



Authority Magazine

Craig Scheef of Texas Security Bank: Five Things I Wish Someone Told Me Before I Became A CEO



Being a CEO is a stewardship. It's not about you and the company is not yours. In most cases, you were not the first CEO, and you will not likely be the last CEO. Will you leave the organization in better shape than you found it? This is stewardship.

As

a part of our series called [‘Five Things I Wish Someone Told Me Before I Became A CEO’](#) we had the pleasure of interviewing Craig Scheef.

Craig graduated from Plano Senior High School in 1981.

Following high school, he accepted a scholarship to play football at East Central University in Ada, Oklahoma. Craig graduated from ECU with a BBA – Marketing, in June of 1985. In 1984 and 1985, Scheef was named to Who's Who

Among America's College and University Students and was routinely a member of the Dean's and President's Honor Rolls. Scheef was named Academic All-American in football his junior and senior seasons. He was also elected co-captain of ECU's 1984–1985 football team which was ranked N^o1 nationally for small colleges at the end of the regular season. Scheef was first team All-Conference his final two years, as well as, earning Small College Consensus All-American Honorable Mention honors his senior year.

Following graduation from ECU, Craig attended Graduate School at the University of North Texas, receiving his MBA — Finance in May 1988. He graduated in the top five percent of MBA students while at the University of North Texas.

In June of 1988, Craig accepted a commercial credit training position with First Interstate Bank (predecessor to Wells Fargo Bank). During his last five years at Wells Fargo, Craig

managed a team of Middle Market lenders. In March of 2003, Craig accepted the position of Community Bank President (Swiss Ave. location) for Bank of Texas — a subsidiary of BOK Financial. In 2004, he was promoted to President of Business Banking for the Dallas Market with responsibility for seven community banks in Dallas and Houston.

In April 2007, Craig resigned from Bank of Texas. Together with a group of like-minded businesspeople, he began writing a business plan, obtaining regulatory approval and raising capital for an independent bank focused on the needs of people who exercise their right to free-enterprise — the independent business owner. In May of 2008, Texas Security began operations with \$26.5 million in new capital. Today, Texas Security Bank is a growing, profitable independent bank with three locations and total assets of \$940 million. Each year, Texas Security Bank is ranked as one of the healthiest banks in the country.

In 2005, Scheef received the Milam Award which is presented annually to a distinguished ECU football alumnus who excels in their chosen vocation. In 2016, he received ECU's Distinguished Service Award and the Entrepreneur of the Year Award from ECU's Harland C. Stonecipher School of Business. In 2018, Scheef became a Distinguished Alumnus of East Central University.



Thank you so much for joining us in this interview series! Before we dig in, our readers would like to get

to know you a bit more. Can you tell us a bit about your “backstory”? What led you to this particular career path?

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hank you. I began my banking career at First Interstate Bank (predecessor to Wells Fargo) in June of 1988 after receiving my MBA (finance) from the University of North Texas. The final 5 years (total of 15 years), I managed a team of middle market commercial bankers — middle market being defined as companies with revenues \$20-\$500 million.

In 2003, I accepted a position as President of the Swiss Ave. location of Bank of Texas. Bank of Oklahoma expanded into Texas by purchasing numerous community banks. Swiss Avenue State Bank was one of these community banks. Community banks are a significant source of capital for

owner-managed businesses and entrepreneurs — primarily, because their lower capital amount limits the size of loans they can provide. Most owner-managed businesses and entrepreneurs do not have business degrees from universities. Unlike most middle market companies, who have well-educated executives hired by the owner or board of directors.

Nonetheless, I found these business owners exceptionally savvy, hardworking, sacrificial risk-takers who are starved for business education. We found great opportunity to add value to these inspiring entrepreneurs. Eventually, I was asked to lead 3 additional banks in Dallas and 3 in Houston.

In April of 2007, I resigned my position at Bank of Texas to write a business plan for a bank whose product offering, and service offering would focus on elevating these champions of free enterprise. Also, I had a lot of work to do learning the

process of raising capital and obtaining regulatory approval for a new bank charter.

We were able to obtain our bank charter and raise \$26.5 million in new capital. Our doors opened May 5, 2008.

Unexpectedly, this represented the beginning of the banking crisis and the Great Recession.

