The Rich Laurita Rules for 401(k) Plan Providers

By Ary Rosenbaum, Esq.

Once upon a time in the 401(k) world, I knew a man named Richard Anthony Laurita. I worked with Rich (as his friends called him) for two different third-party administration (TPAs) firms for over 9 years and he had the most profound effect on my career than anyone I know. The lessons I learned from the way Rich conducted business continue to inspire me to this day. I believe that the way that Rich handled clients, advisors, brokers, and co-workers are lessons that any retirement plan provider can use to grow and maintain their business. Rich never lived to see 40 and he died more than 15 years ago, but I think understanding the way he conducted his business as to what I call "the Laurita rules" can certainly help your business as a retirement plan provider.

Clients Come First, Everything Else Comes Second

Not only was Rich a salesperson, but he was also a counselor and ombudsman for our clients. When a client had an issue, they naturally called Rich because he sold our services to these plan sponsors. Rich always made sure to answer clients, handle their complaints, and find out who on our staff wasn't meeting our client's expectations. Rich was the opposite of many TPA salesmen who no longer could return calls of those clients he sold services to or their financial advisors who brought the business. Rich could be a pain in the rear end for anyone involved in the administration side of things because he would call his fellow employees out if they weren't meeting the needs of their clients through shoddy service or miscommunication. Rich couldn't have cared less about playing politics and making nice. His main concern was meeting the client's needs because he knew that happy clients never leave, unhappy clients do.

You want people to be your friend

How was Rich so successful in being a salesman? He was the nicest guy you ever met, you wanted to be his friend. He was hilarious, he was thoughtful, and he could be generous. Rich could tell you a story and while you thought it might have been apocryphal, it was still entertaining. I would hear Rich tell his travel stories and I still know many of the crazy specifics without actually ever taking a trip with him. One of the keys to success in being a good salesperson is that people have to like you. I have seen other salespeople in the retirement plan business and they lack what Rich had a wonderful personality and confidence. If they like you, they really, really like you (sorry Sally Fields), people are going to want you to succeed. If they don't like you because of your lack of personality or your lack of scruples in the business, they are going to want you to fail. Rich has been dead for 15 years and I will get an email now and then from people in the business that loved Rich.

Spot Good Talent and Nurture It

When I started in the business in 1998, I worked for a law firm associated with a TPA in Syosset. I met Rich then and he was the top salesman for this TPA. Rich and I were co-workers in those days, not friends. Four years later, the TPA was folding. Rich was able to procure employment with a TPA in the city that was highly respected and was recommending many of his co-workers for his new boss. His future boss started hiring the TPA's best administrators and I was striking out in my new job opportunities. One day, Rich pulled me aside and suggested I call his future boss to see if there are any positions available for a young ERISA attorney. With Rich's recommendation while I was sitting in that boss' office, waiting for an interview, I was hired that day for an ERISA attorney position. Within two months, I was head of the ERISA legal department for that TPA. One can say that what Rich did for me was out of the kindness of his own heart. I disagree. Rich saw something in me that my bosses back in Syosset didn't see; he thought I was talented enough to help him in his work with my ERISA expertise. Rich also knew that

I would be loyal to him and I'm a loyal enough guy as long as I'm not getting the short end of the stick. My loyalty to him can be reflected in this article. Thanks to Rich, I was able to develop many relationships with brokers and advisors that I still have today. It also allowed me to gain confidence in public speaking. Without his nurturing (and the occasional busting of my chops), I'd probably not have the confidence to have my practice and develop a reputation as the ERISA attorney who doesn't speak ERISAese.

It's OK Not to Know, Surround Yourself with Those Who Do

Rich was a master salesman; he could sell sand in the desert. Yet Rich knew very little about retirement plans and he never pretended that he did. I used to joke that Rich couldn't spell 401(k) even if I spotted him the 4, the 0, the 1, and the (k). I would joke with affection because he had little background in retirement plans and it didn't matter. There are a lot of people who pretend they know about retirement plans when they don't, I think I worked for a couple of people like that including an ERISA attorney at a semi-prestigious law firm (sorry Pat). Rich's lack of knowledge was one of his strongest points because he didn't have to pretend and it made him look better. When Rich needed help with potential clients and their retirement plan questions, he would invite the people in our office who could answer these questions. Thanks to Rich, I was allowed a lot of client interactions and I helped in a lot of sales meetings. This experience built my confidence and al- lowed me to develop my retirement plan practice. So many people in the retirement plan practice pretend that they know the ins and outs of retirement plans. Rich felt that he would get more respect from clients and potential clients if he would bring in the people from our office that did know the ins and outs of retirement plans.

Reputation means everything and your word is your bond

There are plan providers out there that have a terrible reputation for stealing clients from brokers and advisors including producing TPAs. Rich was always protective of the brokers and advisors he developed relationships. While he might have wined and dined him, he made sure that they understood that they had his word and his word was his bond. As long as he was working with them, they had no reason to worry that the TPA that he was working for would ever poach their business. Rich even turned down TPA business from a potential client who terminated the services of a broker that had brought us business in the past.

Give People A Finger and They Will Give You Their Hand

Rich had a different attitude than most people in business; he realized that if you reward people a little, you would get a lot in return. If he gave people a finger, these people would give him their hand. Whether it was a broker, a potential client, a coworker, or a friend, Rich knew how to treat people and reward them. Whether it was free Mets tickets or cutting the line to meet Reggie Jackson, Rich's little rewards to me earned him more loyalty and dedication to his needs and the needs of his clients and the advisors he was working with. Rich was the same way with advisors he worked with; that is why years later advisors remember him. I once worked for someone that promised $350 for any referrals made that resulted in business. $350 for business that had recurring billing that was worth thousands of dollars a year and you'd have to chase him for the $350. Let's just say I never made a referral to get that boss business and I would move mountains for Rich.

The 401(k) Industry Is Small, Relationships Mean Everything

Rich conducted himself the way he did because he realized that the 401(k) world is rather small. If he developed a good reputation and developed good relationships in the business, he'd be successful at what he did. Rich always did what was best for his clients and for the advisors and brokers who referred him business sometimes to the detriment of us as the TPA. Rich knew that relationships mean everything; it was the key to developing future business. If Rich serviced one plan extremely well for an advisor, he knew he'd be able to get most of the advisor's retirement plan business. That's why he'd be yelling if someone working at that TPA was doing something that was causing grief to the client or the broker or advisor who was referring that business. When a new client wanted a "one loan outstanding" limitation for their 401(k) plan, I made sure to draft it that way. When the call center claimed that the plan had unlimited loans when a participant called up looking for a loan when they had one outstanding, Rich got an angry call from the advisor and he went ballistic. Rich went through many departments of our practice and discovered that it was the conversion department that failed to put up the plan's specification of only one loan outstanding at the time. So while the advisor was irate, Rich's detective work in detecting the problem went a long way to getting more referrals from that advisor. Word in this business spreads fast, you do good work and people will know. You do lousy work and they will know it too.

The Biggest Laurita Rule Of All

If the legacy of a man in this 401(k) business is measured by those he touched, by the number of people who respected him, and by the lessons, he taught, then a big piece of Rich Laurita will live through all of us. I will always say that when it comes to That 401(k) Conference, a little bit of Rich is still in every event.

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