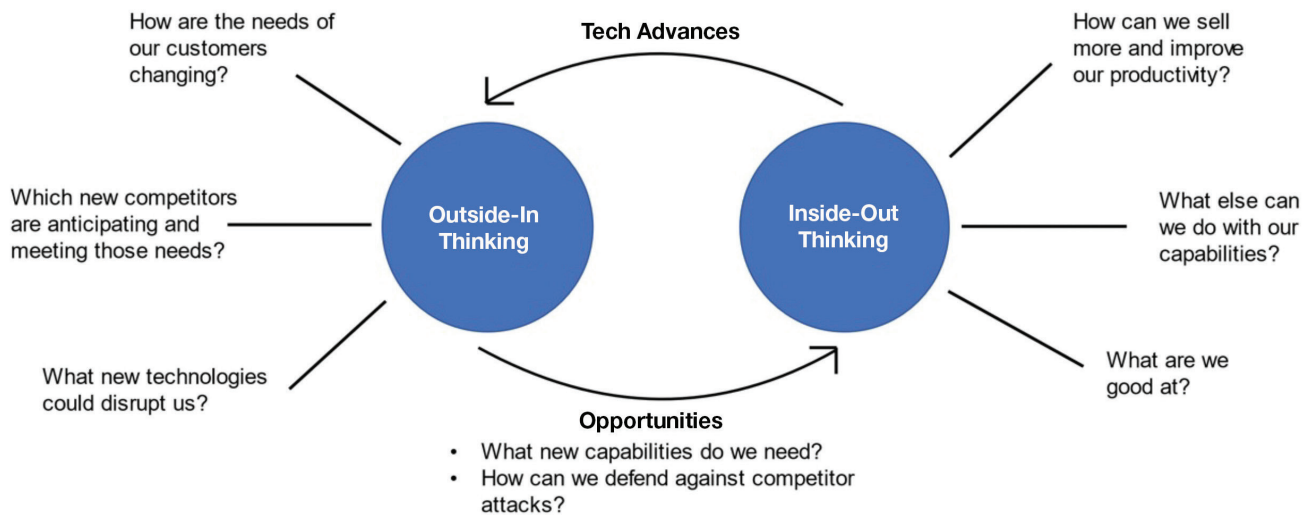
To better protect themselves, funeral homes need to become truly customer centric, as well as more daring about adding new revenue sources, reducing costs and attracting and maintaining talent. This means leaders should regularly switch back and forth between two distinct strategic perspectives (ideally, every week) and consider the business from the outside-in and the inside-out (see Figure 6).

BUSINESS MINDSET

The latter is the typical business mindset since it starts with what a company currently provides and how this can be offered/sold to more customers. This view favors a “push strategy” to better leverage existing assets and skill sets in order to satisfy current growth targets. Thinking outside-in is more difficult, however, because it requires ignoring the business at times in order to scan the horizon for threats or opportunities that might otherwise be missed.

Figure 6 illustrates these two opposite sides of the strategy coin, as well as a few central questions associated with each. Again, the challenge for leadership involves switching between these complementary perspectives periodically and integrating them, as much as possible.

Figure 6: Inside-out vs. Outside-in Thinking



Source: Day & Schoemaker, See Sooner, Act Faster (2019), Fig. 2.3, p. 30

Finally, every funeral provider and its management team should try some of the exercises conducted during NFDA’s 2023 Future’s Forum using the insights, charts and appendices included in this event summary. Doing so should provide enough grist to start your own innovation mill. Meaningful change can only happen if you try to implement some of the concepts, methods and ideas described here within your firm.

Concluding with another Benjamin Franklin quote – “If you fail to plan, you are planning to fail” – lasting organizational changes start with vigilant leaders who plan for different futures and then follow-up on any new insight through meaningful action in real time, fueled by a sense of urgency.

ENDNOTES

¹ E. Ries, *The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses*, New York: Crown Business, 2011.

² D.J. Teece, "Business models, business strategy and innovation," *Long Range Planning*, 43/2 (2010): 172-194, p. 173.

³ Percentage allocations are, at best, indicative based on the state of the industry sub-sector and the life cycle of the firm or entity. For example, with a start-up, there might be little Core; conversely, a more-mature business, in a fairly stable environment, might have relatively fewer Wow initiatives.

⁴ Patrick Viguerie, et al., *The Granularity of Growth*, Wiley, 2008, p. 75.

⁵ The "Strategic Pyramid" is based on McKinsey & Company's "Three Horizons for Growth" (see Steve Coley, "Enduring Ideas: The Three Horizons for Growth," *McKinsey Quarterly*, December 2009, mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth; and Vijay Govindarajan's "Box 1/Box 2/Box 3" framework (Govindarajan, "The Three Box Solution," *Harvard Business Review*, 2016)

⁶ McGrath, Rita Gunther, "How the growth outliers do it," *Harvard Business Review*, 90.1/2 (2012): 110-116.

