

# Build Your Enrollment Using a Referral Rewards Program

by Kris Murray

We all know that word-of-mouth is the most powerful form of advertising. So why do so many early childhood programs lack a customer referral program that consistently brings in new prospects and clients? Maybe we figure that if people love us the referrals will come naturally, without us having to ask for them. Sometimes that's the case, but if you don't have a system in place that's specifically designed to produce referrals consistently over time, you're missing a key tool in your enrollment-building arsenal.

Have you ever heard of the "Rule of 52"? It's based on a discovery by Joe Girard, the author of *How to Sell Anything to Anybody*. In marketing to consumers, his contention is that each customer has the potential to refer 52 other customers, on average, to any business. Even if we cut Joe's number in half, ask yourself, "Is my child care program receiving (an average of) 26 referrals per customer?" Probably not! So you can see that there's enormous potential in using



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just this one strategy to build your enrollment.

This might be the case, but there's one problem. Unless you *reward* existing customers for their hard-earned referrals, they're unlikely to help you get many new customers. They may refer a few people here and there, but if you're not rewarding customers for their time and efforts in referring you to their friends, family, neighbors, and colleagues, you're truly leaving money on the table.

## Earn-Ask-Reward

So what is the simplest, easiest way to create a customer referral-rewards program? Follow a simple three-step process: Earn-Ask-Reward (EAR).

■ **Step 1: Earn.** Do what you do so well that people can't *resist* telling others about you. A great example is Disney. In fact, it was Walt Disney himself who said this. Your customers should be so happy with the level of child care they are receiving from you that they simply won't be able to resist telling their friends, family members, colleagues, and acquaintances about you.

Make a list of what's special, unique, and different about your center. Ask

yourself, "How can we provide child care so well that people will be amazed at our service and how great we are and that they won't be able to resist telling other parents about it?" In other words, provide a "WOW" experience. If you want others to rave about you, you'll need to define — and refine — your "WOW" experience.

■ **Step 2: Ask.** Create an easy-to-follow process for asking happy customers to refer you to their friends and family. This could be a simple flyer that spells out the details of your program, including the reward for providing a referral. Be sure to promote your Referral Program often in promotional literature, your center newsletter, via email to your customer list, on your website, and in flyers posted on your Parent Communication board. You might even change it up a bit by tying the reward into a specific holiday, or testing the appeal of new rewards. This will give you a reason to promote your referral program over and over again to your target audience; as we all know, busy parents have a lot on their minds. Most importantly, when a customer raves about your staff or your program, this is the per-

fect moment to ask them for a referral. Remind them of your rewards program, and ask them to do you a favor by mentioning their great experience to their coworkers, friends, and neighbors. Set a goal to verbally ask two or three customers each month for referrals, and increase the goal over time. Soon you'll start getting a steady stream of referred customers for your child care program!

- **Step 3: Reward.** Choose a valuable reward that will be meaningful to your customers. The value of the reward should be at least \$50, and preferably \$100 or more. Consider giving a reward other than a discount related to your child care business, because it will have a higher perceived value. One of the best gifts that parents can receive is a complimentary 'date night' including dinner and a movie, or perhaps free child care for the evening. This is a great reward to offer because you'll receive additional referrals when these parents tell others what a great evening they had — compliments of you and your program. Other ideas include a gift card to a popular retail outlet, or cash.

Typically, the reward is given when the enrolling family names the referring family. For example, on the Enrollment Form you should have a field for "Please let us know who referred you to our center so we may thank them."

This approach will also work for past customers, or 'alumni' families, who have successfully graduated out of your early childhood program. You can use a "What are they up to now?" board to display success stories, reinforcing the high level of quality and value that your program delivers. When contacting alumni families, you can simply let them know about your

new referral rewards program and how it can benefit them.

### Community Referral Partners

Once you have your referral-rewards program in place for current and past customers, there are two additional groups you can engage. The first group is your community partners, including other local businesses who share your ideal customer. Examples are toy stores, children's clothing stores and consignment shops, family- and child-oriented hair salons, pediatricians, pediatric dentists, and realtors who serve young families moving into the area. The idea here is to set up 'reciprocal referral relationships' with these community partners, creating a system to refer one another to future customers. If you do this effectively, you will have 10-20 businesses in your community sending you a constant stream of leads. If you added 10 business partners each month, and they referred just 5 people each to your program, that would be 50 new leads in just one month!

Here are the steps to creating this program for your child care business and getting people in your community to refer and promote you:

- Identify who in your market has access to and/or a database of your ideal customers. Ideally, you will be a 'match' in terms of sharing a very similar client profile, such as parents with young children who are a good 'fit' for what you offer.
- Make a list of these ideal referral partners in your community. These are the folks you are going to approach as potential referral partners. Another good strategy is to approach new businesses in town who will be eager to work with you to get their word out.
- Create a community display board or area in your child care facility where you can display up to a dozen brochures, cards, or flyers of your referral partners. Get creative and use whatever space you have available.
- Write a letter that describes your Reciprocal Referral Partner program. Print off as many as you need for approaching your potential partners. You may also want to attach the letter to your trifold brochure or color postcards to provide more information to the business owners you are approaching.
- Visit each potential partner on your list. Introduce yourself, and ask to speak to the owner. If she is not available, explain your program briefly to the receptionist or front desk clerk, and ask them to give your letter and materials to the owner. If you do get to speak directly to the owner, be sure to mention that you will be promoting their business to your clients as well ("what's in it for them"). Be sure to get the business card and/or name of the owner so you can follow up appropriately.
- Follow up with every business owner within five days of your initial visit. This is critical. For each business that agrees to promote your program, take 50 brochures, flyers, or postcards with a special offer and a deadline for taking action. You want people to be intrigued by a deadline-driven 'irresistible offer' that will make them pick up the phone or drop by! Most brochures are too 'soft' and do not do enough to drive business to your program on their own, so be sure to include that special offer. You can measure your results by using a unique 'Offer Code' on the postcards or flyers. That way you'll

be able to track how many leads and enrollments you are actually getting, and determine your marketing return-on-investment.

Be sure to collect the materials from your partners and let them know you are actively displaying their materials and promoting their business. Touch base with your partners at least once every other month and see if your materials need to be replenished.

### Staff as Referral Sources

It's sometimes easy to overlook staff as a potential referral source. However, these are hopefully the people who are out in the community 'singing your praises' the most. What better way to leverage this positive communication than to provide a referral rewards program to your employees? One easy way to do this is to provide all employees with personalized business cards that they can hand out to their friends, neighbors, and acquaintances when they speak about your program. Then, when someone mentions that they were referred by a staff member or produces one of their business cards to you during the tour, you can reward them.

Some programs create a 'points-based' tracking system for their employees, and each referral earns 10 points. Once a teacher or staff member reaches 50 points (five referrals in this case), they get an extra paid vacation day, a manicure/pedicure gift certificate, or even cash. Ask your staff what they'd like to receive, and offer that incentive.

Using these simple steps, you'll soon find yourself with many prospective families interested in enrolling in your center, courtesy of your current customer base, your community partners, and your staff.