

Empathy and Communication by a Retirement Plan Provider Goes A Long Way

By Ary Rosenbaum, Esq.

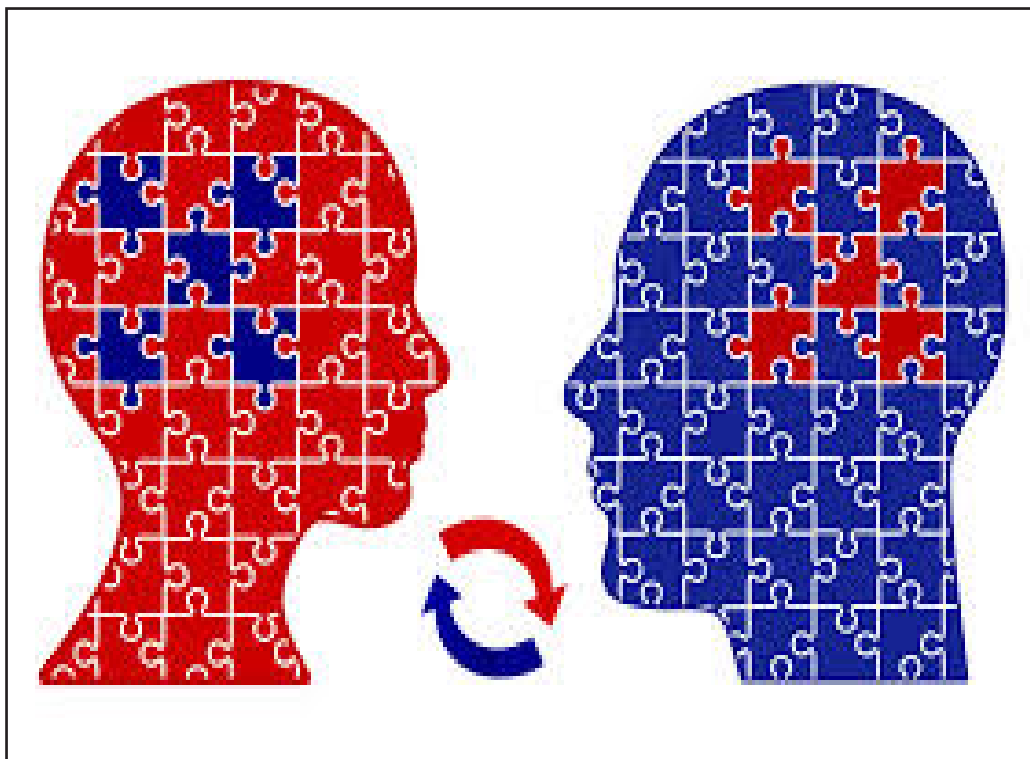
They say that game theory is the study of strategic decision making. It is “the study of mathematical models of conflict and cooperation between intelligent rational decision-makers.” I say I use game theory, but I really don’t. I just have a very good understanding of human beings and try to understand what they may feel when I make a certain decision or not. Understanding that your decisions may have consequences will help guide you to make better decisions. Your decision can have wide ranging effects and you need to understand as a retirement plan provider that your decisions don’t happen in vacuum, there are consequences that may affect your relationships with clients, employees, and fellow plan providers. This article is about how empathy and game theory are important issues for plan providers to consider when they are making decisions about their practice.

Empathy goes a long way

Early in my marriage, my wife said I had no empathy. She was probably right because I didn’t know what empathy was; I had to look it up. Empathy is the ability to understand and share the feelings of others. Too many people don’t have empathy and I think I might have one boss who had some. Empathy is an important trait because it allows you to have healthy relationships

with people and this retirement plan business has always been about relationships. So having some empathy can help you navigate your business because it will allow you to understand how your decisions can impact the feelings of someone else. If you have empathy, you may withhold on a potentially disastrous decision just because that trait makes you understand that your decision will be poorly received.

poor benefits, I was happy there as the top practicing attorney. The TPA was owned by two partners: a majority partner who was a great salesman and a minority partner who was just lucky to have known the majority partner back in the day. The minority partner didn’t like me because he saw me as a threat and this minority partner liked to remove perceived threats. This minority partner recruited an administrator to make



unwarranted complaints about me. Needless to say, I left that TPA because the minority partner/ chief operating officer was out to get me. The break from this TPA was very messy and this TPA made some complaints about me with one of my next employers. Needless to say, I knew a thing or two about their operations and alerted the necessary authority. While not getting into specifics, that TPA no longer exists. For the want

The snowball effect

A snowball effect is a process that starts from an initial state of small significance and builds upon itself, becoming larger, and also perhaps potentially dangerous or disastrous. To me, the snowball effect is the same as the proverb “For Want of a Nail”, “For Want of a Nail” reminds us that seemingly unimportant acts or omissions can have grave and unforeseen consequences. I worked for a third party administrator (TPA) as an attorney. Despite the pay and

of getting me, the minority partner of this TPA put a “snowball” in motion that eventually killed his business so that he now operates a snoring website. You need to understand that any decision you make can have a greater impact further down the line.

