Acquiring 401(k) Plans
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Financial Advisers Are The Best Feature Of Any 401(k) Program
The 401(k) Sales ChampionSM 7 Step Process

1. PREPARATION: Enhancing Your 401(k) Knowledge
2. PLANNING: Increasing Your Probability Of Success
3. PROSPECTING: Determining With Whom You Want To Do Business
4. PROFILING: Discovering What You Need To Know In Order To Win
5. PRESENTING SOLUTIONS: Effectively Communicating Your Value
6. IMPLEMENTATION SERVICE: Positively Beginning The Relationship
7. ONGOING SERVICE: Retaining The Relationship
Local relationship management for employers
Retirement coach for employees

You are the conduit between the accomplishment of the goals and objectives that the employer and employees have for their company 401(k) plan and the resources of the 401(k) provider.
#2 PLANNING: Increasing Your Probability Of Success

- **Why have a business plan**
  - Decreases lead-time
  - More effectively focuses the minimal amount of time you have available
  - Reminds you of your potential

- **Answers these questions**
  - Why should you be chosen to service your clients 401(k) plan?
  - What is your net 401(k) compensation goal?
  - How will you achieve your net 401(k) compensation goal?
  - What will you do to retain your 401(k) plan relationships?
Your Value Statement

- **Its about YOU!**
  - First time buyers are cost conscious
  - Second time buyers are competency conscious
- **What value added services do you offer?**
- **Why are you unique?**
- **Why should you be chosen?**
  - “I help employees at local companies to maximize the utilization of their company 401(k) plan.”
Business Plan Development Is A GAAM!

**G:** Goals

**A:** Analysis

**A:** Activities

**M:** Monitoring
The key to 401(k) prospecting success is persistence!

Bringing your business plan to life.

Clean-up your database
Where Do You Find 401(k) Plan Prospects?

- Look to your current book of business
- Leverage into existing relationships
- Consider a database
- Search the Internet
- Read the local newspaper
- Review the business guides and Chamber of Commerce directories

You can find prospects just about anywhere! Finding the ones you want to pursue is your challenge.
Select Your Prospects

- Qualitative Parameters
- Quantitative Parameters
- The Prospect Quality Score: PQS
  - Determine timing
  - Be everything to the few: FOCUS
The Prospect Quality Score: **PQS**

### Relationship Factor

1.00 = Sound relationship with decision maker(s)

.75  = Strong referral to decision maker(s)

.50  = Weak referral to decision maker(s)

.25  = Cold solicitation to decision maker(s)

### Plan Change Factor

1.00 = Officially searching

.75  = Unofficially searching

.50  = Generally content

.25  = Not considering a move

≥ 1.5
Acquisition Activities

- “Drip” campaign
- Promotion of National 401(k) Day
- Presentations: General public, managing your 401(k) account
- Presentations: Employees, 401(k) Day, market volatility, “pump-up participation”
- “Thank you” and holiday cards
- Sponsoring CPA/CPE events
- Networking with influencers; CPAs, TPAs, ERISA attorneys
- Workshops for plan sponsors
- Workshops for the general public
- Cold walks
- Referral lunches with clients
- Working lunches with clients and guest speaker; ERISA attorney
Activity Measurements

- Activity Measurements are projected, realistic outcomes which guide you along your journey to accomplishing your goals.
- Acquisition Activity Measurements could include number of:
  - Initial contacts
  - Discovery meetings
  - Proposals
  - Sales presentations
- Retention Activity Measurements could include:
  - Annual Trustee meeting
  - Quarterly investment review with the Investment Committee
  - Semi-annual enrollment meetings with newly eligible employees
Defining Acquisition Activity Measurements

Goal: Acquire $50 million in 401(k) assets in 5 years

- **Assumptions:**
  - Average plan $2 million: 25 401(k) plans
  - 240 days a year to pursue
  - 40% cold to warm
  - 50% warm to hot
  - 50% close ratio

