

# Formed by the Military for the Military

An Interview with Josue (Joe) Robles Jr.,  
President and Chief Executive Officer, USAA

**EDITORS' NOTE** *Joe Robles was a USAA board member from 1990 to 1994 while on active duty and joined USAA in 1994 as Special Assistant to the Chairman after retiring from the U.S. Army as a major general. He was named CFO and Controller later that year, and added Corporate Treasurer to his list of responsibilities in 1995. He assumed his current post in 2007. Born in Rio Piedras, Puerto Rico, Robles joined the U.S. Army in 1966. For the next 28 years, he served in a variety of command and staff positions, including active duty posts in Korea, Vietnam, Germany, and Operations Desert Shield/Desert Storm in the Middle East. Most recently, he served as the director of the Army budget and as commanding general of the 1st Infantry Division ("The Big Red One"). Robles has received the Distinguished Service Medal with Oak Leaf Cluster, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star with Oak Leaf Cluster, and the Meritorious Service Medal with Oak Leaf Cluster. Robles holds a bachelor of business administration degree in accounting from Kent State University and a master's degree in business administration from Indiana State University.*



Josue (Joe) Robles Jr.

**COMPANY BRIEF** *USAA (www.usaa.com) is one of America's leading financial services companies. The association has been serving military families since 1922 and offers its 9.4 million members a comprehensive range of insurance, banking, investment and retirement products, financial advice and planning, and services designed to help them meet their financial needs. Headquartered in San Antonio, Texas, with offices throughout the United States and Europe, USAA owns or manages assets of \$183 billion.*

**What is the mission for the organization? How has it evolved over the years?**

When the company was formed, most people – especially the military officers at the time – didn't own homes. Their most valuable possessions were their automobiles, so they wanted to get them insured.

The problem was, the mostly big East Coast underwriters didn't want to insure the military because they felt they were a risky book of business.

So about 25 Army officers stationed in San Antonio decided that they should insure each other and essentially put money in a hat and pay claims out of that. If there was extra money left over at the

end of the year, it would be distributed to the members. What they set up turned out to be a reciprocal insurance organization that began in 1922 with no capital and no expertise in insurance.

We're now at over \$180 billion in assets owned and managed; we have 24,000 employees; we are one of the strongest financial companies in America for our size; we have a great reputation; and we are formed by the military for the military, and we have remained true to our roots.

**Does the name of the company represent the breadth of your offerings?**

No. We began as U.S. Army Automobile Association, but we're now known as USAA. We're not limited to the automobile.

Our business runs the gamut of financial services and products: automobile, home owners and property insurance; umbrella insurance; valuable property insurance; life insurance; annuities; all the banking products you can think of; investment products – we have a \$50-plus-billion-dollar mutual fund investment portfolio for our members.

The products we offer are those that both our current and potential members say they want from us. We're strictly a retail operation working on main street America.

**How have you been able to differentiate in this space?**

We were for many years the biggest little company you've never heard of.

Today, support of veterans is in vogue. So companies who before were never focused on the military are now claiming they are long-term providers of products for the military.

We're competing against AllState, State Farm, Geico, Progressive, Vanguard, Fidelity, TIAA-CREF, all the big banks, and some large regional banks, so we have to be competitively priced, and have incredible service and differentiation in our products and services, because those companies are more well-known.

Also, military service members and their families are great customers: they're honorable people, they pay their bills on time, and they have values and a code of ethics. Our underwriting for the military and their families shows them to be some of the best customers out there.

**You joined the U.S. Army in 1966. How far have we come in terms of addressing the needs of the military?**

Officer or enlisted, most of us are pretty young when we join the military and don't have knowledge about financial products and services. We move around a lot and we have military benefits that most financial services companies don't understand. USAA has always been different because we have so many employees who have served in the military themselves or who have an immediate family member who has served. The advice we give our members and making sure they get the right product for their situation are the reasons why 95 percent of our members say they plan to stay with us for life.

Other companies are trying to catch up. They have become interested in the military and are now focused on that market.

We have led corporate America forward in understanding that military men and women are a great underwriting risk.

**How has USAA been positioned during challenging economic times?**

When the recession hit hard and things went bad in 2008, we took a counterview to other competitors that were pulling back – we were determined to put our shoulder into these headwinds because there was opportunity for us to help our members who needed us even more than before.

We were about doing more for our members than we had ever done in our history, and as a result, we have grown tremendously over the past several years.

**Do you focus on hiring veterans?**

We say, "we know what it means to serve," so I make sure that at least one of every four employees has military service or is/has been a military spouse. We actively recruit them for jobs at all levels.

In addition, the military is the most diverse institution in America, so that also helps ensure diversity in our employee ranks, which makes us a better company.

**How did your military experience shape how you now lead?**

One of the most important things I learned is that good leaders lead from the front. They pay attention to what their troops are telling them and are constantly looking for better ways to do business – it's about coming up with solutions as a team.

I have tried to set an example and to communicate on a continuous basis about what is important; and I spend a lot of time talking to employees about where we're going and how they can help.

You have to retain certain disciplined processes and remember that your word is your bond. ●