

The Do's And Don'ts Of 401(k) Plan Provider Networking

By Ary Rosenbaum, Esq.

I spent three years of law school at American University Washington College and another year at Boston University School of Law to get my tax LLM degree. Yet, they never taught me about the value of networking. While grades were important for that first job, networking has been far more essential in my success. Developing and maintaining relationships is vital to succeed in the retirement plan business. There are plenty of things you should be doing and certain things you shouldn't be doing. This is what this article is all about.

The retirement plan business is relationship-driven

The greatest salesman I ever knew was a guy by the name of Richard Laurita. It is hard to fathom that he will be gone for 18 years this Spring, but he lives on in the lives of the retirement plan business that he touched. I worked with Rich for more than 9 years and I joke that he couldn't even spell 401(k). It didn't matter because Rich knew what he didn't know and would bring people like me in when he needed expertise. More than anything, Rich knew that everything was about developing a relationship. I started out working for a Third Party Administration (TPA) firm as a lowly paid ERISA attorney. Within months, he invited me to a free Mets game, which was a big deal for me at 26. Rich made me feel important and he helped get me the next job at the TPA we both joined. Rich knew that if he treated people well, most of the time, he'd get it back in

business. Rich treated the people the way he wanted to be treated. That's what made him hugely successful at what he did.

Your reputation is everything

18 years after his death, I'll write something about Rich on LinkedIn and someone will post something nice about him. Rich's reputation in the retirement plan industry was impeccable. Some other plan providers don't have an impeccable reputation. It could be about stealing business or doing

to always make ends meet with billables. Any type of relationship you develop in the retirement plan industry doesn't happen overnight. It can take time before that new person you network is in a position to help. It takes time because any relationship worth anything in this business requires trust and trust takes time. The biggest crooks in the retirement plan industry only got anywhere because people developing relationships with them didn't build a foundation to trust these thieves. In addition, the sales and referral process takes time. I've met plan providers and only then, many years later, did they have a plan sponsor client for me. For others, I've never gotten a client, but I'm always willing to help plan providers in whatever I can, to pay it forward. Networking and building relationships is a lot like gardening, it takes effort and it takes time.

Find the right audience.

When I was at that Fakakta law firm, I knew chances of cross-selling my services to existing clientele were

slim to none because partners guarded their client lists like it was the Lost Ark. So I started networking. The problem was that it was small business networking. I tried for a year, attending various events and meeting some small entrepreneurs. I met some nice people, but it was a complete waste of time. The woman selling pens for companies wasn't connected to any companies looking for retirement plan help. All these people I met either didn't have a retirement plan, and if they did, they had

something wrong by a client, but you need to know that your reputation means everything. You can't network effectively if word gets around that you can't be trusted or your work is shoddy. Avoid any type of behavior that could tarnish your reputation.

It takes time

When I started my law practice about 15 years ago, people told me that it would take about 2 years to make it work. They weren't wrong, it took a considerable time



to answer a question or two, they know they can call upon me when they need me. So nothing annoys me when I get a LinkedIn request from an advisor where they say something usually like this: "I have reviewed your background and I'm impressed. Would love to discuss with you about your goals." Well, let's be honest. They're not interested in networking or my goals in my career, they're interested in selling me their financial services. I have been an ERISA attorney for 26 years, been working in my practice for almost 15 years. Chances are, I know quite a few financial advisors around the country, including some for over 20 years. Who am I going to hire if I ever need a financial advisor? Someone I know and trust or someone who just someone who just connected me with on LinkedIn. These are short-sighted people who just don't know how this thing called networking, works. It's all about meeting people, building trust, and hopefully becoming potential sources of referrals. These types of advisors on LinkedIn remind me of aggressive men on first dates who just want to move quickly and aggressively and fail at that. I'd meet insurance people and they'd invited me to their office, and all they wanted to do was



Life is a game of give and take. It takes some cooperation to be successful. There are going to be some networking relationships where you give more and somewhere you take more. I've had relationships, that where some plan providers give me more referrals and some plan providers take more help with questions. That's fine, it usually evens out. Schnorrer is a Yiddish term for a beggar who, unlike ordinary beggars, presents himself as being respectable and feels entitled to the goods he receives. For me, a schnorrer can also be a cheap-skate or a sponge. More importantly, it can also be a habitual moocher, someone who never picks up a check, or is just a jerk. I can honestly say, that over 26 years and 15 years in my practice, I can probably count

between. That's the cost of being so well-natured and trying to network effectively, but that's OK. Don't let this handful of people sour you on networking. In addition, don't be a Schnorrer, don't take advantage of the goodwill of plan providers. If you have no intent of working with certain people, don't take advantage of their free stuff.

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