

Four types of undertaker

There are four types of funeral business:

1. Long established, independent family firms.
2. Members of small or medium-size groups of funeral directors, including regional Co-operative societies.
3. Members of big conglomerates, eg, Dignity Caring Funerals and Co-operative Funeralcare.
4. First generation sole traders.

Presently, 60% of funeral homes (1 and 4) are independent 'boutique' businesses and 40% are consolidated: they belong to a group or chain. The funerals business is unusual in that so much of it remains in the hands of sole traders. In most businesses consolidation leads to operational efficiencies and economies of scale yielding lower costs and a cheaper product. This enables a consolidated business to undercut its competitors and drive them out of business – hey Tesco.

This has not happened in the funeral industry, whether through greed or incompetence. The consolidated businesses are among the most expensive and they compete badly on customer service. This doesn't bother them especially because there is very little consumer scrutiny of the funeral industry and most people buy a funeral with fogged brains and low expectations. They don't know any better.

A funeral home, however good, cannot stimulate an appetite for its product, neither can it inspire repeat business—it cannot encourage more people to die, nor can it encourage them to die more than once. It can only get bigger by ceaselessly devouring its rivals. A good small business remains small because it wants to.

Who is the real owner?

With the exception of some branches of Co-operative Funeralcare pretty much every funeral home in the country trades either under the name of either its present owner or its one-time owner. It's very hard to tell if a funeral home is the sort of family business you're actually after or a member of a larger group.

The people who run chains think we don't want to buy a funeral from them, we'd rather deal with a wee 'mom and pop shop'. For this reason, Dignity Caring Funerals cleverly cultivates zero brand recognition except among its shareholders. Every Dignity branch trades under its old family name, but every branch also displays the logo of its owner. Because you don't recognise it you don't notice it. It looks like this:



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Of course there's no reason why someone couldn't roll out a great brand in funerals. Imagine if John Lewis did funerals – why, we'd all buy one from them.

For now, when you're shopping around, ask very carefully who owns the business. Our advice: small is usually best.

Hub mortuaries

There was an exposé on television in 2012 which showed the inside of a Co-operative Funeralcare hub mortuary. People who saw it were shocked. Two things horrified them in particular. First, they didn't know this went on – they thought that people who died stayed at the funeral home. Second, they hated the open racking in which dead people were stored. It wasn't a good look.

It makes perfectly good sense in terms of operational efficiency to have one hub mortuary serving many branches. All the bigger undertakers do it. So long as people who have died are given the sort of privacy most people expect and looked after with care and gentleness, there's nothing all that objectionable about a hub mortuary unless you think it a bit impersonal. What goes on in properly run hub mortuary is a million times better than what goes on behind the scenes in some of our smaller, grottier undertakers.

If you do not want the person who has died to be taken off to a hub mortuary you'll need to find an undertaker who will keep them on their premises. There are lots.

And if you're concerned about how well they will be looked after, ask to see the mortuary. Any good undertaker will be proud to show you round.

Established family funeral directors

Most people reckon a family funeral director is most likely to do the best job. All the guarantees seem to be in place. They've been at it for years, they are esteemed members of your local community. They'll know what to do, they'll do it in the time-honoured way, they'll give you great personal service.

There's no genetic logic to this. The skills and virtues of parents are not necessarily passed down to their children. A time-honoured way of doing things is not necessarily the best way of doing things now. And a family business of any age can get encumbered with family members who pay themselves more than they ought, preventing reinvestment. Some family firms are some of the most stick-in-the-mud, lazy and incompetent you could find.

By sheer genetic good luck, some of them are superb – as good as it gets. The important thing is that it's well run now.

Some family businesses have got big over the years. For example, AW Lymn in Nottingham has 23 branches across the city and into Derby. It's big but it's brilliantly run. Arguably, it's the best funeral director in Britain.

The minnows

It is expensive to start up a funeral business and, because we already have more funeral directors than we need, it's a brave (or stupid) thing to do.

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People who start from scratch and go it alone are normally passionate about what they do. Many of them once worked for one of the big groups where they reacted strongly against systems of working which prevented them from giving their customers the degree of personal service they reckoned they needed. We must backhandedly bless the Co-op, in particular, for unintentionally breeding some of our best born-again independent funeral directors.

Be aware, though, that there are some dodgy start-ups out there run by idiots or only in it for the money.

New businesses are normally one or two-person affairs. They are not usually rushed off their feet, so they have more time for you. Their premises will probably not be big and well resourced, merely adequate.

Given the oversupply of funeral directors in the UK it's pointless to start a new business if you're just going to do things the way they've always been done. Some of them do, nevertheless. Yet it is in this sector that you are also most likely to find the most intelligent, interesting, progressive undertakers, often with an un-stuffy way of going about things.

Despite their relative inefficiency, the minnows normally charge no more than anyone else – sometimes less and often not enough. One thing you can trust: the name over the door means exactly what it says.

The big groups

Intricate, foolproof management systems usually achieve a uniform level of good practice but, of course, cannot inspire superb service. It's a bland product you may buy, safe and serviceable, lacking in character, impersonal. Big operations, as you know, tend to favour personnel who are obedient conformists. The branch will be run by a salaried manager.

