

# Growing fast during tough times



Photo by Kimberly McKinzie

## President Robert Judd expects to add jobs, revenues at EPIC Advisors

By **THOMAS ADAMS**

**I**n challenging economic times for most companies, employee benefits administrator EPIC Advisors Inc. heads into 2009 with plans to increase revenues and add jobs.

“We really don’t see any slowdowns,” President Robert Judd says.

EPIC posted revenues of nearly \$7 million in 2008. Revenues are projected to grow by 30 percent, to \$9.3 million, for 2009, during which the company will increase the number of 401(k) plans it oversees from 700 to more than 1,000.

The increase in the number of plans is due primarily to the addition of what will be the firm’s largest client in the first quarter. Judd declined to name the client, which, with \$1.5 billion in assets, would replace Raleigh, N.C.-based First Citizens Bancshares Inc. as EPIC’s largest account.

Canandaigua National Bank and Trust Co. is its largest local client.

“We see growth in three different areas,” Judd says. “One is our direct market, where we’re selling locally. Second is our existing institutional base, where we’re getting them to add more plans.”

The third is to find new institutions that have books of business, he says. A book of business is a relationship management technique used to maintain a closer connection with high-value customers. Business books contain customer data that allow businesses to separate customers into groups to set up targeted sales.

EPIC is planning to add 12 employees to its work force of 60 and is spending \$180,750 on new infrastructure for its offices on the second floor at 150 State St. to support its national client base.

The firm was founded in 1993 by James Genthner, its current executive vice president. Kathleen Wright joined as a partner

shortly thereafter, and Theresa Mazzullo joined as a partner in 1999.

Judd, who had contracted with EPIC beginning in 1995 to sell its record-keeping services nationally, joined as a partner in 2000.

EPIC was acquired in 2005 by NBT Bancorp, with Wright and Mazzullo departing. The partnership with Chenango County-based NBT has allowed EPIC to more than double its sales over five years.

Revenues in 2004 were at \$4.3 million, compared with this year's projection of \$9.3 million.

"I expect to be doubled again in five years," says the 48-year-old Judd, who on Dec. 15 signed a second five-year working agreement with NBT.

EPIC's average revenue growth over the last five years is 20 percent, he says.

"Earnings have actually grown faster than that," he says. "We've done better on margins over that time. I think the bank's happy."

EPIC administers 401(k) plans but is not a registered investment adviser. The firm plans to add an investment advisory service on a contractual basis this year, Judd says.

"We take calls about using the Web, helping them get distributions and loans, and with processing-type transactions," he says. "The bank partner or investment advisers typically handle the aspect of dealing with either plan-level or participant-level investment help."

"We're staying off the investment side. We do provide a ton of education and guidance. There are all kinds of tools on our Web site. We will provide written literature. But we stop at the line of actually providing a different level of advisers."

Judd's financial expertise also has benefited Brook-Lea Country Club in Gates,

where Judd is a member. Rochester attorney Anthony Dentino is the club president.

"I've known Bob for about five years," Dentino says. "In my first year as president, I asked him to be on the board because he used to run a restaurant in Brockport. From that point forward, I've never been so impressed with somebody in my life, as far as his business background and knowing how businesses operate."

"The depth of his financial knowledge is astounding."

Dentino recruited Judd to turn around Brook-Lea's restaurant business.

"The main end of any private country club is the restaurant," Dentino says. "It's also the most difficult to operate because they usually operate at a loss. I wanted somebody that had some restaurant knowledge, but his knowledge went way beyond that."

"We ended up working on the entire dues structure of the club and proposals for attracting members. He ended up taking over anything to do with finances of the club. He is intimately involved in the entire budgetary process of the entire club."

### Massachusetts native

Born in Lowell, Mass., Judd was 2 years old when he moved with his family to Oneida, Madison County, where he grew up.

He started college at SUNY College at Oneonta and eventually transferred to SUNY College at Brockport and graduated in 1985 with a degree in psychology.

