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FAMILY BUSINESS IN LOUISIANA: THE CASE OF RABENHORST FUNERAL HOMES

This case was prepared by John James Cater, Nicholls State University; Brent Beal, Louisiana State University; and Robert Justis, Louisiana State University and is intended to be used as a basis for class discussion. The views represented here are those of the case authors and do not necessarily reflect the views of the Society for case research. Authors' views are based on their own professional judgments.

In order to avoid the frequent wars that raged in Europe, a Prussian family sent their 14-year-old son to America in 1842. The boy, named Charles F. Rabenhorst, landed in New Orleans and settled there. After several years of work as a furniture-maker, Charles met a young German girl, Caroline Focken, and married her in 1858. Ironically, although his parents sent him to America to escape war, Charles volunteered to fight in America's most costly war. He formed a company and joined the Confederate Army, serving as a captain in the 21st Louisiana Regiment during the Civil War. To show his support of the South, Charles changed his family's savings into Confederate money. The brave captain served with distinction until 1864. After the war ended, Charles returned safely to his family. However, his fortune was lost with the cause of the South and he could only watch as his children played with the worthless Confederate money.¹

The Rabenhorsts moved to Baton Rouge and Charles opened a furniture and cabinet-making business in the river town in 1866. Furniture-making was Charles' trade, not the funeral home business. However, this was before the modern days of specialization when businessmen did whatever was needed in their local communities. Charles gradually came to build more and more coffins as time passed. In the later 1800s, entry into the funeral home business came through various avenues, such as owning wagons to transport coffins or serving as a barber, which required some knowledge of anatomy. A barber could take a one-week course at an embalming school and become an undertaker. Even so, undertakers did various other jobs as well to support themselves.

An invoice from 1872 describes the Rabenhorst business, "Household and office furniture, cabinet maker, upholsterer, and undertaker. Metallic and wooden coffins kept constantly on hand and furnished to order at the shortest notice." People came from neighboring towns all over southern Louisiana to buy coffins. Charles Rabenhorst, the undertaker, would lay the body out in the family's home, lead a funeral and provide a wagon to take the deceased to the cemetery. The preparations of the body for burial were most often done right in the home of the deceased. Karen Rabenhorst Kerr, Charles' great granddaughter and one of the present owners of Rabenhorst Funeral Homes, recalls being told, "They brought a cooling board and used ice to keep the body cool." Larry Moore,

Rabenhorst Funeral Homes General Manager adds, “Many times they would take the doors down to serve as an embalming table or they embalmed in the bed where the person died.” Of course in the late 1800s, horse-drawn hearses were used before the advent of the automobile. The Rabenhorsts posted funeral notices around the town on telephone polls and other posts. “Door badges were initially put on the door of the home of the deceased or at his place of business. It was customary to have at least black bunting around the front door,” states Larry Moore, General Manager. As was the custom of the times, Charles’ children helped their father in the business. For instance, according to Karen Rabenhorst Kerr, Charles’ daughters “would help their father line the inside of caskets with satin.” Usually, the family of the deceased and neighbors would dig the grave. There were very few government regulations in those days.

In the late 1800s, Rabenhorst Funeral Homes was a typical business, owned and operated by a family. Even today, family businesses represent an important portion of the U. S. economy. According to some researchers, family owned corporations make up 80 to 90 percent of all businesses in the United States.² Additionally, estimates of the U.S. gross national product contributed by family firms run from 40 to 60 percent.³

In order to understand what family firms are, it is helpful to distinguish them from firms that are not family businesses. Differences between family and non-family firms begin at the core of the firm. Often, family firm executives have entangled family goals with business objectives. Family goals may not be performance-oriented in nature and may take precedence over the common goals of growth or profitability.⁴ For instance, providing employment for less-than-fully-productive family members may be more significant to the firm than profit maximization. Morris, Williams, Allen & Avila (1997)⁵ found that conflicts among family members are often sustained over long periods of time, personal family issues are mixed with business issues, and the process of succession is much more traumatic and problematic than in the non-family business. Among other differences, family members often identify personally with their business for their entire lives, which is less common among managers in the corporate world. For family members, the failure of the firm has serious personal and career implications, although the likelihood of employment termination while the firm is still in operation is low. Family firm leaders are largely accountable to themselves and their family, while the non-family manager is accountable to the stockholders of the corporation.

There are many definitions of family business in the management literature. The dimensions to be considered are degree of ownership by the family, degree of management by the family, and the ability to transfer the business from one generation to the next. Chua, Chrisman, and Sharma (1999)⁶ propose that a family business behaves in a more unified manner than other firms. Moreover, the family business is managed by a dominant coalition of a family or small number of families with a vision for the future that is sustainable across generations.