You will most likely deal with an arranger, a person, normally female, who makes your funeral arrangements with you. You may not meet the funeral director who is to conduct your funeral until he or she knocks on your door on the day of the funeral itself.

Funeral homes which are members of groups are most likely to be characterised by harassed employees rushing to keep up. It's all about logistics. And sales targets.

There are heroic exceptions. Some branches are run superbly by employees who put the interests of their clients above their frustration with their senior managers and their poor wages. They may well do a better job than your nearest independent undertaker.

The big names are:

Co-operative Funeralcare - Owned by the Co-operative Group, one of its core businesses. 800+ funeral homes nationwide. See below.

Dignity Caring Funerals - Publicly listed company, 636 funeral homes and 39 crematoria. Making good money (£69.4 millionn2012) by driving up the price of funerals – some of the highest in the market

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Funeral Service Partners - Owned by August Equity. Subject of a TV exposé in 2012. Around 80 funeral homes.

Laurel Funerals - Owned by private equity consortium Duke Street Babson, Capital Europe and Metric Capital Partners. Around 70 funeral homes.

We don't recommend you buy a funeral from any of them.

Where did it all go wrong for Co-operative Funeralcare?

The co-operative movement owes its principles to its founders, the Rochdale Pioneers, a group of working people who got together to enable fellow workers to buy food at prices they could afford.

Their vision was enshrined in the Rochdale Principles.

There were once hundreds of independent co-operative societies. Most have merged to form The Co-operative Group. There are still a few independent societies. Of these, a few still operate an independent funeral service and some of them, like Scotmid in Edinburgh, are brilliant. All co-ops proclaim high ethical standards.

Given the economies of scale enjoyed by Funeralcare, and having in mind its foundational principles, you might expect it, as the people's undertaker, to provide the cheapest funerals out there. It doesn't. Its average charge for a funeral is higher than that charged by many independent firms, often by between £500 and £1000. You would think that, in an age of funeral poverty when increasing numbers of people are finding it harder and harder to find the price of a funeral, Funeralcare would be the standard-bearer for affordable funerals. It isn't.

It offers good training and it pays good wages by funeral sector standards. It has some first-class people working for it. And it's profitable. So where does all the money go? Propping up the rest of the Co-op Group? Who knows?

Funeralcare has a reputation for sloppiness and scandal within the funeral industry. To be sure, it has made its fair share of mistakes, and these are recorded on the Good Funeral Guide website. The good news is that the frequency of these is declining, though we receive more complaints about Funeralcare than anyone else.

Of great concern to many of its potential clients is its derecognition of the GMB trade union, earning it a ban from the Glastonbury Festival and the Tolpuddle Martyrs Festival, and the condemnation of the TUC. One can only speculate on what the Rochdale Pioneers would have thought of that.

We don't think Co-operative Funeralcare is wicked but we do think it's lost its focus. Edgar Parnell, former chief executive of the Plunkett Foundation, offers this analysis which we think helpful in understanding where it all went so wrong for The Co-operative Group:

The management of the Co-operative Group appear to believe that they are running a conventional business with the aim of profit maximization that just happens to be owned by members rather than by investors. Whereas they need to be clear that the function of all co-operatives and mutuals is to intervene within the marketplace in the best interests of their members. The Group's management either do not fully understand, or choose not to adhere to, the underlying essentials of the model of enterprise required for any form of co-operative or mutual to be successful.

Chasing growth to the detriment of the real interests of the membership has proved to be the downfall of major consumer co-ops in many countries in Europe. Executives often seek to pursue a

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growth strategy because it means a bigger empire, more status and higher pay for them. The correct response to expansion proposals, including merger proposals, should always be to focus upon what is best for the membership and most likely to result in the achievement of the purpose of the enterprise. When co-operatives grow in terms of the number of members and/or turnover, they are frequently beset by multiple problems. They lose sight of their original purpose, are prone to switch towards serving the interests of senior executives or cliques rather than those of the bulk of their members. As a consequence, they come to be regarded as irrelevant to the lives of their members and in the worst case they are hijacked by self-interested groups.

Recent events at The Co-operative Group have been disillusioning for many people. Here at the Good Funeral Guide we believe that the co-operative business model is especially well suited to the provision of funerals. We've gone further: we've even developed some blueprints of our own – [here](#).

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Of great concern to many of its potential clients is its derecognition of the GMB trade union, earning it a ban from the Glastonbury Festival and the Tolpuddle Martyrs Festival, and the condemnation of the TUC. One can only speculate on what the Rochdale Pioneers would have thought of that.

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Chasing growth to the detriment of the real interests of the membership has proved to be the downfall of major consumer co-ops in many countries in Europe. Executives often seek to pursue a growth strategy because it means a bigger empire, more status and higher pay for them. The correct response to expansion proposals, including merger proposals, should always be to focus upon what is best for the membership and most likely to result in the achievement of the purpose of the enterprise. When co-operatives grow in terms of the number of members and/or turnover, they are frequently beset by multiple problems. They lose sight of their original purpose, are prone to switch towards serving the interests of senior executives or cliques rather than those of the bulk of their members. As a consequence, they come to be regarded as irrelevant to the lives of their members and in the worst case they are hijacked by self-interested groups.

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