

How Employers Can Win Points During the Gas Price Surge

By Dr. John Sullivan

Corporations around the world are missing an opportunity both to help their employees during their economic struggles and to build their employment brand image as an employer that cares. The foundation of this opportunity is the current surge in gas prices and other economic factors that are heavily impacting almost every corporation's workforce.

It's almost impossible to pick up a newspaper or magazine and not read about the economic conditions that are putting a strain on almost everyone's budget and way of life.

Rather than ignoring it or hoping it will go away, look upon it as a chance to "turn lemons into lemonade" and to further strengthen your employment brand image.

It has been common for corporations to offer benefits to their employees to ease their commutes or to help save the environment. However, the recent dramatic rise in gas prices provides corporations with an opportunity to really amp up their offerings, and to demonstrate to those they wish to attract and retain that the organization "cares" about them.

In fact, one study by Dr. Wayne Hochwarter, of Florida State University, found that high gas prices led to more stress on the job, thus impacting employee performance. In his research, Dr. Hochwarter found that one-third of the employees surveyed said they would quit their job for a comparable one closer to home.

Research by outplacement consulting firm Challenger, Gray & Christmas found that 34% of employers had potential candidates who turned down jobs because of long commutes and added nearly 8% of employers report turnover caused by high transportation costs.

Acting now provides an opportunity to build your employment brand because the combined topics of gas prices, food prices, and the mortgage crisis are hot in the media. As a result, any bold action by a corporation is likely not just to be viewed positively by employees and potential applicants but also by those covering consumer confidence and spending in the media.

Efforts by employers to help workers cope with these economic factors will likely be written up in the press and in business publications. Not only would you be helping your workers, but you will also be building employee loyalty while getting free PR to further strengthen your employment brand image. It's an opportunity that won't last long, so it shouldn't be missed.

Many firms have already been recognized for excellence in these areas, including Google, Intel, Oracle, Microsoft, Cisco, Nike, and HP. There are many actions to consider, and I've separated the various options into broad categories below.

Promoting Drive-Less Options

The first group of options is relatively cheap, but they can have a significant impact on the amount of money your employees need to pay in commute costs. 12 "drive-less" options include:

1. Compressed workweek options. Offer schedules that allow commuters to reduce the number of days they come in to work. A 4-day, 10-hour workweek is the most popular, but some professions also use 3-day, 12-hour weeks. The key is to not just offer these programs, but to encourage individual managers to allow their employees to actually take advantage of them. If coverage is an issue, consider allowing employees to alternate on/off alternative schedules.

2. **Work at home.** A related option is to allow employees to choose on their own to work one or more days at home. In addition to saving commute costs, firms like Best Buy have found that telecommuting can generate up to a 35% increase in employee productivity, and research by the Gartner Group found up to a 40% improvement. Allowing employees to take periodic "planning" or innovation days where they spend their time thinking and planning for the future can also be an effective option. Benchmark firms in this area include Best Buy, Sun, IBM, Agilent, and HP.
3. **Satellite offices.** By establishing satellite offices closer to where employees live, firms can offer opportunities for employees to use restricted computer and communications networks that cannot be accessed remotely while reducing the mileage employees drive to and from work. Employees that need to use company equipment (but do not necessarily need to meet with coworkers) can decide on which days they will work from these remote corporate locations. Microsoft's touchdown space is an excellent example of this practice; however, Sun is the benchmark firm in this area, locating offices on all major access routes into major metropolitan areas.
4. **Bike/walk to work.** This can both improve health (reducing benefit costs) and help employees save on gas. Companies can facilitate this practice by offering maps that highlight the flattest and quickest routes. They can also help by providing relaxed dress codes that allow employees to wear athletic clothes, as well as providing bike storage space and showers for their peddling employees. Walk to work or walk to mass transit location programs can have similar positive impacts.
5. **Make all-day meetings remote.** Rather than requiring everyone to commute to all-day meetings, use conference calls and Web-based tools to allow some workers to attend meetings from home. These options can also save airline travel costs. HP and Cisco are the benchmark leaders in this area.
6. **On-site services.** Dry cleaning, concierge, flowers, and take-out food can reduce the need for employees to run errands during lunch and after work. Also, consider vendor-provided gas-saving services like engine tune-ups and tire inflation. Google is a leader in this area.
7. **Offer online training.** This can save on travel costs. Also, consider offering university classes on-site, so that your employees can improve themselves without the increased costs associated with driving to a local university.
8. **Reduce lunchtime and snack travel.** For firms with few on-site lunch options, consider inviting lunch wagons that can sit in the parking lot. Other options include providing box lunches and snacks on site, as well as menus from local restaurants that deliver, shifting the cost of ordering out to the food provider.
9. **Increase company car usage.** Firms can help their employees reduce their personal gas costs by liberalizing or expanding the number of opportunities for employees to use company cars.
10. **Job transfers.** In organizations with many outlets (like retail), reduce employee gas usage by offering a one-time option to facilitate transfers to locations closer to the employee's home. Consider offering internal "save on gas" job fairs where workers can meet with managers from other locations to see if relocation is a viable option that provides mutual benefits.

