Business wakes up to the benefits of curbing travel

Some major firms are starting to control rapidly growing business travel by their staff to save money in tough times and reduce carbon emissions. **Catherine Early** finds that the leaders in this field are well ahead of government and the air miles culture is under threat

Attention on carbon emissions from travel usually focuses on the public's addiction to cheap flights and status cars. Businesses have largely escaped scrutiny of the day-to-day travel they demand from their employees.

There is rising awareness that constraining company air and road miles can bring about rapid savings in costs as well as carbon. Yet few major firms and very little of the public sector have yet got a firm grasp on the issue.

The basics for any firm serious about cutting emissions are to measure its business travel and know its impacts, and then develop a realistic plan – with targets – for reducing those impacts, or at least restricting their growth.

Not many firms have reached that stage, but the economic downturn and high oil prices have led some to take notice. A few, including PricewaterhouseCoopers (PwC) and Cisco, have even claimed that business travel accounts for 50% of their carbon footprint.

Of 132 UK-based firms that responded to the Carbon Disclosure Project's FTSE Global 500 survey, 45 cited business travel as the biggest source of their 'scope 3' emissions – the CO_2 emitted as a result of their supply chains plus business travel (see table, p 32).[1]

But the overall picture is hazy. Figures quoted by many respondents are underestimates as they only include one mode of travel, usually air. Many companies reported they have not even started measuring scope 3 emissions.

"Survey responses highlight that this is a new area and one that needs a lot of work", CDP chief executive Paul Dickinson said.

Several companies stated they had begun to measure business travel emissions and were working on reduction strategies. However, a major barrier seems to be the culture within the firms. Company cars and trips abroad are often seen as status symbols and major perks of the job. Air miles schemes encourage staff to fly on business trips so they can rack up points for personal trips.

Trucost, which holds the world's largest database of disclosure on greenhouse gases, reports that only 171 of the 4,600 firms documented have reported carbon emissions from air travel.

But the issue is beginning to attract high-profile attention. Chair of the UN's Intergovernmental Panel on Climate Change Rajendra Pachauri recently spoke to a meeting of the All-party Parliamentary Sustainable Aviation Group – by video conference, of course – and called for "a focused effort to shift business travel for conferences and meetings of all types to video-based communication".

This was backed by a report urging a rethink of government aviation policy by the Sustainable Development Commission and the Institute for Public Policy Research. It called on government to boost the use of technology to cut business travel.

Pressure to act
Pressure to act is mounting. WWF will launch a high-profile drive next year urging firms to pledge to cut one in five flights. It claims that if European firms cut business travel by 20% it would save the equivalent carbon to taking one third of UK cars off the road. The charity will provide firms with advice on finding alternatives to flying, especially use of video-conferencing. It will independently audit each company's progress and offer an annual report rating its progress compared with other participants.

It is clear that firms need help in this area. One question they face is how to measure carbon from flights to form a baseline, says Trucost managing director Richard Mattison. In the absence of hard and fast measurement tools, most firms calculate carbon emissions based on distances travelled. But the type of aircraft and its age are also factors that should be included in any calculation, he says.

In an ideal world, a travel metric would cover all types of transport and account for varied makes of car, train and plane and even the environmental impact of hotels where staff stay. The Environment Department (DEFRA) has one, but it is "very basic" according to Paul Tilstone, chief executive of the Institute of Travel Management (ITM), which represents buyers and suppliers of business travel.

CONDENSER
● Business travel is a major source of greenhouse gas emissions for some firms.
● One third of UK firms in the Carbon Disclosure Project's FTSE Global 500 survey cited it as their biggest source of 'scope 3' emissions.
● High oil prices and the economic downturn are encouraging businesses to take action.
● A successful travel reduction strategy integrates many parts of a business that might not have traditionally cooperated.
● However, tax rules, air mile schemes and corporate culture that sees travel as a perk of the job are proving to be barriers.
● Green groups are urging firms to use technology such as video-conferencing as an alternative to flying and have criticised the government for not leading by example.

Telepresence is a new technology for meeting over long distances that has the potential to cut business travel

But he believes that firms should not use the lack of a recognised metric on business travel as an excuse for not taking action. As long as a company sticks to the same method of measuring carbon from travel, and that measurement shows a reduction, it does not necessarily matter how sophisticated that measurement is, he insists.

Jonathan Green, associate in the carbon-reduction team at transport consultancy JMP, also believes the accuracy of a carbon measurement only matters if it is used to calculate offsetting or in official disclosures: "If firms are looking to use carbon as a form of management and control, does it matter if we're not 100% accurate?"

Search for savings

But Mr Mattison believes firms are picking up on this aspect of their environmental impact. The high price of oil pushing up air fares combined with tight economic conditions is compelling them to look for savings in new areas, he says.

This is reflected in a recent survey from WWF (ENDS Report 401, pp 10-11), which found that 60% of the 100 FTSE 350 firms covered claimed to have already stabilised or reduced flights. Almost 89% expect to cut flights over the next ten years, with a 3% cut on average from next year. Use of short-haul flights is predicted to fall by 3% and long-haul by 1%. However, only 30% provided detailed information to back up their claims.

The ITM's Paul Tilstone predicts travel will soon become a major efficiency point for business. Firms that act will be more competitive than those that do not. "Innovation in managing travel has not been dramatic," he reports. "Travel buyers know that they should be doing something but they don't know what. The realisation that this is going to change business practice for good has yet to set in." He forecasts big changes within the next 18 months.

The ITM has been running a scheme whimsically named Project Icarus for the past 18 months. This aims to provide businesses with knowledge to reduce travel, switch to greener modes or offset the impacts. It sets a target for firms to cut carbon emissions from business travel by 60% by 2050 compared with 2007. Ten organisations are signed up so far, including PwC, Carrillion Construction, DEFRA, KPMG and the BBC.

Will Hasler, travel manager at professional services giant PWC, says one reason his firm wants to tackle the environmental impact of its business travel is to attract the best graduates. PWC has identified its 1,600 most frequent travellers, representing 80% of total mileage and given them each a breakdown of their carbon footprint from travel. It sends them an update every quarter. "It's the start of a process to get people to think a bit more carefully," he says.

The firm has upgraded its video-conferencing facilities and wants employees to use them for internal meetings. Staff had been reluctant to use technology to replace client meetings, but now that clients are asking questions about the consultancy's sustainability policy it is becoming more popular, Mr Hasler reports.

PWC is only measuring flying at the moment. Many staff book their own rail travel so it is harder to monitor, he says. However, he estimates air travel as 50% of the firm's total carbon footprint. The proportion of carbon emissions from flying has increased because the firm has greatly reduced its emissions from electricity use.

Mr Hasler admits that meeting the Project Icarus target will be a challenge. PWC did not succeed this year, in spite of avoiding over one million kilometres of travel via video-conferencing and telesuite services. He hopes to be well on the way after a couple of years.

Moving from measuring travel to implementing a successful strategy to reduce it demands better communication and integration across companies. At the moment, various departments in a business can manage different aspects of travel. Many have specialist travel managers for expensive bookings such as flights and hotel accommodation. Meanwhile, an estate department runs the car parks, payroll looks after expenses claimed for train travel and car mileage, IT runs technology such as video-conferencing, and human resources sets overall policy. These people do not necessarily talk to each other or join up policy, Mr Green says.

Integration

"The corporate climate change agenda can be used to identify all the costs and create management systems that pull this all together," he says. But this kind of approach is rare at the moment. For example, Mr Green says he knows of only two or three travel managers who are also responsible for video- or audio-conferencing. "Travel managers' roles can now look at not enabling travel," he says.

One company that has sought to be more integrated in its approach to travel is another huge professional services firm, ➜

TELIRIS

Accenture. A global corporation with 180,000 staff in over 150 cities, Accenture has realised that business travel is its biggest environmental impact under scope 3 of the greenhouse gas protocol.

Saskia Restorick is the environment lead in the corporate citizenship team at Accenture. She was brought in about 18 months ago to focus on a more joined-up approach to the firm's travel. Her team is coordinating parts of the business to look at the whole issue. For example, she works with HR to identify how best to deploy consultants to clients so those in one city are not travelling to another when a consultant who lives nearer could do the job.

She is also working on targets, but says this is a challenge in itself because no common standard for travel targets exists. For example,

"It's hard to agree on a target made up of so many things... Travel is harder to tackle than energy efficiency in an office"
Saskia Restorick, Accenture

some firms are creating carbon-reduction targets, while others are looking at air miles per person. "It's hard to agree how to set a target when it could be made up of so many different things. Travel is much harder to tackle than energy efficiency of an office," she says.

Traditional video-conferencing had not proved popular with Accenture staff as it suffers from time delays and poor quality. The consultancy started using a high-tech version called "telepresence" (see box, p 33) early this year. It has been far more popular and has been booked solidly. "You hear people talking about it excitedly," Ms Restorick says. "The savings in terms of avoided flights are huge."

So far, government support for businesses seeking to cut business travel has been low-key. Given the very high priority government ment attaches to expanding UK airports on economic grounds, this is perhaps not surprising. Last year, the Department for Transport (DfT) launched the National Business Travel Network (NBTN)

with £250,000 funding. As part of the cross-government climate change campaign, Act On CO₂, it aims to promote green travel among businesses by sharing best practice.

NBTN programme director Heather McInroy said it was targeting FTSE 350 firms, though its 220 members also include councils and smaller enterprises. "We are trying to educate them that there are business reasons for doing this – it's not about altruism," she says. "The spin-off is that it's good for the environment and staff."

So far less than 100 of FTSE 350 corporations have joined. Ms McInroy admits it has taken a while for businesses to find out about the NBTN. But some big names now on board include Astra Zeneca, BT, Vodafone, Eon and BSkyB. The NBTN is to launch a major campaign targeting FTSE 350 firms later this year.

"The culture of business travel is changing, but it is very slow," says Ms McInroy. "We want to be a catalyst for change."

The network is managed by lobby group Campaign for Better Transport, formerly Transport 2000. Its executive director Stephen Joseph believes the government should be doing much more to tackle business travel.

There are many ways tax rules could be changed to encourage green travel, he believes. WWF has also been lobbying the government about tax reform, in particular the treatment of 'air miles' schemes that encourage flying. Employees who fly on business can use the air miles accumulated for personal travel. Many firms do not like air miles schemes because the airlines that run them are often more expensive. So it makes sense for businesses to create other incentives, for example for using rail or video-conferencing.

"Some companies are keen to reward employees for green behaviour but if they don't watch out, these rewards can become taxable benefits. It's a tax perversity at the moment," WWF transport policy officer Jean Leston says. WWF advocates an approach taken up in Germany, where in 2006 a court ruled firms have the right to keep any air miles accrued by employees travelling on business.

Ms Leston says video-conferencing technology should be included in the government's enhanced capital allowance scheme. The scheme provides businesses with 100% first-year tax relief on their capital expenditure on specified energy saving technologies.

Accenture's Ms Restorick believes the government needs to

CARBON EMISSIONS FROM BUSINESS TRAVEL

Transport is responsible for 24% of UK carbon emissions, excluding international aviation and shipping. Commuting is by far the single biggest contributor to emissions from personal travel within the UK, accounting for 24% of the total in 2006, according to Department for Transport.[1]

Business travel for day-to-day meetings, training and conferences accounts for 13% of carbon emissions caused by personal travel within the UK. But this business travel is actually responsible for only 3% of total trips; its relatively high carbon output reflects the fact that business journeys are longer and the

cars driven are larger.

These figures do not include international travel. National Statistics, which has collated figures for overseas

trips, reports that business travel only accounts for 9% of trips abroad, which is far less than holidays, taking the lion's share at 65%. But overseas

business trips are growing faster at 6.4% in 2006; those for holidays rose by 2.5%.

✎ *1. Carbon pathways analysis*

EMISSIONS FROM MAJOR FIRMS

Company	Total carbon footprint*	Total scope 3 emissions*	Business travel carbon*	Includes
AstraZeneca	1,293,700	575,700	62,500	Air travel
BT	339,912	21,643	21,643	Not specified. No other scope 3 emissions disclosed
Cable and Wireless	187,499	18,995	17,329	Employee's vehicles, hire cars, taxi, bus, rail, ferry, air travel
ITV	47,992	6,580	6,580	Air, road, hotel, rail. No other scope 3 emissions disclosed.
Man Group	8,385	3,145	3,145	Air travel. No other scope 3 emissions disclosed
Reed Elsevier	126,180	36,183	36,183	Not specified. No other scope 3 emissions disclosed

*CO₂e metric tonnes

take action on the high cost of rail fares. "The cost difference between flying and taking the train can be really significant. It puts people like me in a very difficult position. How are we supposed to tell people to get the train, not the plane?"

In July, environment minister Phil Woolas spoke to the Second Annual Conference on Climate Change in Sydney, Australia. With telepresence he saved about 60 hours of travel time and 6.2 tons of CO_2 emissions on his flight alone. The government should do this far more often, leading by example and publicising it, says Jeff Gazzard of lobby group the Aviation Environment Federation.

