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Ultimate Referral Machine

This is the biggest winner, other than internet, that we have in any of the schools. This is the number two lead generator, the number two student acquisition system, the second most effective, I guess, in numbers, gross numbers-wise, that we use right now.

Basically this is why this is such a strong thing, now I know a lot of people are doing birthday parties and all different things like that, and this is the same, but there are some key, some small hinges that swing a big door on this.

Here are some of the keys that make this work really, really, really well, really well: Number one is it's very high leverage, very low labor. This is not standing out on the corner passing out 100 VIP flyers in a day to get one call. This is 50 or 60 people come into your school and you teach them for an hour.

Would anybody be fine with that?

Spend one hour on a Saturday teaching 40 or 50 students?

The second thing, the reason it's very high leverage is that almost any staff member can do it. Now, I'm going to tell you in a minute you do need to have 2 people in the room when this happens, when you do this thing, you need to have two human beings - one teaching a really fun class, the second person doing the most important part, and we'll talk about that in just a minute.

The third thing is that there's almost no cost. Now the way we do the thing, we do a bunch of mail, and a bunch of email, voice broadcasts, calls before and during the party, so there is some cost involved the way we do

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it, but the hard costs on this deal is maybe \$50, it might cost you \$50 on a Saturday to do this deal and one hour of your time. T

he third reason that this is really so strong is that you can change, you know what the big problem with doing a referral contest is, not a referral contest, but an ambassador program? Any student that enrolls you say, now Mr. Jones, please understand that we have something in our school called the ambassador program and that means any time you refer one of your friends you get \$50 off this, or a free this, or a whatever bonus - here you go, thank you very much, see you in class on Monday.

Now what happens in 30 days? They forget - they don't remember. Right? So any type of a referral program that's consistent all year long you have a very high likelihood of nobody remembering anything about it 30 days later. Right?

So one of the reasons why this thing we're talking about is so strong is that we can change it whenever you want, you make it something brand new and fresh and different every month, every other month, every third month, every fifth month, whatever you want to, so people don't forget about it.

The worst part about people forgetting about it is your staff. The guy that's over there, right? Because they don't get excited about it anymore. Right? When does the referral program work the best? It's when you first launch it. Because you've got momentum and you're excited about it and you're happy about it and all the staff is on board and what do they talk about for the next 2 weeks? That's all they talk about for the next 2 weeks.

The 2 weeks after that they don't talk about it so

much.

But 30 days after that they don't even remember it, much less talk about it every class.

This thing you can constantly recycle it and wrap a bow around it differently, this is like Dave Kovar was talking about the retention, no the perseverance party, this could be the same format.

I'm going to show you the format behind the thing. Number next is if I'm doing birthday parties as my prime lead generator I can only do one a year, right, because each student only has one birthday a year.

Now I can line them up and do them several times during the month, but I don't have to wait until next year to get Johnny in to do one of these things. Oh, by the way, to back up another one, one of the real cool things that we did, the half birthday, every 6 months, so 5 months after their regular birthday we celebrate their half birthday on their 6<sup>th</sup> month, so that's just kind of a clever little one you may want to use.

Now, here's another reason why this is better than a birthday party, it's better than anything you charge anybody for, it's better than like almost everything, because the parent and the student don't have any expectation of exclusivity, so they don't have an expectation that the party is only for them and they're going to be the only ones in there, the problem with having exclusivity is what happens? Johnny brings one friend. So now you're teaching a class for 2 people. That's not very motivating, right? T

That's mind numbing. That's why we hate doing birthday parties isn't that right? That's why your staff hates to do these parties, that's the reason, because they, it takes them a whole extra half a day on Saturday,

they get there to teach 4 students, that sucks, right? That just sucks the energy out of you.

This thing is completely different.

So this is how it works and I'm going to go through these details very fast, write quickly. Number one is we're an educational facility. We're not a sport facility. Our educational facility has a specific curriculum with specific goals, specific measurements, that accomplish specific levels of recognition.

So when I go from white belt to gold belt I have two things I'm focused on, number one is my physical skill, number two is my attitude and my character skills. So we have two sides of the martial arts belt, one side of their belt is stripes that track their physical progress, the other side are stripes that track their attitudinal progress.

Right?

