

Service Culture

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. Crystal serves as a Vice Chairman, Trustee, and Member of the Executive Committee and Co-Chairman of the Audit Committee of Mount Sinai Medical Center along with serving on the boards of Stewart & Stevenson, Ennia Caribe, and K2 Intelligence.



COMPANY BRIEF Crystal & Company (crystalco.com) is a leading strategic risk and insurance adviser, addressing clients' risk management, insurance brokerage, and employee benefits consulting needs. Founded in 1933, Crystal & Company is comprised of more than 400 colleagues in 11 regional offices across the United States, and they place over \$1-billion premium in the global marketplace annually. They are a family enterprise, spanning three generations of Crystal family ownership and management.

This is a firm that year after year has been a leader in the industry. What has been the key to that success and where do you see growth coming from?

The growth has come from three sources: organic, adding good people, and having good friends and clients that recommend third parties. The reason that happens in many cases is our service model is still the old-fashioned method of giving service where many of our competitors have deemed the right choice to be transactional. We don't just agree with their concept, although it may shrink our earnings at a certain time; ultimately, we know we will wind up being better off for it.

We've opened three new regional offices in a relatively short period of time. We found good people who wanted to join us and who had a similar mindset when it comes to service and quality.

As to the actual product and solutions, can you differentiate on that part of the business or does it come back to the service?

Initially, there is very little differentiation. Clients still look to price. What we're trying to encourage is that rather than flying in the lowest-cost seat on an airline, one should want to fly first class. If we have the opportunity to differentiate service, or set up service

parameters in advance, we have found that clients generally want to go first class.

Clients want service and know they need it, but they don't always know what is lacking or how to go about getting it.

What is the sweet spot for Crystal & Company and how broad is your target market?

It's broad and we feel it is opportunistic. We have clients that do well over \$4 billion in sales. We have major financial institutions, and we also have personal clients and smaller businesses.

The target really is not a definable target. All might want to have the biggest companies in the business segment as clients but that's unrealistic. This means we have to pick our spots and identify the clients we want and train our service guns on those people. We cannot spread ourselves over the whole universe and, as a firm, we don't want to collect logos and say we have a certain firm as a client.

Does Crystal & Company have a specific sector expertise or do you have broad expertise across all sectors when it comes to delivering solutions?

We look at all sectors but, in the industry, we're probably known as one of the top financial services brokers in this country. That certainly attracts that type of client, even to the point of prospects calling us to see if we will handle their business.

Most of our clients are happy and anxious to give referrals, no matter what business they're in.

Much of your business involves long-term client relationships. Is brand positioning and brand promotion important when it comes to driving new business?

It's driven more from client-to-client. We are trying to do a better job of building brand awareness on a continual basis. In today's world, people are conscious of brand and sometimes the quietness of our brand doesn't allow us to easily get into every place we would like to be. We're trying to raise the awareness to a much higher level while continuing to develop the client-to-client cornerstones of the pyramid.

You mentioned opening three new regional offices this past year. Do you anticipate continuing to grow that way?

It's a question of where the talent is. We have regional offices in some places where it would not seem a necessity, but we have the right people and they choose to live in those communities.

People are the most important product – people who can relate to other people and become real client supporters. That's what drives organic growth and client referrals.

Would you talk about the global network that Crystal is part of?

We are part of a network called Brokerslink, which is composed solely of private brokers around the world, one in each country. There are five brokers out of 60 who make up the controlling shareholders from a voting capability and we are one of the five.

This allows us to refer business to our partners overseas based on our clients' needs. Equally important, we're getting significant amounts of business being referred by our overseas partners since foreign corporations tend to buy companies in the United States, particularly when the dollar isn't too high.

The advantage of this network is that we're picking the best and brightest in each of these countries. Our clients are not forced to do business with a local branch just because there is one, which is significant.

As risks continue to evolve, executives are now focusing on cyber risk. How challenging is this from an insurance perspective and is that an area where you see opportunity?

We see opportunity and it is concerning. I'm on the board of one of the largest cyber investigative companies in the country. What's happening in cyber space is that companies and insurance brokers outside the U.S. do not view cyber risks with the same alarm as in this country.

We see companies like Target and the financial losses they have incurred. It is frightening when hackers can even get into the U.S. government computers. This makes the problem even greater.

What is the vision of Crystal Cares?

We believe in philanthropy and we want all of our people to understand that it's a part of our culture. It's equally important to be involved in the community and in the lives of the people as it is to financially support them. ●