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Differentiating Your Business In the Experience Economy

PHILADELPHIA – One of the biggest demonstrations of respect for a speaker is to have other keynoters cite your words in a presentation. Over the past 17 years, Jim Gilmore's words have appeared in countless presentations by other speakers whose own ideas build on those presented by Gilmore in his landmark work *The Experience Economy*.

Gilmore, along with B. Joseph Pine II, published *The Experience Economy* more than 15 years ago. It has been printed in 19 languages and recognized by 800-CEO READ as one of the top 100 business books of all time.

The authors, economists by trade, have worked with companies around the world. The book put forth the notion that “work is theater and every business a stage.” Transposing this notion to funeral service, Gilmore suggested that funeral directors stop focusing on consumer expectations and concentrate on uncovering families' unspoken and unknown desires and their need for a memorable experience.

Gilmore previously addressed the NFDA convention back in 1999 in Kansas City. Harking back to that presentation, Gilmore showed attendees one of the slides he used from a *USA Today* article that had been published just a few weeks before that presentation. It said, “Funeral homes fight for life.” The article

raised concerns about discounters and the rise in cremation, as well as the shifting marketing dynamic being brought on by the increasing popularity of the internet.

“It's been 17 years since I've been with you, but have the issues really changed all that much?” Gilmore asked. “It seems we are talking about the same things. And some of the issues have become more pronounced.”

So why are these still the main issues? The all-too-easy-answer, Gilmore said, is to blame it on cost – that people want to save money. “To me, that is the tail wagging the dog,” he said. “That is the symptom of more fundamental issues that are at play.”

Gilmore used a recent personal experience as an example. He shared with attendees the story of when his father-in-law died four years ago; he died from lung cancer, so the death was not unexpected. The man's five children gathered together about two months prior to his death to deal with issues they had to deal with. Gilmore's wife, whom he described as the quietest and most introverted member of that family, came home from this meeting and was visibly distraught. Gilmore asked her what was wrong, and she said the family had decided to cremate the father.

He said she knew in her heart of hearts that in no way did her father want to be cremated. “And I’m sure you’ve heard all of the rationalizations that went on in that meeting with the five siblings,” Gilmore said. “So I said to my wife, ‘You go back to your father and ask him, if it were to cost the same amount of money, would he prefer cremation or burial?’”

The decision was reversed when Gilmore’s father-in-law stated that he preferred burial. “I think people are not pursuing what they really want because the cultural forces have become such and the culture at large has gone along with it, that people are making decisions actually contrary to what they really want, and cost is their excuse,” he said.

Gilmore, who speaks to groups from many industries, asked attendees to think about their industry in these terms: “We are the only business on the face of the earth that ____.”

For example, the airline industry might say, we are the only business on the face of the earth that puts people in close proximity to each other. “That’s the source of most aggravation on flights,” Gilmore noted, “fellow passengers.”

For funeral service, Gilmore believes that it is the only business on the planet that is so closely associated with issues of faith and religion.

So what’s going on within funeral service? Why are the issues virtually the same as they were in 1999? Gilmore posed the question to attendees, asking, “Why do you still continue to struggle with these issues?”

In preparing to answer his own question, Gilmore quoted management consultant Peter Drucker, who once said, “Culture eats strategy for breakfast.”

Taking this into consideration, Gilmore stressed the importance of understanding what is happening in the broader culture. He said there were three reasons funeral directors are still dealing with the same things.

The first reason was coined by Robert Bellah, a sociologist whose book, *The Habits of the Heart*, suggests that more and more people have their faith defined by what he calls “Sheilaism.” This is based on a woman named Sheila who said she believes in a little bit of Roman Catholicism, a little bit of Methodist and, since she’s a fan of the Grateful Dead, she believes in (Grateful Dead guitarist) Jerry Garcia.

“The reason we have personalization where the tail is wagging the dog is because people are developing personal religions,” Gilmore said. “There are as many religions as there are people because people basically customize their own religion. People don’t care about traditions; they create their own personal traditions and those manifest eventually, like in Sheilaism.”

