



LONDON TAXIS *of* NORTH AMERICA



Brown Forum for Enterprise

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The Entrepreneurial beginning

- Engineer for General Electric
 - Graduate of an elite engineering management training program
- Attending Boston College for an MBA at night
- Started Cheesecake company in Faneuil Hall Marketplace - 1982
 - Be persistent *
 - Made cream cheese spreads in apartment
- Learned how to operate a small business
- Uncle who invested 10K, myself and brother invested \$6K each\$

- **Lessons learned**
 - You have no idea what your getting into
 - Family members should not be business partners
 - Work for a structured company before going in business yourself
 - Obtain financing some how, some way, e.g.. save, family members
 - Start small



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Left General Electric

- Opened Boston and Maine Fish Co. in FHM 1985
 - Vacation/conservative approach
- Sales went through the roof
- Learned how to sell in retail dog eat dog world
- Started seafood mail order business with lobster shipments to Japan
- Experienced first economic slowdown
- **Lessons learned**
 - Nothing is forever
 - Watch your expenses
 - Discovered the benefits of talented people
 - Take the high road in disputes, never lose your professionalism

Finagle

- NYC was considered the bagel capital of the world
- Went to NYC with 5 gallons of Quincy market water
- Learned from NY bagel store how to make bagels
- Many nay sayers
- First store generated \$2M from 900 SQFT
- Family issues
- Lessons learned
 - If you see an opportunity, don't hesitate
 - Don't underestimate how hard you will work
 - Be mentally prepared for the challenge
 - Get the startup done before you get married
 - Prepare your family ready for the challenge – you will disappear from their lives
 - Must have a great product
 - Make sure you feel the “tingle”



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Finagle's Growth

- Opened second FAB in Boston's Back Bay
 - Christian science learning center location, bad neighborhood *
- Discovered branding
- Hired branding consultant
- Built 25K SQFt bagel factory
 - Started with 3K SQFt with 200 dozen/day
 - Ramped up to 10,000 dozen/day: totally automated
- At store three designed the bagel buzz saw – eater-tainment
 - trademarked
- Discovered how to build an organization
- Cash flow positive- reinvested everything-did not need financing
- Became well known in the industry nation-wide

- **Lessons learned**
 - Don't let success get in the way of prudent judgment
 - Stay humble
 - Learn to style flex
 - Must have strategic differentiation in your business plan



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Finagle's Challenges

- Store 6 became problem, negative cash flow
 - Needed infrastructure
 - IT system, IT director
 - Regional managers
 - HR group
 - Financial department
 - Wholesale sales staff
 - Manteca crew
- Mortgage my home to save the company
- Required we need 10 stores to break even
- Each store's build costs were \$650K
- National competition rolled in – join us or we destroy you
- **Lessons learned**
 - **Don't underestimate how much funding you need to operate a business**
 - **Stay true to the concept**
 - **Recommend "The Loyalty Factor"**



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Finagle Expand and Sell

- Went from 6 stores to 17
- At six stores the Boston Chicken chain solicited an offer to purchase the FAB
- Was wooed to join them – with undertone
- Offer of ½ stock, ½ cash
- Amazed me that someone would pay millions for a bagel company – it was the brand stupid
- Went through the legal process of selling a business, deal fell through at the 11th hour
- Another offer came within 6 months also fell through
- Family that owned the manufacturing arm of the Limited approached FAB
- **Lessons**
 - Always be prepared to exit at some stage
 - Equity is everything



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London Taxi Era

- Larry six weeks vacation for the first time in adult life
- Found a Brand to be transferred from UK to US
- Management of LTI cautious
- Had to convince the LTI BOD and management
- Prepared marketing and homologation study
- Meet with local regulators, federal officials, taxi owners
- **Lessons:**
 - Style flexing*
 - There is a translation gap from English to English

The London Taxi

Civilized Taxi



- Designed to replace the traditional taxi
- Designed to seat up to five passengers

London Executive Sedan



- Designed to replace the “Black Car” Limousine
- Civilized Taxi features plus ...
- Upgraded exterior
- Full leather and wood interior
- Rear audio system



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LTNA Highlights

- Established, globally recognized brand
- Management team with established track record of starting and growing successful businesses
- Product has proven reliability and acceptance
- Product positioned to meet changing needs of livery and taxi industries
- \$2.5 billion US & Canadian market potential
- Proven business model that minimizes capital risk and provides for recurring revenue
- Potential for highly attractive investment return
- Multiple potential exit strategies



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The London Taxi Plan

Homologate the vehicle

- Receive DOT, EPA, CARB and Canadian approvals
 - Challenge for GM, Ford, etc – vehicle has no airbag
 - CARB anti-diesel
- Find different market segments
- Change the face of the taxi industry Change the face of the taxi industry
- Lessons
 - Must have strategic differentiation your business plan
 - Don't underestimate the challenge
 - Don't underestimate the amount of funding
 - Do the hard lifting while you are young



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Promises

- Not to spend my own money
- Not to work more than 40 hours/week
- Not to commute

- Invested first \$7.5M about 30% my own
 - Required additional investment from private equity believers, friends and former biz associates



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Current Challenges

- Increase sales
- FX losses:
 - Killed profitability and free cash for expansion
- CARB non-certification
 - Blocked access to >30% of the expected market
 - CA, NY, MA
 - These states are also opinion leaders
- Gas engine project:
 - Unanticipated capital expenditure of \$1.5MM



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Recent Series A Financing

- \$4.75MM Participating Convertible Preferred Shares
 - \$7.6MM pre-money valuation
 - 1x liquidation preference if company sold within 4 years for <\$35MM, or at any price thereafter
 - Led by Venture Capital Fund of New England
 - New BOD members with Series A designates; 4th by agreement of investors and company
 - Standard VC protections and covenants
 - Terms Sheet available for qualified investors



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Potential Exit Strategies

- **Sale to a larger automotive industry player such as:**
 - ✓ **Publicly traded dealership consolidator**
 - ✓ **Manufacturer of specialized industrial vehicles**
 - ✓ **Major automobile manufacturer that wants to acquire the brand in North America**
 - ✓ **Large livery or taxi company**
- **Sell company to LTI**
- **Possible IPO depending on market conditions**
 - ✓ **London Taxis International is publicly traded**



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The LTNA jury is still out

- **Basic lessons**

- Have fun at it or you will ruin your life
- The harder you work the luckier you'll get
- Assure your product/service is strategically differentiated
- Work with people that have integrity that are smart
- Hold onto as much equity as possible
- Nothing is forever, move on when appropriate