

**CHRISTIAN ACADEMIC DAY CARE:
A MINISTRY RUN LIKE A BUSINESS**

(A Special Edition for Subscribers to Gary North's Newsletters)

Nick Kozel

**Dominion Educational Ministries, Inc.
Harrisonburg, Virginia**

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This manual is a special preliminary edition. It is being made available only to subscribers to Gary North's publications and to friends or associates of these subscribers. This edition is in beta-testing stage. It does not contain an index. There may be spelling errors or typographical errors. If you spot an error, please inform me: nickkozel@demipress.com.

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Foreword to the Special Edition

Gary North

A. T. Stewart [worth \$800 million in today's money -- G.N.] learned there the great lesson of his mercantile life and said, "I will never buy anything more until I first learn what the people want; then I'll make the purchase." He went around to the doors and asked them what they did want, and when he found out what they wanted, he invested his sixty-two and a half cents and began to supply a "known demand." I care not what your profession or occupation in life may be; I care not whether you are a lawyer, a doctor, a housekeeper, teacher or whatever else, the principle is precisely the same. We must know what the world needs first and then invest ourselves to supply that need, and success is almost certain.

Russell H. Conwell (1915)

You have in your hands a treasure map. It may not look like a treasure map, but it is one. Treasures come in many forms. So do treasure maps. Sometimes treasure maps are hidden in plain sight -- or, in this case, plain site: www.demischools.org.

Rev. Conwell also found a treasure map. It was not nearly so specific or detailed as the one you now possess. He shared his treasure map with literally millions of people over a period of several decades. As always happens, the vast majority of his beneficiaries initially rejoiced, but then they grew fearful, walked away, and left it behind. They forgot about it.

Look at it this way: if everyone followed the directions on the real treasure maps, only the fake ones would be lying around for the rest of us to discover.

Rev. Conwell delivered one of the most famous lectures of his day, in an era in which lectures provided both entertainment and education. He lectured to millions of people -- not on commercial radio or television, which did not exist, but standing in front of people in large halls or in tents. He delivered this lecture at least 6,000 times. He made so much money from lecture fees that he was able to put up the initial money to found Temple University in Philadelphia. His lecture was titled *Acres of Diamonds*. It is on the Web on many sites. I recommend the version posted on Temple University's site.

www.temple.edu/documentation/heritage/speech.html

Rev. Conwell began his lecture with a story about a man who sold his home, took the money, and spent the rest of his life and all of his money searching for diamonds. The man never found any diamonds. But the man who had bought his home did -- in the backyard. Rev. Conwell was making an important point, a point that millions of people paid money to hear him make: opportunities are everywhere, even in your own backyard. This is because unmet needs are everywhere.

In a later version of that speech, he offered the following story. Be aware that the purchasing power of the dollar in Rev. Conwell's day was at least 20 times greater than it is today. Gold sold for \$20/ounce.

I was once lecturing in North Carolina, and the cashier of the bank sat directly behind a lady who wore a very large hat. I said to that audience, "Your wealth is too near to you; you are looking right over it." He whispered to his friend, "Well, then, my wealth is in that hat." A little later, as he wrote me, I said, "Wherever there is a human need there is a greater fortune than a mine can furnish." He caught my thought, and he drew up his plan for a better hat pin than was in the hat before him, and the pin is now being manufactured. He was offered fifty-two thousand dollars for his patent. That man made his fortune before he got out of that hall. This is the whole question: "Do you see a need?"

I see a need. So does Rev. Kozel. As you read this manual, keep this thought in your mind: "Is there a need in my community at least as great as the need for a better hat pin?"

My Targeted Audience

I am writing this preface for specific people. I never write for a committee. I write for representative individuals. In this case, I am writing for three individuals. These individuals are members of three categories of readers.

Category #1: Someone who has always wanted to find a way to combine calling and occupation. I define a calling as "the most important thing you can do in life in which you would be most difficult to replace." Your occupation is whatever you do to support yourself. Very few people combine their callings

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and their occupations, although ministers do this more often than most people. I am suggesting that you should become a minister. I don't mean an ordained minister. I mean a person with a ministry.

Category #2: A person who is already in the day care field, but who has not understood the operational principles and advertising techniques that make day cares highly profitable for a handful of well-informed day care directors who have adopted the correct model.

Category #3: An investor who is looking for an investment that will do a great deal of good in people's lives, but which will also provide him with an above-market rate of return. This manual shows you how you can achieve this. All you need to do is locate someone who is in category #1 or #2 who has had one year's experience in implementing this manual. (In two years, I will have a list of these people.)

As you read this manual, be aware of the fact that almost nobody has discovered most of this information before now. This information is known by almost no one -- not in the day care field, not in the business world, and surely not in departments of education in universities.

What makes this manual unique is a combination of four factors: (1) old-fashioned educational techniques that go back to the mid-nineteenth century, but which were universally abandoned in the twentieth century; (2) advertising techniques that go back to 1905, but which have generally been abandoned, though not entirely; (3) money-management techniques that are as up to date as the latest edition of Quick Books; and (4) a pricing strategy that accepts the principle that parents are responsible for their children's safety and education.

Above-Market Returns

There are two keys to above-market investment returns: barriers to entry and a lack of entrepreneurial awareness among rivals.

There are numerous barriers to entry in the day care field. This manual discusses all of them. They can be overcome by anyone who has the intelligence to read this manual. The proof for this statement is the presence in your town of day cares with waiting lists --

day cares that are operated by people with far less formal education or business experience than you possess. You can verify what I am saying in one day of research: by phone and by car.

As for the absence of entrepreneurial awareness, this opportunity exists because people who have been trained to deal with small children have little business experience or acumen, and business people are uninterested in wiping little people's noses. They assume that day care is an occupation fit only for poorly educated women.

Into this information gap stepped Rev. Kozel. He has pioneered academic day care. He has identified the procedures necessary to operate a highly successful day care. He and I have worked together for many years to put these steps into a coherent form. This manual is the result.

A Decade in the Making

I joined with Rev. Kozel in an ill-fated day care venture in 1991. It would have failed, taking our money with it, but we did a test mailing. There was not one response. We knew then that the location was wrong. That test cost under \$1,500. After that, he went to Virginia. There, his initial test mailing worked. Sadly for me, we were not in a joint venture that time. I learned my lesson!

I invited him to come to Texas in 1993, where we sat down for a week and began writing an early version of this manual. I went to Virginia and shot videos of his day care's program. But he was not ready to go public yet. That took a decade.

What I have told very few people is this: in 1995, I went back to school. I earned 12 semester credit hours in young child development. I planned to open a day care in Texas. I needed credentials. I got them at night school, two nights a week for two semesters. That cost me less than \$300, not counting the value of my time.

In 2001, I became convinced that I wanted the full story of Rev. Kozel's system. I went to Harrisonburg and spent ten weeks learning the DEMI method. I worked in one of the day cares in the morning. It was the best time I have had in years. His system makes it easy for new employees to get up to speed in just one day. There were no major problems with disciplining children. Then I worked with him in the afternoon to write this manual.

Once again, I shot classroom videos that take you through one day's operations, so that you can see what works and how it works.

Then I returned to Arkansas. I worked on autoresponder-delivered advertising materials for the manual. I wrote the direct-mail ad he will use, beginning this December. He continued to work on a CD-ROM version of the daily classroom materials. It took us over two years to finish this project.

I would now be the owner of a day care, had I not missed by 48 hours the greatest real estate opportunity of my career: a 9,000 square foot church, plus a 1,000 square foot building for my library, for \$290,000. That facility would have housed up to 230 students. I would have limited enrollment to 150 students. At \$95 a week, that facility would have generated almost \$700,000 a year. I would have charged my own day care a rental fee of \$75,000 a year. That alone would have been an annual return on my money of at least 21% after modifications to meet day care facility standards.

Then I would have hired a full-time director. I would have allocated half of the day care's revenue to teachers' salaries. I would have made the day care a profit-making, tax-paying entity. Before taxes, I would have taken about \$150,000 a year for my time and trouble, plus the \$75,000 a year in real estate income. This, on an investment of under \$350,000.

Do I intend to do this in the near future as soon as I locate a suitable acre of land zoned commercially? What do you think?

I persuaded Rev. Kozel to write this manual so that I could use it to launch a series of day cares. I wanted to know his secrets. Now I know. I persuaded him to let me have first access to the preliminary version of this manual. How did I do this? By agreeing to edit it. Finally, I persuaded him to let my subscribers have access as free beta-testers. All of this is in preparation for his first mass-mailing to promote this opportunity. If the mailing breaks even, he will mail and mail again.

Word concerning this opportunity is about to get out. A word to the wise is sufficient.

DEMI's Business Model

This business model works. Rev. Kozel started with an investment of his life's savings in 1991: under \$40,000. He used this money to put bathroom facilities into a leased commercial building. Good Shepherd Day Care opened in January, 1992. It had 11 paid students. The schools now have almost 400 students on four campuses. He can open a new campus for no money down any time he chooses. His builder knows a good lease-purchase deal when he sees one.

About 12 to 15 years after each facility opens, Rev. Kozel's family-owned real estate corporation will pull in at least \$60,000 a year in rent on a permanent basis. This costs him nothing out of pocket.

You can get into this field for under \$10,000. All you need is a cooperating church that will rent you space. You can get in for even less if it has playground equipment and a chain link fence around the playground.

Rev. Kozel took this approach in the mid-1990's with a local Methodist church. He paid \$850 a month to rent space for 45 students. At \$80 a week per student, this facility grossed over \$14,000 a month. He could afford rent of \$850. He expanded the day care to 79 students by renting the fellowship hall. That cost him a total of \$1,450 a month. By then, he was charging \$85 a week. His day care grossed \$26,800 a month.

After the day care had this level of cash flow, he had his builder build a new facility for 130 students, which he filled in a few months. No money down works. His corporation will own the building debt-free when he retires. It will generate \$60,000 a year, net. This is just the real estate side of the venture. It does not consider a salary for management.

Are you beginning to get the picture?

Community by community, neighborhood by neighborhood, day cares using Rev. Kozel's DEMI method are going to begin operating, beginning next year. You can get in on the ground floor. I realize that commissioned hypesters tell people this all the time. This time, it's true. This really is the ground floor. It has taken since 1991 for him to get the operational model into its final form, ready to imitate.

This manual shows you the basics. It can serve as a stand-alone guide.

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The first local day care to adopt Rev. Kozel's (my) advertising strategy will gain a tremendous advantage over every other day care in the area. I believe that this will be an insurmountable advantage within a year after its doors open. The DEMI program really does deliver on what the advertising materials promise parents.

In Chapter 6, you get the basics of my advertising strategy. Only one thing is missing: my 5-word headline. Rev. Kozel was willing to share everything else in this beta version of his manual, but not the headline. He gives that only to day cares that adopt his curriculum. If you do what Chapter 6 says, you will have the best day care advertising program in your community, even without my headline, unless someone in your community has read this manual and has decided to get into this field.

For that matter, no matter what business you're in, if you follow what Chapter 6 teaches, you will dramatically improve your return on investment. The only other thing you will need is access to my Web site.

www.garynorth.com

Christian Education

Rev. Kozel has aimed this manual at pastors. Secondly, he has aimed it at Christian laymen. You may not be in either category. Can this manual work for you?

Yes, it can. I know of at least one day care that has taken his approach to classroom operations, even though it is not run by or for Christians. But for Rev. Kozel to promote a business opportunity for something that he has not personally experienced would be misleading. He shows here how to accomplish what he has personally accomplished. He shows in this manual how he went from nothing to financial success by way of a ministry. He sees this project as a ministry. He thinks it is far more than a lucrative business opportunity.

As to how lucrative this ministry has been, visit the Web page posted on the Web site of Rob Clayton, a certified public accountant. Mr. Clayton is an elder in a church that has adopted Rev. Kozel's day care model. The parents of that day care's students indirectly pay the rent on the church's large building. This model is repeatable. Whether it generates this much revenue for anyone else is dependent on factors such as local

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demand, community income, and the entrepreneurial skills of the founder. But you can see what Rev. Kozel has done since 1991.

www.robclayton.com/DEMI

Go, and do thou likewise.

Conclusion

I leave you with this, taken from the final page of Rev. Conwell's book. It summarizes what I think of this opportunity to serve families by educating and caring for small children. There is money in it -- a lot of money. But this is not the heart of the matter. Here is the heart of the matter:

He who can give to this people better streets, better homes, better schools, better churches, more religion, more of happiness, more of God, he that can be a blessing to the community in which he lives tonight will be great anywhere, but he who cannot be a blessing where he now lives will never be great anywhere on the face of God's earth.

There are acres of diamonds out there in your back yard. Get a pick, a shovel, a dirt-sifter, and a wheelbarrow. Make it a large wheelbarrow. Don't think small.

But you must be willing to get your hands dirty. If you aren't prepared to get your hands dirty, this manual cannot help you.

I strongly suggest that you read all of this manual. Then, if you are even vaguely interested in pursuing this opportunity, contact a person whose judgment you trust and ask that person if he or she is willing to read this manual. Ask that person for feedback. If the person agrees, e-mail the manual. I don't recommend that anyone enter this field without counsel.

I also don't recommend that you send this manual to anyone in your town. You don't want a competitor.

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TO THE COUNSELLOR

Without counsel purposes are disappointed: but in the multitude of counsellors they are established (Prov. 15:22).

Someone who trusts your judgment has sent you a link to this document. He (or she) is in the process of making a decision regarding the future of his (or her) life's work and commitment. This is a major decision. Wisely, he (or she) has decided not to make it alone. You have graciously consented to offer advice. You have downloaded this document and have printed it out. This is already a major commitment on your part. It's a long document. I'm asking you for three more commitments:

1. Read all of it.
2. Read it from the point of view of your friend: career prospects, skills, and lifetime goals.
3. Be ruthlessly honest in your assessment of the opportunity presented in this manual.

Reading a manual this long is no minor commitment. Reading it from your friend's point of view is a difficult task.

As for ruthlessness, I really mean it. If there is anything in this manual that sounds fishy, half-baked, exaggerated, or in any way the product of hype rather than mere enthusiasm, note this in the margin. Warn your friend. I have tried to paint the whole picture -- the good, the bad, and the ugly -- in this manual. So, make a list of anything that

1. Sounds too profitable to be true
2. Sounds too easy to be true
3. Sounds as though a dedicated newcomer couldn't do it
4. Sounds like a waste of a person's career
5. Sounds as though the program is not good for small children
6. Sounds as though their parents aren't being treated fairly
7. Sounds like too much work for the pay-off
8. Sounds like too much risk for the pay-off

Furthermore, if you know of a better program that does the same thing, I want to hear about it. I am ready to revise anything that readers think sounds phony, unproven, or pie-in-the-sky by and by.

Send your comments to:

nickkozel@demipress.com

As you read it, maybe you'll reach this conclusion: "The program sounds good, but it's not for my friend." Say so. Say exactly why you think so. Don't hold back. Someone has asked you for advice. Give it. Maybe this person could do a two-stage project: launch a day care, but then hand it over to a full-time director after (say) five or six months. Would that work?

Counsellors for Counsellors

Please note: time is really at a premium. DEMI is doing a direct-mail campaign . There is no doubt that the first day care in each community that uses DEMI's recommended advertising strategy (Chapter 6) will gain a tremendous advantage over any other local day care that begins after the first one. Also, the local Yellow Pages directory is crucial for a successful day care, and access closes to new ads about four months before the date of publication.

If you have a friend whose advice you trust, give him a phone call soon. Ask him if he would be willing to get involved in this evaluation process. If he agrees, send him this manual as an attachment. But, please, don't send it without personally contacting him. DEMI doesn't want to be accused of "spamming" people.

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FOREWORD

NO MORE BEGGING

Think ahead 13 months. You come to work on a Monday morning at about 8:45 a.m. You are the director of a day care. Your day care rents space from a local church. In the main rooms -- the sanctuary and the fellowship hall -- there are a total of 60 students seated at their tables, 6 per table. They have already had a morning drill in phonics, going through the alphabet.

At 9 a.m., it's time for their morning Bible story. (There will be another one in the afternoon.) Students in the advanced class join students in the beginner class. It's now time for you to go to work.

You enter the joint class and walk to the blackboard. You say, "Good morning, children." They reply, "Good morning, [your name]." You then lead the pledge of allegiance to the Bible, the Christian flag, and to the American flag.

They sit down, quietly. You begin the Bible story. You are taking them through the entire Bible, day by day, twice a day, using a flannel board program. This course in the Bible will take a little over one year. You show on the flannel board what happened to the Bible characters. You also explain it.

Then you ask a question about the story. Dozens of hands go up. The first two children you call on immediately freeze. They don't know the answer. But the third one does.

You sing a psalm. Then you sing a Christian song. Then you turn the class over to another teacher, who begins the next assignment.

You return to your office. There, you go through today's checks. It's Monday morning, so most parents have brought in this week's tuition payment. So far, there are 40 checks for \$80 each. There will be another ten checks by the end of the day. Your deposit for the day will be approximately \$4,000. There will be another ten checks tomorrow, when today's absent children are brought in by their parents. That's another \$800.

Your day care is paying \$200 to \$250 a week to the church. With \$4,800 coming in each week, you can easily afford this rental payment. You could afford \$750 a week.

Things are going quite well. You have an interview scheduled at 12:15 with a mother who can get time off only during her lunch break. She has a 4-year-old child to enroll. She saw your Yellow Pages ad. You will probably have another student enrolled tomorrow morning.

That will create a problem. Legally, your day care is close to the limit for the number of children in attendance. There is a state law that sets a square footage per child requirement. So, you have to make a decision, soon. The choices are all good. Which one is best?

1. Raise the weekly tuition by \$10 in order to reduce the number of parents who want to enroll a child. That will pull in an extra \$20,000 a year, minimum, depending on summer enrollment.
2. Accept the church's offer to build a large education wing if your day care will pay the mortgage, which it easily can afford with 150 students. With 150 students, you will be depositing checks for \$12,000 every week. Your day care will easily afford to pay \$5,000 a month rent. The church gets its new wing for free.
3. A pastor across town has heard about your day care. His church needs extra money. You can rent the facility for \$1,000 a month. It will hold 80 students.
4. A local builder wants to build a day care facility for you, with no money down. He will lease it to your day care (you) for five years at \$5,000 a month. It will hold 150 students. At the end of five years, you personally (not the day care) can buy it from him at an agreed on price: \$500,000. Your day care will pay off the mortgage in 15 years (maybe ten). When the mortgage is paid off, the \$5,000 a month rent from your day care will come to you, personally. The building will look like a church, which it can be every Sunday. You will charge the new congregation \$75 a week as a building use fee -- a true bargain. A newly ordained pastor and his wife are willing to run the day care for you. There can be another church in town in just 12 months.

Decisions, decisions. These are the kinds of decisions that most pastors dream about having to make.

It's Happening Right Now

Is this scenario fantastic? A pipe dream? Not at all. I'm doing it. I have trained others to do it.

I have repeated this experience in three day cares that I oversee. One of them has been run -- and very well run -- by a man who had been working in a chicken-plucking factory in 1997. He and his wife, who has worked with him, have bought their first home. Another Good Shepherd day care center is run by a woman who, in 1997, was working in a dry cleaning establishment. Their careers have soared, along with their income.

My wife and I opened the first Good Shepherd School and Day Care in 1992. Today, over 360 students are educated at our day cares and our K-12 school. These schools are overseen by our ministry, Dominion Education Ministries, Inc. (DEMI).

I have developed a model for Christian education that makes it possible for people with a heart for children to run a high-income Christian day care that teaches children to read at a second-grade level before they walk into a kindergarten. These children are generally well-behaved in class. That's because I use a structured day care curriculum. The children know a lot more about the Bible when they go off to kindergarten than most children do after years of Sunday school. And why shouldn't they? They hear and see Bible stories twice a day, five days a week, for up to 50 weeks a year.

I have a ministry. In fact, I have two. One is an educational ministry to children. One is a pastoral ministry to families. Both are equally evangelical.

A Guide to Success

This manual gives you what you need to know to launch a successful Christian day care ministry. The basics are here. DEMI's follow-up manual, ***Beginner Class Curriculum Materials and Administration*** (optional), will give you the day-by-day details: the nitty-gritty operational details that will keep you from hitting needless potholes on the highway to success. But you honestly don't need it. It's a great benefit, and it will lower your risk if you actually start a day care ministry, but you can be a success in this ministry without it.

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I am providing you with enough information for you to make a wise decision about whether this ministry is suitable for your situation. Read all of it before you order the *Beginner Class Curriculum Materials and Administration*.

This manual can't make you a great day care teacher. No manual can. But it can show you how to be an adequate teacher, or else how to hire someone who is. This manual shows you how to avoid major mistakes that might de-rail the train. In most things in this life, because of God's grace, if you can just avoid the big mistakes, you can become a success just by showing up every day five minutes early.

This manual provides the basics of day care and the basics of business, but within the framework of a ministry. This is a ministry that is run like a business. This means that it is a ministry without begging. There aren't many ministries like it.

If you don't like begging, you have come to the right place.

Note: the URLs or Web address links that are preceded by **http://** are live. When you are **reading on-line**, you can click through to the Web page marked by the link. Put your cursor (which in a PDF file looks like a hand) onto the highlighted blue link. When the hand turns into an index finger pointing, click your mouse. You will go to the Web page. (To get back to the text, click the **X** in the red box in the upper right-hand side of the screen.) The highlighted e-mail addresses are also live. They are marked by an ampersand: @. You don't need to type in the address. Just point and click. A pre-addressed e-mail box will pop up. Then click **Send**.

PREFACE

CHRISTIAN DAY CARE AS A MINISTRY

Hope deferred maketh the heart sick: but when the desire cometh, it is a tree of life (Prov. 13:12).

In the midst of the street of it, and on either side of the river, was there the tree of life, which bare twelve manner of fruits, and yielded her fruit every month: and the leaves of the tree were for the healing of the nations (Rev. 22:2).

A tree of life is worth pursuing. The tree of life in the garden of Eden was the way of eternal life. Adam ignored it. He ate instead from the forbidden tree. In both the Old Testament and the New Testament, the tree of life is a symbol of salvation, of healing.

For Solomon, the tree of life symbolized something worth having. He used this imagery to describe the fruits of wisdom (Prov. 3:13-18).

For some of the readers of this manual, it will serve as a tree of life. It will offer wisdom and healing for their ministries. For others, it will not appear to be suitable.

I have decided to give away this manual in order to help prospective day care founders make better-informed decisions. My goal is to get this story to the widest possible audience of prospective Christian day care operators. In one sense, this manual is a kind of fat evangelism tract -- step one in a young-child evangelism and church-building program that I pray will sweep the world, neighborhood by neighborhood. I believe that the best way to spread this message rapidly is to give it away.

You have downloaded this manual. You are not sure yet what this is all about, or if it really applies to you and your ministry (career). But you hope for the best. This is the correct attitude. Maybe your desire has come at last. No more deferral!

What Is This Manual All About?

This manual is about Christian service. It's also about delivering a specific form of service that non-church members are willing to pay a competitive market price -- not a

donor-subsidized price -- to obtain. Thousands of parents in your community are already paying for similar but inferior services. This manual will show you how to persuade some of them to pay you instead of someone else.

How many? That depends on your vision and your willingness to learn. Thirteen months from today, if you do exactly what this manual says, you will probably be running an academic pre-school program that serves at least 60 families. Each family will be paying \$3,000 to \$5,000 a year, depending on your local market. If you continue with this program, within three years from today, you will have 130 to 150 students and a new facility. This facility may be an extension of your new ministry on a church's property, if the existing property is large enough for another 6,500 square foot building, or it may be located on its own property. It will be large enough to accommodate a new congregation of 100 adults on Sundays.

Depending on local demand, you should be able to repeat this every three to four years indefinitely. This means that your day care ministry will be able to bring the gospel daily to an additional 130 to 150 students every three years, plus start a new congregation.

Would this be acceptable fruit for your present ministry (career)? Would this be "better than the merchandise of silver, and the gain thereof than fine gold" (Prov. 3:14)?

This manual is about hope. You need hope. We all do. Maybe your hope has been deferred for a long time. Maybe you had hoped for a career of service to God and men, but your efforts have not yet borne the quality and quantity of fruit that you used to dream about. If so, you have the right manual in front of you. This manual is all about hope achieved, even if your hope has been deferred for years. It is about the tree of life: "*When the desire cometh, it is a tree of life.*"

In this manual you will learn how to achieve the following:

- Bring the gospel daily to dozens of children.
- Make contacts with dozens of new families.
- Triple your family's income within two years if your spouse cooperates.
- Create a new retirement program better than anything you have heard about.
- Build a new facility within three years.
- Rent this facility to a new congregation, cheap.
- Provide a lifetime career opportunity for your children.

The power of a properly organized Christian day care program to generate money is not widely recognized or appreciated. The Bible doesn't teach that wealth is evil. It teaches against wealth that is gained by vanity. If a person becomes economically successful because of his labor and his creativity, God is pleased.

Wealth gotten by vanity shall be diminished: but he that gathereth by labour shall increase (Prov. 13:11).

I know: this is easier said than done. But it can be done. It is being done all over the United States. This manual will show you how to do it.

This manual is about hundreds of young lives transformed, plus: the multiplication of new congregations, gaining a secure and prosperous retirement for yourself and your spouse, offering a prosperous career to your children, and doubling or tripling your present income within 24 months. But, above all, it's about hundreds of lives transformed. It's about evangelism.

Most men do not want to work with small children. This is the great barrier to entry to the day care field. This will be the main source of your success if you decide to open a day care: **reduced competition**. You may not want to deal with small children personally. This manual is likely to bore you. On the other hand, it may be just exactly what someone in your congregation needs to transform his or her life. Your church may be able to benefit from that person's transformation. So, even if you don't get personally excited about the day care opportunity as you read this manual, read it with this in mind: there may be someone else in your congregation for whom this manual will be a tree of life.

This manual is about making significant changes in your life. These changes may be worth the effort. Or they may not. But if you don't finish reading this manual, you will not be able to estimate either the costs or the benefits of my recommended changes.

I am asking you -- pleading with you -- to finish reading this manual, soon. The more you delay, the later it gets for the benefits to appear in your ministry and your life. I suggest that you finish reading the manual in the next 72 hours. Then give it to your wife to read.

Your Personal Discomfort Zone

I have made an assumption: unless someone has sent you this manual because he wants

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your advice, you are in a personal discomfort zone, ministerially speaking. My marketing strategy is deliberately aimed at Christians who are in a discomfort zone regarding their careers. Hope for them has been too long deferred. The visible fruits of their careers do not seem to justify their efforts.

Your career may be an exception. If so, be thankful. But don't be so thankful that you turn away from a new opportunity for service. This manual is about service.

Why target uncomfortable people? Because there are so many of them. This is a very large market -- much larger than most church members want to believe. (See Chapter 1.) I asked myself: "Why write a manual aimed at a small market?"

There is an old adage: "If it ain't broken, don't fix it." This is an anti-Christian outlook. Christians are always supposed to be looking for new ways to serve God, as well as new ways to improve a ministry, even a smooth-running ministry. That's because the world is broken. It's broken by sin and is spiritually bankrupt. It desperately needs fixing. It needs the healing grace of God through Jesus Christ. Our job as Christians is to seek out ways to fix it, and then begin taking steps to make the repairs.

It is not an easy task to bring the gospel to the lost, no matter what older books with titles like *Soul-Winning Made Easy* used to say. (When was the last time you saw one of these books in an upscale suburban Christian book store?) If Christians aren't in a discomfort zone during part of their daily lives, they are not in the front lines of the war for men's souls. But hardly anyone has ever been willing to serve in the front lines. It may be worse today. There are few volunteers.

In short, "It's broken. So, let's try to fix it. Let's forget about comfort zones. Let's move from unproductive discomfort zones to productive ones." How productive? Keep reading.

The Tremendous Potential of Christian Day Care

People have rarely been told about the ministerial aspects of young-child day care because most day cares are not run by Christians. Most people have never seen this list of benefits for children as young as 30 months:

Bible stories twice a day

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Complete Bible survey in under two years
Reciting the Ten Commandments twice a day
Psalm singing every day
Children's Christian songs every day
Bible truths memory training every day
Phonics instruction twice a day
Number-recognition drills twice a day
Learn how to read music (almost a lost art today)
Classical music appreciation every day
Better discipline: self-discipline under God
Better discipline: "Obey the first time."
Male teachers help children in single-mother-run homes
Structure in the lives of children from broken homes
Play time in a supervised environment
Social skills in a Christian environment

This is what my three Good Shepherd School & Day Care campuses offer. (My fourth school, a K-12 day school, offers advanced academic training.) I cover this in Chapter 3, "The Case for Christian Day Care."

Next, there are evangelism opportunities for bringing the gospel to parents whose lives or marriages may be in turmoil.

Most parents see that their children begin to act better at home. They want to know why. A day care director who is also a pastor can tell them, and they will listen because he has helped their children.

Can you really achieve anything like this? Yes. Nevertheless, you are wise if you count the cost.

For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it? Lest haply [it happen], after he hath laid the foundation, and is not able to finish it, all that behold it begin to mock him, Saying, This man began to build, and was not able to finish (Luke 14:28-30).

If the cost seems vastly higher than the potential benefits, don't begin the project. If you don't intend to finish, don't start. This is a basic principle of Christian living. If

anything is worth beginning, it is worth completing. "And Jesus said unto him, No man, having put his hand to the plough, and looking back, is fit for the kingdom of God" (Luke 9:62).

Let's assume that as you read this manual, you count the cost, and you conclude that the benefits are greater than the costs. What then? You will be morally bound to take action.

But be ye doers of the word, and not hearers only, deceiving your own selves. For if any be a hearer of the word, and not a doer, he is like unto a man beholding his natural face in a glass [mirror]: For he beholdeth himself, and goeth his way, and straightway forgetteth what manner of man he was. But whoso looketh into the perfect law of liberty, and continueth therein, he being not a forgetful hearer, but a doer of the work, this man shall be blessed in his deed (James 1:22-25).

In short, good intentions are not enough to please God. Actions must follow.

This manual is a call to service. It is **not** a call to **low-paid** service. In this manual, you will learn how to launch a church-housed day care center that will dramatically improve the lives of thousands of children over the next three or four decades. The laborer being worthy of his hire, you will double or triple your family's present income within two years. You will also secure a fully funded retirement program that will actually allow you to retire in comfort, and then pass on a sizable inheritance to your children.

How much inheritance? More than you presently imagine. More than your children dream. For really dedicated pastors who live in the right locations, there is a real possibility to create a stream of automatic, passive income of \$50,000 a year (in today's purchasing power), beginning seventeen years from today, and then adding another \$50,000 a year every three years thereafter.

This is not hypothetical. I am doing this. In this manual, you will learn how you can do the same thing, assuming that everyone who reads this manual doesn't do what it says, thereby increasing your local competition. But will they? Of course not.

This manual is written for the few who really will follow through.

Step One

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You have taken the first step. You have begun looking for a program to transform your ministry. This decision sets you apart from the crowd. Your next step is to count the costs and estimate the potential benefits.

In the first two chapters, I provide information that will help you to count the cost. Chapter 1 will help you to assess your career. Chapter 2 will help you to assess your personal finances. Both chapters are designed to help you answer this question: "If I continue to do the things that I have been doing, will my work produce results that are worth the effort?"

Chapter 3 presents the biblical case for Christian day care as a ministry to young children: how it can transform their lives, and why Christians should target young children with a five-day-a-week evangelism program. Chapter 4 presents the financial case for a day care: how it can transform a church's finances and also the headmaster's finances.

The remaining chapters are how-to chapters. But first you must count the costs.

There are costs, surely. There are also benefits. Most important are the benefits for the children who will be served by the day cares that are governed by the principles outlined in this manual. Even if the personal benefits for day care directors were middle class income or less, this project would still be worth doing. But God is gracious. He does not ask you to do this for peanuts. Far from it.

Your assessment of costs and benefits should be realistic. You should take an honest assessment of your present career's prospects. Will they improve? Why? How? Are there things that you can do that will increase the likelihood of your being able to improve your career? What kind of things? Do you have the skills to adopt them, too? Do you also have the mental strength, the time, and the whole-hearted support of your spouse?

You must answer these questions. Then you must honestly answer two more. These are tough ones to answer. For most people, the answers are even tougher to face.

1. If I do nothing new, continuing until the end of my career to do approximately what I have already done, what impact will my work have in the life of this congregation?
2. What impact will my work have in this community?

Until these two questions are answered, a person really has not begun to assess the true

costs and benefits of his career. If the answers are depressing, then the cost of doing nothing new is very high.

I cannot accurately say whether your career is at a dead end, or is heading there. You must make this assessment. I cannot accurately say, as a "careers' physician," whether your career is suffering from the equivalent of Parkinson's disease. You must provide your own diagnosis and prognosis. But I can provide an institutional "exercise program" that may be able to bring new-found health to your career and your ministry in the community.

This is an exercise manual, not an exercise program. It shows you what can be done, how you can do it, and how to make the program work for you. But it does not do the work for you. Read this manual with this fact in mind.

I am willing to serve as your personal "trainer" if you decide to go forward with the program. Before you decide, read the manual.

Motivation

It is a treat to see children learn in an atmosphere designed to make learning a pleasure. Then there is the income potential. These day cares produce enough net income to make it easy to build a new one every three or four years. This also means having a building in which to launch a new church every three or four years.

Think about this for a minute. Your first day care, begun in a church, can produce enough net income within two years so that you personally, as the director, should be able to go to a local builder with this offer: "Build my next day care facility for my corporation. The corporation will sign an agreement with the new day care to pay the rent. Make it a 15-year pay-out." This is what the builder wants: a contract secured by real estate. His bank will lend him the money. He will make a profit on building it and on the mortgage. Sometimes, you can get a lease-purchase arrangement. By going to a builder, it requires no money down. This is what I have done with three of my facilities. Or, if you are willing to do some shopping, you may find a suitable non-Christian day care's facility to buy. Or you may have enough money in, say, six years to buy land outright and make a down payment for a new building. Then you should go to the banker yourself.

Each new facility will be part of your retirement program. Each facility will also be a place where a congregation can establish a mission church. Bring in a new pastor. Maybe he

and his wife can run the day care for you after a year's experience in your church-housed program. If so, this means that the congregation need not pay him a salary when he becomes the new director. He also will have an inexpensive building for the new congregation to rent on Sundays. Maybe this will become the new congregation's permanent building. Or maybe it will be used only until the new congregation is large enough to build its own church building. But the congregation gets jump-started by your day care. Non-member parents of the children will pay for the new church's building. You or your family-held corporation should own the building, as I hope to show later in this manual.

You can do this over and over, multiplying congregations. This procedure surely won't hurt your retirement plans. Figure on \$50,000 a year from each day care facility after 15 years of having parents pay off the mortgage.

I recommend owning at least three.

There is even a simple formula that you can use to estimate how many 150-student day cares that your city or region can absorb. I will reveal it later in this manual. Within two minutes after you read this formula, you will be able to know exactly what the potential is locally.

Why would anyone not pursue this, if it really is as good as I describe? Many reasons. It is a lot of extra work to launch a day care, even if the founder can ease out of full-time administration after five months. Unquestionably, running a day care is extra responsibility. It requires personal change. Furthermore, there is always risk -- both for sitting still and for starting something new. Some people prefer familiar risks. There is never enough time in anyone's life to do everything that he might be able to accomplish. There are inescapable costs. Count them first.

In this manual, you will find everything that you need to know about starting and operating a successful day care ministry aimed at young children. There is of course lots more to learn than what is in this manual. No manual can provide everything that is required for long-term success. Most job skills are learned on the job. But a good manual will do this: remove 80% of the biggest pitfalls that threaten the success of the project the manual deals with. This manual will do this and a lot more.

You have in your hands a manual that can open a whole new world of Christian service to you. If you do exactly what it says, step by step, you are unlikely to fail. If you are especially gifted, your success will be spectacular. You don't know yet if you possess this

level of competence. You will find out on the job. But because of the nature of this ministry -- dealing with young children -- it does not require the skills of a surgeon, or even an auto mechanic. Children are little. Families deal with them all the time. The skills required to raise a child are widely distributed. Lots of approaches seem to work, all over the world.

The DEMI approach to day care management is a simple, repeatable, by-the-book system. Other systems work, but no other easily taught, open-entry day care management system works as well in keeping children well-behaved and advancing academically. Young children want to learn, and they also want an orderly, predictable environment. This is what DEMI's system delivers. This keeps parents happy.

Something else: teachers want the same things that the parents do. They want to see children learning, and they want an orderly environment. This is why the results of the DEMI system appeal to teachers. It is easier to recruit, train, and retain teachers, even at the low wage levels that the day care industry offers. You can pay more than what your competitors pay because the DEMI system is efficient. But, more important, you can pay in non-monetary terms: providing the sense of personal accomplishment that teachers in a conventional, non-academic, loosely structured, play-oriented day care rarely experience.

If you want this kind of ministry, you can have one. But you cannot have it delivered on a silver platter free of charge.

There may be good reasons why you should not have your own day care ministry 13 months from today, but this reason is not one of them: "I didn't have enough information."

Jesus taught a fundamental principle of decision-making: count the cost. He told His disciples this:

For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it? Lest haply, after he hath laid the foundation, and is not able to finish it, all that behold it begin to mock him, Saying, This man began to build, and was not able to finish (Luke 14:28-30).

Counting the cost of doing something new involves counting the cost of not doing anything new. Doing nothing new is doing something, and it also involves a cost. Making no decision to start a ministry is making a decision not to start a ministry.

Send This Manual to Counsellors

DEMI hereby authorizes you to send the e-mail address of a letter that will send the Web link to this manual to any number of volunteer counsellors. I think you should seek counsel. Starting a day care will be a turning point in your career. Don't take this step without counsel. The address is:

counsel@kbot.com

If you're comfortable in your job today, you probably aren't emotionally ready for this project. You may be financially ready, but without emotional commitment, the lure of more money probably won't be sufficient to get you through the barriers to entry. (On barriers to entry, see Chapter 14.)

DEMI's goal is to help hundreds of independent day cares and K-12 schools get started over the next decade. Some of these will be operated by local churches. Others will be operated by non-profit school boards that rent space in local churches. Some of these will become so successful that the directors will build new campuses in nearby communities. As to the form of ownership for these day cares, DEMI has no opinion. Whatever is comfortable with the founders is just fine. But as to the structure and content of these day cares, I have strong opinions. I know what has worked for me. I recommend it. This manual will introduce you to the day care structure that I have adopted.

There are other day care programs and other teaching methods. The advantage of the DEMI method is that it is easily reproducible. This manual is not *Day Care Management for Dummies*, but it is surely *Day Care Management for the Inexperienced*.

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Philosophy, Economics, Opportunities

INTRODUCTION

So the people shouted when the priests blew with the trumpets: and it came to pass, when the people heard the sound of the trumpet, and the people shouted with a great shout, that the wall fell down flat, so that the people went up into the city, every man straight before him, and they took the city (Joshua 6:20).

At some point in most people's careers, they hit a brick wall. They generally hit several in a career; one brick wall per lost job. Sooner or later, most people get fired, or else they burn out. They switch jobs or even careers in search of a new life.

Maybe you have hit one of these brick walls. A common one is a low salary. A professional-level salary always seems to lie on the other side of that brick wall. The old spiritual comes to mind: "So high, you can't get over it. So wide, you can't get around it. So deep, you can't get under it. So, hear the word of the Lord." But, with respect to their low salaries, most Christians never seem to hear the word of the Lord. They hear instead the words of their wives, who are not happy about the situation.

Maybe you hit a brick wall years ago. Maybe you've just about given up. Don't. Not yet. At least finish reading this manual. If it makes sense, share it with your wife. See what she thinks.

In 1991, I had hit a brick wall. I had quit my full-time job running a day care in Florida. In the three years that I had worked there, I had learned how to run a large day care center: over 120 students. I had seen the tremendous cash flow potential: \$80/week/student. I decided that I should start my own day care.

I had tried to open one in Houston, Texas. It failed before it got started, which was a good thing compared to failing after it got started. My initial direct-mail card announcing a new day care facility did not generate a single reply. I sensed that Houston was a brick wall for me. Then I moved to Harrisonburg, Virginia in September, 1991. I started looking for appropriate real estate.

I located a large, empty building in a middle-class part of town. I leased it and had it remodeled. I had to invest \$33,000 of my own money to have a four-stall bathroom built, plus a kitchenette, some playground toys, and a chain link fence. I signed a three-year lease with a three-year renewal clause, along with first right of refusal if the owner decided to sell the building, which he later did -- to me. My seven children, my wife, and

I had to live off our savings. This could not go on very long.

Good Shepherd School & Day Care opened on January 20, 1992. It had 11 students. My wife and I, working as a team, received our first paychecks in March. By then, the school had 34 students. By June 15, it had 49 students. By September 7, there were 59. By November 2, there were 74. Each student was generating \$55 a week. The day care by then was grossing \$4,000 a week. The income drought was over. It had not lasted long. It has never reappeared.

Today, my non-profit organization operates three day cares and a K-12 day school. The tuition for all of them is now up to \$93 a week. The schools have about 360 students. In fiscal 2003 (July 1, 2002 to June 30, 2003), these schools took in over **\$1.4 million** (at \$89/week). I expect to do better in fiscal 2004.

I also co-pastor a church. The church meets in one of my day care facilities. With more than 5,000 square feet, half of the school building is usable for worship. There is room for church growth. The church pays the school \$75 building use fee per Sunday. The church has therefore solved the real estate problem that confronts most new congregations.

My family-held corporation owns the real estate that houses the schools. The schools pay a total of about \$200,000 a year in rent. When the lenders are paid off, one by one, over the next 10 to 15 years, this rental income will then flow into my family's corporation. After maintenance expenses and property taxes, there will be at least \$150,000 a year. I have therefore solved my retirement and inheritance problems. Also, this \$200,000 gross income figure assumes that inflation ceases tomorrow. If it doesn't, I will keep raising the rents. My family corporation will keep all of the excess income above what the lenders' fixed payments require. Meanwhile, the students' parents are paying off the mortgages.

I earn a suitable managerial salary for overseeing four schools. My wife earns a suitable professional salary for doing the bookkeeping for all of them. Combined, we probably earn three times what a typical pastor's income is.

My children grew up working in a day care. My son-in-law manages one of them. My daughter (his wife) manages the K-12 school. Another son is a Certified Public Accountant who specializes in day cares. Every adult Kozel in the family could run a day care center if he or she had to.

I am not just making a lot of money. I am also seeing daily positive transformations in the lives of children. I know that my ministry is the main source of these changes, day by day.

Every day, children from broken homes are given stability in my schools. Children who would never have heard about the Bible are taught Bible stories twice a day. Children of parents who could not tell you what the Ten Commandments are hear all ten, once in the morning, and again in the afternoon.

Children who are under three years old begin to learn the alphabet phonetically. By the time these children reach kindergarten age, many of them are reading at second-grade level.

Children who receive no systematic discipline at home nevertheless learn how to get along with each other because of the influence of the day care. They enjoy each other's company because they are daily in an environment in which good behavior is rewarded, and bad behavior is punished.

I see these changes every day. My ministry provides visible evidence daily of spiritual progress in the lives of those we minister to.

Then there are the parents. They see the improvement in the behavior of their children within days after they enroll them. They see the classroom work papers that their children produce daily. They are given the opportunity to help their children with homework twice a week. They enrolled their children, thinking they were buying mainly baby-sitting services. Now they see a great improvement in their children's lives. This gives them hope. It also opens them to the gospel. Some of them ask themselves, "Why is this program working?" There is an answer: God.