The second reason these issues are still on the table for funeral directors is the rise of the “nones” – those who don’t identify with any religious affiliation. Pew Research has found that 23 percent of the U.S. population describe themselves, in terms of faith, as “nones.”

Gilmore coined a term – “functional Hinduism” – for the third reason. He bases this term on the writings of *Newsweek’s* Lisa Miller, who, in 2009 wrote an article that basically said we are all Hindus now. “She was talking mainly about attitudes,” Gilmore explained. “By functional Hinduism, I mean that most people are living their lives as if they are Hindu. Some things are obvious, such as the popularity of yoga, veganism and the motivation behind tattoos, as well as the notion of karma.

When Gilmore made his case, he searched for an association about how people think about a deity.

“I need to have an equivalent in our culture for the 30 or 40 million gods of Hinduism; in Hinduism, there is a god for every purpose under the sun,” he said.

And finally, Gilmore said, it dawned on him. “The equivalent of the 30 or 40 million gods is the 30 or 40 million apps,” he said. “You might say you don’t worship your smartphone and you don’t worship the apps, but that just proves the point. The relationship for someone who is Hindu is not to worship the god but to use the god. It is very practical-minded.”

To further the comparison, Gilmore said that the very first thing more than 80 percent of Americans touch in the morning is their phone. “These are the cultural drivers,” he said. “This is a long-term change in behavior and attitudes where even people who don’t want certain things are getting sucked in by the cultural change.”

Gilmore said his father-in-law initially acquiesced to the argument for cremation because of the sorry excuse of cost. “I am not anti-cremation, but I am at least against doing it without thinking about what is happening,” he said.

Gilmore then asked attendees what they thought was the most telling technology of our times. The answer surprised everyone. It wasn’t the iPhone or iPad. Instead, Gilmore showed the audience a picture of a gumball machine with a long, spiraling ramp from the gum to the slot where the gumball is dispensed. “It’s called a gumball wizard, and it was invented by a company in Arizona,” he said. “There is no traditional, functional reason for this. It’s not a better gumball. In fact, it is exactly the same gumball you can get from many other machines. It is not a better service, and one could argue that it offers worse service because it takes longer [for the consumer] to get the gumball.

“It’s not about the features and benefits of the goods and services; rather, it’s about the gumball spiraling experience

that is wrapped around the traditional offering,” he said. This is what he wrote about in *The Experience Economy* in 1999. People want experiences, and that is what they most value.

With *The Experience Economy*, Gilmore set about to interpret culture and explain how culture manifests itself in business reality. As an experiment, he asked attendees to raise their hands if they had on their person a device capable of taking a photograph. Nearly every hand in the room went up. Gilmore remarked that in 1999, maybe three people in the audience might have raised their hand because they had brought a camera with them. Consider what that minor change had on culture.

To explain the history of economic progress over the last 200 years, Gilmore offered what he called his foundational model.

“If you go back nearly 200 years ago, everybody either lived or worked on a farm extracting commodities,” he said. The extracting of those commodities became the basis of the agrarian economy. Animal, vegetable and mineral were extracted from the environment and traded in markets.”

But then, through the development of new machinery, that work became automated and agrarian jobs went away. “People left the farm to go into factories, where the making of physical things became the basis of the industrial economy,” he said. “Eventually, the majority of people worked in

manufacturing. The very first things that were made were machines that automated the agrarian economy, such as the turbine, cotton gin and tractor. And so it took fewer and fewer people to extract commodities.

