

AFD Profile

By Thomas A. Parmalee

Don't Mistake Dave McComb for a Typical Funeral Director

THE Master Inve

Most people have their hands full managing the day-to-day business of a funeral home. But when you start talking to Dave McComb, you figure out pretty quickly that he has a lot more on his mind.

The family business, D.O. McComb & Sons Funeral Homes in Fort Wayne, Ind., isn't an afterthought, but it definitely competes for McComb's attention. The fourth-generation funeral director is the main investor of Eagle's Wings Air, a minority investor in Tributes.com, and he co-owns two preneed marketing companies and a monument company with his brother, Doug. Throw in a cemetery, real estate holding company and other ventures, and you have a somewhat busy man.

So far, McComb has kept a pretty low profile, and he ducks away from the spotlight. You can almost imagine him playing the role of the great "wizard" in "The Wizard of Oz." His one line would be, "Pay no attention to that man behind the curtain," and then he'd retreat back into the shadows.

It's behind the curtain where McComb does his best work. But if you ask him about it, he'll shrug off his successes and praise others. "I suppose when you are not that smart, you have to find smart people," he said.

But he's not fooling us: This type of success doesn't happen by chance, and it's not a birthright, either. His growing empire of businesses is the work product of someone who takes advantage of opportunities that others overlook or just walk right on by.

“ I really love this business. It's a great business when you consider that you can earn a living at it, and it serves your fellow man at the same time. It serves a lot of purposes ... at least in my life. ”

- Dave McComb

stor



“I look at the relationship between Wall Street and Washington D.C., and it’s a relationship that I’m so far removed from ... the insiders are the insiders,” McComb explained. “They know the process better than anybody, and I’m not an insider. I don’t know anything about what they do. Some of the things they talk about at board meetings are so foreign to me. That’s

for people who live in New York City or Washington D.C.”

That’s why McComb prefers to be on the front lines of any investment, where he knows how things are going on a daily basis. “Funeral directors around the country do the same thing by investing in themselves,” he said. “The only problem with that is if everything you have is invested there.”

He added, “If you are going to have all your eggs in one basket, you must watch them like a hawk.”

That’s a big reason why McComb believes in having many baskets – and those baskets usually have a connection to funeral service, where he is an insider. “I like the idea of private investing,” he said. “The best way to invest money is with yourself.”

A History of Service

McComb is a fourth-generation funeral director, but he got into the business almost by chance.

“Originally, I was probably not going to go into the profession because it was lining up to be a situation where there were going to be too many McCombs, so I started at Purdue University and started down the path of business management,” he said. “Then, while I was at college, my dad called me on the phone to say he purchased my uncle’s portion in the business, so that kind of changed my path.”

The opening was enough to encourage McComb to join the family business, and now he oversees it with his brother, Doug. Their dad, Walter, left the business almost three years ago, leaving it up to his sons to continue the family legacy. Walter felt it was better to leave the business now so his two sons can consult with him as necessary as they get used to running the show. He remains involved on the board level.

In his typical way, McComb said that his dad is also a lot smarter than he is. “My dad is a guy that probably in some other life could have been a tremendous engineer,” he said. “He has a real creative mind and the ability to come up with solutions for complex problems. He has a couple of patents for the marine industry. He has a really great mind, and I’m not as smart as he is, but I love to try new things. Have we tried stuff and failed? Sure, but some of the stuff we’ve tried has done well.”

McComb’s older brother, Doug, described him as fiercely competitive. “He likes the zest of business and the

innovation







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challenges," he said. Doug added that his younger sibling is also quite an athlete, having been a quarterback in high school on the football team, playing basketball, running track and swimming.

And despite his many business ventures, McComb handles everything admirably, according to Doug. "It doesn't bog down his decision making process," he said.

The business consists of seven locations – six of which are in Fort Wayne – and the last location is in Auburn. All are within 10 minutes of each other, and the business is entrenched in the community, which has lately fallen upon hard times. "Fort Wayne, Ind., is unfortunately part of the Rust Belt, and we have a number of issues involving economic development for this area," McComb said. "Our population has unfortunately been declining, and it continues to decline. This has shown up in the death rate, and that does concern me going forward – you bet."

The business serves about 1,400 families per year, but that's about 7 percent to 10 percent below its high about 10 years ago, according to McComb. Chalk it up to the economy, as thousands of people have lost their jobs amid factory closures. "We've really taken it on the chin here in Fort Wayne," he said sorrowfully.

