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Pinching himself: a digital pioneer's sweet ride

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The founder of carsales.com.au started as a "software guy" and now runs a company worth \$1.8 billion, writes Christopher Niesche.

Greg Roebuck still can't quite believe how successful his auto sales website carsales.com.au has been.

"I continue to pinch myself," he says of his sharemarket-listed business. "I started as a software guy and I run a business that's knocking on the door of the ASX 100 and has got a market cap of \$1.8 billion.

"There was never an expectation that I'd be where I am today in 1997."

Like so many entrepreneurs, Roebuck set out to "build a better mousetrap". He'd seen the limitations of print advertisements in publications such as the *Trading Post* and saw the potential of digitising the information – eliminating spelling errors, standardising the information, allowing searches, and adding a lot of detail to the information the advertisers supplied.

"You tell us the year, the make, the engine and the transmission, the colour and the kilometres, and we tell you about 200 other things about that car," he says.

"It just seemed like a better mousetrap. We had a blank piece of paper and we thought, 'What are the things we could be doing that would make this a much better experience?'"

But when the company was founded in 1997, the internet was far from ubiquitous. "You had to spell 'internet' to people in those days," Roebuck says.

And because most car dealers weren't connected to the web and didn't know much about it, Roebuck and his team had to make it easy for them to use at first to help win them over. They'd go to car dealerships to physically collect the information and take pictures of cars, or if car dealers faxed in their stock listings then a staff member at carsales.com.au would plug them into the computer for them.

"We worked very hard to make it easy for people to become customers," says Roebuck. "We did whatever we had to do to get that customer on-board, because we knew once we got them on-board, they'd start to see results and they'd stay with us."

Roebuck initially aimed to match the 3000 cars that its largest competitor had listed, which he says seemed like a lot at the time.

The company now has about 230,000 cars listed at any one time, and Roebuck says it will eventually get close to 300,000.

"If you start with something small and do it really well, it can become something big, rather than start with the idea that it has to be something big," he says. "We were in the right time at the right place, but it was a lot of hard work."

Roebuck – who has a background in software as the part-owner of a company which supplied computer systems and software to car dealers – says he initially struggled with marketing.

"The internet was so new and there weren't people to talk to or companies that could guide you through," he says.

"We did what a lot of businesses do. We raised some money and we went out and spent it on marketing and we expected the customers to just suddenly flock to you. But it doesn't happen that way. It's got to be a marathon, not a sprint."

But he says there's nothing like the prospect of running out of cash to sharpen the mind. So rather than aiming for a mass market in 2000 and 2001, when most people still didn't have an internet connection at home, they focused on customers who were already online and familiar with the web.

The then-fledgling business came through the dotcom crash of 2000, which Roebuck said was an instructive experience. "You don't take things for granted and you have to keep looking at the business as if it's not a guaranteed outcome," he says.

A turning point for the company came in 2002 when it changed its pricing model for consumers and car dealers taking out ads on the site.



"If you start with something small and do it really well, it can become something big" ... Greg Roebuck. Photo: Will Salter

Until carsales changed the pricing model, classified advertisements in print and online charged for a set period of time, be it in the Saturday newspaper or for a week online. But carsales started charging consumers a flat fee of \$10 until their car was sold, although the price has gone up since then.

Roebuck says that sent an important message to consumers: "These guys must be good, they're only ever going to get my money once.

"It's a very good consumer message: our job is to help you sell something, not to help you advertise something."

With dealers, carsales decided not to charge them unless their ad generated an inquiry on the car. "We weren't going to earn any money if we didn't generate any opportunity for our car dealers," says Roebuck.

The rapid growth has also created challenges; in particular, maintaining the culture of a small business as it grew to employ 400 people. "I'm a very big believer in 'we've got to love what we do' and have people proud of what we do," he says.

"I'm really proud of the fact that a lot of the people in the business have grown with the business."

Aside from his pride in having built the business and in the people he employs, Roebuck says he enjoys the work.

"I get to indulge my two passions – technology and cars – so it's the perfect job for me," he says.

Greg Roebuck's five entrepreneur secrets

1. One percenters add up quickly. "Don't spend all your time thinking of great big changes. Be happy with lots of little changes and you'd be surprised how quickly they make a huge a difference."
2. The best time to plant a tree was 10 years ago. The second-best time is today. "All those things that people often perceive as being too late or a missed opportunity – the second-best time is right now."
3. Enjoy what you do, or do something else. "Life's short and we spend a lot of time in our careers, and you need to be doing something you're enjoying."
4. Positive attitude. "Everything stems from attitude and we all get to choose our attitude."
5. If it was easy, everyone would be doing it. "Starting you own business is always going to be tough."

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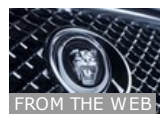
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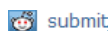
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