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Climatecars - Niko Williamson

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How Nicko Williamson steered his carbon neutral cab company through the downturn

Addison Lee founder John Griffin won't be losing sleep just yet, but the rapid progress of Climatecars and its founder, 26-year-old Nicko Williamson, will certainly have been noted. Three years since the carbon neutral cab hire company launched, it's turning a pretty penny and securing some major pieces of account work.

The business this year moved into profit and came within a hair's breadth of doubling turnover, with full-year revenues increasing from £800,000 in March 2009 to £1.59m this year. Gross profit for the year hit £638,050 (an increase of 126%) with net profit of £103,702.

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Unilever, Absolute Radio and Virgin are clients, and a major deal with a large investment bank has just gone live. Williamson's inspiration came while studying modern history at Bristol University. "I kept driving past a gas conversion place and felt environmental transport would play a serious part in London. I looked into various options, but the new Toyota Prius had just launched so settled on that," he says.

Between the Eureka moment and purchasing the cars Williamson dutifully went about his research, working behind the scenes of what is now a competitor to get a sense of how the industry works, the pricing structures involved and systems such businesses need to have in place. "I saw an opportunity in the sector to modernise as it's full of well-established companies that don't want to change much," he says. He then recruited two London Business School MBAs to help turn his findings into a sharp business plan and raised start-up capital.

As well as investing £50,000 of his own money, Williamson took just a month to secure a friends and family round of £150,000 in 2007. He followed this a year later with an angel round of £300,000 following two pitching events at Envestors.

Jackdaw Investments Ltd put in £225,000 of the total and placed a representative on the board. Of the £500,000 equity, he still has £330,000 on the balance sheet. "A lot of the balance sheet is tied up in debtors, although we have the option from our bank to raise finance from invoice discounting should we need it. We've been very bearish during the recession in case we lost key clients."

Worst fears haven't transpired, but Williamson has nevertheless ensured no client accounts for more than 4% of turnover. The early phase wasn't without its problems, however. At 23 and having never run a business, Williamson wasn't deemed a good candidate for contract hiring the first cars and instead went with hire purchase, which gives the company assets to sell later.

More recently, the business, which now has around 60 cars, had to deal with news that the new version of the Prius had been recalled due to braking issues. Toyota upgraded every affected car in the fleet and Williamson says there wasn't a drop in turnover or service. "They handled the product part, but not the PR particularly well," he says.

In addition to its eco-friendly status, which it shares with rival Green Tomato but is otherwise a USP, Climatecars provides mineral water for every passenger, cars are fitted with black leather seats, drivers suited, and it aims to maintain a 99% on-time service. The cars, unlike Green Tomato's bright vehicles, are also only subtly branded, which Williamson says appeals to the company's clientele.

Climatecars is also competitive on pricing and unlike some firms doesn't penalise by postcode. It's an area that continues to evolve as the business collects data on journey times and most profitable routes.

With its big company approach – published accounts, monthly board meetings, and reports to the board and investors – it's clear Williamson has big plans. Acquisitions and diversification into eco-friendly chauffeur or courier services are possibilities, turnover is projected to double again, and he's not completely closing the door to offers. "I wouldn't rule it out if it produced decent shareholder value based on the scale of the opportunity, but we can take it much further."

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