In a recent study, Astrachan and Shanker (2003)⁷ describe three definitions of family business: a broad, inclusive definition, a middle definition, and a tight or narrow definition. The third or narrow definition involves a scenario in which multiple generations have a

significant impact on the firm. Under Astrachan and Shanker's (2003) broad or inclusive definition, family firms employ 62 percent of the U. S. workforce, while the narrow definition results in a claim of 27 percent of the workforce. We refer to a family firm as a business in which a family possesses controlling ownership, controlling management, and the ability to pass these elements to the next generation (succession), which is probably closer to Astrachan and Shanker's (2003) narrow definition.

Second Generation

Most family businesses follow a pattern in the process of succession, the passing of the business from one generation to the next. The owner gives great thought to succession planning. Churchill and Hatten (1987)⁸ envision a four-stage life cycle approach to succession between a founder and a successor in a family business. In the first stage, the owner is the only family member involved in the business. The second stage is a training and development period in which the offspring has entered the business and learns about it. The third stage is a partnership period in which the owner and successor share the leadership of the business. Finally, the fourth stage is the power transfer stage, in which responsibilities shift to the successor. In the first succession at Rabenhorst Funeral Homes, this process was altered because Charles Rabenhorst died an early death at the age of 52 in 1880. Caroline Rabenhorst, his widow, took over the management of the funeral business with the assistance of some loyal employees. They provided the training necessary for the second generation. The Rabenhorst's two sons, Alvin Eugene Rabenhorst (1875-1946) and Oscar Ferdinand Rabenhorst (1870-1942) were only five and ten years old respectively when their father passed away. Fortunately, Caroline was able to keep the business going until her death fourteen years later in 1894. Gradually, Oscar, the older son, took over ownership and management of the company. Oscar invited his brother, Alvin, to join him in the business in 1915. See Figure 1.

The most common perception of a family business is that of a founding entrepreneur who conceives of an idea for a business and works for years to bring this dream to reality. Consumed by his passion for the business, the founding entrepreneur wants to pass his legacy on to his children. Research shows that this common conception is correct. Approximately 75 percent of all family businesses are owned or controlled by one person or a married couple, another 20 percent of family businesses are controlled by siblings, and the final 5 percent are owned by a group of cousins. Gersick, Davis, Hampton, & Lansberg (1997)⁹ refer to the three types of ownership as Controlling Owner, Sibling Partnership, and Cousin Consortium.

The natural progression for a family firm is for ownership to become more diverse with each generation. Typically, the founder passes the business on to the second generation, which may be a group of siblings. The second generation often splits the ownership of the firm among a naturally larger number of their children and the result is a group of cousins owning the business. A family member who seeks to re-consolidate the ownership of the business by buying back the stock owned by his relatives may block this incremental dispersion of ownership. According to Gersick et al., (1997), a Sibling Partnership may revert to a Controlling Owner, or a Cousin Consortium may revert to a Sibling Partnership or Controlling Owner form.

In 1932, Alvin E. and Oscar F. Rabenhorst supervised the completion of the construction of the Government Street location. The builder, L. W. Eaton, charged the grand sum of \$32,000 to construct the new funeral home, which contained 28 rooms and four halls as well as an upstairs apartment for the families of the deceased. The Rabenhorsts also offered the city's first ambulance service, which was originally horse-drawn and free of charge for the first few years. "My father told me that one of the main things the ambulance did was to take new mothers home from the hospital as a courtesy," remarked Karen Rabenhorst Kerr.

Rabenhorst Life Insurance Company

The same year, 1932, that construction was completed on the funeral home, Alvin E. and Oscar F. Rabenhorst founded another company, which was originally named the Mortuary Benefit Association. This company offered funeral benefit policies in the form of membership certificates. In 1939, the name was changed to Rabenhorst Industrial Life Insurance Company when a new charter was awarded. Over the next few years, the company was authorized to issue cash policies and then whole life funeral policies. These two forms of insurance still serve as the nucleus of the business today.¹¹ In 1964, the name of the company was changed again to Rabenhorst Life Insurance Company to reflect increased capitalization. Today, the insurance company offices are located adjacent to the funeral home at 833 Government Street.