"My focus at the time was owning my own business," he says.

"I was going to school in Oneonta and tending bar three nights a week. I had some friends that were going to Brockport. I came up on a visit, scoped out the area and saw what was going on. I decided to move from Oneonta to Brockport and open up a college bar with a food service. That's how I got started."

He started that business as a senior in 1981, after waiting one year until he turned 21 so he could apply for a state liquor license.

He sold the business six and a half years later and in 1987 took a job with Central Trust Co.

"I was a trust department salesperson," Judd says. "I sold both personal trusts as well as employee benefits. That's where I got the exposure to the 401(k) world and liked what I saw."

He enrolled in a program sponsored by the Wharton School of Business at the University of Pennsylvania and became a certified employee benefits specialist.

Judd left Central Trust in 1993 for a joint venture with Roberts Communications Inc. called Judd/Roberts LLC, a communica-

tions provider for financial institutions in the retirement-planning business.

Two years later, he contracted with EPIC. Five years after that, Genthner and his partners recruited Judd to be a fourth partner and a 25 percent owner of the company.

"I tended to stay on the sales side, so I was running around the countryside getting more banks and more plans in from our national base," Judd says.

Genthner, who headed the pension trust group at what was then Chase Lincoln Capital Advisors, founded EPIC as a local provider of record-keeping services. Almost immediately after EPIC's formation, the bank decided to contract out its 401(k) administration.

"Chase was trying to put together a strategic alliance with a firm down in New Jersey," Genthner recalls. "It fell apart at the last minute and Chase was left without a solution, so they came knocking on my door. We worked out a deal with them and Chase was my first bank client."

Chase immediately changed the dynamics of Genthner's firm.

"Now he had this big client relationship that he had to deal with from the get-go," Judd says. "That's where I kind of jumped in. I went around the country talking to banks and saying we have this service and Chase is already a client; we think we can handle your needs as well."

In 2004, Judd replaced Genthner as president.

"Bob's 10 years younger than I am," Genthner says. "I've worked hard, and I was looking to not stay in that lead position. At the same time, we wanted to mentor Bob and do the baton switch with him. I'm happy where I am. We work very closely."

"Bob's been a good leader. I tend to see things in a lot of grays. Bob's able to keep everybody focused on a clear mission. I'm the process guy; he's the people guy."

Judd began to position EPIC to be acquired.

"It was what I would call a tight-knit bidding process," he says. "We invited maybe 30 companies to the table and took it down to about four. Some were regional. Some were national."

"NBT actually wasn't invited to the party. They ended up finding out because there was some connection to somebody that was. They were a customer of ours. When they heard about it, they said they wanted to be part of that process. They ended up being the best fit for us."

Wright and Mazzullo, CEO at Linden Oaks seed fund Excell Partners Inc. and chairman of the County of Monroe Industrial Development Agency, departed EPIC as a result of the acquisition. EPIC operates as a separate

## Robert Judd

**Title:** President, EPIC Advisors Inc.

**Age:** 48

**Home:** Town of Sweden

**Education:** B.S. in psychology, SUNY College at Brockport, 1985

**Family:** Wife, Lori; daughter, Kristin, 22; sons, Andrew, 19, and Nathan, 14

**Hobbies:** Golf, watching his sons play hockey

**Quote:** "From a management standpoint, we spent a lot of time making sure there's real communication here. I think it's been a major factor in terms of how we've gotten better as a company."

entity of NBT and has kept its name.

"The key for us was it allowed us to remain independent," Judd says. "Most of the other providers were aggregators. As much as they tell you it wasn't going to happen, at some point they probably would have looked to create efficiencies and scale us into the operation they already had in place.

"With NBT, they didn't want to buy us for that. They wanted to increase their non-interest income. This was kind of a first step for them to start to buy companies outside of banking. They liked us because we did their bank plan and their customer plan. They felt good about the company itself."