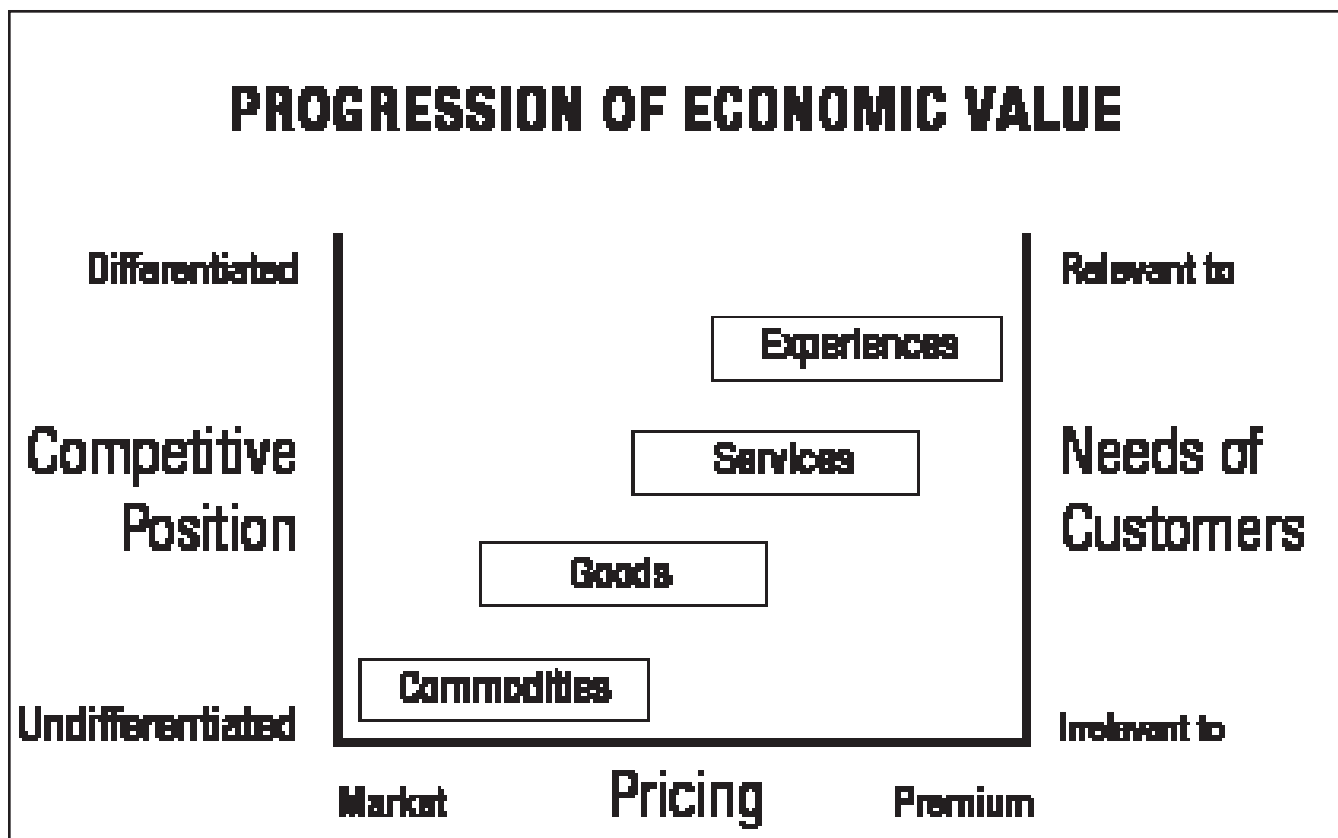
“We assimilated all automated manufacturing jobs,” he added. “The force of productivity automation hit manufacturing in much the same way it had hit agriculture. People left the factory to go into the service arena, where the delivery of services or intangible activities became the basis of the service economy.”

It was in the 1950s when the majority of people in the United States worked in services. Today, Gilmore noted that well over 50 percent of the gross domestic product of the United States and other advanced nations is providing services for people.

A United Nations survey from a few years back found that more people on the planet were employed in services than in agriculture. “Manufacturing is still number one because of all of the craft making in a less developed countries,” he said.

Circling back to U.S. statistics, today, less than 3 percent of the U.S. population works in agriculture, but “the United States extracts more commodities than ever before in human history by using fewer people,” Gilmore said.

“Less than 10 percent of the U.S. population works in



manufacturing, yet we make more goods than ever before,” Gilmore said. “That is the force of automation and productivity. Every four years in a presidential cycle, you hear people talking about bringing back hard industries, but they are not coming back.”

