From air miles to chair miles

Frequent flyer schemes create incentives directly at odds with corporate climate change objectives. It's time to incentivise employees to stay put, say Michael Mainelli and Nick Noakes

The prestige of travel continues to drag on efforts to reduce carbon emissions. Offer a typical middle manager an out-of-town or overseas trip and, within certain limits, he or she will jump at it. Yes, a few try and reduce their carbon footprint. Some have serious 'at home time' deficits. But the vast majority leap at a diverting travel opportunity.

Cisco, a company famous for its internet routers, also has significant, end-to-end immersive videoconferencing offerings, such as its TelePresence service. Cisco 'eats its own dog food', encouraging teleconferencing among its 65,000 employees around the world. Since 2007, the use of TelePresence has grown sixfold, from 44,000 meetings every three months in 2007 to 250,000 every three months in 2009. The company now has nearly 900 TelePresence production rooms covering around 250 cities in almost 60 countries. And these rooms are heavily used; based on an eight-hour business day and a five-day work week, utilisation is 64%.

Cisco tracks the benefits of using teleconferencing carefully, estimating that nearly 160,000 unnecessary meetings have been avoided since 2007. Given the numbers involved, Cisco estimates its annual avoided travel savings at $628 million and productivity improvements at $235 million. These are compelling numbers, but environmental benefits are also significant. Cisco estimates emissions saved over almost four years (200 weeks) at 338,988 tonnes of carbon dioxide equivalent (CO_2e), worth about €5 million ($7.3 million) if these were bought as carbon credits. CO_2 emissions avoided are equivalent to having kept 80,000 automobiles off the road.

At the smaller end of the size spectrum, City of London-based commercial think-tank Z/Yen employs a mere 25 people and also uses teleconferencing (although not Cisco's, by the way) successfully, with proportionate results. For example, using teleconferencing for work on just one national client has reduced travel by the order of some 10,000–12,000 miles a year. International air travel is now less than half what it was four years ago at comparable levels of business.

Come fly with me

However, at both Cisco and Z/Yen, motivating staff to prefer not to travel is a significant problem. Sure, everyone talks carbon savings, but major airlines offer air miles and other frequent-user reward schemes. These are bonus programmes that reward travel. And how much is an air mile worth? Estimates range from 1.2–11.5 euro cents per air mile. In decision-making terms, a 2,000-mile trip, 4,000 miles return, means a 'bribe' of €48–460 to travel rather than sit at your desk. This doesn't count additional frequent-flyer miles earned for hotel accommodation or car hire.

Chair miles in major corporations would be a formal programme to put air miles and chair miles on an equal economic footing

Nick Noakes is a Cisco business developer specialising in innovation in the financial services sector. During a series of conversations about the role of technology in making the City 'fit for purpose', Nick proposed 'chair miles' to Z/Yen chairman Michael Mainelli, unaware that Michael had been involved in the early days of frequent-flyer miles back in the 1980s. Because travel prestige and rewards for individuals rank higher than corporate savings, Nick wondered if large corporations should reward people with chair miles for not travelling. Michael was impressed. Chair miles in major corporations would be a formal programme to put air miles and chair miles on an equal economic footing. Corporations would reward individuals for staying put at somewhere comparable to frequent-flyer mile rates – eg, 5 euro cents per mile avoided.

There are a number of ways chair miles could be implemented. Two methods worth mentioning are:

- Mile credits, where people are given chair miles for every meeting they hold by teleconferencing, based on distance. The problem is that people may be motivated to hold 'useless' meetings to gain points. However, they also gain points for useless travel.Still, this approach would need a lot of refinement – for example to avoid using teleconferencing when a simple phone call would suffice.
- Relative credits, where people are given chair miles for changing their behaviour such that their travel requirements are lower than some baseline, say the average in their firm.

How much is a chair mile worth? Well, one view is that the minimum value is at least the CO_2 avoided. Air travel emissions per passenger mile vary significantly by the length of the flight because a high percentage of fuel use and emissions occur on take-off. Given current prices of €15/tonne of CO_2, and a typical air trip emitting, say, 0.18–0.29kg per mile, the 4,000-mile round trip we looked at earlier, if it's avoided, should result in a credit of about €10.80–17.40. For a savvy company, this might be too low as it doesn't take into account the likely productivity losses in extensive travel time. Still, chair miles of €10–18 for a 4,000-mile trip would start to balance out the €48–460 pro-travel subsidy we mentioned earlier.

So, what to do? We think that forward-thinking corporations might want to rethink both their internal reward mechanisms as well as their interaction with external reward mechanisms, such as air miles. Ultimately, corporations that seek fundamental behavioural change have to address what's in it for their key employees. Chair miles may well be an integral part of behavioural change. **EF**

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