- **Initial contact with a decision maker every 5th business day**
  
  \[
  \frac{1200}{250} \]

- **Conduct a discovery meeting with a “warm” prospect every 12th business day**
  
  \[
  \frac{1200}{100} : 40\% \]

- **Publish a proposal and conduct a sales presentation every 24th business day**
  
  \[
  \frac{1200}{50} : 50\% \]

- **Close a 401(k) plan every 48th business day**
  
  \[
  \frac{1200}{25} : 50\% \]
Persistently Pursue

### First Month

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#4 Profiling: Discovering What You Need To Know In Order To Win

Two “Controllable” Reasons Why You May Not Be Chosen

1. You didn’t stand a chance.
2. You didn’t know what you needed to know in order to win.
The Profiling Menu

- Openers
- Profiling Questions
- Objection Handling
- Voice Mail Message
Your Openers serve several purposes:
- Shifts perspective
- Opens the door
- Ask initial profiling questions
Sample Openers

- Theme: Competitive: “Good morning/afternoon decision maker’s name. This is your name. I (We) recently mailed you a letter introducing my 401(k) services. I (We) represent competitive 401(k) program providers, and I (we) compete on service to you and your employees. My (Our) goal is to open a line of communications with prospect company name and stay in contact with you so that, when the company is ready to enhance its 401(k) plan, I (we) might have an opportunity to compete.”

- Theme: Selective: “Good morning/afternoon decision maker’s name. This is your name. I (We) recently mailed to you a letter introducing my (our) 401(k) services. Because I (we) strive to provide outstanding customer support to our 401(k) clients, and the fact that I (we) only have a finite amount of time, I (we) have to be choosy as to which companies I (we) pursue to service their 40(k) plan. There are qualities of your company that mirror those of my (our) best clients. I (We) would like to open a dialogue with you to see if I (we) could one day provide service to your 401(k) plan.”
Profiling Questions

- **Initial profiling questions**
  - Determine whether or not you want to pursue the prospect

- **Discovery meeting questions**
  - Determine whether or not you win the targeted plan prospect.

- **Open-ended questions**
  - Let the decision maker tell you everything you need to know to win
Purpose of the Discovery Meeting

- The Discovery Meeting helps to enhance the effectiveness of your profiling efforts.
- Continue the process of understanding what you need to know to enhance the probability of being selected.
- Discovery Meeting objectives:
  - Communicate your value-added service
  - Completely profile the decision maker(s) and existing 401(k) plan, if applicable
  - Solicit quality responses
  - Develop a thorough understanding of objections
  - Answer any questions
- Schedule a follow-up meeting to present your recommendation -- a sales presentation if applicable.
Discovery Meeting Questions

- Plan Demographics
- Plan Operations
- Plan Investments
- Plan Service
Final Discovery Meeting Questions

- Second-to-last question, “You have provided a great deal of information, with plenty of opportunity for me to suggest improvements when we meet next. If after our next meeting you agree that my recommendations will provide the 401(k) plan that works better than your current plan will you be at a point where you are ready to make the upgrade?”

- The last question that you ask during the Discovery Meeting is, “Prioritize for me what will be important to discuss at our next meeting when I present our recommendation.” “Would all other decision makers agree on that prioritization?”

- Guess how you are going to start your sales presentation?
Remember When Profiling 401(k) Prospects

- Speak only to the decision makers of the plan you want to do business with.
- Have discussions with each of the decision makers prior to your presentation.
- Do a complete profile and ask tough questions.
- Give decision makers plenty of time to complete their thoughts before jumping in and interrupting them.
- Promise prospects only what you have control over.
Next Steps

- Build your 401(k) business plan
- Compile and verify your leads and establish a contact management system.
- Begin your contact with prospects.
- Conduct discovery meetings
- Submit proposal requests
- Attend next event, Retaining 401(k) Plans
Thank You

Questions:

Proposals: