

Memorial Business Journal

The weekly resource for progressive funeral directors, cemeterians and cremationists

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This Issue:

FFDA Fallout	P. 1
Anderson-McQueen Launches Alkaline-Hydrolysis Service....	P. 3
The Notebook	P. 6
From the Editor's Desk	P. 7

FFDA Fallout

Two New Business Consulting Firms Form in Springfield, Ill., In the Wake of Federated Funeral Directors of America Sale

SPRINGFIELD, ILL. – Two new firms offering accounting, tax planning and consulting services to independent funeral homes have formed within the past two weeks following the sale of Federated Funeral Directors of America. Both firms will be located in Springfield, the same city where FFDA is headquartered.

First, David Nixon, who has been advising independent funeral home owners for more than 30 years, announced he has launched Heartland Funeral Solutions, LLC. Nixon has been a business owner for 25 years, which includes 17 years as an owner of a funeral home accounting service. “In a way I am going back to my roots,” he said. “In 1999, I was also the chief architect in charge of creating a new funeral home accounting software; software that is still in use today at one of Federated’s subsidiaries.”

Heartland offers several levels of accounting and consulting services depending on your individual needs; from more traditional funeral home accounting to more computerized web-based options, from pure numbers to pricing and packaging opportunities.

The venture, which will operate as an affiliate of Nixon Consulting, Springfield, is a partnership with Robert Cameron,

CPA, and owner of Cameron-Smith & Company, also of Springfield. Cameron, who has served as the accountant for Nixon Consulting for the past eight years, is currently chairman of the Illinois CPA Society.

Next, nine former employees of FFDA have struck out on their own in the wake of FFDA’s acquisition by Fiducial Business Centers, a global business accounting and consulting firm with U.S. headquarters in Columbia, Md.

Their new company, Professional Funeral Alliance, Inc., will provide accounting, tax planning and preparation, financial analysis, business valuation, succession and estate planning, and other consulting services to funeral service.

Tom Flynn, who was previously advanced planning manager at FFDA, said that after FFDA President John Rodenburg laid out to the staff his intention to sell the company, the group decided the change wasn’t for them.

“[FFDA] had a representative from Fiducial come in and meet with all of us,” Flynn said. “The group decided that it wasn’t for us as far as working for a conglomerate company. We didn’t feel that conglomerates were well received within our industry especially when it comes to our independent funeral

work, so we chose another path.”

The meeting took place days before Rodenburg issued his announcement to clients that the sale had been completed.

Professional Funeral Alliance is comprised of 10 employees, nine of which were with FFDA, and are equal partners in the new venture. Four members of the group were with the Advance Planning department at FFDA (Flynn, Sam Seiz, Bob Jamison and Ryan Nowakowski); two were field reps (Dan Garner and Mike Hakeman); and three were executive accountants (Jeff Burris, Karla Hart and Brian Voights). “Sarah Croft was going to come to work for my department at FFDA, we had planned to hire her so now she is coming with us on our new venture,” said Flynn, who is serving as president of the new entity.

In announcing their respective companies, Nixon and Flynn emphasized the same message – independence.

“Many independent funeral home owners have expressed their concern and uneasiness over the recent sale of Federated Funeral Directors of America to a large global consolidator, originating in France,” Nixon said. “Federated followed the path of a family business – for nearly 90 years. It appears that Federated chose a different direction with this announcement.”

Nixon added, “Change can be good when you initiate it, when you guide it, and when you understand it. How do you feel when change is unexpectedly thrust upon you? At Heartland, we still feel the relationship between independent funeral service and an independent accounting service continues the standard we each value so highly - especially since we both face the same small business challenges.”

Said Flynn, “When you have an 86-year-old company that has been totally independent and now they are selling to a big conglomerate it shakes it up a little bit.

“We wish Federated the best and it just wasn’t for us,” Flynn added. “For my group, the stuff we have been preaching for our entire career didn’t look like it was going to continue in that fashion.”

