



Phil Rock is founder and CEO of ATM Network Inc., the 11th largest player in the non-bank automated teller machine industry.



**Dick Youngblood**

#### ATM Network Inc.

**Business:** Sells ATMs to convenience stores, supermarkets, restaurants and other retailers.

**Founded:** 1996

**Headquarters:** Eden Prairie

**Executive:** Founder Phil Rock

**2002 revenue:** \$10 million, headed for a projected \$13 million

## No nonsense, but priorities are real

Dick Youngblood, Star Tribune

Published December 28, 2003

### ATM whiz worked hard and hired carefully

Russ Freeman describes his boss, Phil Rock, as "a classic entrepreneur -- an aggressive risk-taker with an uncanny ability to recognize opportunity."

Rock is the founder of Minnetonka-based ATM Network Inc., which he has built into the 11th-largest non-bank player in the automated teller machine industry by surrounding himself with people who share his no-nonsense style.

"I look for people who are driven," said Rock, 38. "And they're not easy to find; our last hire took three months."

All of which raises a question: How come this driven, aggressive, no-nonsense entrepreneur has trimmed his in-office schedule back to about 30 hours a week so he can coach his 10-year-old son's baseball and basketball teams, take his 5-year-old daughter ice skating and otherwise spend a few more waking hours with his family?

It has to do with a new sense of priorities: "For years I made myself a slave, first to my brother's business [an ATM sales company in the Pacific Northwest] and then to my own," said Rock, who started ATM Network in 1996 to sell the machines to convenience stores, supermarkets, restaurants and other retailers. "For a good six years I worked seven days a week, 10 to 12 hours a day, driving 100,000 miles a year.

## "It got so my son thought his dad was the milkman."

So in 1999 Rock hired Freeman, an account manager at the advertising firm of Campbell Mithun Esty, promoted him the next year to general manager and chief operating officer and "pulled out of the daily grind," as he put it, to focus on his family and on building his sales organization.

## Skateboards and art

The decision to spend more time away from the office, while staying in touch with Freeman via the telephone, does not appear to have hurt the business.

Indeed, ATM Network's revenue more than doubled from \$6.2 million in 1999, the year before Rock's slowdown, to an estimated \$13 million in 2003. The company has more than 2,400 ATM machines installed in 48 states, including 900 in Minnesota.

Given his background, Rock would hardly seem to qualify as a hard-driving entrepreneur. A native of Northern California, he whiled away his teenage days on a skateboard and studied art and design after high school. When he went to work for his brother's company in 1994, he planned to focus primarily on promotion and marketing.

His conversion to the art of salesmanship came by accident: In a casual conversation with a convenience store manager he learned that the man thought an ATM would help his sales but was deterred by the more than \$1,000 a month his bank would charge for the service.

Rock promptly sold him one of his brother's ATMs, which cost about \$12,000, compared with today's price tags ranging from \$3,500 to \$7,000. When he discovered that his commission approached a month's salary, he was hooked.

There was one significant hurdle: Federal regulations then prohibited retailers from imposing transaction surcharges, which tended to make the five-figure cost of a machine untenable. So Rock focused his sales pitch on the notion that making more cash available tended to boost sales while reducing losses on bad checks and transaction fees on credit card sales.

## No debt, investors

In his first month as an ATM salesman he peddled 25 machines, several times the company's other sales reps, and by the time he decided to strike off on his own the total was up to 35 to 45 machines a month.

Rock decided to start ATM Network in Minnesota for several reasons: Minnesota's central location, a noncompete agreement with his brother and the fact that his

wife's sister lived here, "and I knew I was going to be pretty busy for the next few years."

He didn't dip into savings, borrow money or seek investors to get started: "I don't believe in borrowing; I think a business ought to pay for itself," he said. "I sold eight machines that first month and never looked back."

Thanks in part to the 1996 repeal of the ban on transaction surcharges, revenue grew quickly -- from first-year sales of \$500,000 to \$6.9 million in 2000 to \$10 million in 2002. As a result, the trade journal ATM Debit News lists the company as the 11th-largest independent ATM sales organization in the country.

The downside of legalized transaction fees, however, is that the change drew a horde of competitors into the game, followed by a wave of consolidations that left ATM Network facing some giant challengers.

"We're playing with some big guys," Rock acknowledged. "But we're more flexible in terms of pricing and marketing, so we're doing just fine." He said the company breaks even on its machine sales, earns a small amount on service contracts and collects most of its profits from fees charged for processing ATM transactions.