Now which one do you think, I know you know this, but in our schools the one over here is just as mandatory as the one over here. If you don't have your 5 attitude stripes, you don't rank, just like if you don't have your 5 physical stripes. In fact, even more so in many cases. So how this works is any person that you declare to be an honor student wins a free pizza party at your school for them and 20 of their friends.

What you have to decide is what an honor student means to you. Now in our case this is how this works and you can feel free to steal this: Let's say I'm a white belt, my first assignment, the first thing I have to accomplish before I can go to gold belt is I have to use the seven magic words 10 times at home with mom and dad - I have to use yes sir, no sir, yes ma'am, no ma'am, please, thank you, you're welcome - I also have to demonstrate good focus 10 times at home for mom and dad, which

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means my mom is in the kitchen and I'm watching television, mom talks to me, I have to make direct eye contact with mom - each time I do one of those things I have a homework assignment that mom goes and initials a box off, when I have 10 boxes full I can get my stripe.

Right?

Now, the contest is this, you've got to bribe kids, you've got to bribe students, even if they're adult students, the bribe is this: the people in the class with the most attitude stripes - notice I didn't tell you a number - with the most attitude stripes will be the honors students. I didn't say 5 or 6 because then they'll only do 5 or 6, but this way they just keep going and if Johnny has 7, then I better get 8, and if he's got 21, I better get 22, so you've got to orchestrate that culture.

Actually I stole this idea from Matt Young and he stole it back from me and I think I own it now, I think I may have stole it back from him after I did some software thing for it, but I won't claim that I came up with it.

You have to define what an honor student means to you, everyone has different values in here.

I told you what one of ours are, one of our requirements is that they have to have X number on this side, right?

The next step basically is you select them. This is the selection process. You all know - what are the best referrers?

Who are the students who refer the most and the best students?

New students, because they're excited, they're motivated, plus they haven't already brought all their friends - the brown belts have brought everybody they

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know twice, three, four, five times and if they haven't enrolled by now, they probably won't, not that I wouldn't be glad to have them in the room, but, I'd love to have the white belts friends because they're really likely prospects, right?

So here's how you select them, it's up to you, but this is how we do it. The tracking system for in our case character skills, the physical ones are important, but the character ones are what earns them honors, we basically say it's a contest and whoever has the most are the honor students. In our case we have that homework tool that very concretely allows them to earn those things. Is that making sense? Everybody following me? Okay, so they turn in the assignment, they get a stripe at the end of class, they turn in another one they get another one, they turn in another one they get another one.

How thrilled is mom and dad when Johnny said yes sir, yes ma'am 60 times at home? Right? I mean that's useful, right? So how I do it is we usually have 2 or 3 graduations, one will be the lower ranks, one will be the middle ranks and one will be the higher ranks. Well the lower ranks I might choose 20 students, in the middle ranks I might choose 10, in the higher ranks I might choose 3 or 4, but basically this is sort of like the selection process, it's kind of clever, I stole this one from Master Rios.

You say everybody stand up and our mandatory by the way is that they have to have at least 4 attitude stripes to graduate - so everybody has at least 4 or they wouldn't have tested and they wouldn't have graduated - so I say, okay, anybody who has only one attitude stripe have a seat. Nobody can sit down because they had to have at least 4.

What I'm trying to do is not let anybody fail the first

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time. So okay, anybody that has only two sit down, anybody that has only 3, anybody that has only 4, how about 5, 10, 17, 19, 20, just kind of keep going. Almost always with the white belts and the gold belts and the green belts they'll have 30-ish, they'll have a lot of these things because they're, you know, they will.

Brown belts will have like 10 or 8 because they kind of get it, plus we make it much more difficult for them to earn their character stripes. Directly, proportionately more difficult as they become a higher rank. Is that making sense? So what I'm trying to do is I'm trying to watch how many people sit down so that I get 20 honor students out of that graduation.

So let's say I have 50 students graduating, 30 sit down, I want 20 that are going to do parties with me next month. Actually the week following and I'll talk about that. So then you bring all those 20 students up and they make a big straight line and you give them all a big high five and a certificate for the free pizza party and then you immediately send them over to talk to the program director - not tomorrow, not the next day, not an hour from now, right now when I hand you the thing, walk over and talk to Mrs. Jones over there, she's going to schedule our party for you.

Here are your two options: we have a party next Saturday and one a month from Saturday.