Transition to the Third Generation

The second generation of Rabenhorsts continued to successfully operate the funeral and insurance businesses for another ten years. Oscar F. Rabenhorst passed away in 1942 and his brother, Alvin Eugene Rabenhorst died four years later. At this point, the business achieved the rare status of a third generation family business. Research shows that only thirty percent of all family firms successfully complete the succession from the first generation to the second, only twelve percent of family businesses survive to the third generation, and only three percent continue into the fourth generation and beyond.¹² The third generation of Rabenhorsts in the two businesses consisted of Alvin E. Rabenhorst's only child, a son, Alvin Phillips Rabenhorst (1915-1997), and Oscar F. Rabenhorst's sons, Harry A. Rabenhorst (1898-1972) and Alvin Eugene Rabenhorst II (1905-1988).

Oscar's oldest son, Harry, served as president of the funeral home for a short time, but made his mark in life in athletics. Harry attended college at Wake Forest University and played football for the Deacons. After a stint in the armed forces, Harry returned home to Baton Rouge. He continued his career in college athletics by coaching at Louisiana State University. Rabenhorst served as Assistant Football Coach, Head Basketball Coach, Head Baseball Coach, Assistant Athletic Director, and Athletic Director over a 43 year period for the Tigers. In 1935, Harry Rabenhorst led the LSU Tiger men's basketball team to the national championship. This remains the only national title in basketball for LSU and highlighted Harry's 32 year service as Head Basketball Coach.

Third Generation: Non-family Management

While Harry was concentrating on college athletics, his brother Alvin E. Rabenhorst II, known as Allie, served as president of the funeral home from 1946 until his retirement in

1972. Although Allie did hold the title of president, he also pursued other interests and left most of the ownership and management decisions for the two businesses to his cousin, Alvin Phillips Rabenhorst. Meanwhile, Alvin Phillips Rabenhorst, the son of Alvin Eugene Rabenhorst, invested the majority of his time in the life insurance business. “He had a masters in business and was an accountant. He was a wonderful business person, very precise. He handled both businesses from the business (financial) stand point,” explains Karen Rabenhorst Kerr. However, in his early 40s, Alvin Phillips Rabenhorst became physically disabled and this condition limited his mobility.

Fortunately, in the funeral home business, the Rabenhorsts enjoyed the services of an extremely talented non-family manager, C. B. Knight. Mr. Knight started with the company as an embalmer in 1938 and worked his way up to funeral director, general manager, and president over a 53 year period. Alvin Phillips Rabenhorst spent most of his time overseeing the insurance business because he had C. B. Knight managing the funeral home. Larry Moore explains the working arrangement between the two men.

He (Alvin) had a man running the show for him who was fully capable of taking care of whatever was going on and of course they consulted on major decisions. Day to day Mr. Knight took care of it and if he had a problem, he called Mr. Rabenhorst over the phone and that was the extent of it. So, we as a staff did not interact with Mr. Rabenhorst except very occasionally.
Larry Moore, General Manager, Rabenhorst Funeral Homes.

Researchers recognize that a family business consists of two sides – a family side and a business side.¹³ In this model, referred to as the Sustainable Family Business Model (SFB), the authors hypothesize that the interplay between the two sides is essential to the survival of the family firm. Accordingly, sustainability is a function of business success and family functionality. In the SFB, Stafford et al. (1999) recognize that while the business side is important for firm survival, it is not acceptable to sacrifice the family for the good of the business. Moreover, the success of a family business comes in managing this overlap.

At Rabenhorst Funeral Homes, Alvin Phillips Rabenhorst rarely came down to the funeral home. He was present in 1978 for the grand opening celebration of a second location at 11000 Florida Boulevard. The result of Alvin’s disability, Allie’s interests elsewhere, and Harry’s athletic career was the absence of a Rabenhorst family member in active day to day management. C. B. Knight became the first, non-family member to act as president of the funeral home from 1972 to 1991. During his tenure with the company, Knight was named funeral director of the year by the Louisiana Funeral Directors Association in 1966 and later served as president of the L.F.D.A. in 1969.¹⁴ Larry Moore, the present general manager, started working for Rabenhorst Funeral Homes in 1968 and knew Mr. Knight very well.

He was here since the dark ages. He was a fount of history and information...He was as much like a father as a business mentor. It was a good relationship for me...He is probably as much responsible for the success of this business today as any other person because he guided the ship through the

rough seas for many years. Like most undertakers, he had an undertaker's attitude, a loving and caring concern, toward those people he served and it showed. He just was great for the business. Half the people in Baton Rouge knew who C. B. Knight was.

Larry Moore, General Manager, Rabenhorst Funeral Homes.