Can you share the most interesting story that happened to you since you began leading your company?

There have been dozens of interesting stories, over the 14-year history of our bank. Many having to do with God's sovereignty in our business. Things we wanted to happen, but for some reason didn't. With the passage of time, we often realized why what we wanted for the company was not the best for our business. Even to the point where if it had have happened, it

could have been very detrimental. “Thank God for unanswered prayers.”

Can you share a story about the funniest mistake you made when you were first starting? Can you tell us what lesson you learned from that?

Wow, there have been many mistakes. As previously mentioned, I began the process of forming a bank in April of 2007. At that time, the U.S. was at the peak of the economic cycle. By the time, the bank began operations, in May of 2008, the Great Recession began. This was not in our plans or projections. This was a scary time. As the saying goes, “Man makes plans ... God laughs.” One can imagine the anxiety of investors, bank regulators and other stakeholders. Oddly, in retrospect, 2008 was a pretty good time to start a bank. Of course, we had to be extra cautious. However, we did not have any bad loans (or any loans for that matter). Furthermore, the

competitive landscape had changed. Banks who booked loans at the top of the business cycle, when pricing and loan structures are often weak, were now distracted with problem loans. This gave us many of opportunities.

What we learned is that planning is very important, even though circumstances may seem to render your plans useless. Success (or achieving your objectives for the year) is always protected by problems and issues. Always. That perspective is very important. We must expect there to be problems. The bigger the objective — the bigger the problems. Adapt, pivot, innovate and move forward. We made a commitment to reach our goals this year — let's get on with it. The strategy may have to change but the goals have not changed. "Write your plans in sand and carve your goals in stone."

None of us are able to achieve success without some help along the way. Is there a particular person who

you are grateful towards who helped get you to where you are? Can you share a story about that?

First and foremost, I would be remiss if I did not recognize the abundance of divine provision received along the way. Proverbs 16:9 states, “In their hearts humans plan their course but the Lord guides their steps.” There is just no denying it — our Lord is the Way-maker and Light in the darkness.

Speaking of divine provision — there are dozens of people whom I am forever grateful. However, there are three that were pivotal. Chris Jones and I met when he was running Comerica’s largest middle market banking group and I was running a middle market group at Wells Fargo. Chris was a very well-respected banker at a very young age. Subsequently, he ran a turn-around of a technology training company and later became President of a factoring company. We developed a

partnership with this factoring company while I was at Bank of Texas.

Drew Keith and I came up through the First Interstate/Wells Fargo organization together. Drew began his banking career working out problem loans and later became one of the top producers within the Wells Fargo banking system. Then, Drew was hired as Chief Financial Officer of a publicly traded logistics company. I became his banker during this time. His performance in this role was exceptional.

Chris and Drew were two of the first people with whom I shared the original Texas Security Bank business plan. They both supported the business plan and provided much-needed encouragement. Their encouragement was not lip service. Chris and Drew became members of the bank's organizing group and invested significant amounts of their own money.

Shon Cass is the third person who made our bank possible.

Shon and I worked together at Bank of Texas. He was the branch manager at the location where I was president. Shon is the best customer service person I know. He is also a great leader and problem solver. Shon is our Executive Vice President in charge of treasury management and deposit operations.

Chris and Drew are valued members of our Board of Directors.

Chris is the Chief Lending Officer and Drew is the Chief Financial Officer of our bank. The Texas Security Bank Board of Directors leadership has been invaluable to our success.

As you know, the United States is currently facing a very important self-reckoning about race, diversity, equality and inclusion. This may be obvious to you, but it will be helpful to spell this out. Can you articulate to our readers a few reasons why it is so

important for a business or organization to have a diverse executive team?

I don't *know* whether "the United States is facing a very important self-reckoning about race, diversity, equality and inclusion." And, neither do you. However, I do agree with the great award-winning African American economist Dr. Thomas Sowell on this matter. "Racism is not dead, but it is on life support — kept alive by politicians, race hustlers and people who get a sense of superiority by denouncing others as "racists.""

Excluding the most qualified individual from a position — because of race, gender, age or sexual orientation, is repugnant, racist and bad business. Likewise, *including* someone primarily because of their skin color, gender or sexual orientation is simply racism and sexism under new management. If we want to stop discrimination — let's stop discriminating. What is

important is the content of one's character not the color of their skin. Merit. Martin Luther King had it right.

