

# JOHN RUSSELL TALKS TO TAXI GLOBE

## by Sandie Goodwin



On 30th September 2009, the Interim Management Statement from Manganese Bronze, parent company of LTI Vehicles, was issued. Taxi Globe spoke to John Russell, Group Chief Executive of MBH, to ask him his thoughts about the results. Since joining MBH, John has gained a reputation with the taxi trade for being forthright and honest to questions drivers may have so Taxi Globe is pleased to have the opportunity to question John. This Interim Statement caused ripples of consternation across the cab trade, with some drivers asking if LTI was about to go bust. In reply to this question John said: “We have always said that like all businesses in the current economic climate, it is tough going. However we are a company that produces a product that is still desired by drivers and it is the vehicle of choice for someone who wants to be recognised as a professional. We have made good use of the Government scrappage scheme and our recent announcements on the reorganisation of our dealer network will mean we are leaner, fitter and in a better position to survive.”



### LOWERING COSTS

In the results, there are some positive points, including the lower costs of parts from China. John was asked if he could see these cost savings being passed on to those buying taxis in the UK in the near future. He commented that: “We have always committed to the driver that we will keep the taxi as the best specified vehicle at the most affordable price and we will continue to introduce improved equipment within the TX4 without unnecessary cost increases.” At the time of going to print the Scrappage Incentive has been extended by the government. For LTI, along with many other manufacturers, this incentive has been seen to drive sales upwards. John said: “The scrappage scheme has seen 155 new taxis ordered across the country. We are extremely pleased that the scheme has been extended. It needs to be remembered that it is not just the government making a contribution to the cost though, each manufacturer has to add their share and so this makes the profitability even tighter. The TX4’s real transaction price, the price the driver pays to change their cab, has come down by far more than the £2000 offered under the scrappage scheme. Any driver wanting a real bargain should buy a TX4 now.”

### PROGRESS IN CHINA

The progress being made with the venture in China is good news for MBH. We asked John how he thinks this progress will continue and what his thoughts are about the international expansion of sales of the TX4 are going. With the recession affecting other countries, has the project with Geely seen any signs that the economy is now easing at all? John replied: “International sales have not picked up as quickly as we had hoped but real progress is now being made. The lack of financial stability across the globe has had a negative effect but the appeal of the London Taxi globally remains as strong as it always had and we are confident that the rate of International sales will accelerate from now on.” It is interesting to see that there will be new saloon car based taxi for SLTI. Does this mean that this vehicle could be seen as a private hire vehicle here in the UK? John said: “There is no intention to provide this vehicle for the UK market. It is aimed solely at International markets where the shape and look of the TX4 is as important as its disability features. This new vehicle will capitalise on the TX4 image but without the features the TX4 has.”

### LONDON’S TAXI TRADE

London’s TX4 owners were hard hit by the fires that meant a VOSA recall. The statement says that this has now been closed by VOSA, but of course the claims are still on-going. Owners want to know how long it will be

before the liability for the fires are sorted out. John said: “The liability for the fires is still not determined and it will take time to resolve this.”

The taxi trade has other issues with the LTI product. These range from service issues, warranty work and dealerships. Now that there will be only one main dealer in London, M&O at Brewery Road, instead of taking questions from drivers on Listening programmes in Coventry, would it not be better to have an Open Day event at Brewery Road, maybe quarterly, when drivers could come along and see management from both LTI and MBH as well as technical staff? Coming to Coventry is fine but few drivers have their taxis with them. Many owners of taxis have told Taxi Globe that they are frustrated when anything goes wrong because it takes time for LTI to make a decision about warranty work and in the meantime the driver may not be able to work. Although reassurances have been given that the After Sales will improve, surely talking to more drivers can only help LTI? John said: “As you know, Sandie, I am all for genuine dialogue with our customers and I have personally committed to making changes in the way we communicate with drivers. Feedback is always welcome and we will look to introduce a programme in the New Year similar to the one you have mentioned.”

### COMPETITION

The Mercedes Vito has taken some of the new taxi sales in London which would formerly have come to LTI. How do you see the future if the Vito continues to grow in popularity? John commented that: “Firstly it is good that a manufacturer developed a vehicle capable of meeting the Conditions of Fitness. We have always stated that vehicles should meet the standards in London rather than drop the Conditions to accommodate taxis that won’t perform in the Capital. Together with the Knowledge of London they are part of the foundation of the best taxi service in the world. This was underlined after the last review of the Conditions. We welcome competition as in the long term this will grow the market and contribute to the development of the taxi trade. Clearly in today’s market any loss of sales is unwelcome but we believe that the TX4 still provides the best value overall to the professional driver.” Also in the last issue of Taxi Globe, Cab Direct told London’s trade that they intend to get their E7 licensed in London following the ruling by the High Court in respect of Liverpool. How would this affect the future of LTI? John said: “I think we will have to wait and see. The Conditions of Fitness have been tested and validated over the years and given the investment we and Mercedes have made to meet them I am not sure what the argument is to now change them to allow a non-compliant vehicle to be approved. The E7 is a respected competitor in the UK regions but I am not sure that its appeal would be that great in London if it doesn’t have the manoeuvrability of a TX4 and is only available in a manual form.”

The MBH Interim Management Statement can be found on their website at <http://www.manganese.com>