

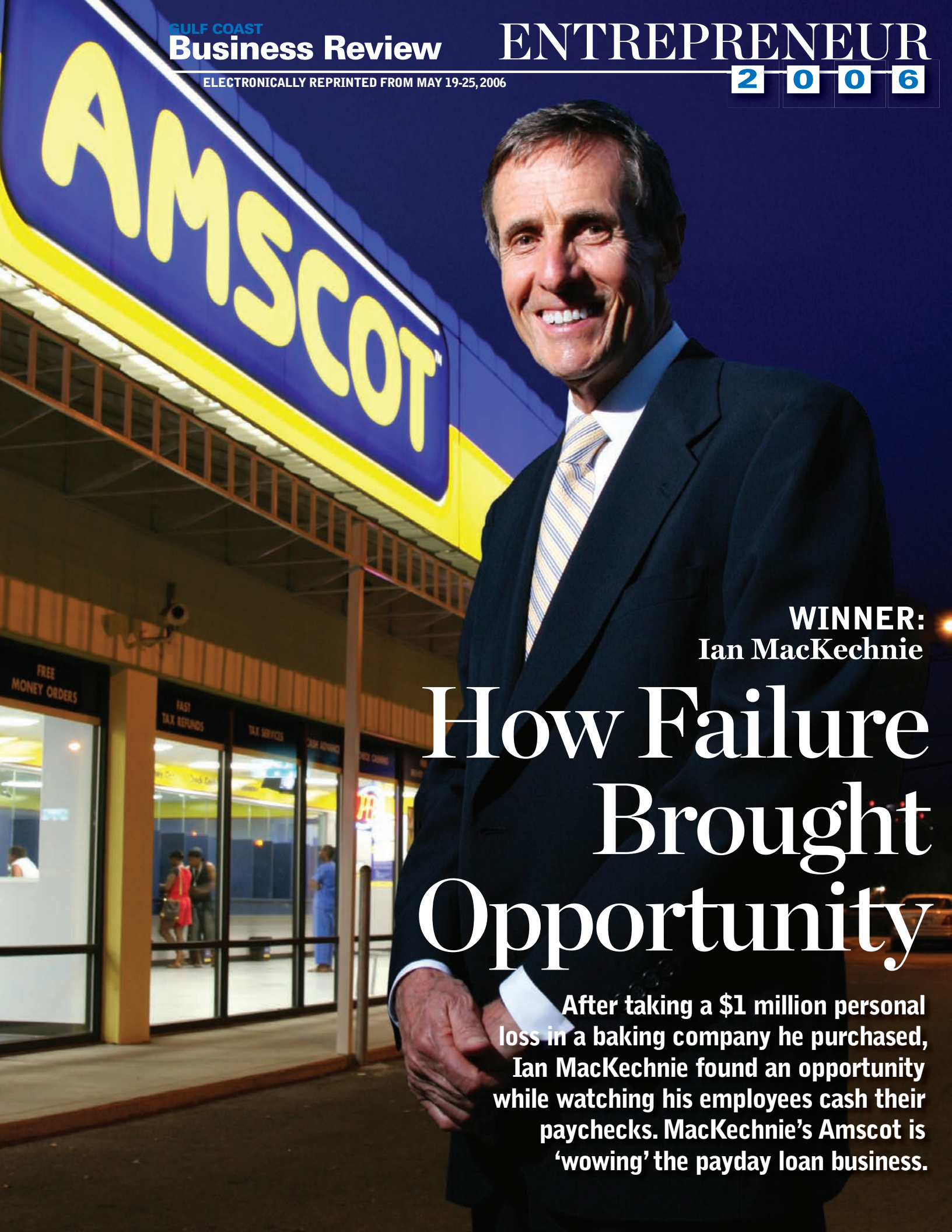
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