Despite the tough environment, McComb is reluctant to cut back too much, and he advised other funeral homes to be wary of being too careful with their money. "Typically cutting costs can mean bad things," he warned. "You can create yourself a worse situation if you are not careful what you're doing. If you are cutting staff salaries, will the top people leave? Probably. If you are cutting advertising, will that diminish your reach or visibility? Probably. I don't think those are smart things to do."

Changing family dynamics and the increase in cremation are also affecting the funeral business at large, McComb said. "Some people who vacation in Florida half the year don't come home anymore," he said. "They have cremation, and that's the end of it. Twenty years ago, they would have had a service here. And that's not just us – that's anybody in the non-Southern states. I think that trend will continue."

One way to cope with the lower death rate and the increase in cremation is to offer more services, including receptions. "People love the convenience of it," McComb said. "When families come to your funeral home, typically they are family members that come in sizes from 10 to 30 or 40. Those are awkward sizes for a restaurant to accommodate but too small of a number to go to a reception hall."

McComb is also looking forward to completing construction on a freestanding crematory, which will have a human cremator and one specially designed for pets. "The jury is out on whether the pet business is truly a place to spend time and effort or not," McComb said, who ironically lost his German shepherd as he was researching pet cremator options. "I think pets have become more important companions than they were in the past; I'm guessing because people are more spread out."

Tips for the Profession

McComb is a big believer in focusing on the basics, such as arrangement conferences.

“If you are a funeral home that has more than one funeral director, my suggestion is anytime you are not doing anything – rather than drinking coffee or playing golf or anything like that – is to role play the cremation scenario,” he said. “This means one guy is standing in as the family and the other as the arranger, and then you change roles.”

During arrangement conferences, the trick is to follow the same format every single time, which can be challenging. “You must develop a regimented process for arranging a funeral because if you don’t, you’ll miss an opportunity,” he said.

While some funeral directors try to get families in and out, McComb said arrangement conferences can’t be done in 90 minutes anymore. He rec-

ommended spending as much time as you need on them, and to incorporate computers and DVDs in the process to get concepts across. “We are a visual society,” he said. “That’s why YouTube is popular and why the Internet is popular. If it’s just you writing on paper and explaining verbally what things are, then it’s not going to work.”

McComb said he has only four or so funeral directors making arrangements, and he suggested that specialists handle the process because it’s supremely important. You can even break it up between funeral directors who handle traditional burial families and cremation families. “If you are a firm that’s larger, you can still have a scenario where you have a funeral director that takes care of one cremation family per month, and you can’t get good at it serving one cremation family per month,” he said. “You have to serve many in a

month. So it might be a good idea for one guy to serve all cremation families.”

Funeral homes also need to be more proactive when it comes to working with tissue removal companies, McComb said. “Do I mean for funeral homes to get involved with the removal of tissue? No, I don’t think that’s appropriate. But you do need to be involved in the facilitation of making sure it happens when someone wants it to happen,” he said.

The Cemetery, Monument and Preneed Businesses

About three years ago, McComb and his brother bought Riverview Cemetery, which is about 43 acres. “Not much of it was developed, so we had an opportunity to redesign it and put in new roads and so forth,” he said.

McComb had been looking to buy a

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cemetery for some time, but he'd been "significantly outbid" by SCI and Loewen on a property he'd had his eyes on. Finally, Riverview came along. "This year, we will finish out over 100 burials," he said. "We've been marketing it through our preneed staff, and they've been selling graves."

He's been involved in preneed for quite a lot longer, however, mainly because he saw early on that cemeteries were competing with his funeral business. "Back in 1986, the cemeteries were doing a great job at marketing their services to people in this community, and my father and my uncle, who were in the business at the time, I remember them talking about how cemeteries have eroded our vault sales. And I said the only way you could stop that was to make the sale first," McComb said.

After that, he dove into researching the preneed business. "I got a hold of some American Cemetery magazines

from a buddy down in Florida, who said if you want to learn about preneed, 'This is where you look.' The cemetery magazines were 20 years ahead of funeral directors in the 1980s when it came to preneed. You couldn't find out what you needed to know from funeral magazines; you needed the other ones. So we applied principles from the cemetery business."

He went on a pilgrimage of sorts to Tampa, Fla., to learn from the experts he revered: The masterminds at Stewart Enterprises. According to McComb, "I took the principles I learned there and applied them here, reversing the trend of losing burial vault sales to cemeterians."

In 1986, McComb and his brother Doug formed Estate Security, which handles the preneed business for D.O. McComb & Sons. They formed another insurance entity in 1999, Premier Preneed, which represents other funeral homes throughout Indiana.

"We just applied the principles that worked here in Fort Wayne to other marketplaces in the state," McComb said of the formation of Premier Preneed. "We are not the biggest third party in Indiana, but most everyone has heard of us."