Very few Christians have the opportunity to see such daily reinforcement of their lives. How many Christians do you know who experience anything like this, day after day?

Brick walls? Not for me. "And the walls came tumbling down."

How Long, O Lord, How Long?

It took me from September, 1991 to November, 1992 to go from zero income to a school with 74 students.

How long will it take you to establish a new ministry and a new career if you decide to follow these examples? By the time you finish reading this manual, you will have a pretty good idea. What is a reasonable guess? Within eight months after your day care opens, you should have something in the range of 60 students, each paying \$65 to \$75 a week, and maybe \$80 to \$90, for a total of at least \$13,000 a month. This should allow you to be paid a salary of \$3,000 a month for your work as teacher and director, and also pay your church's monthly mortgage.

You may do better. You may do worse. But this is the short-term potential. The long-run potential is far greater.

You may decide that this program is not for you. This doesn't mean that it is not for someone else in the congregation, such as a state-licensed elementary school teacher. The potential for ministry is still there as far as your church is concerned. The practical information in this manual can open a door for some dedicated Christian servant to go through. Even if you're not the right person for this project, you probably know the person who is. Your church can still benefit greatly from the program.

Whether or not you put this manual to effective use depends more on your personal comfort zone than on any other factor. How comfortable are you? How contented with your present situation are you? How about your wife? Is she contented?

The Kozel family in 1991 was in an extreme discomfort zone. This gave me the motivation I needed to try this solution. Without the impetus of a discomfort zone, very few people ever make the degree of commitment that it takes to turn around a career or an institution. Whether it's Moses herding sheep, or Israel making bricks, or men dutifully driving to work every day, the story is the same: more of the same.

But then God intervenes. He speaks from a burning bush. Result? No more comfort zone for herding sheep. He sends someone to deliver His people, so the bureaucrats stop supplying straw for the bricks. One by one, the comfort zones are removed. Why does He do this? To get people's attention. To persuade them that it's time for a change.

How ready for a change are you?

Nobody Likes Doing Push-ups

This manual is a little bit like an exercise manual. Most sedentary Americans know that they should be involved in a systematic program of exercise. They would feel better, and they would probably be healthier. Why, they might even lose some weight!

Nevertheless, most people never seek out a workable program. Why not? Because if they ever found one, they would feel morally obligated to begin implementing it. They really don't want to exercise. They know they should, but they refuse. They think, "maybe tomorrow." They know better. They also don't want to feel guilty, so they avoid researching exercise programs.

A few people do look into various exercise programs. What they want is a program that is pain-free. Their motto is, "no pain, no pain." They know that what they are hoping to discover is a fantasy, like a temptation-free diet. But they do go to the trouble of looking into various exercise programs.

Of those who actually discover a suitable exercise program, most do not finish reading the manual.

Of those who finish reading the manual, only a fraction will begin working out.

Of those who begin working out, very few stick with it, week after week, year after year.

Those few who do stick with it often tell their friends, "this has made all the difference in how I feel." Their friends rarely imitate them, even though their friends believe them.

This manual will make all the difference to those few Christians who read it, follow its recommendations, and stick with the program for the duration. I have written it for those few Christians who are emotionally ready for a transformation of their careers and their finances.

This is not a pain-free program. It is a gain-filled program.

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In one crucial sense, this manual is not like an exercise manual. With any exercise program, boredom sets in quickly. The trainee wants to quit. This is not true about running a day care. After five months, the money is rolling in consistently, week after week. The children are visibly learning, and they are having a good time. Their behavior is steadily improving. They are singing psalms, memorizing the Bible, and answering Bible questions in class. Their parents are happy with the results, and sometimes even say so. The benefits of running a day care clearly outweigh the costs after five months. The first three months may be discouraging and a little scary. The next two months become somewhat encouraging. After five months, it's blue skies and sunshine.

How many Christians can say this about their present careers? Not many.

Conclusion

This manual will give you enough information to imitate me as of early 1992. After you read it, you may decide that this program is suited to your abilities and your situation. If so, I strongly recommend that you seek counsel from friends, businessmen, or anyone else whose judgment you respect. Give them this address for them to send an e-mail, which will trigger my instant-reply mail system. They will be sent the link to the Web page where this manual is posted. Let them assess whether they think this manual makes sense for someone in your situation.

counsel@kbot.com

Pick up a telephone and call. Tell each potential advisor that you need guidance. You can explain briefly what it's all about. Then ask if the person is willing to read this manual and give you an opinion. If the person says yes, send the link to this manual.

They can print out the manual. But warn them that it's not short. Who knows? Maybe one of them is also looking for a practical answer for his or her career.

I also authorize each counsellor to e-mail this manual to other counsellors, if they have agreed in advance to read it.

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Chapter 1

MINISTRY IS NOT A MONOPOLY OF PASTORS

And Ahab called Obadiah, which was the governor of his house. (Now Obadiah feared the LORD greatly: For it was so, when Jezebel cut off the prophets of the LORD, that Obadiah took an hundred prophets, and hid them by fifty in a cave, and fed them with bread and water.) (I Kings 18:3-4).

This Obadiah was a bureaucrat, not the prophet who wrote the Book of Obadiah. He was in a crucial position. He was a God-fearing man in a pagan, God-hating court. He knew that the environment all around him was hostile to God. He wanted to do something about this. God showed him a way.

Obadiah knew where one hundred prophets could be safely concealed from the king and his murderous wife Jezebel. He hid them in two caves, 50 in each cave. Then he fed them. This was a major economic sacrifice on his part, for the 3½-year drought that Elijah had told the king would come had in fact come. Food was expensive.

Obadiah was a layman, yet he was crucial for the future ministry of the prophets of God. They were unable to do their work in public view because of the government. They needed help. Obadiah gave them help. His ministry was crucial to the long-term survival of true religion in Israel.

Nobody in authority ordained Obadiah. Nobody handed him a ministry on a silver platter. He had to take immense personal risks to serve in this ministry. The ministry extracted a lot of his personal wealth out of his pocket.

The prophets had a ministry of prayer, but they had no public ministry. Obadiah had the most important ministry inside the land of Israel during Elijah's absence.

Obadiah was a layman.

In this introductory manual, you will learn how you can have an independent gospel ministry of your own. It will require some risk to get your new ministry up and running, although nothing on the scale of risk that Obadiah faced. And, unlike Obadiah's ministry, it will not cost you any money after the early launch phase. In fact, it will make you a lot of money, maybe more money than you have ever had before. There will be more risk --

spiritual risk -- in all this money than there is risk of failure for the ministry itself. That's the amazing thing about starting an academic Christian day care (pre-school): there is greater risk of its financial success than its failure. So, let me remind you of Paul's warning:

Instruct those who are rich in this present world not to be conceited or to fix their hope on the uncertainty of riches, but on God, who richly supplies us with all things to enjoy. Instruct them to do good, to be rich in good works, to be generous and ready to share, storing up for themselves the treasure of a good foundation for the future, so that they may take hold of that which is life indeed (I Tim. 6:17-19, New American Standard Bible).

This manual is about ministry first. Money is secondary. Money is not irrelevant, especially if you use the money to expand your ministry and help even more children. It takes money to expand a ministry. But money is the result of success in this ministry: keeping parents happy. Money should not be your primary goal in starting it.

Kingdom, Church, Family, and School

The church is the central institution in God's kingdom. Without it, Christians would not have access to the sacraments, for the church has a monopoly over the sacraments. The church provides discipline. It provides spiritual counsel and weekly preaching. The kingdom of God can continue for a time when the visible church is missing, just as it did when Elijah was outside of Israel, and the prophets were in caves. But that is a temporary situation. The church provides continuity through time for the kingdom.

Nevertheless, the church is only one part, and a small part, of God's kingdom. There are more Christian families than there are churches. A Christian family is part of God's kingdom. It is the place of training for future ministers of the gospel. "For if a man know not how to rule his own house, how shall he take care of the church of God?" (I Tim. 3:5). It is also where children are raised up to be followers of God.

If the family is a ministry to children, then so is a Christian day care, which also ministers to children. (See Chapter 3.) A Christian day care preaches the gospel daily, five days a week. In the DEMI system, this takes place twice a day. The fact is, a Christian day care preaches the gospel far more often each week than a church does.

The government's schools by law cannot preach the gospel, or even indirectly teach about Christ's actual divinity. A teacher who preaches the gospel is at risk of getting fired. But a Christian day care is privately owned. It can lawfully preach the gospel. It preaches the gospel to young children before they go into a public school. For almost three years, from age 2½ to age 6, children in Christian day cares hear the gospel, hear Bible stories, and (in DEMI-method schools) hear the Ten Commandments every day.

Christian laymen have an opportunity to be God's agents in shaping the thinking and behavior of young children. The parents are happy to turn over the education of their children to Christians. Not only are they happy to do this, they pay Christians to do this. A Christian couple can make a very good living by evangelizing the children of parents who will not step inside the doors of a church.

Each day care facility can be designed to function as a church on the weekend. The owner of the facility has the option of allowing the facility to be used by a congregation every Sunday. This makes it possible for more congregations to begin, for the cost of real estate is the number-one hurdle to starting new churches.

Think about this. A day care manager who also owns the real estate is in a position to help start new churches. How many new churches? How about one every three or four years? And each building, 15 years after it is built, will generate to the owner (you) \$50,000 to \$60,000 a year, free and clear. Is this worth doing? Is it at least worth considering?

Is starting new churches a ministry? Of course it is. But is it a sacrificial ministry? Not for the person who owns the real estate. I wouldn't call a \$50,000 per year income stream per building a sacrifice. Yes, it's a sacrifice by the parents of the children enrolled in the day care, but that's a sacrifice they are willing to make anyway. They will make it on your behalf because you will offer them the best program for their children. But somebody is going to get the parents' money. Why shouldn't this money finance a Christian ministry?

For 15 years, a bank gets most of the rent money paid by the day care, but after 15 years, the owner does. If you are the owner, and you tithe, then the money is flowing into the kingdom of God. You're just the conduit for this money. In the meantime, the day care owner can provide super-cheap space for a local congregation every Sunday.

Teach young children, plant new churches, and get parents to pay for it. Does this

opportunity make sense to you? If it does, keep reading.

Where to Open Your First Day Care

You probably aren't ready to take on a debt of \$500,000 to buy land, improve it, and build a building. In some urban areas, this might cost \$1,000,000. Also, no banker is willing to lend you the money yet. But when you are running a day care that produces cash flow of (say) \$250,000 a year, your banker will become a friendly banker. Why? Because you really won't need his bank's money. This always makes bankers more friendly.

Bankers prefer to make loans to people who don't really need the money. Bankers don't make loans to people who really do need the money. The more you need the money, the harder it is to get a loan from a bank.

I recently made an arrangement with a local builder. The builder built a school for no money down, and even bought the land. The contract is a lease-purchase agreement. For several years, my day care will pay the builder about \$5,000 a month. Then my family-owned corporation will be able to buy it, using a 15-year mortgage. I never even talked to a banker about this deal. The builder did that. On the day the doors opened, there were enough parents ready to enroll their children to pay the rent, provide a very nice income for the husband-wife management team, and pay the teaching staff. There was money left over for DEMI's ministry.

Here is how I did it. DEMI's day care had initially rented cheap space in a local church. At first, the rent was \$810 a month, which included utilities -- a terrific deal. It was in a town of 25,000, which was large enough to allow expansion of the day care. When the first large room of the church was filled with students, at \$75/student/week, the day care rented another large room. The rent went up to about \$1,500 a month. When the day care reached 79 children, it was time to move to the new building, which was located only a few blocks away. At that point, the rent was \$18,000 a year (\$1,500 x 12). The day care's gross income was easily able to cover this. There were 79 students whose parents paid \$75 a week. On a 50-week academic year, that was \$296,250. Half of this went to teachers' salaries.

Actually, it wasn't quite this much income. In summer, enrollment usually drops. A good day care director will take steps to reduce the exodus, but a day care will not make

as much money during summer. But \$1,500 a month is not \$60,000 a year, as it would be if the rent were \$5,000 a month. The burden of the monthly rent is not that heavy.

The key to the success of the plan was low rent during the first three years, while the day care was growing. Eventually, it hit physical limits: no room for new students. Then the day care moved into the new facility.

Within a year after it moved into the new facility, the day care had 130 students paying \$85 a week. This generated over \$11,000 a week. Amazingly, there was no fall-off in summer enrollment in 2002. The tuition went to \$89 in the fall of 2002: \$11,570 a week. This is a very successful day care. I am now thinking about buying the land next door, and building a new facility for K-12 students. This will be my second K-12 school.

I opened the doors to my first day care in January, 1992. Today, my schools enroll over 360 students. In fiscal 2003, this ministry generated over \$1.4 million.

Is this a successful family ministry? You decide.

I launched this ministry, not as a full-time pastor, but as an unemployed layman. I am now a part-time co-pastor, but this is not my primary occupation. Christian education is my full-time occupation.

If you can make an arrangement with a local church to let you rent space for your first day care, you can have a ministry like mine. Maybe it won't grow as fast as mine did. It depends on where you live and whether you want it to grow that fast. But the potential is there.

A church-housed day care need not be a church-owned day care. (See Chapter 10.) The structure of ownership is a matter of negotiation and risk-sharing. My point is only this: if a local church will let you start your day care in its facility, you can get started without having to sign a five-year contract for a \$5,000 a month facility. Your risk goes way down.

This way, you can learn whether this ministry is suited for you, but without taking on too much risk. You can learn if your skills, plus the information in this manual, are sufficient to make a day care successful in the church's neighborhood.

Let me warn you in advance: if you do exactly what this manual says, within five

months after opening the doors of your day care, you will probably run out of room in the church, unless it is a fairly large church. This may take a year, but probably not. Your fear on the day your day care opens is that it will not fill up. Your fear three months later is whether you will be able to find a second facility, which you will need three months after that.

Maybe you are a member of a church that will let you rent space five days a week. If the church's Board doesn't want to do this, then there are other churches in town that could use the extra money.

Pray about this. Ask God if He wants you to start a day care ministry. If He does, you will locate suitable space to begin. It may take a few weeks, or even a few months, but you will find the space.

Call this project "Obadiah's caves." You will find something suitable if you are really serious about committing yourself to a day care ministry.

A Family Ministry

A day care is an ideal family ministry. Depending on who works best with children and who works best with parents, the couple can decide who will spend more time in the classroom.

When your day care opens, you both should be in the classroom, and the "front desk" should be in there, too. This is because of the state's student/teacher ratio. To maximize net income, you should have the initial pair of employees in the classroom. Only after you reach the state's limit for two teachers can you afford to hire a third teacher and move one of you to the front office. At that point, the division of labor takes over. Someone must answer the phone, greet the parents, and file the forms.

There is a tremendous advantage for a man to be in the building, dealing with students for at least part of the day. This has to do with the lack of male presence in single-parent households, which are usually mother-run. The day care industry is run by women. So, if a man is involved in your day care, this is a major competitive advantage.

I have written this manual on the assumption that your day care will be a family-run ministry. If it isn't, then substitute "hired labor" for "spouse" or "wife."

There is no rule that says that a day care ministry needs to be family-run. It can be joint-women team-run, or single mother-run, or even widowed grandfather-run. But there is no doubt that husband/wife teams are ideal.

What About Academic Credentials?

It depends on your state's laws. I cover this in Chapter 14. But even if your state has stiff requirements, these requirements can usually be met by a kindergarten teacher with a year's experience in the classroom. Also, about fifteen states offer certain exemptions for religious day cares. (I discuss this in Chapter 14.)

The officially certified director need not be the decision-maker. The law requires that the director have certain qualifications, but it says nothing about what tasks the director must perform. That decision is up to the day care's board and the director to work out on their own.

Academic credentials are not the key factor in the success of a Christian day care ministry. Dedication, vision, and the founder's willingness to take a few early risks are the key factors.

Every profession requires its practitioners to jump through bureaucratic hoops. There may be an apprenticeship requirement, or formal academic training. There may be both, as in the case of physicians. Day care hoops are minimal compared with other professions that generate comparable salaries for the managers.

Toss in the real estate investment opportunity, and day care management is just about the least regulated high-income profession.

Conclusion

One advantage of the DEMI approach is that you can start small. You can start a home-based day care without going through many bureaucratic hoops. You can test your ability. Then, when you are confident in DEMI's approach and your own ability, you can apply for licensure and move to a local church facility.

The point is, there are many ways to get started. The crucial issue is your long-term

goal. That, you must decide early. The magnitude of this goal will determine what you should pay to achieve it.

If you are ready for a ministry that does not pay starvation wages, you will be hard-pressed to find anything superior to this one.

Summary

Laymen can have successful ministries (Obadiah).

The institutional church is only one aspect of the kingdom of God.

A Christian day care is a ministry to families.

The spiritual risk of economic success in running a day care is greater than the economic risk of its failure.

A Christian day care is an evangelical ministry.

There are significant real estate profits associated with leasing a day care facility to a day care that you run.

Laymen can serve as local church planters when they own a day care's real estate.

A local church can rent you space at a low price.

Your day care will probably outgrow space in a local church within a year.

A day care is an ideal family ministry.

You can hire a certified director if you don't have the academic qualifications.

Chapter 2

YOUR LEGACY TO YOUR HEIRS

A good man leaveth an inheritance to his children's children: and the wealth of the sinner is laid up for the just (Prov. 13:22).

Think about your financial situation today. Then think two generations beyond you. What will you leave as an inheritance -- in the broadest sense -- to your grandchildren? This legacy should include financial capital, formal Christian education, a biblical work ethic, and high moral standards. It should also include the knowledge of how to run a successful small business, so that they will not have to be dependent on anyone else to supply their paychecks. That's because the days of corporate loyalty and a secure lifetime job are gone.

You should become a role model. Years from now, your grandchildren should say, "That's how my grandfather did things, and he was a success. I want to be a success. I'm going to do things the way he did."

If you do nothing to begin to build this inter-generational legacy, or if you do things unsystematically, then you cannot be sure what legacy you will leave behind. All you can say for sure is that whatever you leave, it will not be based on anything that your heirs can imitate in order to leave an inheritance to **their** grandchildren. They won't look back to your example and think, "I'll do things the way my grandfather did." Even if they want to, they won't know how you did it.

Consider your finances. If you die in poverty because you failed to see what was coming economically, this will be a poor testimony. It's much better to die as a self-funded volunteer in some ministry, serving the poor and afflicted, because you were able to build up a capital base that supported you. After you die, your wife will live off the income generated by this capital. After she dies, this capital will go to your children.

Or, alternatively, you and your wife can live as dependents in your son's home, or your daughter's. Even if you own your own home today -- and many pastors don't -- you or your wife will be forced to sell it to pay for your "golden years" if you are in any way dependent on Social Security and Medicare. The handwriting for these two government programs is on the wall, and it's written in red ink.

Social Security and Your Future

Social Security is a legalized Ponzi scheme, named after Charles Ponzi. Ponzi, a convicted forger and smuggler of illegal aliens, in 1920 persuaded 10,000 people to invest money with him at 50% in just 45 days -- impossible -- by investing in postal-reply coupons: not only impossible but illogical. He would take the money from later investors and pay off the earlier investors, who would then re-invest their winnings in a "sure thing." The scheme was based on bad math and public greed. Finally, the scheme collapsed when it ran out of new investors. The losers had handed over \$9.5 million to him. That much money in 1920 was worth over \$80 million in today's money. The Social Security System is a large version of Ponzi's scheme, except that it is based on force.

Like Ponzi schemes, chain letters are illegal if sent by the U.S. mail. A chain letter takes money from late-coming participants and pays off early participants. Eventually, every Ponzi/chain letter scheme goes bankrupt because it runs out of enough late-comers to pay off the early comers. If the government did not run Social Security, the program would be illegal. It would constitute criminal fraud.

As with every Ponzi scheme or chain letter, Social Security will die whenever there are not enough people coming into the system to pay off those who are already in. The general estimate is that this will happen in 2017. If America has a major recession between now and then, judgment day will arrive earlier. In 2017, the Treasury's legally non-marketable IOU's in the so-called Social Security Trust Fund will be in the range of \$5 trillion. Then, like today, there will be nothing in the Social Security Trust Fund except trust. There will be more money flowing out of the system than flowing in. Then Congress will have to raise taxes, lower benefits, or get the Federal Reserve System to issue more fiat money.

Americans are not alone. Falling birth rates in the West after 1960 have guaranteed the bankruptcy of every Social Security-type pension system in the industrialized West. No Western industrialized nation has a birth rate as high as the population replacement rate: 2.1 children per woman. The United States is highest: 2.0 children. (Some of these children will not marry or will be infertile; we need 2.1 per woman.) Another problem: high birth rates are more common among poor families. The children of these families are not likely to enter the high income-earning segment of the population, which means the high tax-paying segment.

Economic benefits to retirees are constantly increasing. So are Medicare payments. Those taxpayers who have come into the work force after 1965 will never collect what they have been promised. There are not enough new workers coming into the labor force to pay

the ones who are now paying their FICA taxes.

Social Security is a tax-based wealth-redistribution scheme. It is extracting wealth that people could otherwise save and then leave to their heirs. Your heirs will inherit nothing from Social Security. The checks will stop coming when your widow dies, even if the system remains solvent. It won't. The Treasury spends every dime that comes in. It saves none of it to pay off future retirees. It issues special non-marketable IOUs to the Social Security Trust Fund. These IOUs will have to be paid off -- if at all -- by taxes, additional debt, or fiat money. For a full discussion of the political chicanery behind the Trust Fund, see these reports. The first one is short. The second one is long. They both come to the same conclusion.

<http://www.fff.org/comment/ed0901j.asp>

<http://mwhodges.home.att.net/deficit-trusts.htm>

The system is disinheriting our children. When you speak to high school students about financial planning, always take along a financial calculator. The Texas Instruments BA-35 is a nice one (\$20). Pose this problem:

"If, when you graduate from college, you earn \$25,000 a year, and you marry a woman who earns \$20,000, and both of you work until age 65 without a raise, how much money will the dual Social Security/Medicare systems extract from you?"

They won't have a clue.

Take out the calculator. Punch in 45,000: their joint salaries. Social Security and Medicare take a little over 7.6% from workers and an equal amount from employers, who would have been willing to pay the workers. The employer regards this as an expense either way. The government takes \$6,885 a year ($.153 \times \$45,000$). Enter 6,885 as the yearly payment (PMT). This is repeated for 44 years. Enter 44 (N). If they invested the money in a tax-deferred retirement program at 6% a year (U.S. government bonds), what would they have at their retirement?

Do you know? Find out. Enter 6 (i). Now click FV (future value).

The calculator doesn't lie. The figure is \$1,375,334.05. The couple would live on

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\$82,520 a year (6% of \$1,375,334). Even after taxes imposed on this legacy, their heirs would inherit almost a million dollars.

It's worse than this, of course, because most people will get raises before age 65. They will pay more into the system.

The politicians never tell us this. The voters haven't a clue, any more than high schoolers do.

Now you do. It's time to take defensive action.

Unfunded Liabilities

The Social Security system is "pay as you go." The liabilities are unfunded. The present estimate is that the combined unfunded liability of Social Security (\$10 trillion) and Medicare (\$10 trillion) is about \$20 trillion. Some estimates are higher; some are lower. The \$20 trillion estimate is within the standard range of estimates.

The U.S. government has a law governing all private pension programs that are insured by the government under the employee retirement (ERISA) law. The rule is this: the corporation's pension liabilities must be fully amortized over a 30-year period. This means that the company must invest money year by year in income-producing assets, so that the plan will be able to meet its obligations to its pension-holders. We should treat Social Security and Medicare in the same way: 30-year amortization.

You can verify the following on any amortization calculator on the Web. Assume that the amortization period is 30 years. Assume that the investment portfolio earns 6%. What is the annual funding required by the two programs in order to fully amortize them?

Guess. Go ahead. Guess. How much money must the U.S. government invest in private industry every year for the next 30 years in order to meet ERISA's standards for Social Security and Medicare?

The answer will stun you. You will find it hard to believe.

The total is about \$1.5 trillion a year. This is 70% of the entire budget for the U.S. government in fiscal 2003.

You can verify this with any amortization calculator. I use this one:

<http://www.calculatorweb.com/calculators/amortcalc.shtml>

To use it, enter 20000 (no comma). You must initially knock off 9 zeroes from \$20 trillion in order to make the numbers fit into the box. Then, after you have the answer, you must tack them back on.

Of course, there will be no such expenditures, nor will the government invest the set-aside money in profit-seeking investments. The obligation will grow, year by year.

Where did I initially get these figures? From Peter G. Peterson. He has been on a crusade for over a decade to begin funding Social Security and Medicare. He has tried to warn American politicians, investors, and voters of the coming catastrophe in the Federal budget. He has had no visible success. He has written several excellent books on the topic. The latest is *Gray Dawn: How the Coming Age Wave Will Transform America -- And the World* (Times Books, 1999). You can find the two citations regarding the unfunded liabilities on pages 72 and 101.

Note: if we use Social Security's own 75-year amortization schedule instead of ERISA's 30-year period, it's still \$636 billion per year just for Social Security. (Under ERISA, it would be \$750 billion.) Then comes Medicare. Yet politicians claim that the Social Security system is running a surplus, so they always deposit this surplus into the general fund. This money immediately gets spent. The "trust fund" is a pile of government IOU's. By failing to fund this year's amortization, the politicians automatically add another \$1.5 trillion to the total obligation. Next year, the amortization figure will rise. Again.

This is the good news. The bad news is that Peterson did not know how much worse things really are. In 2002, two economists were hired by the U.S. Treasury to do an estimate of how large the government debt really is. They concluded that it is now \$44 trillion, and rising fast. You can read about this here:

http://money.cnn.com/2003/05/29/news/economy/social_security_pain

One of the economists testified before a House of Representatives subcommittee in March, 2003. To get a picture of just how fast the crisis is accelerating, click on the link and go to **Table 1** at the end of his testimony. Here you will find an estimate of how large the deficit will be in fiscal 2008. It will be in the range of \$51.5 trillion in fiscal 2008.

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<http://www.house.gov/judiciary/smetters030603.htm>

Consider the Source

Who is Peter Peterson, and why should we pay attention? He is an investment banker. He is also the long-time chairman of the Council on Foreign Relations. The CFR is the most influential privately run public affairs association in the United States. Since its founding in 1921, it has supplied most of the senior advisors to American Presidents.

For those of you who are familiar with the power structure of the United States, this sentence, taken from the Web page of Mr. Peterson's Concord Coalition organization, says it all: "In 1969, Mr. Peterson was asked by John D. Rockefeller III, John J. McCloy and Douglas Dillon to chair a Commission on Foundations and Private Philanthropy." When Mr. Rockefeller and the late Mr. McCloy ("the Chairman of the American Establishment") picked him to present the case for the world of foundations, he was being singled out as a future leader. He rose to the top.

The fact that his warnings have made zero impact politically over the last decade and a half is indicative of just how fully entrenched the American electorate's faith in government-guaranteed retirement really is. As he shows in his book, this faith is even more firmly entrenched in other industrial nations.

No Western industrial nation is funding its mounting liabilities. The politicians are universally deferring any decision to deal with the amortization problem. They expect future taxpayers to pay. They don't expect to be in office then. Then the system will hit the brick wall: "insufficient funds." The other industrial nations will hit it, one by one, until the U.S. hits it around 2017. Peterson writes:

The leaders of the developed world all know what is coming. In private discussions I have had in recent years with President Clinton, Prime Minister Hashimoto, Prime Minister Thatcher, and other leaders of major economies, I learned that they were all fully briefed on the stunning demographic trends that lie ahead. But so far, despite the magnitude of the challenge, the political response has been paralysis rather than action, fear not commitment. Hardly any country is doing much at all. Yet year after year the crisis approaches with the measurable certainty of an advancing tidal wave. . . . [*Gray Dawn*, p. 7.]

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Senior officials in the world's major international economics institutions agree with Peterson's assessment. So do the leaders of the major industrial nations, often called the G-7 or G-8 nations. But the top politicians refuse to confront the problem publicly.

Rarely have so many multilateral bodies -- such as the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Cooperation and Development (OECD) -- agreed with such unanimity on the dimensions of a problem. Margaret Thatcher told me that she repeatedly tried to raise this issue at the G-7 summit meetings. Yet the answer from her fellow leaders was, in effect, "Of course aging is a profound challenge, but it doesn't hit until early in the next century. That means it won't hit on my watch." [*Gray Dawn*, p. 9.]

You will not collect what you have been promised. Your widow will not collect. Your children will not collect. (Surviving adult children have never been entitled to any benefits.)

What are you going to do, beginning today, to leave a secure inheritance of real value? What plan do you have today to get from now to then? It had better be a lot better than the government's plan for the rest of us.

This is why you had better consider the potential of a day care. Not only can you set aside money from your salary as director, you can adopt the real estate investment program that I use when, three years after you open a day care in a church building, you move it out of the church into your newly built facility, or when you start a second day care.

Your Retirement Plan

Very few Americans have a clear idea about their retirement program. They have never sat down and checked the figures. They have not contacted Social Security to find out. They have not taken a careful look at what level of income they can expect from their private retirement plan, if they have one, which at least half of American workers don't have. They assume that everything will be just fine. They are either afraid to look at the figures, or else they don't know where to look and how to make the calculations.

Have you ever sat down to find out exactly what you can expect, assuming that Social Security and Medicare remain solvent? Probably not. I now offer you a challenge. Find out.

Get access to a financial calculator, either on the Web or at Wal-Mart: a Texas

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Instruments BA-35. A Web-based financial calculator is located here:

<http://www.arachnoid.com/lutusp/finance.html>

You must make two calculations, and then add the results. First, enter the dollar amount of your existing retirement fund, and then hit PV (present value). Then enter the rate of interest that you honestly think you will earn, *minus* the expected rate of price inflation. I use the **Median CPI** (consumer price index) figure, which is published by the Federal Reserve Bank of Cleveland:

<http://www.clevelandfed.org/research/data/mcpi.txt>

This figure rarely goes below 3% per year. I recommend using 3%. If you are invested in government bonds at 6%, use 3% as your interest calculation (6% minus 3%). Enter 3 and then tap **i** (interest). Next, enter the number of years you have until retirement (**N**). Next, on the BA-35, hit **CPT** (compute) and then **FV** (future value). This will tell you what the future value will be of your existing pension fund. This dollar value will be in money of today's purchasing power. Write down this figure.

Second, how much money do you expect to save in your pension fund each year? Think of an average yearly figure. This will be the combined contribution of your church and you. Enter this figure and hit PMT (payment). Then enter the rate of interest, minus the Median CPI figure. Then enter the number of payments: months times years until retirement (**N**). On the BA-35, hit CPT and then FV. This will give you the future value of your future contributions.

Add the two figures. This will tell you what your capital base will be when you retire. Multiply this by the rate of interest or return that you think will exist at your retirement. This will be your annual income. I recommend using 6%.

Add Social Security, if you are in the program. (But don't count on its survival.)

Please do this now. I mean it. Now. Find out what your post-retirement future will be.

For those few people who actually do this exercise, the remainder of this manual will be far more interesting because it will be perceived as far more crucial than is true for the majority of readers, who will not do this exercise, and who have never done it. There is nothing like a little unpleasant reality to motivate people to make changes while there is still

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time. This is why most people prefer not to think about unpleasant aspects of reality very often. They don't want to make major changes in their lives.

Here is a typical situation. A person is 40 years old. He has \$40,000 in his retirement fund. At 3% per year, 25 years later, this part of his retirement fund will be \$83,751 (today's purchasing power).

He begins today saving \$250 a month, and his employer contributes \$250. At 3% per annum, at retirement, this second fund will contain \$118,292.

Combined, his retirement fund will be worth \$202,043 when he retires. At 6% per annum at age 65, this will generate \$12,123/year (today's purchasing power). But this will be fixed monetary income. Its value will depreciate by 3% per year thereafter (or whatever the rate of price increases is).

Your retirement portfolio plus Social Security payments had better generate at least half of whatever salary you are making per year today without touching your capital. The purchasing power of your income will steadily depreciate.

You are hoping that Social Security will make up the difference. What if it doesn't? (Read the two reports on the Trust Fund.)

Let's say that you plan to retire in 25 years. What will rent cost you? Find out what it costs per year in your region to rent the kind of place you will want to live in then. Your pension fund's capital, plus any Social Security money, must generate this much money, plus inflation, just to house you.

What did the calculator tell you about your future income and lifestyle?

What are you going to do about it? I mean, other than get a job at age 65 as a greeter at the local Wal-Mart.

Are you really, truly ready to take steps to see to it that you and your wife are not dependent on Social Security when you retire, or on the charity of the sons and grandsons? Do you really want to avoid being a charity case in your old age?

Does your wife understand the problem? Have you both looked at your economic future, as described by a financial calculator? Is she willing to back you up?

Your Wife (If You're Male)

A day care is best operated as a family ministry. Some families prefer to be under the jurisdiction of a local congregation. Others prefer to rent space from a local congregation. Still others start non-profit day cares and buy their own property. A few start profit-seeking businesses. (See Chapter 10.) All these approaches can and do work. But, when all is said and done, the presence of an owner on-site is the most effective motivation for efficient management. As they say in rural areas, "The best fertilizer is the owner's shadow."

You must have emotional support from your wife in this project. If you don't, then forget about starting a day care. She may decide not to get involved personally, but if she drags her feet about your involvement, wait.

If your wife thinks that running a day care is a bad idea, then it's a bad idea for you.

What's in it for her? The following benefits are a short list:

- A separate income stream for the family
- A way for you to build up a tax-deferred retirement program
- A way for her to develop her own income and retirement program
- A work training program for your children
- A back-up career if you ever get fired
- Enough income to buy a nicer home of her own
- Enough income for her to drive a decent car
- A way to pay for your children's Christian education
- Enough savings for the children's college education

Maybe you want to build capital for your retirement. You want it to be transferable to your heirs. Here's how. Start a day care in the local church. Make it work. You can then go to a banker or a builder and show that you have successfully run this kind of business. That will buy you the next day care's building.

You then build your own day care facility with borrowed money. A center may cost \$500,000 to buy the land and build. A day care's monthly rent can easily pay this off in 15 years. After this, the rent money will come to your family-owned real estate investment corporation, permanently. How much money? On a \$500,000 facility, at least \$50,000 a year.

A man I worked with, who developed an early model of a structured, academic day care, has nine day care centers in his ministry. He built these in less than 15 years. Several of his adult children are involved in their management. He has a large family. He owns the real estate for most of the centers. He retired five years after he opened his first center.

There is a man who lives in a small town in eastern Kansas who owns the buildings for 22 day care centers. His friends will not have to hold a charity benefit for his widow!

Do you want a solid retirement? Do you want to leave your children something of value? Then own a few day care facilities and rent them to day cares.

Would you like to become a millionaire? It can be done. Borrow a million dollars and have the parents pay off your day care's mortgage. This is not hypothetical. This is real. It can be done. It is being done. Build two day care centers, and 15 years from the day they open, you will be a millionaire, if you keep both centers filled with children, year-round.

One reason why this is not being done by more people is because they are unaware of the opportunity. However, lack of information is not the main reason. There are other reasons that are far more powerful.

A False View of Holiness

First, most Protestant evangelicals think that holiness promotes poverty -- not Roman Catholic priest, vow-of-poverty-style poverty, but Protestant pastor, clunker-used-car-style poverty.

This view of holiness is theologically wrong. Holiness promotes productivity. Most forms of productivity bring prosperity, according to Proverbs 10-31 and Deuteronomy 28:1-14. The ethical question is this: What do economically productive people do with their prosperity? Even more important, what should they do with it? The correct answers are: (1) they reinvest their wealth in their own family-run businesses; (2) they should do this, plus pay a tithe on their personal income. The best book on how most wealthy Americans have made their money with family-run businesses: *The Millionaire Next Door*. These are exactly the kinds of people who most pastors would like to have join their congregations. Yet, when offered a similar economic opportunity -- running a successful day care -- the typical pastor shudders. This seems inconsistent.

It is time for God-fearing Christians to abandon the mindset of Christian poverty. An ex-pastor years ago had a term for people who have adopted this mindset: **poverts** (pronounced PAHvurts.)

The silliness of the Christian povert's view of his own holiness is staggering. Americans are wealthy. Compared to an African, or a Chinese farmer, or a resident in the slums of Calcutta, the average American is wealthy. America is in the upper 20% of the nations of the world. Most people in our world are desperately poor: no health insurance, no running water, no hospital that they can afford. By the standard of living that has prevailed among men until the twentieth century, Americans today are the wealthiest people in history. Yet Christian poverts think of themselves as being on the front lines of holiness because they aren't as economically successful as the even more fabulously wealthy guy across town who lives in an even nicer neighborhood. For a povert, "not keeping up with the Joneses" is his mark of sanctification. He never thinks of the Wongs and the Patels, who cannot imagine such wealth as most middle-class Americans enjoy. He thinks that by not keeping up with the Joneses, he has accomplished something spiritual. He lives in a fantasy world.

This mindset keeps Christians from gaining access to the capital necessary for great service. When a man who has never had any economic success seeks a loan to achieve something worthwhile, what banker is going to offer to make the loan? When a man who is literally proud of his lack of economic success looks at a project that might provide success because it serves consumers well, he thinks, "Economic success is morally suspect. Let someone else serve consumers." When a man who has lived in debt all of his life, struggling to break even at the end of the month, then presents his financial statement to a banker, does he actually expect the banker to take him seriously? Probably not. So, he never makes the presentation in the first place. The project dies. Yet, in this case, it is a good project.

This is why you will not have much competition in the church-housed day care field. Your potential competitors are just not interested in starting any project that might put them into the upper middle class, let alone the rich.

A second reason why Christians are not starting day cares is their aversion to risk. They think, "Nothing ventured, nothing lost." This is what I call the anti-missionary mindset.

A third reason is an aversion to really hard work. In a DEMI day care, classroom time is inflexible. Teachers must stick to a tight schedule, day after day. The schedule gets looser for directors, but to become a successful director, you must first be a classroom teacher.

Fourth, lack of courage restrains men from trying something new. They are afraid of a public failure. They are inhibited by what others may think. I think this is the big one. This is what keeps so many men from attaining their highest calling before God. Jesus warned: "Woe unto you, when all men shall speak well of you! for so did their fathers to the false prophets" (Luke 6:26).

If you do what I have done, within 20 years, you could become a foreign missionary, if that is your goal. The income from your day care real estate would put you on the foreign mission field. Is there something wrong with that goal? Is it unholy because you won't have to go begging in order to finance your mission? Or you could devote your life to writing. A man with substantial passive income can do whatever he wants with his time, for good or evil. A man with this much passive income has leisure time, a precious commodity in today's world.

To have a passive income stream of \$50,000 a year, you would need almost three million dollars in the bank (at 1.75% interest). Or you would need one paid-off day care facility. Which sounds easier to obtain?

Will your wife join you in creating this stream of future passive income? You had better ask.

Conclusion

You may be in a comfort zone today. You will probably not be in a comfort zone after you retire. You need more income today in order to fund a pension plan that will provide a comfortable retirement for you and your wife, plus an inheritance for your children's children. How are you going to achieve this? What is your long-term plan? Do you even have one?

Starting a day care is a cooperative venture. This is true of most businesses, but especially with day cares, which require personal dedication beyond the goal of generating income.

The crucial cooperator is your spouse. If he or she refuses to cooperate, you will find it difficult to achieve anything like what I have achieved with my schools. You will have to find another solution to your problem. One solution may be to recruit someone who can serve as a director for a day care.

At some point, you must clear a negative hurdle put up by critics of day care in general, both Christian and secular. The next chapter will help you to clear that hurdle. (On the outside possibility that no one on your church's Board or in your congregation is opposed to your starting a day care in the church's building, you can skip Chapter 3 and go immediately to Chapter 4.)

Summary

A Christian has a moral obligation to leave a legacy to his children and grandchildren.

Most people leave small legacies to their children.

You don't want to become dependent in your old age.

Social Security/Medicare are statistically unsound.

There is no money in the so-called trust funds -- only government IOU's.

The birth rate is insufficient to pay all of the retirees who will come on line.

It would take \$1.5 trillion a year for 30 years for the government to fund Social Security and Medicare.

Your retirement plan will not be enough to offset the bankruptcy of Social Security.

A day care can provide the retirement capital that you want.

The real estate can be transferred to your heirs.

Most rich people got rich by starting a small business that grew.

The secret of wealth is thrift, hard work, and a niche market.

Chapter 3

THE BIBLICAL CASE FOR CHRISTIAN DAY CARE

And these words, which I command thee this day, shall be in thine heart: And thou shalt teach them diligently unto thy children, and shalt talk of them when thou sittest in thine house, and when thou walkest by the way, and when thou liest down, and when thou risest up (Deut. 6:6-7).

Most children in America today are not exposed to God's holy Word in their households, day by day. Most parents do not speak of God and His law to their children from morning to night. Their children are not raised up in the admonition of the Lord. They should be. This is what God requires of all parents, especially fathers. "And, ye fathers, provoke not your children to wrath: but bring them up in the nurture and admonition of the Lord" (Eph. 6:4).

There was a time, over two centuries ago, when most American fathers went into the fields daily with their sons. But, as the division of labor has increased because of greater economic freedom and greater capital investment, occupations have become ever-more specialized. A skilled worker can earn more money if he can gain employment by a firm that sells the output of these skills. A worker maximizes his monetary income when his production skills match whatever it is that consumers want to buy. The vast majority of Americans are not farmers any longer. They live in cities.

Cities offer the largest number of opportunities for workers, who possess widely varying individual talents. Manufacturers and service industries cluster in cities in order to recruit workers from large pools of labor. The match between specialized workers and specialized producers is achieved less expensively in cities. So, there has been a steady inflow of families from farms to cities. For over two centuries, urban men have left their homes every day to go to work in distant buildings. They have left their sons behind, initially with their wives and then with school teachers, who are mostly women until the children become teenagers.

Without this delegation of educational responsibility from fathers to mothers, the modern world would not have come into existence. The division of labor would not have developed beyond agriculture and family-run small businesses. Anyone who argues that fathers do not have the right to delegate to their wives the instruction of their sons is saying that biblical civilization should have remained rural. Also, it would not be legitimate for

married salesmen to go on the road, or for married sailors to go to sea, or for nations to have navies that employ married men. I know of no theologian who has maintained the theological position that covenantal authority over education within the household may not be delegated from fathers to mothers.

Americans have not understood how much changed in the West's family structure when fathers went to work outside the farm or home. In the 1700's, books on how to be a good parent were written for fathers. By the middle of the 1800's, they were written for mothers. In his excellent book, *Fatherless America* (Basic Books, 1995), David Blackenhorn makes this observation:

Within the home, the father retained his formal status as chief executive, or head of the family, but had largely ceded to his wife the role of chief child raiser, manager, and decision maker. . . . Paternal authority declined as the fatherhood script came to be anchored in, and restricted to, two paternal tasks: head of the family and breadwinner (p. 15).

In some congregations, there may be defenders of home schooling who argue that children should not be educated outside of the home. They mean, of course, "until it's time for chemistry, or calculus, or college." These people will resist any suggestion that a day care is legitimate. They also criticize Christian day schools as agencies that undermine the family. They seem completely unaware that there has already been a profound change in the traditional Christian view of family education: fathers used to teach sons. That world has been gone for 150 years.

Economics determined this transformation of family life and family education. There has been increased family income from fathers who work away from their families. Home schoolers accept this arrangement without questioning it. They have not thought through the full implications of family authority over education. If fathers can legitimately delegate this responsibility to mothers, then why can't mothers and fathers together legitimately delegate this authority to a tutor? If hiring a tutor is illegitimate, why is an absent father legitimate?