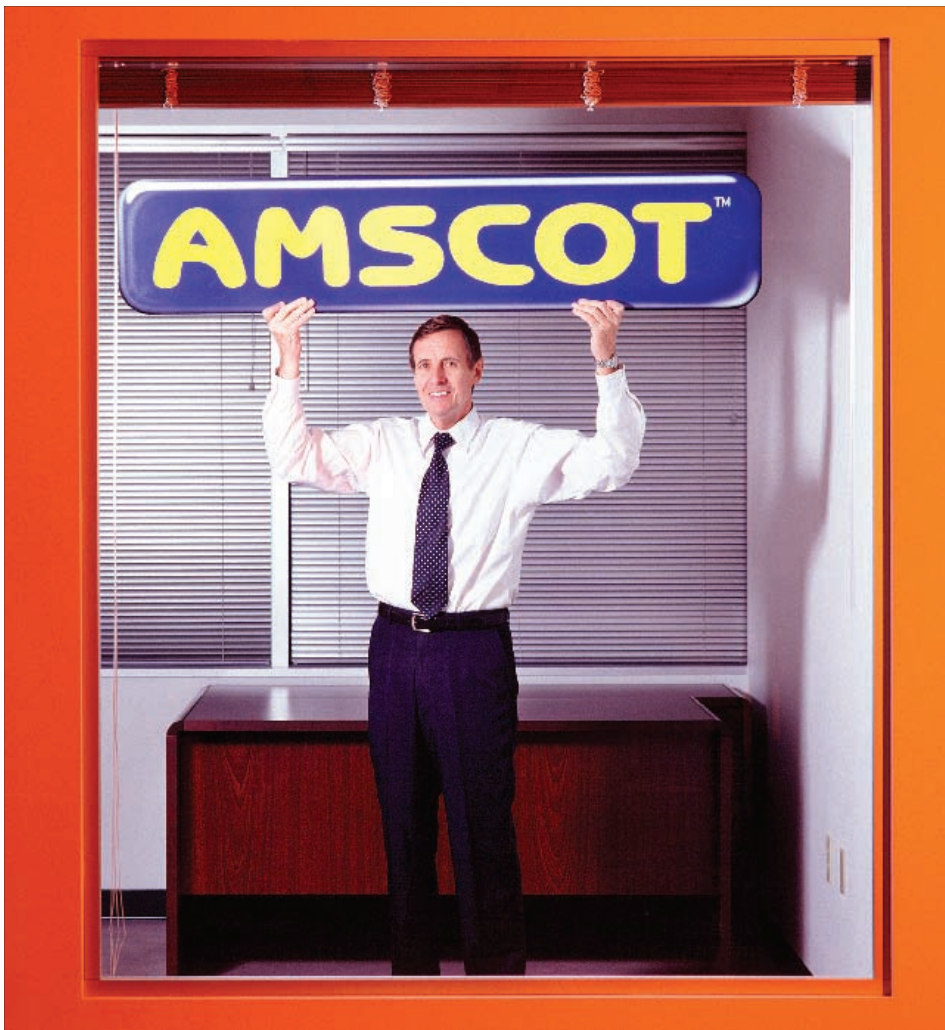
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WINNER:
Ian MacKechnie

