

Uncommon Touch

As soon as you meet the receptionists—Jake, Pirate, Lola and Mabel—you realize Craford Benefit Consultants is not your typical benefits firm.

Open the door at Craford Benefit Consultants in San Rafael, Calif., and somewhere from four to six receptionists will rush forward to meet you. It looks like overkill for an office with a local staff of just 17. But these greeters are all dogs: Jake, the golden retriever, Pirate and Lola, the cockapoos, and the boss dog, black poodle Mabel, who belongs to the boss man, 56-year-old CEO and owner Mike Craford. “I wasn’t sure about having dogs in the office at first,” he says. “But it seems to work.”

There is, in fact, no human receptionist behind the impressive desk. Interviews for the position are sometimes underway, but the last really crack candidate was unfortunately afraid of dogs. Uh-oh. Don’t call us. We’ll call you.

The warm fuzzy creatures, who are definitely not guard dogs, create a necessary “softening” as COO Clint Tripodi puts it, of the intensity Craford puts into his work and demands of the rest of the staff. “It’s difficult to describe his level of passion,” Tripodi says. “He’s driven. He’s one of the best dealmakers I’ve ever come across.”

The man in question is toiling away, Wizard of Oz-like, in the back corner office. When Mike Craford stands to shake hands, you instantly know he’s never delivered a back slap or a high five in his life. Imagine Bob Newhart running a company. He prides himself on being trustworthy and candid.

“I don’t know any other way to be,” he says. “I don’t tell people what they want to hear. I don’t want to be around people like that. They are not

intellectually stimulating.”

On the windowsill in Craford’s office are stuffed replicas of three of Snow White’s dwarves—gifts from his officemates. “Sleepy, Dopey and Grumpy,” he explains. “I get up every morning at about 4 a.m., do some e-mails; the gym opens at five. Often when I get to an afternoon meeting, I just doze off. So Sleepy and Dopey.”

And Grumpy? “Oh, yeah. And Grumpy.”

There is an air of unintentional mystery around Craford’s company. The Web site is minimal, and research provides no colorful news, no grinning, check-passing photographs, nobody in a golf shirt.

“We are deliberately no news. I’d rather not have my competitors know a lot about me,” he explains, stopping short of closing the blinds. “The fact that you’re in a book of lists as number whatever and doing a lot of self-promotion, I don’t believe that generally leads to business development opportunities. I believe what the Web site does say, essentially, is “Call us and we’ll fix something up for you.”

BY LOUISE LAGUE ■■■ PHOTOGRAPHY BY TOM O’NEAL

[PRO-FILE]



▶ **FAST FOCUS**

- ▶ Dogs soften the atmosphere at this straight-shooting, hard-driving, no-nonsense benefits broker.
- ▶ Craford doesn't go for self-promotion or fancy Web sites. He doesn't even bid on jobs.
- ▶ Don't let the Bob Newhart persona fool you. He's a dealmaker.

TAILORED FIT

While custom tailoring is a promise most companies make, this turns out to be no mere rhetoric. “We don’t actually bid jobs,” he says.

Senior consultant Caren Clauss explains: “We like to get hired first. If you want to hire us, great. Then we’ll figure it out. Because we are so small and we have senior people, we can customize work that other organizations might do as cookie cutter.”

Craford likes the creativity of customizing work. “You’ve got a multitude of variables that influence a price,” he begins. “You’ve got to know the influence of the culture of our client companies. You’ve got to assess all those variables and assess the companies and assess the market. It always involves financial acumen and putting all that into your mental computer and spreadsheets and coming up with a game plan. Then you have to keep working with your client to basically determine what is the right direction for them.”

If that sounds like a lot of work, it is. In preparing a benefits plan, says Craford, “We want to do 90% of the work, and the client can tweak it. We tend to be very direct. We like to work with somebody above the human resources level, and we’re strong with our recommendations about what they should do.



At the office with Caren Clauss and her friend Jake.

‘We’re at a size where we can do things that larger and smaller competitors can’t do.’

“Competition, location, budget, that’s all factored into the consulting work we do. The whole point is to attract and retain employees. We do that as well as or better than anybody.”

Even in house he does retention well. Craford Employee Benefits has a Charlotte, N.C., office that grew out of a big client there. Though that client is no longer on the books, “we had some people there that we wanted to keep, so we opened an office for them,” he says. The other offices are in Portland, Ore.—the former Craford & Craford that Mike purchased from his father, Dave, and his uncle Sid—and the headquarters in San Rafael, where he lives.

“I tried it in an office park,” Craford says, “but I don’t have an office park mentality. I like my people to be able to walk to food and bring it back. I like a town.”

Craford, the oldest of five, grew up in Vancouver, Wash., across the river from Portland, where he went to Jesuit High while his father and uncle plied the employee benefits insurance trade for small groups and individuals.

Pondering political science, Mike went to Oregon State University in Eugene, then switched to Portland’s private Lewis and Clark College. His heart remained in Eugene (with college sweetheart Ardeth, later to become his wife) while his body lifted 16 tons at ESCO, a steel foundry where he worked weekends and summers. There he moved into sales and trade shows

and made himself so indispensable that the company begged him to quit college.

Though raised in the insurance world, Craford didn’t want to return to his hometown and work for his father. Instead he went to the carrier Great-West in Seattle, then was transferred to Dallas where he managed the office, and then to San Francisco. At the age of 38, he felt he “had kind of maxed out what I could do on the carrier side of the business,” he says.

“Basically, I’m of the opinion that you keep doing something until you are not learning anything new. I started this business from scratch in 1989 because I’m very entrepreneurial and I’ve always had a successful track record. With four kids and no job, sure, it was a little scary. But I had confidence, and my wife was very supportive.” Twenty-eight years later, with an estimated \$8.5 million in revenue expected for 2007, Craford employs 32 employees in three offices.