The Tutor

Can the authority to educate children lawfully be delegated from fathers and mothers to specialized tutors? Can parents lawfully bring tutors into their homes to instruct their children? Paul said yes.

Now I say, That the heir, as long as he is a child, differeth nothing from a servant, though he be lord of all; But is under tutors and governors until the time appointed of the father (Gal. 4:1-2).

I choose not to argue with Paul.

There is an additional question. Can parents lawfully delegate this same authority to tutors outside the home? Hannah turned a newly weaned Samuel over to Eli the priest to train her son in the things of God.

For this child I prayed; and the LORD hath given me my petition which I asked of him: Therefore also I have lent him to the LORD; as long as he liveth he shall be lent to the LORD. And he worshipped the LORD there (I Sam. 1:27-28).

Was she wrong to do this? There is no indication in the Bible that this displeased God.

Finally, does the Bible prohibit several families from hiring a tutor to teach all of their children? By hiring one tutor to teach several children, families can afford to have their children educated. They could not afford to do this individually. This practice uses the division of labor to reduce costs. If this practice is wrong, then Sunday schools are equally wrong. So are vacation Bible schools.

At some point, many home school mothers -- there are not many full-time home school fathers -- decide that it is time to hire a jointly funded tutor. Usually, this realization hits convincingly around the time the student is ready for chemistry and calculus. Sometimes it hits earlier.

My point is simple: the Bible offers no opposition to biblical education by teachers other than fathers, assuming that fathers have voluntarily delegated this responsibility. The father must monitor the results. He is responsible before God for the results, but this grants him responsibility over the means. He has the God-given right to hire a tutor to teach his children.

Day Care and Delegated Authority

Hannah waited until Samuel was weaned before she turned him over to Eli (I Sam. 1:24). We are not told how long this was. There is some extra-biblical evidence that this was

when a child was between two and three years old. We are not told in the text. But there is no doubt that Samuel was young.

Today, parents face many pressures. A major one is taxes. Wives have to work outside the home in order to pay the family's taxes. About 40% of the typical American family's income goes to pay taxes.

Then there is the problem of divorce. Half of American families end in divorce. Sometimes this happens when children are young. Not all divorced mothers remarry. Not all divorced fathers pay child support faithfully. Single mothers who work for a living must do something with their children during the day. Christians who oppose government welfare programs should see the advantages of Christian day care programs.

The biggest advantage of running a day care is this: **parents will pay Christians to teach their children about God.** The day care can become a major instrument for evangelism. This is better than a Sunday school. It is Monday-through-Friday school.

A day care solves the parents' caretaking problem: placing the child in a physically safe environment while they are at work. A Christian day care additionally solves the parents' covenantal problem, even if they have no self-conscious awareness of it. The child will be taught according to the requirement of Deuteronomy 6:6-7.

The Structure of Hierarchical Representation

The biblical structure of authority in education is as follows:

God
parents
owner/board
director/headmaster
teacher
child

Everyone in this hierarchy except the child possesses two-way authority: to represent God to those who are lower on the chain of command, and to represent their subordinates before God. Representation means this: to speak and act on behalf of another. Even God has two-way representation, because God is a Trinity. Paul wrote: "Likewise the Spirit also

helpeth our infirmities: for we know not what we should pray for as we ought: but the Spirit itself maketh intercession for us with groanings which cannot be uttered. And he that searcheth the hearts knoweth what is the mind of the Spirit, because he maketh intercession for the saints according to the will of God" (Romans 8:26-27).

In terms of economics, the flow of funds down the chain of command should parallel the downward flow of authority. Money and authority are linked, biblically speaking. Here is how the downward flow of funds is supposed to operate in a Bible-based educational system:

The parents serve God by allocating money to educate the child. Their decision rewards one school and penalizes the others.

The school's owner serves God by using the funds provided by the parents to rent or build the facility and to hire a director.

The director uses the funds allocated to him to hire teachers and to provide materials for students.

The owner looks after the interests of the director, who is closer to the children than he is. The director looks after the interests of the teachers, who are closer to the children than he is. The teachers act on behalf of the children. All of those in this hierarchy act on behalf of the parents.

At every level, self-interest is involved. Owners want a profit. Directors want a competitive salary and nice working conditions. Teachers want a competitive salary and nice working conditions. The way for all of them to achieve their personal goals is to serve parents more efficiently than their rivals do.

Trouble arises when representatives at one level forget that they must speak and act on behalf of those under them, beginning with those immediately under them. Those who are higher on the chain of command must speak and act on behalf of all those under them. For example, the owner must decide whether the director's interests should be served in preference to the teachers' interests in situations where there is conflict.

Ultimately, the owner must represent the needs of the children. He must decide what policies best retain teachers, but only because there are students that must be taught if the school is to remain in business. If an unruly child is disrupting the class, week after week,

then for the sake of the other children, the director must be vested with the authority to expel the student. This makes the teacher's life easier, but this is economically and covenantally relevant primarily in terms of what is best for the students.

The Children's Tremendous Spiritual Need

Children are being raised today without any exposure to the Bible. Supreme Court decisions have steadily eliminated all traces of Christianity from government-funded schools. A Christian day care can provide what the government schools cannot provide. Once the child leaves the day care, he is unlikely to be exposed academically to the Bible again if he is not taught in a Christian household or a Christian school.

Many parents do not know how to discipline their children. The DEMI system provides exceptionally effective discipline, despite the absence of spanking. The parents can see the difference when the child comes home, sometimes within days.

Young children want a stable, predictable, structured environment. For example, a child wants to know where his chair is every day. He wants to know where his lunch box has to be put every day. For some children, DEMI's program is the only stability they have in their lives. For DEMI to provide structure for the children, the staff must live structured lives. This is what some parents do not offer. This is why their children suffer.

Children want to learn. They get bored otherwise. When they get bored, they get into trouble. DEMI's curriculum teaches them phonics, numbers, Bible, the Ten Commandments, Bible songs, musical psalms, plus the usual fun songs that other day cares teach. The day is broken up into 15-minute segments, except for recess and nap time.

Children from most broken homes suffer from the absence of their fathers. This is why DEMI's schools seek to hire male teachers and directors. For some children, the men at the day care are the only men they interact with on a regular basis. There is masculine discipline in school. Single mothers appreciate this. When the children leave DEMI's program for public school, they may not be taught again by a male for six years or more. This is another reason why parents enroll their children in DEMI's day school program after their children become eligible for public school kindergarten.

In most communities, there are no other day care programs anything like DEMI's. There are hundreds of parents in your community who need this program for their children.

It is the job of the day care's director to create public awareness and demand for this program. Where the community's better day care programs have waiting lists, this selling job is much easier.

When a day care teaches children to read, beginning at 30 months, a 6-year-old may be reading at a second-grade level when he reaches kindergarten. The child gets bored in kindergarten. The teacher doesn't know what to do with him. The parent may decide to enroll him in the kindergarten program of the day care if it offers higher grade levels. The day care can add a grade level, year by year. The income from the day care can help fund the real estate for the full day school.

This is a good deal for parents. Their children do not become latch-key kids. Adults look after them. This is also profitable for the school. The student/teacher ratio for older students is higher than a day care's ratio. There are no square footage requirements, either. If the school charges the same tuition for the day school as for the day care, it makes more money.

So, a year-round Christian day care may become part of the child's educational experience until the late teens. This does not happen very often, but it can happen.

Note: there must be a different name for the day school if the day care is called something like "Little Tykes." No one wants a high school diploma issued by Little Tykes.

Evangelizing Parents Through the Day Care

When parents recognize that their child is not getting the discipline at home necessary for his own good, they are open to suggestions. One way to help them to deal with their children is to offer an evening seminar on the biblical basis of disciplining children. The seminar may be spread over five weeks: one hour per week. This is a way to present the gospel to the parents.

Parents will notice when the child reminds them to pray before meals. In class, they pray before they eat, meaning three times per school day. The parents will notice when the child sings Bible songs. Parents generally approve, but it places them in a difficult position. What, exactly, should they be doing? The day care is covenantally an extension of the family, but it also becomes an instructor for families.

Children are the common link between the evangelist and the parents. Use this evangelism link to parents.

Benefits

Students in a DEMI-method school receive special benefits as a result of the time they spend in the program. The longer they have been in the program, the more the benefits.

For advertising purposes, these benefits can be arranged under three categories. The benefits are self-explanatory.

Parents do not always perceive that their children have received these benefits, but parents can see the change in behavior. They can also see academic progress in the classroom work papers that are sent home daily.

Religion

recites Bible verses
memorizes names of Bible's 66 books
memorizes the Lord's prayer
memorizes several psalms
memorizes Ten Commandments
sings psalms, hymns, Christian songs
hears daily Bible stories
learns that

God sees us at all times
God can be trusted
God cares for His children
God speaks to us in the Bible
Bible shows us what is right and wrong
we speak to God in prayer
God's children have hearts of flesh
a heart of flesh loves God and obeys Him
Only God can give us a heart of flesh
obedience testifies to a heart of flesh

Jesus is the only Savior
Adam's children have hearts of stone
a heart of stone hates God and neighbors
disobedience testifies to a heart of stone
we are God's creation
we must respect God's creation
be kind to pets and animals
men marry women
it's important to attend church

Behavior

obeys parents
obeys adults the first time
sits still
listens to the teacher
raises hand before talking
exercises patience
waits his turn
keeps his hands to himself
follows directions
is polite
keeps area neat (eating, working)
cleans up the area if it's messy
eats quietly
rests quietly
sticks to a schedule
is kind to other children
helps others
plays without pushing others
learns that disobedience isn't cute
recognizes both good and bad behavior
speaks clearly to adults
learns personal hygiene
honors property rights ("mine," "yours")
develops responsibility
develops confidence

Academics

reads, colors, counts
masters phonics
learns cursive writing
colors inside the lines
learns about music
likes to learn
finishes tasks on time
enjoys doing homework
answers questions in class
learns difference between work and play
learns that school work is meaningful
develops physical motor skills

These benefits do not come all at once. They accumulate over time. Parents may not see how the program's religious instruction produces better behavior and better academics. Part of the evangelism of parents is to teach them to see this. They see the results. They cannot argue with the results. This creates opportunities to share the gospel.

Conclusion

Day care is not inherently unbiblical. It is practical in an era in which both parents work outside the home. Fathers began making this decision over two centuries ago. Mothers began making it after World War II broke out, when they went into defense industry factories. Millions of them decided to stay in the work force after the war. Their daughters and granddaughters have made the same decision.

Day care is a vital service when parents get divorced. In almost all cases, the mother enters the labor force after the divorce. When fathers do not pay alimony and child support, which is often, wives have no choice but to work outside the home, other than going on tax-funded welfare. Child care is a far better institutional solution, morally and practically, than going on welfare. The working mother maintains her self-respect, and she does not become dependent on a state welfare bureaucracy.

With respect to the spiritual development of the child, a Christian day care supplies

what is missing in the homes of many families: knowledge of the Bible. When parents are willing to pay to have their children evangelized, it seems foolish for Christians to turn down this opportunity. The amount of money that a day care can generate is considerable. This opportunity is what is sometimes referred to as doing well by doing good.

This manual is about young-child evangelism. The form that this evangelism takes is day care. Parents will pay you to evangelize their children if you offer this service in the form of day care. In the next chapter, I discuss why parents are willing to pay for this form of evangelism, but not the more traditional forms.

Summary

Most American children are not exposed to God's Word.

Fathers no longer take their sons into the fields.

Mothers and fathers delegate care-giving to experts.

Day care can also provide spiritual care.

A Christian day care serves parents and God.

Children need a safe, structured environment.

A Christian day care can provide this.

Parents can be influenced by a day care's success with their children.

The children and parents receive many benefits.

Chapter 4

PROFITABLE YOUNG-CHILD EVANGELISM

Then were there brought unto him little children, that he should put his hands on them, and pray: and the disciples rebuked them. But Jesus said, Suffer little children, and forbid them not, to come unto me: for of such is the kingdom of heaven. And he laid his hands on them, and departed thence (Matt. 19:13-15).

Young-child evangelism is at the heart of the kingdom of God. The disciples initially failed to understand this. Jesus had to teach them.

Churches have long recognized this. The Sunday school is the modern church's answer to the question: "How can the church better serve the needs of children?" This is a relatively recent invention. The Sunday school was invented in the late eighteenth century as a way to bring the gospel to the children of unchurched, illiterate workers in cities. In the earliest Sunday schools, children were brought in from the streets and taught how to read, how to behave themselves in a group, and how to trust Christ for their salvation. Only later did Sunday school become a training program for the children of church members.

There is another potential form of child evangelism: Christian education. This manual offers an example of this form of evangelism. It is related to the Christian education movement, but it is different in significant ways.

The Christian school movement in the United States was originally a nineteenth-century development of immigrant Christians, mainly from Northern Europe. Group members wanted to retain their cultural identities in the new nation. They recognized that the government's schools would Americanize their children. Two school models were developed: the church-run parochial school and the parental board-run school. The schools were operated mainly by Roman Catholic parishes, Lutheran congregations, and Christian (Dutch) Reformed parental boards. The general public did not attend. There was not much systematic outreach to the population at large. There was little thought that these schools should be tools of evangelism.

The second phase of Protestant day school education came after 1960. Government schools steadily abandoned Christianity. Prayer in government-funded schools was made illegal by the Supreme Court in 1963. This was paralleled by a series of Supreme Court decisions prohibiting the teaching of anti-evolutionary facts. A minority of Christian parents

began pulling their children out of the government schools. They set up board-run independent schools.

There is a third model: the independent, family-operated, profit-seeking, tax-paying Christian day school. The pioneers of this model were Robert and Rosemary Thoburn of Fairfax, Virginia. Their family-owned Fairfax Christian School opened in 1961. In 1970, it began receiving national attention. The Thoburns' Christian school model and phonics program inspired many other Christian educators, including the developers of the A Beka curriculum.

These three school models -- church-run, church-related, and independent -- have a curriculum that begins with kindergarten. They assume a 9-month school year. They appeal mainly to Christian parents who seek a better education for their children. Non-Christian parents are not equally enthusiastic. They are far less willing to spend money on tuition and materials. They prefer "free" education by the government. This is why today's Christian day school movement is not primarily evangelistic. It is kingdom-building for children of Christian families, but it is not actively bringing non-Christian children to Christ.

There is another model in Christian education that is systematically evangelical. This is the DEMI model. It rests on a different premise from that which governs Christian day schools. It assumes that parents will pay -- pay a great deal -- to have their young children evangelized. For a brief period, when children range from age two-and-a-half until kindergarten begins, millions of parents are willing and able to buy Christian education for their children. Here is a tremendous window of opportunity for evangelical Christians to spread the gospel. But very few Christians perceive this opportunity.

Following Joseph's Example in Egypt

Joseph was the best slave that Potiphar ever bought. Potiphar eventually turned the management of his household over to him. But Potiphar was jealous. Joseph wound up in prison.

Joseph was the best prisoner that the captain of the prison ever had. The captain turned the management of the prison over to him. Joseph was the best seer that the Pharaoh's cup-bearer ever had for interpreting a dream. Still, Joseph remained in jail.

Then, without warning, things turned around for Joseph. He was given an opportunity

to interpret Pharaoh's dream, which he did. At long last, his reward came. Pharaoh turned the management of the nation over to Joseph.

And Pharaoh said unto Joseph, Forasmuch as God hath shewed thee all this, there is none so discreet and wise as thou art: Thou shalt be over my house, and according unto thy word shall all my people be ruled: only in the throne will I be greater than thou (Genesis 41:39-40).

The message here is clear: keep doing the best job you know how to do, even if this gets you no praise or even lots of criticism. Eventually, God will open up areas of service beyond what you had imagined possible.

This assumes that you really are better than your competition. In how many areas are Christians consistently better than their competition? I can think of two areas. First, training people in tribal languages. Nobody is better than the Wycliffe Bible Translators. They set the standard, not only in this area but also in creating dictionaries for illiterate tribes. Why? Because this is what is necessary for effective evangelism among tribes. The mother tongue is the best means of communicating the gospel to tribal peoples. Christians can be the best whenever they see that they have to become the best in order to extend God's kingdom.

Here is the second area: primary education. Christians have developed a better model for primary education than the government schools now possess. But, so far, Christian education has been unable to compete effectively against the state's offer of free tuition and free books. The American public is still committed to tax-funded education.

But . . . there is no system of tax-funded day care, nor is there likely to be, given the enormous cost of creating it and permanently funding it. Herein lies an opportunity. Working parents want someone to care for their children until a free kindergarten program is available.

Parents who will not step inside a church on Sunday morning will pay you thousands of dollars a year to hire Christian teachers to evangelize their children five days a week. But teachers must do more than just teach the children about Jesus. They must teach children how to read about Jesus.

This is the key: teach their children how to read. Parents will greatly appreciate this. Teach their children Bible stories, hymns, psalms, and the Ten Commandments. Most parents will appreciate this, too. Only a few will object, and only briefly. Then, seeing what

they regard as positive child behavior side-effects that they cannot explain, they will continue to bring their children to your church (called a day care) for you to teach them five days a week.

This is an amazing fact. It has not been recognized by the vast majority of evangelicals. A great opportunity is sitting there, unnoticed, in plain sight. Hardly anyone sees it. Pastors who have church buildings that are ideal for running a DEMI-style day care never perceive the opportunity. They will not compete against you if you start one, and your program becomes successful. Unless you tell them, they will not understand the financial implications.

There are many plausible explanations for the blindness of your potential competitors, but this one will suffice: they do not like working on a daily basis with young children. This is the barrier to entry that will keep competitors from invading your profitable little market.

A few Christian day cares use the core curriculum that DEMI's program uses: **A Beka**. It is familiar to Christian day school teachers and Christian home schoolers. What is not widely recognized is that A Beka's introductory materials are ideal for teaching pre-schoolers in a large-classroom setting. Large classrooms convert day cares into cash cows.

How much cash? Consider a day care along the lines promoted by DEMI. The maximum size could be up to 300 students, but more typical would be 150. If you can persuade parents to keep their children in your day care through the summer, and if day care expenses in your community are \$80 per week, each child will generate gross revenues of \$4,000 a year. Multiply this times 150 students. The total is \$600,000 a year. Half of this will go to teachers' salaries. This may include the wife of the headmaster (you?): \$30,000. Then there is the headmaster's salary. Something in the range of \$50,000 a year is reasonable. It could be higher. The day care can afford to pay the church up to \$60,000 a year as a building use fee, should the day care's director decide to pay the church this much.

Then why don't more congregations operate day cares? If they did, the nation would experience a revival. The youth of the nation would be evangelized before they entered the government-run schools. Millions of them would not enter government schools. Then why aren't there more church-housed day cares today? Why is there this refusal to establish church-housed day cares?

First, pastors do not perceive the tremendous benefits. Second, pastors are too busy already. Third, it takes money and effort to launch a day care. Fourth, the day care model

used by most day cares, and therefore most church-run day cares, is the small-classroom model that does not benefit from team teaching. (See Chapter 8.) This is why most church-operated day cares do not produce net revenues.

Because so few day cares teach young children how to read, you can offer a unique educational service in your community. Your program is unlikely to be imitated by other churches unless their pastors have read this manual and also have had the motivation to start one.

Parents are happy to turn over the education of their children to Christians. Not only are they happy to do this, they pay Christians to do this. A Christian couple can make a very good living by evangelizing the children of parents who will not step inside the doors of a church.

Each day care facility can be designed to function as a church on the weekend. The owner of the facility has the option of renting the facility to a congregation every Sunday. This makes it possible for more congregations to begin, for the cost of real estate is the number-one hurdle to starting new churches.

A Christian day care ministry is unique. It is a gospel ministry that is funded by people who may not accept the gospel. It is a ministry that generates net income for God's kingdom instead of creating a net outflow of Christians' money back into the world.

Teach young children, plant new churches, and get parents to pay for it.

An Unarguable Benefit for Parents

Parents will enroll their children in your pre-school. Their initial motivation is simple: they are interested in the baby-sitting aspect. They want a safe environment for their children. Only later will they learn how stable it is, and how well their children learn in a stable, structured environment. They will keep bringing their children because they perceive the benefit of getting an academic pre-school program for the price of baby sitting.

After a month or two, they will begin to see that the child is making progress academically. (They will see the improved behavior much earlier.) Month by month, it will become apparent to parents that their child is outpacing neighborhood children academically. This will reinforce the parents' confidence in your school. For them, your

academic program may have been an unproven fringe benefit when they initially enrolled the child, but, over time, the child's academic progress replaces the baby-sitting aspects of the service. Parents learn to expect to pick up copies of the child's homework assignments twice a week.

Your school's academic focus becomes a primary motivating factor in their continuing willingness to pay for the service. When this happens, parents are unlikely to remove the child for anything except financial reasons. They will not remove the child to send to one of your competitors. A financial setback may persuade them to remove their child, but not in order to send him elsewhere.

Students' measurable, visible academic progress is not sufficient to persuade modern academic educators of the power of this program. On the contrary, educators are appalled by the thought that children, age two-and-a-half, are put into a classroom setting that teaches them how to read. A few children learn to read short books before age four. Most of them will learn sometime before they reach age five. "Too fast," the professionals cry. "This program is not age-appropriate." Most parents disagree. The enrollment statistics in DEMI day cares prove this.

Modern educators do not know about DEMI's revolutionary approach to day care. If they did know, most of them would say that the children are being pushed too hard. But the vast majority of the children who have gone through DEMI's program are happy in the classroom. They are enthusiastic about participating in the daily corporate responses that take them through the alphabet phonetically. They enjoy the daily small reading circles where a teacher instructs them for a few minutes in the short vowels. When they color, they trace a letter of the alphabet before they color the related picture. This does not seem oppressive to them.

It is possible to convert work into play. I do not mean the illusion of "fun with calculus." I have in mind mental, physical, and verbal activities for young children. It is not possible for today's teachers to force young children to work when the activity is not fun. Young children are not highly self-disciplined, and they can make life miserable for any teacher who tries to make them unhappy. State laws prohibit the older forms of student discipline, such as knuckle-rapping with a ruler. But there are ways of making basic phonics drills fun. Children memorize easily. They like to sing. They like to play games that challenge them. They like to color pictures. The classroom approach that DEMI uses converts academics into challenging games and activities. So, the children learn. They learn much faster than their parents expect or progressive educators approve.

Parents are invariably pleased when their children begin to demonstrate the innate intelligence that most parents believe their children possess. This transition from innate intelligence to demonstrated intelligence keeps the tuition checks coming.

Bible Training

Children love stories. They are as ready to enjoy Bible stories as they are fairy tales, which DEMI avoids in its curriculum. All of the day cares that have adopted some version of the program presented in this manual deliver daily Bible stories. They do this twice a day.

Some day care centers use A Beka's Bible story curriculum: large pictures and verbal text. DEMI schools use a flannel board product. The teacher presents each story twice in one day. The next day, he presents a new story twice. On the third day, he reviews in the morning the story presented two days ago, and in the afternoon the story presented the day before. Review helps the children to remember.

Each of the DEMI schools requires the students to recite the Ten Commandments twice every day. Then the children receive a brief summary of them.

The children memorize psalms by singing them. I have written music for dozens of psalms, using the New King James Version. These are sung to the NKJV's text. My daughter has recorded CD's that provide the music on piano.

They also sing traditional children's Bible songs. There are two companies that produce excellent children's CD's of Christian songs.

Singing is a good way to calm down a class that is becoming disorderly. Transition times in between scheduled activities can be filled with singing. While an instructor is cleaning a table, she can be singing a familiar song with the children. Children will not sit quietly for five minutes while a teacher completes some necessary project. But they will focus on the song as a group.

Most parents see the advantage of having well-disciplined, respectful children. They may or may not recognize the connection between Bible training and the new-found obedience of their children. They do see in short order that the child is behaving better. A few parents will object to the classroom Bible training, but not many. Even those who do object usually shrug their shoulders and enroll the child anyway.

DEMI has developed a 52-part Bible truth memory program for young children. Each day, students recite these truths in unison. Repetition is the key. The lead teacher asks the class repeatedly to answer the same question. They respond.

Biblical education requires biblical teaching materials and a biblical attitude toward the rebellion of young hearts. DEMI's program offers biblical content. It also offers a biblical environment, where students are taught to obey, not merely for the convenience of the teacher, but for the glory of God.

The Origins of the DEMI Method

The story of the DEMI method begins in 1975, when I was hired by a Christian day school in Maryland to teach music. I had received my bachelor's degree in music education from the University of Michigan. I then attended Grace Theological Seminary for three years in Winona Lake, Indiana. The headmaster of the school was Ellsworth McIntyre. I became his protégé.

In 1980, McIntyre was given the right boot of fellowship by the school's board. He briefly wound up selling cars. I remained at the school for one more year. Then I went to another Christian school for three years. Then I joined the faculty of the Thoburns' Fairfax Christian School in 1984.

McIntyre was hired and fired by another Christian school, this time in North Carolina. Then he went to New England to run a school. It happened again: fired. In two cases, he had taken a school that had been deep in the red and facing bankruptcy, and he turned it around. Then he was fired. He was rather like George Patton after the European War ended: too controversial, too self-confident, and his employers didn't need him any longer.

I introduced McIntyre to Robert Thoburn in the mid-1980's, after his New England experience. McIntyre, tired of building up schools and then getting fired, saw the benefit of owning his own school. Better to hire and fire than to be hired and be fired. He also saw something else: Thoburn's model of a family-run day school could be applied to a year-round pre-school.

McIntyre took his life savings and started a day care in Florida. He made an initial mistake. He followed the standard day care model: lots of unstructured play time for the children. This produced classroom chaos. It always does. Then, over one weekend, he

changed the model. He switched to Thoburn's academic model, with phonics at the center of the curriculum. He adopted the A Beka curriculum. He brought structure and formal education into his day care. He turned the school around in a matter of days. A decade later, he and his family were operating nine day cares in south Florida. These schools are all very successful.

When he was ready to start a second day care in 1988, he invited me to run it.

In 1991, I left Florida to begin my own day care in Harrisonburg, Virginia. I now operate three of them, plus a K-12 day school. I plan to open more centers -- perhaps one every three or four years.

Other families have imitated the day care model initially developed by McIntyre. There are church-related, family-managed day cares in New Hampshire and Tennessee, all successful, all ready to expand.

The New Hampshire day care's director is also headmaster of a full K-12 church-run day school located several miles from his day care. He spends as little as eight hours a week at his day care. His wife and older children are quite capable of running it. He is looking for property to build another.

A husband/wife team that operates a non-profit, church-related day care can earn \$90,000 a year or more, depending on location and enrollment, plus build a retirement program for each of them, plus pay the mortgage of the church and any new buildings necessary to expand the day care. They can be doing this within a year after their day care opens.

DEMI's model has evolved from its origins at Fairfax Christian School. It has now been tested under varying circumstances. There are working examples in several states, each with its own variations. DEMI's system is reproducible. The opportunity is real, but it is not yet widely perceived. This makes the opportunity even better for you.

Low Competition

There are many kinds of day cares, just as there are many kinds of cars. Driving a car in the Indianapolis 500 on Memorial Day is not the same as driving a car to the supermarket.

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There are a few day cares with over 300 students. There are others that are as small as half a dozen children in a single mom's residence. Actually, there are tens of thousands of day cares like these.

Some day cares are heavily regulated by the state; others -- very small ones -- aren't.

Some day cares are basically baby-sitting operations. Others provide academic education for 5-year-olds that is comparable to a second-grade public school classroom.

The kind of day care that I recommend is on the large side: over 80 children, and preferably over 100. These are pre-schools, not baby-sitting services. They are run like a business.

The great thing about a church-housed day care is that it can be started without a large investment of money. Instead, it takes an initial investment of unpaid time. This is why people who are not totally dedicated are screened out of this ministry in advance. A DEMI day care begins small. It usually grows very rapidly. There is tremendous demand out there for high quality day care.

Running any high quality business is not easy. It takes careful attention to detail in order to bring in more money from parents than flows out in salaries, rent, advertising, curriculum materials, paper, crayons, photocopies, and other expenses. "The devil is in the details," says an old aphorism. So are the profits.

You have heard about churches that operate day cares. You rarely hear whether they are successes or failures. There is no incentive to advertise either outcome. Those churches that do well with day cares -- Lutherans, for example -- do not shout this from the housetop. Why create competition? You may have heard about day cares that limp along, never bringing money into the local congregation. No one brags about losses.

"Day care is as day care does." Forrest Gump's mother might have said this. "The proof of the pudding is in the eating." In every field, 20% of the organizations earn 80% of the income. This is economist Vilfredo Pareto's 1897 "law," and it is rarely violated for long. DEMI's day cares are usually in the top 20%.

Get out a copy of the local Yellow Pages. Look up **Day Care**. You may find that the only listings are for adult day care centers. Usually, child day cares are found under **Child Care**. Of the day cares listed under the general category, whatever that category is, you can

be confident that one out of five is making more than marginal income. These few will be your main competitors. The others are not going to give you much competition. They are marginal.

If you run a high quality, competitively priced day care in a convenient location, your day care will set the standard locally. Your competitors will have to worry about you. You will not worry about your competitors.

It's not that running a day care is easy. It's that so few people in the field of education have had any business experience. At the same time, there are very few businessmen who have seen the opportunity in day care. You can do well in this niche market because you will operate in between two occupational groups that have little contact with each other: educators and business people.

Overcoming the Barrier of Your Inexperience

The day cares in your town have nothing as good to offer parents as the system that is presented in this manual. Nevertheless, you still face a barrier: your own lack of confidence. How can you get the experience you need?

First, you must understand the basics of the DEMI method. You will learn the basics if you finish reading this manual. You should also send an e-mail for each of the free supplemental reports that are mentioned throughout the manual. These specialized reports provide practical information. Sending e-mails for more information is a kind of litmus test. Here is the rule:

If you aren't willing to send an e-mail for more information, then a day care ministry's opportunity probably doesn't appeal to you yet.

Nevertheless, reading about how to do something is not the same as seeing it. This is why I have produced a pair of videotaped teacher-training programs. You can see a full day of actual teaching in a beginner class and also an advanced class. When you see and hear how this is done, you will have a much better understanding of what you have to do in the classroom to run a successful day care program. These videos are excellent for training new teachers, and also for screening job applicants who are unlikely to work out. Send an e-mail:

videos@kbot.com

www.demischools.org

Then there is the possibility of receiving personal training at an existing DEMI school. There is an eight-week course for teachers. There is additional training for day care directors. For information on these programs, send an e-mail to

training@kbot.com

Start small. Get the experience you need on the job. You don't have to open with 50 students. You can't anyway, and even if you could, you shouldn't.

Conclusion

Christian day care is a revived version of the original Sunday school movement. There is this difference: it is Monday-through-Friday school. Instead of getting the children for one hour a week, DEMI day cares get them for more than 40 hours. Their parents pay for the service.

Christian day care offers parents of young children a unique service that is not offered by competing day care programs. If you can persuade parents of the importance of this unique service, they will pay for it. In the next chapter, I discuss the crucial task of identifying your day care's unique service proposition.

Summary

Christian day care is far better than Sunday school for teaching children.

Christian day care is evangelical, even though most Christian education isn't.

God will bless faithful service.

Non-Christian parents will allow a Christian day care to present the gospel to their children.

The day care must offer excellent service.

A well-run day care can generate \$600,000 a year.

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This will finance the building of more day cares, which can serve as churches on Sunday.

Teaching young children to read is a great service.

Children like to learn.

Children love Bible stories.

Children can easily memorize Bible truths.

Competition is low.

This is a niche market.

Educators are not businessmen.

Businessmen are not educators.

DEMI trains you to be both.

Chapter 5

YOUR MISSION STATEMENT AND YOUR USP

Neither is there salvation in any other: for there is none other name under heaven given among men, whereby we must be saved (Acts 4:12).

Peter offered Christianity's **unique service proposition** (USP): *salvation rather than damnation*. He narrowed the choices: life vs. death, Christ vs. antichrist. He summarized this proposition in just a few words. In English, it takes 23 words. This is short and to the point.

There used to be contests on the radio. People were invited to send in an explanation for why they liked some product. The entry had to be "in 25 words or less." (This was poor grammar: it should have been "in 25 words or fewer.") Each slogan had to be short and to the point.

There is a crucial factor in successful long-term marketing by any business: the creation of a **defining concept** that describes the **single main benefit** of the product or output of the business. This concept must be short and to the point. It is called the unique selling proposition. For non-profit ministries, I prefer to use the phrase "unique **service** proposition."

The USP describes that single benefit which best defines a product, business, or service. Here is a classic example of a commercial product's USP. What product does this refer to? *Melts in your mouth, not in your hand.* If you're over age 50, you know. Maybe even younger readers know. It's M&M candies.

Rosser Reeves, a genius master of mid-twentieth-century advertising, came up with this slogan. (He also invented what is now called the sound bite: a brief phrase used by politicians to get time on TV. He invented it for the Eisenhower campaign in 1952.) With respect to the slogan for M&M's, he later said, "the advertising idea was inherent in the product." He saw this; no other advertiser would have. No other advertiser would have seen the connection between a slow-melting outer candy shell and the faster-melting chocolate inside.

Years later, Reese's Pieces could have made the same claim, but M&M's got there first. The claim would have been seen as "me, too" advertising. Or -- worse -- it might have been

remembered a week later as an M&M's ad. M&M's had already secured that claim in the mind of the public -- even for non-candy eaters. No one could take it away.

This USP applies to only one product: M&M's. Mars Candy produces other products. I am aware of no USP for the entire product line.

Here is another famous corporate USP. This one applies to the entire product line. It belongs to Hallmark Cards.

For those who care enough to send the very best

This slogan appeals to the buyer's self-esteem: "those who care enough." It applies to the entire product line: "the very best." It encourages the buyer to affirm her deeply caring attitude by spending money on a Hallmark card. It even uses incorrect grammar for effect: "very best." Grammatically, "best" means "top of the line." There can no more be the "very best" than "absolutely unique." But the slogan sounds more compelling with the error.

The Mission Statement

A mission statement is different from a USP. A mission statement sets forth the governing principle of a ministry, business, or enterprise. This mission statement is supposed to serve as a check-point for everything the organization does. Anything that conflicts with the mission statement must either be abandoned or modified to make it fit. There must be consistency between the mission statement and day-to-day operations.

DEMI's day care model has this as its mission statement:

A Christian moral environment to establish a pre-schooler's lifelong habits for success

DEMI's overall program offers many other advantages to tuition-paying parents and their children, but all of the other benefits are the outworking of this one. DEMI is built around this mission statement.

This does not mean that DEMI advertises this mission statement up front. It doesn't. The mission statement is the governing principle, not the public slogan. Because most parents are not initially in the market for DEMI's mission, DEMI schools focus their

advertising on the academic side of the program. DEMI's schools use education as the unique hook that pulls in the tuition money.

The DEMI curriculum is consistent with its mission statement. So is the disciplinary system. So are the results. The mission statement structures DEMI, but it is not the benefit that DEMI schools feature prominently in their advertising. Instead, they feature the results of the mission statement: DEMI's USP. Parents pay for these results.

DEMI's Yellow Pages Ad

In the Yellow Pages ad for all three locations of the Good Shepherd School & Day Care, readers read about the following benefits, beginning with learning to read. This is DEMI's USP. Here is the original ad:

We teach children to love reading before kindergarten

Offering your child:

- A loving family atmosphere
- A clean and pleasant environment
- Inspiring role models
- The joy of meeting daily challenges
- Positive motivation to succeed
- An educational program that allows for individual advancement
- A moral environment that encourages successful living
- A social environment that develops long-term friendships
- Healthy and safe recreation
- A predictable schedule
- Freedom to develop self-confidence

Offering you:

- A pre-school program with the flexibility of day care hours
- The warmth of a friend's home
- Assurance that your child is receiving the kind of care you prefer
- Peace in knowing that your child is safe, and always accessible to you

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The thrill of seeing your child excited about learning
Pride as your child matures socially, academically, and spiritually
Relief that your child will progress according to ability and not age
Quality service since 1992

This ad uses white space on a yellow page's background, which costs more to run. The ad is easier to see this way. It takes up about one-third of a page. It is by far the largest ad in the child care section. Its large size visually positions Good Shepherd as the premier day care provider in the region, which it actually is.

The ad costs \$616 a month, which is cheap: \$7,392 a year. That's because it's a small city phone book. DEMI's Good Shepherd School & Day Care is paying to reach about 150,000 residents in two counties, not a million or more, as a big-city Yellow Pages ad requires you to pay for. If DEMI signs up as few as eight students a year as a result of this ad, the ad will pay for itself after deducting the three day cares' operating expenses per child. Furthermore, any families that sign up for a second year -- and at least half of them will -- can be counted as windfall income.

Consider what else this ad is accomplishing. First, it allows me to identify where the callers live when I mail out new student application packets. I can then stick a pin into a county map for each inquirer. I know where to locate the next day care from the clustering of pins. Second, the ad is positioning these three day cares as the best in the county. This also helps position DEMI's K-12 school, which cannot afford to advertise with such a big ad. Third, the ad helps to keep other day care entrepreneurs from entering the market to compete with me on these benefits. I got there first.

One entrepreneur did not perceive what I have accomplished with DEMI. This competitor built a \$1.2 million dollar facility half a block from Good Shepherd's main facility, which had cost half as much. It opened in January, 2001. It closed its doors four months later. The building sat there, empty, for months. A bank finally leased it as a training center. Today, it is a restaurant.

This incident raises another point. A standard day care facility is not easily converted into other commercial uses. For example, a business office does not need a public health department-certified commercial kitchen. Therefore, if a standard day care goes bankrupt, the owner of the building faces a major crisis. He cannot sell it readily, nor can he convert it cheaply to other uses. This increases his risk. This is another barrier to entry against would-be rivals who might otherwise go into business against a church-housed day care. Churches

have a clear advantage here. They already own the day care's facilities.

Positioned in People's Minds

The sooner that you get your day care's program positioned in the minds of parents, the sooner you will lock in this position in the thinking of future prospective customers.

Warning: you must think long and hard about the unique service that you will actually be able to provide as promised, year after year, which will give you a competitive edge in your local day care market. Your entire program must be consistent with your USP. Avoid sending out mixed signals.

Don't treat this USP identification project lightly. Once you position your day care, you will be stuck with this positioning. If the market ever shifts, you may find that you must re-position the service, which may turn out to be too expensive for you to achieve. Some other day care may have already picked off your replacement USP. Choose carefully.

For example, if you initially position your day care as the lowest-cost one locally, you will find it difficult to raise prices. If you position it as a day care that teaches pre-school children how to read, don't try to switch later to a play-only day care. If you position it as a structured-learning day care, don't switch to a Montessori curriculum.

One year after you open your day care's doors, you will have a tremendous competitive edge in your local market, assuming that you follow this manual to the letter. Also, your competitors will not have the marketing ability to perceive what you have done, why you have done it, and how you did it. The competing day cares are run mostly by under-capitalized ladies or local churches whose managers have not spent years in direct-mail marketing. The national chains are not much better in terms of local advertising. Look at the local Yellow Pages ads. You will see what I mean.

What is the unique service proposition of La Petite's day cares, as distinguished from Kindercare's? You don't know, do you? Neither does anyone else in your city. Therein lies a great opportunity for you. If parents can't perceive a good reason why these two national franchises' programs are better than yours, then they have not made up their minds about enrolling their children in them. They are ready to be persuaded that your program is better.

What Parents Care About Most

Your community may be different from Harrisonburg, Virginia. If it is, what you read here will not apply well. But you should initially assume that your community is pretty much the same, which means that parents' concerns are the same.

There is no common family pattern for day care-seeking parents in terms of marital status, race, educational background, blue collar workers, or professionals. But they all want pretty much the same things for their children.

A parent walks through your day care's door. This is a hot prospect. A walk-in visitor has spent time and effort to drive to your center. Pay close attention to this person's words. What she says that she wants for her child will be important in determining the best foot that you should put forward verbally on behalf of your program. Here are six of the basics:

- A safe and secure place for the child
- A friendly environment for the child
- A clean and orderly environment
- Children who are kind to each other
- Good manners: respect for parents at home
- An educational program

If your prices and hours are comparable to other day cares, these six concerns will determine whether the parent signs up the child. Your prices may be a little higher, or maybe you won't offer meals. (DEMI's schools don't provide school-prepared meals. This saves money: no professional kitchen, no food expenses, and no full-time cook with knowledge of state nutrition requirements. The schools sell factory-sealed snacks.)

When parents see how much their child is learning, their day care priorities usually change. This will affect re-enrollment rates after summer ends. But when the parent first walks through your door, promises of good manners and literacy will be regarded as "we'll see." What is visible and audible counts most during the initial visit.

If your rooms have low-cost commercial carpeting (**olefin** material), your day care will be quieter. It will also look more like home. I prefer carpeting, but successful day cares exist that don't have carpeting. Whatever you choose, keep the floors clean.

If you position your school mostly in terms of a safe, clean environment, someone else

can enter the local market and compete. Even if you got there first, surely a safe, clean environment is nothing unique to your ministry. It is not a unique extension of your ministry. You need to identify early that crucial benefit which your day care's ministry will provide that no other church in the area has bothered to emphasize, and which no other ministry is likely to emphasize if you get there first.

DEMI's Educational Program

DEMI's educational program is tied to a phonics-based reading program. The children receive twice-daily drills in phonics. The classes are divided into two main sections: beginner and advanced. When students know the short vowels and consonants, they are moved to the advanced class. If they are not emotionally ready, they are placed in an intermediate section of the beginner class. This way, they don't get bored. Boredom creates noisy, fidgety students. Their behavior gets worse, fast.

Beginner Class

The beginners range in age from 30 months to age 6. The only requirement for entry is that the child is potty trained. The child may still be wearing pull-ups, but I charge a higher rate: an extra \$10 a week.

Beginners are introduced to the letters by means of the A Beka phonics program. DEMI has developed inexpensive supplementary materials, since A Beka is geared to older day school students.

The school day is divided into 15-minute segments. This time limit does not apply to the two recess periods, which last 30 minutes. Nap time lasts 90 minutes.

These 15-minute segments keep the children from getting bored. Every day, a full-time student gets phonics drills (twice), number drills (twice), coloring periods (twice) for letters and numbers, plus music, Bible (twice), Ten Commandments (twice), and coloring with music (once).

Very important are the reading circles. A teacher or an older day school student assembles up to five students into a reading group. The person who runs the reading circle goes through the class and quietly taps each of the scheduled students on the shoulder, or she

speaks to the student quietly. One by one, the leader leads each student to a small group at the far end of the classroom.

These students are drilled on the short vowels and consonants by means of A Beka's phonics flash cards. The reading circles provide individual instruction. The teacher evaluates how well each student is doing. Twice a week, each student is graded. This information is used by the head teacher to determine when a student is ready to go into the advanced class.

A reading circle serves another crucial purpose in the first year of the day care. There are two levels of circles: beginner and advanced. This enables the director to mix beginner class students with the advanced students in the early months of the day care. The advanced students receive instruction at their level, but only in small circles. They go through the same drills as the beginners. For them, it's review. This approach enables the day care to allow students to move upward academically even though they do not leave one large classroom. When you are running a day care in a fellowship hall, this is important. You can see this in action in DEMI's videos:

videos@kbot.com

Beginners learn social graces. They learn how to sit quietly, hands folded in their laps. They learn not to speak without raising their hands. They learn not to push other children. They spend their days in an environment that is designed for learning. They have free time at recess.

There is some play time indoors in which small groups of students play with different kinds of toys. This takes place from opening until 8:15 a.m., when the academic program begins. Other free time activity takes place after lunch. The students are allowed to go from one group to another. The teachers sometimes sit on the floor with their group. They generally move around, however, keeping an eye on what the children are doing.

