

Referral Systems: Easy, Affordable and Effective

Introduction

Referral systems are used throughout the business world; and are often a characteristic that all growing, successful businesses share. Asking your customers to refer new customers is a sign of an intelligent business owner, and that kind of “smarts” is also an important characteristic of successful businesses. Referral systems just make excellent business sense.

Referrals and word-of-mouth is the primary method by which many school owners acquire new students. Word-of-mouth can be beneficial, if the words are positive and being heard by someone who could become a student at your school. Word-of-mouth is an informal process, however, that you don't control.

Referrals systems are formal methods that you do control, and that is what makes them effective. All those you ask for referrals are already involved in the martial arts and your referral systems will help you make sure that most of those references fit the description of a student at your school. Sure, some referrals are busts, but you should be able to enroll a higher percentage of referrals than those who respond to your other forms of marketing and advertising, such as lead boxes, newspaper ads, bandit signs, etc.

Fortunately, for the martial arts, referral systems are just as useful for the many part-time instructors, club-level schools and those who volunteer their time to teach the martial arts at a community center or the Y. You need new students whether you operate a part-time school; a small, exclusive club; or a volunteer class.

Referral systems are really universal enrollment generators for schools of all sizes. In fact, it's safe to say that referral systems are some of the best lead generators you can use to acquire new students.

Even the smallest schools can use referral systems successfully because most of them are no-cost or very

low cost, which, of course, is a budgetary necessity. Small schools simply don't have the marketing dollars to advertise in the mainstream media, effectively—BUT they can afford many referral systems that are also easy to implement and very effective.

Referral systems are just as effective for the largest schools, since they have larger student bodies from which to ask for referrals. It's also safe to say that referral systems should be an active part of even the largest schools' comprehensive marketing programs. Even when a big school rolls out all kinds of big marketing and advertising artillery to blast its message across the media, referral systems should still be the first “soldiers” in the front lines.

In general, referral systems are the highest quality and lowest cost methods to generate new students. Referral systems make it easier for students to join, spend more dollars and be retained for a longer period of time.

Referral Systems Advice and Tips

Before starting a referral program, keep in mind that not all referral systems or methods will work in all schools. Spend a little time determining which referral system will work best in your school. The wrong referral system will not be effective, which could make you hesitant to pursue referrals. Don't become discouraged; if one system doesn't seem to work in your school, then try another.

Often, the effectiveness or outcome of your referral system depends on the quality of the referrals you receive. You can ensure that you are receiving qualified referrals by asking students and parents for more information than just a name and contact information. The more you know about the referral before you contact him or her, the more likely you'll enroll him or her, successfully.

Another tip to consider: the success of your referral system is also dependent on the quality of your

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appointment-making skills and your enrollment appointment/introductory lesson. Good, qualified referrals can be wasted if your enrollment process is not carefully developed, practiced, reviewed and fine-tuned. In other words, don't blame your referral system for being a failure, if the problem is with your telephone skills, sales system or enrollment process.

Referral systems are typically very flexible, so feel free to customize, modify and/or adjust any of the following referral systems to better fit your school and situation.

Many top marketing experts inside and outside the industry recommend that it's best to use more than one referral system, simultaneously.

Lastly, a word about costs: Virtually all of these referral systems cost little or nothing. Some require that you print a card or guest pass to distribute to prospects. A few of these referral program ideas suggest offering pro shop merchandise or popular consumer products that will cost you real money. Even if you operate a small school, offering a special prize worth even hundreds of dollars is still an excellent trade-off for five or more qualified referrals that could spend thousands of dollars at your school. Some referral systems are effective because you must invest some money in a highly valuable incentive. Naturally, larger schools have the budgets to use those kinds of referral systems more often, but even smaller schools will find it worthwhile to dangle a big prize for referrals.

