

'Downturns Don't Have To Be Fearful'



Jamie Britton, CFO and COO of Texas Security Bank, shares tips for the coming headwinds.



Jamie Britton is stepping into the role of CFO and COO of Texas Security Bank in Dallas at an historically challenging time. But there are opportunities amidst inflation and even recession for those who take the right steps, he argues.



Britton spoke with StrategicCFO360 about how to prepare for the headwinds, the importance of focusing on cash flow and why the bank is building a new branch even as bank branches shutter across the country.



What type of initiatives are you currently working on at Texas Security Bank?



I couldn't be more thrilled to join Texas Security Bank at such an exciting time. As the new CFO and COO, my role is to lead the finance and technology organizations to ensure the bank is ready to support our clients and markets as we accelerate into this next phase of growth.

Our former CFO and COO, Drew Keith, has been promoted to president and will be focused on building out a team for our new executive office and branch in the adjacent Tarrant County to the west of Dallas. I am laser-focused on transition activities so Drew can focus more time on business development and hiring new bankers, but I am also getting more engaged in several strategic initiatives.

For example, we are working on a project to improve our performance measurement capabilities and migrate to a more sophisticated profitability system. In addition, we're reshaping the bank's compensation programs, which

will both benefit existing teammates and allow us to be more competitive in an increasingly hot job market.



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How is the bank dealing with inflation and interest rates rising?

Like those of most banks, our balance sheet is positioned for rising interest rates to serve as a tailwind for performance. We are also fortunate to be operating in one of the strongest markets in the country, but North Texas is certainly not immune to the potential adverse effects of a Fed determined to tame inflation at all costs. There is always the risk of doing too much too quickly. So, during our planning process, we also consider “adverse” projections for the economy and the effects those outcomes could have on consumers and, importantly, small businesses.

We’re proud of the commitment and success we had in supporting our communities through the pandemic, and by continuing this type of prudent management, we are confident we will be able to support them through the next downturn as well. Not only does it make a difference to the entrepreneurs we are supporting, but it also makes a difference to the bank. Through the PPP program, we originated just under 1,500 PPP loans totaling \$373 million and, in the process, gained a meaningful number of new customers. Frankly, that type of mutual success is what Texas Security Bank was founded on.

More than 4,000 physical bank branch locations have closed since March 2020. What are your goals for a new branch in the Dallas/Fort Worth northern suburb of Southlake opening up?

There is no question that the banking landscape is constantly evolving. Texas Security Bank continues to invest in technology that will improve our efficiency and enhance the experiences for those banking with us. However, for a bank like ours that works so closely with many small business owners, it’s also important to have a physical presence where we can build trust with our clients, provide them advice and, if they choose, offer them in-person access to our business education programs, which are a true differentiator for us.

We hope the Southlake office will be a space where we can begin to grow in the community and elevate Tarrant County’s champions of free enterprise. We’re extremely excited to build a name in the community and believe Southlake offers the perfect location to continue expanding west into Tarrant County and growing the bank forward.

What advice would you give other CFOs when it comes to inflation and a possible recession?

Downturns don’t have to be fearful. We should always be looking ahead to understand a range of possibilities as we plan for the future. Our scenario analysis guides us in strengthening our balance sheet and doing what is necessary to maintain our exemplary credit performance, both of which allow Texas Security Bank to support our clients no matter the circumstance. By acting today, we make sure we will be there for our clients when times are difficult, and people remember that.

As you plan ahead for your own businesses, consider how a recession uniquely affects your company's customers and think about the things you can do today—whether it's shoring up your supply chains, developing contingent staffing plans or preparing options to work remotely—to minimize a recession's impact on your customers.

And more strategically, remain abreast of opportunities to leverage your niche in building more recession-proof forms of cash-flow and income. This not only produces staying power but also may allow you to capture market share when your competitors are scrambling.