John Rodenburg, president of FFDA, said the departure of some staff and the heightened competition is just business. “The quote I like to use is that Indiana is the hot bed of the casket industry and Illinois is the hot bed of funeral accounting service,” Rodenburg said.

“It’s one of those things that happens all the time if you talk to small business people,” he added. “I am amazed at the number of funeral directors who are sympathetic because they have a licensed director who goes to the business across the street to a competing funeral home. It is not unusual for a funeral director to strike out on his own and compete with his old firm.”

Rodenburg said he was not surprised by Flynn’s departure. “Tom has always wanted to run his own company and this is America and that is a great ambition to have,” Rodenburg said. “He needed a reason to get moving. [The sale] was like an impetus.”

And for FFDA, it has been business as usual since the announcement of the sale. “We’ll continue to do all the tax planning for sales and buys that we have always been doing,” he said, adding that the firm is moving forward.

“We have the infrastructure, experience and staff to continue to move forward,” he said. “It will provide an opportunity for other people in federated to move up. We have 200 or so employees, depending on the time of year, and we have young people that are well qualified we can promote.”

Fiducial has a worldwide presence through its European and American subsidiaries and with its affiliation with the Fiducial International Network, a global association of almost 1,800 members and correspondents in 78 countries that delivers a global turnover of \$1.5 billion in accounting, legal and consultant services.

Anderson-McQueen Launches Alkaline Hydrolysis Service

ST. PETERSBURG – In what seemed to be an interminable, painstaking process to get all the permits in place to launch a commercial alkaline hydrolysis-based method of disposition, Anderson-McQueen Funeral Home is finally serving families who opt for this new method of processing human remains.

While the process itself is called alkaline hydrolysis, Anderson-McQueen is using the term bio-cremation in its approach to consumers. The process has generated its fair share of coverage both inside funeral service as well as in consumer publications.

John McQueen, president of Anderson-McQueen, answered a series of questions about the process as the company finally moved from the planning phase to the action phase.

This has been a long process for you. What was the inspiration for Anderson-McQueen to explore this option?

JM: We were inspired by two main objectives. First, we are huge believers in providing options/choices to our families. We believe as funeral professionals, it is our job to educate families on what is available and let them make an informed decision. As we preach to our staff, it's about "every option – every family – every time."

When we were approached by Matthews to partner with them on this exciting project, we felt this would be a great fit because it would provide us with another option for families. We also were excited because we prefer to be the first to offer things in our marketplace and let the others play catch up. The second reason, we as the "green movement" continues to grow within our country and many families are concerned about the reducing the footprint they leave behind, we wanted to be able to offer a more environmentally friendly option for them. We live in a marketplace that is 70 percent -plus cremation so offering a "green burial" section in our cemetery did not make as much sense to us as offering a "green cremation" option.

The application/permit process has been a very complicated detailed aspect of this process, could you describe what permits you needed to secure and how this was handled by the various municipal, county and state agencies you had to deal with?

JM: Actually, the permitting process will not be that difficult for most future Bio-Cremation clients. The main reason things were as difficult as they were for us is because we were the first and both our city as well as Matthews and ourselves wanted to make sure we were protecting our local citizens and the local environment. We also knew that we would be the standard by which others would follow and therefore we wanted to ensure that we dotted all of our "I's" and crossed all of our "T's".

So, our first step was getting the Florida legislature to approve alkaline hydrolysis as a form of cremation. This process was not very difficult as our legislators and regulators are very visionary here in Florida and they too see how this process is simply another means of providing cremation.

After that, it was time to deal on a local level, which required us to obtain the necessary "water quality permits" for our wastewater treatment system. We were fortunate in that our city officials, especially Mayor Bill Foster, were very positive on the process. Perhaps it was in part because Mayor Foster once worked in a funeral home during his college years or maybe because St. Petersburg was the first green city in Florida.

However, Paul Zimmerman with the city's water department wanted to insure that we were definitely in compliance with the requirements for the wastewater before providing us a permit. Being the first meant we had to obtain numerous samples from other institutions such as the Mayo Clinic and provide that sample data to the City of St. Petersburg. This process took some time to occur.