Diversity in an executive team is critically important. Diverse opinions, diverse perspectives, diverse skills and diverse life experiences make collaboration rich and always makes for the best decisions making. We must be careful not to force, coerce or bully demographic or gender diversity. Dr. Thomas Sowell has a great quote on this matter. "Despite the fervor with which demographic "diversity" is proclaimed as a prime virtue — without a speck of evidence as to its supposed benefits — diversity of ideas gets no such respect." Let's not get obsessed by gender, race and sexual orientation when defining diversity. This "woke" and unscientific approach to building an organization is toxic, divisive and destructive. Merit is the fairest and healthiest way to build a unified organization.

“Wokeness preys upon a person’s desire to be a good person and the vulnerabilities associated with thinking they might not be.” Ever been on the receiving end of virtue signaling? It’s not pleasant — is it? People who virtue signal do so for the sick fleeting feeling of superiority. Wokeness destroys an organization’s unity and devotion to one another. It promotes cultural tribalism instead of unity. And, in my opinion, there is nothing more powerful than the unity of the team.

As a business leader, can you please share a few steps we must take to truly create an inclusive, representative, and equitable society? Kindly share a story or example for each.

The first step in creating a healthy, united and equitable society is to promote freedom of choice and liberty. As mentioned, decisions regarding inclusion must be based on merit, period. Not demographic diversity. As Dr. Thomas Sowell points out.

If you were to observe Texas Security Bank's team members you would see gender and demographic diversity. However, this occurred because hiring and promotion decisions were made based on merit — not social engineering, force or coercion. I distain the thought of any of our team members thinking they are in their position because of their gender or race. I want them to realize their job or a promotion was awarded based on merit and their enthusiastic adherence to our team's core values. They earned it. This may not be “woke,” but it is moral, fair, nondiscriminatory and far more virtuous.

Ok, thank you for that. Let's now jump to the primary focus of our interview. Most of our readers — in fact, most people — think they have a pretty good idea of what a CEO or executive does. But in just a few words can you explain what an executive does that is different from the responsibilities of the other leaders?

A CEO has the additional responsibility of balancing the expectations of the organization's primary stakeholders. These include employees, shareholders, vendors, customers and our community. The role of a CEO is not simply maximizing shareholder wealth. It's never less than that. However, strategic plans must create value for all stakeholders.

What are the “myths” that you would like to dispel about being a CEO or executive. Can you explain what you mean?

This is a difficult question. Perhaps the traditional organizational chart with the CEO at the top is a bit of a myth. This view can be misleading in terms of the approach a CEO and his team should take when leading the organization. My belief is the healthiest way for a CEO to view the organizational structure is an upside-down organizational chart — with the CEO at the bottom. The CEO's and their leadership team's job

are to pour themselves into the development of the individuals that make up the organization while pursuing a common mission and being guided by set of core values. Being a CEO should be viewed as a selfless stewardship. It's not about you.

What is the most striking difference between your actual job and how you thought the job would be?

To be honest, I really had no preconceived notions about being a CEO. I significantly benefit from having several CEO's on our Board of Directors. These board members help me focus on the things that mattered most. There are an infinite number of things to worry about when starting a bank. Learning to "keep the main thing the main thing" is liberating.

Do you think everyone is cut out to be an executive? In your opinion, which specific traits increase the likelihood that a person will be a successful executive

and what type of person should avoid aspiring to be an executive? Can you explain what you mean?

No, not everyone need aspire to be an executive. I like what John Maxwell says about a good leader. “A leader is one who knows the way, goes the way and shows the way.” The domineering narcissist should avoid aspiring to be an executive. Unfortunately, these are most often the types who aspire to leadership. Being a good CEO is about giving of oneself to numerous stakeholders. A domineering narcissist has little room for that. Selflessness is a necessary virtue for anyone aspiring to successful leadership.

What advice would you give to other business leaders to help create a fantastic work culture? Can you share a story or an example?

