

## No gouging at funeral co-op

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Todd Harder's Birchwood Funeral Chapel is an 11-year-old Steinbach co-op that continues to grow. (JOE BRYKSA/ WINNIPEG FREE PRESS)

STEINBACH -- When a customer came to Birchwood Funeral Chapel last year complaining about charges from a well-known Winnipeg funeral home, Todd Harder took a look.

The customer's service fees alone came to \$5,590, before tax. The same services at Birchwood, a co-op, cost just \$1,980 (and still do: its prices haven't increased in four years).

But what could he do? the customer said. The funeral home had already retrieved the body.

No problem, said Harder, Birchwood funeral director. His staff would go pick it up.

And so, like an outtake from a *Weekend at Bernie's* movie, they did, and hauled the corpse to Steinbach.

Worth the trip? No one likes to be gouged, not even over a dead body.

The Birchwood co-op, launched 11 years ago, continues to grow. A group is now researching starting a similar co-op in Winnipeg, possibly in partnership with Birchwood. SEED Winnipeg Inc. (Supporting Employment and Economic Development) will make a decision in early 2009, said spokesman Brad Franck. Its research shows funeral co-ops save consumers an average of \$2,500 in Quebec, and more in Manitoba.

Birchwood emerged from the spectacular rise and flame-out of Loewen Group Inc.

To recap Loewen Group's story: Steinbach's Ray Loewen turned a family-owned funeral chapel into the second-largest funeral conglomerate in the world, totalling 1,115 chapels; his acquisitions in the 1980s and 90s were mom-and-pop funeral homes with family-succession issues; then a breach-of-contract lawsuit on an \$8-million acquisition in Mississippi saw Loewen Group ordered to pay a US\$500 million award in what one scribe called "a kangaroo court that went out of control" (the plaintiff's lawyer presented the case as a predatory Canadian Goliath versus a good ol' American mom-and-pop business, to a jury with no background in contract law; the case would have been decided by a judge in Canada).

A negotiated settlement reduced the award to \$175 million but the die was cast; a weakened Loewen held off a hostile takeover from rival funeral giant, Service Corporation International (SCI) of Houston, but share prices

fell from \$56 to \$1; Loewen was forced out; former Loewen officials took over what was left and called it Alderwood Group; SCI bought out Alderwood in 2006.

The Loewen Group changed the landscape in Winnipeg, too. Loewen Group scooped up many local funeral homes like Green Acres, Coutu, Klassen, Leatherdale Gardiner, Kerr's and Thompson.

Sales agreements typically stated those sellers could not operate funeral homes for at least five years. Some families reopened after that grace period, like Edward Coutu with his funeral chapel on Archibald Street (the former Coutu chapel on Marion Avenue, bought by Loewen Group, closed in 2004), and Walter Klassen, who started Friends Funeral Service on north Main Street (his namesake Klassen Funeral Chapel is still owned by SCI).

Ray Loewen's standard practice was to keep a funeral home's family name but immediately boost its prices by 15 per cent or more. It was that sort of pricing, plus Loewen's virtual monopoly in the Steinbach area, that prompted people in Steinbach to organize a co-op.

When Birchwood started in 1997, the average funeral cost at Loewen's in Steinbach was \$10,000, including casket, service costs, and disbursements (flowers, digging and closing the grave, obituary notices, etc., paid for on behalf of the client).

Today, the average cost for a Birchwood funeral is about \$6,000, said Harder.

Funeral co-ops are not completely new to Manitoba. Omega Funeral Home in Portage la Prairie has been a funeral co-op for 35 years. However, it is under the larger co-op movement umbrella whereas Birchwood is a stand-alone co-op.

Birchwood has about 3,000 members who have invested a minimum \$200 each in shares. When they die, those members receive 20 per cent off funeral service costs (about \$400), plus their original membership fee, plus appreciation. Non-members simply don't get the discount.

Birchwood has also benefited from being rural. In southeast Manitoba, about 80 per cent of people still have traditional funeral services, versus about 20 per cent for cremation. In Winnipeg, the percentages are reversed, Harder said.

It's hard for the public to price-shop between funeral homes. Companies will discount casket prices because that's what people ask about over the phone. But they may boost service fees to offset that. They may also add surcharges onto disbursements.

If prospective clients ask about service fees over the phone, they're likely to be told to come down in person. That's why funeral chapels will spy on each other, having someone pose as a relative of a deceased to find out a competitor's prices, said Harder.

Meanwhile, the last vestige of Ray Loewen's empire quietly slipped into the night last year. Loewen Funeral Chapel in Steinbach, owned by SCI, closed its door, succumbing to its new competition, a co-op.

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