However, after proving to the city that any discharge will be below the permissible limits with respect to the pH factor, the city provided us with their approval and our permit. After that, construction began on a new building adjacent to our crematory that would house much of the mechanical items such as the Boiler, KOH system, etc.

The time line could have perhaps been shortened had our city had different building code requirements that would have allowed us to fit all of the equipment into our existing building. Unfortunately, the building codes for boilers required certain clearances and pipe orientations and all of these special requirements made it very difficult to fit those items into our existing structure.

Going forward, future users will have data to support their installations because Matthews will be able to provide it to them from our project as well as from the city of St. Petersburg.

The best advice I could give them would be to check with their local architect on the city ordinances in their area so they can plan ahead and not be caught off guard about whether or not they can fit everything in their existing building or not. Of course, in the long run, we feel that the new building is actually a positive as it separates the more mechanical portion of the operation from the more dignified portion that the families will see.

During this process as word about what you were doing was making its way through your service area, what was the feedback you had been getting?

JM: We received press on this early on from our local FOX affiliate. The story focused on this new option and overall was a positive piece. We could have done without the lawn sprinkler shot at the very end but other than that, we received a lot of comments personally from people who either thought the process sounded cool or wanted to know more about it.



Bio-cremation unit at Anderson-McQueen Funeral Home in St. Petersburg, Fla.

We learned quickly that the primary question that everyone asked is, “Do you still get ashes back or does it simply dissolve everything?” Obviously, now that we were getting close, the BBC came over in August and filmed the progress and ran a story around the end of August/early September. Unfortunately, the BBC producer had the reporter change the heading on their article before it was released to say ‘Liquifying Bodies...’

When the story broke on the BBC wire, all of the various media sources went crazy and came out of the woodwork. Our local stations, Fox 13 and News Channel 8, as well as Bay News 9, did commendable jobs on reporting the information. However, many of the news agencies grabbed onto the “Liquify” part and stayed with it, which made the process sound negative to some. Unfortunately, many of those agencies were more concerned with selling the news than reporting the facts.

We did have several environmental shows come and film or interview and they did a very good job. Also a video by Reuters was just completed where they interviewed one of our families who chose the option. I think it is an excellent piece that really tells the story and the benefits of Bio-Cremation as opposed to simply sensationalizing it. *(The video can be seen at www.reuters.com/video/2011/10/10/chemical-cremation-offers-green-alternat?videoId=222399882)*

The WTSP10 article mentioned pH level, what is the allowable level of pH in a discharge. WTSP10 is not on my favorites list right now [since they] titled their article, “Flushing Dad down the toilet?” This reporter was definitely trying to get the scoop ahead of everyone else and finally tracked me down on my cell phone at a meeting around 7 p.m. and ran his story at 11 p.m. Too bad many of his facts were incorrect. For example, it is not located at our facility on MLK and 22nd Ave N as he reported. Of course, when you haven’t visited the facility or seen any of the technology, it is difficult to actually report on facts. It is much easier to sell the news by building up hype. He did a good job of that.

As for the pH limits, the city of St. Petersburg requires that the alkalinity pH cannot exceed 11.5 going into the wastewater. Our pH is below that number – typically somewhere between 10-11. As I understand it, this number may vary by each municipality but ours is 11.5.

What was the most difficult aspect of this process for you?

JM: Fortunately, since we chose to partner with a leading company in cremation (Matthews) we are both committed to ensuring that everything remains at the level of excellence that we have built our reputation on. Both Matthews and our contractor have worked diligently with myself and my wife, Nikki, to ensure we maintain the right appearance in all facets of our crematory operations.

We are committed to providing a “Disneyesque” feel to all that we do including Bio-Cremation and we have been able to achieve that feel. Therefore, I would have to say the most difficult part has been keeping up with all my other duties as I have been dealing with this onslaught of media convergence. In fact, we had not planned on the media coverage to break when it did so I was already in the midst of converting our computer servers and all of the workstations at every one of our funeral homes over to a new system.