How Failure Brought Opportunity

After taking a \$1 million personal loss in a baking company he purchased, Ian MacKechnie found an opportunity while watching his employees cash their paychecks. MacKechnie's AmScot is 'wowing' the payday loan business.



Mark Wempie

IAN MACKECHNIE

There's no slowing down Ian MacKechnie.

At 62, he still works about 60 hours a week over six days. He took one day in his company's most recent fiscal year.

"I don't mind it," he says. "I'm not as bad as I used to be. "I used to work horrendous hours."

MacKechnie is founder and president of Amscot Financial, a Tampa-based financial services firm that operates 117 locations in 14 Florida counties. Under MacKechnie, Amscot's signature blue-and-gold sign has become in 17 years a symbol for fast-food speed financial services. Last year, an average of 250,000 customers a week went to Amscot stores to cash checks, buy money orders or obtain cash advances for a fee.

Its stores are strategically placed where the demographics make sense, and store hours are convenient. Amscot customers can usually find a location every 3 miles; most are open at 7 a.m. and close at 10

p.m. or midnight. A fourth of the stores are open 24 hours.

"We want to be the Wal-Mart of the financial services world," MacKechnie says in his slightly raspy voice, his melodic Scottish brogue evoking images of an elder statesman more than a busy entrepreneur.

Amscot's phenomenal, yet controlled growth over the past three years is one of the leading reasons the Gulf Coast Business Review has named MacKechnie the paper's 2006 Entrepreneur winner. He was also chosen because of his bold, entrepreneurial, risk-taking philosophy and because of how he has learned and rebounded from some colossal failures.

MacKechnie has led Amscot to becoming an \$85 million-a-year revenue-generating operation. And although it's a private company operating solely in Florida, MacKechnie and his company have won national and international attention. In 2004, he debuted at number 50 on the list

of Scotland's richest people published in the Sunday Times, one of England's biggest and most prominent newspapers.

Says Henry Coffey Jr., a Baltimore-based analyst who follows public companies in the industry: "Amscot has the most-admired business model in the payday loan industry. They fill the business in their new stores right away. People are like 'Wow,'" when looking at what MacKechnie has been able to accomplish.

On a roll

At the heart of the model fueling all the accolades is MacKechnie's talent for building a consumer brand. He prides himself on his ability to develop trust with a customer. "Our customers know they can rely on us," he says.

MacKechnie learned that skill from his first employer: his father.

At 16, MacKechnie worked for his father's bakery in Victoria, British Columbia, where the family settled after moving from Scotland. He learned the basics of business there.

"Necessity being the mother of invention has been a part of most people's lives, including mine," he says. "You had to make a living, so you had to grow your business and offer good service."

The family moved back to its homeland in 1961. In Scotland, MacKechnie worked as a management trainee at the Scottish bakery plant of Associated British Foods, a major British public company.

In 1963, at 20 years old, MacKechnie, his father and brother formed MacKechnie's Foods, a wholesale manufacturing bakery company in Glasgow. During the initial years, he and his brother would drive the vans themselves, delivering baked goods to grocery stores and supermarkets.

When MacKechnie took over as the company's chief executive in 1969, he helped develop the MacKechnie's Rolls brand, a product that would dominate the Glasgow and Edinburgh baked goods market. The family eventually sold the company in 1975.

He then went out on his own, forming a chain of bakery and coffee retail shops. When he sold it in 1986, it was generating about \$18 million in annual revenues.

That's when MacKechnie got an itch for a change. He sought a new challenge.

'Megatrends'

He found it while having breakfast one morning at a café outside London. While reading the Financial Times, he spotted a Tampa Bay Chamber of Commerce insert marketing Tampa as one of the fastest-growing cities in the United States. At the

time, MacKechnie also was reading John Naisbitt's bestseller, "Megatrends," which identified Tampa as the fastest-growing city east of the Mississippi.

"So I picked up the phone and called a law firm. We came to visit and that was it," he says. "Entrepreneurs do stuff like that."

Upon settling in Florida, MacKechnie met with John C. Bierley, a lawyer specializing in international law. Through Bierley, MacKechnie bought the Lincoln Baking Co., which distributed fresh baked goods to 7-Eleven and Circle K convenience stores. For the first time in his entrepreneurial life, however, he failed.

"I couldn't get the business going," he says. "I couldn't get enough volume per locations."

In 1988, he faced a decision struggling entrepreneurs often encounter: either invest more money to build a bigger plant with the hope of boosting sales and reaching profitability or sell the business at a loss. He opted for the latter. He lost more than \$1 million personally.

MacKechnie, though, isn't sorry to have lost all that money.

"Problems are opportunities," he says. "I wouldn't have switched to financial services if I hadn't been forced to."