Intermediate Class

Until you have enough beginners to enable you to afford to hire a second support teacher, thereby freeing you up to create a separate advanced class, advanced students will remain in the beginner program. What makes their program different is their advanced reading circle.

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A child who can identify all of the alphabet letters randomly, both capital and little letters, and also make their phonetic sounds, is ready for the advanced class. However, you cannot begin the advanced class in a separate classroom until you have enough students to approach the maximum student/teacher ratio.

If your day care is successful, it will take you no more than eight weeks to reach 12-14 students. My first school opened with 11 children. Few students will be ready to move to the advanced class after only eight weeks. Probably none will be ready. You will be able to hire another teacher several weeks before any student in the beginner class is ready to move to the advanced class.

If there are 20 students in your beginner class, and three of them are ready for the advanced class, you cannot afford to establish the advanced class yet. To solve this problem, set up an advanced students' table in the beginner classroom. When the advanced students are placed at their own table, they become the intermediate class. Continue to give them beginner class papers, but move them into the advanced reading circles. Hand out advanced books and coloring papers.

Why go to this trouble? First, bored students cause more trouble than busy students. Move the quick learners along to the next stage. Second, you want to be ready to separate the advanced students as soon as enough of them are available to hire a third teacher to teach beginners. When it's time to move them up, you must act fast.

Advanced Class

Advanced students learn how to blend letters. They are introduced to the long vowels. They become proficient at reading. Many will read at the second-grade level when they are old enough for kindergarten.

Because you must not exceed the student/teacher ratio, when the advanced class approaches the maximum allowed for one teacher, you must go shopping for a support teacher. You may have so many beginner students that you hire two teachers. Your numerical goal for the advanced class is a sufficient number of students to require and pay for two teachers. Because the DEMI academic program requires two levels of instruction, you must learn to juggle students. There is no known universally applicable juggling strategy.

If you put all of the students in one large room when you start your school, which includes your director's desk, then the advanced class will be located in the same room. You will initially have to teach the advanced class without a support teacher. You will be in the same large room with the beginner class. A lead teacher and a support teacher will work with beginners. You will teach the advanced class by yourself.

Set up double-sided portable blackboards to divide the room. Place them next to one another. Teach the advanced class on one side of these dual blackboards. Have your beginner class teacher and her support teacher on the other side.

Because all students are in one room, the risk of an accusation of child molestation is reduced, even though there is not yet a support teacher in the advanced class.

There is no doubt that the law forces an academic day care to operate at less than top efficiency during the school's growth phase. There are trade-offs between promoting students and meeting the ratios. When you get to a maximum number of students for your staff, you must add another support teacher. You don't want to hire a support teacher for just one or two students above the one-teacher maximum. It costs too much per student. As soon as the law forces you to hire a support teacher, you must advertise or do something creative if growth is not increasing rapidly. You must also learn how to juggle students.

Parents' Reaction

There are very few day care programs that offer academic training. It is not that the teaching materials are not available. It is that the modern philosophy of early childhood development which is taught in most colleges is opposed to early literacy. A student who can read at a second grade level when he walks into a public school kindergarten is an immediate problem. What can the teacher do with him? He is two years ahead of the others. He is going to be bored out of his little skull, but he is too young to go into a second grade class. (This, by the way, is a terrific incentive for a parent of a bored child to remove him from the public school's kindergarten and enroll the child in your school's kindergarten.)

To avoid the "bored beginner" problem in the age-based, grade-based public school system, educational experts tell parents that pre-school children are not emotionally ready to learn how to read. But back in the days of the little red school house, where all age groups studied in one room, such a view of age-limited reading was unheard of.

When parents see how well their child is doing, they are always impressed. They see your program as having unlocked the potential of the child. Every parent thinks that his child has hidden potential. Most parents like the idea that their child is ahead of his peers academically. Parents like to show off their children. This is normal. This is why an early reading program gets no objections from parents. Forget about offering "reading readiness." This is what your competitors offer. Actual reading is much more impressive to parents.

But, when parents walk in the door the first time, they are rarely aware that your reading program really does work. They are not opposed to the idea, but they may be skeptical. "Show me" is their attitude. So, what can you do to persuade first-time visiting parents to enroll the child?

If your school has more than one classroom, take first-time parents on a tour. Show them what children are doing in the classrooms. Let them see children going through alphabet drills. Show them the curriculum's reading charts.

DEMI schools keep classroom doors open at all times. This lets parents know that "nothing fishy is going on behind closed doors." Closed doors attract suspicion. Open doors are not consciously noticed. I think they are perceived in a sort of subconscious way, as background information. Background information should be consistent with the mission statement. So, parents who are known to the person at the front desk are not restrained from approaching their children. This sends parents a message: parents are in charge of their children. This is extremely important for positioning DEMI day cares as parental support operations.

Parents may not see the reading program's results in their children for months. They will see behavior improvement within a few days. This registers. The worse the child behaved at home before he was enrolled in your school, the more strongly this improvement registers.

The weekly fee is officially called tuition. This word is associated with private education. It reinforces the parent's perception that he is paying for more than day care. This is market positioning.

Conclusion

DEMI's mission statement is this:

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A Christian moral environment to establish a pre-schooler's lifelong habits for success

DEMI's USP is this:

We teach children to love reading before kindergarten

Your program's unique service proposition should permanently position your day care as the premier local provider of a unique benefit. This benefit should be consistent with your day care's mission statement. You should do whatever you can to make the entire program consistent with your mission statement. To do anything else is to send off misleading signals. This will confuse people.

The unique benefit offered should be high on the list of your targeted customers. It will not appeal to everyone, but it should be irresistible to your targeted audience. Once it is widely perceived among your targeted audience, it will be difficult for a newcomer to take it away from you -- the Reese's Pieces marketing problem.

[You should also go through a USP exercise with your congregation. This should be a joint effort. What unique benefit does your church offer to members? Is this of great benefit to new members? Will non-members want to visit your church when they hear about this benefit? If not, you have a major problem in evangelism. Work on it.]

Once you have identified your program's mission statement and your unique service proposition, you must promote public awareness of this USP. This means that you must start advertising. In the next chapter, I discuss four simple principles of effective advertising, and how to use them to promote your day care's program.

Summary

A USP is a unique benefit that defines your service in the minds of the public.

A mission statement structures all of your services.

Our Yellow Pages ad presents parents with a long list of benefits.

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This ad makes it hard for new competitors to enter our markets.

You must position your day care in people's minds, and then stick with this positioning.

Parents initially care most about six things.

Parents don't initially care most about education.

They change their priorities when their children start to read.

DEMI's program is education-oriented.

We maintain open doors.

We call our weekly fee "tuition."

Chapter 6

ADVERTISING

For God so loved the world, that he gave his only begotten Son, that whosoever believeth in him should not perish, but have everlasting life (John 3:16).

Jesus was speaking to Nicodemus, a Pharisee. He was explaining the nature of redemption. "Verily, verily, I say unto thee, Except a man be born again, he cannot see the kingdom of God." Nicodemus was resisting the message. "Nicodemus saith unto him, How can a man be born when he is old? can he enter the second time into his mother's womb, and be born?" So, Jesus' initial statement had not been sufficient to persuade Nicodemus. He tried again. "Jesus answered, Verily, verily, I say unto thee, Except a man be born of water and of the Spirit, he cannot enter into the kingdom of God. That which is born of the flesh is flesh; and that which is born of the Spirit is spirit." Still, Nicodemus hesitated. "Nicodemus answered and said unto him, How can these things be?" "Jesus answered and said unto him, "Art thou a master of Israel, and knowest not these things?"

If Jesus, the Son of God, had problems persuading an expert in the Bible about the truth of the Bible's message, think of how hard it is for a seller to persuade a buyer to spend his money. The more expensive the product, the harder the sale.

In making His case, Jesus did what every seller must do: He used the art of persuasion. First, He tried to persuade Nicodemus to re-think his presuppositions. "Except a man be born again, he cannot see the kingdom of God." Second, He challenged Nicodemus to take a specific action: to believe in Jesus as the Son of God. Third, He added a negative sanction for not accepting His presentation and then acting in terms of it: condemnation. "He that believeth on him is not condemned: but he that believeth not is condemned already, because he hath not believed in the name of the only begotten Son of God" (John 3:18).

John 3 is an essay in persuasion. Today's reader of John 3, like Nicodemus so long ago, is pressured by the gospel writer's account of Jesus' words to make an intellectual decision, and then take a specific action.

It is worth considering that John 3:16 is the most widely advertised Bible passage in America. There are Christians who travel every fall from football stadium to football stadium, paying for tickets. Each of them carries a rolled-up banner that says **John 3:16**. When the TV camera sweeps the crowd, the banner-holder unrolls it just before the camera's

lens focuses on him. This is free prime-time advertising. Camera crews are trained not to point at this banner. Competition has developed between the banner-holders and the camera crews.

An effective advertisement is an exercise in persuasion. The viewer or reader is pressured to make an intellectual decision, and then take a specific action.

DEMI hired one of America's most successful direct-mail advertising copywriters to create its advertising program, which is outlined here. If this chapter overwhelms you, don't despair. If your day care adopts DEMI's curriculum, you will be able to have this individual review your advertising campaign free of charge. This is another benefit of adopting DEMI's curriculum.

Note: even if you never open a day care, you should adopt this approach for your church's evangelism program. A church that does not have a regular, systematic program of advertising is not well informed about twenty-first century soul-harvesting.

Four Rules of Direct-Response Copy Writing in John 3

A fledgling advertising copy writer could do a lot worse than use John 3 as a model of how to do this.

Jesus told Nicodemus that there is a tremendous benefit for believing on the son of God in this life. There is a specific positive sanction (everlasting life) for taking a specific action (believe in the son of God). We see four rules of direct-response copywriting.

First rule: lead with your offer's major benefit. Jesus surely did this. Eternal life is surely the #1 benefit available to mankind.

Second rule: keep the headline long enough to motivate the reader to take the next step, but not so long that he cannot read it in five seconds. In English, John 3:16 uses 25 words. In Greek, this verse also uses 25 words. People in direct-response advertising prefer 25 words or fewer.

Third rule: provide at least one personal testimonial. The final third of John 3 is a testimonial from John the Baptist. "He must increase, but I must decrease. He that cometh from above is above all: he that is of the earth is earthly, and speaketh of

the earth: he that cometh from heaven is above all" (John 3:30-31).

Fourth rule: get the reader to take immediate action. "Act now!" You must provide the reader with a believable, highly motivational reason to act immediately. John 3 ends with a highly motivational action step. "He that believeth on the Son hath everlasting life: and he that believeth not the Son shall not see life; but the wrath of God abideth on him" (v. 36).

Read all four rules again. Write them down. Refer to them when you create any ad. You should honor all four rules in your advertising program, if you have enough space. Begin with the major benefit. Keep the headline short enough to be read in five seconds. Include a testimonial. Provide a compelling reason to act now. If you don't have enough space, skip the testimonial.

I have been talking about direct-response advertising. There are many forms of advertising. I have no use for most of them. Most of them provide more net income for the ad agencies than for their clients. The connection between the ads and the income attributable directly to the ads is tenuous. This benefits ad agencies, which do not face close scrutiny from the companies that pay for the advertising.

The exception to this general rule is direct-response advertising. The marks of a direct-response ad are a coupon (in a large display ad), a toll-free phone number, or (hardly ever, at least so far), an e-mail autoresponder's address. (An autoresponder is software that sends out a letter automatically whenever someone sends an e-mail to the autoresponder's e-mail address.) The business can identify where the money came from. It can stop running an ad when it ceases to be profitable. It can be tinkered with to make it more profitable.

You cannot afford to pay for anything except direct-response advertising. It works on a small scale or a large scale, but it is ideal for an under-funded business, because it allows the person in charge to measure the response precisely.

There is another huge advantage: it forces ad writers to identify the supreme motivating factor in getting a reader to part with his money. This, you really do need to discover early.

The chapter you are now reading is going to give you a competitive edge that no day care director in your town possesses today. Only if a competitor has this manual will anyone in your town be able to compete with you in terms of cost-effective advertising.

(Warning: if you do decide to open a day care, don't dawdle. Get your day care up and running before some pastor who has read this manual starts his. You don't want to be perceived as running "me, too" ads.)

Your First Ad: Roadside Banner

After you have cleared the institutional and legal hurdles for starting a day care, and you are getting ready to open your doors, you must run your first ad. You will not have much money for advertising when you first get started. Be very careful. Be very cheap.

A plastic banner can be purchased inexpensively at a sign shop. Computer-generated banners cost about \$5 per square foot. A banner 3 feet by 8 feet would cost \$120. Black or dark blue letters on a white banner are easily read.

Don't let anyone talk you into anything except a white background. The human eye reads fastest when it's black letters on white pages. Dark blue letters may be better attention-getters than black letters. The experts disagree.

There may be competition between the banner and your church's sign. The banner should win, Monday through Friday. Take it down on the weekend. Your primary targeted market is working people who drive by your church on the way to work. They will see your banner every work day. The other days don't matter much.

The banner should announce the opening of the day care. It should be highly specific in just a few words. What words? The key words, I do not mention here. There is a reason for this.

This manual is written to help you decide whether you should go into this field of ministry. There are certain pieces of information that are so valuable that I have decided to make them available only to those day cares whose directors have joined the DEMI community website forum for directors. I want to give a special boost to those day cares that are fully committed to the DEMI system.

As part of your membership, you will receive free counselling on advertising. A direct-response specialist will consult with you personally and review your advertising free of charge. When you commit to the program, which includes your local Yellow Pages advertising, I will reveal the missing headline. You will also receive the original version of

this chapter, without the words "missing headline." I will also show you how the missing headline fits into the overall marketing campaign.

The day care that gets first access to this strategy in its local community will enjoy a major benefit. It would be unfair for me to share this information with day cares that are not part of DEMI's website community. The missing headline is the key to your advertising success. For instant-reply information about this, send an e-mail to:

headline@kbot.com

Except for this key headline, I share here my basic approach.

**Day Care Opens on [Month, Day].
[Missing Headline] Enroll Now. ===>**

First, the primary benefit is obvious: a day care on the way to work. You do not need to explain what a day care is or what benefits it provides. This offer appeals directly to anyone looking for a day care.

Second, the secondary benefit is the [missing headline]. You do not need to explain why this is a benefit. It is highly specific. The more specific your offer, the higher the response.

Third, the advertising copy is short. Anyone who drives by every work day will read this repeatedly. It can be read in less than five seconds.

You don't have room for a testimonial. Skip it.

Fourth, there is a specific "Act Now" action step: **Enroll Now**. This action step offers a motivational reason to act now: [missing headline]. Time is running out. Some parents will drop in just to find out about the [missing headline].

The banner's arrow is part of your call to action. It visually asks the reader to turn right -- right now -- into the parking area. Make this arrow green if you can afford a two-color ad. Green is associated with traffic lights: it represents "go."

The banner should be placed as close to the street as is legal.

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Be sure that you or someone who can act on behalf of the day care is on duty in the office. This representative must have the ability to hand out a brochure and take a parent's name, phone number, address, and (you hope) e-mail address. Get the child's name, age, and gender. Someone must be on duty in the office at the peak drive time, to and from work. Really, someone had better be there all day long.

Keep taking applications even after you reach twice the legal limit for one teacher. Some parents may change their minds. Tell them all that the decision regarding who gets in will be decided two weeks before the opening date. It will be made on a first paid — first served basis. If they want to pay immediately to be guaranteed a place, take the money. This should include the following: (1) \$40 registration fee (non-refundable); (2) \$60 (??) curriculum materials fee; (3) the first week's tuition; (4) one-week's deposit, equal to the tuition fee. This is refunded on a daily pro-rated basis if a parent removes the child. Or, in the final week of the child's time in the center, the parent will use up the deposit. This fee also insures payment if a parent stalls in paying during the week before the child is removed.

In the long run, after you become familiar with the DEMI system, accept as many children who are completely potty trained as your facility can legally hold. Collect tuition money from their parents for as long as possible. Train up a group of children who can read at an advanced level before they reach kindergarten. This will build up your school's reputation.

You must hire a support teacher when you get near your state's legal child-teacher ratio for the classroom. You will probably not enroll more than a dozen before you open. It takes time to grow to 24. But be prepared to open with 24. Don't turn parents away.

After your day care opens, put the banner aside. Save it for your second day care. Now have a new one made:

Day Care: 7 a.m. to 6 p.m.
[Missing Headline]. Enroll Now. ==>

Banner advertising is dirt-post cheap. Why stop? If you enroll just one student per year because of it, it pays you for the trouble of taking it down on weekends.

There is only one good reason for taking it down: you have reached the state's legal maximum for the church's child-occupied space. Before you reach this limit, your Board should be planning to build a new education wing. Here is my law of the open hand: "When

people are handing you money, don't take away your hand."

There are children out there who need to hear the gospel. Your task is to persuade their parents to enroll them. Stay ahead of demand at all times, but not by much. Keep growing. Keep rolling money into expansion. The day you turn away a parent because your day care is filled is the day you are implicitly telling her: "We aren't able to preach the gospel to your child, not even if you pay us a lot of money. We just don't care that much any more. We're very successful. We're also very complacent. Please go away. Take your child with you."

You should no more close your day care to new children for lack of space than you should lock your church's doors on Sunday morning at 11:05 a.m. for lack of space. When you begin to run out of space, you should start looking for more space.

Here is an unbreakable rule: If your advertising budget is at least breaking even, you should not stop advertising.

Direct Mail

The banner is mandatory. Next comes direct mail. Not many day care owners understand direct mail. But you will. This is going to be another major advantage in your day care's operations.

You must mail at least three direct mailings every year to all of the homes within a two-mile radius of your church: in August, in November, and in May. Your local Postmaster can tell you which postal carrier routes these are. Bring in a marked street map and show him the area or areas you want to mail to. You must mail to the two-mile radius area, minimum. If you cannot afford to do this, wait to open the day care. You don't have enough capital yet.

You will need to locate a mailing house, preferably a local one. Your Chamber of Commerce may have a list of local mailers. The Postmaster may be your best source of information. He should know which mailer gets it right the first time. Maybe he will tell you.

You will need to rent a list of names and addresses in the carrier routes. A local mailing house should be able to recommend a source for names and addresses to rent. Don't use the local mailing service if the owner can't recommend sources of list rentals.

I recommend a multi-step direct-mail campaign, which involves the systematic use of

follow-up letters sent by first-class mail to people who respond to your initial bulk-mail offer.

A bulk-mail flyer should be printed on 70-lb. paper or higher. Use goldenrod for its color. Note: a flyer that does not use an envelope is called a **self-mailer**. It should have two creases or folds, meaning three panels on each side of the paper. The middle panel on the side opposite your ad is for the address or mailing label.

On the fold-down flap, in 20-point bold face New Times Roman, make your offer, followed by a specific instruction in 14-point type.

[Missing Headline] [20-point type]

(for details, lift this flap.....)

On the inside of the flyer, use the following ad. The headline is in 18-point bold face.

* * * * *

[Missing Headline] This is a phonics-based, academic pre-school. Your child will receive a full educational program for the price of day care.

[14-point, bold] **[Your Name] Director**

Dear Parent:

In a few weeks, a new day care will open in [your town].

[Missing paragraph.]

We offer a full pre-school program for the price of day care. Day by day, children as young as 2½ will be introduced to the basics of reading by phonics. We use a reading program that is being used by day cares all over the United States. It is a tested, proven approach to young-child education.

Our curriculum also includes training in numbers, art, and music.

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Our educational program is explicitly Christian. Your child will receive instruction in the Bible. We use a flannel board-based Bible story curriculum. The children can see the people and events when the teacher tells the day's story. We also teach the Ten Commandments, hymns, psalms, and children's Bible songs.

Our program teaches students to obey their parents. "Honor thy father and thy mother," says the commandment. We teach them to obey the first time -- no counting to three!

We accept children from age 2½ to 6. Our only requirement is that the child must be completely potty-trained.

To ensure that your child will be able to start our academic program from the beginning, call for information today: **xxx-yyyy**.

* * * * *

Let's analyze this ad briefly. It begins with a short, large headline.

Missing Headline. . . .

Your goal is to attract the attention of someone who is looking for a day care. You try to persuade this person to read the flyer in search of the details about [missing headline].

You have about five seconds to attract the typical reader's attention. So, you can't afford to waste any space. Present your #1 benefit fast.

There is an initial action step: lift the flap. Therefore, tell the reader exactly what you want the reader to do: lift the flap. Don't be subtle. Don't assume anything.

The reason why you ask the person to call [for the benefit promoted in the missing headline] is to get his or her name and mailing address. You will send out several follow-up letters by first-class mail to everyone who responds to your bulk-mail ad. I discuss this technique in a special report on follow-up mailing. For a copy, send an e-mail to

mailing@kbot.com

Warning: without a follow-up mailing campaign to all those who respond, you cannot

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maximize your net return from any bulk mail offer.

As I explain in my special report on direct mail, you should seek only to generate a phone call with your flyer. You must persuade the interested recipients to identify themselves, so that you can send them a series of timed follow-up letters.

The next step in your multi-step advertising campaign is to persuade a parent to enroll a child and pay the initial registration fee. To achieve this, you first must be at the top of the parent's list of day care providers. The [missing headline] helps get you to the top of the list. So does a series of follow-up first-class letters to everyone who calls the special number as a result of your inexpensive bulk mailing.

The cheapest way to do a large direct mailing is to put a flyer in a packet of ads. You share expenses with 20 others. The problem is, your flyer may be overlooked. You are sharing not only postage costs; you are sharing the readers' time. This is the most important resource of all in direct mail. It is therefore best to confine your initial direct-mail ads to a one-sheet, two-side, no-envelope, self-mailing flyer. After you get your day care underway, you can test Val-Pak to see if it works for you. Contact Val-Pak at their website.

<http://www.valpak.com>.

There may be a competing service in your area. Contact the Chamber of Commerce for the name of one.

Remember, however, that a non-profit mailing certificate is a tremendous benefit. A Val-Pak flyer cannot compete, in terms of calls generated, with a self-mailer. The discount mailing privilege may make Val-Pak an also-ran. Test to find out. Later.

Yellow Pages Ad

The Yellow Pages are the most cost-effective way to attract new customers year-round who are already actively looking for a specific service. Here's why. The high cost of all advertising is to get your message to the group of people who are most interested in whatever it is that you are selling.

It is wiser to pay extra to screen out people who have no interest in your service. This is why the Yellow Pages are such a bargain, assuming you know how to create the right kind

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of ad. But very few businesses do. So, they rely on what someone in the Yellow Pages sales division tells them. This is a mistake. The sales department is skilled at selling ad space, not designing ads that make money for the buyers of ad space.

If they had to explain to buyers what really needs to go into a Yellow Pages ad, this would take untold extra hours of their time. The sales division doesn't have spare hours of time to waste on showing local businessmen how to create effective ads. Besides, few if any of the local Yellow Pages sales force's employees have any training in direct-response advertising.

The best book on Yellow Pages advertising is Barry Maher's book, *Getting the Most from Your Yellow Pages Advertising*, which is available from Amazon.com. You must read this book before you spend a dime on a Yellow Pages ad.

Yours had better be the first ad the reader sees when she turns to the listing for **Child Care**. Read Chapter 5 of Maher's book for details regarding why this is true and what you must do to make your ad the first ad seen.

Pick up a Yellow Pages directory. Look at the ads for attorneys, chiropractors, and physicians' clinics. There are always several full-page ads in these categories. These people understand how important it is to be visible in the Yellow Pages. Significant success locally is unlikely without running a large ad, unless your competitors run very small ads.

In less lucrative fields, a full-page ad is rare. The owners of most small businesses don't understand that a large Yellow Pages ad will generate so much more revenue than a small ad that it is penny-wise and pound-foolish to run a small ad. Any business that has been in business locally for more than a year had better have the biggest or most effective ad on the page.

It is the mark of insecure owners who are not trying to become the biggest local company that they run Yellow Pages ads that are smaller than the competition . . . unless they have read Maher's book, or unless they have hired professional help from a Yellow Pages ad specialist (who are rare birds indeed) to design their ad. If the ad really grabs your eye, then (and only then) can it safely not be the largest ad in the category's listing. Good Shepherd has by far the largest ad in the local Yellow Pages directory. This sets it apart from the others. A parent spots this ad first.

Because I have three day cares listed in the same ad, the ad does triple duty. The cost of

the ad can be shared among all three day cares. This is another reason why you should run a large ad: you want to grow your program. Your goal should be to build a second day care locally. You can use this facility to house another congregation.

The person who uses the Yellow Pages to find a local service has already screened himself or herself. That's why Yellow Pages advertising is so successful. Your ad is read by precisely the person you are trying to contact. The Yellow Pages's old slogan is this: "Let your fingers do the walking."

Your Yellow Pages ad is aimed only at a parent who is looking for a day care. Ignore everyone else. Focus on this one reader: a parent, probably a mother, who knows what she wants in general (day care), but does not know what she wants in particular (which local day care). Your ad must be designed to get her to call your day care first.

When you begin your Yellow Pages ad with the missing headline, she will call your day care first.

The Yellow Pages directories for your main ad should be the most local ones. The thinner they are, the cheaper it is to run your ad, and also the most targeted to the audience you want: local parents. Do your best to avoid paying for an ad in a Yellow Pages directory that is used by people who don't live within easy driving distance of your facility. A Yellow Pages ad is a major expense in a large city. You probably will not get enough paying customers to justify a large ad in a fat directory. Look for the local directories. There will usually be two. If you can afford only one ad, use the directory that is published by the local telephone company.

You probably can't afford a large Yellow Pages ad in your first year. You should run one that is larger than most of the competition's ads: at least an eighth of a page. It should have black print inside an all-white rectangle, with a black border around it.

Have it typeset by a professional typesetter who is not employed by the Yellow Pages company. The Yellow Pages salesperson would otherwise probably try to persuade you to make your ad look like all of the other ads, especially its type face. It is crucial that your ad look nothing like the other ads.

The ad should be wider than it is tall, so that your headline will fit easily in large bold type. Also, if your ad is two columns wide in a three-column directory, or three columns wide in a four-column directory, it will get placement on the outside of the page, i.e., away

from the "fold" -- the center of the book. This is the placement you want: away from the center.

Here is what your ad should not be designed to do:

- Help a parent to remember your day care's name.
- Make your day care sound warm and fuzzy.
- Show that you can't spell ("Kiddie Kollege").
- Help a parent remember a logo (teddy bear, lamb, etc.).
- Persuade the parent to come in for a visit.
- Generate a phone call to you personally.

With my advertising strategy, every first-contact ad is designed to get the parent to do just one thing: **call to take advantage of the [missing headline]**. Because of [the missing headline], she calls your number first. She thereby takes a step that reinforces her decision to enroll her child in your day care. She also takes a step that lets you identify where to mail a brochure, and (if necessary) several follow-up letters. She will not enroll her child in another day care center until she receives your packet in the mail, and therefore also your brochure, if she knows that you will mail it on the day she calls. It keeps her immobile long enough for you to get your story to her.

Her call also allows you to identify where she lives. Stick a pin into a local wall map, so that you will know where to locate your next day care center. Think ahead. Think big.

In your ad, stress the major benefits. The biggest benefit is the [missing headline's offer]. The headline of your Yellow Pages ad should read as follows:

[Missing Headline]

This should be in bold face. It should be 50% larger than the ad's regular type face.

Beneath the headline, write:

Call today, and your [missing offer] will be mailed today:
xxx-yyyy

This should be bold face, Times Roman or Times New Roman, but in smaller type: half way between the headline's size and the ad's copy.

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[Note: DEMI supplies **sample Yellow Pages** ads on a royalty-free basis to those day cares whose directors are members of DEMI's community website. These ads come in various sizes, depending on your advertising budget.]

Let me assure you that all of your competitors are running conventional Yellow Pages ads. This means that they are not maximizing their income from their ads. Because they are unaware of direct-response advertising and Yellow Pages strategies, and also because they do not know how to check the profitability of their Yellow Pages ads, you can beat them, and keep beating them, year after year.

Because your Yellow Pages ad is so important to long-term profitability, and by far the most cost-effective form of day care advertising, I am not going to include detailed information here. This electronic file can too easily be sent around. Some things are proprietary. This is one of them. I do make available a detailed report on Yellow Pages advertising. DEMI's Yellow Pages specialist also does individual consulting and reviewing of Yellow Pages ads, royalty-free, for those day cares whose directors are members of DEMI's website. For information, send an e-mail to:

yellow@kbot.com

Call the Yellow Pages sales office early. You need to know the deadline date for submitting final copy for your ad. Get this in writing. Most directory errors are made in the month before the closing date. Get your ad in early. Submit camera-ready copy. Never allow the Yellow Pages typesetter to set your ad. Errors happen.

The Autoresponder

The most cost-effective advertising tool in history is the e-mail autoresponder, yet few people know what it is. The autoresponder is an Internet program that automatically and instantly sends an e-mail letter in response to an e-mail. You can put as many pages of material into an autoresponder report as you think a reader will read. Autoresponders come free of charge when you rent a website for as little as \$4 a month.

You can even rent a specialized autoresponder service that automatically sends out several follow-up letters. You can schedule the mailing days in advance. They cost nothing to mail. They cost nothing to print. I discuss this in my special report on autoresponders. (For details, keep reading.)

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You can add offers of free special reports to your Yellow Pages ad or your direct-mail flyer. DEMI Press makes available reports on a royalty-free basis to members of DEMI's website for directors. DEMI Press also offers a free web page with the reports ready to go. Just tell us your day care's name, address, and phone number. Tell us the name of the director. We'll add this information to the reports, making them what the advertising world calls "branded products." You can mention them in your Yellow Pages ad, or at least refer readers to your web page.

For a free report, *How to Potty Train Your Child in One Day*, send an e-mail to: oneday@yoursite.demi-edu.org

For a free report, *How to Keep Your Children from Arguing Over Toys*, send an e-mail to: secrets@yoursite.demi-edu.org

For a free report, *How to Control an Unruly Child*, send an e-mail to unruly@yoursite.demi-edu.org

Post autoresponder reports using your website hosting service's free autoresponder program. Also, DEMI offers a free website and autoresponder service to members of its directors' forum website. This way, you can direct people to your website. Your Yellow Pages ad can mention this. The smaller your Yellow Pages ad is, the more you need a website, where you can tell your story in greater detail.

DEMI makes available several reports like the ones mentioned above on a royalty-free basis. You can offer these free reports to inquirers. Day cares whose directors are members of the DEMI website community are granted the right to include information about the school's day care at the end of each report. The director is also authorized to put his name on each report. For details, send an e-mail to:

website@kbot.com

These free reports are perfect for building an e-mail mailing list of hot prospects. No day care in your area will have anything like this. To receive a list of the titles of available autoresponder reports, send an e-mail to:

freebies@kbot.com

You will receive the list of titles by autoresponder. An autoresponder allows you to

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send lots of information without paying for postage or printing. The message arrives in the recipient's e-mail box within 30 seconds. This is a good way to develop a mailing list of potential customers. I assure you, your competitors know nothing about autoresponders. To find out more about how to use autoresponders, send an e-mail to

autoresponders@kbot.com

Every business card should have your website's address on it. You must carefully design your day care's business card. Most people have no idea how to design a business card. They don't know what the best use of a business card is, for either the business or the recipient. Get my report on how to design an effective business card. Send an e-mail to:

card@kbot.com

Follow-Up Letters

No matter how you generate a phone call, be sure that you follow up with a personally signed letter. Mail it at the end of the day on which you receive the inquiry. Then, one week later, mail another signed letter if the person has not enrolled the child. Mail out a third letter no less than one month after the second. This shows the parent that you care about her and her child. You are paying attention.

For expensive items, it usually takes more than six contacts to make a sale. Day care is a very high-priced item. You absolutely must adopt a program of follow-up mailings to maximize your revenue. A form letter generated by your laser printer that is mailed first-class costs at least \$1 to print out, sign, address the envelope, stamp, and mail. Your secretary's time -- or yours -- is valuable. But the potential return from a \$1 letter is \$4,000 in tuition per year. The hottest prospects that a new day care has are people who have called for information.

If you don't use a word processor with an automatic reminder system, or a client management program such as **Act!**, then use a simple "tickler file" to keep track of what gets mailed. Buy a box that holds 3 x 5 note cards. Put in a divider for each day of the month. Insert the first reminder card seven days out. Insert the second however many days you select for the interval. Check this box every day. Be sure you mail out the signed, standard letter on schedule. The card should say whether the parent came in or merely phoned. You need a separate letter for each type of contact. Don't send a "thanks for calling" letter to someone

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who visited your center.

Your first one-page follow-up letter should do the following:

1. Thank the parent for coming in (or calling).
2. Mention your day care's primary benefits.
3. Say that you are including a fee sheet.
4. Say that you are including another application form.
5. Invite the parent to enroll the child soon.

Be sure to include all of the application forms. People lose them.

When a parent comes in and enrolls the child, you must go through the tickler box and remove any tickler cards. You don't want to send out a letter encouraging a parent to take an action that she has already taken.

One more time: to receive a detailed report on how to use a series of multiple follow-up letters, with samples that you can put to use immediately, send an e-mail to

mailing@kbot.com

Just One Step

Your ads should be exercises in persuasion. Ads should be designed to persuade the reader to take one step. The more action steps that you offer, the more confusion this will create, and the lower the response to the ad.

Direct-mail flyers or letters are designed to get the reader to call a phone number (not your Yellow Pages-only number) to request more information and a [missing headline].

Follow-up letters are designed to persuade the parent to come to the day care center and enroll the child.

Don't confuse the reader. Persuade her to take just one step. Make sure that your advertisement has one explicit action step for parents to take in response to your offer. Never design an ad that does not include an action step.

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A separate follow-up strategy must be geared to each form of advertising. Each follow-up communication must lead the parent to take just one step. Decide what this step is. Your copy writing must persuade readers to take it.

Sometimes you have to offer two steps: call or mail, come in or call, etc. The more steps you add, the more confused the reader will become. Minimize the options. This maximizes the reader's motivation to take a single step.

Referrals

Word-of-mouth marketing is the most cost-effective form of marketing there is. If you doubt this, read George Silverman's book, *The Secrets of Word-of-Mouth Marketing*.

One form of word-of-mouth marketing is a referral system. No business can afford to be without one. The archetype of all referral systems in history is invitation-based evangelism. Church members invite friends to church. No church-growth program produces superior results to personal invitation evangelism. For the statistical evidence, see Thom Rainer's *Surprising Insights from the Unchurched and Proven Ways to Reach Them*.

Pastors who ignore personal invitation evangelism by church members are missing the boat. This is why all church members, but especially new members, should be given guidance about how to do this. They should be formally encouraged to invite friends to church. Pastors should make it easier for members to invite their friends. All this should go without saying, yet most churches are lacking any form of systematic training in this crucially important area.

What is true of churches is true of day cares. A day care program needs some sort of formal, predictable, built-in system for getting parents to make referrals to their friends who have pre-schoolers. If it doesn't, it's throwing away money and also throwing away evangelism opportunities.

There is no cookie-cutter program guaranteed to get parents to make referrals. There is no proven system that is known to work better than others. But any system is better than no system. You must try something.

Here is one system. If you can think of something better, try it. If your system produces measurably better results, let me know about it. I am always looking for a better

way to generate referrals. It's that important. But start with this, which will serve as a model. Later, you can test another program against the results produced by this one.

Here is a rule: if you want someone to do something for you, ask. If you don't ask, the person is less likely to do it on his own. So, your referral program begins with asking.

I recommend that you send a letter to every parent after the child has been enrolled for at least four weeks. By then, the child has probably made the adjustment to your school. The parent is not fighting the child every morning when she drops the child off at your center. The child's behavior is improving at home. The parent has seen a month of take-home papers. The parent is less doubtful about your program.

Here is a sample letter to mail to each parent. Notice that it begins with benefits for her child, not benefits for you.

* * * * *

Mrs. Susan Jones
124 4th Street
Your Town, Your State

Dear Mrs. Jones:

One of the best ways for children in our program to get the most out of the program is to develop friendships. It makes school more fun. The more friends, the better. Best of all is when a friend from outside the school enrolls. That's why we encourage parents to contact friends who also have pre-school age children. When parents have good things to say about our program, we find that their friends are far more likely to enroll their children.

It's also a lot easier for a new student to adjust to our program when he or she has a friend already enrolled. So, it's a major benefit for any parent when a friend recommends our program. It can make the day care transition period less difficult for a parent and the child.

I have set up a simple program to make it easy for parents to recommend our program. It begins with a letter from you to your friend. I have written a sample letter, which I have enclosed. Please read it. If you are willing to sign a typed letter just like it, I'll create it for

you, and you can sign it when you pick up [child's name]. Then I'll type your return address and the recipient's address on an envelope, stamp it, insert your signed letter, and mail it.

I have also enclosed a form with spaces where you can fill in the names and addresses of a few friends. I'll use this information when I type the envelope. Please fill out the form and hand it in when you bring [child's name] next time. I'll create the letters for you to sign when you pick up [child's name] in the afternoon. All I need are the names and addresses.

I fully understand just how important your recommendation is for the success of our program. Your word counts with your friends. People trust a friend's recommendation far more than they trust a flyer in the mail or a Yellow Pages advertisement. So, I'm thanking you in advance for helping me with this project.

Sincerely,

[signature in ink]

* * * * *

Accompanying this letter is a page of blanks. It should look something like this.

* * * * *

Referral Sheet

Your name: _____

Your child's name: _____

Date: _____

Friend's name: _____

Friend's preferred nickname (if different): _____

Name of your friend's child: _____

Address: _____

Friend's name: _____

Friend's preferred nickname (if different): _____

Name of your friend's child: _____

Address: _____

Friend's name: _____

Friend's preferred nickname (if different): _____

Name of your friend's child: _____

Address: _____

* * * * *

Sample Letter

Dear [first name],

I wanted to let you know about [Your Day Care]. [Sender's child's name] seems to be doing well. The day care is really a pre-school. It offers a phonics reading program, introduction to arithmetic, music appreciation, singing, art, and a lot more.

I also like the fact that the children don't run around and make a lot of noise, except during recess. It's a calm place. The children really do seem to have a good time. I think they do better in a more structured environment than they would if the teachers let them run wild. The teachers care about the children, but they keep order in class.

It would be nice if [sender's child's name] and [recipient's child's name] could play together at school.

They gave me some brochures to send to my friends. I am sending one.

Give me a call if you want to talk more about this.

Love,

* * * * *

In the sample letter, do not insert two spaces after each period. Two spaces are required for term papers, but a referral letter is not a term paper.

Your goal is to get parents to promote your school. Here is another strategy, which is basically a referral system.

Parents' Night Out

Every parent wants free baby sitting. Once a month, offer it to a few families. Create a sign-up sheet. Allow (say) ten families to bring their children to school for a Friday evening, 7:00 to 10:30, but on these terms: the parent must bring along a friend's child of the same age. The invited child must be a new prospect who has not attended before. Both sets of parents then get a free night out. The families don't have to go out with each other.

No later than the free night out, the parent of the invited child must fill out a form and

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hand it to the supervisor: parent's name, child's name, address, home phone number, and emergency phone number where the parent can be called. The parent must date and sign the form, which authorizes the school to take the child for the evening. All of this paperwork is normal and expected. Children must be protected. No form -- no deal. Presto: you just built your mailing list by ten more families. These are hot prospects. The parents have just entrusted their children with you. These parents now know where your school is, or will by tomorrow.

From the point of view of the parent of the invited child, this is a really good deal. What other day care offers anything like this?

During the evening, let the children play. If you want to show a video of cartoons, do so. This makes supervision easier. They probably should be given sleeping mats and put down for the evening by 9:30.

Make sure they do some coloring of letters and numbers. The colored papers will of course be sent home with the children. Put the papers in a manila mailing folder. Put a brochure in the folder of each invited child.

I strongly suggest that the headmaster and spouse supervise Parents' Night Out. This way, an invited parent may be able to meet the boss. This is a marketing strategy. The boss is willing to come out and babysit for free. This sets your day care apart from all others in town.

How do you ration access to the free night out? Don't play favorites. I recommend random selection: names in a box. Any parent who has made use of the service is ineligible for another few months, depending on how many students are enrolled.

Two Fridays before the Big Evening, send home a letter to the parents telling them of the upcoming event. Tell them the date. Tell them the selection will take place in one week. On Monday, put a stack of entry cards on the office desk for a parent to sign. Then the parent drops it into a box, which is close by. That box is an advertising device. On its side is **Parents' Night Out**. On Thursday morning at recess time, go through the box to make sure there is only one card per parent. Then have the drawing in front of the kids just after recess. Make this a big deal. Tell them that the children selected will get to come to a special party night at the school in a week. The child gets to tell the parent that the parent won the prize. That, too, is a big deal for the child.

This gives each parent a week to line up a friend to donate a child to the cause of parental liberation. Maybe the first friend can't come, but the friend has just heard about an amazing program at your school. The more friends the parent has to call, the better.

Waiting List

This is a crucial marketing tool. Until your day care has a waiting list, it is not a success.

The waiting list has an important role in classroom discipline, as you will learn in Chapter 9.

The waiting list is the secret of uninterrupted year-round cash flow. In this respect, it is irreplaceable.

The waiting list is a mailing list of very hot prospects. No more effective direct-mail campaign can be designed for day care than a letter to people on a fresh waiting list.

Because parents seek alternatives and eventually enroll their children, a waiting list gets cold very fast. You must constantly replenish it with new names.

A waiting list can be maintained inexpensively by e-mail. Every form filled in by a parent should have a place for an e-mail address. You can fill an empty seat the next day if you have an e-mail waiting list.

Summer Enrollment

By far the most important economic use of the waiting list is to persuade existing customers not to pull their children out of your day care during summer. Summer is when red ink will appear unless you take steps to overcome summer withdrawals.

If you rent cheap real estate -- a church building -- your summer withdrawal pains are minimized. If you are paying \$5,000 a month for your building, summer is a scary time. A waiting list reduces your risk.

Some parents have school-age children at home during the summer. Some parents turn

the pre-schooler over to the older child to baby sit. This is economically rational if the older child is responsible. If there is no offsetting risk, parents will take this approach. This can save 12 weeks of tuition payments -- close to \$1,000.

You must provide a strong incentive for parents to pay you this extra \$1,000. The main incentive is the avoidance of risk: a guarantee that their pre-schooler will keep a seat in the fall session. Never allow parents to enroll their children in advance in spring without keeping them enrolled all summer, or at least without paying the summer program's tuition fee. If they do not keep the child enrolled all summer, they must stand in line in September, just like every other new customer. They must bear the pressure of this added risk.

You must show favoritism to those parents who keep their children enrolled all summer. Every parent should be aware of this policy. Your goal is to make the parents worry when they take the child out of the summer program.

To reduce the likelihood of empty seats in summer, you must mail in early May. Your flyer should say something like this. On the downward-folding flap, put this in 18-point bold face New Times Roman.

[Missing Headline]

Then follow with this in 14-point type:

A Superior Day Care Without a Waiting List . . . Briefly.

Then in 12-point bold face, write:

Lift this flap for more information. . . .

Inside, the flyer could say this:

Beginning in the first week of September after Labor Day, [**Our Day Care**] will probably fill up for the year. By mid-September, there is usually a waiting list. It's a long list.

The only sure way to avoid being put on our waiting list is to enroll your child on June [**first Monday's date**]. In fact, it's just about the only time that newcomers can enroll their children.

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We give special consideration to our year-round students. They are guaranteed seats in the fall. Nevertheless, a few parents remove their children for the summer. This creates a few openings, briefly. You can take advantage of this.