I believe creating a fantastic work culture begins with a CEO-created inspiring, life-giving mission statement. Your mission statement should give you and your team members a reason to jump out of bed every morning. Texas Security Bank's mission statement is "Elevating the Champions of Free Enterprise." When you realize the contribution that entrepreneurs and owner-managed businesses bring to society, Elevating the Champions of Free Enterprise becomes a very noble mission. Likewise, a set of core values, created by the CEO, is the way to intentionally create a fantastic culture. Your mission statement tells your stakeholders who you are and why the organization exists. Your core values describe the behaviors need to achieve your mission.

We begin each standing meeting with someone promoting one of our core values along with an example or illustration.

Additionally, each team member is evaluated quarterly on adherence to our core values. Incentive compensation is tied

to, among other performance metrics, adherence to our core values.

All of our core values contribute to building a great culture. However, in my opinion, the most important is our core value *Winning*.

Winning — We value fun! Winning consistently is hard work — but winning consistently is fun. Adding new business and new customers is how we keep score. Our shareholders expect and are entitled to a fair return on their investment. In addition, profits provide the capital we need to grow.

Think about it. Winning really is fun. Our job as CEO and leaders is to make sure our team and each team member knows what *Winning* looks like for the organization and for each members role. When we win, we celebrate and reward and we do it in fun ways!

The last point, on this matter of creating a fantastic work culture, I'd like to make is love your people. Show your love for them and tell them you love them.

How have you used your success to make the world a better place?

In 2008, I was able to use the previous success I had in banking to start Texas Security Bank. Texas Security Bank makes the world a better place. Our mission statement is to “Elevate the Champions of Free Enterprise.” Assisting business owners, particularly in the area of continuing education, is a very noble cause. The virtues of the free enterprise system, include:

- It rests on voluntary cooperation among free people whether as workers, managers, investors, or consumers and rejects coercion

- It empowers ordinary people rather than politicians, bureaucrats, and the politically well-connected
- It allows people to author their own lives, to choose their own calling, to innovate, to create, to be different, and to flourish
- It leads to dynamism and an improved standard of living and has lifted more people *out of poverty* than any other system
- It encourages the sound stewardship of scarce resources
- It affords the dignity of self-sufficiency rather than offering the corrosive lethargy of dependence
- It rewards work, prudence, thrift, diligence, creativity, and innovation
- It leaves room for, and does not seek to control, voluntary associations, civil society, charity, and family in society
- It leaves room for people to lead different kinds of lives, to be different, to dissent, and to speak freely

The Free Enterprise System is what creates jobs and pays all the taxes. It is “the strong horse that pulls the whole cart.”

Fantastic. Here is the primary question of our interview. What are your “5 Things I Wish Someone Told Me Before I Started” and why? (Please share a story or example for each.)

For the most part, the things that I wish someone told me before I started and why? were told to me at one time or another. They may have not resonated with me, or I may not have accepted them or fully appreciated, at the time. With experience and lessons from failures, I have many times of reflections where I think, “ok, now I get it”, or “that really is true.”

1. Being a CEO is a stewardship. It’s not about you and the company is not yours. In most cases, you were not

the first CEO, and you will not likely be the last CEO.

Will you leave the organization in better shape than you found it? This is stewardship.

Every organization has stakeholders who depend on them. These stakeholders depend on the CEO, as well.

Stakeholders include, but are not limited to team members, customers, vendors, the community, local and federal government. Team members place their careers in your hand. Each team member represents a family. Each vendor and customer may represent hundreds or thousands of people and families. It's healthy for me to walk through our parking lot, or vendors parking lots or customers parking lots. Each car representing a family that depends on your organization.

Small businesses create the most jobs and pays the most taxes. There are a lot of people depending on your success, as a CEO. This is really sobering to me.

More than I imagined it would be. As a CEO, we must approach our responsibility with humility, selflessness

and reverence. We are stewards serving our important stakeholders.

2. Being a CEO is extremely rewarding and fulfilling.

Given the never-ending challenges, setbacks and experiences, personal and professional growth are unavoidable as a CEO. Nobody comes into the role of CEO with all the necessary skill sets. It takes time and self-awareness to develop as a CEO. That's great news!

Your team members will enjoy and be inspired watching you grow, over time. You have a great opportunity to set the example of personal growth.

