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Serenity Funeral Service and the BALTA Profiling Tool

Dominder Gill
#0351450
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Introduction to Social Entrepreneurship

Social Entrepreneurship is the practice of helping people through business. It is to define a societal need and attempt to fill it through for-profit or not-for-profit ventures, often changing norms regarding how to approach the problem in the first place. In this paper I will analyze the Serenity Funeral Service as a social entrepreneurship, filling the need for affordable funeral services in the greater city of Edmonton region.

BALTA

The analysis will make use of a profiling tool in beta developed by the BALTA group (BC and Alberta Social Economy Research Alliance). BALTA is a five year project (2006-2011) that is working towards the reinsertion of social goals, reciprocity and solidarity into economic thinking and decision making, and aims to address the following broad research questions:

1. What are the scope and characteristics of the social economy in BC and Alberta?
2. What are the scope and characteristics of social economy innovations that are achieving demonstrable social and economic results, in the region and elsewhere?
3. What are the key issues, opportunities and constraints for adapting and scaling up whatever is working, both within and outside the region?¹

Serenity Funeral Service

Serenity Funeral Service is a registered not-for-profit society whose mandate, according to the mission statement on their website, is "to provide high quality service and funeral merchandise to all facets of the public, to offer these at affordable prices and to adhere to the highest moral and

¹ "British Columbia and Alberta Social Economy Research Alliance (BALTA)." *Centre for Sustainable Community Development*. Simon Fraser University.

3 Apr. 2007. <<http://www.sfu.ca/cscd/research/blta.html>>.

ethical standards and to serve all faiths and cultures while following the highest Christian principles and philosophies".² Serenity was selected as the initial test enterprise for the BALTA profiling tool in order to both learn about Serenity's effects on the social economy and to test and improve the profiling tool itself. Since all of the data gathered is included in this submission, the intention, therefore, of this paper is to present an executive summary of the information gathered from Serenity.

Serenity as a Social Enterprise

Gary Howdle, the organization's Funeral Director explained to me in our interview that the society was created to fill a specific social need. During the loss of loved ones, families and friends are at an emotionally disadvantaged position. Gary and the 13 founding ministers felt that spiralling costs to the families and the loss of control of funeral services by the churches (resulting in a reduced sense of community) required action. They formed the Serenity Family Service Society, which operates as Serenity Funeral Service. Serenity Funeral Home is registered as a not-for-profit society. Although it charges fees for its services, turning a profit is not the society's mandate. Rather, as a social enterprise its mandate is to *not* turn a profit while still remaining sustainable. They strive to remain profitable while keeping actual profits as near as possible to zero. No person with a vested interest in the society is allowed to benefit from its success. This allows the enterprise to remain focused on helping people rather than being seduced by profit. Another item to note is Gary's comment regarding how they operate within the context of competing funeral homes. Gary mentions that they "contravene every preconceived notion of how to do funeral homes." That is, they do not have a large building, no chapel, and started with older vehicles. This strategy resulted in much lower start-up costs.

² "Our Company." *Our Company* .Serenity Funeral Service.
3 Apr. 2007. <<http://www.serenity.ca/ourCompany.htm>>.

Gary indicated that it generally takes about \$2.5 million to start a funeral home, Serenity's start-up costs was just \$280,000. This allowed Serenity to break into the market charging significantly lower-than-market fees for funeral services. Therefore, we are left with two models of funeral homes in the market. We have regular profit-driven funeral homes which are run as traditional businesses following the principle of supply and demand, where they will charge as much as the market will bear for their services. While they may sincerely care for people, it is a sentiment not reflected in their business model either because they won't or can't charge lower prices. Conversely, Serenity runs as a not-for-profit social enterprise charging as little as they can for the same service, which is significantly lower due to considerably lower capital expenses and a no-profit mandate. Therefore, as a social enterprise, Serenity Funeral Service has indeed helped people where they need it most: in their pocketbook.

Since Then

Serenity's competitive offerings at lower prices have placed it as an industry leader in Edmonton. They run funerals at lower overall cost, and generally pass 100% of the savings on to the consumer. They also pay their staff above industry-average wages. Together this has resulted in producing an environment where other funeral services are forced to lower their fees and pay their staff higher wages lest they risk losing them. Serenity's competitive advantage is its continual ability to offer a comparable product while running at an overall lower operating cost. A contributor to the low operating costs is that Serenity currently operates debt-free and does not have to pay dividends to its stakeholders. These elements put Serenity in a position of power in the Edmonton market. According to Gary, other funeral services are forced to adjust to changes dictated by Serenity. Similar to what was learned in class about *Alberta Carpet Cleaning*, my feeling is that very little constrains Serenity from flourishing in the Alberta

economy. Moreover, if our economy were to enter a recession, it seems that Serenity would not struggle as it appears to have impressive market share.