We accept summer students on a **first paid — first served** basis. The sooner you pay for the first week of June, the sooner you can be certain of being able to enroll your child this fall. There is normally a \$40 registration fee, but we do not require it in June. Our weekly tuition fee is [??].

Our facility is located in the [church's name], which is close to [whatever].

Call today to receive a [????] and an application form if you are really serious about enrolling your child this September: xxx-yyyy.

[Your Name], Director

Let the parents of every enrolled child know in April that this ad will be mailed in May. Send home a preliminary copy of this ad with the child. Ask parents to read it. Tell them in a cover letter that their child is presently on your list of guaranteed seats for the fall. Remind them not to take the child off this guaranteed enrollment list by pulling the child out of your program in summer. This is their first warning.

You should mail out this ad to the public if there is even one slot open. The school's existing parents need to receive this ad in May in order to remind them that they had better not withdraw their child in June. This is their second warning.

This direct-mail strategy makes your waiting list a hammer that your existing customers fear may fall on them. It introduces significant risk into their planning. They can save \$1,000 over the summer, but they may find their child excluded in the fall. If they are really committed to your program, they will not take this risk.

(For other techniques to build a waiting list, see Chapter 12.)

Infant Care

There are several hundred thousand home-based day cares nationally. These have minimal regulations if there are fewer than half a dozen children.

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There is good money in home-based day care. For infant care, there is very good money. In some regions, it costs \$150 to \$200 per week per infant. A woman who takes in six infants can gross \$900 to \$1,200 a week. This is not chump change. Because of the low infant-to-caregiver regulations (4 to 1 or, at most, 6 to 1), regulated day cares seldom offer this service. Those that do generally have long waiting lists. Mothers with high incomes are desperate to locate infant care. Infant care or toddler care is truly a cottage industry.

A profit-seeking home day care supplier will supply only infant care and toddler care. There is more revenue in it per child. If she increases the number above five or six children, she comes under heavy state regulation. Maybe she will supply toddler care if she can get a high enough price. If she fills her home, she will have an incentive to send away children older than 30 months. Herein lies your opportunity.

Because your center is listed in the Yellow Pages, you will get lots of calls about infant care. The local home care lady will get few calls. You can be a major source of business to her. But she can become a small but steady source of business for you.

Your local regulatory agency may have a list of home day care providers. Most parents don't think to call the regulatory agency. Make a photocopy of this list. All you are doing is making the regulatory agency's work easier. You are merely passing along the information provided by the agency. You don't need to recommend any facility. Once you have this list ready to hand out, you can mention this in your Yellow Pages ad. You can write this:

We have a current list of local infant care providers. Visit me in person to discuss your baby's needs. I will give you a copy of the list. Call today to schedule an appointment: **www.xxxx**.

Note: this phone number must be different from the number relating to [missing headline].

You will have something very valuable: a list of infant care providers. A working mother of a newborn child desperately wants access to this list. Her price is to come to your day care facility in person. You want her to see your facility and talk with you. You are building a future relationship. You want her to think of your facility first when the child gets close to age 2½. Ask her for the child's date of birth as part of the interview. This will tell you when to contact her again: when the child is 28 months old. She may also have other young children. Ask.

You will also know that you directed a parent to a provider. This way, you can remind the provider occasionally that you are fulfilling your part of the arrangement: sending clients.

You really do need a follow-up client management program such as **Act!** Follow-up will make your advertising campaign work better than any other local day care's ads. If you can get a parent to give her name and address to you -- especially her e-mail address -- you have been given an enormous advantage. Use it. I cannot stress this enough.

Conclusion

Advertising is supposed to be persuasive. Your ad must mention specific, powerful benefits to persuade readers to take a specific action. In a longer ad, you must also provide proof that the benefits are real. Then you must provide emotional words to persuade people to take the step.

Jesus announced a major benefit in John 3:16. In John 3:36, John the Baptist added a negative sanction for failing to act: "He that believeth on the Son hath everlasting life: and he that believeth not the Son shall not see life; but the wrath of God abideth on him."

How much of your annual budget should you spend on advertising? No less than 3%. The smaller you are, the higher the percentage. When you have filled your day care, continue to spend 3%, year after year.

Use a large Yellow Pages ad and at least three direct mailings per year: one in May, to be mailed two weeks before the government schools close for summer vacation (the "no waiting list, briefly" ad); a second in early August, when parents are thinking about enrolling a child in the fall term; and another in late November, when parents are thinking of enrolling a child in January. These mailings will keep your school in front of the public when parents are most likely to buy. This creates your school's name identification. It reinforces word-of-mouth advertising.

The best plan is a monthly mailing to one-third of the carrier routes where your most likely customers live. Four times a year, you hit the same households. Even if you are only breaking even on these ads, don't stop. You are creating the public's perception that your day care is the only one near by. When they think "day care," they remember your stream of flyers. When they go to the Yellow Pages, they see your [missing headline], and they will

remember your flyers' headlines. You want them to think only of your offer when they go shopping for a day care. They associate "day care" with "[missing headline]." They will go looking for that offer.

If you want more information about how you can obtain the missing headline, including the full version of this chapter without the words "missing headline," send an e-mail to:

headline@kbot.com

Enrolling a child is step one: the most expensive step in your advertising budget. Once you persuade a parent to enroll a child, your advertising program must move to the next stage: retaining the student. To do this, you must retain his parents' confidence in your program. This raises the issue of public relations. In the next chapter, I discuss the basics of public relations for a day care.

Summary

John 3 provides an outline for successful advertising.

There are four rules governing a direct-response ad.

Direct-response advertising is cheapest.

You must have a roadside banner.

You must do direct mail on a regular basis.

You must have a Yellow Pages ad that grabs parents' attention.

The goal of this ad is to get the parent to call for more information.

E-mail autoresponders are powerful tools.

DEMI offers a free website to its curriculum users.

DEMI offers free autoresponder reports that you can put your name on.

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You must do at least seven follow-up mailings to those who respond by calling.

You must keep summer enrollment up by giving preference to fall enrollment to children who stayed in all summer.

Never offer a pre-enrollment option.

Don't offer infant care.

Offer a list of infant care providers to parents who visit your day care.

Chapter 7

PUBLIC RELATIONS

And there are also many other things which Jesus did, the which, if they should be written every one, I suppose that even the world itself could not contain the books that should be written. Amen (John 21:25).

Jesus did many more things than the gospels record. The gospels tell only a small portion of the story of His ministry. People who saw Him and walked with Him observed far more than what was written down. His earthly ministry involved more than what subsequent generations can discover in the New Testament. So should your day care ministry. There should be more to it than what you put in a sales brochure or a Yellow Pages ad. Parents should benefit from it in ways that they do not directly perceive. They probably could not write down all of these benefits, but they do perceive them. If you were to remove any of these subtle benefits, parents would sense that something of value is missing, even though they might not be able to tell you what the missing item is.

Public relations are a self-conscious attempt to provide people with benefits that are not perceived as deliberate policy. You don't keep telling the beneficiaries, "Look how much I am doing for you." That would make the benefits seem commercial and self-serving. It would defeat your purpose. Public relations are a deliberate attempt to create an artificial environment that benefits your customers, yet which seems so natural that it is not consciously perceived.

Targeting the Decision-Makers

Do not forget the structure of biblical hierarchy in education:

God
parents
owner/board
director/headmaster
teacher
child

Parents possess a God-delegated authority over their children. Honoring this principle of authority from start to finish is basic to success in private education. The parents choose who will serve them by teaching their children. Always respect this authority.

Do not forget the principle of competition in a free market: buyers compete against buyers; sellers compete against sellers. In private education, this applies as follows: parents compete against parents; schools compete against schools.

Your task as a provider of Christian day care is to achieve the following:

- Deliver a better service than your competition.
- Provide an orderly environment for learning.
- Present the gospel to young children.
- Teach children self-discipline through obedience.
- Teach children how to read and count.
- Provide a safe, clean environment.
- Comply with government regulations on day cares.
- Keep neighbors from complaining.
- Bring in more money than you spend on operations.

Without effective public relations, your success in achieving the external requirements of success may not lead to a stream of income that exceeds the stream of outflow.

Your first responsibility is to the parents. You must find ways to reinforce the parents' perception of your school as a place where formal academic education is going on. The parents may not initially regard this as the most important benefit. Most day cares do not provide such a service. Modern educators are openly opposed to young children being placed in a formal academic environment.

You must assess which benefits parents want most. You must structure your building, your program, and your public communications in such a way that these reinforce the parents' confidence in your overall program. Then, month by month, your communications with parents should restructure the parents' assessment of which benefit is top priority. Your primary goal for public relations is to persuade parents to place **your unique service proposition** at the top of their list of day care priorities, yet without diminishing their perception that all of the other services are being delivered as promised. To achieve this, you must master some of the skills of public relations.

Seeing Is Believing; So Is Hearing

Working parents of young children want a safe, clean place for their children. What they first see (and smell) is what they think they will get. They do not see the educational results when they enroll their children. They see (and smell) only a facility.

An irreplaceable tool of effective public relations is the **vacuum cleaner** -- actually, one for each classroom. After every snack, after every meal, someone on staff must vacuum. Whenever a parent looks in the door of the classroom, she should see a clean floor or carpet.

To look in the door, it has to be an **open door**. A window is not good enough. Keep all interior student-access doors open at all times. Parents should be able to see what is going on whenever they are inside the building. What they can't see may hurt you. Assume that they will be suspicious of any closed door if a child is behind it or could be. This includes even restroom doors. Stall doors should be closed if a child is alone inside, but not the door into the restroom.

If interior doors are open, then **noise abatement** is crucial. Hearing is also believing. A noisy indoor classroom is a classroom that is not under control, unless the children are singing or reciting. **Classroom discipline** must be operational at all times. When parents phone the day care, they should not hear screaming children in the background. Maybe there will be one screaming child on occasion, but this should not be corporate wailing.

When things are silent for long periods of time, a visiting parent may suspect that something is amiss if children are inside the building. Dead silence is not normal whenever young children outnumber adults in a TV-free room. There should be sounds coming from the rooms, but not noise.

Parents should be allowed to walk their children back to the classroom door or to the child's seat. They should be allowed to come to lunch and eat with their child. They rarely do, but they should be allowed to. This **open-access policy** presents the day care as an extension of the household. This testifies to the administration's commitment to the biblical hierarchy of authority. The school is a paid agent of the family.

When a parent walks through the front door, she should hear a **door chime**. This chime says, "My child is safe." Adults cannot easily sneak into the building. Children cannot easily sneak out. This chime soon becomes familiar background noise to parents, but it is not irrelevant. It is a reassuring background noise. Good Shepherd schools use the battery-

powered *Safe House* model. Radio Shack sells it.

The **sign-out sheet** shows parents that their children will not be taken off the premises by a stranger. (There is no need for a sign-in sheet. The teacher takes attendance at 8:55, after the morning drill begins.) The procedure is as follows. The parent comes into the building to pick up the child. The parent signs his/her name, the child's name, and time of the pick-up. If the design of the building allows it, the greeter at the front desk calls to the child to announce the arrival of the parent. If the layout does not allow this, then the parent goes into the classroom and quietly lets the child know that it's time to leave.

If the greeter doesn't know the person who is picking up the child, he/she must not release the child. If the parent has called in advance to say that someone else will pick up the child, this must be written down. The greeter asks for some sort of identification. If it is a driver's license, the greeter writes down the number. The person's name must match the name given earlier in the day by the parent.

An **orderly desk** testifies to an orderly system of management. Desk tops visible to the public should be orderly.

The greeter at the desk should **say hello** to each student **by name** as the student is brought in by the parent. So should the classroom teacher when the child enters the classroom. A new student and the parent should be introduced by the greeter to the lead teacher.

When a parent asks about the status of money paid and money owed, the person at the desk should be able to find out immediately. This means that a computer is at the desk, and the accounting information in it is up to date. This is why I recommend *QuickBooks*. A **daily reconciliation of accounts** is mandatory at the end of every work day.

Each day, the parent picks up the **daily work papers** that the child has produced. These papers are placed in alphabetized trays (last names) on top of a cabinet that is located close to the front door. These papers may be little more than crayon scribbles for very young children, but they testify to the fact that education is going on during the day. The papers have large numbers on them, or large letters, which the child has filled in by crayon. These papers are clearly part of a curriculum. This reinforces the parent's perception of a day care that is formally educating the children.

There is **homework** twice a week. Parents are encouraged to work with the child. They

may decide not to do this, but the option is there to get involved with the educational process. This reinforces the parents' perception that education is going on during the day, and that this day care offers a premium service that is worth the price.

The **homework paper** is stapled to the daily work papers. If you stamp a homework paper with a **rubber date stamp** before placing it in the daily out box, parents will be able to determine in retrospect how far the child has come, week by week, if they save these papers. Parents will see improvement over time. Students' papers are visible evidence of this. If the parent saves these papers, this visible testimony is unarguable. Papers can be shown to grandparents, who may be paying for the day care. The positive response of grandparents is a benefit for parents. This tells them that they are doing something right.

There should be a place on a wall where a poster Board is put up for **photos of happy students**. Take these photos on special days. Make them seasonal. Use a simple 35-millimeter camera. Order 2-for-1 prints. Save one photo for the yearbook. Give the other to a parent for free after the photos have been on the wall for a couple of weeks.

Use a cheap instant-development camera for special events for a child, such as a birthday party. Allow the child to pick a few friends to stand behind the cake or cupcakes that the parent has brought. Take a photo. Then take a photo of the child blowing out the candles. Give both photos to the parent when the child is picked up.

Seasonal Programs

Christmas programs and spring programs that involve children will attract parents and grandparents. Plan on three adults for every child in the program. Be sure to invite church Board members.

Every Good Shepherd school has one program per year. A program can be held on a Saturday morning. A program is 20 minutes long. The children dress in school clothes. The program is a representative segment of the activities of a typical school day. Children say a pledge of allegiance to the Bible, the Christian flag, and the American flag, in this order. Then they do some drills: reading, math, and music. That's it. Then we serve cookies.

The daily pledges are good tools for teaching children allegiance. Parents usually like to see their children pledging allegiance to the American flag. This pledge used to be widely used in public schools. Parents associate it with patriotism, or at least grandparents do.

Parents often bring cameras. Great! Photos in scrapbooks are reinforcements.

Newsletter

A monthly or bi-monthly newsletter is a good idea. It need not be more than one sheet of paper, printed on two sides. It could be several pages long. It should be worth reading in the parents' opinion. It should speak to their interests and concerns, as these relate to their child.

The newsletter should talk about individual children's activities. Put their names in bold face. Parents like to see their children's names in print. Be sure that you don't keep mentioning the same children.

The newsletter should talk about class activities, past or future. It should remind the parent that education is continuing.

This can be produced with any word processor. Run it off on your photocopy machine.

Yearbook

A yearbook is important as an advertising tool. It reinforces the parents' decision to enroll the child. It reminds the parent of the child's world during the day, a world that the parent cannot easily share with the child. The yearbook can be used by the parents as a common source of shared experiences.

Photographers are looking for business. DEMI makes use of this motivation. I invite in a photographer in September and again in March. The March photos are used for the yearbook. The September photo can be bought by parents. These make good Christmas gifts.

The photographer pays my school a percentage of money generated by photo sales. This can be as high as 40%. He will produce the yearbook for a fee. For a day care of more than 80 students, the payment from the photos will cover the cost of producing a black & white yearbook. Give away one copy per student; sell additional copies.

An early page of the yearbook can re-state the school's philosophy and some benefits.

Most of it will be filled with facial photos and names of individual children. There will be some photos of activities.

Conclusion

Public relations are an important component of any marketing program. You must accentuate the positive. The DEMI program offers many benefits. Remind the customers of the existence of these benefits. Do this with subtlety. Let them see for themselves, day by day, that their children are part of a superior program. Public relations systematically put in front of people the things that managers want them to see.

The child's behavior and academic performance will be your program's best public relations. But the child learns at his own pace. You have no power over his behavior at home. What you can control is the environment in which children dwell for many hours a day. Make it look good.

Academic performance is crucial. It will become the chief benefit in the minds of most parents. How can you produce high academic performance? What makes it possible for your day care to do this, while your competitors do not? You need dedicated teachers, of course, but all teachers are not equally dedicated. If you cannot afford to pay the good ones high wages, they will quit unless they see the benefit of what they are doing in the classroom. They will quit if the teaching environment is not optimum.

The DEMI system solves four problems: making adequate teachers out of people with minimal ability; making great teachers out of people whose talents are high but whose background is minimal; achieving rapid academic advancement by students; and maintaining a pleasant classroom environment. In the next chapter, I explain how the DEMI system achieves this.

Summary

Parents should benefit from your day care in ways they cannot explain.

Public relations provide an artificial environment of what appear to be natural benefits.

Nine things that your day care should achieve.

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Reinforce people's perception of your day care as an academic institution.

Keep the facility clean.

Maintain an open-door policy for parents.

Keep things orderly and quiet.

Use a door chime.

Use a sign-out sheet. Check ID's.

Keep your desk orderly.

Say hello to each child by name each morning.

Do a daily reconciliation of accounts, so that you can tell each parent what she owes at any time.

Make completed daily work papers available.

Make homework available.

Make photos of parties available.

Offer an annual program.

Produce a newsletter.

Produce a yearbook.

Chapter 8

TEAM TEACHING

*Two are better than one; because they have a good reward for their labour.
For if they fall, the one will lift up his fellow: but woe to him that is alone
when he falleth; for he hath not another to help him up (Eccl. 4:9-10).*

This is a forgotten classroom technique that was used by rural schools in the nineteenth century. This is how DEMI makes use of the division of labor. This is the key to profitability in day care. A lead teacher teaches, but support teachers have important roles. In the old days, the lead teacher was often a low-paid young woman. Her support teachers were the older students. She could teach K-12 in one room, although most students dropped out in the high school years. DEMI has adopted and adapted the team teaching model.

Any business that depends on highly skilled people had better generate a great deal of money. Highly skilled people are rare. They rarely come cheap. Competitors lure them away, or they start their own businesses.

No day care whose target audience is the middle class can afford to pay the salaries necessary to purchase the services of a whole staff of premier teachers. So, there has to be a division of labor in which the most valuable skills of an entire team are brought into the classroom. This is what team teaching offers. Teachers' skills vary widely, but the finished classroom product is predictable and repeatable. The DEMI system offers high quality instruction.

There are day care centers that use some of the same curriculum materials that DEMI uses in a pre-school environment, but what sets the DEMI system apart from almost all others is a team teaching approach to maintaining classroom order.

Team teaching takes advantage of the division of labor (I Cor. 12). Each teacher has specific skills. Each can contribute something to the classroom.

The standard approach in day care operations is to put ten or more children in a small room with one teacher. This teacher must possess the ability to keep a room full of children from creating chaos. She must gain their attention, establish discipline, keep them interested, and impart whatever the curriculum (if any) requires. She must do this for six hours a day, not counting the children's nap time. This means that the teacher must be highly skilled.

There is a high teacher turnover rate in the day care industry. The teachers cannot maintain the pace. They burn out. The pressure is too great for the low pay they receive. They can live easier lives and make more money in other fields -- almost any other field.

This is not true in DEMI schools.

How the System Works

The DEMI system relies on large classes. Some classes will have 40 students. The state's mandated student/teacher ratio is always met with the DEMI system. The director puts a sufficient number of support teachers into a classroom to meet state regulations and to keep good order. This reduces the pressure on the lead teacher. If children are orderly, teaching becomes an attainable goal for the teacher in charge.

A **head teacher** is in charge of the classroom. A **lead teacher** is whoever is leading the class at the moment.

An important key to maintaining order is to keep children from getting bored. By keeping academic activities to no longer than 15 minutes, most children remain interested. The specific lead teacher may change every 15 minutes. Eventually, support teachers become temporary lead teachers in administering one 15-minute segment, then two, then more. The goal here is to identify and train new lead teachers by rotating assignments in the classroom.

No teacher carries an excessive load in DEMI's system. A teacher can handle the requirements of the curriculum because there is back-up from other teachers in the room. A teacher knows that in 15 minutes or less, he or she will be relieved by another teacher, or by an activity, such as coloring, that does not require the lead teacher to control the class by sheer performance.

Support teachers move through the room continuously, making sure that students are not getting out of their chairs or interfering with other students. If a student needs help with coloring a paper, a support teacher can help him.

The presence of support teachers in the room gives sufficient attention to each child. The state's student/teacher ratio is maintained, as the law requires, but the nature of the attention given to each child in a DEMI classroom is different from a conventional small-

classroom environment. Support teachers can see if certain children are having trouble. When children have trouble, they begin to cause trouble.

Because each child receives positive reinforcement from teachers throughout the day when he does well, he never has the sense that the teacher is distant. Some teacher is near at hand. Each child knows that an adult may be paying attention to him at that moment. He discovers this if he becomes noisy or unruly, but he also gets rewarded for good behavior.

Support teachers can pay attention to individual children because they are not in charge of the actual instruction. They concentrate on maintaining order and helping children who are confused. The lead teacher can pay attention to the class's response to the lesson because she does not have to leave the front of the room in order to deal with an unruly child. The lead teacher can also point out any bad behavior to the other children, and direct a support teacher to deal with any child who refuses to obey.

The DEMI system of classroom control applies two principles: (1) no child is to get continual special attention; (2) every child is to get occasional special attention. No child is favored; every child has equal access to a teacher's time -- just not the lead teacher.

Team teaching acknowledges that there are several things going on simultaneously in an effective classroom. It takes more than one teacher, each with a different assignment, to maintain order, assist confused children, and encourage children to pay attention to whatever the lead teacher is saying or showing.

This encouragement factor is very important. When there are several teachers monitoring students' behavior, they can observe and reward good behavior. In a small-class, one-teacher environment, the teacher is hard-pressed to maintain discipline. She is putting out fires continually. Discipline is mostly negative. In contrast, the support staff can more easily devote time to observing good behavior and praising it. This helps students learn what is expected from them positively, rather than limiting the student's externally enforced learning experience to various punishments.

When the lead teacher is teaching at the front of the room, the children can see her. In a classroom with only one teacher, children can see where the teacher is looking. When the teacher is looking elsewhere, children think they can get away with something if they act fast. Then they get involved in some transgression. Of course, they get caught, but meanwhile they have not learned anything useful, they have disrupted other children at the table, and they may wind up disrupting the class.

When team teaching is used properly, it creates uncertainty in the child when he thinks about misbehaving. At any time, there may be an adult right behind him. Over time, he learns that if he misbehaves, there will soon be an adult right behind him. He will not get away with whatever it is that pops into his mind.

This system of discipline is a substitute for omniscience. God can see everything. Lead teachers cannot. The support teachers provide extra pairs of eyes. When a team of teachers is roaming the room, the familiar plea -- "He hit me first!" -- may not hold up in court. The child cannot see who is watching him from behind. This puts him at a disadvantage when he decides to annoy his neighbor.

DEMI's approach to education relies on a concept of sanctions that are both positive and negative. The archetypes of these sanctions are heaven and hell. There are positive sanctions and negative sanctions in eternity. There are also positive and negative sanctions in history. There are profit and loss, the carrot and the stick, passing and failing. By dividing up the teaching load into presentation and enforcement, and also by dividing up enforcement into positive and negative sanctions, DEMI's system of instruction produces far better results. (See Chapter 9.)

The mutual reinforcement of the teaching staff enables all of the teachers to perform their duties effectively. Because they function as a team, they can better direct the students also to perform as a team, when each student's natural inclination is to behave in a self-centered way.

Fast-Track Apprenticeship

The team teaching method allows a new teacher with no experience and very little demonstrated ability to become a productive member of a team. The team produces results that are far greater than what the individual members could produce individually in a small-classroom setting. One of them might be able to do as well in such a setting, but not every member. One teacher might be able to do as good a job with a dozen students (or fewer in some states, by law), but the other children would be short-changed.

If the goal is to educate large numbers of pre-school children on a cost-effective basis, then team teaching is mandatory. It allows people with dramatically varying teaching skills to produce an orderly, productive environment for as many as 70 or 80 children in a classroom.

Having one master teacher in a large classroom is valuable, though not absolutely crucial. She should serve as a model for the others on the team. Her pay should be commensurate with her performance. The others are paid less because they are less productive and more easily replaceable. (See Chapter 13.) The DEMI system uses untrained teachers who would not otherwise be sufficiently productive to impart the curriculum without the context of a joint effort.

An untrained newcomer can do the lowest-level tasks after only a few hours of training. This seems impossible, but it's true. DEMI's training system is for the most part on-the-job training. This is not quite true. There are video training tapes and also a new teacher's training manual and audiotapes. You can use these tools to screen candidates before they are hired. Job-seekers do this on their own time as part of the job-screening procedure. This weeds out people who are not likely to be able to handle the responsibilities. These materials can be used again after each teacher is hired. For information on these training materials, send an e-mail to:

videos@kbot.com

Once the candidate has viewed the tapes and has gone through the new-teacher workbook and audiotapes, she is ready to enter the classroom. An unskilled walk-in teacher enables the day care to meet the state's requirement for the student/teacher ratio. This is a major benefit to your day care. At the same time, the division of labor involved in team teaching allows the newcomer to perform well enough to maintain the consistency of your program. This would not be true if every new teacher had to take a large enough class of students to make it profitable to hire her, which is the big problem faced by the standard, small-classroom day care model. DEMI's system is an ideal way to maximize productivity and minimize wage expenses.

The newcomer can be paid an introductory wage that no skilled person would be likely to accept for very long. The offer of advancement in responsibility that will be matched by a pay increase is what keeps newcomers on the job. But the offer must be believed if it is to serve as a motivating device. There must be evidence that it will be fulfilled. This is why differential pay scales for differing experience is not a threat to the integrity of this system. The fact that some teachers are paid more than others is an incentive for newcomers to stay with the program.

Not every newcomer will make it as a teacher. There will be attrition. People come and go. This is true in every occupation. With DEMI's system, ineffective new teachers do

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not create a series of classroom crises before they are dismissed or quit. Meanwhile, good teachers serve as visible models for new teachers. Team teaching allows a day care to operate at the lowest possible cost, while maximizing tuition revenue by maximizing the student/teacher ratio.

A Philosophical Barrier to Entry

The benefits of DEMI's team teaching approach may seem obvious to an outsider who has no formal academic training in young childhood development. When he sees team teaching in action, he thinks, "This system makes it easier for the lead teacher to teach." But DEMI's approach is not intuitive for someone who has been formally trained in any institution of higher learning that promotes small-classroom education, which is favored by teacher unions and educational theorists.

This hostility of professional educators may have something to do with the idea of full-time discipline by teams of teachers. DEMI's system operates on an assumption, namely, the existence of original sin. Children are not innocent. They are made in the image of God, but they, like Adam, are in rebellion against their own image. They are always ready to consider ways to express themselves by breaking the rules.

Modern educational theory does not begin with the biblical assumption that sin is original and that children are in rebellion to God. This is why modern educators have made a war on spanking, both in school and even in homes. Modern man wants to believe one theological error above all others: "There is no final judgment or hell." He wants to avoid permanent negative sanctions as long as he can, for good reason. This outlook affects modern educational theory.

DEMI's team teaching approach allows support teachers to head off misbehavior before it spreads to a table of children or to a whole class. Misbehavior is contagious in a group situation. This is why a mob can be persuaded by a rabble-rouser to do horrible things that members of the mob would never consider doing on an individual basis.

Team teaching is designed to head off misbehavior early. It insists that sin is so widespread that it must be dealt with rapidly, so that it will not spread. Because children are present-oriented, they need swift reinforcement of their fear of punishment.

Modern theories of education de-emphasize or deny such a view of children. Your

competitors have been formally educated in colleges that promote progressive education. This is why your team teaching approach is unlikely to be imitated by your competitors. Even though it works, other day care directors will not rush to copy you, assuming they ever find out how your teachers are able to maintain an abnormally orderly learning environment. Of course, they may not find out. For your sake, this is best. For the sake of the community's children, it is not good.

There is another factor in this resistance. The success of the discipline is heavily weighted toward positive sanctions -- not a grade at the end of the day, but an immediate response, which works well with young children. These positive verbal sanctions are distributed in the context of an educational program. The child is learning phonics or numbers. He is not merely being quiet; he is coloring a paper or listening carefully. He is visibly progressing. He is told when he is progressing as he progresses. He therefore knows when he is progressing. He learns the difference between progress and retrogression. Progress is rewarded; retrogression is punished.

When one child is praised for doing something correctly, other children notice. They are more likely to imitate the good behavior for a few minutes. Instead of getting attention mostly for bad behavior, they get attention for good behavior. When students who crave attention learn that bad behavior gains what they want, they increase the supply of bad behavior.

The modern philosophy of education denies that pre-schoolers are ready to learn how to read. Any progress along these lines is regarded as an unwarranted pressuring of the child. So, this is another reason why your system will not be imitated by your competitors.

These philosophical barriers to entry reduce the income of your competitors, leaving your day care in a stronger position financially. Their income remains below market, meaning lower than what they could earn if they would adopt the DEMI system. Economists ask the same question: "What is the barrier to entry into a visibly higher-income segment of a market?" Normally, economic success is imitated. Profit margins get smaller when competitors copy someone's idea that is producing the above-market returns. But this does not happen very often in day care. Philosophy is a more dominant academic motivator than money. The great thing about the DEMI system is that the right philosophy generates the most money. (See Deuteronomy 28:11.)

Conclusion

Team teaching incorporates the principle of the division of labor. It maximizes individual productivity. It allows a day care to prosper when the small classroom model, with the same number of teachers and students, barely breaks even financially or fails.

This means that two large classrooms are better than half a dozen small classrooms. If your church has a fellowship hall and a sanctuary, it is ideal for a day care center. One room can be for a beginner class; the other is for the advanced students.

The best way to see team teaching in action is to contact me and schedule a three-day visit in Harrisonburg. If you are interested, send an e-mail to

visit@kbot.com

The less time-consuming way is to order one set each of the videotaped, full-day, classroom sessions for both the beginner class and the advanced class. For information, send an e-mail to

videos@kbot.com

Team teaching will not work without adequate classroom discipline. Today, there are major legal restrictions that reduce the ability of teachers to maintain order in the classroom. In the next chapter, I discuss these restrictions and how to substitute other means of discipline that are legal.

Summary

Team teaching is the long-forgotten solution.

Use the division of labor.

This lowers teacher turnover.

A head teacher leads the class.

Support teachers help with discipline.

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They encourage children.

Children are uncertain about who is watching them.

This lowers the rate of disciplinary infractions.

A new teacher can become productive in hours.

Training is mostly on the job.

Modern educators are hostile to DEMI's educational approach.

This reduces the number of competitors.

The discipline is weighted toward positive sanctions.

Chapter 9

DISCIPLINE

Chasten thy son while there is hope, and let not thy soul spare for his crying (Prov. 19:18).

Foolishness is bound in the heart of a child; but the rod of correction shall drive it far from him (Prov. 22:15).

Withhold not correction from the child: for if thou beatest him with the rod, he shall not die (Prov. 23:13).

The DEMI system of instruction begins with the assumption that these three verses are still applicable today. If you have any doubts about the continuing New Testament validity of these three verses, do not go into the ministry of day care. It won't be worth the money.

The theorists of modern humanist education deny the truth of these three verses. The result has been the declining quality of tax-funded education and the rise of juvenile crime on a scale that almost no one foresaw as recently as 1950. What the 1955 movie, *Blackboard Jungle*, portrayed as a local problem of an urban ghetto high school has become a nostalgic goal unattainable by most urban ghetto high schools today and, at least in terms of the sale of mind-altering drugs (let alone free Ritalin handed out by teachers), probably unattainable in the suburbs.

The DEMI method of discipline uses this premise: effective classroom discipline begins with the teacher's self-discipline under God. Controlling small children effectively, hour after hour, requires a high degree of teacher self-control. Self-control is not something that has been widely imparted by the modern educational system. It surely is not taught by the modern media.

Young adults who have spent their lives inside public schools and in front of TV screens usually find it difficult to walk into a day care classroom and confidently take control over a dozen 3-year-olds. Without DEMI's curriculum and its drill system, or something comparable to them, the task borders on the impossible. This is why so many day care classroom environments border on chaos. It is also why there are such high turnover rates in day care faculties.

It is DEMI's goal to begin re-shaping a generation of young people who will possess self-control when they reach young adulthood. We envision a world in which 18-year-olds can walk into a classroom the way that Laura Ingalls did. She taught in a one-room schoolhouse on the prairie. The children's ages ranged from first graders to teenagers. That world is gone.

This is DEMI's vision for the future. It is not the world from which we recruit today's day care teachers. Our work is made even more difficult by the modern humanist State.

The Counterfeit Parent

The State has arrogated to itself the office of father insofar as it establishes legally enforceable standards of education and then funds education with money extracted from taxpayers. Since about 1960, the State has also removed from those who are teaching the children *in loco parentis* (in place of the parent) the legal right to punish children by spanking. Ever since the mid-1980's, the State has steadily threatened parents who spank their children with prosecution for child abuse, which includes the removal of their children and their placement in State-funded foster homes.

We see here a practical application of humanism's hostility to the doctrine of hell. Humanists insist that hell is entirely mythical, merely a means of psychological control by the church. They want to replace control by the church with control by the State. They have been very effective in their plans. They do it two ways: positive sanctions (free education paid for by taxes collected on threat of physical sanctions, including jail) and negative sanctions (regulations backed up by negative sanctions) -- in other words, earthly imitations of heaven and hell.

Mankind cannot get away from sanctions. They are basic to law, and therefore to society. They are built into our very character as human beings. They are built into nature.

And unto Adam he said, Because thou hast hearkened unto the voice of thy wife, and hast eaten of the tree, of which I commanded thee, saying, Thou shalt not eat of it: cursed is the ground for thy sake; in sorrow shalt thou eat of it all the days of thy life; Thorns also and thistles shall it bring forth to thee; and thou shalt eat the herb of the field; In the sweat of thy face shalt thou eat bread, till thou return unto the ground; for out of it wast thou taken: for dust thou art, and unto dust shalt thou return (Gen. 3:17-19).

The historicity of this event is denied by humanists. They insist that it is a mythical story. They hate the thought of its historicity because it points to God's final judgment (Matt. 25). They want to believe that final judgment is equally mythical. They're wrong.

Spanking offers hope -- to children, to parents, and to teachers. "Chasten thy son while there is hope, and let not thy soul spare for his crying" (Prov. 19:18). The State, in its humanist-driven attempt to remove negative physical sanctions from the schools, has steadily removed legitimate hope. The State has removed from the parents the right to delegate to the teacher the right to spank the child. This has led in the public schools to a rising tide of disobedient, defiant, unruly children.

The State has responded to the problem that it has helped to create by drugging millions of children, with parental authorization. Young children are diagnosed with attention deficit disorder (ADD) or the newly discovered medical affliction known as ODD: opposition defiant disorder. To control them, public schools prescribe drugs that produce calm by chemical means. Children are kept on these drugs until they reach high school, at which time private enterprise takes over the drug-distribution business. Today's public high schools are the nation's primary initial addiction centers for mind-altering drugs. But public elementary schools are the primary distribution centers for behavior-altering drugs.

The Biblical Principle of Hierarchical Authority

In contrast is the discipline of a Christian day care. The DEMI model rejects the humanist's doctrine of the innocent child. It also rejects the modern State's self-image of being the ultimate parent.

Discipline in DEMI's system begins with the biblical principle of authority. Children are told that when they rebel against authority, they are rebelling against God. They are told that God hates evil-doing and punishes it. They are told that God sent Jesus to redeem men from their sins. The solution for sin is God's redemption, not man's moralism. They learn this through the Bible truths memory program.

Because the students are constantly being exposed to the Ten Commandments, they learn them well. The classroom teacher or the director can then connect a child's rebellious behavior to one of the commandments. The child learns how to connect what he has memorized with what he has done. This reinforces the commandments.

Some of the children do begin to understand how to apply the commandments to their situations. They see the need to please God by being obedient. Their behavior improves because their self-discipline increases. They learn early what none of us should ever forget.

There are always troublemakers in a classroom. The school must take steps to reduce the level of unacceptable behavior. One strategy is to bring the misbehaving child closer to the source of immediate discipline. Move the child closer to the front of the room where the lead teacher can monitor his behavior more easily and also respond faster. The child comes closer physically to the voice of authority. This technique may not work, but the child has less opportunity to do something wrong without being observed.

Classroom Sanctions: More Positive Than Negative

The positive sanction of salvation is greater than the negative sanction of damnation. "Ye are of God, little children, and have overcome them: because greater is he that is in you, than he that is in the world" (I John 4:4). So, God's blessings are greater than God's cursings. God's blessings multiply throughout eternity. God's eternal cursings stay the same. Righteousness develops in eternity; sin does not.

This principle governing God's sanctions serves as a guide to biblical discipline. Children are like everyone else: they need praise to reinforce the good things that they do. They must be taught to do lots of good things automatically, and taught to avoid bad things automatically. But there are more good things to do in life than bad things. Sin is limited. It repeats the same old things. For righteousness, "the sky's the limit," literally and figuratively.

In the classroom, the teacher must praise good behavior more than he chastises bad behavior. He must go out of his way to identify and publicly reward good behavior. Bad behavior is more visible because it is annoying. Bad behavior, occurring far less frequently than good behavior, stands out like a sore thumb. If bad behavior predominated, society would not be possible. Bad behavior is a parasite on the host of good behavior. Good behavior is common and therefore expected. Bad behavior is abnormal and therefore noticeable.

Children are not innately good. They are cursed by original sin. But they, like people in general, are the recipients of God's common grace. Most people are healthy more often than they are sick. They are enabled by God's grace to do good most of the time. Nobody teaches

babies to cry, but no one teaches them to smile, either. They smile more than they cry. This is why parents pay attention to them when they cry. If they cried all the time, more of them would die because their parents would learn to ignore their tears. Parents would never know when to take their cries seriously.

When the teacher is reading a story to the class, she should interrupt and say, "I like the way that Jenny is sitting with her hands folded." A child who sits with hands folded does not normally draw any attention. This is why an obedient child rarely gets praised when sitting quietly, hands folded. "The squeaky wheel gets the grease." But good behavior is what is necessary to maintain order in the classroom. So, it should be rewarded.

It takes self-discipline for a teacher to develop the skill of noticing commonplace goodness and rewarding it publicly. This personal skill is uncommon. It takes training to master it. (The best-selling book by Dale Carnegie, *How to Win Friends and Influence People*, is based on it.) If this skill were more widely distributed throughout the population, there would be fewer divorces and less demand for day care services. (Example: husbands who want tastier meals should praise the good ones, but keep silent about the meat loaf with the soybean extender.)

Drill, Drill, and More Drill

Drill sergeants make possible the military. This has been true for as long as we have records. Soldiering begins with marching. It extends to mess hall requirements. It is then taught in greater detail verbally and in manuals.

A classroom's lead teacher is essentially a drill sergeant. It is her job to keep the class in order. Nothing will be taught successfully if the class is in a constant uproar. Everything rests on the ability of the lead teacher to command respect and compliance from the children. A lead teacher gains respect and compliance through repeated behavioral drilling.

All play must have structure, for children and adults alike. Take away structure, and play becomes destructive, as the Israelites discovered. "And they rose up early on the morrow, and offered burnt offerings, and brought peace offerings; and the people sat down to eat and to drink, and rose up to play" (Exodus 32:6). This is why uncontrolled free play is the bane of young-child education -- and why your day care will not have significant competition, once the results of your program are visible (and audible) to parents.

The day that your day care opens, boot camp must begin. There is advancement available beyond boot camp for each student. Boot camp is not the goal of education or the military; it is a means of preliminary training. We are raising up an army, day by day. The day care's boot camp experience will be a distant, faded memory to high school graduates. But its lessons will be retained as part of the graduate's instinctive behavior. The lessons begin with the basics: "Raise your hand before speaking. Don't talk with your neighbor during work time. Don't kick the back of your neighbor's chair. Keep your hands to yourself. Don't play with someone else's show-and-tell toy without his permission."

Children who have been in DEMI's program for more than a month have begun to learn the basics of property rights. There are not many disputes in a DEMI classroom over property. The children know who owns what. They are told not to use the other person's things. They know that their authority over what belongs to them will be enforced by the teachers. They are not forced by an adult to share. They generally do share, but not from adult compulsion. If a child comes to a teacher to complain that another child has taken away his item, the teacher is supposed to ascertain who owns the item. The one who violated the other person's property rights is then subject to discipline. Theft is not tolerated.

Here are other basics that newcomers are not familiar with:

- line up straight
- raise your hand before you speak
- the concept of "yours"
- push your chair in before you walk away
- fold your hands in your lap
- keep them folded
- stay in your chair until asked to stand
- turn your chair to face the front
- listen to the teacher
- wash your hands by yourself after going potty
- rest your head on your desk
- hold your crayon up high
- now put your crayon in the basket
- wait for your turn

Children can forget any of these rules at any time. They need constant reminders. They need daily practice. Whenever it is necessary to restore order, a few practice drills in obedience are called for, even if the printed daily schedule is violated.

The success of the children in learning the alphabet phonetically depends on daily drills. This is also true of learning numbers and mathematical concepts. It is a big mistake to neglect regular drills for establishing classroom rules of conduct.

Teachers should be self-disciplined enough, and self-interested enough, to go through daily drills on classroom behavior. Some of them aren't. They cannot bring themselves to devote the time and effort necessary to establish order. Under such self-imposed limits, they cannot prevail over the children. The director must have sufficient self-discipline to fire them if they refuse to change. They will undermine the program.

Discipline is a constant contest of recalcitrant wills. Strong-willed children seek to establish their immediate preferences on the adults around them. They will press their teachers to the limit. They want to know where the limits are. When they find them, they become more content with their environment. Limits are like a school fence. Fences are required by law. They keep children safe. This is also true of behavioral limits. This is why there must be narrow limits.

Children have tried to impose their preferences on their parents, and some of them have won the contest, over and over. They now think they will win in any contest with their teachers. They are like wild horses that refuse to be tamed. They must be tamed. Early.

Newcomers will learn from old-timers what proper behavior is in the new environment. They learn fast. This is why it is crucial to establish control in the initial beginner class. You seek the continuity of obedience, not the continuity of rebellion.

Spanking and Expulsion

The State, as a self-appointed parent, asserts its authority to delegate, through regulation and sometimes tax-funding, the right to educate children. It has restricted this parental right. The State, not the parents, determines the rules governing education. Its local agents determine how children must be dealt with by the agents of the true parents.

The State threatens negative sanctions on people who impose negative physical sanctions on other people's children, and sometimes even their own children. It is now illegal for a parent to delegate to a teacher the right to spank a child.

A Real-World Example

American public schools today are undisciplined. They are the nation's largest addictive drug-distribution centers. Some of these schools are catastrophes -- physically unsafe places for children. In the movie, *Lean on Me*, the true story of a New Jersey ghetto high school, we see the deterioration that took place over about a 15-year period. If you want an unforgettable visual image of what has happened to tax-funded education in the United States, see the scene of the morphing hallway in the early minutes of the movie.

In *Lean on Me*, the new principal of a failing high school begins its transformation back from the edge of disaster with a wholesale expulsion of over a hundred incorrigible students. Without their removal, the school was doomed. Expulsion is the ultimate sanction in education. Public schools have resisted using it for over a generation. It was this restriction on expulsion of incorrigible students that guaranteed the high schools' steady downward drift into chaos.

In real life, as in the movie, the principal walked the halls carrying an electric bullhorn and a baseball bat. They were symbols of his authority. He took no sass. He took no sass from the school board, either, so he was in trouble constantly.