Consolidation of the Ownership of the Business

The interests of two of the three principals of the third generation of Rabenhorsts in the business had turned away from the funeral home as previously described. Harry Rabenhorst was primarily concerned with LSU athletics and Allie Rabenhorst pursued other business activities. However, Alvin Phillips Rabenhorst still had a great concern for the two businesses. Alvin and his wife had four children: Alvin Phillips (Phil) Rabenhorst, Jr., born 1947; Karen Rabenhorst Kerr, born 1949; David Lee Rabenhorst, born 1952; and George Scott Rabenhorst, born 1954. In the interests of his children, Alvin decided to buy-out the other family members involved in the ownership of the businesses. Upon the retirement of his cousin, Allie, Alvin Phillips Rabenhorst purchased all of the remaining stock in the two businesses from the other family members. These family members were Allie Rabenhorst and the descendents of Harry Rabenhorst, his daughters, Laura Rabenhorst Butterworth and Marguerite Rabenhorst Hatcher. This process occurred throughout the 1980s until 1993 when Alvin retired. These financial negotiations took place over a long period of time because of the delicate balance required to provide the relatives with an adequate return for their stock without harming the company or personal resources of Alvin Phillips Rabenhorst. In this case, family members who had not worked in the family business took many years to come to an understanding of the value of the business. Although much of the work was accomplished by Alvin's son, David Lee Rabenhorst, this succession planning was a great contribution and a tremendous, if not deciding factor, in the survival of Rabenhorst Funeral Homes.

Succession planning refers to the deliberate and formal activities that enable the transfer of management control from one family member to another.¹⁵ Also, succession planning involves: selecting and training a successor, developing a vision or strategic plan for the company after succession, defining the role of the departing incumbent, and communicating the decision to key stakeholders. Succession planning should begin well in advance of the actual event.¹⁶ There should be a shared vision among the participants of the outcome of the succession process.¹⁷ Harmony within the family characterized by trust and mutual understanding also smoothes the process.¹⁸

To better explain succession planning, Sharma, Chrisman, and Chua (2003a) draw on the theory of planned behavior,¹⁹ which states that the probability that a behavior will occur is dependent on the intention of an individual to engage in that behavior. Within this framework, then, intention rests on an individual's attitudes. Therefore, in order for succession to proceed as a planned behavior three attitudes must exist: the incumbent must have the desire to keep the business in the family, the family must be committed to retaining the business in the family, and there must be a trusted and capable successor able to take over the firm.

Fourth Generation: Entering the Business

The fourth generation at Rabenhorst Funeral Homes contained four capable successors. Although David Rabenhorst was the third oldest of the four children, he came into the family businesses first in 1975. David earned a business degree from LSU in 1975 and continued on to obtain a masters degree in Finance in 1977, while working part-time. In many family businesses, next generation family members are encouraged to work in the business during the summer and after school before they enter the workforce on a full time basis. David reports, "I really did not work in the business during those times (summers, while in school). We were not encouraged to work in it then." However, the situation changed as the need for a family member's presence in the businesses became more apparent. David was eager to apply the principles he had learned in college. "There was such a void... There was a lot of difference of opinion about where things were going down here," David recalls. It was a struggle being the only family member involved in the daily management of the businesses and David encountered resistance to change on two fronts. First, because many employees were used to operating the business without the daily presence of a Rabenhorst family member and because these employees cared about the future of the business, they resisted David's active management involvement. Secondly, David was concerned for his immediate family's interests and represented his father in the process of negotiating with the third generation Rabenhorst cousins to buy-out their interests in the business. According to David, "My father was disabled at home and it was kind of like throwing you in there and sink or swim. A lot of people (employees and relatives) did not want me there." However, David saw great potential for the businesses and he decided to persevere.

Alvin and David formulated a plan to buy back the stock from the other relatives, reconsolidate the ownership of the businesses, and then transfer that ownership from Alvin to his four children. Alvin became more and more of an advisor, according to David, "I never physically worked with him, but I would always talk to him every day." This process took approximately ten years to accomplish, but was necessary for the continuation of the businesses. "We had relatives (who) only wanted to be involved from a financial perspective. They were not interested in working in this business," David reports. With the help of a tax attorney and a CPA and recalling the financial principles from his masters degree, David led the process for his family and recalls, "Looking back on it, some of the things I did, I wouldn't even attempt today... Nobody told me I couldn't do it, so I just did it."

