

THE  
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A Publication for Retirement Plan Professionals

## How to Communicate and Understand Retirement Plan Sponsors.

There is a method to it.



Being a retirement plan provider isn't just about selling services, it's really about selling yourself and you can't sell yourself properly if you can't communicate with clients and potential plan clients. This article is about communicating and understanding plan sponsors to help you grow your business as a retirement plan provider.

To read the article, please click [here](#).

## Advertising Won't Fix This.

It can't fix the culture that is entrenched.

Over the years, I worked with many organizations starting back with student political organizations and the school paper at Stony Brook. This includes actual businesses, civic and religious organizations. Many of these businesses and organizations thought that advertising was the be all and end all in getting new business for these companies and members for these organizations. I even designed and wrote copy for these ads.



The problem with advertising is that it's not a be all and end all to help a business that's struggling or an organization that wants members. Advertising can never fix what troubles many businesses and organizations and that's culture.

If you're a business with a culture of poor customer service, advertising won't fix that. If you're a civic organization and you run it like an exclusive clique while not interacting with new members, advertising won't fix it.

As a retirement plan provider, you need to identify the issues as to why business isn't growing because advertising may help, but it won't fix the problems that might ail your organization.

## Avoid the proverbial "Shrugging of the

## Shoulders".

**It's bad body language.**



One of my pet peeves out there is when you give a list of complaints to a business or an organization and they give the proverbial "shrug of the shoulders". The "proverbial shrug" is basically the business or the organization telling you that they aren't going to merit a discussion of your complaints because like what Jeff Probst tells losing reward challenge participants on Survivor, they have nothing for you.

I always say that everything in business is about communication because it's a connection business. Having empathy for clients who aren't happy with your service goes a long way. Saying that you understand their complaints and that you will try better the next time goes a long way.

Taking the path that apologizing in any way possible is like admitting to a criminal act is only going to exacerbate the tension with the client. Whether the client's gripes are justified or not (and many times they aren't because it may contravene the law), they want to be heard.

For example, a few weeks back, I had one of my ERISA §3(16) client through my administration service, Austin 3(16) Fiduciary Limited (cheap plug) question what I did for my fee. I apologized and said that I should be more upfront and tell them everything I did for those 3 basis points. I took responsibility in failing to properly communicate with them and they came away happy knowing that I did everything that I promised per our contract.

Taking the approach that I have more important things to do or that they could have communicated with me would only have exacerbated the issue. People sometimes complain and all they want is to be heard and acknowledged, they don't even want an apology. Shrugging your shoulders isn't the way to go.

## You Might Be Gold, But They May Not See It.

**Don't take it personally.**

Aside from my children and my wife, my favorite person of all-time was my grandmother Rose. She was the most selfless person I ever met, who was full of life, and love for family. When my grandmother decided she would move upstate to live with my aunt, she started cleaning out her apartment. She put her trash on the side of the street for sanitation pickup and she was amazed that people on the



block were looking through her trash. She said: "what do they think I threw out, gold?"

It was a funny line, but I think my grandmother didn't understand that to some, her trash might be gold.

As a professional plan provider, we usually think we're great and we're stumped when a potential client cherishes an incumbent plan provider that we know is no good and we're dumbfounded by it. It's human nature to question what a plan sponsor could see in such a plan provider, but we see this all the time whether it's business or in family. What we may think is trash is someone's gold and what we think is gold is someone else's trash.

I worked for a third party administrator, where the chief operating officer would champion some administrator or actuary or salesperson as a superstar. They never were a superstar, but since this fellow cared less about good administration and more about paying employees on the cheap, they were his superstars. He would tell me how he got an actuary for a \$75,000 salary; the fellow wasn't \$7,500 even more so after the other partner woke up the actuary while he was sleeping at work.

I remember when a relative of mine dated someone she unfortunately married. I would hear my mother tout that he was a businessman. Dropping out of a community college, operating a hot dog stand at a flea market, and owning a dry cleaning store that did none of its dry cleaning doesn't make a businessman. 28 years and 3 careers later, the jury is still out. But some people have such wacky (we think of low) expectations of their plan providers, that no matter how great you are and how bad the incumbent is, it's not going to change.

It's like the Olive Garden. Having grown up in such an Italian-Jewish neighborhood such as Canarsie, Brooklyn who all moved where I live in Oceanside, Long Island, I hate the Olive Garden. When you grow up with great Italian food, you find Olive Garden an affront because it tries to be the McDonalds of Italian food. Some people out in the Midwest where there are not many Italians may think the Olive Garden is the greatest thing ever. I'm not going to debate someone who loves the Olive Garden because you can't properly debate opinions.

The lesson here is that there are some times; you're not the answer because the plan sponsor loves the plan provider. Maybe the plan provider is a relative; maybe the plan provider went to the same college as the owner of the company; maybe the plan sponsor likes to surround himself or herself with incompetent people to make himself or herself competent (that TPA COO did that).