The State does not impose standards of expulsion on private schools. The private school is not required to enroll every student who walks in the door. It is also allowed to show students the door. The director can remove troublemaking students from his school. There is "removal in advance" -- non-admission in the first place -- and removal later on. This is the supreme institutional advantage that private education enjoys over public education.

Expulsion cannot be exercised at zero cost. It costs a day care money to expel a student: forfeited tuition. This includes a pro-rated refund of the original deposit. This is a major restraining factor on the use of this final sanction. Because the student's departure will cost the school money, the director hesitates to expel him. But the costs of retaining him may be much higher, especially in reduced teacher morale.

There is no escape from the concept of expulsion in education. Most students pass; a few fail. People who fail must be eliminated from the program if the concept of "pass" is to retain meaning. Excellence in education requires a system of expulsion, whether in graduate school or day care.

The concept of expulsion extends beyond pass/fail. It is more fundamental than grades. Expulsion is an inescapable concept. It is never a question of expulsion vs. non-expulsion. It is a question of **who gets expelled.** Either a day care director expels consistently unruly students, or else these unruly students will eventually expel the teacher. There are lots of jobs open to teachers that pay as much or more than day care teaching. The public schools pay better. If the classroom situation is the same in both systems in terms of the teacher's authority -- barely any -- then why not go for the money? If teachers perceive that their classrooms have become holding tanks for the lawless children of failed parents -- children whose behavior never improves -- they will find more rewarding work elsewhere. They will also leave behind an unruly child who knows that he, not the teacher or even the director, is in charge.

Unless you are a highly skilled teacher and an experienced day care director, begin your program by placing a **fixed numerical limit on your patience.** You must decide in advance how many days of defiance constitute grounds for expulsion. Teachers must be informed of this time limit in advance, so that they can see light at the end of the tunnel.

You must not lose control of the situation. Before you reach your breaking point, you must remove the child from the program. As you add more teachers, you must ascertain the limits of your teachers' patience. When a child's behavior moves consistently beyond annoyance to repeated classroom disruptions, you must back up the teacher.

Parental Involvement

If the day care's system of discipline is not changing the behavior of an abnormally unruly child, the parent or parents must be brought into the process directly. At some point, parents must be warned in writing each day that the child misbehaves throughout the day. Each written warning should be signed and returned by the parent. It should be kept in the child's permanent file. Parents should be encouraged to increase the level of discipline at home. But the child's main problem may be that the parents are unwilling or emotionally unable to do this. In such a case, nothing changes. The child remains abnormally unruly.

Additional pressure must then be placed on the parents to bring the child under control. One way is to call a parent at work and have the parent take the child home for the rest of the day. The problem is, the parent cannot get off work every day. Before too long, he or she will have to pull the child out of your program. This may be your goal as the director. If so, proceed.

But what if the director thinks there is hope for the child? What if the classroom teacher does, too? Then calling the parent, day after day, to come and remove the child for the remainder of the day will end the school's opportunity to minister to the child.

There is a way around this. The director calls the parent at work and has the parent come to the day care center to paddle the child. This is legal. The State's restriction on the school does not apply to the parent.

The State has forbidden the parent to delegate the parent's God-given authority to paddle his child. Paddling, the Bible teaches, is mandatory. So, the day care director must get paddling back into the educational process.

Dr. Barry Brazelton is a well-known specialist in child psychology. He is the author of several books in the field. In his 1992 book, *Touchpoints* (Addison-Wesley), he makes this observation requiring limits. "A child with a sense of limits is a secure child. A 'spoiled' child tests limits in search for this security" (p. 238).

An abnormally unruly child is an insecure child in search of limits. He soon learns that there is a limit to a teacher's ability to impose negative sanctions. Then he learns that the director's negative sanctions also have limits. These sanctions may not be sufficient to change the child's behavior. So, the disciplinary system must have another level of enforcement. The child must learn that there is more discomfort to come. This level of discomfort is what the State seeks to remove, but as yet has not: spanking by a parent.

Ultimately, parents are responsible before God for the discipline of their children. The director must recognize this fact and honor it. The way that he does this is by bringing parents into the disciplinary structure, either at home after school or on site during school.

There must be a clear chain of command in any well-run day care: classroom teacher, director, parents. Each level upward imposes increasingly severe negative sanctions. The level of fear increases when the child is sent up the chain of command. To eliminate in advance the top level (parents) is to place severe limits on the day care that will make it more expensive to operate the program.

How long after the child is enrolled should this paddling process begin? This limit has more to do with your limits and the teacher's limits rather than with a fixed, universal pattern. If there has been no visible improvement in the child's behavior as a result of daily visits to the director's office, the director should start calling the parent to come to the center

to paddle the child. The parent should bring a paddle, such as a flat paint-mixing stick, to serve as a rod of correction. A few whacks with a paint-mixing stick will not injure a child. If the parent brings a paddle, he or she will not be tempted to use a belt, which could leave welts on the child's buttocks. The director should also provide a private room where other parents cannot see what is transpiring. The relationship is between the parent and the child, under God. The private room becomes the equivalent of the parent's home.

If there is still no visible improvement in the child's behavior, start calling in both parents daily, if both are available. Make them come from their jobs to discipline the child. Call one. Then, after another infraction, call the other. Continue to call both of them at least once a day.

By doing this, the director is escalating the cost of continued misbehavior. The child is paying a higher cost, and so are the parents. At some point, these rising costs will reduce the supply of bad behavior, either by the child or by the parents. The parents will be pressured to improve discipline at home in order to avoid the constant trips to the day care center. The parents' alternative is to pull the child out of the day care. This will eliminate the need for the director to expel the student.

Bringing in parents to paddle their child is important to reduce retroactive criticism of your school. Not many parents will say to their friends, "I pulled my child out of that place because the director kept calling me to come in to spank my little Jenny Sue." Little Jenny Sue's behavior will be well known to the listener. The listener will think, "It's about time."

The day care director should make available teaching materials on biblical family discipline that parents can borrow for a few days. These parents probably need a lot of help. They do not know what God requires from them. The targets of the day care's ministry should include parents. If the parents are really trying to get the child under control, then the director may show leniency. But this assumes that he has explained the delayed expulsion to the teacher, who is being asked to bear the brunt of the child's misbehavior.

A day care should bear some of the costs of discipline as part of its overall ministry. So should the classroom teacher. But there are State-imposed limits to this transfer of responsibility from parents to the day care. The parent who wishes to pay a stranger to provide the bulk of the discipline of his child in a society in which the right to paddle a child cannot legally be delegated is asking to be relieved of a responsibility that God has given to all parents.

No day care director should consent to a parent's self-conscious abandonment of a God-given responsibility. To do so is to subsidize irresponsibility. It is never wise to subsidize irresponsibility. This is a major message for any Christian ministry. God holds delegated covenantal agents responsible to the limits of His law. This means parents.

At the end of each parental paddling session, have the parent sign a sheet saying that he or she came to the center to discipline the child for a specific infraction. Paddling need not be mentioned. This signed statement will keep any parent from complaining after an expulsion, "But no one told me there was a problem with my child." Keep every signed sheet in your permanent records for this child. If the parents' discipline does not work, you must either impose your pre-existing limit or else fire the complaining teacher. But somebody has to go. Somebody is too slow a learner.

The Costs of Disruption

The day care director must decide whether a particular child is worth the sacrifice. On one hand is the income from the child's parents. There is also the goal of breaking the child's rebellious will. On the other side are the child's bad example to the other children, the time taken from the teachers' schedules for disciplining the child, and the disruption that a systematically rebellious child can cause in a classroom. The director must decide whether it would be less expensive to pay for a direct mail piece and replace the defiant child with one or more children who are not disruptive.

The private school's biggest advantage in the area of discipline is its legal authority to remove an unruly child from the program. This negative sanction on the parents lowers the school's immediate income, but it also reduces an important cost: the cost of an abnormally unruly child for a teacher who is ready to quit. A teacher is not in a DEMI school for the money. The motivation is religious: to see children's lives improve. The presence of a constantly unruly child in the classroom calls that goal into question. The rebel is a standing (or running around) testimony to the unbroken power of sin. If the child's will cannot be broken under the laws restricting corporal punishment, then the teacher's will may be broken by the child. The school may lose a valuable asset: a good teacher who has given up. Every director must deal with this problem. He should deal with it before the teacher quits.

If the standard bell-shaped curve is in operation in a never-purged classroom of 60 students, half a dozen of them will be unbreakably unruly under the anti-spanking laws. Is it better to minister to these six students, without visible success, and thereby keep the spaces

closed to half a dozen students who are ready to learn? I don't think so.

The cost to the ministry of refusing to expel unruly students goes beyond replacing discouraged teachers who quit. A hidden cost is the loss of opportunity for six replacement students to learn about Christ in a peaceful environment -- students who might have profited from the program. Sometime, educators should heed Christ's command to the disciples:

And when ye come into a house, salute it. And if the house be worthy, let your peace come upon it: but if it be not worthy, let your peace return to you. And whosoever shall not receive you, nor hear your words, when ye depart out of that house or city, shake off the dust of your feet (Matt. 10:12-14).

Jesus continued: "Verily I say unto you, It shall be more tolerable for the land of Sodom and Gomorrah in the day of judgment, than for that city" (Matt. 10:15). Jesus consigned the residents of whole cities to eternal punishment.

Was this fair? Yes. God is always fair. In His fairness to His own standards, God invented hell. Christians should always define "fair" in terms of hell as well as heaven.

The suggestion that a Christian school should expel a disruptive student for the sake of maintaining godly order in the classroom should not bother anyone who is involved in evangelism. This is a ministry. It must be run like a ministry. Churches excommunicate. Day cares expel. Day cares that do not expel will wind up like churches that do not excommunicate. They will shrink. Excommunication is the way that churches grow, by defending a high standard.

But doesn't this close the door of salvation to the unruly student? It closes one door, surely, in the same way that departing from a rebellious city closed one door. The offer of salvation came again to Israel after the formation of the New Testament church in Acts 2. Similarly, Paul told the church at Corinth to excommunicate a member who had committed incest. This was necessary, he said, "To deliver such an one unto Satan for the destruction of the flesh, that the spirit may be saved in the day of the Lord Jesus" (I Cor. 5:5). This approach worked. The person repented. In his second epistle, Paul told the church to welcome the repentant sinner back into their midst (II Cor. 2:6-8).

Expulsion is a negative sanction on these students. Imposing this negative sanction frees up classroom space to serve those students who will listen to the gospel and respond in faith.

A Christian school that refuses to expel a systematically unruly student is like a parent who refuses to spank his child. Both of them pay dearly for the parent's short-run soft-heartedness. In the long run, tolerating misbehavior reinforces rebellion.

The State does not allow classroom corporal punishment. The day care must develop alternative negative sanctions. The final one is the dismissal of permanently unruly students who distract other students and who absorb too much time from the staff.

If the director never expels any student, this supreme legal sanction will never be taken seriously by senior classroom teachers, whose authority is being compromised. They will know that, in the final analysis, they are not being backed up. They are carrying the day care's most difficult burden -- keeping classroom order -- by themselves. This will produce a high turnover rate of senior teachers, whose continued presence is vital for continuity, stability, and the students' sense of familiar order.

Teacher Support

Remember, there is a good teacher out there who is waiting for an opportunity to teach. Don't keep a poor teacher on your staff when you can hire a better one.

There is also a better-behaved child out there who is ready to learn. Don't keep an unruly child in class when you can award that seat to a better-behaved child. Soft-heartedness for a rebel at the expense of the righteous is hard-heartedness toward the righteous. You must be hard-hearted with respect to someone: either the rebel or the righteous. Which will it be? If you know that the teacher will be difficult to replace with anyone better, expel the child who is causing trouble for the teacher.

A few misbehaving students will establish the outer limits of the school's standards of behavior. Other children observe and learn. They do this with great speed and precision. You must establish acceptable limits early.

In a brand-new classroom of 30 students, three will be unmanageable. There will be three angels, three devils, and 24 average children. This is Pareto's 80-20 law in action. Plan for it. Design your program's discipline system in terms of it. A Christian day care should systematically replace the incorrigibles with average kids who will benefit from the program.

You will not start with a class of 30. You will start, maybe, with a dozen. Only one

child will be incorrigible, and maybe none. You set the rules early. You get the children into a pattern of obedience early. Then, as each new child is enrolled, he learns very fast what the rules are. The other children set the pattern.

But, sooner or later, you will enroll an incorrigible child. There are such children, just as there are such adults. Original sin is real. A day care director's goal should be to extend the program's benefits to those children and families that will benefit from it. The institutional goal should not be to prove to the day care's director that "our program can change any child." No program can do this. God changes people, and He has not changed most of them in this generation.

A teacher wants to see progress in the students. This is the point of teaching. Your day care is a pre-school, not a baby-sitting holding tank. Visible progress is a reward to teachers -- a way of compensating them without raising their salaries. A teacher who struggles daily with a rebellious child who never changes is a teacher living with constant personal failure. People do not want to struggle daily against guaranteed failure, day after day. Life is too short.

A policy of regular expulsion offers hope to teachers who have given up hope regarding specific incorrigible students. If the teacher thinks that she must carry the main burden of unruly children who are beyond effective institutional sanctions, she may decide that she is carrying the ministry end of the deal, while the director or owners keep the lion's share of the income. The institutional sanctions are perceived -- correctly -- as being out of balance. This is a good reason to quit.

A school that expels up to 10% of its students in the first year can begin to overcome the effects of the State's prohibition against spanking. This percentage can be lowered after these initial unruly children have been removed. The odds are against their replacements being as bad or worse.

Your day care's handbook for parents should explain the day care's procedure for disciplining children, including your expulsion policy. Parents should be warned in advance, in writing, that it is the policy of the day care to involve parents in the disciplining of their children, including visits during the work day. If the parent will not agree in writing, do not enroll the child.

Never forget this: every misbehaving student is occupying valuable space and absorbing valuable resources. To keep this student enrolled is to expel in advance a decent

student who could replace him. Therefore, for a school with a waiting list, expulsion is an inescapable concept. It is never a question of expulsion vs. no expulsion. It is a question of which student gets expelled, and when: either before he enrolls or after.

The Waiting List

You can lower the cost of expelling an unruly student by having a list of replacement students close at hand. This is why the waiting list is a crucial disciplinary tool of discipline. It disciplines parents by putting the fear of their child's expulsion into their lives. They don't know what to do with him. This fear may help them to discipline the child at home, thereby backing up your day care's operations. Discipline must begin on the day that the school opens, but it becomes most effective when your cost of dismissing a student is almost zero because there is a ready replacement.

Discipline must therefore be backed up by constant new advertising that keeps the waiting list long and fresh. Parents who are put onto a waiting list will try to find an alternative. Names on a waiting list are usually short-term names. This is why an advertising budget of at least 3% of the school's gross revenue is the minimum. Any business that tries to operate without committing at least 3% of its revenue to advertising is heading for extinction. In the direct-mail industry, the figure is closer to 40%.

A systematic advertising campaign that uses low-cost direct mail provides fresh prospects. There is a constant parade of parents marching by who are looking for a day care. Children keep arriving to age two-and-a-half. So should your ads. Have your ad in front of parents when they are ready to buy your service.

A regular system of mailings and a large Yellow Pages ad are the most cost-effective ways of being in front of parents when they decide to go shopping for day care.

Word-of-mouth advertising is even better, but you cannot control this. You can help, of course, by offering a one-week tuition credit to parents as a finders' fee (see Chapter 12), but most parents will speak well of your program without payment from you.

Your Initial Class of Beginners

This is the crucial period for a new day care. The first group of students will set the

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pattern of behavior for those students who follow, one by one. If the first class is taught by a teacher who fails to enforce the rules and fails to establish discipline, it will prove very difficult to turn things around in the beginner class. The existing students will set the limits of obedience in their war with the teacher. Newcomers will follow their lead. The wider the limits are, the more problems your day care will have.

You must run behavior drills repeatedly during the first two weeks after you open. The children must learn what is expected of them. They can learn phonics after they learn to sit with their hands folded, to line up, and to push in their chairs.

The beginner class should be the main concern of the director until the children are ready for the advanced class, which may take six months. He may have to be the main teacher for the entire period. This depends on how successful he was during the first eight weeks. If funds are short -- and they usually are -- the director should teach the initial beginner class. He will set the pattern for the support teachers. They will carry on his example when he creates the advanced class. This is why that first class must be orderly and quiet.

A pre-school teacher who cannot command attention and also command obedience by means of his or her calm, authoritative demeanor should not remain a lead teacher. The lead teacher must have a commanding presence. If this can be formally taught, I don't know how to do it. In rare cases, it can be learned slowly by observing a lead teacher who possesses this ability. There is a place in the DEMI system for teachers without this personal presence, but they must be limited to a support role. If they later develop the required presence, they can be promoted.

A quiet classroom is a powerful sales tool. Parents will hear problems before they see them. A noisy class is a negative factor in selling more seats. When parents call and hear crying or screaming children in the background, they think, "Unorganized center. Why enroll my child in it?"

Conclusion

You must decide now that you will do whatever is legal in order to create a calm, predictable, orderly learning environment for students and teachers. You must be willing to pay this cost. Discipline is the institutional key to a successful day care -- not the curriculum, not the teachers' enthusiasm, not the location, not the building. Without classroom

discipline, your program will not look any different from your competition's programs.

The system that DEMI recommends will provide this stable environment, but only if you apply it and enforce it consistently.

A day care that has consistent discipline will stand out from the competition. An orderly classroom will provide the stability that children need to be happy and productive. By emphasizing positive sanctions, and also by imposing predictable negative sanctions, the teacher will teach children to learn the limits of acceptable behavior. Parents want this in their children.

Some parents refuse to pay the price to discipline their children. The day care's ministry is to these parents. The director should work with parents to help them gain control over their children. Ultimately, however, he must represent his teachers and the other children, whose lives are being disrupted by a few unruly children who will not respect boundaries. Expulsion is the answer, just as excommunication is in churches. To refuse to expel unruly children is comparable to refusing to excommunicate lawless church members. No good will come of it.

By using discipline to re-shape a child's behavior, you make it possible for parents of previously unruly children to enjoy their children. This is a major benefit to parents.

Problem: if the church owns the day care, a director must please more people than just the parents. The structure of ownership informs a director of which people he must please. Think through well in advance the structure of ownership that you will select for the day care. I discuss this in the next chapter.

Summary

Discipline rests on the assumption that children are not innocent.

Teachers must be self-disciplined under God.

The State prohibits corporal punishment.

Parents are in charge of discipline.

They delegate this authority to discipline to the day care.

The State doesn't allow full delegation.

Classroom sanctions must also be positive.

We reward good behavior.

Constant drill to learn the rules is important to maintain order.

Children must be taught property rights.

A list of rules is easily forgotten.

Expulsion removes the worst offenders.

Parents must be brought in to spank unruly children.

Teachers must be given back-up support: expulsion.

A long waiting list makes expulsion cheaper.

The beginner class sets the standards.

A quiet classroom is a sales tool.

Chapter 10

OWNERSHIP, RESPONSIBILITY, AND MONEY

For the kingdom of heaven is as a man travelling into a far country, who called his own servants, and delivered unto them his goods. And unto one he gave five talents, to another two, and to another one; to every man according to his several ability; and straightway took his journey (Matt. 25:14-15).

God is the owner. We are His stewards. We are responsible to Him. He will require a final accounting. Everything we do, everything we plan to do, should be structured by the assumption of the final reckoning. This includes starting and operating a day care.

There are five questions that you must ask about any organization that you intend to join or create:

Who is in charge here?
To whom do I report?
What are the rules?
What do I get if I obey (disobey)?
Does this outfit have a future?

With respect to the kingdom of God, all five questions have specific biblical answers.

God is in charge.
A steward reports to specific representatives.
God's law is supreme.
Obedience brings blessings (disobedience brings curses).
Those who are meek before God will inherit the earth.

We should analyze day cares by means of this template. Every Christian day care is part of God's kingdom. That which distinguishes one form of ownership from another is the nature of the hierarchy. Answers to the five questions change accordingly. This in turn changes the funding.

Here is an unbreakable organizational rule: for maximum efficiency and accountability, money must flow in the direction of ownership. If it doesn't, then the organization is schizophrenic. There will be trouble eventually. There must be consistency between the flow

of funds and the flow of authority.

Ownership and Economic Authority

There is often confusion about ownership, which is legal authority, and its relationship to the economic authority of the consumer in a free market. We need to get these two concepts straight before we proceed to a discussion of various forms of ownership.

The customer has legal authority over his money. The seller has legal authority over whatever it is that he sells. We can examine the relationship hierarchically from either perspective. The buyer of goods sends his money down the chain of authority, and the seller sends the goods upward. The buyer of goods is a seller of money.

What places the buyer of goods (seller of money) in a position of greater authority is what it is that he has to sell: money. Money is the most marketable commodity. I can go into any store and find someone who will sell me something in order to get my money. I cannot go into any store and find a person who is equally ready to give me money in order to get my manual. The market for money is (sadly) much wider than the market for this manual.

The person who possesses money has a wide range of options. He can buy just about anything if he has enough money. The person who possesses anything other than money faces a much narrower market. So, he who possesses legal authority over money is in a stronger economic position in the free market than he who possesses legal authority over a good or service that is offered for sale for money.

Parents have money to spend. Day care owners have services to sell. They hire directors to sell them. The parents are in a stronger position of authority. First, they are in a stronger position because they are held responsible for their children's upbringing, both in God's law and in civil law. Second, they possess money, which is more marketable than day care services. Money flows down from the parents to the director, and the day care services flow upward. This means that economic authority also flows down from the parents to the director.

Now things get more complicated. Legal authority flows downward from the owner of the day care to the director. The owner can tell the director what to do, and the director must do it or else risk getting fired. Parents can also ask the director to do something, but they cannot fire him. They can only remove the child and their money.

The authority of the owner is concentrated: "Obey or leave." The authority of the parents is diffuse: not all of them are likely to leave at the same time or for the same reason. So, the director must listen more carefully to the owner of the school than to an individual parent.

The parents as a group have legal authority over their children and economic authority over the school. But they do not act in unison. In contrast, the owner of the school does act in unison. A parent can cut off a little money to the school, but the owner can cut off 100% of the money to the director. "You're fired."

Design your day care in advance to respect this dual flow of funds and authority. A director must please the parents and also the owner, but he must please the owner first. If he doesn't, he may not receive any additional opportunities to please the parents.

Church

In this model, the church puts up the money for equipment, advertising, legal advice, accounting advice, and so forth. It already owns the building. It delegates to a specialist the running of the day care. Maybe this will be you.

The day care should be operated as a separate entity. That is, it should be run in a businesslike fashion. The Board of the church should be able to follow the money. The Board should be able to decide whether the ministry of the day care is advancing the ministry of the local church. Money is a major factor in making this assessment. There is legally neither profit nor loss, but in fact there is one or the other. Surely, there can be losses. So, there must be the possibility of profits, too. At issue is what will be done with any excess of income over expenses.

A church-owned day care necessarily transfers most responsibility to the Board. This includes operating costs, legal liability, allocating income, and marketing-positioning. So, the Board should set policies, hire the director, and monitor operations. If it refuses, there will be disruptions later. These should be minimized by advance planning.

Ultimately, the Board of the church owns the day care. You don't. Never forget this. Make your plans accordingly.

Non-Profit Corporation

A non-profit corporation is the next option. You would be one member of the day care's Board. There must be others. The by-laws must state what the day care's goals are. The Board must establish procedures.

Ownership is retained by the Board of Directors. You cannot legally establish ownership of the day care's assets. Your surviving heirs will not retain income from its operations unless they participate as employees. Succession is bureaucratic, not individual or familial. This is a distinct liability.

The main advantage, of course, is that the corporation does not pay income taxes on any retained earnings. There are tax laws governing the compensation of employees. Because no taxes are paid on retained earnings, it is easier to build up capital for future development.

Tax-Exempt Foundation or Charitable Trust

This organization is set up under the tax laws. The designation is 501(c)(3). It is not automatically granted by the Internal Revenue Service. It takes specialized legal preparation.

There are established educational ministries that will grant a legal umbrella to schools under their legal authority. This enables a new school to take donations, and the donor gets a tax-deduction from his gross income. But very few day cares get donations. It is easier and safer to spend more on advertising and then raise tuition.

The same problem exists with respect to inheritance: a board owns the assets. There is no way legally to assure succession. The day care will remain under the control of the foundation.

Under certain limited conditions, DEMI will provide a legal umbrella to local day cares that operate under its authority.

Privately Held Corporation or Limited Liability Corporation

This assures succession. A family-owned corporation can be set up that owns the assets.

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It must pay taxes on any profits. It must collect sales taxes from parents, thus lowering the net income to the school. It may come under more stringent regulation than a church-operated school or otherwise religiously exempt entity.

Inheritance is clear. The corporation establishes this. Because it receives no tax benefits, its owners can do what they want with the after-tax income. They answer to no Board. They can set policy as they see fit. They can change policies as they see fit.

The price for this liberty is taxation and (usually) tighter regulations.

The cost of setting up a family-controlled closed corporation is as low as \$200 or as high as \$1,000. Nevada and Delaware allow you to set up small corporations quite inexpensively. You will need to locate an agent in the state who will act on your corporation's behalf. This need not be a lawyer.

Before you decide which approach is best, you must spend money to buy advice from a lawyer. The problem is, not many lawyers specialize in not-for-profit corporations, let alone tax-exempt foundations or charitable trusts. You must snoop around to find a specialist. I recommend that you contact ministers in your state who have large congregations. Ask for the names of lawyers who may have helped them with setting up a side ministry. Maybe a large parachurch ministry will tell you the name of its law firm. Whatever you do, seek legal counsel first. The stakes are too high.

Real Estate

There is a legal way around some of the restrictions of non-profit organizations. A day care is allowed by the tax authorities to lease the facility from a profit-seeking organization or individual. The director of a non-profit day care may legally be a participant in a profit-seeking corporation that owns land and constructs day care facilities for lease. The tax authorities have established guidelines governing the allocation of funds by a non-profit organization, and these guidelines allow for market-based rent payments. Obey the laws.

There is another important factor: legal liability. The owners of real estate are in no way legally responsible for the management of the day care. A law suit against the renting day care facility or its management does not extend to the separate entity that owns the real estate.

The director of a non-profit day care center should be able to prove after a year or two of successful operation that a second center can generate sufficient income to pay the rent. A bank may be willing to lend money to a private real estate management firm to build a day care facility, assuming that the firm has a signed lease from the director's second day care. Such a lease might be for three or more years, with a renewal option. The president of the day care's board (you) can also be the chairman of the real estate firm.

If the Board of Directors of your non-profit day care starts insisting that you do things that you don't think are wise, you can warn the owner of the facility (you) that there are problems brewing. The owner of the facility (you) can refuse to renew the lease of a Board-run day care. The Board-run day care center is then forced to move elsewhere. You are the owner of the facility. You will soon be the director of a newly formed replacement day care service. It would be pretty easy for you to open a new day care on the day after the ejected one moves out. You merely put a new name on the building. What person do the parents know and trust? Do they trust members of an unknown Board or the director of the new day care, who used to be the director of the one they sent their children to?

If you own the real estate, you hold the hammer.

The rent paid by the non-profit day care goes to the profit-seeking real estate management corporation. This corporation pays the bank for (say) 15 years. After the mortgage is paid off, the rental income will then go to the corporation. If rents are raised later to meet new market conditions, the corporation keeps whatever income exceeds expenditures, including the mortgage payment to the bank.

A family limited partnership or a closely held corporation can buy real estate. Its shares can be sold or inherited. The rental income generated by a \$500,000 facility can support a retired couple in upper middle-class comfort: \$50,000+ a year. The rental income from five or six \$500,000 facilities places a person into the category of the rich.

The ability to run a day care center that can generate enough money to pay off the mortgage that houses the center is an ability that can be capitalized. A bank is willing to fund the purchase of the facility based on the director's ability to generate income. Until the director reaches the limits of his ability to manage at a distance, he can continue to buy real estate.

This is why starting a small day care in a church can lead to a retirement program better than most people ever dream of. A local day care may be small at first. A year later, it may

warrant a bank loan to expand the facility. Or a local builder may build it for no money down.

Consider the time that you invest in running a church-owned day care for a year or two as a tuition payment. This payment can open a whole new future for you.

Conclusion

You must decide what kind of legal structure is best for your plans for a day care. Your plans must take into consideration such matters as day care regulation requirements, taxes, inheritance, and policy-setting.

Whatever legal structure you decide to adopt, the day care will still be a Christian ministry for as long as the owners use a Christian curriculum. It will still be part of the kingdom of God.

Summary

The ownership structure affects the rewards.

Risk should match rewards.

The forms of ownership: church, non-profit corporation, tax exempt foundation, profit-seeking corporation or LLC.

The biggest profit is in real estate.

Real estate should be owned by a separate legal entity.

Chapter 11

INITIAL EXPENSES AND INCOME

And that servant, which knew his lord's will, and prepared not himself, neither did according to his will, shall be beaten with many stripes. But he that knew not, and did commit things worthy of stripes, shall be beaten with few stripes. For unto whomsoever much is given, of him shall be much required: and to whom men have committed much, of him they will ask the more (Luke 12:47-48).

For the scripture saith, Thou shalt not muzzle the ox that treadeth out the corn. And, The labourer is worthy of his reward (I Tim. 5:18).

Think big. Start small. Play safe. Obey the law.

Begin with this operational principle: the allocation of the flow of funds varies according to the ownership structure. Whoever bears more risk should gain more, if the project turns out to be successful.

You are worth far less at the beginning than you will be one year after you launch your day care. You must be willing to pay yourself accordingly. If you will bear the initial labor expense, you will dramatically reduce a major obstacle to your success.

Overcoming the Two Biggest Barriers to Entry

Here are two major barriers to entry that keep out newcomers in this industry.

First, the ratio of real estate expenses, which are normally fixed and high, in relation to initial enrollment, which is low but growing. Your church building can overcome this barrier. You should rent only the space that you need to house the initial students. Pay only for the space that you require as the day care expands. This reduces your risk dramatically. Any would-be competitors in your town who are not also using churches to start their schools will face a major barrier to entry: they must pay for an entire building even though enrollment is low in the early stages. Your church-housed school will retain a long-term advantage against non-church-housed new competitors.

Second, a new director's lack of experience. Consider your situation. You are thinking about starting a day care. You would not have read 10 chapters if you weren't. But are you ready to open a day care? Not yet. Also, your state's regulations for day cares may require a day care director to have formal training and employment experience. (See Chapter 14.) This may take some night school courses at a local junior college. But the classroom experience barrier is hard to crack by a full-time worker, who is already busy.

Note: some states have religious exemptions for explicitly religious day cares. The regulators rarely mention this fact. If your state has religious exemptions, this may help you to avoid the problem of hiring a certified director.

Let us assume that you must comply to the published regulations regarding certified directors. Your church probably doesn't have the money to hire a full-time director who has met the qualifications. Also, to master the DEMI system may take two months of 12-hour days. Will your church's Board allow you to do this?

There are two issues here: hiring a director and training this director in the DEMI method. DEMI can help with both.

A. Hiring

Tuition income will be minimal at first. If your day care opens with 10 students at \$60 a week, this is only \$2,400 a month, gross. The school will probably grow fast, but the first two months may be tough. If the church allows free rent for three months, or allows the day care to pay retroactive rent, this problem can be minimized. If you, as the founder, are willing to work for free for two months, or with retroactive pay, and especially if your wife is also willing, you should do the teaching.

Let us assume that you must also hire a director to meet state requirements. If this director is willing to settle for a minimum wage initial salary for two months as "sweat equity" -- low-paid labor services -- then you have a good shot at making this project work. Explain your problem to all candidates for director. Go through the economics of a start-up business. See if you can find a legally qualified person who will accept minimum wage at the beginning in order to participate in the success of the project later. That's the kind of person you really want anyway.

If your director has it in writing that she will be well compensated, once enrollment

justifies the expense, then she may decide to take the job. Your day care then gets the immediate legal umbrella it needs to open. Also, you personally will be able to receive a year on the job as a full-time paid employee of the day care, which you will probably need to become a state-qualified director. Get everything in writing in advance, to protect everyone. You should guarantee a full salary for 12 months after the date that the day care enrolls 36 full-time students.

How much does a day care director get paid? Each region is different, but you should not have to pay more per month than what a public school kindergarten teacher with three or four years' experience is paid. Of course, you may have to offer more per year because this is a 50-week job, unlike a public school kindergarten job. You may choose to pay even more after the day care has a hundred students or more.

If you can hire a retired kindergarten teacher, you should consider this possibility. She almost certainly meets day care standards for a director. There may be dozens of prospects who are members of local churches. Write to several local pastors and tell them that you are in the market for such a person.

Your long-term goal probably is to turn over full-time administration to your director, unless you want the job for income's sake. It would be nice if the director is your wife. If you must hire an outsider, and if you really want the job, then you should plan to launch a second day care within three years, and let your director run it. You can then administer the first day care, which will not take 11 hours a day. You just have to be in the building most of the time. An assistant director, probably recruited from your teaching staff, will actually run things. This is what I have done with my first day care center.

DEMI has developed an inexpensive advertising strategy for you to locate a director who is willing to bear some of the up-front risk for the sake of future returns. This strategy includes a promotional e-mail letter. For information on all of this, send an e-mail to:

director@kbot.com

B. Training

Your first director must be willing to learn and then use the DEMI method. This is why DEMI has prepared a short version of this manual for an outside director who meets state requirements. It covers the same practical material on team teaching and discipline that this

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manual does. It can also serve as a recruiting-screening tool: see if the candidate gets enthusiastic about the program. Information about the director's manual will be sent out when you send your e-mail to director@kbot.com.

DEMI makes available videotapes of a day in the classroom. There are also audiotapes and a workbook for new teachers that go with these videos.

videos@kbot.com

In the final analysis, the key to the successful training of the new director is your willingness to give away time for two months in order to establish classroom standards. The first teacher on the staff must set the classroom pattern. This probably means you or your wife. Support teachers will learn from this teacher on the job.

The First Eight Weeks

If your state requires a director to have taught for one year, you can obtain your year under the official umbrella of your hired director. You will have to remain on the premises as a paid employee of the day care. You need not be actively teaching after the initial eight weeks. You can sit at the front desk, greet parents, "monitor," and whatever else needs to be done on a part-time basis.

Officially, the director will be in charge, in order to meet state regulatory requirements. Unofficially, you must establish the classroom performance standard. This will require you to invest a minimum of eight weeks of full days, plus a year of part-time supervision after the first eight weeks. The only alternative is to locate a director who is willing to master the DEMI method, and possibly even visit Harrisonburg for on-site training.

For the first eight weeks, most of the tuition money must go to the person who is going to replace you in the classroom. This presumably is your director. You must work for free or minimum wage, depending on your state's laws governing the use of unpaid volunteers and also the laws governing the job experience required for directors, assuming that you plan to become a director.

You should expect to put in close to six hours a day teaching: 8:30-12, 2-4. For eight weeks, you should be on-site from before opening until after closing. After you close, someone must vacuum the carpets, mop the bathrooms, and take the money to the bank. This

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may be you. Maybe it can be your children, if you have teenagers.

Your director needs to learn DEMI's system. So do you. You both will learn on the job. You will be in charge. When you conclude that the director is ready to become the lead teacher, you will hire a support teacher if the day care's income will fund it. If it won't, then you must become the support teacher. When income allows it, you will hire your replacement as a support teacher.

You may need to be physically present in the classroom for most of the day, other than at nap time, in order to meet student/teacher ratio requirements. This does not mean that you must actually be doing day care-related work. You can sit at a desk and prepare sermons or whatever. (You had better be able to work while children are being read to by a teacher, or coloring and listening to music in the afternoon.)

The first 24 students will provide your school's initial income and also your experience. You can limit your expenses as you learn to apply this manual in a real-world setting. You can get your program running smoothly before you hire a replacement support teacher. This gives you a tremendous initial advantage over any future competitors. This initial advantage will enable you to expand at your own rate.

Within two years, you should operate the premier day care service in your region. You should look at your first two years of operations as a tuition payment.

Employees

Before you open a day care center, it would be convenient to have one office person to greet parents and to take care of office business. It will probably be a woman. If your church already has a secretary, and if she is willing to take on extra work for extra pay, this is ideal. She will also have to assist in things like bathroom breaks. Pay her well for her extra work.

If you cannot hire an existing secretary, maybe your wife will do this job until the school can afford to hire someone full-time. If you have a teenager who will work after school at the desk, this would be good. Pay the child a wage. You want an enthusiastic greeter.

If no one will do this, then you must set up your greeter's desk in the classroom. This enables you and another teacher to meet student/teacher ratios for two teachers. Your

physical presence in the room counts for the ratio. You will not be teaching until the academic program begins. Another teacher will be in the room supervising play time, from opening until 8:30 a.m., when the academic program begins. This will also be true after 4 p.m., when the program reverts to music and coloring.

If you must hire a director, put this person on duty in the highest attendance hours: 8 to 5, with an unpaid hour off for lunch. Do not hire the person for over 40 hours a week. Otherwise, you must pay time-and-a-half for overtime. Hire low-paid people to supervise the students at nap time: 12-2. There may be older ladies in the church who want to pick up extra money. Nap-supervision is an ideal job for them.

The director must learn the DEMI method on the job. Before and after the high-intensity hours, the program is suitable for inexperienced day care providers. DEMI's program is always more than baby-sitting, but the formal teaching hours are more rigorous.

Two people must open the school daily: a greeter and a teacher. Never have anyone be a sole adult in the facility. To overcome the student/teacher ratio's economic effects, the greeter should be in the classroom if he/she is eligible to meet the student/teacher ratio.

A husband-wife founders' team that works 12 hours a day for free generates a lot of capital for the school. For starting a family business, this initial investment of donated time is reasonable. Can you both do this for two or three months? The goal is to enroll 27 paying students before you get paid. If state law allows unpaid volunteers to meet the student/teacher ratios, you should do this. It demonstrates your commitment to the program, and it also frees up money that may have to go to a director.

Check state regulations. If regulations allow unpaid volunteers to meet the student/teacher ratios, you have much greater leeway. You can pay a director. If only paid employees are legal for the ratios, then take your day care salary and donate it to the church, if the church owns the day care. If the church does not own the day care, take your day care salary and then loan the money to the day care. You will have to pay income taxes on your day care salary if you choose this option.

If you have to hire a legally qualified director, this person always gets paid first. After a few weeks, if enrollment warrants a third teacher, you can hire one. This person can learn the DEMI system as a support teacher. This way, the support teacher learns how to become the head teacher for the beginner class. The head teacher (you) then moves to the advanced class, although this class probably will be located in the same large room.

As soon as you can get out of the classroom, you can regain control over your time. The school day as an administrator of a day care is not constant. But you should expect to be a full-time teacher for the first eight weeks. It could take longer.

If there is a woman in the congregation with skill in working with young children and gifted in classroom control, it would be wise to consider her as an initial support teacher. This person must be in agreement with your school's program. Someone with years of experience in a non-academic day care environment may not accept this program's philosophy of education.

How many students should you plan for initially? Presumably, this is the initial student/teacher ratio. Let's assume it's 12 students. This is the maximum allowed by law for a teacher of 3-year-olds in most states.

Your facility may hold 50 to 90 students, depending on usable square footage. This limit will be determined by the local day care regulatory agency. Plan your mid-term strategy for your first day care center as the maximum that the church building will hold.

How should the day care's income be allocated? The answer depends on ownership. You must decide who owns the operation before you can rationally allocate funds. You must decide which form of ownership is best for you. (See Chapter 10.) Those people who are legally in charge of the organization should control the flow of funds.

If you have to hire a legally certified director, then most of the salary allocation goes here. Whatever is necessary to keep the doors open gets paid first.

The Flow of Funds

First approach: the church owns the day care outright. It hires you and your spouse to administer the day care. You get paid a full-time salary from the beginning. (Few churches can afford to do this.) The church funds the purchase of equipment. It pays the utilities. It pays for the upkeep of the building. It pays all expenses. It should, however, run things in a businesslike manner. It should create separate accounts. It should charge for its services, including rent, and track excess income over outflow. This is the least risky method for you financially, but it probably will cut into your long-run income, and it will increase the amount of interference by the church's Board of Trustees. The church is assuming most of the economic responsibility (risk). The more successful the day care becomes, the more that

others in the congregation will want to have their say in the allocation of the day care's income.

Second approach: you set up a non-profit corporation, or else it comes under the legal umbrella of another non-profit or tax-exempt organization, such as DEMI. The allocation of funds now becomes a matter of polite negotiation between you and the church's Board.

You approach the church and request the use of the facility. The church will receive benefits in the long run. The Board and the members must see this as beneficial to the church in terms of long-term rental income. They must also see that the presence of young children is a benefit in growing the church and ministering to the community. Someone else -- you -- bear most of the risk. This is a way of compensating you without funding the increase of your salary directly from the donors' tithes and offerings.

Third approach: you set up a profit-seeking family corporation. On behalf of the corporation, you negotiate an arrangement with the Board to rent the facility. If the Board approves, you go ahead and pay to set up the new organization.

Your main goal at this early stage is just to get a day care up and running. You need the experience. You will also need a persuasive profit & loss statement to show to a banker when you decide to start a second day care. Positive cash flow will enable you to buy a piece of land and build a new day care facility.

Choose wisely, early. Ask yourself the following:

- Why am I even considering doing this?
- What are my long-term goals with this day care center?
- What are my wife's long term goals, with or without it?
- If it is successful, will I want to start another one on my own?
- Am I willing to work long and hard for free in the beginning?
- Is my wife in agreement?
- Is the congregation willing to share my time with the day care?
- Do I have a good relationship with the church's Board?
- If this project works, will this relationship change?
- How good a negotiator am I at this stage of my career?

I am assuming that most people will choose the second approach. Should you not feel comfortable with this approach, then some of the following recommended allocations may

not apply and will have to be negotiated with your Board accordingly. After all, it will bear greater risk. Expect more interference, long-term.

Rent and Salaries

What should the school pay to the church as rent? If the church owns the day care, then pay no rent initially -- exactly what you and your wife should be paid initially. This reduces expenses dramatically. The day care can build up operating capital. If you work for free, the Board may be more willing to offer you a good rental price (free) for the early space. When you start getting paid, your church starts getting paid rent.

Any income beyond operating expenses should be accumulated to meet the expenses for the next stage of expansion: hire another teacher, pay advertising expenses, and buy additional chairs, tables, and playground equipment. Tuition should initially be used exclusively to capitalize the development of the center.

If you have 12 beginners, and this is the legal limit for the children/teacher ratio, you and another teacher will open the day care in the morning. Try to get enrollment to 24. Since you must always have two adults present, you want to maximize revenue.

Federal law says that you must pay time-and-a-half to anyone who works over 40 hours a week. This does not apply to time that really is donated. But you must also be in compliance with state regulations governing student/teacher ratios. Your state may not allow volunteers to qualify. If so, then you must find low-paid workers for the later afternoon period, when there are no heavy teaching burdens. Don't pay time-and-a-half to anyone. It's too expensive.

The number of children actually showing up each day will be less than your total enrollment. When 24 students are enrolled, you must begin looking for an additional classroom teacher if your wife will not do this for free. This person will enable you enroll the next 12 students.

You will need at least one on-call substitute teacher to come in and meet the ratio if too many children show up unexpectedly.

Percentages

Your two largest expenses in a fully operational day care will be salaries and rent. Whatever you can do to reduce rent will increase the salaries you can pay.

Most churches are content to rent space to a day care for the equivalent of the church's monthly mortgage payment. If the day care grows, and the church needs to build a new building, the day care's students should occupy this new building. The day care should pay the old mortgage and the new one. But the new building must be designed with a day care in mind. Otherwise, you should locate a new facility to rent, preferably one that you and your family own. (You probably should do this in any case.)

