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Insight

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THE GREEN ISSUE

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CFO  Europe

Road to reform

Green business travel turns a corner.

BY GABOR TAROCZY

MARGARET HANSEN EXPECTS TO BE IN BIG demand on the corporate speaking circuit. Not that she's the author of a top-selling self-help book or a reformed wrong-doer with salacious stories to tell. Rather, she's the procurement director for global travel at Chicago-based consultancy AT Kearney. She recently returned from a gathering in Rome where she received an award from the Association of Corporate Travel Executives, an industry trade

body, for her work on cutting carbon emissions at the consultancy. What she has to tell her peers in corporate travel could light a fire under long-simmering sustainability efforts.

Her award-winning project—part of a larger drive at AT Kearney to become carbon neutral by the end of 2009—aims not only to measure and offset carbon emissions resulting from travel by its 2,500 staff, but also to establish new standards of reporting on the environmental impact of business travel. “I thought everyone was doing this,” she says. “But people are typically just measuring air travel. Nobody is going as far as we are.”

Indeed, most eco-friendly business travel programmes are patchy at best, and a lot of companies are simply playing lip service to efforts to make corporate travel policies more environmentally friendly. For example, many requests for proposals received by corporate travel service providers “now have some sort of green criteria but it's mostly just a tick in the box,” says Steve Gostling, partner success manager of GetThere, a travel management firm owned by online agent Travelocity.



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As Hansen notes, few corporate policies encompass the full travel experience, instead focusing primarily—if not exclusively—on air travel. “It seems like an easy target to punch,” says Jonathan Breeze, CEO of Lisbon-based Jet Republic, a new private-jet operator that offers carbon-neutral travel.

GROUNDING

Indeed, in these cash-conscious times, the “green” strategy that many companies are

employing is simply to slash budgets by grounding staff. This is potentially good news for the makers of tele- and videoconferencing products, who have been trying for years to convince corporate users that static-filled, lag-ridden video calls are just as good as face-to-face meetings.

Fortunately, advances in technology and more affordable prices are making videoconferencing appear a more viable option. When the Institute of Travel Management, a nonprofit organisation, polled 175 UK travel managers, more than half said that the chances of their companies adopting videoconferencing would increase if economic conditions continue to worsen.

Jennifer Clark, head of sustainability of the UK arm of Skanska, a SKr139 billion (€14.4 billion) Stockholm-based construction firm, says that it didn’t take a downturn to convince her of videoconferencing’s merits. A few years ago, she leapt at the chance to test a new system when a project manager in northern England agreed to run a trial. Clark immediately began gathering data for every videoconference that took place—from who attended a meeting to how much petrol would have been used if people had to drive to the meeting instead—which helped her show sceptics within the company that cost savings were being made. “Real, raw data helped convince people,” she says.

She reckons the new system paid for itself in six months. Over an 18-month period, she adds, four projects saved 196 man-days of travelling time, more than 8,000 litres of fuel, over €600,000 of costs and, significantly, 23 tonnes of carbon dioxide. According to her calculations, rolling out videoconferencing across the company could achieve €1.5m of cost savings and a reduction of 540 tonnes of carbon dioxide every year.

There was also an “unanticipated spin-off” from the project—better attendance and a greater number of meetings than the

On track

THE ENVIRONMENT WON’T BE THE ONLY BENEFICIARY of business travellers trimming their carbon footprints. Europe’s railways could get a boost as more corporate policies eschew carbon-intensive road and air travel. As the International Union of Railways (UIC) points out, rail travel emits three to ten times less CO₂ than road or air travel. But frequent travellers need a lot of convincing before they give up on amassing airmiles or cruising in a comfortable company car.

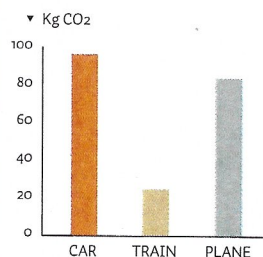
To make the trade-offs clear, in June the Paris-based UIC unveiled EcoPassenger.com, an online tool for travellers to assess various modes of transport. Unlike other “calculators,” of which there are many, EcoPassenger “tells the whole story [of a journey], looking at the whole chain of energy consumption, not just the travel from point A to point B,” says Margarethe Sagevik, a senior adviser at the UIC. Also included is the energy used to produce the electricity or fuel for the plane, train or car and the journey to the airport or railway station. The tool also provides timetables and maps to identify the most direct routes.