Fourth Generation: Equal Ownership

Alvin Phillips Rabenhorst passed his ownership interests on to his four children and then passed away in 1997. The four Rabenhorst children received an equal share of ownership in the two businesses, each one owns 25 percent. Technically, the funeral home is now a Limited Liability Company (LLC), which is a cross between a partnership and a corporation. The LLC offers its owners limited liability, does not restrict the owners from management, and avoids the double taxation imposed on C corporations. The three brothers have offices in the insurance company, while Karen Rabenhorst Kerr has her office in the funeral home. Phil is the president of the funeral home; David is the president of the

life insurance company; Scott is vice president of both companies; and Karen is secretary/treasurer of both companies. See Figure 2.

Karen Rabenhorst Kerr has taken the responsibility of leading the daily operation of the funeral home. Karen, the second oldest of the four siblings, graduated from LSU with a degree in Home Economics. She taught pre-school for a while and then got married and had two sons, Jonathan and Patrick. When her sons were old enough to go to school, ages 6 and 11, Karen decided to get involved in the family business. She started with the insurance company at the “very bottom” in 1988. She worked with the insurance company for about two years, “learning the workings of the company.” At this time, she had a conversation with C. B. Knight.

Then, C. B. Knight was our manager of the funeral home for ever because he is the one I knew when I was growing up. He had retired, but he was still coming down here a lot, doing some consulting. He called me over here and said, ‘We need a Rabenhorst over here. Just because you are a woman, don’t think that you can’t do this.’ So, he is the one who encouraged me to come over to the funeral side. So, I did.

Karen Rabenhorst Kerr, Owner, Rabenhorst Funeral Homes.

Karen stepped in and filled a void for the family in the funeral home. By her own admission, Karen entered the family businesses to look after her own interests. Because her father gave each child an equal share in the businesses, there is no one person in charge. Although only David was in the business at first, all four siblings are now actively involved in the family businesses. Giving equal shares of stock is perhaps an unusual way to entice next generation family members into the business. This calls for an uncommon amount of cooperation between the four siblings. The four-way partnership creates a dynamic of trust and cooperation, mixed with a healthy amount of concern for one’s self.

Management by Committee

On smaller, routine decisions the four partners each operate in their own sphere. However, when questions become broader or long-term, joint decisions are necessary. The Rabenhorsts meet at least every month and have board meetings for the insurance company and managers’ meetings for the funeral home and make the larger decisions. Also, they see each other informally every day. The buildings of the two companies connect, making contact easier. The family members have homes in close proximity to each other and meet for family holiday gatherings as well.

However, with the equally divided ownership, decisions may be slower. Karen Rabenhorst Kerr comments, “The only thing is that it does tend to bog you down a bit, to make things slower. Sometimes, it is difficult to get everybody together because everybody has their own schedule.” Once everyone is together, the decision process may not be simple or easy. “We have some interesting discussions at times... You have to go in the direction that the majority feels is best for us,” comments David Rabenhorst. This process may take time and calls for the participants to work cohesively with each other. Personality conflicts and family dynamics may enter the picture. The management committee must “sit

down and hammer it out until they either get a consensus or a majority. Somebody overrules somebody else...It is a hard way to run a business," explains Larry Moore, General Manager.

Sometimes decisions come down to a vote and in those cases, the majority carries the day. It is very important to reach an equitable decision in those situations, so that long-term relationships remain intact. David Rabenhorst admits to "some trying times" in operating the businesses this way. However, Karen Rabenhorst Kerr characterizes the process as "fairly smooth. There are some conflicts because there are differences of opinion...Generally, we resolve all of that." Although the process of decision-making may take a while and the four siblings bring different personalities and perspectives to the meetings, the structure seems to be effective. Larry Moore explains, "They have done a reasonably good job of learning to agree to disagree in some cases."

Generational Differences

There is a stark contrast between the third and fourth generations of family owner-managers at Rabenhorst Funeral Homes. The third generation, consisting of Allie, Harry, and Alvin Rabenhorst, was not involved in the daily operation of the firm for many of the years that they owned the business. Allie pursued other business interests, Harry's passion was LSU athletics, and Alvin was primarily concerned with the insurance business and limited by his disability. During much of the time period of third generation ownership, the Rabenhorsts relied on non-family managers to carry the business. C. B. Knight, who worked in the company for over fifty years, provided the daily leadership normally expected from family members. General Manager Larry Moore explains the situation from an employee standpoint.

It is somewhat unusual because until the fourth generation came into the business, we did not have that much family interaction. We did our own thing and hoped that we did it right. Obviously, in most family organizations, somebody from the family is sitting with their finger on the pulse. In most funeral homes, some family members are typically involved in the actual operation. They are funeral directors, they make funeral arrangements, and they greet families as they come in, those kinds of things.

