

Service, People, Product

An Interview with James W. Crystal,
Chairman and Chief Executive Officer, Crystal & Company

EDITORS' NOTE After joining his father, Frank Crystal, at the firm in 1961, James Crystal was named President in 1963. Under his leadership, Crystal & Company has grown far beyond its original roots on Wall Street to serve a global clientele. An insurance industry leader, Crystal is widely recognized for his tenacious advocacy of his clients and innovative approach to solving his client's business problems. Active in the community, Crystal serves as a Vice Chairman, Trustee, and Member of the Executive Committee, and Co-Chairman of the Audit Committee of The Mount Sinai Medical Center. He continues to advise a wide range of corporations through his service on the boards of directors of Stewart & Stevenson LLC, ENNIA Caribe Holding, Global Indemnity plc, and K2 Global Consulting.



James W. Crystal

COMPANY BRIEF Crystal & Company (crystalco.com) is a leading strategic risk and insurance advisor, addressing clients' risk management, insurance brokerage, and employee benefits consulting needs. The firm is comprised of more than 400 professionals, each distinguished by their technical expertise and industry-specific knowledge, and driven by their passion for client service. Crystal & Company is headquartered in New York with 10 regional offices throughout the country, placing over \$1 billion in premiums annually in the global insurance marketplace. Established in 1933, the company has sustained its independence through 80 years and three generations of Crystal family ownership and management. Crystal & Company is a member of Brokerslink, a global alliance of leading independent insurance brokerages spanning more than 80 countries and 300 cities across the world.

What is the true differentiator for Crystal & Company?

It comes down to three things, not in any particular order of importance. We emphasize the family culture relative to many of our competitors who are public, owned by private equity, or are ESOPs. Everybody who works here is part of the family and they feel that culture, and that enables us to attract a different type of person.

We are also very heavily focused on service. It's the old-fashioned way, but it's not conducive for the bigger firms to give that kind of service unless it's politically correct or financially important.

Third, and maybe most important, in a private business, we have the ability to reinvest at all times and not worry about earnings per share on any quarter, or on an annual period. That gives us the advantage of investing as a contrarian. If we feel the time is right, we don't have to worry

about what it will do to the shareholders. The shareholders already made a decision when the board met.

As a private company, how important is brand awareness for you?

Brand is important but we focus more on client results and building exceptional relationships. A brand should be defined by the quality of the company's people, how soon a client gets a response, the advice they receive, and brain power.

How do you maintain that small, intimate feel while being a large firm?

The key is to put the right people with the right client. We can't have a specialist in one area become a generalist or a nonspecialist operating in another area – it doesn't work.

Also, the bigger firms are far more siloed within the company than we are, and we believe in cross-pollination, which attract clients as well as a better caliber of employees and executives. Clients don't want to talk as much on a telephone to someone when they don't know who it is, or to deal with a firm where having a small meeting might take two weeks because everybody has a different schedule. At our size, we can figure things out and execute on their needs quite quickly.

Is there innovation on the product side?

Absolutely, but the problem we have is not on the brokerage side but on the company side, because there are very few companies that want to be innovators or have people that can take the time off to create a product or listen. Also, many do not feel comfortable pricing an innovative product.

Those products are far less subject to commodity pricing than the others. In solving

somebody's problem, they generally don't ask what the cost is as long as it's not stratospheric.

Where will the growth come from?

We have opened up three offices over the past year and a half in Dallas, San Antonio, and Los Angeles. The West coast in particular is a focus for us right now. In terms of lines of business, we have seen a lot of growth within our financial institutions group, private client, and employee benefits teams in particular.

Is this industry still drawing top talent?

It's reasonably attractive and there are good people who are interested. We have to get our message across and we have to use the environment to proselyte the better people. We're almost selling those people the same way we're trying to sell our business.

How important has technology been for Crystal & Company?

It's making an impact by providing us with information to better serve a client. It also gives us a statistical base about which of our business lines are producing better than others, and which clients within those business lines are better for us than others. In addition, it gives us a back channel to provide clients with better information on what is affecting their costs or what is driving them up or down, particularly within the client's own divisions or facilities.

What's the secret to a successful family business?

My sons all complement each other and they don't do the same things. We worked out a system where they could not come to work at the firm for at least four years, so they could bring their perspectives, experience, and what they learned elsewhere here.

They're compatible and also competitive, and I believe competition is healthy as long as it doesn't negatively affect family relationships along the way.

Has your role changed here?

It's much broader than it used to be. I will always be some form of a salesman, but my role also has changed to more of a focus on supporting the success of others within the firm, helping our sales team by assisting them, and visiting with prospects. The key to insurance is having people really understand that our people are advisors; they're not just selling a commodity. Part of it is also showing prospects or clients that the depth of our knowledge is in subjects that are important to them. ●