

For Retirement Plan Providers, It's All About Relationships

By Ary Rosenbaum, Esq.

The retirement plan business is a relationship driven business. It's about connecting with other plan providers and more importantly, connecting with plan sponsors. So while you may think what gets you business is a nice website or a great salesperson, what really gets you in the door as the plan provider for that specific plan sponsor is making a connection and continuing that relationship as long as you can. So this article is about how retirement plan providers can make connections with current and potential clients.

It's all about putting more rear ends in seats

I was heavily involved in my prior synagogue. I was a Vice President there and I helped develop a new website, a Facebook and Twitter page, and organized a couple of fundraising events including one starring Sal the Stockbroker (he's a turtle) from The Howard Stern Show. I use a line from pro wrestling announcer Jim Ross when I break down the work I did over there as I was trying to put more rear ends in seats (more members). That's also the way I talk about business. It might not be putting rear ends in seats, but getting more clients is analogous. Speaking of putting rear ends in seats, I think anything that detracts from putting more rear ends in seats is a waste of time. I eventually left that synagogue because they weren't interested in growing and improving the place as well as the fact that my kids weren't learning in their school. It also didn't help that they kept on pushing the same leadership that brought our membership from 750 families

to 300. Too many people were more interested in the titles and the glory instead of growing the membership; it started to be a waste of time. I was upset because all they did was rearranging the deck chairs on the Titanic. If it doesn't help with getting clients and it detracts from improving the business, it's a waste. A business is only successful when it has a big client base.



Don't speak over their heads

Many professionals especially lawyers have a tough time when it comes to speaking to their clients. Many lawyers forget that most clients don't have legal training, so they don't adjust their level of conversation to a level that non-lawyers can understand. Speaking what I call "legalese" for lawyers to clients is an absolute mistake because speaking over the heads doesn't help. The same can be said about speaking to potential clients. I find many third party

administrators (TPAs) that make that mistake when they speak to potential clients about plan design issues. What's the point of speaking about the specifics about a general test if a potential client has no idea what the TPA is talking about? The same can be said about financial advisors who delve too much into macroeconomic theory when all the plan sponsor wants to know is if 35 mutual funds on their 401(k) fund lineup is too much. I used to always think that lawyers that just get into too much legalese was just a way for them to try to justify their fees. Speaking over the heads of clients and potential clients may make a plan provider more confident in their abilities, but it does might make these plan sponsors have less confidence in them. Speaking over their heads is just a bad mistake.

Less is more when it comes to marketing

When it comes to marketing materials, plan providers fall into a trap where they think more verbiage in marketing materials will help drive the point to potential clients. However, "throwing more at the wall" with the idea that something will stick is the wrong idea. I remember the good old days with open multiple employer plans (MEPs) when every Tom, Dick, and Jane was starting one before the Department of Labor curtailed that nice piece of business. There was one open MEP provider that made a nice brochure for interested plan sponsors. The brochure was 28 pages long! I had suggested to the TPA that was helping promote it that most plan sponsors were probably lost after

page 3. Plan providers need to understand that they aren't selling a luxury car, they are selling a retirement plan. It was hard enough to get a potential client interested, throwing too much information at them will only help scare them away. Studies suggest that plan participation rates in 401(k) plans go down when they are more investment options in the plan because information overload creates confusion and disinterest. I would suggest that would be the same with marketing materials that are voluminous. Less is more and more is less. I apologize to the providers who want to present treatises on retirement plans to their clients, but these treatises will never be read.

Plan sponsors just want the bottom line

When I was working for a TPA, there was one thing that I loved what my boss would do. We had an actuary who was very verbose despite the fact he had a speech impediment when he got nervous. So anytime our boss would ask him a defined benefit plan related question, the actuary would go into this whole discussion about testing and the boss would just cut him off and he asked what the bottom line was. So when discussing with plan sponsors, ultimately they need a takeaway from any discussion they have with a retirement plan provider. The plan sponsor needs the bottom line, they need to know either how much something is going to cost them or why another option is more beneficial or how what is being offered to them is better than what they are getting from a current provider. A whole discussion on the beauty of safe harbor 401(k) plan design with cross tested allocations may get some retirement plan providers in a tizzy, it will do nothing for the plan sponsor if they don't understand how that type of plan design can benefit them in terms of money. When a retirement plan provider is hired or is under consideration to be hired, the plan sponsor will select a provider based on an expected result. The problem is that many plan providers can't



explain what that expected result should be and plan sponsors need to know the bottom line in order to make an informed decision.

Watch what you say

A great man once said that if you keep your mouth shut, people will think you're stupid and when you open your mouth, they'll know you're stupid. I always believe that in life, you should act with a certain level of class and that means watching what you say. Perception in life is a good chunk of how people may think about you and the worst thing you can do is say something that will make you look like a creep. Too many times, people are honest and tell you things that just really don't want to know and you never look at that person again. I remember going on a date with someone and I just heard too much about her previous relationship that I just couldn't wait for the date to be over. The point here is that plan providers should watch what they say to current and potential clients. Belittling the competition, speaking badly about competing providers or former clients, and showing the ugly side of themselves isn't going to help keep and get plan sponsor clients. Many years ago, I had major tiff with a former employer. When I spoke about the employer, I tried to watch what I said. I would knock them, but in a joking type of way. Some of the employees would knock me by making wild accusations against me in front of their clients and other retirement plan providers. I can assure that what they did, did them no good. Plan sponsors don't want drama and they don't why to

see the ugliness in people, so retirement plan providers should watch what they say and make sure that what they say doesn't do them harm in the eyes of current and potential clients.

The relationship continues after the sale

One of the knocks about payroll provider TPAs is that once a salesperson sells the plan sponsor on services, that's the last they'll ever see of the client. Since they do

have such high turnover there, it's all about sales and less about service. Again, the retirement plan business is all about relationships and the relationships doesn't end just when a plan provider notched a sale. The relationship continues on until the plan sponsor is no longer a client and the fact is that plan providers need to be better at the relationship once they're hired. The sales process can be exciting like dating, but the excitement doesn't need to end after the marriage (you saw what I did there?). A good relationship is all about meeting expectations, so plan providers could be better at relationships by focusing on service after they've been hired.

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