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Climatecars: Nicko Williamson

The founder of the eco-friendly taxi firm on starting young and his plans for global domination

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While most of his 13-year-old peers had their heads stuck in the Harry Potter series, Nicko Williamson was working from an alternative reading list. His author of choice was Richard Branson and as a result, his business education started early. "I looked at the Virgins of the world who go into an existing market and provide something else," he explains. A few years later, still at the tender age of 22, he began his own efforts to disrupt an existing market, launching carbon neutral cab company Climatecars in 2007.

Making cabs greener sounds relatively straightforward. However, with a taxi giant like Addison Lee on your doorstep, a London based cab hire start-up needs something extra. Climatecars appears to have found that competitive edge, as the company celebrated its third birthday last year, replaced its 60-car Toyota Prius fleet with an updated hybrid model, became a Growing Business Young Gun and was featured in our own 2010 Startups 100 list.

According to Nicko, Climatecars is more than just a carbon neutral chauffeured car hire service. "We are the greenest possible car company you can use, but alongside that offer one of the highest levels of service." Complimentary mineral water, newspapers and smartly suited drivers are all part of the standard package.

University inspiration

The inspiration for the business came when Nicko was still a student. "I was studying at Bristol University and kept driving past a gas convergence station that was advertising itself as a green fuel business. The idea was that you could convert a normal car to run on LPG (liquefied petroleum gas), which was much greener and the emissions much lower.

"It was at that point I suddenly thought of taxis, as I had been in and out of London where everybody was using this company called Addison Lee, the biggest in the market, and I just thought 'why can't I make this greener?'"

Realising he needed experience in the industry, Nicko got a job at a rival car company which allowed him "to get a finger on how the business really



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worked". However, he was soon itching to get his own business up and running. "I spent a few months working for the company until I felt I understood the model enough, which was probably naive as I could have done it for longer, but I was eager to start."

Nicko raised initial funds of £150,000 from friends and family, before contributing £50,000 of his own savings, giving an initial seed round of £200,000. Luckily Climatecars managed to secure further investment of £300,000 before the recession hit. "We went into the recession very well capitalised and in a cash rich position. At that point we expanded our operation and grew by aggressively selling. We had to be a bit more competitive on our rates, which I don't think has changed, as all companies have been looking to save."

Understated branding

Climatecars stands out in the market predominately as a discreet cab firm, which offers the type of high-end service corporate clients expect, albeit in a more environmentally friendly way. However, while having green credentials is a bonus, Nicko understood that businesses weren't necessarily willing to pay extra to be green. Climatecars closest competitor in the green space is Green Tomato, a brightly branded car service that uses noticeable eco logos on their vehicles, which Nicko explains corporate customers are put off by.

This according to Nicko, is one of the draw-cards of Climatecars for large corporate firms, along with a competitive fixed rate fee. "When I started I was determined that we weren't going to price ourselves out of the market. We need to be cost-competitive. While the green angle is great I am very much of the view that people are not going to be pay more for a green service or product. I didn't want environmentally friendly cars where people say 'oh great idea but we can't afford it.'"

The majority of business (90%) comes from corporate clients, ranging from investment banks and private equity firms to radio stations. "We have great core customers who spend a decent amount of money every month, and we have built good relationships with them as we try to deliver a decent level of customer service."

While the average journey in a Climatecar is only around five miles, with clients travelling from one side of the city to the other, many large companies require cars for up to 100 trips a day, which has helped drive up profits.

Competitive edge

Nicko anticipates turnover to fly past the £2m mark this year as the company continues its trend of year-on-year growth, and expects to be fully profitable within the next 12 months. "Our growth has been very driven by the green agenda companies now have", notes Nicko.

However, competition for Climatecars has become tougher. "There isn't a multi-national company that doesn't have a green policy out," says Nicko. "When I started, the green thing was coming into prominence and it was a relatively easy sell. But we are not alone in the market anymore as other companies have cottoned on and included the Prius cars in their fleet."

While Nicko remains confident Climatecars still has considerable miles left in the tank he is not opposed to a change in direction and the rise in competition is one of the reasons he's determined to grow the business by considering courier delivery services for corporate clients. He says:

"Our clients often use those kinds of services so it's a natural fit for us. However, it is a very technical and competitive market – the electric vans are very expensive so we have got to do a lot of work on that one."

Nicko says an exit isn't on the cards anytime soon – he's still far too concerned with all the market disruption left to do. Green cabs are just the start according to the young entrepreneur. "We certainly have bigger ambitions, put it that way!"

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