Financial Information

Serenity started in 1999 with private loans from clergy members totalling \$280,000. As is common in Canada, banks were reluctant to assist in this social venture. Gary used his connections in the religious community to obtain the funds. The ministers from the member churches were excited to be a part of this venture as the need had been present for some time. By 2004 Serenity was debt-free. Two years later they opened a second location in Leduc and paid the start-up fees using cash. They remain debt-free as of the time of the interview (March 2007). Serenity operates on a budget of \$2.14 million which is linked to sales. Its website describes the company as “community owned” and indicates that “no one individual or entity profits from the operation of this enterprise.”³ When the society does turn a modest profit, the extra money earned is either put into an expansion fund, or donated to a recognized charity. It is not donated to the member churches.

Social and Economic Impacts of Serenity as a Social Enterprise

Gary Howdle is proud of Serenity Funeral Service’s social impact. He indicates that his organization promotes 360° improved community relations between:

- Funeral services provider and the individuals in the community
- Funeral services provider and government social workers
- Funeral services provider and the clergy/churches
- The churches and their congregations
- Churches and their sister churches

³ "Our Company." *Our Company* .Serenity Funeral Service.
3 Apr. 2007. <<http://www.serenity.ca/ourCompany.htm>>.

He added that church leaders and their congregations especially benefit as they now have greater control over the funeral services in terms of where and when they take place, who leads them, and in determining which activities to include in them. The economic benefit is attributed to the lower costs required to perform the funeral which benefit the grieving families directly through lowered funeral fees. It's also worth mentioning that a negative impact occurred in terms of the connection between Serenity and its competitors. Gary indicated that a lot of toes were stepped on and feathers ruffled enroute to developing this initiative. Gary indicated however, that he doesn't regret it at all as it was all done in order to help people in need.

The BALTA Profiling Instrument

The profiling tool's major strength is the way it comprehensively addresses all aspects of the social initiative. However this strength also gives into requiring a very long interview (this interview took 1 hour 50 minutes). In terms of considering the best way to extract information in the future from candidates for this study, it may be wise to consider that it's unlikely that the same quality of information will be obtained outside of a live interview format such as the one I performed. The interview could, however, be performed over the telephone.

Additional Questions

I added six questions that I thought to be pertinent to the goal of the project. While I contrasted them in black in the actual excel spreadsheet, I will repeat them here followed by the section I placed them in:

1. "What obstacles have you encountered in this initiative?" (*Partners, Supporters*)
2. "Are your books open to the public?" (*Financials*)

3. “Are your books audited?” (*Financials*)
4. “Have you experienced any regulatory or governmental roadblocks hampering your efforts to operate in a socially sensitive manner?” (*Role of Government*)
5. “Do you feel that you have a competitive advantage in your market, and if so, how?” (**New Section*: Competitive Advantage*)
6. “Does operating in a socially sensitive way provide any advantages or disadvantages for you as a business in comparison to your competitors?”

(*Competitive Advantage*)

Recommendations

I do have some recommendations for future use of the profiling tool. While the interview was very well received in this instance, a 2 hour interview may not always be well received. That being said, it's probably more likely for a Social Entrepreneur than a “regular” business person to be open to a long interview in the hopes of educating the public about the social economy.

Nevertheless, here are my recommendations:

- Profile should be maintained in an interview format if the length remains the same in order to obtain quality data.
- Profile may be placed on a webpage in a “self service” type survey method if greatly reduced in length with possible omission of financial information.
- Recommend audio capture device to be used by the interviewer rather than typing or writing during the interview in the interests of improving efficiency.
- Interviewees should be forewarned prior to the interview date that their financial information will be requested on a voluntary basis. The reason for this is that

most times the person being interviewed will not have the financial information handy.

Conclusion

Learning about Serenity Funeral Service was an excellent opportunity for me to learn how Social Entrepreneurship operates from the ground up. It was heartening to see the difference Serenity has made in its community. Additionally, it's wonderful to know that individuals in our society are willing to lend their capital in places banks fail us as a society. I believe that a lot of good will come of the BALTA project and the profiling tool will be very effective in obtaining extremely high quality data for the project.