In May Liberal Democrat shadow transport secretary Norman Baker asked all government departments about their video-conferencing policies. While most said they had facilities and encouraged their use, only the Foreign and Commonwealth Office had a target to increase usage. Between September 2007 and March 2008 it boosted use by 51%, exceeding its 10% target. It has over 140 video-conferencing suites worldwide and is planning more.

A spokeswoman said Department for Transport (DfT) staff were encouraged to use video and telephone conference facilities "as a first option in preference to travelling". But the department was unable to provide figures for its use or on its total overseas travel. "It is considered more appropriate and feasible to judge each case on its merits, rather than set specific targets, due to the variable individual circumstances surrounding each meeting," she said.

The DfT has a staff travel plan with a breakdown of data on how staff travel to work and on business.[2] However, it contains no targets other than a cross-departmental "sustainable operations on the government estate" target to cut carbon emissions from road vehicles on government business by 15% from 2006 to 2011. Last year, it achieved a commendable cut of 10.6%, according to the Sustainable Development Commission's annual monitoring report.[3]

Scottish strategy

Scotland, however, has been more ambitious. Its transport agency, Transport Scotland, published a travel plan earlier this year to set an example for businesses and local authorities.[4] It calculated a carbon footprint for its 300 staff, covering commuting and business travel. This came to 426,903kg CO_2 per year, 71% of it from commuting.

It has detailed targets to reduce the environmental impact of travel, including to reduce air travel between London and Scotland by 15% over two years by using other modes of transport, and to cut air travel between London and Scotland by a further 20% by not travelling at all. Video-conferencing has been identified as one method of achieving these targets. The overall target is to reduce travel-related carbon emissions by 35,000kg CO_2 over two years.

Martyn Lewis, European chair of telepresence company Teliris (see box, right), is frustrated by the lack of government interest. He has been offering in vain to set up a joint press conference between the UK prime minister and the US president using telepresence technology for the past four years to show its potential. He says the government has failed to see the potential of such systems in saving time and costs. "Can you imagine what this would do for the productivity of government if they took this up?" he asks.

The government's lack of ambition in this area does not appear to be holding back the most forward-thinking organisations that view the business and environmental case as clear cut. In the end, it may fall to them to show government and the bulk of business how to be greener and save money by travelling less. ■

DOWNLOAD *at endsreport.com/downloads*
1. Carbon pathways analysis
2. Department for Transport travel plan
3. Sustainable development in government 2007
4. Transport Scotland travel plan

TELEPRESENCE TAKES OFF

Technology could hold the key to the future of more sustainable business travel. A high-tech version of video-conferencing, known as telepresence, is being introduced by global firms keen to slash costs, save time and improve their environmental credentials.

Telepresence is "everything that video conferencing promised to do but failed to deliver", according to Martyn Lewis, the former BBC newscaster who is European chairman of Teliris (pictured). Founded seven years ago, it now claims to have the largest number of paying customers of any telepresence firm. Clients include RBS, UBS, GlaxoSmithKline, Sony Ericcson, Nokia and Unilever.

Telepresence does not suffer the problems of traditional video-conferencing such as image break-up and sound delays. It works over a private network rather than the public telephone network. The screen images are life-size and high-definition so expressions can be read and eye-contact made. All attendees can be seen at the table at one time and meeting rooms are designed to create the sense of being in the same room as people in other locations.

Telepresence is outsourced to firms such as Teliris so employees do not have to operate the technology themselves. Costing up to $300,000 a room and $5,000 a month in running costs, telepresence is expensive. However, the investment is paid back within a year on average. One firm claimed its system paid for itself in as little as 28 days, Lewis says. This is not surprising, given the high cost of business fares and expenses such as hotels.

Independent analysts Frost and Sullivan have predicted that by 2012, the top 5,000 firms in the world will have telepresence as an integral part of travel management. The telepresence market will be worth $1.5 billion a year by 2013, they believe.

Mr Lewis says he has never lost a client and most are adding more rooms to their network. He predicts a massive impact on business travel. One client reports saving $12 million a year on flying, which rose to $14 million in the second year of using telepresence. "I would say that as a company develops its systems more they could cut 70-80% of business travel. This is going to change the world of business as much as the arrival of fax, telephone and internet," he predicts.

Paul Dickinson, chief executive of the Carbon Disclosure Project, is also chairman of Eyenetwork, a video conferencing firm growing at 40% a year. "My estimation is that half the transport infrastructure will be made redundant when this takes off. We are the last generation to do this ridiculous amount of travel."

TELIRIS