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DANGER AHEAD

Funerals Go Co-op in Seattle (Blame SCI)

The People's Memorial Funeral Cooperative explains how and why they got into the funeral business in a June 12 press release:

People in Seattle love doing things the cooperative way. Whether it's buying their groceries at a natural food co-op, getting their medical care at a healthcare co-op, childcare at a preschool co-op, recreational equipment at an outdoor sports co-op, living in co-op housing, or even medical marijuana through a buyer's co-op. Now, consumers in the Seattle area have the option of handling their funeral arrangements through a co-op as well.

The People's Memorial Funeral Cooperative (PMFC) opened its doors on June 11 with some 100,000 members. The funeral cooperative was established so that anyone who is a [one-time \$25] member of People's Memorial Association (PMA) is also an owner/member of the funeral co-op.

PMA, the first memorial society in the country, was formed in 1939 to educate and empower consumers and create an alternative to the high prices and high-pressure sales of the funeral industry. Over 172,000 Washington state residents have joined PMA since it was founded. "The need for an alternative funeral option is perhaps even greater today than it was in 1939," says John Eric Rolfstad, executive director of PMA.

The last decade has brought huge corporate consolidation to the funeral industry. In the 1990s, many family-owned funeral homes were sold to corporations — even though the

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family name is still on the sign. Last fall, the largest funeral corporation in the world, **Service Corporation International** bought the second-largest funeral corporation, **Alderwoods Group**. Ultimately, it was this consolidation that forced People's Memorial Association to form a co-op. For most of its history, PMA contracted with **Bleitz FH** to provide simple, low cost cremation and burial services to its members.

Several years ago, SCI bought Bleitz and last year, they cancelled their contract with PMA, stating they could not make enough money off its members. People's Memorial Association then contracted with funeral homes from the Alderwoods group. In November 2006, Alderwoods was bought by SCI and the corporation demanded a 65 percent increase in the PMA cremation price. When the PMA board refused, SCI again cancelled the funeral home contracts with People's Memorial.

After shopping around for other funeral homes in Seattle, PMA found none willing to serve its members at the low prices they have come to expect. Out of this crisis was born the vision to form a funeral cooperative. With just 90 days to get the business up and running, the board and staff scrambled to put it together...

According to Rolfstad, the trend in corporate funeral pricing is to make cremation as expensive as burial, so that even though more and more Americans are choosing cremation, the corporations can continue to increase their profits without selling caskets. This has less to do with offering consumers a fair price and more to do with offer-

ing shareholders a higher dividend.

The member price for a simple cremation at the funeral co-op is \$649. Several area funeral homes charge more than four times that amount for the exact same thing. People's Memorial burial plans are one-third to half the price at other funeral homes. PMA members also get the guarantee that they will not receive any sales pressure to upgrade merchandise or services.

Source: People's Memorial Association

Forty-four years after publication of "The American Way of Death" and eleven years after the demise of its author, **Jessica Mitford**, her chickens may be coming home to roost. The funeral industry got a little breathing room a few months ago when it successfully thwarted **Hope Hospice's** plan to open a funeral home in Florida, but deathcare-as-we-know-it might be in big trouble if memorial societies across the country find their only option to keeping funerals affordable for their members involves opening their own funeral cooperatives. (Similarly, no matter how big and expensive a fight health insurers, drug companies, and hospitals wage against the spectre of universal health care, when a system is irretrievably broken, new solutions eventually emerge.)

There are, what, maybe 20,000 funeral homes in the United States staffed by 50,000 licensed funeral directors? That hardly stacks up against 100,000-plus memorial society members in Washington

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State alone, plus another 115 affiliate organizations throughout the U.S. with combined memberships approaching 400,000.

NFDA can argue the "value of a funeral" until the cows come home but if consumers can't afford or don't want a \$10,000 send-off for Mom, Dad, or Aunt Sally, they'll find a cheaper way to get it done.

And affordability appears to be gaining on personal preferences. People may be living longer but on the whole, they're dying poorer. Google "credit card debt," and you'll come up with 12.4 million studies, papers, and opinions on how the population is digging itself into a financial black hole. There are 1.1 million electronic links to "insufficient retirement savings," and 1.6 million regarding "high priced funerals."

But back to the scary reality: Although separate entities, People's Memorial Association recently moved to larger quarters so it could share office space with the newly formed funeral cooperative. Not anticipating ever owning its own bricks and mortar funeral home, PMFC president **Ruth Bennett** foresees the co-op owning its own crematory in the near future. "Ninety percent of our members choose cremation," she says, "and for 80 percent of them, it's a direct cremation. Families generally plan their own gatherings, and we arrange memorial services less than 15 percent of the time. Ten percent of our members choose burial, and only half of *them* want a funeral."

For the time being, **First Call Plus** handles the cremations for PMFC, "as they do for pretty much every funeral home in the area," says Bennett. First Call or other area funeral homes with which PMA

has contracts conduct the infrequent embalmings requested by PMA members. "Our 100,000 members cover 80 percent of the state," she adds, "and at its busiest, Bleitz was doing 200 cases a month of our business. When they cancelled the last contract [effective the day the funeral co-op opened, June 11, 2007], they were doing about 80 a month for us. Eighty to 100 a month is reasonable, and that's when having our own crematory starts making sense."

PMFC's website reports PMA members account for about 18 percent of the deaths in King County. "PMA member funerals in 2005 equaled the combined volume of **Evergreen-Washelli**, **Bonney-Watson** (Broadway), and **Bleitz's** non-PMA member business."

Only a few weeks into the co-op effort with a licensed FD and three interns, Bennett says they have "no concrete plans, but lots of ideas." Perhaps a green/natural cemetery, or a green cemetery project with the First Nation tribes in the area "to provide income for them and service to the community.

"We're hoping we can be a model for other **Funeral Consumers Alliance** affiliates to follow," concludes Bennett, "and we're pleased to be able to offer options and help individuals and families make intelligent decisions."

More than a year ago, Milwaukee FD **Mark Krause** said, "Six to ten thousand funeral homes do a bad job and need to go away. From their facilities and service to their unwillingness to be flexible enough to try something new, they are hurting us all." The development of funeral cooperatives may well be the final nail in the coffin of good-old-boy providers just barely hanging on.

A Tale of Two Funerals

*When FD **Beacham McDougald** of Laurinburg, NC, shared this fictional story with me and I asked if I could print it, he replied, "Sure, but will you pay for the broken windows in our funeral home after everyone finishes throwing bricks?"*

Chris is a successful funeral director. He began his career with a large metropolitan FH owned by a corporate death care group. In addition to funeral homes, his parent organization owns and operates numerous cemeteries, memorial parks, monument companies, florists, and crematoria. In effect, they offer "one stop shopping," an often necessary convenience for today's marketplace.

Chris is a branch manager and with that comes the responsibility to oversee a staff of over 50 and insure that they are properly trained in sales techniques and funeral rules and regulations. His annual salary is well into six figures.

Chris is a licensed funeral director, meaning he can wait on families to make funeral arrangements and direct funerals, but he fulfills those duties only