

## The Integrity of Independence

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 Crystal's leadership, Crystal & Company has grown far beyond its original roots on Wall Street to serve a global clientele. Crystal also serves as a Vice Chairman, Trustee, and Member of the Executive Committee and Co-Chairman of the Audit Committee of 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, and K2 Global Consulting.



James W. Crystal

**COMPANY BRIEF** Family enterprise Crystal & Company ([crystalco.com](http://crystalco.com)) is a leading strategic risk and insurance advisor, 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 offices across the United States.

### Will you touch on the Crystal & Company approach within the industry?

We are contrarians in that we believe in a service model and much more feel and touch with our clients and, as a result, we have a higher retention factor than most people in the business. We also get much of our new business through recommendations from our existing clients.

### Is the client sweet spot for the company primarily the larger global companies?

The sweet spot is not only logos that are American, but we have different people in our company handling Fortune 100 versus a privately held business in this country.

Logistically, we have tried to set the company up to continue to expand in population centers. The corporate growth is not in the Northeast anymore other than with financial businesses, so we don't want to be shut out of what the rest of the country is doing.

### Is the focus primarily on North America?

We have a partnership overseas made up of 60 independent brokers working in an association called Brokerslink. My son Jamie is a representative on the board and we are one

of the controlling shareholders. At the moment, there is more business in the U.S. being brought to us by our foreign colleagues than we are sending out so it is important to our bottom line.

We also have a great deal of direct foreign business, particularly in certain industries in other countries.

### Is it important to have offices in those other business centers?

I don't necessarily think so but we clearly are going to have to service clients in the same way, so we have to have a business that can financially support the customer's account.

In many cases, I believe that people still buy based on who understands their business the best and who is capable of building a relationship, so there is a constant dialogue.

### How important is brand for you within the industry?

We're trying to raise brand awareness at the moment but, if we're really candid, the client that comes to us only because we're a well-known brand is rare. People come to us because of our brain power, through recommendations, or because of our market penetration in certain segments of the business. The brand has been established through other mechanisms, but we should be more visible than we are.

### What has made the dynamic working with your sons go so well, and do you have different focuses?

We all have to be willing to work together and, at various times, we all swallow our pride to keep things going.

It's also significantly important with a family business that we all spend some time learning the business in locations outside of our headquarters.

In addition, it is also important to have designated areas of control. One person should not control everything. While we have the ability to have to work together, if each person has a contributory area, we lessen the over-competitive levels because it's too important for each person to run their own area. This allows people to be judged on results, not on politics.

### How do you decide on which philanthropic efforts to support?

Time is critical and, if we're trying to do this well, we have to prioritize. Today, each of us has figured out how to save time by handling fewer

demands or by being more precise and bringing things to a quick conclusion based on a clear understanding of what we're trying to achieve.

Likewise, we have to determine what we're trying to achieve in philanthropy. I don't want to contribute to bricks and mortar – I want to contribute to research and support the intellects of the people involved.

### Will you touch on the real challenges of healthcare today?

For one, there is a challenge in how we will replace Obamacare. The current administration won't spend more money, so do the medical institutions get less money? I'm betting yes.

In New York, there also appears to be a nuclear war between the largest institutions in trying to gobble up the second-tier and third-tier institutions – not because they're incapable of giving quality care or good service, but because they can't afford to be competitive.

I believe most of the people who have a choice in medical care will only go to institutions with a medical school attached. They're more on the cutting edge and they're getting government funding for research rather than just providing care.

In addition, more people are ending up in outpatient emergency rooms because the government is pushing that and many of them don't have insurance.

### Will real impact have to come from the private sector?

It is a partnership but the private sector will dominate because there are too many demands on the public sector. Charter schools are a good example of that. The issue has become politicized rather than being about which provides a better education for individuals, and improving education should be the priority.

### You also focus around the integrity of independence. What does that mean and why is that so important?

There are two points: we don't have to only work for the shareholders and the quarterly EPS isn't a great factor. If we want to reinvest in the business, we do that because it's good for the business, and we shouldn't fail to reinvest because it's going to affect quarterly earnings. That is more to an integrity value point.

The second thing is that we're also running the business for our clients and employees as well. As we have virtually no shareholders, we can have total integrity as to what we're doing, and therefore the independence ties to the integrity. ●