Larry Moore, General Manager, Rabenhorst Funeral Homes.

The Rabenhorsts did not have a family member doing the typical management functions for many years. The business benefited from managers and staff who acted as if they owned the business even though they did not. In a sense, the employees at Rabenhorst had more day to day autonomy than other employees and the company resembled non-family businesses in that employees could rise to the top because family members did not occupy the top management positions. One of the biggest complaints against family firms was thereby eliminated.

Even so, the non-family managers at Rabenhorst Funeral Homes realized that something was missing that would probably help the business. According to Larry Moore, "We always, most of us, felt that the business would be better off if there was a Rabenhorst

on the premises to show his face and shake hands with people and introduce himself or herself, so that people would understand that the family is here and involved in what's going on." The personal touch of direct family management is usually an advantage, especially in a small city like Baton Rouge, where the residents tend to stay in the community for generations and the people know each other in the historical context of their family background. Although C. B. Knight and Larry Moore filled the gap as much as they were able, they were still not Rabenhorsts. Thus, Knight wisely encouraged Karen Rabenhorst Kerr to come into the daily management of the funeral home when he recognized that the opportunity existed.

Larry Moore characterizes the fourth generation as "very hands-on." By this, Moore means that the four Rabenhorsts are actively involved in the daily management of the company. They want to "plug in and be on top of what's going on." For the most part, the term "hands-on" is applied to describe their leadership style in a positive sense. "Hands-on" may turn to the negative side if the family abuses their position of power by acting in a dictatorial style or over managing the small details – "micro-managing" according to Larry Moore. In this case, the active involvement of family owner-managers is generally construed as a good thing because these individuals have reason to pursue the success of the company and have acted accordingly.

Further, the active involvement of the Rabenhorst family members has been in a cooperative spirit, rather than one of contention or harmful rivalry. The fourth generation of equal partners has been able to reach agreement and find consensus in their decision-making. In other family businesses, this spirit of cooperation may not dominate. All too often, problems, such as personal ego, the desire for complete autonomy, lack of trust, and jealousy are some of the motivating factors leading family members to split off from the business and form their own company.

Non-Family Management in the Fourth Generation

The cooperative spirit among the fourth generation family owner-managers has spilled over to non-family managers as well. Following the example set by Alvin Phillips Rabenhorst and C. B. Knight, the fourth generation of family owner-managers has continued to enable the growth and development of non-family managers. The experience of Larry Moore, the leading non-family manager, serves as an example. Moore claims, "One of the reasons that I am associated with a family-owned firm as opposed to a corporate type situation is that the family-owned firm lends itself toward a much better employment situation." According to Moore, he came to Rabenhorst Funeral Homes in 1968 and "progressed through the ranks, fortunately for me, to the general managership, which I now hold. It has been quite rewarding." Moore recognizes the limits placed on non-family managers and comments as follows:

In most family firms, the opportunity for advancement is not there. You don't move up through the ranks even to general manager because that is going to be a family member's responsibility. So, working at Rabenhorst Funeral Homes also gives you a different feeling with the possibility for advancement and remuneration. That is possibly the biggest complaint I hear about family-owned

funeral homes. You have a job and you come to work and you go home and there is no thought as to some day I could be the manager or a co-owner. We don't have that opportunity either, but we do have the opportunity to advance to a much higher level than otherwise.

Larry Moore, General Manager, Rabenhorst Funeral Homes.

Generational Similarities

Tradition is the hallmark of Rabenhorst Funeral Homes, the foundation upon which everything is based. "I know in the funeral home, we have a lot of tradition...I relied on the heritage and tradition there," remarks David Rabenhorst. This basic concept of the importance of tradition has been passed down from generation to generation in the business. Karen Rabenhorst Kerr explains, "We are the oldest continuously owned family business in Baton Rouge. We are dignified in the way things are done. We grew up with a standard of the way you conducted yourself in public because we owned a funeral home."

Based on the foundation of tradition, the basic philosophy of service is the same as it always has been. According to Larry Moore, the service philosophy "has not varied more than a half-inch from where it started because undertakers are undertakers and they don't change." The service philosophy of helping bereaved families cope with the loss of their loved ones will not change unless society changes completely and the concept of traditional burial is stopped. Although there have been many changes regarding legal issues with death as our society has become more complex and the roles that relatives and neighbors play in the funeral process has changed considerably since Charles Rabenhorst began making coffins in 1866, the basic philosophy of service remains the same. This stability in the business side of Rabenhorst Funeral Homes has contributed to the survival of the firm, which augments the family's ability to maintain control of the company as a family concern.