Today the United States is even automating service jobs, just as it previously automated agrarian and industrial jobs. “We wrote back in 1999 that we must shift to an experience economy,” Gilmore said. “If we are going to maintain prosperity and create jobs, we have to shift to an experience economy. We also wrote back then that experiences are a distinct form of economic output. Experiences are as distinct from services as services are from goods. We increasingly have to stage experiences. If you want to create value in the world, you have to stage experiences.”

Gilmore also wrote in the preface of *The Experience Economy* that we have to care about what kind of experiences are being offered. “If you don’t like the experiences being offered, offer different ones,” he said.

“Las Vegas understands that there is a fundamental difference between merely delivering a service and staging a compelling experience. Services are delivered upon demand. Experiences unfold over a duration of time.”

For example, Gilmore said he believes that Las Vegas is the epicenter of the experience economy. “Here’s what Las Vegas understands,” he said. “Las Vegas understands that there is a fundamental difference between merely delivering a service and staging a compelling experience. Services are delivered upon demand. Experiences unfold over a duration of time.

“In fact, Las Vegas understands that time is the currency of experiences,” he added. “It understands that when you get people to spend more time with you, they will spend more money with you.”

And that is a conundrum for funeral service since, by and large, consumers want to spend less time with funeral directors. “I think you need to restore the notion of spending more time,” he said.

Now, how do funeral directors look to get the consumer to spend more time with them? You don’t want to turn memorial services into Las Vegas shows. As an example, Gilmore offered a look at evolution of the birthday.

“When I was a little boy, my mother would make my cake from scratch,” he said. “My mother would actually touch commodities.”

This would be considered bizarre human behavior in the 21st century, but back in the day, mom might buy 10-20 cents’ worth of commodities.

In the 1970s, mom has stopped making cakes from scratch and instead goes to the grocery store and buys cake mix. She would spend one or two dollars, which is more than what buying the commodities would cost. The cake mix is a product made in a factory.

In the 1980s, parents stopped making the cake from even the physical goods and instead called the grocery store or local bakery to have a cake made. The cost would be about \$10 or \$20 depending on the variety of cake. Gilmore noted that the progression of economic value took the family to a considerably higher price point.

In the 1990s, parents not only outsourced the making of the cake, they outsourced the entire birthday party to the Chuck E. Cheese, Discovery Zone, a laser tag center or another birthday party outlet. “And parents willingly paid exponentially more than they would have for the raw materials to make a cake or even for the store-made cake,” Gilmore said.

“There is a parallel here between birthdays and death experiences,” he added. “The great thing about the birthday business is that somebody has one every day. People willingly pay for a birthday party experience.”

Gilmore even took his parallel one step further when he compared children walking around a Chuck E. Cheese establishment with coins in a plastic cup to old-time Las Vegas.

This model is particularly pronounced in life moments such as actual births, birthdays and marriages. “In issues in the intersection between matters of faith and commerce, it is fascinating to me how we’ve become quite comfortable in our culture when it comes to weddings and separating the two,” Gilmore observed. “For those who have a faith, we have a religious wedding ceremony and a separate experience for the reception. We have this matter of faith and then we have a separate event.”

Gilmore asked whether there could be a parallel between weddings and funerals. “Rather than have Las Vegas creep into the religious ceremony, let’s just think about

keeping them separate,” he said.

“Another parallel that really hit me is the relationship between a wedding planner and his or her customers,” Gilmore added. “I think a wedding planner exerts so much more influence over the wedding reception experience than most funeral directors do over the funeral experience.”

Gilmore bristles when he hears it explained to him that a wedding planner gets to control this much of the event because he or she is an expert.

And the funeral director is not an expert?

“So I am going to challenge you to put some ‘direct’ in funeral director,” he said. “We’ve been using that term for ages, and let’s talk about the nature of being a director.”

The word director does conjure up the image of the old Hollywood director’s chair, which Gilmore considers a useful image.

“A director’s chair is elevated – that signals authorita-

tive,” he said. “But a director is also seated, which cues conversational. In fact, to be a good director, the funeral director should blend those two aspects – knowing when to be prescriptive and when to be collaborative.

