



THE WORTH OF THE PREP ROOM

Could it be \$50,000 - \$100,000 annually?

by Duncan Stuart Todd

Over the years, the embalming room in a funeral home has gone through many transitions in terms of its perceived value to the business and its place in the overall business plan and family offerings. Evolving from a room in the basement of the funeral home, which also served as the family home, to today's stand-alone professional care centers, the now-termed "preparation room" has come into its own as a profit center and even as a feature to share during pre-planning or arrangements. Indeed, more and more funeral directors are recognizing that the preparation room can contribute added value to their operation. As one funeral director was heard to say, "The prep room - that's where the money is."

Just what are the hallmarks of a twenty-first century preparation room and how do they add to the operation of the room and the greater value of the funeral home?

Without a doubt, the most important criterion in evaluating a prep room is to note whether safety needs have been met. Safety in the prep room encompasses a large and varied range of considerations, the greatest being the need for safe air and the OSHA oversight regulating air quality. In total, safety for the embalmer, for the entire staff, for the funeral home proper, and for the surrounding neighborhood all need to be addressed relative to the prep room's design, equipment and operation. That the embalmer is safe and feels comfortable in the prep room environment has a direct correlation to health, efficiency and productivity over the course of a fiscal year.

Codes require that the prep room ventilation be separated from public areas of the facility. Good air quality is best achieved by installation of a contained, efficient system that heats and cools the air, removes toxic fumes and offensive odors, provides for localized exhaust at the source, meets requirements for OSHA compliance and is economical to operate.

The prep room must be equipped with code required safety equipment such as an overhead shower and eye wash with foot-end related equipment that is reliable, efficient and easy to maintain. The A.N.S.I. requirement for tepid water at all emergency equipment also applies and cannot be overlooked. Body coolers, retorts, body lifts, embalming machines and tables must all be considered, evaluated and properly sourced and installed when included in the room's furnishings.

When the prep room is fully outfitted with state-of-the-art equipment and designed for safe operations with efficient

workflow, other items can enhance the work place. Custom cabinetry, lighting, medical flooring, wall protection, and provisions for soiled linen and bio-hazard storage greatly increase the value of the room as well as serving the needs of the practitioner.

Pleasing aesthetics, with attention paid to color-coordinated surface materials, help create a calm atmosphere. Options for desks, computers, televisions or video monitors and music systems are additions deserving consideration.

Funeral directors today have begun to use their preparation rooms as an outreach to the community by giving tours to families, civic organizations and open houses. When a family is comfortable and confident that their loved one is being cared for in a pristine and safe place, they often come away with a sense of trust and peace of mind.

With an understanding of the requirements of a proper preparation room, how does one equate worth in dollars and cents when budget is a reality?

Considering budget, it is important to recognize that regulatory and functional needs result in about 95 per cent of prep room components and directly dictate the cost. The key to a successful project with a practical return on investment is finding the right balance between cost and durability or startup cost versus life cycle cost. The payback for a properly designed and equipped room has a direct relationship to the business case load. Based on typical national averages, a well-designed and outfitted prep room will pay for itself within a normal business year and from that point forward provide a direct profit to the bottom line.

The following projections represent the anticipated ROI for prep room improvements. This information is provided for preliminary purposes only and the reader will need to arrive at specific projections with the assistance of the firm's professional business team. That said, based on national industry data as compiled by the NFDA (see NFDA Releases Results of 2010 General Price List Survey October 6, 2010) the national average charge for 'standard embalming' (no reconstructive cost) is \$628.

For purposes of this discussion, assume a 50% profit for basic embalming services, or \$314 per procedure. Given the figures used in this analysis, the pay back for a state-of-the-art equipped preparation room based on a corresponding embalming case load are as follows:



A DST Premier Source Prep Room
Courtesy of Holloway Funeral Home, Pocomoke, MD

- Single station room, suitable for up to 150 cases/yr. Typical product cost of \$30,000*. Product cost recovered at 96 cases (7 months). Depreciated over 7 years = +/- \$4,286 year. Worth of the room following payback, \$47,000 + annually.

- Double station room, suitable for 150 – 250 cases/yr. Typical product cost of \$40,000*. Equipment cost recovered at 128 cases (7 months). Depreciated over 7 years = +/- \$5,715 year. Worth of the room following payback, \$78,000 + annually.

- Triple station room, suitable for 250 – 350+ cases/yr. Typical product cost of \$50,000*. Equipment cost recovered at 160 cases (6 months). Depreciated over 7 years = +/- \$7,143 year. Worth of the room following payback, \$110,000 + annually.

- Four station and larger trade embalming and central care centers have similar paybacks and added worth to the business.

* The typical product costs listed refer to permanently installed products and include OSHA compliant air, heating, cooling, cabinetry, all plumbing items, table drainage, water

control units, emergency equipment, flooring, wall paint, wall protection and typical convenience accessories. Not included is moveable equipment such as tables, machines lifts and coolers. Standard build-out costs and contractor labor costs vary widely and are not included in the analysis. All figures rounded.

Beyond money in the bank, a modern preparation room is a good business investment offering the secondary benefits of a public relations asset and educational resource. Not to be discounted is the benefit a twenty-first century facility contributes to staff satisfaction, morale and recruiting.

Whether the funeral director is actively serving the death care profession, selling a facility, or prospecting to purchase a funeral home, the worth of the prep room adds to the value of the investment.

Consider the preparation room in your funeral home. Are the facilities you operate providing for the best addition to the worth of your business? **FBA**



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