APPENDIX A: NFDA 2023 FUTURE'S FORUM ROSTER

Randall Anderson, CFSP, CCO, Radney's Funeral Home, Inc., Alexander City, Alabama

Tyler Anderson, Precoa, Portland, Oregon

Bob Arrington, CCO, Arrington Funeral Directors, Jackson, Tennessee

Matthew Baskerville, CFSP, CPC, CCO, Reeves & Baskerville Funeral Homes, Coal City, Illinois

Lisa Baue, Baue Funeral Homes, Crematory & Cemetery, Saint Charles, Missouri

Anna Bernfeld, NFDA, Brookfield, Wisconsin

Carey Bliley, Joseph W. Bliley Funeral Home, Richmond, Virginia

Tim Bridgers, Live Oak Bank, Wilmington, North Carolina

Benny Capaul, Capaul Funeral Home, Ida, Michigan

Chris Christian, CFSP, CCO, Christian-Sells Funeral Home, Rogersville, Tennessee

Camelia Clarke, Paradise Memorial Funeral & Cremation Services, Milwaukee, Wisconsin

David "Andy" Clayton, CFSP, Indiana Funeral Directors Association, Indianapolis, Indiana

Allan Cole, MacKinnon & Bowes, Ltd., Toronto, Ontario, Canada

Charlie Cole, Tribute Technology, Middleton, Wisconsin

Darren Crouch, Passages International, Albuquerque, New Mexico

Christopher Cruger, Foresight Companies, LLC, Phoenix, Arizona

Amy Cunningham, Fitting Tribute Funeral Service, Brooklyn, New York

Jeri Lynn Davenport, Smith-Benton Funeral Home, Benton, Arkansas

Edward Defort, NFDA, Brookfield, Wisconsin

Mark Evely, CFSP, CCO, Wayne State University Mortuary Science Program, Detroit, Michigan

Christopher Farmer, NFDA, Brookfield, Wisconsin

Andrew Ferguson, The Ferguson-Rayam Funeral Home, Wallington, New Jersey

Tim Fish, Ring Ring Marketing, Las Vegas, Nevada

Daniel Ford, CFSP, CCSP, Alderson-Ford Funeral Homes, Inc., Cheshire, Connecticut

Jeffrey Fraley, CFSP, CPC, CCO, CCSP, Fraley Funeral Home, LLC, Moorefield, West Virginia

Steve Gackenbach, Matthews International, Pittsburgh, Pennsylvania

Chad Gavigan, Myrhum-Patten Funeral & Cremation Service, Kewaskum, Wisconsin

C. Lynn Gibson, CFSP, NFDA, Brookfield, Wisconsin

Courtney Gould-Miller, MKJ Marketing, Nashville, Tennessee

Faith Haug, Arapahoe Community College Mortuary Science Program, Littleton, Colorado

Milton Heard IV, CFSP, Hart's Mortuary, Inc., Macon, Georgia

David Hernandez Jr., CCO, Old Bridge Funeral Home, Old Bridge, New Jersey

Jackie Hook, Koch Funeral Home, State College, Pennsylvania

Vicki Jay, National Alliance for Children's Grief, Lubbock, Texas

Jake Johnson, Johnson Consulting Group, Scottsdale, Arizona

Anthony Kaniuk, NFDA, Brookfield, Wisconsin

Kathy Kelley, Answering Service for Directors, Media, Pennsylvania

Danielle Knapp, Iowa Funeral Directors Association, West Des Moines, Iowa

Mark Krause, Krause Funeral Homes & Cremation Services, Milwaukee, Wisconsin

Lavina Lau, Terrybear Urns & Memorials, Saint Paul, Minnesota

Rachel Mackey, CCO, DeVol Funeral Home, Washington, District of Columbia

Leili McMurrough, Worsham College of Mortuary Science, Wheeling, Illinois

Josh McQueen, Passare, Abilene, Texas

Jamie Meredith, C&J Financial, LLC, Rainbow City, Alabama

Joshua Meyer, Chaput-Buoy Funeral Home, Concordia, Kansas

Larnique Mickens, Heritage Mortuary, Inc., Las Vegas, Nevada

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William Wappner, CFSP, CCO, Wappner Funeral Directors, Mansfield, Ohio

Sumner "Jay" Waring III, Service Corporation International, Houston, Texas

Stephen Wickens, CFSP, CCO, Halbritter Wickens Funeral Home, Niles, Michigan

APPENDIX B: HOW WOULD YOU ATTACK YOUR BUSINESS MODEL?

Asked to role-play a new competitor attempting to enter the funeral-provider market and steal their existing market share, 2023 Future's Forum teams identified various weaknesses in their current business model and how they might "attack" these, such as:

- New building: start over
- Smaller facilities
- Hire a top team
- Rededicate space to event space
- One-stop shop (flowers, minister, catering, etc.)
- Use of electronic platforms to process insurance online, etc.
- Low cost; more savvy electronic reach
- Create new, very modern space and use it for all events (births, baptisms, funerals, etc.)
- Offer "light" funerals
- Flexibly serve different demographics

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dedicated to the support of funeral service professionals. NFDA provides its members with critical
information, innovative tools, resources and the professional community they need to serve families,
run sustainable businesses and become pillars in their communities.



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