In Part 2 of this article, Jim Gilmore talks about putting more “direction” in funeral directing.

MBJ

It’s All About the WHY

By Alan D. Wolfelt, Ph.D.

FORT COLLINS, COLORADO – Did you see the recent *Wall Street Journal* article about how the funeral industry is reinventing itself to remain relevant and financially rewarding?

In it, several funeral home leaders tout the tack they’re taking. One mentions their multisensory experience rooms. Another champions cremation urns. A third says they’ve abandoned the term “funeral director” in favor of “celebration event coordinator.”

Huzzah to the awareness of the need for continuous change and improvement. Hear, hear to finding ways to innovate and meet the needs of the new customer. But shame on the appalling absence of a call to educate families about the essential purposes of funerals.

When someone we love dies, we grieve. This is a natural and necessary process. Though they include many of the same elements as other major life ceremonies and may, of course, offer moments of levity, funerals are not celebration events. They are essential rituals that help us survive, embrace and express our grief surrounded by the support of others.

If funeral service is to survive, it must rally around why

funerals exist: to provide a structure for healthy mourning.

Families who don’t understand the “why” of the funeral will continue to devalue it. As management expert Simon Sinek has said, “People don’t buy what you do – they buy why you do it. And what you do simply proves what you believe.”

So I ask you: What do you believe? Holding a funeral against the backdrop of a panoramic beach video is all well and good, but if it’s not deeply personal to the mourners, if it’s not accompanied by elements of ritual and if the family doesn’t get what the funeral is really for in the first place, you’ve just created another empty experience.

Good luck when the equally innovative funeral home across town builds its business on the “why” instead.

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Alan D. Wolfelt, Ph.D., is a respected author, educator and consultant to funeral service. He advocates for the value of meaningful funeral experiences in his workshops across North America each year. For more information, call the Center for Loss at 970-226-6050 or visit www.centerforloss.com.

The Notebook

The Signature Group has acquired **Ott & Lee Funeral Homes** from the Lee family. Ott & Lee consists of four funeral homes in the greater Jackson, Mississippi, area, including Brandon, Morton, Forest and Richland. During its 82-year history, Ott & Lee grew to become one of the largest independent funeral home operations in Mississippi.

Close to 30 funeral homes across Connecticut will welcome public donations of unwrapped toys and gift cards for the Connecticut National Guard's Operation ELF collection drive between today and November 30. For the past 11 years, members of the **Connecticut Funeral Directors Association (CFDA)** have made personal donations of toys, gift cards and funds for Operation ELF (Embracing Lonely Families). That yearly collection drive has been so successful that the professional funeral service organization is encouraging Connecticut residents to join it in a statewide collection drive. "Our family of Connecticut funeral directors and suppliers is expanding our annual Operation ELF collection drive to encourage state residents to assist military families who could use help during the holiday season," said Howard K. Hill, 2015 and 2016 president of CFDA. "By doing this, we add 28 new Operation ELF drop-off locations to supplement the wonderful efforts of our four major sites. We ask everyone to step forward, take a few minutes of their time and come donate an item that will mean so much to another Connecticut family." In addition, on Thursday, December 1, from 8:30 a.m. to 6 p.m., people also may bring unwrapped toys and gift cards to CFDA's annual convention at Radisson Cromwell Hotel at 100 Berlin Rd. (Route 372) in Cromwell.

All items collected by CFDA will be delivered directly to Operation ELF, which assists the families of Connecticut National Guard soldiers and airmen who are deployed during the holidays and provides a wide range of support to military families throughout the year. Needed are donations of unwrapped toys for young people of any age and gift cards of any dollar value to grocery, department and home supply stores, gas stations and pharmacies. "We are grateful that our military men and women have bravely answered the call to duty. Operation ELF makes that deployment just a little bit easier for their families," said Lt. Gov. Nancy Wyman, who launched Operation ELF's 15th annual collection effort earlier this month with Maj. Gen. Thad Martin, adjutant general of the Connecticut National Guard. "I applaud the Connecticut Funeral Directors Association for their support and thank them for supporting Connecticut's troops."

