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ADVISORS ADVANTAGE

A Publication for Retirement Plan Professionals

How An RIA Can Profit Off Of The New Fiduciary Rule.

It's an opportunity.

When it comes to an industry, change is often fraught with trepidation and fear. However, I always believe that change also brings opportunity. So while people are predicting gloom and doom when discussing the Department of Labor's (DOL's) new fiduciary rule, I believe that it can be an opportunity for growth for registered investment advisors (RIAs) since they've been fiduciaries the moment they were hired by their first retirement plan client. This article is how RIAs can take advantage of the new Fiduciary Rule in a way to grow their retirement plan book of business.



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

Good Marketing Can't Mask Poor Customer Service.

No matter how you try.



I've always been vocal about the need for a service provider to have good marketing if they really want to get ahead in the retirement plan business. While marketing is a great tool, what good marketing won't do is hide poor customer service.

Best example is this childcare institution that I was using for 6 years. They had some fantastic marketing and I would always make it a point to give the daughter of the owner kudos for some of the stuff they were doing on social media.

So 5 years, there was never an issue that wasn't resolved favorably. Year 6, I make some

complaints about an employee. Instead of trying to see whether my complaints were justified or not, they did nothing other than send my complaining email to that employee who then proceeded to effectively mock my complaints. I complained again and again to the point where the daughter of the owner claimed that I was harassing her. I suppose complaining to someone who only wants to hear compliments is harassment. I come from the school where the customer is always right even when they're wrong. There is a way to handle customers, ignoring them or stating they're the problem isn't a good way in retaining them.

Good marketing is really the sizzle, but you need the steak of good, quality service. Clients and potential clients will certainly pick it up that you're marketing doesn't justify the lack of competency in your customer service.

Just let it go.

No use being angry.

One thing I've learned over time is not to bottle up anger. Ever since I was a kid, I was passive-aggressive, I wouldn't confront people with issues that bothered me and I'd bottle it up until I blew up later down the line. I always say I had a long fuse and I'd have big a massive explosion at some point later down the line.



I had some classic blowups and I think the problem is that people never saw it coming and I might have defused a situation by being upfront and honest with what was bothering. Of course, there have been times recently when I told people how I felt and that didn't work either.

In terms of being a plan provider, I think one of the biggest problems is dealing with clients who don't pay bills and/or don't provide the information you need to properly do your job. Like an advisor told me once, real clients pay their bills and I would add that real clients comply with the information you need as well. Clients who don't behave aren't real clients; they are just real distractions from doing your job.

I learned the hard way. I had a big time client a few years back, they were the very first provider to hire me a monthly retainer. At a certain point, they stopped paying the bills owed to me. Rather than confronting them about, I let the owner just drag me along with hopes of more work down the line. It never paid off and now I'm in the middle of trying to get back the money owed to me. I was let on that I'd get my money including a promise by the owner that he'd pay me after my house was flooded by Hurricane Sandy 4 years ago. Once I hired collection attorneys to go after them, the anger and animosity was gone because I was able to end the 4-year maze of getting stiffed. Speaking from experience, you don't need the aggravation of people who aren't going to do the right thing by you, Sure, you have to look at the consequences of getting rid of these delinquent clients, but you need to sit down and figure whether they are worth the aggravation and most times, they're not.

Don't be passive-aggressive with employees.

There is a better way by treating them with honesty.

I always say the two worst things you can give people are false praise and false hope. One of the reasons that I started my own practice is because I was an employee and for the most part, I didn't like



how I saw employers treat employee especially when it came to acting towards them by giving them sort of fake praise and then taking action against them.

It happened really early when I worked at a Boston law firm as a law clerk when I was completing my studies as an LLM student. There was this paralegal there who clearly was way in over her head. I never worked with her, but she looked like a deer in the headlights, so it was Christmas season and she was

getting her end of the year review. She told that her work was excellent and she got a raise. Within two weeks, she was fired for being incompetent.

What's the point of saying someone is doing a great job when they're not? I'm sure people will say that the law firm was going to fire her anyway and so what's the point of telling her that she really needed to improve? I have an expression that I don't like to look bad and I believe that the law firm looked bad in her eyes, looked bad in the eyes of other employees (there was another paralegal who was really upset by it), and the leadership looked like a bunch of liars.

Employees won't improve if you don't tell them they need to improve. Getting rid of employees and hiring new ones can be an absolute ordeal, so it's a good idea to salvage what you have. But you can't salvage something where the employee thinks they're doing a great job because you told them. Mixed signals aren't a good idea when managing employees. Morale is an important aspect too. So when you're firing an employee you've told what a great job they're doing, it will impact the employees that are left.

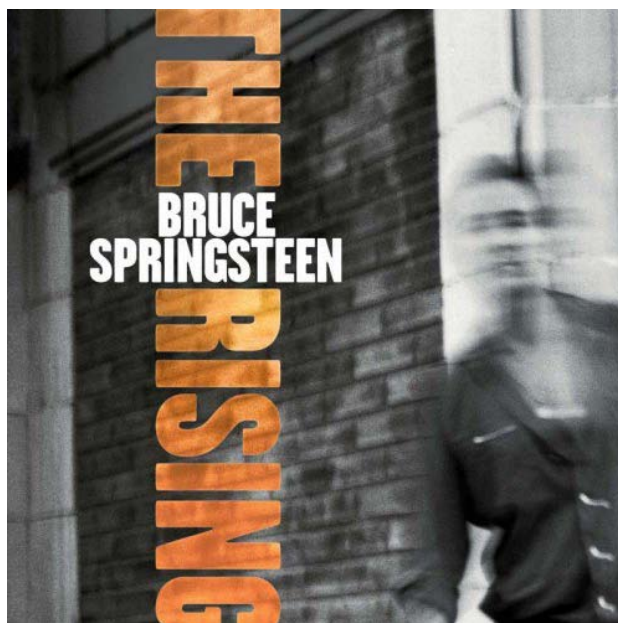
So if you have staff and they're not up to par, tell them. Give them an opportunity to get better because not having them see it coming is great on *Survivor*, it's not great in the workplace.

Your Business Can Fall A Lot Quicker That It Rose.

Rome wasn't built in a day.

One of the business philosophies I learned while working for third party administrator is that it's a lot easier to lose a client than to gain one. I know that first hand, seeing bad service that gets plan sponsors to fire you and going on sales meetings and how slow the sales process can be.

Building a retirement plan provider "empire" doesn't happen overnight. You might have started that business at a small desk in an office that you might have rented or able to procure from a family member or business affiliate. It takes a lot of work to slowly build a strong provider practice just like it's hard to build a new 401(k) plan's assets into



something a provider would look at.

While it's great to admire your accomplishments in building your practice, you should ever lose sight that it's far easier to lose your stature in the retirement plan business than it was to gain it. You should never stray away from the reason why you got in the business in the first place, providing good retirement plan services to plan sponsors at a reasonable fee. You should never get bogged down in the pettiness that gets plan sponsors so aggravated that they fire you.

You should never stray away from that important philosophy that the client is right as long as the Internal Revenue Code and ERISA.

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