THE ROSENBAUM LAW FIRM P.C.

ADVISORS ADVANTAGE

A Publication for Retirement Plan Professionals

Marketing and Management Tips For Retirement Plan Providers.

Tips to use.

I have been very lucky in my career. It has nothing to do with intelligence or good looks or being pushed by the right people. I've been lucky because I've been able to reinvent myself and some- times turn lemons into lemonade. Ambition and knowing what you want to do with your life goes a long way and that's why I was able to build a national ERISA practice from scratch. I have never taken a management or marketing course in school, except I learned a lot in the school of hard knocks. So this article is about free mar- keting and management tips to retirement plan providers.

To read the article, please click here.

There is a price to pay for being outspoken.

There is always a cost.

I always say that plan providers need to stand out in the crowd. I follow my own advice and that's how I tried to act when I started my law practice 5 years ago.

I was pretty brazen in my comments and I know I certainly ruffled a few feathers with my unbridled discussions in a world that pre-dated fee disclosure regulations. It was rather unique as many ERISA attorneys are neutral in their comments because of their desire to keep a low profile in getting to represent all plan providers, including both good and bad. I called out bad retirement plan providers including two of the top payroll providers and that certainly closed one pipeline of referrals.

The point is that being outspoken will certainly let you stand out in the crowd, but it can cause you business and it certainly has cost me. The point is that you can be outspoken, but always make sure that you don't offend every potential client or sources of referrals.

I think my act has toned down over the years, I'm more mature and the previous object of my ire no longer exists. I don't regret the way I started, but it was interesting to hear a recent third party administrator (TPA) criticize me as someone who hates TPAs. That's something I have not heard in over 4 years and my TPA clients will agree that I like good TPAs and I don't like bad TPAs. There is a difference.

Never give into disillusionment.

Don't give up.

If you start a retirement plan practice, it can be frustrating. Like I always say about thing in my life, "If it wasn't a struggle, it wasn't any fun". Building a retirement plan practice isn't easy because a stash of clients isn't going to fall into your lap. When it comes to building a practice, the one thing you can never yield to is disillusionment.

I was disillusioned many times in life; I think my three years at law school was 6 months of hope followed by 2 ½ years of disillusionment. I let some of the bad things that happened to me there really affect me and I did it to the detriment of my grades and friendships in law school. Getting clients isn't easy and some of the most frustrating people you meet are potential clients who will accept the fact that they are being ripped off by their current providers and still won't give you the time of day.

It's ok to be disillusioned at times, but don't let it paralyze you or sidetrack you in building your practice.

I always say that the only reason I ever had any success is my ambition and will to persevere. I'm not the smartest or the best, I just will never quit. 5 years after starting my own practice, it's still a struggle and like I stated in the first paragraph, it has been a lot of fun.

Tread Carefully with Plan Provider Referrals.

Watch who you refer.

"When I introduce you, I'm gonna say, "This is a friend of mine." That means you're a connected guy. Now if I said instead, this is a friend of ours that would mean you a made guy. A Capiche?" - Al Pacino in Donnie Brasco.

As a retirement plan provider, you are often asked to give a referral to other

retirement plan providers. If you are a financial advisor, you maybe asked for a referral for a third party administrator or an ERISA attorney.

The problem with referrals is when they come back to bite you. A request for a referral by a client is something based on trust, they trust that you know who is good and who is not. When you give a referral to a good provider, you look that much better in the eyes of your client. If you give a bad referral, you look terrible and I have run into providers who have lost business just because of a bad referral.

So it's important that any referral is based on first hand knowledge of a provider's competence. Referring to a provider because they may refer you back in business is a bad idea and using a referral, as some sort of tryout to network with other providers isn't either. Your word is your bond and a bad referral is almost the same as breaking your word because it's a break in trust. Trust is one of the most important things that a client should have in their provider. So be careful with referrals.

Why bad funds remain in 401(k) Plan.

A lot to do with advisor neglect.

A few years ago, researchers from the business schools at the University of Indiana and the University of Texas at Austin looked at some data to try to figure out why many poor 401(k) investment choices linger on fund lineups. The researchers identified one fairly clear explanation: a sub-par fund is much more likely to stay on the menu if it's managed by the mutual-fund company that's helping administering the plan.

While it's very easy to point to the Fidelitys and American Funds of the world to blame, the fact is that regardless of whether you are dealing with a bundled or unbundled product, poor investment options are dependent on the work or lack thereof of the financial advisors and/or the plan fiduciaries.

My old law firm was using an open architecture platform where they had a fund lineup that hadn't changed for 10 years. The culprit? The fact that they never bothered to hire a financial advisor until I told them it was a good idea.

There are too many plan sponsor who don't have a financial advisor and there are too many financial advisors who don't do enough of a credible job to merit the fee they are getting.

Perhaps plans on mutual fund company platforms are more likely to have stinky fund lineups, but it's still dependent on a plan sponsor and/or financial advisor sleeping at the end.

Marketing is about drawing a dime of business.

There has to be a point of making money.

At my old law firm (yes, that semi-prestigious law firm in Long Island), we had a law firm administrator. What he administered, I really had no idea. I'm still waiting for him to help me with growing my practice after he promised 6 ½ years ago. This fellow was very good at talking about ways to improve the way we did business at the firm, but did very little to actually get it done. While acting as the gateway to the Managing Attorney, he really was just a snitch. Since he had the Managing Attorney's ear, he was given way too much leeway in monopolizing the time of our marketing department in producing his own articles for distribution.

My dispute with that (of course after I left the firm) was that these articles weren't going to draw a dime for the firm because we were in the practice of law and not law firm management. Of course, I mentioned this waste of resources in a few of my articles and this law firm administrator never wrote another article that the firm published before jumping to a larger firm.

When it comes to marketing services as a retirement plan provider, your marketing has to have the intent that it will draw a dime. You're in business and some articles unrelated to your business are of little use and a waste of resources and time. It shouldn't be about over commercializing what you do, but an explanation of what you know. Materials that make your audience think and giving them some good sound advice is going to get interest about your firm and the services you offer. The days of getting your name in the newspaper isn't going to cut it anymore. Social media is the online dissemination of business ideas that is hugely cost effective and can have wide ranging, positive results. A recent article I wrote about not using cheap plan providers just got me an invitation to a very nice speaking engagement in the spring.

As long as you know your audience, half the battle is already won. Writing the content that will help spread the word about your firm around is the other half. Just remember that your efforts need to help draw you a dime.

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