Salaries paid to all the teaching staff, including yourself in your teaching role (but not as a manager), should be in the range of 50% of revenues. There are some very large, very well-managed day cares that pay 40% or less, but this probably is beyond the ability of most day care owners to achieve. The 50% payment includes FICA (Social Security) taxes and Medicare taxes. If you choose to pay yourself more money as a management fee later on, you must budget more than 50% for total salaries. A manager is worth more than a teacher. He or she is more expensive to replace.

Rent should be 5% to 10% of revenues for a church facility when filled. Negotiate. Offer rent based on the number of students enrolled. Fewer students mean less wear and tear. Also, you can use a Sunday school room initially if you have few students. A Sunday school room is worth a lot less than a fellowship hall. When you move to the fellowship hall or to the main worship hall (if it doesn't have pews), you can afford to pay more. Only after the day care can afford to pay more rent will it have to. This arrangement spreads the risk more evenly between the church and the day care.

DEMI rented space in an older church that had logistical problems. DEMI initially paid \$810 a month, which included utilities. Then, as the day care grew, DEMI paid \$1,460 per month. With 79 students at \$75/week, the school grossed \$25,600 a month when summer classes were filled. The rent was therefore 5.5%. This was a very good deal for DEMI, but the church also liked the arrangement.

The church should not have pews. How much money do pews cost a church? Whatever a room filled with pews would generate as rent from a day care. Very few churches can afford pews. The money the day care would generate could be used for other church ministries.

Each of the other expenses is in the low single-digit level. Insurance will probably be the largest -- maybe 5%. Most of this will be for health insurance, which should be attributed to salary expenses. This raises salary costs. In the early stages, when only you and your wife are employed by the day care, you can forego health insurance. Presumably, this is already provided by the church. You can use health insurance as a bonus for full-time employees who have been on the payroll for longer than 60 days, or until cash flow allows this. So, budget this payment early for 60 days after you hire your first support teacher.

There is also liability insurance. For a day care, this is vital.

Accounting

Keep meticulous records. Establish spending controls before you put any money into the account.

Use the accounting program **QuickBooks** even before the day you begin spending money. Use its budgeting feature. Hire professional accounting services before you spend money on anything else. The accountant should be familiar with small business accounting and QuickBooks. The accountant should file any tax forms, such as quarterly payroll and FICA taxes, unless you use a separate payroll service, such as ADP. More important, the accountant should provide you with regular assessments regarding the strengths and weaknesses of your day care ministry. You want to know well in advance if you are headed for a crash. Pay the going rate. Don't try to save money on accounting services. Mistakes here can kill you.

DEMI's accountant, Nick Kozel, Jr., CPA, who grew up doing basic accounting for DEMI, has designed a QuickBooks-based template for use by day cares. Using this system, my wife kept track of \$1,457,264.41 in fiscal 2003. Of this income, DEMI had \$76.68 in unpaid accounts. (No system is perfect.)

I strongly recommend that you hire an outside service for handling payroll. There are several national firms that do this. One of these is **ADP**. Call their toll-free number: 1-888-285-6862.

Playground Equipment and Fencing

You will have to install a 4-foot high chain-link fence. This may cost \$2,500.

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Playground toys can be bought one at a time. Expect to pay about \$4,000 for a swing set, a slide, a low-climbing toy, and crawl-through toys. I recommend steel toys. Plastic wears out faster.

Don't spend much money up front on playground equipment. You can buy an adequate group of toys for \$4,000 to \$5,000. Add new toys when your enrollment grows.

There must be a state-required safe-fall material around slides and swings. States allow several varieties. Wood chips seem to be the most economical. Your city may give away wood chips when trees are cut down by the government's tree-trimming service. Shredded tires are good, too, but expensive.

Interior Equipment

You must have a dozen small plastic chairs. Get two sizes. Older children resent being put in small chairs, which are for "little kids." (Putting a larger child in a small chair for a few minutes is a negative sanction that works. Apologies are forthcoming.) The tables have extendable metal legs, so you can use them for adult church functions.

You must have a cubby for holding coats, lunch boxes, and show-and-tell items. There are portable cubbies. You do not need to attach them to the wall.

Buy three dozen story books. These should be filled with large pictures and few words. One story time accompanies morning potty break, so children do not hear the full story. A lead teacher at the front of the room reads the story book. This is why large pictures are a major benefit. The teacher holds up the book so that the children can see the pictures. Better to read two short books than one long one with a lot of text. Get advice from someone at the local public library who knows children's books. Good Shepherd School teachers have put together a list of short books that they know the children like.

People sometimes will donate books. This is fine, but never put a book into the reading shelf for teachers to use unless it is known to be appropriate for classroom teaching. A teacher should know that when she selects a book from this shelf, it will be appropriate for story-time. Books with more words can be put on a different shelf for advanced students to read at their tables during free time in the afternoon or early morning.

Buy puzzles, blocks, and other put-together toys. Some are for floor use; others are for

table use. These are used by early morning arrivals and during afternoon play time. They can be used for rainy days.

Teaching Materials

Parents pay \$60 per year up front for the A Beka phonics materials. There is a \$5 supply fee each month for consumable items: papers, crayons, etc. These fees cover costs.

Budget for supplementary materials besides A Beka. The A Beka materials are good, but they are not designed for pre-schoolers.

If your church has a photocopy machine, expect to use it. Keep separate accounts on photocopying expenses: church or day care. The day care should be charged separately. If your church does not have one, the school will have to buy one.

Part-Time Students

When your day care first opens, accept any student who is breathing. Later, you can become more selective.

What about part-time students who attend two or three days a week? They are a good source of income. Charge more per day than what 20% of one week's tuition would be. The same goes for half-day students. Charge at least half of whatever you charge part-time students for one day.

A part-time student's parent must choose which day the student will attend. The parent must agree in advance to this day or time period. On the first day of the week that the child attends, the parent must pay for all scheduled days' tuition, whether or not the child comes.

After-school day care is another good source of income. Sometimes, local school buses will drop off children at your center. But there is a risk here. Public school students do not spend the bulk of their school day in a Christian environment. They may become disciplinary problems. It is safer to limit such students to students who have gone through your day care program. They know your rules.

Everyone Pays the Same Tuition

When a man takes his three sons to the barber shop, the barber does not offer a discount for sons two and three. Each son fills a chair and a time slot. Each son is in competition with all of the other men who want to pay for a haircut from this barber. The same principle applies to a private school. Parents pay for a seat in the classroom for a child. They are in competition with all other parents who are ready to enroll their children in the school.

Your day care should never, under any circumstances, offer scholarships to a particular student's parent unless it is offered to all of them. Parents must not think that you are treating other parents differently. If you make some parents pay more, then you have set yourself up in the wealth-redistribution business: from parent A to parent B. Wealth-redistribution is a business that absorbs lots of time. I guarantee you, if sob stories will gain parents tuition discounts, you will spend the remainder of your day care career listening to sob stories. Don't use any money coming directly into the day care from parents to fund scholarships.

If a parent wants funding, the parent's church should provide it. But what if the parent doesn't attend church? Then this is the parent's major problem. He or she had better begin attending church regularly.

Your church can set up a special educational fund to provide partial-tuition scholarships, but never full-tuition scholarships. A parent must always pay something, at least 50%. You can take a special offering for this fund. If some members like the idea, fine. They can donate. If other members don't like the idea, they don't have to donate. Let the members decide.

Every scholarship program should be run in terms of this principle: no free money. It should have tight strings attached. First, the recipient must attend one service weekly at your local church (which is putting up the money), and bring the child, unless a divorced parent has weekend custody. Second, for one night per week, the recipient must attend a church-sponsored family budget training program. The best program I have seen is run by Crown Ministries. It is a 12-week program. Frankly, every member of your congregation above age 13 should take this course. Find out more:

<http://www.crown.org>

Third, the recipient must work with a deacon to set up a family budget. This can be

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done at church. Use the church's computer and **Quicken** to do this.

(Every member of your congregation should be offered help with budgeting as a matter of policy. Every head of household needs a low-premium, 10-year, level-term life insurance policy. The surviving spouse should own this policy and pay the premiums, to avoid any estate taxation of the policy's pay-out. How many heads of household know this? Not many. To find low-cost policies, visit <http://www.termonly.com>.)

Your job as director is to provide day care services. It is not to serve as an unordained deacon. Let deacons do the scholarship screening.

If a parent wants a local government welfare agency to pay for the service, be aware that this money may have strings -- or chains -- attached to it. There is always a risk that some official will arrive on your school's doorstep, regulations in hand, to bring your center into compliance. "If you take their nickel, you take their noose." Also, your day care may not get paid on time. Forewarned is forearmed. Consider carefully the hidden future costs of "free" government money.

Business Plan

You must sit down and go through the discipline of creating a business plan. A detailed business plan is crucial for your day care's success. It must include a detailed budget. You must identify in advance your initial targeted market, how to reach it, what you are able to spend in advertising to reach it, and what your fall-back plan is if your attempt fails.

You must estimate what salary costs will be, what the monthly rent will be, and how you will divide up responsibilities for the day care's operations. Making a business plan will help you to focus simultaneously on the overall vision and the details. If you skip this step, you are asking for big trouble later on.

There is a budgeting feature in QuickBooks. Use it.

Your business plan should be what you would take to a banker to secure a loan. Even if you don't intend to borrow money, your business plan should be sufficiently persuasive so that a bank would lend you money.

You may think that a business plan is optional for a non-profit operation. Don't make this mistake. You must run all aspects of your day care on a business-like basis. This begins with a comprehensive business plan. Maybe you have someone in your congregation who can help you here. Ask.

You can get free advice on this and many other aspects of starting a new business from someone associated with the SCORE program. SCORE is a society of retired business professionals. SCORE's volunteers provide free advice for owners of new businesses. This is a tremendous service. Not to use it would be foolish. Get details at:

<http://www.score.org>

There is an old slogan: "If you fail to plan, you plan to fail." It's true. Don't skip the business plan.

For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it? Lest haply [it happen], after he hath laid the foundation, and is not able to finish it, all that behold it begin to mock him, Saying, This man began to build, and was not able to finish (Luke 14:28-30).

Conclusion

The flow of funds varies according to the ownership structure. Whoever bears the most risk should gain the most if the project is successful. This is why I recommend that you and your family bear most of the risk.

Of course, if more money goes out than comes in, the legal structure of your day care will not be relevant for long. You will have to shut it down. You must therefore find ways to bring in more income than flows out. To do this, you must do two things: price the service properly and reduce expenses. Your major expense is labor. In the next chapter, I discuss pricing. In the chapter after that, I discuss hiring and salaries.

Summary

Costs follow ownership.

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The biggest barriers to entry: real estate expenses, your lack of experience.

Keep costs low early.

The first eight weeks are crucial.

Negotiate payment: more, later.

Stay in the classroom to meet student/teacher requirements.

Put your desk in the classroom in the early stages.

Always have two adults in the facility.

Your director gets paid first.

Negotiate the rent: less in the early days.

Use tuition for capital development.

Use the QuickBooks accounting package.

Early expenses: chain link fence, playground equipment, tables, chairs.

Enroll part-time students if you can.

Don't offer special scholarships to only one group of students.

Be wary of outside funding.

Adopt a business plan early.

Chapter 12

PRICING

It is naught, it is naught, saith the buyer: but when he is gone his way, then he boasteth (Prov. 20:14).

This is not a familiar verse to most Christians. It has to do with bargaining in a market place. The buyer of a good or a service has engaged in verbal deception in order to persuade the seller to lower his price. The item was "naught" -- not worth much. But after he buys it, he goes away proud of his negotiating abilities. He tells his friends what a terrific deal he got.

Was he acting in an immoral way? If so, what is the moral way? Are there Christian standards that govern buying and selling? If so, what are they? Where are they found?

If you decide to open a Christian day care, you will want to be sure that you are running it in a Christian way. Pricing is surely an important aspect of running a business. Do you have a good idea about what pricing is all about? Do you worry that you may wind up pricing your services unfairly? Or uneconomically? If you don't understand the economics of pricing, you may make a mistake. To help you avoid a big mistake, I have written this brief chapter.

Negotiation vs. Shopping

Transactions are negotiated in a society with a low division of labor, where there are not many local buyers and sellers. In a high division of labor society, we do not negotiate very much; instead, we shop around. We don't negotiate at the check-out register at Wal-Mart. The check-out person has no authority to negotiate prices for 50,000 products. The bar code reader connects to a computer, which registers the price on the screen. Take it or leave it. If everyone negotiated, we could not get through a supermarket line. They are long enough as it is. Prices would be higher, on average, because sales per unit of time would be lower.

Instead of spending our time bargaining at the point of sale, we spend our time shopping around before we get into a check-out line. We call on the phone, or use the World

Wide Web, or read newspaper ads. The buyer spends time shopping retail. The retail seller spends time shopping wholesale. The point of sale is fast.

In a low division of labor society, negotiation is competitive. Buyers and sellers use tricks to try to get the best deal. "It is naught!" cries the buyer. "It's the greatest!" cries the seller. Both of them know better. Both of them are trying to deceive the other. Or maybe both of them are just playing a game for tradition's sake. "Real men are good negotiators. Women shop; men negotiate."

The level of deception is reduced by free market competition. The higher the division of labor, the narrower the range of negotiation. The zones of ignorance that make such deception profitable continue to narrow.

Here is what is not clear to most people who live in a low division of labor society that has lots of negotiation: buyers compete against buyers, while sellers compete against sellers.

It is common for people to blame sellers for gouging the buyers. Unlike the negotiation tactic of "it is naught," many buyers actually believe this accusation. They think that the seller is competing against them. He isn't. He is competing against a seller next door or down the street or on the World Wide Web. Meanwhile, every buyer is competing against all the other potential buyers who are ready and willing to buy, but who have not spotted this specific opportunity yet.

If you think this is inaccurate, think about a discount sale in a department store on the day after Christmas. There is a line of customers an hour before the doors are opened. The doors open, and people stream in. Who are they competing against? The owner of the store or each other? "I saw it first!" To whom is that claim directed? A salesman or the person on the other side of the clothes rack?

The Silent Auction

At an auction, items are offered for sale one at a time. There is one auctioneer. There are lots of would-be buyers. He starts the bidding low. He allows buyers to compete against each other. The price goes higher.

If he knew in advance what the top price would be, he could save himself and the bidders a lot of time. He would put a price tag on each item. Most buyers would go by each

item, check the price, and walk away. Finally, one buyer would pick it up and take it to the register.

If this sounds like Wal-Mart, that's because it is like Wal-Mart. The free market economy is a giant auction where buyers don't shout out their bids, and auctioneers don't shout, "Do I hear \$20? \$20? Going, going. . . ." Instead, sellers estimate what price will clear the shelves of all of their items fast enough to let them pay their expenses, and high enough to let them reorder and sell again. At Wal-Mart, the reorder is placed before the buyer walks out of the store. It's real-time reordering. It's done by computer and satellite transmission of data. Instead of hearing an auctioneer's chanting, we hear only the beep of the bar code scanner.

The seller must first estimate how much the buyers will pay. He sets the price, but he does so only on the basis of what he thinks buyers will really pay. He has in mind the auction process. He asks himself this: "How much should I charge in order to sell all of these items and also maximize my revenue?"

The same is true for selling a service. The seller wants to sell the service to as many buyers as he is willing to allocate time to. A barber might stay an extra 20 minutes if the customer offers him twice as much, this one time. "It's an emergency!" But if all of his customers will pay twice as much, day in and day out, he will double his price, and then go home at the regular closing time.

Think of the price of tickets for a new Broadway play. The clearing price is that price which leaves no empty seats in the theater at any performance, and no one standing in line to get in. If producers knew in advance what this clearing price would be for every performance, there would be no flops on Broadway.

Think of *The Producers*, the hottest play on Broadway in 2001. Ticket prices were hiked to \$100 each. The producer of *The Producers*, comedian Mel Brooks, had no way of knowing that it would be the smash hit of the season. It's a musical comedy about a pair of down-and-almost-out Broadway producers who expect to get rich by selling percentages of a new play to so many investors that the total percentage is way over 100%. The scheme rests on an assumption: the play will fail. The reviews will be terrible. No one will show up after the opening night. The play will be closed after one performance, and the producers will pocket the investors' money. The scheme blows up when the play, *Springtime for Hitler*, becomes an overnight success. The story of *The Producers* -- both in real life and on stage -- is the story of initial estimates of ticket prices that turned out to be wrong.

Should Brooks have known? How could he have known? The play is a musical version of his 1967 movie, which did fairly well, but which surely was not a smash hit.

Renting a seat in a theater is the same as renting a seat in a day care. There are a fixed number of seats. The goal of the seller is to fill all of these seats. The goal of each consumer is to get into one of these seats. So, the mutually agreed-upon goal of the buyers and the seller is to fill all of the seats, but with nobody left standing in line.

Or is it? What about a waiting list? Isn't that a good thing for a day care? Yes, but only because the director never knows when some parent will withdraw a child, or which child must be expelled. If he knew this in advance, he would not want or need a waiting list.

The way to avoid empty seats is to price the service ("ticket") low. The way to avoid people standing in line or on a waiting list is to price the service high. The way to fill the seats and have no one standing in line is to price it just right. We call this price a clearing price.

"Affordable" Day Care

We hear complaints that there is no affordable day care. But many day cares have waiting lists. If they are not affordable, why are all of the available seats filled?

Do these same complainers also say that there are no affordable automobiles or movie tickets or steak dinners? Probably not.

Then why should anyone single out day cares? The main reason is political. Day care service buyers want the government to subsidize their day care services. This means that members of Group A (day care service buyers) want members of Group B (taxpayers) to be coerced by the State to pay for Group A's day care services. But since members of Group A don't want to promote their plan this way, they complain about unaffordable day care.

These complaints also come from certain ideologically motivated interest groups that want the government to subsidize day cares, so that these groups can control what goes on inside most of the nation's day cares. These groups want day cares to be extensions of the government. This way, these politically sophisticated interest groups can get their political and religious agendas into most day cares, which they are unable to do apart from government regulation. With government money comes government regulation. So, in the

name of the people, these groups and their political agents complain about unaffordable day care.

As Forrest Gump's mother might say, "Affordable is as affordable sells." The task of the day care service provider is to price the seats of the day care so that there is no more room in the day care, plus there is a waiting list.

As I have said, a market-clearing price produces no waiting list. A waiting list means there is a "stand in line" price. Is such a price rational? Yes. This is because no one is omniscient except God. A waiting list helps a director to solve mistakes in his forecasting. It offers other advantages. For example, a waiting list allows a day care's director to expel unruly students less expensively. An expelled student can be replaced easily. This improves the day care's learning environment. It also makes work easier for teachers. Because most day care teachers are not paid much money -- teachers compete against teachers -- one way to retain good teachers is to improve their working conditions. Day care teachers know that they will not earn high salaries. So, they want to work in a day care with a pleasant environment. Rebellious children are not pleasant.

A DEMI day care center is a meaningful place to work. Children are given a stable, clean, safe environment. They learn how to read. They hear about God, His law, and Jesus the Redeemer. Teachers who are dedicated to these kingdom goals are willing to work for relatively low monetary wages. They are paid in part by non-monetary wages. So, the waiting list is a cost of doing business. It is a way to deal with this inescapable problem: the director doesn't know in advance which children will be unruly. If he could screen students perfectly by an interview -- expulsion in advance -- he could do with a much shorter waiting list. If he knew which parents would remove their children without warning, he could do without any waiting list at all.

There are four ways to build a waiting list:

1. Lower the tuition.
2. Spend more money on advertising.
3. Improve service.
4. Encourage word-of-mouth advertising.

The fourth way is pretty much beyond your control. It is basically a request for charity from existing customers unless you offer a referral fee bonus program to existing parents, which I am about to explain. When you ask for charity, this may make the customer

uncomfortable unless you ask in a very subtle way. The first three ways are what you can control directly. Concentrate on these.

The appropriate strategy depends on how the director wants to position his day care. If he wants the public's perception to be "high quality service," then he should set a price as high or higher than competing day cares, and then spend more money on advertising. The profit margin may be the same as if the day care had a lower weekly fee, but the public's perception of high-quality service will be maintained. Also, the day care will not have to raise prices after it fills.

Market Pricing

Remember this rule: sellers compete against sellers. You must do a little research before you decide how much to charge. Find out what your future competitors charge.

You are not competing against the parents. The parents are competing against other parents. Your facility will have only so many slots available. When it fills, parents who have not enrolled their children will have to look elsewhere. They are not competing against you; they are competing against each other.

To find out what premium day care costs in your region, get a copy of the Yellow Pages. Find the listing for child day care services.

Use this list to print out individual sheets for each day care. Leave a line at the top for each day care's name. Insert two lines in between each question. Here are the questions you ask over the phone:

1. Do you have a waiting list?
2. Does your price include lunches? Snacks?
3. What are your hours?
4. Are you open year-round?
5. Will I lose my seat if I remove my child in summer?
6. Do you offer a phonics program?
7. How many children are in the 3-year olds' class?
8. What is the price per week?
9. Are there any additional fees?

Start calling. (You may choose to have a parent with a child in the day care age range to do the calling.) Your goal is to find out how many children are enrolled, but without raising suspicions. Asking about class size and age groups is one way around this.

The waiting list question is crucial. Waiting lists are indicators that it is a seller's market locally.

Next, drive by the larger facilities. Take a picture. If you have an instant development camera, tape the photo to the appropriate fact sheet. You had better know what the competition offers.

You will see which day cares are the nice ones and the largest ones. Send your wife to pick up a brochure. She should ask for a tour of the facility. As soon as she comes out to the car, she should write down her impressions on the back of the sheet for that day care.

If the larger day cares generally have waiting lists, your risk is low. There is unmet local demand.

Do not include on-site prepared meals in your program. Even if most of the day cares include on-site prepared meals in their price, you should still select a weekly fee that is close to theirs. This will make your "non-profit profit margin" higher than theirs.

The parent who sees your ad is not initially scared off by your price, which seems competitive. She may not initially factor in the higher food cost. If she sends pre-packaged meals and snacks -- most mothers do -- this can easily add a dollar a day to the cost. She may not think about this when she first reads your ad. Your goal is to get her to come in for an interview. Show her the facility. Explain the full educational program. By then, she may not be scared away by the added food cost.

If she asks why meals are not included, tell her that you believe that parents are best equipped to know what their children will actually eat and should eat. It would be a good idea to hand her a recommended lunch sheet with low-cost suggestions. Tell her that you recommend low-sugar foods, since you don't provide toothbrushes. If the child will eat a peanut-butter sandwich -- no jelly -- that's probably the best bet. If the mother uses a non-sweetened, non-hydrogenated peanut-butter such as **Smucker's Natural**, so much the better for the child. But don't establish fixed rules. It's the parent's responsibility to decide.

Your program may be the only one locally that actually teaches children how to read --

none of this "reading readiness" silliness. Parents who are more interested in free meals for their children than in education are probably better off enrolling their children elsewhere. You want the enthusiastic support of parents for your educational program. This will make your program work better.

Remember, you charge tuition. This word is associated with education. You will also charge a \$60 annual curriculum materials fee. Call it this. Charge a \$5/month supply fee.

Infant Care

I have mentioned infant care previously. You may not want to offer it. It rarely makes money in a regulated day care because of the state's low caregiver/infant ratio. It is also an extra legal liability. But there is a more important reason: public perception.

Infant care and toddler care are not associated with education. Your day care's public positioning must be associated with education -- reading, arithmetic, Bible, music. Infant care is baby-sitting. This is not what your day care does, as far as the general public is concerned. Do not mix the two categories in your public ads.

Use infant care, if at all, mainly as a free benefit for your staff teachers who have infants. To help fund this service, open infant care to the public on a very limited basis.

If the local market does not allow you to charge twice what other day cares charge for 3-year-olds, don't consider using infant care as a primary revenue source. Infant care has been priced out of most parents' market by the regulators: a very low child/caregiver ratio. It costs twice as much for labor per child as for 3-year olds. You must sell this service to people with high incomes: physicians, lawyers, and executives.

Advertise your infant care services (if any) by mailing signed, first-class letters to local law firms, large businesses, and other places where people with a lot of money are working. Let word of mouth promote this service.

An advantage of infant care is that it really is baby sitting. You need no skilled teachers. There are high-income regions in the country, such as the Washington, D.C. area, that are lucrative for infant care providers.

Toddler care (below age 2½) should be priced somewhere in between infant care and 3-

year-olds. I suggest pricing it on the high side. This is not a mass-market commodity. You will have few seats, so you need to locate only a few buyers. Let your toddler program grow out of your infant care program.

If you do offer infant and toddler care, keep the room spotless. Stench will reflect poorly on the entire facility's operation.

As I wrote in Chapter 6, it might be a good strategy to locate reliable women locally who are willing to take infants. Work out an arrangement. You will refer parents to them who call you about infant care. They, in turn, will recommend your program when the children reach the age of 30 months, or at whatever age you begin accepting them.

Infant care is a good home business. Mothers who have their own children at home, or older women who need income, are obvious potential care-givers. Most states do not regulate in-home infant care if there are six or fewer children. At \$150/week, times six, this can be an important source of income for women who are willing to provide the long hours of service.

If you help these women get started, and then refer callers to them, you will do the parents a great service, as well as the care-providers. The infant care-providers, in turn, provide you with the names and addresses of nearly automatic future buyers of your day care's services.

K-12: No More Fund-Raisers

By now, you understand the economics of Christian day care on the DEMI model. A day care with 150 students at \$85/week will gross \$637,000 a year, if it keeps summer enrollment at the maximum. In a state with a 25 square feet/student ratio, you can put these children in a 5,800 square foot building, which also includes bathrooms, small kitchen, and an office. You can lease this building, new, for about \$60,000 a year. A church may rent this space to you for half this price. In states with a 14-to-one teacher/student ratio, salaries will take about 50%, or \$318,000. Do the math. No more begging for a raise!

DEMI has found that the success of the day care can be transferred to K-12 education.

As soon as the child reaches kindergarten age, the state probably removes the square footage restriction, or at least reduces it. Some states may impose a student/teacher ratio, but

it will be at least 25 to one. This opens the door to successful Christian day school education.

If you tried to charge \$85 a week to typical Christian parents, you would find few takers. But if you have trained up children from 30 months to age 6, these children may read at a second-grade level, minimum. Their parents have a problem. What can they do to retain the child's head start academically when it's time for the child to enter public school kindergarten? The child will be bored in a public school kindergarten or even first grade. The teacher will not know what to do with this child.

Some percentage of these parents will decide to pay the same tuition as before and keep the child in school full-time for 11 months per year. So, each year, the child increases his academic lead over public school children. Each year, the parent faces the same problem, but worse: What to do with this child? Some percentage of them will decide to re-enroll the child.

There are non-Christian parents who do not want their children to be latch-key children, who enroll their children in full-day Christian schools. There are also children in Christian households where both parents work outside the home. They do become latch-key kids. Which child is better off?

It is possible to sell parents, even non-Christian parents, on the idea of year-round Christian education, but only if their children have been given a head start in your day care.

With Christian curriculum materials available that allow individual, self-paced instruction, it is easy for a grade school teacher to teach multi-grade classes. He acts as a kind of tutor, helping students when they ask for help.

There are Christian high school curriculum materials with classes on videotape. These tools can be used by small classes full of self-educating students.

Then there is the Robinson Self-Teaching Curriculum. For \$200, you can buy 22 CD-ROM's with a K-12 curriculum on them. It includes everything except math. Dr. Robinson recommends Saxon math books. For information (and a \$10 discount), send an e-mail to:

k-12@kbot.com

When a student uses Robinson's curriculum, the need for a teacher fades. The system is

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designed for self-teaching. So, one teacher can supervise a class of 30 to 40 students. The crucial pedagogical talent is the ability to preserve order, not perform at a blackboard.

When I grew up, we always had over 30 students in a class. No one complained. Teacher unions had not gained political power. With 25 students in a class, a school that charges \$85/week can generate over \$100,000 a year per teacher. A Christian school can pay a teacher \$50,000 a year and still do very well. It can afford to give Christian heads of households a career in teaching that does not involve financial sacrifice on their part. It can do this in a smaller building than a day care is required by law to use.

Team teaching makes possible a class size of 40 to 50, with a head teacher and a support teacher. A class of 40 can generate \$170,000 on a year-round basis. Paying a head teacher \$45,000 a year and a support teacher \$30,000 reduces the salary percentage to 44%. A day school can be as profitable as a day care if it uses the DEMI method.

Some Christian parents are simply not interested in serious Christian education. Christian parents who prefer public schools to Christian schools, because public schools offer sports programs in which their sons are not athletically gifted enough to participate, are not your targeted market. These people also place their daughters in public schools "for the social life." What social life? Drugs? Football games? Proms? These parents are not targets for even low-cost, church-subsidized Christian day schools, let alone those that charge \$85 a week.

DEMI's day care program creates parental demand for advanced academic services. No typically under-funded Christian day school that starts from scratch can compete against a Christian school that grew as an extension of a DEMI-type day care program. The typical Christian day school operates in the red. Its administrator is constantly begging for donations. Not a DEMI day school administrator. DEMI administrators do not beg. They do direct-mail advertising instead.

Test Your Business Acumen

If more money flows out than flows in, a ministry or a business is doomed. To make sure that more money flows into a ministry or a business than flows out, a manager must be willing to say "no" to people who are ready to play on his emotions.

Christian day care is a ministry, but it should be run as efficiently as a business. Some

Christians really are not cut out to run a successful business. They just don't have the head for it. They are too easily conned. They are too easily moved by a sob story. So, if they start a day care ministry, they will probably see it fail, or at least fail to benefit the largest number of people.

Here's a test to see if you have a mind for running a day care ministry. Say that a rich person you know likes the idea of a Christian day care. He wants to help you get one started. So, he makes you an offer. He says that over the next two years, he will give a job to each of four parents who honestly cannot afford to enroll their children. However, he wants to test their moral character. So, he tells you to make two different offers to each of them. Here are the offers:

1. The parent will be paid \$100 a week more than whatever he or she is now being paid. This will enable the parent after income taxes to pay \$80 a week to enroll the child.
2. The parent will be paid \$500 a week more than he or she is now being paid, but you have the option (but not the requirement) to impose two conditions: (a) the parent must tithe on the entire salary (not just the increase) to your church or his or her local church; (b) he or she will pay you a permanent 2% finder's fee for having made available the opportunity, but only on the extra \$500 a week.

He will make available two of the \$100 jobs and two of the \$500 jobs. It is now your responsibility to determine which impoverished parent gets which job.

You decide to speak to parents who come in to visit your day care facility. You are trying to identify parents who have major financial problems. You hand out a brochure to every parent. It tells about the anonymous third party (not your day care) who is making jobs available to parents who cannot afford to enroll a child. A parent must fill out an income statement to become eligible.

In the first week, you receive two forms that indicate that the parents really cannot afford to enroll the child. You interview each of them. You tell both of them about the two offers. Both offers require them to change jobs. Both parents say that they would like the kind of work being offered.

You find that one of them agrees to the second offer: \$500 a week salary increase, but with a permanent deduction of 10% for a tithe paid to your church based on his entire salary

(the parent is not a local church member), plus the permanent 2% finder's fee to you. The second parent takes the first offer: \$100 a week, but no tithe and no finder's fee. You ask why he didn't take the higher-paying job. He says this:

"I don't think it's right that you are requiring me to pay 10% of my entire salary to your church. After all, I already earn some money. You're asking me to give up that money from my present job. That's asking too much. Also, I resent the fact that you're charging me 2% on the extra income. I'm the one who will be doing the work. I don't think I should have to pay you anything."

What does this answer reveal? This: the person is in envy mode. He is unwilling to put a lot more money in his pocket. Why? Because he resents having to share his prosperity with anyone. He would rather see himself much worse off than see anyone else a little better off. This is the essence of envy.

Here is my test question for you. Would you be tempted to back off from your insistence that the person pay the tithe on his entire salary? Would you also forfeit your 2% finder's fee? Would you say something like this?

"I understand entirely. You are being asked to pay a tithe on everything you make, not just the extra money. So, are you willing to pay 10% on just the extra salary? I'll also waive the 2% finder's fee. Now will you take the higher offer?"

Why would you do this? Why should you? Maybe because you think the person needs a chance to pay off a lot of debt. Or maybe you think the person will learn how to manage money better if he gets a big raise. Or maybe you feel sorry for the person. Maybe the person has a lisp or other physical defect.

But think about what you have just done. There are other parents with big financial problems. You have just used up one of the two big-salary jobs. You have handed over a unique opportunity to someone who resents tithing and who sees no reason to pay you for an opportunity that the person never would have heard about if you had not handed out that application form. If he resents your finder's fee, find someone else to reward. This person doesn't understand the economic principle of paying for value received. If you don't understand this principle, you may have problems when your day care begins operations.

Here are reasons not to back down:

1. The person is not generous with God.
2. The person does not recognize a great opportunity.
3. The person doesn't understand that valuable information isn't free, so a finder's fee is legitimate.
4. The person is too worried about demanding his rights rather than taking advantage of a new opportunity. This is a self-destructive attitude.
5. You will use up a valuable resource -- information about a \$500 a week raise -- when it could be delivered to someone else.

There is another possibility. The donor may be testing you. Maybe he wants to evaluate your ability to make decisions based on economics rather than emotion, business rather than charity.

Why would he do this? Because he doesn't want to pour his money into a losing proposition. Maybe he thinks that you aren't capable of running a successful day care. He wants some indication of the likelihood that your day care center will survive. He prefers to make available two spectacular jobs for one year in order to see if he should provide six more \$100 a week jobs. He doesn't want to subsidize a day care director with poor economic judgment. So, he sees whether the director (you) will subsidize someone else who also has poor economic judgment. He may think, "Birds of a feather flock together." Can you blame him?

My point is this: there is a limited supply of great opportunities in this life. A few people can make good use of them -- for themselves, their families, and God's kingdom. Why waste these rare opportunities on people who are resentful, grasping, and without vision? Why give away scarce resources to people who think, "the world owes me"?

I would recommend that you keep the really great job opportunity in reserve for a more deserving person who may come along later. Don't throw away a valuable opportunity to someone who will not appreciate it.

This is why, if you ever start a day care, you should not charge below-cost tuition, no matter how sad the sob story is. Parents should pay for the services you render. They will pay someone else if they don't pay you. So, don't walk away from an opportunity to get

paid, especially since the money can (and should) be used to build more day care facilities.

Your goal should be to deliver a superior Christian day care program to as many families as are willing to pay for it. This is your unique offer of a great opportunity. The parents who have vision will find a way to pay.

If some poor family deserves to enroll a child, let that family persuade a local church, a charitable organization, or a relative to provide the funds. Let someone else voluntarily subsidize that family. Your job is to deliver top-flight day care service, not to decide which family "really" deserves a subsidy from your program.

Don't hamper the growth of your day care by subsidizing parents who can just as easily persuade someone else to subsidize their children. You can't maximize the expansion of your day care ministry to serve even more families when you charge below-cost fees. The laborer is worthy of his hire, the Bible says. That's you.

Conclusion

If you want to position your day care as high quality, you should price your service accordingly. Stay close to the high end in your region. Make up the difference by not including on-site prepared meals in your tuition fee.

Do basic research on the local market: pricing, waiting lists, class size, services, meals, facilities. Compete by offering better service, not low fees. The exception: meals. Don't get caught serving meals unless state law mandates it.

It's not enough to set your tuition low enough to attract buyers and high enough to maximize your day care's income. You must also keep expenses low. Your largest single expense will be salaries. You must keep salaries competitive, which means that you must retain your most effective teachers. You are competing not just with other day cares, but with every employer who is willing to offer higher pay or better working conditions. If your teachers learn of such an offer, you will be caught in a bidding war. But they are in competition, too. There are replacement teachers out there. Employers compete against employers; workers compete against workers. In the next chapter, I discuss the whole issue of hiring and retaining staff.

Summary

Buyers compete against buyers.

Sellers compete against sellers.

A clearing price is where every seat is filled, and no one is waiting to enroll.

You want a waiting list because you cannot know the future perfectly.

A filled day care is affordable.

Ask nine questions of your competitors.

Don't offer site-prepared meals.

Add a K-12 school.

Chapter 13

HIRING AND RETAINING TEACHERS

For it is written in the law of Moses, Thou shalt not muzzle the mouth of the ox that treadeth out the corn. Doth God take care for oxen? Or saith he it altogether for our sakes? For our sakes, no doubt, this is written: that he that ploweth should plow in hope; and that he that thresheth in hope should be partaker of his hope (I Cor. 9:9-10).

There is an old saying, "When you pay peanuts, you hire monkeys."

One of the important benefits of a day care that uses DEMI's approach is the stable environment that children receive. One aspect of this stability is a familiar classroom. This includes the same teachers, week after week.

You don't want a high turnover rate among your teaching staff. You must develop an employment system that rewards your teachers for staying on the job.

Henry Ford in 1914 created a revolution in pay. He offered a raise to all of his workers who were over age 22: \$5 a day for eight hours of work. This doubled their salaries. He did this for two reasons. First and foremost, it reduced absenteeism and workers who quit. He did not want to retrain replacement workers. Ford Motor Company in 1913 had to train over 950 workers to retain just 100. The second reason was that he wanted to run his factories 24 hours a day. This maximized his return on his real estate and equipment. He could not get efficient work from men who worked nine hours a day in two shifts, so he switched to an eight-hour day with three shifts.

The result of his offer was instantaneous. Thousands of men applied for jobs -- far more applicants than he had jobs to offer. Ford Motor Company immediately went into waiting-list mode. Ford had the pick of the most promising workers. Absenteeism disappeared. No one wanted to risk losing his job. No one could get any job to match it. Over the next two years, Ford Motor's profits doubled.

Ford could do this because he was in the process of revolutionizing mass production and mass retailing. He could pay the highest industrial wages for unskilled labor and also sell his Model T cars at the lowest price. His secret was the assembly line. He wanted workers who would do simple, repetitive tasks, hour after hour. This was boring work.

Workers kept quitting until he doubled their pay.

But children are not automobiles. Day cares are not assembly lines. Now what?

Low Pay Scales in Day Cares

The biggest expense of a day care or private school is the cost of labor. There is no way that a day care can offer the highest wages in a local market. There is no way to gain huge increases in their productivity. DEMI's team teaching model comes close, but this does not change the state-mandated student/teacher ratios. DEMI's product -- happy, self-disciplined, literate children -- is better than what the competition offers, but the costs of production remain high.

This is why all day cares offer wages at the low end of the spectrum. The supply of legally eligible day care workers remains fairly high in most states, while the demand for them is low. The market sets prices. Your job as a director is to pay whatever you must in order to recruit, identify, and retain teachers who do well in your system.

The DEMI system enables a director to make skilled teachers out of people who would not otherwise learn how to train young children academically. Some of these teachers will not have taught before. Some will be people with nothing more than a high school diploma. You will be able to offer a rewarding career to people who would not otherwise have such an opportunity.

Some of them may be able to become directors. They will advance their careers beyond what they might otherwise ever have achieved. The husband of one of DEMI's most successful husband-wife director teams had previously been employed by a chicken-plucking factory. He had no education beyond high school. Neither had his wife, who had been a home-school mother of five. She is now a mother of six. They run a \$460,000/year operation. They make a good joint income. They bought their first home recently.

In DEMI schools, support teachers begin at the minimum wage. They can end up with completely new lifestyles. This depends mainly on their innate skills, their ability to learn, and their work ethic. The DEMI method gives them an opportunity to maximize their output and maximize their income. It offers hope. Hire workers who respond well to the offer of legitimate hope.

The unique service proposition for a DEMI day care is its academic program. This is a repeatable factor. The number-two factor is the director. This may not be a repeatable factor. Here, there is more risk. The DEMI system helps you to identify your future directors from their performance in the classroom. This is good for you: it reduces risk. This is good for directors: they can get into contention for a big promotion by working hard and cheap.

In the Bible, the classic example of this career-advancement process is Ruth. She was a gleaner. Gleaning was very hard work: picking passed-over grain. She went into the fields daily. There, she was seen by Boaz. He eventually decided to marry her. She wound up as one of the members of the family line of Jesus, one of only four women listed: Tamar, Rahab, Ruth, and Mary (Matt. 1:1-16).

Whoever is the head teacher for the initial class of beginners will set the pattern for all subsequent teachers. This is why you should teach the first class for at least the first two months. Even if you are not legally the director, you had better teach this initial class. The support teacher also serves as the greeter.

What about the greeter? When you open the school, the greeter may be your church's secretary. Or she may be your wife, who could be a support teacher, too. Put the office desk in the room with the kids when the day care first opens. This helps you meet the student/teacher ratio. Your goal is to move your wife into a separate office and replace her with another support teacher as soon as your enrollment allows this.

When the number of children enrolled reaches the legal limit for two teachers, you will have to hire a second support teacher, perhaps to replace you. You may still be in the classroom, but you will not be an active teacher. Your job then will be to meet the legal ratio. You had better have someone in mind to replace you by the time the maximum number of children are showing up daily.

If you hire two support teachers, this will free up your wife for the greeter's office.

Screening and Hiring

Remember this rule: "You hire most of your problems." Do what you can in advance not to hire them. Screening is crucial. But first you must attract job candidates to screen.

The first place to begin looking for a support teacher is your congregation. If no one is

available, mail a letter to other ministers. Tell them that you are looking for dedicated teachers for an explicitly Christian day care. See if the ministers will pass along your request to several members. Include a job description fact sheet in the letter to each pastor. Describe the benefits in detail.

Some parent of an enrolled child may be in the market to teach. Or a parent may know someone who is. Hand out a job description sheet to all of the parents. If the job market is tight, you may have to offer a bonus, to be paid at the end of the person's first month of teaching.

If this fails, run a newspaper classified ad under "Help Wanted." It should be short:

Pre-school assistant teacher. Full-time position. Training on the job.
Christian setting. Call: xxx-yyyy.

If this fails to turn up anyone, maybe there is a local junior college or university that trains teachers. Contact the head of the young-child development program, and ask him or her to recommend some good students who are looking for part-time work. Maybe there is a recent graduate who is looking for work. Post a sheet or a card (goldenrod color) on the student employment bulletin board. You may be able to hire a morning teacher and an afternoon teacher. Students are unreliable about showing up on time. You will need several names. They are last resorts.

Maybe the head of the department will let a student teach in your day care as part of the department's practice-teaching requirement. This is a long-shot. She does not know your program. When she finds out that it is academically oriented, she may not approve. But if your day care gets on her approved list, it will be easy to attract teachers. You will pay them to fulfill their academic requirement. If the local college's education department approves of the following offer in writing, run the following ad in the college newspaper's classified ad section. This is very cheap advertising.

Pre-school teacher. Get paid to earn practice-teaching credits. Call: xxx-yyyy.

If you don't get the department's approval, run this classified ad in the campus newspaper:

Pre-school teacher. Christian day care. Training on the job. Flexible

hours, advancement possibilities. Send e-mail: yourname@yourmail.com

Write a detailed letter (1.3" left/right margins) describing all of the benefits of teaching at your day care. Describe the pay, work hours, and Christian atmosphere. Mention the advancement possibilities. Include your day care's phone number on it. E-mail it. When she calls, invite her to the center to see what the program is like.

If your state allows students under 18 to serve as assistant teachers, and the student counts as part of the legal ratio, then a local Christian high school may have work-release students who can teach. The main problem here is your morning class. High school students will be in school. But you can use them in the 4 p.m.-6 p.m. slot.

You must screen all applicants early. Part of the screening process is mandated by state law. You must screen for criminal background. Your local regulatory agency will provide the appropriate information and forms. Before hiring anyone, you must pay for criminal record background checks. Don't spend this money on people who do not understand what will be required of them in the classroom, who may quit when they find out on the job. Make job applicants jump through some hoops first.