The cost of the all-cash transaction was not disclosed. Judd and Genthner signed five-year contracts to run the company. Both are in the fourth year of their current agreements. Genthner, 59, plans to sign his five-year extension soon and retire after that when his wife retires as a teacher in the Hilton School District.

"It's well-capitalized," Judd says of NBT, "so it helped us in our story as we go out and talk to new institutions. There's more meat and potatoes behind it besides just four independent owners."

Corporate ownership has required some adjustments in the way Judd runs EPIC.

"It was an interesting change for me because, in the past, it was all about cash flow," he says. "All of our focus was about creating cash flow and minimizing taxes to the extent you legally could.

"We worried about big purchases. We were real concerned about tying into leases. When we became owned by NBT, all of a sudden cash flow didn't matter any more; taxable income did. Our whole focus had to change to creating taxable income. It took me about a year to get used to it."

### **New home**

NBT's deeper pockets allowed EPIC to move its offices from West Main Street to State Street.

"When four owners are looking at a 10-year lease, for instance, we were always concerned about cash flow," Judd says. "For

a company like NBT that makes \$70 million a year, net, it's not a big deal for them.

"One of the first things we were able to do was get out of the building we were in, which was very cut up and kind of an older building, and move over here and build out an area that's much cleaner and more operationally focused."

The \$180,000 worth of infrastructure expense will be used to build out the remaining 25 percent of the second floor. Half of that will be used to accommodate the 12 new hires.

"And we'll have the same size again left," he says. "We hope to stay in this building for at least another six years, to the end of the lease. We are hiring less than we might have, because of the economy. We're still being cautious about the future, but hiring certainly is better than laying off."

The new hires will be in a variety of areas, including operations, technical expertise, document work, compliance, sales and customer service.

Some 90 percent of EPIC's business is national and institution-based. It serves 60 banks, Judd says. Many others are thinking about outsourcing their record-keeping as a way to balance their books in a difficult economic climate.

"Because of the model we have, we happen to be benefiting from that," Judd says. "A lot of record-keepers trying to expand nationally do so through acquisition. They're going to typically pay, depending on the quality of what they're buying, anywhere from one to one-and-one-half times revenue. We're able to go into these banks and lift out the plan with, really, the cost of sales."

EPIC's model enables it to customize its services around the personal model of a bank or investment adviser, Judd says.

"If they're selling a plan they can say it is the bank's plan," he says. "We're behind the scenes, and when they come up through our Web site and voice response system, everything looks like it's the bank's. Most record-keepers don't do that.

"If they want branding, we're able to be behind the scenes and create that branding

for them. We do all the heavy lifting in the background."

### **Off the job**

Away from work, Judd enjoys golf.

"I like to golf," the town of Sweden resident says. "I probably play one to two times a week during the summer. I try to go down south once in a while during the winter."

His handicap, he says, is "not good."

Judd and Brook-Lea president Dentino both own homes in the Port St. Lucie, Fla., area.

"He and I don't see eye-to-eye on politics," Dentino says. "Every once in a while I'll tweak him to get into a political discussion, which turns into an economic discussion, and I just sit back and listen to him.

"We've become very good friends. He's an everyday guy. You want to go have a beer with him."

Judd also is a hockey dad.

His oldest son, Andrew, played hockey at Brockport High School. He is now at Cornell University, majoring in applied economics. Judd's younger son, Nathan, is a freshman player at Brockport.

Both sons have played on hockey travel teams.

"I have attended over 1,000 youth hockey games," Judd says.

His daughter, Kristin, graduated last month from SUNY Brockport with a degree in communications. She is looking for a job and is to be married in August.

Although he is grateful the economic downturn has not affected his company and, by extension, his family, Judd admits to being nervous about what lies ahead.

"I'm real concerned about where we are right now," he says. "From an investment standpoint, there's a lot of questioning of the buy-and-hold strategy that's been out there for a long time. The question is, does that work in a different type of business cycle?"

"People are going to need a lot of help and guidance to get to a place where they want to be from a retirement standpoint."

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