11. Shift the organization's start time. In congested areas, starting your commute an hour earlier or later can result in significant gas savings as a result of fewer backups and less congestion.
12. Live close to work facilitation. Firms can offer services or work with local Realtors in order to make it easy for their employees to find apartments and housing close to the workplace. The leading firm in this area is Facebook, which offers an astonishing \$700 per month salary supplement for employees who live within a mile of their headquarters. University Hospitals in Cleveland is also a benchmark organization.

Share the Commute

- Coordinate shared commuting. Firms can help their employees to both save on gas and tolls by facilitating employee carpools, van pools, or a company shuttle. In many large cities, tax breaks encourage corporate van-pooling programs. An additional benefit is the reduced need for employee parking. Microsoft, Yahoo, and HP are benchmark firms. Also, offer a company-sponsored shuttle bus from transit stations close to work or from strategic locations.
- Coordinate schedules. More individuals would share rides if they could share similar schedules with individuals who live close to them. This option requires you to work with individual managers to ensure that they make commuting part of their scheduling decision criteria.

Facilitate Opportunities for Cheaper Gas

- Negotiate group discounts. Because corporations with many employees have significant buying power, work with local fuel suppliers and individual gas stations to negotiate volume discounts for employees who use targeted stations. Incidentally, try similar options for bulk food items to help employees deal with the rising cost of food.
- Buy "company" gas. Some organizations have their own fueling facilities and these firms might be able to find a way to offer that gas to employees. By buying "gas futures," firms can successfully hedge against future price increases (i.e., Southwest Airlines has successfully done this for its aviation fuel).
- Allow employees access to "fleet" stations. Some firms utilize gas stations that provide gasoline for fleet cars. Negotiate with their vendors to identify opportunities where employees can get gas at these low-priced fleet stations.
- Negotiate "buy" options. Use the company's volume buying power to help negotiate lower-cost deals with vendors that allow your employees to lease or buy more gas-efficient vehicles. Vehicles might include scooters, electric segues, bikes, and compact or hybrid cars. (Note: there federal and in some cases state tax advantages associated with purchasing hybrid cars.)
- Subsidize mass transit. Offer subsidies to individuals who use mass transit. Some government agencies provide tax advantages to firms that facilitate the use of mass transit (others provide penalties to those that don't).

Increase Manager and Employee Participation

Corporations can take specific steps to encourage both individual managers and employees to participate in gas-saving options:

- Measure and reward managers. Recognize those who are “commute cost” friendly; conduct an employee survey to identify the best.
- Executive participation. Have the CEO and senior executives actively participate in company programs (i.e., participating in car pools, biking to work, or occasionally driving the company shuttle).
- Gas incentives. Provide gas cards as incentives and rewards for top-performing employees and managers.

Miscellaneous Options

- Conduct a survey and ask employees what they think you should be doing.
- Benchmark other firms to see what else is possible.
- Allow compacts, hybrids, and scooters to park closer to the building to send a message that you care about the environment.
- Help them sell their gas-guzzler car or subsidize the purchase of fuel-efficient vehicles.
- Add saving gas as a criterion for selecting new facility sites.
- Consider reducing nepotism restrictions so that family members can work together and thus, commute together.

Provide Employees with Opportunities to Earn More Money

Because rising costs are essentially lowering your employees’ “real” standard of living, provide your employees with more opportunities to earn more money during these tough economic times:

- Opportunity for overtime. Encourage managers to develop more opportunities for employees to work overtime to help them offset the rising cost of living.
- Pay for performance. Offer increased opportunities for performance-based pay. Although giving employees “more money” is always a high-cost item, if any additional pay is based strictly on improved performance, both firms and employees can come out ahead.
- Increase mileage allowance. The IRS has recently recognized a higher cost of gasoline by increasing the amount of reimbursement that it allows per mile traveled. Companies can help their employees by not waiting and increasing their mileage allotment immediately.
- COLA. A final option to consider is offering your employees periodic cost-of-living adjustments. Sometimes this is necessary in order to decrease your employees’ need to look for a second job (or even a job at another firm) in order to meet their family needs.

Final Thoughts

As you can see, there are many options available to corporations. For the best impact, implement a comprehensive program with many elements. Not only will this approach have a larger impact on employees, but it also increases the odds of your effort receiving positive exposure.

Dr. John Sullivan is a well-known thought leader in HR. He is a frequent speaker and advisor to Fortune 500 and Silicon Valley firms - and professor of management at San Francisco State University.