In 2015, Operation ELF distributed more than \$10,000 in gift cards to military families in need, its Adopt-A-Family program supported more than 125 military families and hundreds of toys were distributed to children of soldiers and airmen.

Starmark Cremation Products has added a fourth size to its Sure-Lock urn product line. Like the other sizes in the Sure-Lock line, the new offering features the patented Sure-Lock lid latch, which holds tight during shipping. Earlier this year, Starmark introduced two additional sizes in white to complement the regular black plastic model. The medium Sure-Lock urn holds approximately 106 cubic inches and the small Sure-Lock urn has a capacity of about 67 cubic inches. The brand-new extra-small white Sure-Lock urn holds approximately 36 cubic inches. Every Sure-Lock urn will fit inside a standard white cardboard urn mailer also available from Starmark. Sure-Lock urns come with small plastic bags and ties for placement of cremated remains inside the urn.

Quinn Eagan, president and founder of Preneed Funeral Program, has been named one of New Orleans CityBusiness' 2016 Money Makers. Eagan has worked in the funeral profession for more than 30 years and has been a valued Homesteaders partner for more than a decade. "Quinn is a force in his industry," said Steve Lang, Homesteaders chairman, president and CEO. "We are proud to be his business partner and congratulate him on this well-deserved recognition." The award recognizes financial professionals whose work has set the pace for their company. This year's honorees were chosen based on their involvement in their industry and community, as well as on their achievements and innovation.

"Success is not something easily achieved," said Steve Shaffer, chief operating officer. "Anyone who knows Quinn well knows of his passion to win and his commitment to his partners and, most of all, to his family and friends! This recognition is hard earned and I give him my heartfelt congratulations."

An Overused Example

During his special engagement at the recent National Funeral Directors Association International Convention & Expo, Jim Gilmore, author of *The Experience Economy*, talked about the last time he'd appeared before NFDA members. It was back in 1999 at the convention in Kansas City, and Gilmore observed that the hot-button topics at the time included the rise in discount operations, the increasing cremation rate and how the internet had changed consumer shopping and buying habits.

Now here he was again, 17 years later, noting that funeral service is still grappling with these same topics, an observation that begs the question: Is funeral service a rapidly changing profession or has it been slow to respond to the changes that have taken place? Since the issues Gilmore observed are pretty much the same nearly two decades later, the latter is probably more in line with what is happening.

The Experience Economy was written to help businesspeople understand consumers and communicate properly with them. It is based on the fact that if you expect consumers to be interested in what you are talking about, you have to be educating them on the product or service right out of the gate.

Gilmore offered the evolution of the birthday party as an example of the history of economic progress – from an agrarian economy based on commodities to an industrial economy based on physical goods to a service economy based on performing services to an emerging experience economy such as today, where people pay a premium for personal events that engage them in a memorable way.

As an example, for a young boy's party in an agrarian economy, a mom would make a cake from scratch, which would cost about 10-20 cents for the commodities. Fast-forward to the 1970s, when many moms stopped making cakes from scratch and instead bought cake mixes, which retailed for about \$1.50 for the physical goods to make the cake. In the 1980s, maybe mom stopped making cakes from the physical goods and would instead call a store and have the cake made, which might run about \$10-\$20.

In the 1990s, parents not only outsourced the making of the cake, they outsourced the entire birthday party to places such as Chuck E. Cheese, and they spend hundreds of dollars for a birthday experience.

In general, funeral service today has been commoditized. What are the differentiators and how are those differences being communicated to consumers? Today's consumer expectations of funeral service are so low that a funeral is a funeral is a funeral...

However, using the well-worn Starbucks analogy, people will pay a premium for an experience you provide. Of course it's an overused example, but it is still accurate – and based on an everyday item like a cup of coffee. It stands to reason, then, that a once-in-a-lifetime event – the memorialization of someone's life – should deliver the same compelling and unique feeling that the celebration of a life of a loved one deserves.



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