Taking several years to develop, the UIC called on assistance from a range of supporters, including the German Institute for Environment and Energy, to get the “hard-core values of consumption” down to, for example, the different types of trains used on a journey. “We only wanted to make the best tool possible. Otherwise there would be no point,” says Sagevik. “Having worked in the environmental department [of the UIC] for the past six years, I’m seeing how the agenda is changing and now we have to deliver.”

But Sagevik insists that the EcoPassenger tool isn’t intended solely to promote Europe’s railways. “We just want to teach people that they have a choice,” she says. ■

Seen to be green

Carbon emissions from transporting one person from Berlin to Frankfurt city centres (545km)



NB: Plane emissions include travel to and from the airport; they are not increased to take account of the effect of emissions at high altitude.

Source: EcoPassenger.com

norm when staff had to travel to meet in person. All projects lasting less than one year are now required to use videoconferencing. Today, Skanska UK has 30 video-conference facilities, including a new one in the CEO's office.

HAPPY TO TRAVEL

Despite such success, getting globe-trotting business travellers to curtail their trips remains a tough sell. A new survey of 2,400 business travellers in Europe and North America by Egencia, a travel management company, found that two out of three respondents enjoy their business trips and, in many cases, cite travel as a key factor to general job satisfaction. As for concerns about their globe-trotting's impact on the environment, more than half of the European respondents said that they were not worried about CO₂ emissions. Only 4% of Europeans are what Egencia calls "green travellers," in that they will travel by plane only if there is no other option.

This will soon change, if AT Kearney's Hansen gets her way. At the consultancy, travel accounts for 80% of company-generated emissions, a high figure—travel experts at American Express reckon that travel is responsible for 20% of emissions at the average company—but not unusual for a services firm whose staff often work off-site. Hansen is tackling the challenge from

its operations. All this data was essential for a group of external scientists that AT Kearney hired to develop a system of measuring and monitoring the company's carbon emissions. "What's phenomenal is that we can measure our footprint by country, business unit, employee and rank," she explains.

It wasn't only the vast amounts of travel-related data that has been key to the programme. Hansen also cites the flexible nature of the programme, allowing business units to come up with their own ideas to make travel more eco-friendly, "according to their local needs." Also critical was the decision to bill every business unit based on its carbon footprint. "That's a really good way to get everyone's attention," she adds.

THE DEVIL IS IN THE DATA

And Hansen is not working in isolation. CFO Dan DeCanniere, for one, has charged his team with "owning" the programme's data. Information flows through finance for quarterly emissions reporting, populating what Hansen calls an "e-room"—a new online, self-service repository of data that allows sophisticated modelling and scenario planning. Finance also "sets the agenda" for a quarterly sustainability conference call, during which business units discuss new initiatives—ranging from a scheme to encourage staff to cycle to work to a policy that requires rail-over-plane travel.

As for companies that may lose interest in green travel practices amid the economic turmoil: "If you don't have a planet, what's an economic downturn? The clock is ticking." — MARGARET HANSEN OF AT KEARNEY

several angles, encouraging business units to reduce travel for internal meetings; shift from air to rail travel when possible; and use carbon-efficient airlines, hotel, rental car agencies and other travel services.

Though a tall order, Hansen reckons several existing factors are making the project a success. Even before the initiative began, AT Kearney had centralised systems, so it already had a wealth of credit card, airline usage, as well as travel and expense management data from across

For other companies, Hansen encourages action even if the data isn't as available as it was at AT Kearney. "It's overwhelming for most firms, but they don't need to start globally like we did," she says. "If you have the data—even at a regional or country level—you can do it." As for companies that may lose interest in green travel practices amid the economic turmoil, she has a harsher message: "If you don't have a planet, what's an economic downturn? The clock is ticking." ■