We tend to never change here, much like churches. You know churches don't change. Maybe the basic philosophy of the minister may not be the same as the last minister, but the people of the church don't change because they don't want to change. No, we like it just like it is. I want the same music we have been listening to for the last 412 years. So, we are sort of the same way here.

Larry Moore, General Manager, Rabenhorst Funeral Homes.

By stressing the philosophy of service, Rabenhorst Funeral Homes has also offered high quality products throughout the years. Realizing that people are at a low point in their lives when they come to a funeral home, the Rabenhorsts have tried to make the experience as comfortable as possible. Other firms may offer low prices by sacrificing quality. David Rabenhorst explains the approach of some competitors, "A lot of funeral homes that are bought out by the corporations are more profit-oriented. It is more of a used car approach." Because of its solid reputation in the community of Baton Rouge, Rabenhorst Funeral Homes has been able to maintain its market share and has not felt the sting of competition from national conglomerate organizations that have entered the funeral industry and caused great concern for independent funeral home operators across the country. Service Corporation

International (SCI), based in Houston, Texas, and Alderwoods, a Canadian company, are examples of national companies in the funeral business.

The industry remains a peculiar one in the respect that advertising should be subtle and sales techniques somewhat restrained, if not low key. “We sell merchandise, but we are not trying to sell things to anybody by putting up signs out on the street. You know, buy one, get one free,” explains Larry Moore. Also, customers do not want to be in a funeral home under any circumstances, so employees must remain cognizant of the situation. Acting in a normal, polite manner may be misconstrued in a funeral home. For instance, employees should not wish a good day to the customers.

Down here in the South, it is not a problem. You just say ‘morning.’ You do not wish them a good day as they go out the door because they are not going to have a good day. You just have to be careful about what you say. Things that would be absolutely inoffensive in any other context can be offensive.
Larry Moore, General Manager, Rabenhorst Funeral Homes.

Well trained employees maintain the concept of tradition and the service philosophy at Rabenhorst Funeral Homes. Low employee turnover rates and long-term employees have benefited the company. David Rabenhorst believes, “We are more sensitive to our employees’ needs than a large corporation...At times, we bend over backward to help them.” According to both David Rabenhorst and Karen Rabenhorst Kerr, the employees exhibit an attitude of caring about their jobs, their clients, and their company. The owners’ attitude of caring has been reciprocated by the employees and the employees have remained loyal by staying with the company. Of the 30 employees in the funeral homes, 19 have been with the company for 15 years or more.

Next Generation

Among the new employees are two representatives of the fifth generation of Rabenhorsts, who are just entering the business. Karen Rabenhorst Kerr’s son, Patrick Kerr, has joined the funeral company after graduating from LSU in 2004. Currently, Patrick, age 24, is serving his internship in order to receive a funeral director’s license. During the internship, Patrick will sit in on arrangements with funeral directors, go on funeral services, work around the company in various places as needed, and file monthly reports to the state board. The funeral director’s license does not include embalming although Patrick will assist in the preparation of bodies for burial. Patrick does not intend to become an embalmer. At the end of the one-year internship, Patrick will take the state board exam. While Patrick is the first fifth generation member to enter the family businesses, David Rabenhorst’s son, John Rabenhorst, who is approximately the same age as Patrick, recently joined the insurance company and is in the process of determining whether or not he will stay in the family business.

The fifth generation includes a total of seven children, ranging in age from 15 to 29-years-old. The oldest child, Jonathan Kerr, lives in Virginia, is interested in music, and has no plans to enter the funeral business. David’s oldest son, Brian, is in medical school and plans to become a doctor. The remaining three children are still in school. David’s daughter, Erin, is a junior at LSU; Scott’s daughter, Blaire is a sophomore at LSU; and Scott’s son, Kyle is still in high school. Whether or not any or all of the three younger fifth

generation members will enter the business is not known. However, the future seems bright for the family and its businesses and the likelihood that the tradition will continue.

Conclusion

Rabenhorst Funeral Homes serves as an example of a long-lived family business, surviving three successions into the fourth generation of family ownership and management. To the outsider, the funeral home industry may not appear to be a particularly attractive career avenue for young family members, but the Rabenhorsts have maintained the business in their family. Beyond the financial reasons for this survival as a family concern, the fourth generation displays a great sense of pride in the family business and respects the importance of tradition in the funeral industry. At the same time, the Rabenhorsts have kept abreast of a vast array of changes affecting their business from developments of information technology to legal and regulatory issues to financial and social practices. In the fourth generation, four family members share ownership equally, giving rise to the need for a cooperative style of leadership. This management by committee has been successful for the family because each of the four family members contributes their talent to the management pool, which broadens the base of managerial skill to cope with a rapidly changing environment.