Here is a good way to screen candidates. Have them come back on the weekend to view three hours of videos on how your program is taught. The more candidates you have at a Saturday meeting, the better they will understand the nature of competition: workers vs. workers. You want them to know that there are competitors out there.

I do not recommend lending out the videos. The "candidate" may be a would-be competitor who is trying to discover how you deliver high quality services. She may copy the tapes for her own use. Don't give away valuable information.

For those job applicants who are still interested after viewing the videos, hand out your new-teacher's training manual. Invite candidates to come in for a longer interview after they have read the manual. They can ask better questions. Also, you should ask the person to bring in letters of reference for the interview. If the person has none, you may have a problem.

When a candidate comes back who has read the new-teacher's manual, you may want to add one more hurdle: listen to the audiotapes that go with the manual. She can take these home with the manual, but ask her to bring them back within two days -- no longer.

DEMI has prepared a new teacher-training program. This can be part of a paid training program before the teacher goes into the classroom, or it can be a screening device that the applicant must go through before applying. I recommend testing the latter approach until you are sure that it screens out too effectively: no takers. If you decide to pay her for the time spent viewing the tapes and listening to the audiotapes, do so only after she has remained on the staff for one full payroll period. If she quits before this, she is not paid for the training. She must sign a form agreeing to this in advance of being hired. For more information on this training program, send an e-mail to:

videos@kbot.com

Anyone who goes through all of these hoops and is still willing to teach is probably worth hiring. But you're still not finished.

When the candidate comes in for an interview, see if you get asked about how children learn in your program. The more interest the person shows in the children, the better the prospects.

Encourage the person to ask questions. It is a bad sign if the person has no questions. A person who asks no questions is saying, "I plan to spend the rest of my career in a job that offers no challenges." A normal person wants to assess the challenges and opportunities of his work.

If the person's first question is about pay, don't worry. If the second question is about paid vacation time, keep looking. This person's heart is not in teaching.

Ask the person if he or she has ever taught Sunday school to children in your day care's age bracket. If the answer is yes, ask about the experience. See if the person quit teaching, and why.

After the interview is concluded, always walk back to the car with him or her. Keep talking. What you want to see is the interior of the car. Is it a mess? If so, this person may be high-risk. You may comment on the car while you're checking the interior. The person may conclude that your interest is in the car, not what is inside.

Replacement Cost

What would it cost you to replace a particular teacher? Consider the disruption if she/he

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quits. You want to avoid this. It is a cost. So, don't ignore this cost when you decide what to pay.

Remember: employers compete against employers; workers compete against workers. The employee is in competition with potential replacements. You are in competition with all of the employers who might offer your employee a better job. You will not be in competition primarily against other day cares. Yours will be the best. It will be the most pleasant environment to work in. But when local unemployment is low, there are other employers constantly raising their bids.

When replacements are a dime a dozen, pay your existing staff eleven cents. But good replacements are not a dime a dozen.

You must keep informed about entry-level jobs in your area. What are the options available to your staff? Don't be naive about loyalty. Money talks.

If you cannot afford to compete with money, compete with a more pleasant environment. Money is probably not what you need to make the work place nicer. Better classroom discipline is. Find out if there are problem children in the classroom. Begin focusing on ways to shape them up or ship them out. One unruly child may create a revolving door of teachers. Expel that child.

Get this clear: it is far less expensive to **replace an unruly child** with an average child than it is to **replace a good teacher** with an equally good teacher at the same wage.

Make sure your teachers know that you will not burden them with consistently unruly children who do not improve their behavior. You must spend money on mailings until you have a waiting list. Even if you have no waiting list, expel all abnormally unruly children.

Pay Schedule

For beginning teachers, the pay is low: not much above minimum wage, with no benefits. The job should be for 60 calendar days, meaning eight classroom weeks. In DEMI's system, this is the period of the teacher-training program.

The contract should say that you have the right to dismiss the trainee at any time during the 60-day trial period.

The trainee should be told in writing that if she/he is re-hired after this trial period, there will be a pay raise. There will also be some benefits, such as a free life insurance policy and health insurance. In the case of health insurance, the teacher may be covered by her husband's policy. You cannot be covered twice. If she does not want the policy, she should sign a paper saying that she is turning it down because she is covered by her husband's policy. If he loses it, or cancels it, she can then apply without problems.

This offer of extras depends on the school's finances. If you cannot afford extra benefits, skip them.

A new support teacher must also be told in writing that the initial contract will automatically end in 60 calendar days from the first day of work. He/she must sign the form that discusses this. Keep this signed form in your files. If your state allows you to dismiss a teacher in (say) 30 days without having to pay unemployment compensation, don't hesitate to do this if you are not happy with the employee's work.

After six calendar months on the job, the teacher becomes eligible for paid vacation time. Begin tabulation of earned vacation pay on day one. For every regular hour worked in a two-week period, award 0.0385 hours of paid vacation time. Put a limit of 80 hours for any two-week period. Award them the 0.0385 hours even for their vacation time. They earned it. They cannot use this time off until six months have elapsed, just in case a person quits. Vacation time does not accumulate from year to year.

Paid holidays after six months are these: Labor Day, Thanksgiving (Thursday & Friday), Christmas (Dec. 24, 25), New Year's Day, Good Friday, Memorial Day, and Independence Day.

After one full year on the job, give one paid personal day per year. After two years, give two days; three years, three days; and after five years give four days. Don't let them store up these days. They must be used in the year it is awarded. The teacher must give word several weeks in advance. You will need a substitute teacher.

Internal Promotion

DEMI's approach to promoting teachers is based on the principle that those who

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understand the program better should be preferred for promotions over outsiders. This increases the loyalty of the staff. It also provides a greater sense of job security.

There are problems with this strategy, however. What if you have a top-flight teacher? Should she be promoted to sit at the front desk? She can help supervise other teachers. But maybe she is not a manager. She can tell the school's story to parents who come in for a tour. But how can she be replaced in the classroom? Does she like to do the accounting work necessary to be at the front desk, taking checks all day? For a personal testimony from a lady who started at the bottom and rose to assistant manager, click & send. She runs one of my centers.

promoted@kbot.com

Then there is the issue of a marginal teacher. Would she be better employed at the front desk? You move her to an area of service that may benefit the program overall. It is not easy to replace good teachers in the classroom. Is it better to promote her to administration? Or is it better to freeze her salary until she leaves? If she quits, your school will not have to pay unemployment insurance. Employees must be fired in order to become eligible for unemployment payments. If the state pays this directly, your school will have its premiums raised or else not reduced. You want to avoid this.

Conclusion

Pay what the market will bear, plus a little more. When a teacher has proven to be competent, the risk of not being able to replace him/her rises for you. So, factor this into your pay schedule.

If you overpay, you will not gain the capital to expand: the teachers have the money. If you underpay, you will also not gain the capital to expand: a poorly run day care loses clients.

Summary

"When you pay peanuts, you hire monkeys."

Reward teachers for staying on the job.

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Pay scales are low.

Provide a good environment instead of pay, which you cannot afford anyway.

"You hire most of your problems."

Run a help wanted ad in the newspaper.

Run a help-wanted ad in a local college's newspaper.

Use autoresponders in your help wanted campaign.

Screen the candidates by having them come in on Saturday to watch videos of a DEMI classroom.

Hand out DEMI's teacher training materials.

Chapter 14

OVERCOMING THE BARRIERS TO ENTRY

And another also said, Lord, I will follow thee; but let me first go bid them farewell, which are at home at my house. And Jesus said unto him, No man, having put his hand to the plough, and looking back, is fit for the kingdom of God (Luke 9:61-62).

For God hath not given us the spirit of fear; but of power, and of love, and of a sound mind (II Tim. 1:7).

By now, you have some idea of the potential for Christian day care -- for children, for their parents, for your church, and for your financial future. You may be ready to commit. Don't do it yet. First, you must finish counting the costs. These costs are higher in some states than others. They are higher in some cities than others.

Of this you can be sure: all of the day care directors in your community have paid these costs. The money is now rolling in. These barriers have now become allies in the plans of these directors. These barriers presently keep you out. Your question now is: For how long?

Barriers to Entry and the Rate of Return

Whenever anyone tells you that he can show you a way to reap above-market profits, ask yourself -- and him -- this question: "What is the barrier to entry?" If any investment produces above-average profits, year after year, the free market is not operating normally. Investors don't like to leave money on the table for other investors to scoop up. They look for the secret of the other guy's success. Then they steal whatever it is, or legally imitate it.

In the field of day care, there is an above-average income opportunity available to enterprising people. It is not like money hanging on trees. It is more like paper money floating down a gutter. Nobody looks down to notice. Nobody wants to get his hands dirty. But for alert people who are willing to reach down and scoop up money, day care is an opportunity of a lifetime -- not everyone's lifetime, of course, but maybe yours.

If there were no barriers to entry, there would be no above-average opportunity. Whenever you encounter a barrier to entry, think "extra money to be earned, long-term."

Here is the best technique I know of to assess the magnitude of any barrier to entry. Check out the skills of those who have already gotten through it. Somewhere in between brain surgery and driving a school bus are the barriers to entry for running a day care. Check out the existing local market. You will find that the people who presently supply this important service are a lot closer to school bus drivers than brain surgeons.

I came across an article on this topic months after I wrote this chapter. Its title: "Barriers to Entry." It reinforces my thesis in this chapter in a remarkable way. It appeared first in *Inc. Magazine* (Oct. 1, 2001). The author is Norm Brodsky.

Given a choice, moreover, I'd always go for a hard-access business over an easy-access one.

Why? Because in an easy-access business, the product or service you're selling will eventually become a commodity, if it isn't one already. Not that there's anything wrong with commodities. You're just severely restricted in what you can charge for them, so you're forced to operate with much thinner gross margins than those you'd enjoy in a business that is more difficult for competitors to enter.

<http://www.inc.com/magazine/20011001/23475.html>

The thinner the margins, the more risky the business. A DEMI-method day care has comfortable profit margins. This is another reason why I think day care is such a great service. By now, I hope you agree. This is why this chapter should cheer you up, not discourage you.

Masculine Pride

Men think it is beneath their dignity to wipe children's noses. This is a marvelous barrier to entry. It can put a fortune into your pocket over the next three decades.

Most men would not want to admit that they work in a day care. When another man asks them what they do for a living, they wouldn't want to say, "I run a day care center." It's

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not considered a decent occupation for a man.

This barrier to entry is a big one. It's the one that keeps out "the best and the brightest." It keeps out Wal-Mart type conglomerates that would otherwise drive down the price of day care services. There are probably no Harvard Business School graduates who own and run their own day cares.

Also, most men don't know how to deal with small children. They have had little experience being around small children. They do not know that a structured learning environment transforms small children into people who are nice to be around.

Most men are not naturally entertainers. Mothers learn to be entertainers with their children. Small children need a part-time entertainer to keep their attention. Sometimes, you have to be silly. But this silliness must not be allowed to get out of hand. The children must know that it is an adult in authority who is being silly. He may put on a hand puppet and talk to it. But most men are not Edgar Bergen. (These days, hardly anyone even remembers Edgar Bergen. At best, they remember his daughter Candice ["Murphy Brown"] or his famous puppet, Charlie McCarthy.)

The nature of the day care business is highly personal. The director must meet parents -- mostly women -- day after day. He must be able to interact with parents, morning and evening, and with their small children through the day, at least when he launches the day care. Most men have had no experience interacting with dozens of mothers and small children. They avoid this occupation. Basically, their pride keeps them out of this highly lucrative market. Their pride can put money in your church, your pocket, and your retirement program.

Lack of Courage

It takes courage to launch new projects. The more risk involved, the greater the amount of courage it takes to overcome this emotional barrier. If you can overcome the psychological barrier of fear, you can establish a new, highly profitable career for yourself, and a new source of revenue for your church. You may be able to do both. You will also be able to bring the gospel to hundreds or even thousands of children over the next three or four decades, who would not otherwise get the opportunity to hear it -- surely not day after day, month after month, for up to three and a half years.

I am not calling you to brave the jungles of Asia or sands of Arabia. I am not calling you to a life of poverty. I am calling you to a highly profitable area of Christian service, one which is closely related to your existing occupation. All you have to do is jump through a few hoops that dozens of other people with minimal educations have done successfully in your community.

The biggest legitimate reason for fear is the rental expense. In most cases, the day care's founder must sign a mid-term lease for thousands of dollars per month, beginning months before the day care opens. This is perceived to be very risky. In any case, it takes capital. You don't face this problem. You can rent that section of your church that you need to begin operations. This gives you a tremendous competitive advantage.

State Regulations

The state is heavily involved in establishing rules and regulations in this essentially cottage industry. Some states, such as California, have made it extremely difficult and expensive for newcomers to start day cares, and therefore it is virtually impossible for parents to locate an inexpensive day care facility. In contrast, a few states are almost sensible about the requirements, limiting most of them to issues of children's physical safety. Most states are somewhere in between.

These barriers can be overcome. This takes money, and it takes time. It takes a lot of effort. These barriers discourage potential newcomers. This is why the barriers serve as restrictions on new competition. For those day cares that have gone through the hoops successfully, they now reap higher income than would otherwise have been possible. Once you meet the regulatory standards, parents will find it difficult to find alternatives to your high quality service.

These barriers restrict competition by reducing the number of day cares. This is what creates waiting lists in the day care industry. Waiting lists are like neon signs that say, "There is an opportunity here."

It is a benefit for you if your competitors do not accept new children. The presence of several day care centers in town tells you that there is local demand. The presence of waiting lists tells you that demand exceeds supply at the better centers. This means that there is a local market ready and willing to write you weekly checks.

There is a Web site that has the latest regulations governing day cares in each of the 50 states. This site is your starting point.

<http://nrc.uchsc.edu/states.html>

This site will give you the basics of what is required in your state. There may be more or fewer regulations governing your proposed day care, depending on whether there are exemptions for religious schools, and depending on local regulations, which may be more rigorous than the state's.

After printing out your state's regulations and reading them carefully, you should contact the local day care regulatory agency to make sure that you have all of the published regulations. There may be supplemental materials that are not on the site.

When you read the regulations, you will become discouraged. You may think, "I can't do all this." This is silly. The people in your town who run day care centers have done it. If you think these people are far superior to you in dedication, intelligence, and competence, you should visit a few of the centers. These places are rarely well managed. Their directors are average people. But they got through the hoops. So can you.

If someone told you that you could become a highly successful businessman, but that this would require that you go to night school two nights a week for seven months, would this be too great a barrier? Some of you went to college and then seminary. A few of you even learned Greek and Hebrew (at least long enough to pass the exams). Maybe you now face the possibility of having to go back to school for a few night school classes in young-child development.

Some states require you to have one year's experience teaching in a day care in order to become a director. If you can't do this, can your wife? How about someone in your congregation? Or has someone in your congregation already done this? Or can you hire such a person from a local college, age 22, at (say) \$30,000 a year? Probably.

All of this assumes that there are no exemptions based on religion in your state, which there probably are. (Keep reading.)

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The Use and Misuse of Regulation

The official goal of government regulation in every area of the economy is to reduce risk to consumers. The results of government regulation are always the same: reduced supplies, reduced consumers' choice, and higher prices.

Politicians pass laws that mandate minimum standards. The problem is, unelected bureaucrats are always involved in getting these laws written. These bureaucrats, or their lower-level employees, then enforce these laws. They also interpret them. Then they lobby the legislature for additional regulations. Additional laws increase their power to enforce them. They can hire more employees, and thereby get promotions. (This is Parkinson's famous law of the growth of bureaucracy.)

Then there is the role of the existing firms in the regulated industry. Always, existing firms' owners and senior managers are brought into the regulation-writing process as experts. They naturally recommend rules that favor themselves. These rules serve as major barriers to entry for new businesses. This reduces competition. The existing business owners are willing to go through extra hoops tomorrow that will keep out competitors for years. They have enough money and experience to meet the new standards. Most would-be competitors won't.

Government regulation raises prices because it keeps out new competitors. This restricts the market to consumers who are willing and able to spend more money than they did before the new regulations were imposed. Consumers who are unable to pay these higher prices are forced to do without the service altogether, or else buy it in either illegal or unregulated sectors of the market.

All of this has been studied in detail by academic economists for a generation. Free market economists and Marxist economists agree on very little, but they agree on this: government regulation always favors established firms in an industry because it reduces new competition.

Day care regulations are passed in the name of the children. "Protect our children" is a partial truth. What this really means is "protect the children of those parents who can afford the more expensive day care centers that the regulations will protect from new competitors."

Day care regulation is partially enforced and therefore discriminatory. The regulatory system usually exempts home-based day cares. These home-based day cares can legally take

in up to half a dozen children. Regulations that raise the price of larger, visible day cares also create new business for these unregulated or black market home day cares. What goes on inside those homes is anybody's guess.

Biblically speaking, parents are responsible for the upbringing of their children. They should have the authority to choose any day care provider that they want at a price set by open competition among day care providers. This is what takes place in the home-based day cares. But the state has gotten involved in setting standards for day cares with more than half a dozen children.

In almost every field, producers must jump through bureaucratic hoops in order to go into business. Day care is no exception. Once you have successfully jumped through these hoops, you have gained an advantage over would-be competitors. So, when you confront a regulation that keeps you from getting started tomorrow, think to yourself, "Others have gotten through this hoop; so can I. Others have been scared off, leaving an opportunity for me. I shall take advantage of this opportunity."

The Basic Regulations

You must make sure your facility is zoned for education. For a church, this is not difficult. If the day care is a ministry of the local church, then the existing zoning will probably be sufficient. Be sure to get this in writing from the appropriate official. Get everything in writing, always.

There will be fire code issues. These are local. There will be zoning issues, also local. Churches usually meet these regulations. Be sure to get everything in writing, above all, the **certificate of occupancy** from the fire marshal.

If you serve meals that are prepared on site -- which I don't recommend -- the health department must certify your kitchen.

A standard state requirement establishes the minimum square feet per student. This tends to be in the range of 25 to 35 feet inside the facility. A few states require much less. Florida requires only 20 square feet. But some cities in Florida require 35.

There will also be a playground square footage requirement, always larger than the interior limits. Some states and local communities calculate this playground requirement on

the center's total enrollment; others on the number of children on the playground at any time. The latter rule, of course, is less costly. You can put one class at a time outside. A chain link fence is required, but these aren't too expensive. You can use the building's wall to meet part of the fencing requirement.

The playground requires "soft fall" materials around the swings and slides. I recommend wood chips. Sometimes you can get wood chips for free in your local community after they chop down trees.

A major requirement is the student/teacher ratio. This usually varies in terms of the children's ages: the younger the children, the lower the ratio. Ten-to-one is common for 3-year-olds; 12-to-one for 4-year-olds; and 15-to-1 for 5-year-olds. Your state may be either more or less rigorous. Some states define a class of 4-year-olds as one that contains more than half of the students who are 4. Other states define the age group by whatever the youngest child is. A single 3-year-old in a class of 4-year-olds converts that class to 3-year-olds. For DEMI's program, this is a liability. The DEMI curriculum is performance-based, not age-based. It moves students into higher groups by their performance and maturity, not their age. It is expensive to bring one 3-year-old into a classroom of 4-year-olds if his presence converts the entire class into 3-year-olds for regulatory purposes. Salary costs per child can rise by 20% or more when this happens.

Educational requirements for day school teachers are usually minimal, though not in all states. The low end of the totem pole in American education is the pre-school teacher. These workers are very low-paid employees, usually only a bit above minimum wage. They can do as well by working in a fast food restaurant. But the day care job can be far more meaningful. If your day care is pleasant to work in -- very few are -- and the teacher can see progress in the students, you can find teachers. If you offer increases in wages or benefits such as health insurance to teachers who have been on the job for a few months, you can keep more of them.

Then there are educational requirements for directors. These constitute a major barrier to entry in most states. The day care's director usually has to have college credits in young-child development, plus day care classroom experience. These college credits can be picked up at night school in a local junior college, usually 3 semester units for a single 3-hour course per week for 12 weeks. These classes are not rigorous.

If there are no legal ways around this law in your state, here are your options.

1. Hire a kindergarten teacher. The educational requirements are about the same as for a day care director. A retired kindergarten teacher may be ready to work for \$30,000 a year (12 months). If she will work cheap until the day care has 35 full-time students, there is a real possibility here.
2. You or your wife may have to attend night classes for a year. You may have to take a few correspondence courses. One of you may even have to teach for a year in a local day care center. This will delay your plans for a year. But if the end result is sufficiently beneficial for your career, this delay and extra work are worth it.

You should never assume that the publicly posted regulations are final. Many states have religious exemptions. The authorities do not volunteer information about the religious exemption. You have to know about it.

Things balance out. Some bureaucratic hoops are narrow; others are wide. If you can legally get through a wide one, but your competitors think they must go through a narrow one, this benefits you.

There may be other options available in the regulations. In Tennessee, a day care's board may choose to be under either the Department of Education or the Department of Human Services. A pre-school's board would be wise to choose the Department of Education. This positions the day care as educational. So, call it a pre-school, if this is what the law requires.

If you have a bachelor's degree, you can earn a young-child education degree on the Web from Rio Salado College in Arizona. It takes 45 semester credits and costs out-of-state students \$125/credit.

http://www.rio.maricopa.edu/ci/visitors_center/education/postBacc/main.shtml

But, in most cases, a year in night school at a local junior college will enable you to meet the requirements to become a director if you have a bachelor's degree.

The Religious Exemption

Your next step is to decide whether you plan to seek exemptions under religious

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education statutes. Some states have these. Virginia and Tennessee are examples. Virginia's make a day care almost immune to local bureaucratic oversight, other than the fire marshall. The price of this benefit in Virginia is a low student-to-teacher ratio: 10 to 1, no matter how old the students are. There are always trade-offs in life.

Most states do not admit in their printed regulations that there are religious exemptions available to schools. The people who know the details best are day care center directors who operate under the umbrella of a Lutheran Church. Lutherans have long used day cares to fund part of their churches' operations. Some Baptist churches do, too.

Next, contact the state agency that regulates day cares. Write to state headquarters. Ask to be sent a copy of the regulations dealing with religiously exempt day cares. Your state may not have such exemptions, but it may. Ask.

There is always a possibility that the reply may not be totally accurate. So, I recommend that you also contact church-based day care directors until you find one who will tell you where the religious exemption regulations are published. You may have to contact directors in different cities in your state before you find a cooperative one who is also well informed about the exemption. Explain why you are asking. One of them will probably cooperate. This will save you an enormous amount of time, not to mention frustration.

A day care that is part of a church's ministry is in a strong position to gain a religious exemption, if such exists. No matter what your personal long-term plans are for running a day care, getting started is the minimum requirement. Even if you must start very small, it's worth it.

Go through whatever regulatory hoops that you absolutely cannot avoid. These are annoying, but they are not insurmountable by any means.

The biggest barrier of all is figuring out how to enroll the first dozen children. If you can do this, and then keep their parents happy for six months, you will be able to go to the next stage. You will then have the confidence you need. You will also know how the regulatory system really works.

In short, get started. Keep moving forward. Think of a scene in *Chariots of Fire*. Sprinter Harold Abrahams has just lost a race to Eric Liddell. (This was fiction; they never raced against each other.) He is dejected. His girl friend tells him he is being childish. "If I

can't win, I won't run," he wails. "If you don't run, you can't win," she wisely replies.

Run. God will take care of the victory wreath.

Meals

I strongly recommend that you do not provide on-site prepared meals. If your state mandates that your center must provide meals -- which means that parents are not legally permitted to decide what their own children will eat -- start looking for exemptions based on a religious exemption. Getting out of this requirement is beneficial. You will escape the local health care requirements governing day care kitchens. Your church may not have an approved kitchen. You will also save money on the salary that a cook would charge.

Your school can sell packaged meals that can be heated in a microwave. This becomes another source of added revenue. Do not sell packaged snacks and meals and milk at your cost. You should ask at least 40% above cost.

The Unmentioned Barrier to Entry

There is another major barrier to entry that is not discussed much in public, but we all know it's there: the threat of an accusation of child molestation. This was a much greater threat during the 1980's, when grievous injustices were committed by non-professional "psychologists" who were employed in low-level positions in local child protective service organizations. Bad publicity and successful law suits have reduced the number of these outlandish accusations, but the threat still exists.

DEMI's unique system of team teaching reduces the likelihood of such accusations. There are always adult witnesses present. Nevertheless, there is no doubt that this industry has higher risk than most with respect to this particular criminal accusation -- an accusation that is too readily believed and can bankrupt a center in weeks. If parents suspect that the accusation just might be true, they will bolt. "I can't be too careful where my child is concerned." The director must take steps from the beginning to establish trust with parents.

A parent might think, "What is a man doing here? Normal men don't teach preschoolers. What's wrong with this guy?" On the other hand, the parent might think, "I'm glad my child will have a male influence in the classroom." The first situation is a liability.

The second is a marketing advantage. Yet it's the same cause: the presence of a male in the classroom. You must design your operation from the beginning to shift the parent from the first thought to the second.

A pastor has an initial advantage here. He is normally expected to be involved with children to some degree. If he occasionally teaches young children in Sunday school, so much the better. (Start teaching in your church's 4-year-olds' Sunday school class if you are thinking about opening a day care.) Parents do not think, "Did this guy go into the pastorate because he is a deviant?"

If the day care is seen as a ministry of the church, there will be little or no initial suspicion regarding the presence of a man in the classroom, especially if his wife and children are part of the overall program.

Conclusion

Regulation is a barrier to entry. It can either keep you out of this revenue-generating ministry or else provide you with reduced competition once you learn to deal with it.

There are many ways to skin a cat. The first way -- the one in your state's day care regulations -- is the most expensive way. Keep looking for less expensive ways. Don't break the law; use the law.

Seek out other church-run day cares. Maybe a local director will talk to you openly about the religious exemption and how to receive it. Maybe not; you're competition. But someone in your state will know what alternative ways are available to meet the requirements. Start writing letters.

Starting a day care is not easy. Running one is not easy, but it is easier than starting one. Normal people do it all the time. They are not rocket scientists.

This market is large, and the competition is limited, so the opportunity is real. Success in this life is never guaranteed, but if you do what this manual says, step by step, it is unlikely that your day care project will fail to generate enough money to keep the doors open indefinitely.

Barriers to entry can be overcome. Once they are overcome, the manager-director

must pay attention to details. This is a ministry, but it is a ministry that faces a competitive market. A church-run day care should be run as if it were a profit-seeking business, even though its director is not legally allowed to pocket all of the excess income as payment for services rendered. When you have access to a church building that can be inexpensively modified to meet your state's requirements for a day care, you have already overcome the biggest single barrier to entry: real estate expenses. Very few state-certified educators will ever get by this one. So, you already possess a very competitive advantage. What will you do with it?

To help you get around the government's barriers to entry, I will send you a series of ten e-mail reminders, *Clearing the Hurdles*. I provide the subscription information later in this report. Step by step, these weekly reminders will get you through the bureaucratic maze. (Keep reading.)

I close with the verse which begins this chapter: "And another also said, Lord, I will follow thee; but let me first go bid them farewell, which are at home at my house. And Jesus said unto him, No man, having put his hand to the plough, and looking back, is fit for the kingdom of God" (Luke 9:61-62).

Summary

High barriers to entry increase your rate of return.

If there are no barriers to entry, you wind up selling a low-profit commodity.

Masculine pride is a barrier to entry.

Lack of courage is a barrier.

State regulations are barriers.

The basic State regulations scare off people.

Seek a religious exemption.

Lawsuits are rare when you use team teaching.

Chapter 15

COURAGE

Be strong and of a good courage, fear not, nor be afraid of them: for the LORD thy God, he it is that doth go with thee; he will not fail thee, nor forsake thee. And Moses called unto Joshua, and said unto him in the sight of all Israel, Be strong and of a good courage: for thou must go with this people unto the land which the LORD hath sworn unto their fathers to give them; and thou shalt cause them to inherit it (Deut. 31:6-7).

Joshua's problem was not a lack of motivation. He had wanted to enter the Promised land almost three decades earlier (Num. 14). But he had been thwarted by the lack of courage of the ten representatives and the tribes they represented. Therefore, only he and Caleb entered the Promised Land, for they had not lacked either motivation or courage.

Yet here was Moses, commanding Joshua to be courageous. Why? Because Joshua was to be the new representative of the entire nation. His courage or lack of courage would represent the nation, just as the ten spies a generation earlier had represented the nation. If Joshua turned tail in the face of looming responsibility, the whole nation would, too. It was imperative that he not show fear. It was imperative that he move forward, now that the time for action was upon them. So, Moses repeated his instruction. But it was instruction to which a promise was attached: victory.

And he gave Joshua the son of Nun a charge, and said, Be strong and of a good courage: for thou shalt bring the children of Israel into the land which I swear unto them: and I will be with thee (Deut. 31:23).

As if that were not enough, God later came to Joshua and gave him the same instruction after the death of Moses. The context is important. There was a promise of victory attached to the command.

There shall not any man be able to stand before thee all the days of thy life: as I was with Moses, so I will be with thee: I will not fail thee, nor forsake thee. Be strong and of a good courage: for unto this people shalt thou divide for an inheritance the land, which I swear unto their fathers to give them. Only be thou strong and very courageous, that thou mayest observe to do according to all the law, which Moses my servant commanded thee: turn not from it to the

right hand or to the left, that thou mayest prosper whithersoever thou goest. This book of the law shall not depart out of thy mouth; but thou shalt meditate therein day and night, that thou mayest observe to do according to all that is written therein: for then thou shalt make thy way prosperous, and then thou shalt have good success. Have not I commanded thee? Be strong and of a good courage; be not afraid, neither be thou dismayed: for the LORD thy God is with thee whithersoever thou goest (Joshua 1:5-9).

This was not a suicide mission. This was the fulfillment of God's promise to Abraham: "But in the fourth generation they shall come hither again: for the iniquity of the Amorites is not yet full" (Gen. 15:16). This was the fourth generation after the Israelites' descent into Egypt: Kohath, Amram, and Moses had preceded Joshua's generation. It was now time to invade the land. The inheritance lay ahead of them.

The sense of timing was crucial for Joshua's courage regarding the success of the venture. As the representative of the fourth generation, he had recommended invasion a generation earlier. The older generation had vetoed his plan. Now it was time for him to prove that he had been correct. He was motivated. From both Moses and God, he was also encouraged.

Motivation and Courage

In Chapter 14, I mentioned the lack of courage as being a major barrier to entry. This is not true only of day care. It is true in every area of service to God. Nobody wants to fail in full public view. Most people prefer to avoid the risk of public failure at the expense of the opportunity to achieve public success. Most people are risk-averse. Once they have settled comfortably, or even uncomfortably, into a rut, they stay there. This is the source of opportunity for the minority of people who are ready to take risks.

In my view, the lack of courage is the biggest single barrier to entry. If you can overcome your lack of courage, its presence in other people's psychological makeup will work for you by restricting the arrival of new competitors.

It is my job to give you encouragement. That's what "encouragement" means: to impart courage.

I aimed my original flyer at pastors who are discouraged. Why would I target this

audience? First, because it is a very large audience. Second, because I have been there personally. I am offering you a real-world solution based on my own experience. Third, because a discouraged person is ready to hear an encouraging word, assuming that it is backed up with evidence. This manual is evidence. There is more to come, on request, for those people who still can't quite believe that my experience is transferrable to them.

There is no doubt that starting a day care is a big project. A person who is sitting pretty is unlikely to have sufficient motivation to take on a project as large as starting a day care. He may have more economic resources, but he doesn't have the motivation. His lack of motivation is the initial barrier. Only a person who has overcome his lack of motivation faces the next barrier: his lack of courage.

If you have read this manual, you must have motivation. This is why I decided to release the manual free of charge. I had originally intended to charge money for it, but then I realized that my main task is to help potential day care directors to overcome their lack of courage. A price tag would play to their fear. I knew I had to motivate people before I could expect them to overcome their lack of courage. "Free" is a strong motivation.

So, you have read 14 chapters and some introductory material. You have made a significant investment of your time. You presumably have overcome the initial barrier: lack of motivation.

You are now at the crossroads: motivation vs. fear. Which will win the struggle in this decision? By now, you should have enough motivation to carry you forward with this project if I can show you that your courage ought to be sufficient to overcome the barriers that you face.

You are now facing a barrier -- not the economic, technical, or legal barriers to getting started, as I have already shown you, and I will soon summarize again, but the emotional barrier to getting started. You still are not quite sure. You think you could fail.

I would be foolish to tell you that you cannot possibly fail. Of course you can fail. All sorts of potholes exist between you and a successful child evangelism ministry that is funded by the parents. But they are potholes, not the Grand Canyon. Others are speed bumps, not Mt. Everest. Drive slowly at first.

You can test your skills with a small group of children in a home day care. Then, when you have them familiar with your system, you can open the doors to more students.

The first group will become well-behaved, and then their behavior will influence late-comers.

Can you think of any family-run business that can generate **\$5,000 to \$6,000 a month before you have to pay a full-time salary to anyone?** I can't. Maybe you can rent space in a local church. If the church will pay for any renovations and about \$5,000 worth of playground equipment and indoor toys and tables, you will not have to pay a dime. You can work out a repayment schedule with the church's Board.

At \$5,000 a month, you will be able to repay the church within a few months. This is no great risk on the church's part. You and your wife can agree in advance with the Board not to take a salary until all of the church's initial expenses are repaid. This lowers the church's risk, and it gets you highly motivated to grow the day care.

I ask you: "What's the problem?" It's not money. Parents will pay you enough to overcome expenses within a few months -- maybe even a few weeks, depending on whether your church's facility presently meets most of the state's day care code.

It's surely not a lack of demand for the service. Parents are desperate to buy high quality day care. You're not going to offer just high quality day care. You're going to offer the best day care program in town.

You will eventually have to go through some licensing hoops. This is a hassle. It's not worth much worry. It's just a cost of doing business. Any new business goes through this phase. If you can't meet the qualifications to become a director, and you aren't able to make the investment in time, then hire some retired kindergarten teacher or some young woman fresh out of college. Pay her a minimum wage with the promise of getting a substantial raise as soon as you enroll (say) ten children. Then another raise at 20 children. Then another raise at 30 children. In six months or less, she will be earning a salary comparable with what the public schools pay kindergarten teachers. There are very few Christian schools that can afford to do this. Somebody will jump at the opportunity.

What are you afraid of? That you will fail? Or is it that you will become so successful economically that this will force major changes in your life's plans and your level of responsibility? If your fear is the fear of success, I can better understand. Let me assure you, the kind of money your day care will generate within a year will indeed impose major decisions in your life. This will be the big one: "Should I go to a bank and personally borrow \$500,000 in order to buy land and build a facility that will generate \$600,000 a year?" The

likelihood of this result is far higher than the likelihood of failure.

Conclusion

Make a list of the worst-case events that might befall your venture. If you are going to overcome your fear of getting started, then at least write down a list of the things that you fear most. Have your wife write a list.

Then write a list of the positive outcomes if you start a day care, and it grows large enough to fill your church to the limits of the state's code for day cares. Have your wife draw up a list.

Compare the two lists.

Then talk it over with your wife. Is the long-term potential for gaining the benefits more or less than the long-term costs?

Summary

Lack of courage is the #1 barrier to entry.

Discouragement regarding your present situation should provide motivation for change.

Control your risk by starting small.

Keep your payroll costs low by working for free until you have 20 students.

Make a list of the threats and benefits.

CONCLUSION

But be ye doers of the word, and not hearers only, deceiving your own selves. For if any be a hearer of the word, and not a doer, he is like unto a man beholding his natural face in a glass: For he beholdeth himself, and goeth his way, and straightway forgetteth what manner of man he was. But whoso looketh into the perfect law of liberty, and continueth therein, he being not a forgetful hearer, but a doer of the work, this man shall be blessed in his deed (James 1:22-25).

You have presumably read all of this manual. I devote my ***Beginner Class Curriculum Materials and Administration*** to specific details of operating a Christian day care. When you finish it, you will have DEMI's basic philosophy of education, as well as sufficient details on how to get a Christian day care off the ground.

Because this manual is aimed at Christians, it assumes that you have numerous advantages that most would-be day care directors do not have when they start out, assuming that you can persuade a church's Board to allow you to go ahead with your plans to rent the church to house a day care. These advantages include the following:

- Compassion for lost and troubled people
- A commitment to help build God's kingdom
- A building that can be rented inexpensively
- Communications with mothers of young children
- A location that is visible to drive-by traffic
- Zoning for certain forms of religious education
- This manual and access to other DEMI-related materials and services

I have made certain assumptions regarding the motivation of the readers of this manual. They want a better life for themselves and their families. They want to leave behind a larger legacy. They want to know that they are making a difference in the lives of those around them. They want to be remembered as someone who has made a significant difference in the lives of other people. Does this describe you?

You probably have some sense of what you have accomplished so far. If you continue at approximately the same pace, do you think that you will be able to look back on your career at age 75 and honestly say, "I'm sure glad I did what I did with my life"? This afternoon, if you were to speak with a young person who is contemplating following in your

footsteps, would you recommend that he or she imitate what you have done with your career? Could you honestly say, "Go, thou, and do likewise"? If not, why not?

Realistically speaking, can you accomplish more with your career? (The economist always adds: "At what price?") Do you believe that you will be able to accomplish your lifetime goals if you continue to do approximately what you have done so far with your career? If not, what do you intend to change in your career or your life? It is time to ask (and then answer honestly) these three questions:

What do I want to achieve?
How soon do I want to achieve it?
What am I willing to pay?

The God of 11:59

Ellsworth McIntyre launched a Christian day care ministry in 1986 by investing his life's savings and accepting a large debt. He did this only under extreme circumstances. He had been fired by the boards of three Christian schools, two of which he had rescued from the brink of bankruptcy. He adopted a structured, phonics-based curriculum only after his Christian day care had turned into a typical day care: chaotic.

I established DEMI in 1991 under similar pressures. Rev. Dale Van Gorden started his first day care in 1993 under similar circumstances. Rev. Doug Mills, in Tennessee, invited DEMI to help him start a day care in late 1992. He was only two months away from losing the rented facility that housed his nearly defunct congregation. The church could no longer pay the rent. He was ready to switch his denominational connection. He was at the end of his rope. As he told me, "I am in the hands of the God of 11:59."

At some point in our lives, most of us have been in the hands of that God. Francis Schaeffer located the chalet that later became L'Abri on the day before the deadline that the Swiss authorities set for him to locate a place to rent. Had he not rented it, he would have had to leave the country. If he had departed from Europe, would he ever have produced the audiotapes for visiting college students and drop-outs that eventually became *The God Who Is There*? Probably not.

Maybe it's not 11:59 for you yet. Maybe it's only 11:15. Good for you. You have some extra time to thoughtfully consider your alternatives. But the clock is ticking, even if

it's battery powered.

Of those many people who are facing a personal and career crisis, hardly any will see this manual. Such is life. Authors of life-changing how-to manuals would become cynical if they thought carefully about how few people ever take their advice. We try not to think about it.

On the other hand, one reason why how-to manuals really do turn around the lives and careers of a high percentage of those people who implement them is this: few people ever get the message, and few among those who get the message ever implement it. This creates a functional monopoly for the few people who do implement it. They stake out an unobtrusive little niche market for themselves that continues to generate above-average returns -- returns in the broadest sense, not merely money -- for the remainder of their lives.

Conclusion

You have now been introduced to a unique opportunity for ministry. It has the potential to transform your life, the lives of many young children, and the lives of some of their parents. It can even transform the lives of your children, if they are still living at home.

Beginner Class Curriculum Materials and Administration will fill in many details. It cannot fill in all of them, but it will provide enough information to get your day care up and running.

There is additional material available on how to run a day care, day by day. I have done my best to give you your money's worth in this manual and in the issues of *Clearing the Hurdles*. I have not presented everything I know and everything that you can use to smooth the path to success, although I have presented a great deal. There is a reason for this. I do not share a few key items with your potential competitors. I want to track exactly who gets this information. So, when you really are ready to launch your day care, sign up for your free subscription. Send an e-mail to:

hurdles@kbot.com

I am interested in getting detailed, practical information into the hands of Bible-believing Christians who are truly dedicated to this type of ministry, but I know that most ministries will also need some hands-on advice in addition to manuals. There is more

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demand for my time than there is time available. I must allocate this time rationally. I am available for consultation, but only for people who are actively working to establish a Christian day care. This manual gets people started. It serves as a screening device. I have more than one screening device. I, too, have set up hurdles.

This is not to say that you cannot launch a successful day care ministry unless you receive additional information from DEMI. This manual is better than anything that most existing day care directors had when they started their first day care. Everything you need to know is in this manual and in the materials this manual recommends . . . just not everything you would like to know.

If what I have written so far has not persuaded you of the potential for Christian day care, *Beginner Class Curriculum Materials and Administration* probably will not persuade you, either. Neither will *Clearing the Hurdles*.

If what you have read so far has persuaded you that there may be a way out for you and your family in a day care ministry, then read *Beginner Class Curriculum Materials and Administration* carefully. See if you are willing to pay the price in attention to details that any successful organization requires. Count the cost.

Ask your wife to read this manual. If she is not enthusiastic about this kind of ministry, then starting a day care is probably not for you. If she is skeptical and does not want to get involved, starting a day care is surely not for you. But you could still hire a woman with credentials. Maybe she is a newly graduated elementary school teacher. Maybe she is a retired elementary school teacher or a former day care director. I have written an abbreviated version of this manual. Download it. Print it out. See if you can find someone who would like to run a day care like DEMI recommends. For information on where this mini-manual is posted, send an e-mail to:

director@kbot.com

There is something else. Maybe you and your wife think there is a tremendous opportunity here, but you don't want to jump in with both feet. You would like to try out the DEMI system first on a small scale. This is possible. Start a home day care with three or four students. There are few regulations on home-based day cares. Zoning is usually the big one. If zoning is a problem locally, then offer your day care services for free. There is no law against having some friends drop off their children at your home. Why do it free? To get the experience. To test the DEMI system. To gain self-confidence. Run a home day care for

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three or four months. See if you like DEMI's approach. See if DEMI's supplemental curriculum works as I have said it does.

Just because something starts small does not mean that it must stay small. If you can start a day care in your home that could gross \$600,000 a year four years from now, as well as provide you with retirement income of \$50,000 a year, just from the real estate, in (say) 15 years from today, an investment of three or four months in a trial run seems reasonable. If you do not have the time to do this because of your job, maybe your wife is willing. DEMI has the tool you need to begin.

How to Order the *Beginner Class Curriculum Materials and Administration*

I have waited until the end of this manual to tell you how to take the next step. You have completed the first step if you have read all of it. If you haven't, I suggest that you stop right now and read it. All of it. No shortcuts, please. Count the cost.

Next, to those of you who are convinced that a day care ministry is what you have been looking for, I say: order the ***Beginner Class Curriculum Materials and Administration*** if you want to reduce your risk. You have enough information in this manual to open a day care and make it a success, but ***Beginner Class Curriculum Materials and Administration*** will help to keep you from making any major mistakes. Dealing with details is basic to any successful ministry. It shows you how to do this.

The information in ***Beginner Class Curriculum Materials and Administration*** offers a significant competitive advantage to any day care director who reads it and follows its guidelines to the letter. I have therefore decided to limit access to it. I want dedicated day care directors to have this information, but I am not interested in making it available on the Internet, where anyone can forward the link to a dozen people or a hundred people. So, I have decided not to publish it on the Web.

To receive an instant-reply message that provides details on how to order it, send an e-mail to this address:

curriculum-demi@kbot.com

www.demischools.org