

As the (Credit Union) World Turns Embracing the Opportunity Change Provides

By **David Jacobson**, *Founder and President of GrooveCar, Inc.*

Some good advice in starting and growing a business is to be nimble, know your audience, expect the unexpected and stay the course.

These truisms certainly carried their weight the past decade when we launched a business model in a fickle and uncertain economic environment. We knew from the get-go that we wanted to build on our automotive upbringing and savvy and, at the same time, help educate and integrate the credit union community into becoming an important part of the auto-buying world, which was certainly not the case.

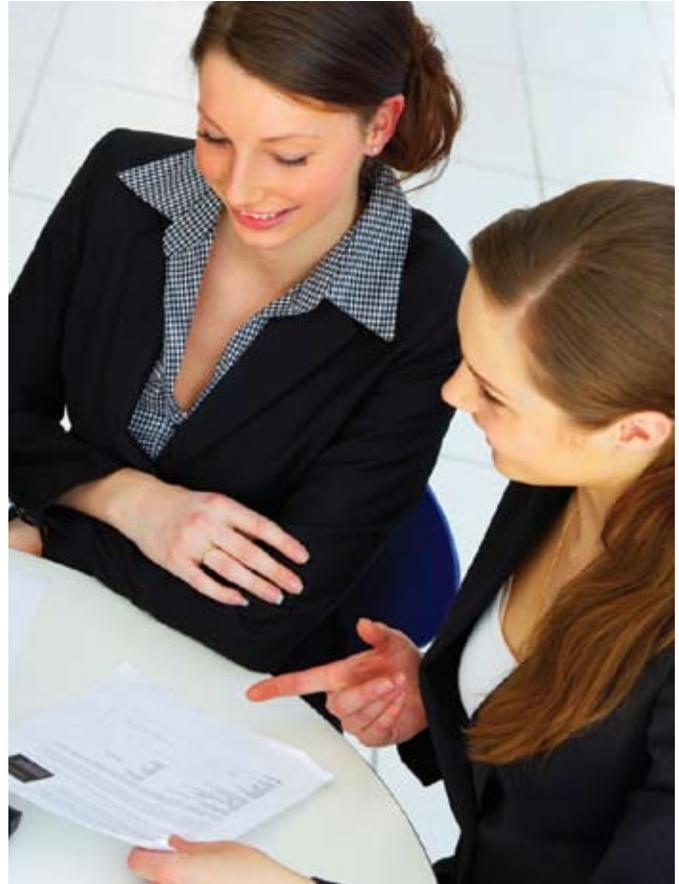
Even a year later, when indirect lending became an important ingredient for us, community charter credit unions were an anomaly – they did not exist.

Our plan was clear. We had to reach out and assemble the northeastern US region's largest credit unions, and together make the battle cry that credit unions could not only compete, but succeed, in the automotive indirect lending arena. We did this, and as a result, the program took off with several large anchor credit unions leading the charge.

The single message and team philosophy served us well for several years. As an automotive product, we represented the credit unions *en masse*. We provided quality customer service, a cooperative dealer network, a robust website, and clear guidance to our credit union constituency. Moreover, each credit union would benefit based on the quality and consistency of their marketing message to members.

Consequently, it wasn't long before one of our credit unions – Bethpage Federal Credit Union – was approved for a community charter. This was one of the nation's largest, based on geographic population.

Call this a “quiet revolution,” but once the dust settled, it was clear that the credit union community would never be the same. In the formative years, no one knew how things would shake out, particularly since credit unions were bound by their SEG-based charter, which limited their ability to grow and gain



market share. However, suddenly, one of their own became a competitive threat and credit union after credit union converted to community charter.

Opportunity brought challenges. We were faced with the realization that we had to change with the times or get washed away by them. So we painstakingly researched and fine-tuned how we would continue to be the solution credit unions required in order to service their members and grow their auto lending business.

The strategy was to provide each credit union with a personal identity while still using the power of the credit union movement as the driving force. Like a football team, each player



has critical personal goals, but the championship belongs to the team. After all, the team provided the ability for the individual to succeed.

Many in the banking community felt community charter credit unions would cannibalize themselves. The credit unions in this region, however, had the ability to see the larger picture. They did not lose sight that gaining market share as a movement, and building the credit union brand as a whole, was critical their individual success. This occurred even to the point of fostering competition among their peers, which turned out to be healthy.

But you cannot rest on your laurels either, especially since the competitive world of auto financing does not stand still. Innovations such as our recent iPhone/iPad App continues to play

a vital role in the ongoing success of the program. The addition of new lending products (i.e., leasing and balloon loans), cutting edge promotions, and industry leading customer service continue to separate GrooveCar and its credit union partners from the crowded auto lending landscape. By keeping a finger on the pulse, we communicate daily detailed information and guidance to credit unions.

The transformation of credit unions from SEG-based charter to community charter came with many new challenges. Our ability and the credit unions' willingness to maintain this cooperative environment has paid off. While our credit union market share is at an all-time high and the dealer network more cooperative than ever, we are well aware of the ongoing challenges we will continue to face. The only certainty is change and the challenges that come along with it. We cannot fear change, but must embrace the opportunity that change provides.

David Jacobson is the founder and president of GrooveCar, Inc.

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