Estate Security and Premier Preneed have written a block of business "in the neighborhood of \$100 million," so McComb's foray into preneed marketing has certainly been far from a failure. McComb uses Forethought Life Insurance products across both preneed businesses. "We've used Forethought all along; they've treated us real well," he said. "They have a pretty wide range of products to fit the circumstances you deal with."

Most people with a funeral home, cemetery and preneed marketing business to run would have stopped there, but McComb and his brother bought Birkmeier & Sons Monument Co. in Fort Wayne in 2004. "That's a

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nice company,” McComb said. “We’ve been very fortunate that two of the other monument companies have gone out of business. There were four competitors, and now there are two, so that’s a plus. Our manager, Lisa Scheurich, has done a tremendous job and totally turned it around since we purchased it; the facility looks fantastic!”

But “it’s not easy to make a profit in the monument business,” McComb said. Getting into the business was a strategic move, however, because monument companies are primary competitors for cemeteries. “We needed it to fulfill the product offerings for the family and to have a direct influence on the outcome of the product,” he explained. “We actually manufacture monuments down there. They send us the granite, and we do the sandblasting and etching. We are the only one in this area to do that.”

Tributes.com

McComb stepped out of his comfort zone in October 2008 when he made an investment in Tributes.com, which bills itself as being “the online resource for current local and national obituary news, lasting tributes celebrating the lives of loved ones, and an online community to provide support during

times of loss and grieving.”

Tributes.com was part of the larger Eons.com when McComb first stumbled across it after hearing about it from a friend. “I really liked this piece of it called Tributes; it had a lot going for it,” he said. Eventually, he became one of five investors, and he sits on the company’s advisory board, which was founded by Jeff Taylor, who first made a name for himself as the founder of Monster Worldwide.

So far, the company has surpassed even McComb’s lofty expectations. “It continues to grow at a rather rapid pace measured by its unique visits every month, which is in excess of 2 million,” he said. “That’s quite an accomplishment in a short period of time.”

McComb said the reason the Tributes.com business model was so appealing to him is that he was fed up with newspapers stealing the work product of the funeral homes and profiting from it in collusion with Legacy.com, which is Tributes.com’s main competitor.

“The funeral home has no relationship with Legacy,” he said. “It’s with the newspaper, and the newspaper takes the work product from the funeral home and the family and redistributes it to Legacy. That’s a bad relationship – one in which there is no communication and no strategy. It’s done through a

typically disinterested third party.”

He added, “With the Tributes model – the funeral home is at the center.” He emphasized, “The obituary is the work product of the funeral director and the family; it’s not the work product of the newspaper. If there is any part of this online obituary thing that needs to be understood – it’s that the funeral director is the owner. It is *their* work product – not the work product of the newspaper.”

McComb also pointed out that funeral homes need to focus on the online element when promoting obituaries and service times. “Guess what is happening to the business life of a newspaper?” he asked. “It is heading downhill, and it’s heading downhill fast!”

Some final factors in making an investment in Tributes.com included support and input from family members as well as feeling comfortable with the company’s main decision-makers. “There are a lot of smart people involved in this business,” McComb shared. “When you look at investing in any company, I think you have to start with the people who are involved and what is their track record and so forth. I can tell you that the people involved on the board level with Tributes are a world-class team.”

Tom Johnson, chairman of Johnson Consulting Group in Scottsdale, Ariz.,



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hailed McComb as “one of the leading funeral directors in Indiana and probably the country.” He added, “He is very innovative and definitely thinks outside the box ... Briefly said, David is a consummate businessman who has taken the legacy his father left him and taken it to new levels of success.”

John Heald, vice president of business development and sales of Tributes.com, and a co-owner with Heald-Chiampa Funeral Directors in Shrewsbury, Mass., called McComb “one of the most forward-thinking, always-thinking businesspeople I know.” He added, “He’s always pushing us to come up with new ideas, or he’ll have an idea and float it by us. The beauty about it is it might be 1 in the afternoon, and he could shoot me an email, or 1 in the morning.”

McComb is never on cruise control; he’s always seeking to find the next innovation, according to Heald. “The guy absolutely amazes me every single day,” he said. “I call him ‘sneaky smart’ in that he’s got so many things going

on, and it’s hard for us to imagine with all the different entities he’s involved in that he knows which way is straight. Yet he finds time to manage each of them and grow them successfully. He surrounds himself by the right people, and he lets people do what they are capable of. And when he needs to get involved, he certainly does.”

