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Where Business Gets Down to Business

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## More than money: How David got his Groove back

By Adina Genn

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Ask David Jacobson about his

14-year stint as an executive at an auto dealership and he's straight up. The money? Well into six figures. The hours? Horrendous.

So grueling was the schedule that Jacobson eventually walked away from the handsome income and sought a new groove. Literally.

In 2000, he opened Hauppauge-based GrooveCar, an Internet referral service that matches credit union members with auto dealers and helps credit union members find low financing rates and information about autos, motorcycles and all-terrain vehicles.

In 2006, GrooveCar – which purchased its Hauppauge headquarters in 2005 – processed nearly \$250 million in funded loans, up about \$100 million from 2005. The company currently serves 20 credit unions and works with more than 300 auto dealers.

Success has come, but the early days seemed downright bleak.

“For three years, I didn’t earn a penny,” Jacobson said. “By the end of the second year I had nothing.”

He persevered, relying on the certainty that his business concept was solid. After all, he understood dealers. He knew they would pay a subscription fee to get with a steady stream of loyal, qualified buyers – the kind who generally join credit unions.

Because he'd trained so many local salespeople, his contacts at dealerships across the Island expressed interest. Next were credit unions, which Jacobson believed would see his company as providing a value-added service to members.

Still, his timing couldn't have been worse. The Internet bubble had just collapsed and the auto industry was hurting. Just one year earlier, for instance, car manufacturers had exhibited with lavish booths at the National Automobile Dealers Association convention; in 2000, Jacobson noticed only tiny booths.

But Jacobson believed in his concept. He'd seen an earlier version work well – one company, every six months, would arrange for one weekend when three or four credit union members met with a set group of dealers, ready to buy. Collectively, members enjoyed better buying power, credit unions closed more loans and dealers moved cars out of their showrooms, Jacobson said.

He wanted to provide that kind of traffic every day of the year.

It was Bob Allen, chief executive of Farmingville-based Teachers Federal Credit Union, who suggested offering financing at dealers. By offering on-the-spot financing, credit union members would not likely accept loans with less-favorable rates. Allen and other area credit union leaders entertained proposals not just from Jacobson, but also bigger, national competitors. At the time, he didn't even have a company brochure.

But he managed to differentiate himself with his “local presence” and an “ear to the ground,” Allen said.

To ensure a positive customer experience, GrooveCar trains a point-person at every dealership on offering and processing credit-union loans. The company also alerts dealers to prepare for anticipated visits from consumers who learn about a vehicle either on the GrooveCar Web site or by phone. A GrooveCar rep also follows up with consumers, informing dealers if customer satisfaction is below par.

Credit unions now have open membership and dealers that sign up with GrooveCar can offer consumers credit-union rates, if they join.

Last year, GrooveCar launched a nationwide leasing program, as well as an auto auction service. It also advises credit unions around the country.

These directions are a must in a competitive world, Jacobson noted.

"I can't stay stagnant," he said.

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