Likewise, you will be inspired by the personal and professional growth of your team members. For sure, people will sometimes let you down. Giving space and grace is a given. Overall, however, people want to grow and improve. As a CEO you are privileged to contribute to this transformation.

Winning as a team that is guided by a common mission and set of core values is hard to match.

Building your culture by winning together is a gratifying experience.

3. Being a CEO provides an Effective Platform for Good.

As mentioned above, as a CEO you have a great opportunity to be a force for good. Not only, within your organization, but within your community and in the lives of your stakeholders. The same strategic planning process utilized to determine strategic objectives to add shareholder value, can and should be utilized to add value to other stakeholders. John Mackey's fantastic memoir about the Whole Foods journey — Conscious Capitalism — provides a shining example of how every CEO and their team can build an organization that stakeholders could never imagine life without.

4. Success is Protected by Problems. This is a valuable

perspective for your team to have while running together toward your big goal. The bigger and more audacious the goal the more it will be protected by problems. We should expect problems and recognize

they are “the cost of doing business” for people who dream big. When we encounter these problems, while running towards our goal, our mindset is not “woe is me.” Our perspective is “of course there are going to be problems — we have a big goal.”

5. Hire Smart and Happy People. This is a big one for me. We can train people for the technical skills needed for each of the roles in our organization — assuming they have the mental capacity. However, you can’t train smart and happy into someone. People either have the mental capacity to learn a specific job or they don’t. We all can’t all be surgeons, lawyers or scientists. Likewise, we can’t all be concert pianists, academy award winning actors or professional athletes. We either have the capacity (talent) or we don’t.

I’ve also found that, in general, people either have a happy disposition or an unhappy disposition. If you hire people who have a default disposition that leans towards unhappy, you will

spend your energy trying to make unhappy people happy. It is exhausting. Happiness is a choice. In my opinion, that is one of the laws of the universe. Hire people whose default disposition is “happy”, and you can utilize your energy to help remove any obstacles to your happy and smart team members doing their job.

You are a person of great influence. If you could inspire a movement that would bring the most amount of good for the greatest number of people, what would that be? You never know what your idea can trigger.

In 2008, I founded Texas Security Bank because I believe *Elevating the Champions of Free Enterprise* is a noble purpose that will bring the most amount of good for the greatest number of people. We must reject socialist and Marxist public

policies. See my white paper — Reversing Poverty — A Banker's and a Businessman's perspective.

As the Nobel Prize winning Economist Milton Friedman stated:

“The world runs on individuals pursuing their separate interests (Free Enterprise). The great achievements of civilization have not come from government bureaus. Einstein didn't construct his theory under order from a bureaucrat.

Henry Ford didn't revolutionize the automobile industry that way. In the only cases in which the masses have escaped from the kind of grinding poverty you're talking about, the only cases in recorded history, are where they have had capitalism and largely free trade. If you want to know where the masses are worse off, worst off, it's exactly in the kinds of societies that depart from that. So that the record of history is absolutely crystal clear, that there is no alternative way so far discovered of improving the lot of the ordinary people that can hold a

candle to the productive activities that are unleashed by the free-enterprise system.”

Can you please give us your favorite “Life Lesson Quote”? Can you share how that was relevant to you in your life?

My favorite Life Quote is by the Greek poet and philosopher, Aeschylus.

He who learns must suffer. And even in our sleep pain that we cannot forget falls drop by drop upon the heart, and in our own despair, against our will, comes wisdom to us by the awful grace of God.

Initially, this quote may strike someone as a bit dark or even morbid. However, to me the quote is all about *perspective and hope*. When we realize that setbacks, challenges, failures and

even tragedy are a valuable source of deep wisdom our perspective and ability to persevere during these difficulties is bolstered. In fact, we may even consider these difficulties as a gift (grace) from God. It is a very different (and helpful) way of looking at things.

This quote was also Robert F. Kennedy's favorite quote. He quoted it in his eulogy for Martin Luther King, Jr. I love it.

We are very blessed that some very prominent names in Business, VC funding, Sports, and Entertainment read this column. Is there a person in the world, or in the US with whom you would love to have a private breakfast or lunch with, and why? He or she might just see this if we tag them

Dr. Thomas Sowell because he's a genius.

Thank you for these fantastic insights. We greatly appreciate the time you spent on this.