Keeping people in the loop

I’m the Vice President of a Synagogue and was a little unnerved when I discovered that a member was being hired as a secretary in the office. I think the idea of having a member working as a secretary

in the office is a terrible idea especially when they would have access to member records. I was also alarmed because the member hired as the secretary had no secretarial experience. It just reeked of cronyism and I abhor cronyism. Probably the biggest problem was that for being a Vice President, I had no knowledge that this hiring was done until after it was done. Most of the trustees railed against it, so the President



withdrew the idea. When I heard of the hiring, I told the President that it was a bad idea and it was waste of political capital to support a hiring that was a bad idea on so many levels. The fight against this hiring caused a lot of grief at synagogue and it was such a wasted fight. Had the President kept officers and trustees in the loop that he was considering hiring this member as a secretary, it would have preemptively stopped the debate and hiring before it became too much of a story. So much harm and lack of communication can be avoided just by keeping people in the loop. By keeping people in the loop, there are no surprises and the people in the loop feel better knowing that are valued enough to be fully informed of any changes you make in your business. Some things will always need to be kept a secret, but some secrets need to be shared to those who need to know.

Don't nickel and dime anyone

People would rather pay a premium for a service than being consistently needed to pay fees in an a la carte setting. I know this from experience. My clients love the idea of paying a flat fee for my services rather than paying for services where the clients are being nickled and dimed. A perfect example is in the law firm setting, where clients are not only charged by the hour, they also pay for copy and mailing costs. I worked at a union law firm where they would charge their clients for an attorney's dinner if they were working for these clients after normal business hours. I say if you're charging a client \$300-\$500 an hour, buy your own dinner. Clients don't need to be charged for every piece of paper

they receive, so a TPA charging for an annual safe harbor notice is nickel and diming a client since it takes two seconds to print and is uniform every year expect for the calendar year number. Not only do clients not want to be nickled and dimed, but neither do employees. I worked at a place that was in the benefits business that provided employees with a lousy 401(k) plan and health insurance that would change carriers for the worse every year, but what got people upset the most is when they stopped providing free milk for the free K-Cup coffee machine. While I will always remember the wedding that had the cash bar, employees will also always remember if you are cheap when it comes to things that they may value. While one would think that employees wouldn't be so upset about losing free milk with their free coffee, they might. Just because you may not value something, doesn't mean that your clients and employees have that same little regard.

Saying sorry can cure almost anything

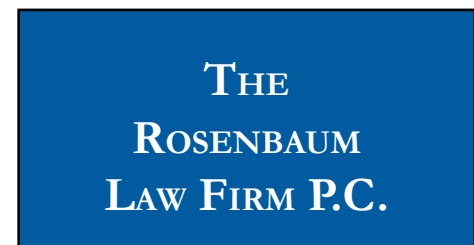
So many problems and fights can be diffused with a simple apology. If your company or employees created a problem for a client, employee, or other plan provider, a simple apology can help. So much resentment is created when something wrong happens and the person or company that caused it refuses to apologize. An apology is not some admission of guilt. it's just showing the aggrieved party that you care. I have had clients who have had issues with plan providers and all the client ever wanted was a simple apology rather than a laundry list of excuses why the plan provider goofed. An apology in it of itself does not cost anything. An apology is a

great example of empathy and it cut down a potential dispute down before it mushrooms into something quite larger.

It's all about communication

I will always say that any major falling out that I have had with people in business and in my personal life has been because of a lack of communication. A lack of communication isn't just about not talking to them,

it means not being to effectively communicate properly. So speaking in ERISAese to clients isn't communication because you are clearly speaking above their heads. Communication is about speaking on the level as your clients, your employees, and other retirement plan providers. You need to say what you mean and mean what you say. If something is bothering you about an employee, be honest and tell them. I'll never forget the law firm I was working at when I was getting my LLM where they gave a paralegal a good review and terminated weeks later. Failing to effectively communicate with your clients, employees, and other providers may negatively effective your relationships with them, it may also negatively effect the relationships of others who hear this poor communication.



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