The timing was perfect. The U.S. manufacturing industry was going nowhere but down. At the same time, MacKechnie was free to pursue an idea he had stumbled onto after watching his employees on payday afternoons. They cashed their checks at convenience stores and bars, everywhere except at banks. "I used to ask them why they did that," he recalls. "And they told me, 'Because it's convenient.'"

In 1989, he opened his first two check-cashing stores, near Ybor City and the University of South Florida's Tampa campus. Amscot, short for American Scottish, quickly developed into a strong brand by offering a safe place for cashing checks without putting holds on them.

An insurance risk

The company's technology system grew as its services expanded. Its corporate campus at 600 Westshore Blvd. in Tampa has its own power-generating equipment in case there's a power failure.

In the 1990s, Amscot started offering

REVENUES	2004: \$44.8 million	2005: \$65.8 million (46.9% increase)	2006: \$85 million (29.2% increase)
Fiscal year ending April 30, 2006	AVERAGE ANNUAL GROWTH: 38%		
EMPLOYEES	2004: 700 (1,000 during tax season)	2005: 800 (1,250 during tax season)	2006: 1,000 (1,500 during tax season)

small loans. When the Internal Revenue Service introduced electronic filing of income tax returns, MacKechnie added tax-return preparation and refund-anticipation loans.

The company also started offering automobile insurance to high-risk motorists, a service that would lead to another low-point in MacKechnie's career.

In 1998, a statewide grand jury indicted MacKechnie and his company's insurance unit on insurance fraud charges and conspiracy to commit racketeering after then-Florida Insurance Commissioner Bill Nelson organized a sting operation raiding Amscot's 18 stores.

The charges against MacKechnie were eventually dropped and he agreed to get out of the insurance business. Looking back, MacKechnie takes the life's too short approach and says he doesn't hold any grudges. Still, he says he believes that Nelson was "misguided" and went off poor advice in pursuing the case.

And as usual with MacKechnie, he learned something from the experience. He hired a staff of security experts to man the store, including three former FBI agents. "I am much more paranoid," he says. "That's the worst thing that ever happened to me in my life — by far."

The legal fees for the case almost put Amscot out of business. But MacKechnie was able to save the company after Sirrom Capital Corp., a Nashville venture capital firm that had already invested \$3.6 million into Amscot put in another \$1 million after his arrest. Sirrom is no longer operating; officials who were with the company during that time could not be reached to comment. MacKechnie simply says the firm put a lot of trust in him and the business model. No officials with the venture capital firm currently have any stock in Amscot.

Amscot and MacKechnie put the legal worries behind and went on with lofty ambitions. His goals, though, took more money, MacKechnie says, and he wasn't

afraid to go after it the old-fashioned way: Borrow. He says the only way to grow in his capital-intensive field and compete with the likes of H&R Block is to leverage assets, such as personal belongings.

MacKechnie learned the borrow-to-grow lesson through experience and through his father, who "would never borrow a penny" and ended up with a small-scale business.

No slowing down

By 2004, Amscot was a financial empire with stores in 10 Florida counties, from Orlando to Sarasota.

Today, MacKechnie focuses on shifting enough resources into the company's technology department to stay competitive. This year, for example, Amscot will spend about \$3 million on a new IBM system that quickly secures Amscot customers' financial transactions.

"Our customers value speed over service," he says. "There can't be any waiting because our technology is slow or is going down."

The upgrades are especially important as Amscot continues to grow. MacKechnie says he plans to operate 156 locations by 2007, eventually growing to 250 to 300 stores in the next five years. Going public is an option, too.

MacKechnie's two sons are also a big part of the future of Amscot. Fraser MacKechnie, 31, joined Amscot after graduating from college and is rising up the ranks. Ian Andrew MacKechnie, 38, is an executive vice president.

MacKechnie, though, brushes off any mention of retirement.

"I enjoy what I do," he says. "One of the things that gives me a lot of satisfaction is seeing someone step into a position I used to have and do it as good or sometimes even better. And I've seen a lot of that. I still keep seeing it."

— Isabelle Gan