Now here's the deal, I just selected 20 people, how many people could I do next Saturday?

Now remember there's no expectation of exclusivity. So is it okay for me to have 7 of them scheduled in the same hour on Saturday?

Absolutely.

So what happens when little Johnny only brings his sister? Who cares, 8 other kids were in the same thing that all brought one friend, I have 30 people in the class. Right? Well, 16 I guess, but you see what I'm saying?

So even if they only bring 1 friend, I've got 8 of them, I've got at least 16 people I've got at least 8 prospects I can teach that day.

And mostly what happens is one student brings like 10 of their friend and one brings 2 and one brings 7 and one brings 9, doesn't matter you still have 25 prospects you can teach that day.

That's why this is a lot stronger.

We give them a little package that they give to their parents. What we want to do is control the data. So we ask them to bring in their guest list to us at least one week ahead of time and we send out the invitations to the other parents.

So see now we have everybody's email address, phone number, address, they're in our database right now, they're in this pipeline, so now we follow up with them forever.

The second component of that is you get maybe 60%-75% compliance on that. But you'll always get the phone list because really what we're doing is we're going to call them to confirm that they're coming.

We're going to give them a little invitation sheet, a guest list, we want the guest list back at the thing, that's what this is all about. We want the guest list a week ahead of time, we're going to send the invitations out, but we only send them as a formality because really we call all of their friends and invite them personally.

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We mail on Monday, we call them Monday night. I don't want the mail to get there before I talk to them, I actually want to talk to them first.

Hi, this is Mr. Jones from XYZ Karate, this is your friend across the streets karate school and I don't know if you knew this or not, but he was one of our honor students in our school, he accomplished these character tasks over the last 8 weeks and he earned a free party for 20 of his friends and he selected your son Johnny to come, is he available next Saturday?

So really what it is, is an outbound info call. You have something to offer them, but it's an outbound info call, you treat it just like an info call. We call them immediately to invite them to the party, we also send them an email, a little postcard, all that sort of stuff, so it's the same pipeline effect, but are these guys worth spending some energy getting them to the school?

Yeah, you've got a brand new lead that knows someone that's probably having a great experience in your school, they deserve some focus, they deserve some energy. We also call them the day before the party to confirm that they're going to be there, just like an info call.

We treat this just like it's an intro, call them the day before, the evening before, hey Mrs. Jones I know that Johnny had invited your son Billy to the party, just wanted to make sure you knew where we are at and that we are starting at 1:00 p.m. Is everything still on?

That's all, you just need to confirm all that stuff. The big key to this, another thing that makes this work real well, is we've all done birthday parties where the birthday party mom brings everybody and you have no other parents in the lobby to talk to, that's not very

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productive. So we've got to make up some reasons for the other parent, the parent of the friend, to be in the class.

Now let me pause for half a second on this, if I'm an adult only school, adult only school, can I still use this?

Absolutely.

Eric does clinics.

He has a soft style so he'll do like a wellness clinic and he'll bring in his adult student's friends to do a wellness clinic or have an acupuncturist come in and do a special clinic. It's the same concept, all of these same mechanisms still apply. He's doing exactly the same thing, except instead of inviting Johnny he's inviting Mr. John. So you have to give them a reason and an excuse to show up at your school and to stay and watch the party. Any real quick ideas?

What would be a good bribe to get mom to stick around instead of do the drive by?

Attendee: Food.

Milroy: Food is not bad. What else?

Attendee: Free gift.

Milroy: Sure, free gift, food, bribe.

Somehow they interact with their son or daughter at the thing.

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Here's what we do, one of the things that we do is, okay Mrs. Jones keep in mind one thing, I know that you're going to be really busy that day, but your son Johnny is going to have an opportunity to do something that many people don't and he's going to have the opportunity to actually earn his very first karate belt, earn his white belt that day, and what we want to do is actually have the parents tie that very first accomplishment, tie that first belt on the student.

He's going to be so proud of this you're not going to believe it, you're not going to want to miss that.

Make sure you bring a camera, we'll take the picture for you, it will stay on your refrigerator for 10 years.

Now how many times is she going to show up? Pretty often. If I don't do that step, how many times is she going to show up?

Not very often, right?

So you've got to, that's the little hinge, that little hinge, if you miss it and they don't show up you can't talk to them, much more difficult.