A List of Referral Systems You Can Implement This Week

1. Give current students complimentary memberships for every five students they refer who enroll.
2. Ask your current students to call their friends and encourage them to try martial arts. Current students receive a gift for each referred prospect that enrolls.
3. Give each new student two Guest Passes (The May Professional Package includes two different Guest Passes; one for Mother's Day and another targeting adult females).
4. When a current student has decided to stop training, ask him if he knows someone who would like to train, to take his place in the class.
5. Give each current student who provides a qualified referral that enrolls a written "Thank You" note and a lottery ticket (If your state conducts a lottery.) This will encourage your students to refer more prospects.
6. Tell your current students that the school will donate \$50 to their favorite charities for each referral that enrolls.
7. Referred prospects receive a \$100-gift certificate for a one-month beginner's course at the school. If they enroll in the school's regular course, following the beginner's course, then the referring student receives \$50 in karate bucks or dojo dollars to spend in the pro shop.
8. Most schools contact newly enrolled students as part of their 2-4-6 follow-up phone call system. As you make those calls, ask your new students for referrals. Remember, new students are always your best source of referrals, not students who have trained for years at your school.
9. Ask all newly enrolled students during their enrollment conferences for the names and phone numbers of their best friends and permission to call them. Tell the newly enrolled students that their friends will receive a free beginner's course and uniform, and that it is a good idea to train with a buddy.
10. Ask each of your current students to invite a "witness" to belt promotions.
11. Select or create an item of perceived value, such as a unique martial arts gift or consumer item, or private lessons. Current students receive the gift in exchange for a certain number of qualified, enrolled referrals.
12. Schedule regular office chats with your students and, while you discuss a number of subjects, ask them for referrals.
13. Consider referral contests if other referral systems are not working. Offer a special prize, such as the latest gaming system (Playstation™ etc), that is difficult for students or parents to acquire. This type of referral program may be most effective during the fourth quarter of the year when parents are desperately trying to buy the latest toy or electronics for their children. The special

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prize could also be a high-value toy that is being merchandised as part of a new movie for kids.

Larger schools are apt to have the marketing budgets to offer prizes, such as cruises, plane tickets, vacations, all-day family passes to popular entertainment venues and amusement parks and "Nights Out on the Town" for adults. These high-quality prizes are certainly worth it, if your referral program generates 30, 40 or more leads.

Referral Systems Example Courtesy of NAPMA Members

A number of NSSN faculty members responded to NAPMA's request for their proven referral systems. It's another great benefit of your NAPMA membership: to have access to referral systems and other school-growth strategies that have proven successful at other schools.

14. From Richie Bernard, New Hampshire

All students at our school receive House of the Samurai business cards with their names and titles, such as "Black Belt Club Member," imprinted on them. The card also includes "Two Free Weeks On Me." If a prospective student presents a card and then enrolls in one of our regular programs, then the referring student receives a "Thank-You" card and \$50.

Referring students also earn the right to wear our school's Esprit de Corps patch on their gis, with the title "Team Spirit" in Japanese Kanji. We are a traditional Dojo and only wear one other patch over our heart, so the referral patch truly stands out.

There are 6 different patches (1, 2, 3, 5, 7 and 10), each representing the number of referrals. Each patch has a different color combination: (1) Black kanji/white background; (2) Red kanji/white background; (3) White kanji/black background; (5) Red kanji/black background; (7) Silver metallic kanji/black background; and (10) Gold metallic kanji/black background.

These business cards have been quite popular with both our adults and juniors. We print them in-house, so they are low-cost and readily available.

15. From Oliver Drexler, Germany

My best referral idea comes from Rob Colasanti's, "Hitting Hard in the Martial Arts Business" tele-seminar. I reduced current students' tuitions by €5 (Eurodollars) for every new student they refer who enrolls; €10 for qualified referrals; etc. Students who refer six or more new students receive one year of tuition for free. I've used this referral program since December 2006, and generated six new students. Thanks for a great referral idea, Rob!

16. From Dr. Chris Dewey, Mississippi

One of our best referral systems is to give prospects two-week passes during their enrollment or appointment conferences. We ask prospects to invite a friend to come to class. Our regular students like to distribute two-week passes, as well. We obtain the contact information of those prospects that use the two-week passes and follow up with phone calls, a written invitation and, of course, the two weeks of free classes.

17. From Keith Wilkes, Pennsylvania

We conducted a month-long referral contest during 2006 that netted 15 new students. We gave the referring students one month's tuition for each referral that enrolled. The tuition amount was the equivalent of the new student's training program. I plan to use this idea again during 2007. We also awarded the prize checks during class to bring attention to the contest.

18. From Charlie Foxman, Missouri

I recommend that you create a bully or stranger awareness program and ask your students to invite their friends to the free program (parents must attend). During the program, distribute professional looking gift certificates for a free week of classes.

19. From Rick Dye, Washington

We schedule a Buddy Day. Prior to the event, we distribute complimentary passes to our students, so they can bring a buddy or family member with them. We also conduct in-house referral contests for money or prizes to generate referrals during a specific time frame.

20. From Dale Cook, Oklahoma

We use a two-coupon VIP referral system with all new students, upgrade students and students of the month.

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Take Action!

As with many of the strategies and tactics NAPMA provides its members, referral systems will work at your school because of your effort; your willingness to plan, manage and follow-up; your Black Belt commitment to make them successful and constant and consistent elements of your overall school-growth strategy.