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Figure1. Rabenhorst Business Family Tree.

First Generation

|
Charles Ferdinand Rabenhorst
(1828-1880)
|
|

Second Generation

|
Alvin Eugene Rabenhorst
(1875-1946)
|
|

|
Oscar Ferdinand Rabenhorst
(1870-1942)
|
|

Third Generation

|
Alvin Phillips Rabenhorst
(1919-1992)
|
|

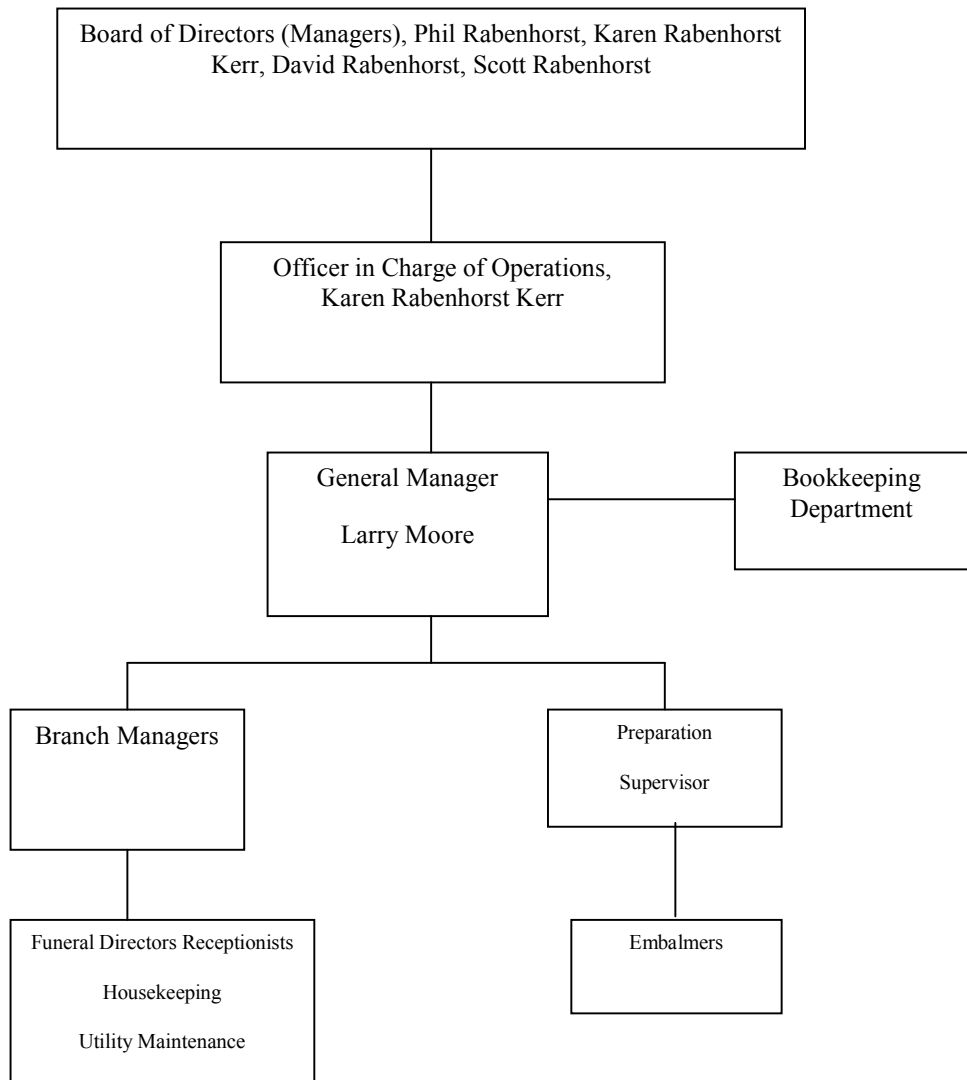
|
Harry Aldrich Rabenhorst
(1898-1972)

|
Alvin Eugene Rabenhorst II
(1905-1988)

Fourth Generation

|
Alvin Phillips Rabenhorst, Jr. Karen Rabenhorst Kerr David Lee Rabenhorst George S.Rabenhorst
(1947-) (1949-) (1952-) (1954-)
|
|
|
|

Figure 2: Rabenhorst Funeral Homes Organization Chart



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