Okay, etcetera means anything else, any other problem you can solve on that deal.

At the party, you guys all teach a great intro lesson we probably don't have to go through that, but one of the keys on this is it takes two humans, it takes two people on your staff to pull this off very smoothly.

This is only a one hour party and you can either do three 15 minute segments, or you can do, I'm sorry three 20 minute segments, or four 15 minute segments, it's kind of up to you, I'll tell you what we do, but we do four, 15 minute segments.

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We'll do basically the first 15 minutes is intro one. We all do intro one's right? We all do the first lesson for martial arts students. That's what it is. This is an intro, this is a one hour long intro you don't treat it any differently.

So primary person in the room number one is the instructor, the first 15 minutes he's going to do an intro one making the honor student the star of the day. So the honor student stands next to the instructor facing the class, not in the class, they're the instructor for the day.

So you make them feel like a star, you do everything you can to highlight them and spotlight them and make them really want to be the honor student next time too. Second 15 minutes we do just a real high energy, fun, martial arts type games or you know, whatever, you get the idea.

The third component is some other activity to make the honor student the star of the day. So you've got 15 minutes of an intro, 15 minutes of fun, high energy, exciting, relay races, kicks or whatever you want to do, 15 minutes of specific time set aside to make Johnny the honor student look like a champ.

He gets to break the foam board, or he gets to demonstrate his focus and his confidence by breaking the demo board, or he gets to demonstrate his seven magic words of respect, or his four laws of leadership, or his whatever, he gets to do something that's going to make him look like a star in front of all of his friends and the parents.

What is this? This is social proof right?

This is the son demonstrating exactly what it is that you teach in your school, you don't have to persuade Mrs. Jones sitting in her chair that we teach leadership

skills, or that we teach focus skills, Johnny just did it for you.

The proof is the proof. And then the last 15 minutes you do pizza or whatever. And then you close for an alternate event or for a trial program. So you get all the students in a circle and you take a knee, and you say okay, who had fun today and everybody raises their hands and you shake your head. Great, well who would like to do martial arts like this? Who would like to be a black belt one day like Johnny is going to be? And you shake your head like this because they will too, right, all that, and you say okay great.

Well here is the opportunity, this is called the guest pass or whatever your mechanism is, and what this does is allow you to do X. By the way I have a whole stack of free uniforms sitting over there at the front of the room that you have to walk past to get to the door, have your mom fill out this piece of paper, leave it with the desk and you can take your free uniform home with you today. And the piece of paper is the trial form.

Attendee: The piece of paper is the what?

Milroy: The trial form, their registering for a free trial, a free 2 week thing or a lesson or whatever your trial is, your intro.

Now what's the second staff member doing? That hour was just the instructor. 15 minutes of an intro, 15 minutes of fun and games, 15 minutes of highlighting, directly highlighting the winner, 15 minutes of pizza.

The second guy's job is just as important. He's going to greet every family. He's going to greet every family as they walk in the door, but at the same time, Johnny is going to greet all of his friends at the door. Have you guys ever heard that birthday script that we

use?

The NAPMA script that we use? The welcome them to the birthday party?

Okay, write this down.

The student, you have to teach the student how to do this, so the student has to come to the school 30 minutes before the party.

If they're in uniform it's even better. But they have to come to the school 30 minutes before the party. Johnny, you're on a knee, eye to eye, Johnny listen, one thing I need you to understand is that since this is your party you're responsibility when you're the host of the party is to make sure that all your guests feel comfortable, happy, have a great time.

The first thing you have to do when they come in, remember when you first came into the karate school and you were a little bit scared, a little bit nervous, right? Well, your friends are going to be too.

So your job is to make them feel at home and make them feel really welcome.

So you're going to walk right over to the front door and stand at attention like this when they walk in the door and you're going to look straight at your friends, straight into their eyes and you're going to say - Hello Johnny thank you for coming to my pizza party today, and then you're going to look up to mom's eyes and say, Hello Mrs. Johnny thank you for bringing Johnny to my pizza party today. Then you're going to walk them over to do the bell and the mat and all that stuff.

Then whatever you do is what you do, they put their shoes away or whatever you system is your school, but you get the idea.

So now as soon as the student does that and walks Johnny over to put his shoes away, Mr. Staff Member steps right in front of Mrs. Jones and says Mrs. Jones welcome to the school let me show you a chair, have a seat and here's the information of what's going to happen today in the party, an outline of what we're trying to accomplish.