Whatever the reason, it's a waste of time to crack that nut. Just remember you're not crazy, but maybe the plan sponsor is.

**You can say no.**

**You should when it needs to be said.**



I always believe that regardless of whether it's business or in regular day-to-day life, that you can't be everything for everybody. Being honest with that is only half the battle.

A lot of times, I met folks who are interested in starting a registered investment advisory (RIA) firm. I get calls for my insight on the retirement plan business, as well as my work in drafting advisory agreements for RIA firms and their retirement plan clients to comply with the fee disclosure regulations here. I also get asked on whether I could work on their RIA registration or whether they should use one of those businesses that only deal with RIA set ups and registration. Looking at my experience in doing that and comparing myself to these businesses, I politely tell them that these firms would be a better fit for their RIA registration. It's not that I couldn't do the work; it's just that the fees and length of time in doing the work is probably better by using a business that does nothing but RIA

registrations. Perhaps these new RIAs will be a client of mine, perhaps not, but at least I was honest with them. Again, you can't be everything for everybody.

I have a friend of mine who works for a great third party administration (TPA) firm in the Northeast. Only problem is that when it comes to smaller plans, the fees are high. Nothing wrong with that, except if you are a smaller plan and were dead set on getting this TPA to handle your plan. Anyway, this salesperson met one of the accountants he was familiar with. The accountant had a lot of opportunity in single employee, defined benefit plans. With a \$4,000 minimum for the actuarial work, the salesperson told the accountant that they were better off finding another firm for these plans at less than half what his minimum fee was. Again, you can't be everything for everybody.

Contrast this with a case at my old TPA. We had a 401(k) plan where the human resources director hated us from day one because we wouldn't do the work she received from the previous TPA she liked. She was a problem from Day 1, but we took the case because we had a great relationship with a southern RIA firm. So this client was a problem from Day 1, but they seemed to be interested in changing the plan by making it a K-SOP, basically adding an employer stock ownership feature (ESOP) to it. The client's advisors asked me about our experience with it and I was honest, I said we had a couple of those cases. Our lack of experience showed up in some of the presentations to the client (of which I was not invited to attend). Story cut short, our lack of knowledge was exposed and not only did we lose the client, the RIA who referred us the client lost the client as well.

Regardless of whether it's a TPA, RIA, and an ERISA attorney, you know you found an honest provider when they basically tell you that they can't handle your plan because the plan is not a right fit for their book of business. As a plan provider, you also need to be honest and forthcoming when you can't do the work. Know your limits and let the potential clients know what they are.

## Just say sorry.

**It will be easier.**

I worked for someone once who I thought was the biggest pain in the rear end and I think when I got older and started my own business, I finally understood where he was coming from.

When I work on my own and something



doesn't get done, it's all on me. When I worked for law firms and especially third party administrators (TPA), there are times when you have to rely on others and when they don't get what you need done, you can't get your stuff done. When my boss asked me why I didn't accomplish something or if I did something wrong based on the information provided, he didn't want to hear any type of excuse. He just wanted me to acknowledge that I did wrong without making any excuse even if they were valid. I once drafted a defined benefit plan document 5-7 times because the actuary and the client couldn't handle as to what the plan was supposed to say rather than how they thought should be administered. The fact that the actuary had no clue how he administered the plan didn't change the fact that the client was disappointed.


The same thing can be said about clients. They don't want to hear excuses; they just want to hear that you're sorry. When you're on the phone with a government agency and they haven't acted on something for you, you don't want to hear from the person you're complaining to that they're understaffed. If you're complaining about the work done for you, you don't want to feel that the person who was supposed to get the work done thinks your concern is silly by responding LOL to your complaint.

Sorry is the hardest word sometimes because people think sorry equals guilt or admission of liability. It isn't. I find it a great method to defuse a situation. There are times when I failed to get something done because I was ill or flooded with work and I said I was sorry because I didn't meet the client's expectation, It happens, thankfully not so much. The sorry went a long way into nipping any remaining anger with my failure to get something done.

I have seen families destroyed and business partnerships disintegrated just because someone put too much weight in what saying sorry meant. Saying sorry doesn't mean someone has something over you or that you're going to have say sorry many more times, it's just a great way to communicate with someone who is disappointed in you. It helps healing the disappointment they had.

I'm sorry you had to read this, but it's something I thought you should read.

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The Rosenbaum Law Firm P.C.  
734 Franklin Avenue, Suite 302  
Garden City, New York 11530  
516-594-1557  
Fax 516-368-3780

[ary@therosenbaumlawfirm.com](mailto:ary@therosenbaumlawfirm.com)  
[www.therosenbaumlawfirm.com](http://www.therosenbaumlawfirm.com)

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