With this group, Craford regularly administers programs that he calls “somewhat unique” and his associate Clauss calls “very visionary.” One of these is a small staff that has been doing outsourced benefits administration since 1997.

ON THE BLEEDING EDGE

Hang around long enough and a visitor will not only accumulate a lot of dog hair, but also get some idea of why Mike Craford likes to keep stuff quiet. For one thing, his ideas are risky. “Anybody who knows me will tell you that I’m very competitive,” he says. “If I want our company to be in a competitive advantage, we need to be willing to take a risk. You can sit in your office and wait for stuff to happen or be proactive.” His idea of that is taking an unconventional idea “right on the bleeding edge and being willing to run with it.”

One example is Craford’s private equity consulting business. “Five years ago,” says Clauss, “nobody had heard of this. There were people who thought it was crazy. Now it’s our No. 1 source of revenue.”

The idea was to do due diligence on the employee benefits program of a company about to be taken over by a private equity firm.

“Have they promised the employees benefits for life? Are all the employees family members? Do five of them have Parkinson’s?” Clauss explains. “In this way, the private equity firm can get an idea of how much benefits are going to cost.”

Craford then often ends up getting the employee benefits business from the takeover firm. “And because we’ve been placed at the organization by the private equity firm, we’ll have their interests in mind,” Clauss adds.

Another recent innovation at Craford is the abolition of the producer model, now replaced by the team model. “The typical producer model,” Craford says, “is where a producer has a book of business and he manages that and sometimes thinks he owns it. I believe that model’s broken.”

The problem is, Craford feels, that producers who earn a good percentage of the sale get lazy once they’re earning enough. “At \$200,000, they’re comfortable and stop bringing new business in the door,” he says. And if these producers leave, the clients go along with them.

At Craford, there are only two new-business rainmakers, including Craford himself. Then another lead person develops the strategy and becomes the prime relationships manager. “You have a point person manager, and most of (his) compen-

sation is fixed and there are incentives,” says Craford. But the point person is assisted by whatever other team members are required and are also very visible to the client.

“Sometimes,” says Julie Chavez, Craford’s senior manager of technical solutions and services, “we’ll have four or six of our people at a presentation.”

Craford explains: “We pay people higher up front to bring business in the door than some of our competitors might. It’s more akin to how other industries are run.”

Such a model requires extraordinary unity of teamwork, which Craford calls “our own little mini-corporate culture.” COO Tripodi points out that Craford is “a strong family man, and that translates into our atmosphere here.”

“We all know all about each other’s lives,” explains Clauss.

BIG EGOS, LITTLE MAINTENANCE

Craford recently purged the prima donnas—employees who require too much maintenance. Now, he employs only “strong egos—which is a good thing,” he says. “That’s confidence. We have great employees who have a strong sense of personal pride in their work product. You can’t teach that. They have it or they don’t,” says Craford. “We’ve got a group of people who are interacting well together and understand their role in the whole process.”

That is made possible by Craford’s willingness to let others participate in management. “As employees, he gives us free rein,” explains Chavez, a former client. “His staff loves him because he gives us power. We feel our voice is heard.”

Clauss notes this kind of trust is easier because of the staff’s seniority and experience. It includes four former HR clients and one actuary.

Says Craford, “you’re always striving for credibility both with clients and carriers. And consistency. This is a relationship business and always will be. We have a lot of continuity, managing benefit programs year after year and keeping the same employees working with that client.”

He also likes to hang on to clients, of course, given that the startup costs for a new client are so high in the custom-tailoring business. His favorite clients are “very collaborative. They share information. They give us a brain dump. Then we’re better able to make suggestions.”

Of late, Craford has been finding that his company’s continued independence is rather unique. “Many of my competitors have been selling to bigger companies. I have no interest in selling the company,” he says. “We’re at a size where we can do things that larger and smaller competitors can’t do. We can respond more quickly than the bigger ones and have the exact right team ready, and we have more internal technical resources than the smaller ones.”

Tom Johnson, CFO of defense contractor Del-Jen, a client of nine years, praises Craford’s honesty and responsiveness to his business. “I have certainly had my business differences with Mike,” Johnson says, “but at the end of the day I know his intentions are always focused on his client’s best interest.” ■

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[The Good Life]

MIKE CRAFORD

SECRET WEAPON: His wife Ardeth. “She’s a big personality.” At The Council’s Employee Benefits Leadership Forum at The Greenbrier, “I’m known as Ardeth’s husband.”

KIDS: Kent, age 31, political consultant with the Gallatin Group in Portland. Paige, 28, in marketing and sales support for Craford in Portland. Kevin, 25, recently graduated from the University of Denver in communications and art history, does specialty metal work. Stephen, 22, at St. John’s University School of Risk Management in New York.

BUSINESS ASSOCIATIONS: Board of the Council of Employee Benefits Executives, the American Compensation Association, International Society of Employee Benefit Specialists and the Western Pension & Benefits Conference

VOLUNTEER WORK: “I travel a lot, so basically I’m not on any boards, but I help raise money” for Life House for the developmentally disabled and Youth in Arts, a local non-profit organization in San Rafael.

RIDE: BMW

SPORTS: Snow skiing and boating. “My son Kent has a houseboat, a sailboat and a ski boat. I play golf every two weeks, which is easier with the kids grown up.”

FANDOM: Season tickets to the San Francisco Giants. “On television, pretty much all I watch is sports. There’s a lot of parallel in terms of what happens in a match and what happens in business.”