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Anderson-McQueen ad used to promote new alkaline hydrolysis services.

Then, came the media. I commend my wife and all my staff on working so diligently to make sure all these various projects have come together in the midst of chaos. Now that the equipment is fully operational and the other projects are winding down, life is getting back to normal again.

Then you finally received the green light to process case No. 1

JM: Actually, in the first week we offered it to the consumers, we had five families sign up for it. Of those 5, we have already completed each of those bio cremations. We also sold several preneeds on it too. Most interesting and exciting to me is that the first family that chose it actually came to us from another local funeral home.

This process is an exclusive of Anderson-McQueen and we had another funeral home contact us asking if they could bring an individual's remains to us and have us perform the bio-cremation for them. I told them that although I like to assist my fellow colleagues, I could not grant this request as this is exclusive to our firm. About 20 minutes later, we received a call from the husband of the deceased requesting that we transfer his wife into our care. We explained that the process would not actually be available for another week and he said that was fine with him, as he knew this is what his wife would have wanted. From there, the positive response and the families choosing it has grown.

Could you describe the marketing effort for this new offering?

JM: Initially, we had intended to really focus our efforts on the environmental aspects as you can see from our attached logo that reads, “Green Cremations by Anderson-McQueen...”. However, as we did some community focus groups among those we know, we have changed our presentation. We still provide the information on the environmental aspects and we still use our logo, but we really focus on the “choice” concept now. We simply state that when it comes to cremation, at Anderson-McQueen, you now have a choice. The choice is either flame cremation or flameless cremation. We then explain the various options to families.

From a public relations/marketing standpoint, in addition to ads that talk about flameless cremation, we are also planning a VIP Invitation Only reception and ribbon cutting ceremony. This event will be held at our Bio facility and we are inviting legislators, local politicians, community leaders (clergy, hospice, nurses, doctors, attorneys, and other influencers).

We have already done one educational event for our local Hospice with two of their teams and every one of the nursing teams thought this new process was going to be the future of funeral service. We will also be holding seminars/tours of the facility for the general public to come and learn about this new process. We did this when we built our crematory and it was extremely successful, not just in educating the public that there is a difference in crematories and providers, but also in boosting preneed sales. We anticipate this same process/results will occur with the bio-cremation seminars. We have one scheduled for later this month and another for early November.

MBJ

The Notebook

Aurora Casket Company, Aurora, Ind., has acquired Rob-Win Press, a memorial stationery company based in Allentown, Pa. For more than 70 years, Rob-Win Press has printed and manufactured memorial stationery and register books for funeral professionals. “Many of the leading funeral service providers offer Rob-Win memorial products to their families,” said Bill Backman III, president of Aurora Casket. “Their reputation for American-made quality products is highly regarded, and this acquisition allows us to offer a broader solution to our funeral home clients. Aurora is singularly committed to funeral service providers and helping them create an honorable closure to every life.” Aurora will be introducing a full assortment of stationery products later this year. The manufacture and assembly will continue at Rob-Win’s facilities in Pennsylvania. Current Rob-Win customers should continue to contact Rob-Win for orders. Thomas R. Cook, president of Rob-Win, and Edwin Jarvis purchased the company in 1977 and have introduced many product and technology innovations at Rob-Win, including the broadest offering of the licensed designs of artist Lena Liu.

