

Talent Recruiting Becomes Priority at Texas Start-Up

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The sudden departure of Lone Star Bank's top executive has left the Houston start-up in the hands of investors who have no day-to-day experience running banks.

Richard Pickard resigned as chairman, president, and chief executive of the year-old Lone Star last month, and two investors whose only previous banking experience was serving on bank boards are filling the roles of chairman and CEO. The \$42 million-asset bank has hired a Kansas banker as its president and chief credit officer.

Bill Wilcock, 64, the new CEO, said Mr. Pickard left over "differences of opinion," but he would not elaborate. Mr. Pickard also declined to comment.

What Mr. Wilcock did say is that he plans to remain the CEO, that the bank's business plan has not changed, and that it has no intention of selling itself. "Our basic strategy is simple," he said. "We want to primarily aim at being a business-to-business bank for the midmarket and small, owner-operated businesses" in and around Houston.

For now his job is to get Lone Star back on track. It lost \$900,000 in the second quarter, according to Federal Deposit Insurance Corp. data, and 3% of its loans were noncurrent, versus none in the first quarter.

Lone Star has also lost nearly all of its lenders in recent months, and finding new ones in a market as competitive as Houston could be Mr. Wilcock's biggest challenge.

He said he wants to hire about seven lenders and that he expected to start interviewing this month. He acknowledged it could take as long as six months to fill the vacancies.

Rod Taylor, a partner at Taylor & Co., an executive recruitment firm in Atlanta that specializes in banking, said that "hands down ... there is no market in the country that is more intensely competitive for credit skills than Houston.

That's because long-established banks are competing for talent with cash-rich start-ups, as well as out-of-state and even foreign banks that have flocked to Texas to capitalize on the state's vibrant economy. Experienced lenders are also moving into higher-paying jobs in the energy sector, exacerbating the shortage.

Mr. Taylor said Lone Star would have to pay up for talent. "The only hope they have of attracting a qualified lender is if they offer stock options and the lender believes they have an opportunity to make money on a sale," he said. "Plus, the cash will have to be superior to what the lender is making now. They'll have to start with a minimum of \$120,000 and offer an opportunity to earn a bonus of at least 50% or 100% of that."

Mr. Wilcock said Lone Star would offer stock options to candidates.

From 1990 to 1995 Mr. Wilcock was a director at First Source Bank in South Bend, Ind., and Lone Star's chairman, Bruce L. Christenson, was a director from 1997 to 2000 of Kaw Valley State Bank and Trust in Topeka, Kan.

Though he has never run a bank on a day-to-day basis, Mr. Wilcock said he is not worried, because Lone Star has other senior managers who are experienced, including the newly hired president, Jeff Berkley. (Mr. Berkley remains the president of Allegiance Bank in Topeka.)

"The CEO has accountability and has to set the direction of the company," Mr. Wilcock said. "We've got a really good base to work from."

Besides, Mr. Wilcock said he received a good education in banking during his stint as a First Source director from its then-CEO Chris Murphy. "He taught the board and made sure everyone understood what we were looking at and why we were making decisions," Mr. Wilcock said.