What Heald might admire most about McComb, however, is how he’s

(From left to right) Doug, Walter and Dave McComb in front of an old-fashioned, horse drawn funeral coach at Hunteertown Heritage Days, which is an annual parade that honors the James and Margaret McComb family.



managed to work so hard while still spending quality time with his family. “He’s a family guy, and he certainly finds ways to enjoy life, too,” Heald said. “He’s found the perfect balance.”

That balance includes his wife of 15 years, Cheryl, who also works at the funeral home. McComb credits her with playing a critical role in maintaining the décor of the funeral home. His mother, Jean McComb,

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also performed an important function for the funeral home for decades, tracking obituaries to define market share.

Eagle's Wings

The latest McComb investment that's paying off big is his involvement in Eagle's Wings Air in Fort Wayne, which manages the shipment of human remains for funeral homes. (American Funeral Director profiled the company's president and CEO, Frank Kaiser, in its March issue.)

McComb is the primary investor in Eagle's Wings and serves as the company's chairman. Kaiser, who formerly worked with UPS Airlines, was managing the customer service division of Kitty Hawk Cargo when he struck up a friendship with McComb, who was a client of the airline. The two had already begun talking about how the shipping business could be improved for funeral homes by the time Kitty

Hawk went out of business, leaving Kaiser a free agent.

Since launching Eagle's Wings in March 2008, it's become a quick success. The company books the flights for all of Inman Shipping Worldwide's cases and also serves Service Corporation International on a nationwide basis.

Kaiser, who can often be found reviewing strategy with McComb at the funeral home's Lakeside facility, has words of praise for his company's chairman. "He allows me to run the business, manage the business plan and actually choose the strategy," Kaiser said. "He's more of an adviser to me per se, which is really his role as the chairman of our company. The flexibility and the freedom to execute the strategy are not only refreshing, but it's very effective in how we work. Obviously, my strength is logistics and air transportation."

Speaking to McComb, it's clear the

respect goes both ways. "Frank Kaiser is a very meticulous, regimented president and manager," he said. "His background is from the air cargo world; he's worked for UPS and he has UPS in his blood – 'brown' – as he calls it."

So far, Eagle's Wings has exceeded McComb's expectations in a lot of ways, he said. "We are very fortunate to have some very good anchor clients, and the people that use us typically use us again. Why do it if you can have someone do it for you?"

McComb also prides himself on being able to work with competitors, such as the death-care professionals with SCI who compete with his funeral home locally in Fort Wayne but who work with him on a national level as a client of Eagle's Wings. "We provide them a service," he said, noting that competitors can work together in every market without being involved in collusion. "It's just whether you want to be



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the first guy to put your hand out,” he said.

Tributes.com and Eagle’s Wings are both special in their own ways, and each investment has encouraged McComb to step outside his comfort zone. “With Tributes, we are living in the age of websites and the Internet and so forth, and that company is just in the thick of it,” McComb said. “When you think of two million people a month accessing the website you are involved in – that in itself is very exciting. But the growth with Eagle’s Wings Air is exciting, too. It’s just been a real pleasure to be involved with both of them.”

Hopeful for the Future

Of course, it’s not as though every venture McComb pursues leads to an emerald city. He still cringes when he thinks back to an investment he made that would have made funeral homes prime places to collect DNA samples for families. “I didn’t lose a lot on it; I probably lost a lot more time than any-

thing,” he said. “I still don’t understand why it doesn’t work.”

But McComb let that go some 15 years ago, at least on the surface. “I still think about it,” he said. “It still seems like a logical thing to do – especially for families that have genetic illnesses in the family, or even if you want to find out if someone carries a recessive gene for some illness.” He added, “The opportunity is there to save DNA of the person who died, and I think it’s very important, but the funeral home is not the place to do that; it’s probably somewhere else – maybe at the hospital or hospice. But that was one that I was hoping would work out, and it seemed logical that it would.”

While McComb’s varied businesses produce cash flow from a variety of places, it’s still the funeral home that is at the heart of everything, and he looks forward to having other family members continue the family legacy of service. His brother’s daughter, Jannelle, is a registered nurse and she’s recently gone into the family business as a “funeral

service intern,” according to McComb, who said he expects her to be fully licensed in a few more months. He has two grown daughters, Jessica and Nicole, who are not in the business, but he’s still holding out hope that his 11-year-old son, David Jr., will one day answer the calling. At least a father can dream, right?

There certainly is no doubt, however, that McComb himself is where he wants and needs to be. “I really love this business,” he said. “It’s a great business when you consider that you can earn a living at it, and it serves your fellow man at the same time. It serves a lot of purposes ... at least in my life.” ♦



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