Two new additions at Florida Hospital Memorial Medical Center are catching the attention of employees and staff alike. Nancy Lohman, member of the Florida Hospital Memorial Medical Center Governing and Foundation Boards of Directors, and her family donated two male swans to swim the pond in front of the hospital’s Comprehensive Cancer Center. As owners of **Lohman Funeral Homes**, Lohman and her family created a private estate garden at Daytona Memorial Park complete with a lake and their very own swans, five years ago. “For five years, we’ve had families tell us how peaceful, tranquil and serene the swans made them feel at our garden,” Lohman said. “When my husband, Lowell, and I toured the Comprehensive Cancer Center and saw the infusion room that overlooked the lake, we thought that the cancer patients would appreciate that same beautiful, tranquil feeling the swans bring.” Lohman was right. “While the lake has always served as a place of serenity and peace for our patients receiving infusions and chemotherapy, the swans have added a new dimension of life,” said Luis Chanaga, Comprehensive Cancer Center’s Executive Director. “Now it is more than a beautiful panoramic view, but a place for patients to view nature. When they see the swans, they are immediately filled with happiness and joy.” Both the employees and patients of Florida Hospital Memorial Medical Center submitted their ideas for what to name the pretty pair – 216 suggested pairs of names in total. Members of the executive team selected their three favorite pairs of names, and the final decision was made in an employee vote. And thus, the names Faith and Hope were given to two newest members of the hospital care team.

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Above left: Nancy Lohman (far right) and Lowell Lohman (2nd from right) are pictured with the Florida Hospital Memorial Medical Center staff, while the two swans get acclimated to their new surroundings.

StoneMor Partners has completed the acquisition of three cemeteries and three funeral homes in Tennessee. The cemeteries and funeral homes were purchased out of a state court-appointed receivership. StoneMor’s investment in this transaction, including advances to trust shortfalls, totaled approximately \$5 million in cash. These properties are expected to contribute approximately \$4.7 million to the value of contracts written and \$5.4 million in production-based revenue during their first year of operation. Although there is no assurance of future performance or increased distributions to unit holders, historically, StoneMor has been able to improve revenues and operating profits of acquired properties. In the last 12 months, the cemeteries that have been acquired performed approximately 900 burials and the funeral homes conducted approximately 750 funerals. Each of the acquired cemeteries is expected to benefit from the company’s existing operational management structure. This acquisition is expected to strengthen the company’s current market position in Tennessee. Currently, StoneMor operates eight other cemeteries and two other funeral homes in Tennessee.

The Next Chapter

With the bio-cremation process up and running at Anderson-McQueen Funeral Home in St. Petersburg, Fla., it is interesting hearing the comments of families who have opted for the process.

Reuters quoted a man whose father had died recently and was among the first to use the alkaline hydrolysis process. The man said that before his father died, he requested to be cremated. The son said he liked the eco-friendly benefit but found it more appealing knowing that his father's body "is not going to be scorched."

His statement sounded familiar to that of a family who chose alkaline hydrolysis from the Edwards Funeral Service in Columbus, Ohio, earlier this year. The man said he was opposed to cremation.

So as this chapter ends, the next chapter is going to be about how this process is going to be embraced – not just by the general public but by the profession. Since Anderson-McQueen, for the moment, is the only funeral home currently offering the process it will be interesting to see if this helps the firm extend its service area. And if the first week is any indication, it probably will.

Checking in with Steve Schaal, president-North America Region for Matthews Cremation, the firm that supplied the equipment used by Anderson-McQueen, he said that the company has two more installations in 2011 and is currently working on six projects for 2012.

"It's a slow procedure as you fully understand but the Anderson McQueen project is coming along nicely," Schaal said. "John McQueen had four Bio Cremation services in its first week of introduction to the St. Petersburg market.

"Certainly now that we have a working model, it will make the permit process exponentially faster to manage versus the trail blazing we did on this first installation," Schaal added. "Because our system is designed for the funeral industry, we're spending a lot of time on the attention to detail and tweaking the integration into a funeral home environment."

Aside from the processing of the remains, Schaal said that Matthews has developed items designed for the visitation. "We designed a rental insert for the casket for viewing purposes that can go from the casket into the cremator," he said. "We worked with a leading clothing supplier to provide a line of silk men/women clothing apparel for this process. All of these elements are essential in our eyes if we are going to make this a viable alternative for arranging families."

This next chapter will be most interesting now that a database is being developed. The process is not expected to go main stream at a viral pace but Schaal's comment about including elements that are essential, especially to educate consumers about the memorialization options that exist with any disposition option.



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