

Helping People

An Interview with Edward B. Rust Jr.,
Chairman and Chief Executive Officer, State Farm

EDITORS' NOTE Edward Rust Jr. is nationally recognized as a leader of business community efforts to improve the quality of education in the United States. Rust is Vice-Chairman of the U.S. Chamber of Commerce and a member of Business Roundtable and The Financial Services Roundtable. He serves on the boards of America's Promise Alliance and the James B. Hunt, Jr., Institute for Educational Leadership and Policy. Rust currently serves as a trustee of The Conference Board,



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the Committee for Economic Development, and Illinois Wesleyan University. He is also a member of the boards of directors of Caterpillar, Inc., Helmerich & Payne, Inc., and The McGraw-Hill Companies, Inc. A graduate of Illinois Wesleyan, Rust holds both juris doctor and master of business degrees from Southern Methodist University. He joined State Farm in 1975 at the company's Dallas, Texas, regional office and became President and Chief Executive in 1985 and was elected Chairman of the Board two years later.

COMPANY BRIEF State Farm (www.statefarm.com) and its affiliates is the largest provider of car insurance in the U.S. and is a leading insurer in Canada. In addition to providing auto insurance quotes, its 17,800 agents and more than 66,000 employees serve 81 million policies and accounts – more than 79 million auto, home, life, and health policies in the United States and Canada, and nearly two million bank accounts. Commercial auto insurance, along with coverage for renters, business owners, boats, and motorcycles, is also available. State Farm Mutual Automobile Insurance Company is the parent of the State Farm family of companies. In June, the National Association of Broadcasters Education Foundation will honor State Farm with a "Service to America Award". State Farm will get the Corporate Leadership Award, created to recognize non-broadcast businesses that exemplify an extraordinary focus on community service.

Would you highlight the importance of corporate philanthropy and social responsibility to the culture of State Farm?

In many ways, it's central to who we are as an organization – a mutual company with employees and agents in thousands of communities

across the U.S. and Canada. We're "about" helping people. In fact, it's really what our claim representatives, our agents, and their employees do each and every day. Perhaps it's best reflected in our Good Neighbor Grant Program, which provides a \$500 grant to a nonprofit organization at which a State Farm employee or agents volunteers at least 40 hours during a calendar year. Last year, nearly 5,800 of our associates did that and the organizations that benefited from their work and expertise also received a total of

nearly \$2.9 million from State Farm. We also make larger grants in addition to the foundation matching associates' individual contributions of up to \$3,000.

During challenging economic times, people and organizations need help from others.

How do you focus your corporate responsibility efforts?

Try as we might, we can't be all things to all people. In recent years, we've sharpened our focus into three broad areas: community development, education, and safety.

Is it important that your corporate responsibility programs align with State Farm's business strategy?

Absolutely. There's the obvious alignment between our insurance business and safer cars, roads, and homes. But stable, healthy, and viable communities are also of great importance to our associates and to our customers. Access to effective education that allows children to achieve their greatest potential is a great stabilizer for any community. It means we will have a pool of skilled and knowledgeable applicants in the future for employee and agent opportunities – and

savvy consumers who'll understand the benefits that come with a State Farm relationship. Quality schools are important for everyone and critical for our country's long term competitiveness.

How do you communicate these efforts to your employees?

Technology has enabled us to broaden our communications on a timely basis. Our internal Web site provides something we call the "News Hub". It's a high-profile source of news and information for our employees and agents that also provides them an opportunity for discussion. Many of our agents are active on Facebook and other social media, allowing them to inform their customers about their community efforts.

How do you evaluate the success of your efforts and is it a priority to put metrics in place to track impact?

We've become more disciplined in our funding decisions. We follow up with grant recipients to determine if they achieved the results they sought and what was learned. Sometimes the follow-up conversations can be difficult but they're usually constructive. There are finite dollars available and we must work to make certain they are achieving the intended goals.

How do you engage your employees in State Farm's social responsibility and corporate citizenship efforts?

By shining a light on their good works. People enjoy learning about their colleagues' involvement in good things; it inspires them to participate and even becomes a little infectious. A good example is something we call "Educational Support Day". Each employee can take a day off with pay each year to volunteer in a school. If every employee would do that, it would be the equivalent of more than 300 full-time people added to the various schools in their home communities each year.

How critical has it been to maintain your philanthropic efforts during challenging economic times?

Most important to us, as the nation's largest insurer of cars and homes, is maintaining our financial strength so we can keep our promises to the people we insure. Yet, during challenging economic times, people and organizations need help from others. I'm pleased that we have been able to maintain our efforts. It behooves us to be even more stringent as we analyze the benefits derived from our philanthropic efforts and work to ensure our support is achieving the desired goals. ●