The second objective that he has is to collect everyone's permission slip. Any student that walks in the door has to have their parent with them and their parent has to have the permission slip in their hand, with full contact information, email, address, phone number, fax number, you get the idea. So I've already collected it from the other parent probably, but if I missed a couple I'll get it when I get the permission slips because nobody walks in the door without that, right?

So I have to have 100% of everybody's data. The second focus of that second staff member is they have to sit down next to and have a 3 minute conversation with every parent that's sitting in the lobby that hour. So we have it broken up into 15 minute segments and they have 15 minutes to talk to these 5 people, 15 minutes to talk to these 5 people, 15 minutes to talk to these 5 people, you get the idea.

So they're going to sit right down next to Mrs. Smith who is the guest of Mrs. Jones and say hey Mrs. Smith how are you enjoying the party to so far? Great, looks like Little Smith is having a great time out there.

Wonderful. Have you ever thought about trying something like this for him? You guys know what it is, it's to open up the dialogue for them. They have to talk to every parent one on one.

This is what I was just talking about. You have to

demonstrate the culture of your school at every touch point. Anytime when the student first walks in the school, when they see your letter, when they look at the marketing, when they look at the website, whatever the case may be, you want to demonstrate your culture. When little Johnny greets Mrs. Smith and Little Smith using that script that I just talked about, does that say something about the culture of your school?

Does that demonstrate to the guest's parent there's something going on here. There's something different. What's this and the sir and the welcome to my, how did that happen? So everything has to demonstrate the culture of your school. The script that they use, the look and feel of the school, all that sort of stuff.

That's all you need to know. Once you generate the lead, that day, you're going to have let's say 40 people in the school, 40 prospects, realistically you'll have 31 parents, something like that, maybe I don't know what the percentage is so let's say 11 people say yes, I want to do a trial, here's my information, sign the line, circle the thing, here it is, I'll take my uniform today, thank you very much, my appointment is Monday at 4:00 p.m. for my first lesson. 11 people will say that. So now I have 20 people that go into this pipeline forever. So it's very simple.

His question was when we set up the trial are we going to do a one on one with them or are we going to do, but really, they already did their first intro, so I'm going to put them into the class, the regular white belt class the next day, and that's their intro two, and I'm going to enroll them that day, maybe the next class. I treated the pizza party like their intro one, I'm treating their first class like their intro two, I might have them go another class and close them then.

The might is up to you. But yeah, you treat that pizza party, they already did their intro, they already learned the same things you teach them in the intro, right? You sort of already had that similar connection with the parents. So just treat it like an intro.

Again, one of the reasons that this is very effective is that you can re-theme these things all the time and the staff doesn't get sick of the theme, because it can be different all the time. So, I live in Florida, we do a pizza party a couple of months, then we do an ice cream party a couple of months, and then we do some other bribe another couple of months, and some other bribe another couple of months, right, so it's always kind of different. One might be a video game party, one might be I don't know, whatever you can come up with the themes, that's not very critical.

What is critical is you always have to give the student something new to look forward to to accomplishing the goal of being the honor student, and you also, almost even more importantly, have to give the staff something new to talk about. They can't be talking about the same stuff every month, after month, after month, after month, right?

Here's a great example by the way, Amanda Christensen is here with us, and yesterday Master Frank Brown and Amanda were talking about, okay, let's put it this way, how long has Master Brown been running schools? 35 years? Right?

You know what they were talking about in the hallway? Something brand new to do for renewals.

Think about that.

How many things over the years do you think they've tried? We know what works. We know what

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doesn't. But we're always doing new stuff.

Why do you always do new stuff?

You like to do the same thing everyday?

Neither does your staff, right? They always like to be doing new stuff. So you have to manage that relationship psychologically.

Always have something new to promote, something new to talk about, a new opportunity, all that sort of stuff.

Who is going to go implement this? Let me say it again, who is going to go implement this? Talk yourself into it, shake your head, say yes, realistically, I'm not BS-ing anybody here, I have no reason to do that.

If you do this, you'll have 5-10 enrollments next month for \$40.

Is it worth it?

Is it worth making a couple of extra confirmation phone calls?

Worth sending a couple of letters? Right? This works!