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Getting gold out of green

Companies learn eco-friendliness helps bottom line

By Paul Davidson
USA TODAY

In the 1990s, corporate America's embrace of the green movement was led mostly by free-spirited, maverick companies such as Ben & Jerry's, Starbucks and Whole Foods.

Now, mainstream giants in markets spanning consumer products, banking, airlines and chemicals have sweeping programs to shrink their companies' impact on the environment — and cash in on consumers' desire to go green.

Many see doing so as a virtual necessity as regulators consider limits on greenhouse gas emissions and consumers demand environmentally friendly products.

U.S. companies also realize they must follow Europe's lead on environmental issues to compete in a global marketplace, says Jack Geibig, director of the Center for Clean Products at the University of Tennessee.

"I think we're beyond the fad point," he says. "People are buying hybrid vehicles, they're concerned about global warming, they're more engaged than ever."

Hybrid cars from Toyota and Honda have grabbed headlines, as have Wal-Mart's green initiatives, such as plans to double the fuel efficiency of its truck fleet during the next 10 years and push its 60,000 suppliers to produce eco-friendly goods. But in ways large and small, the notion of "going green" is also reshaping product development and marketing strategies.

Discovery is launching an eco-friendly channel. Method, which makes house-cleaning products with biodegradable ingredients, saw sales nearly double last year to \$60 million. NEC has developed a new plant-based bioplastic for mobile phones and laptops.

Venture capital investments in alternative energy, biofuels and clean technologies jumped from \$491 million in 2005 to

\$884 million last year, according to Dow Jones VentureOne and Ernst & Young.

America's largest companies, meanwhile, are seeking to both cut pollution and save money.

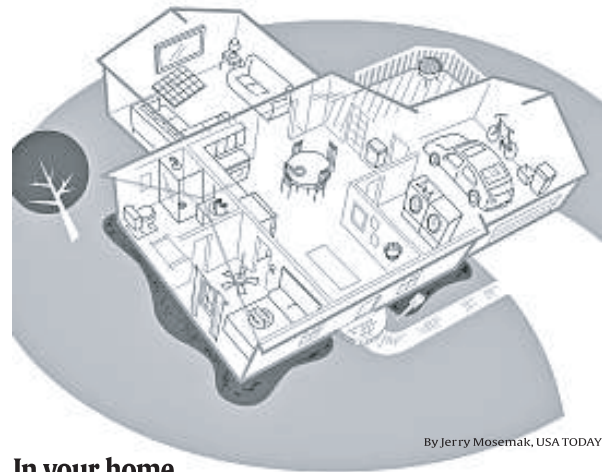
PHH Arval, which manages the vehicles of about one-third of Fortune 500 companies, says it's in discussions with dozens of them about switching to more fuel-efficient models under PHH's GreenFleet program.

"Two or three years ago, it was a little tough getting people's attention on this," says PHH Chief Executive George Kilroy. "Now everybody's interested."

DuPont typifies the evolution of many big corporations. The chemical giant's initial brush with conservation came while slashing greenhouse gas emissions at its factories by 72% since 1990 through both energy efficiency and better pollution filters.

The initiative saved \$3 billion in energy costs, but now DuPont wants to go further, viewing the environmental movement as a key lever to increase revenue.

"We felt the bigger societal contribution and bigger shareholder value was in finding new products to bring to the market," says Linda Fisher, DuPont's chief sustainability officer.



By Jerry Mosemak, USA TODAY

In your home

Here's a look at some things you can do to live a "greener" life.

Swap your car for a hybrid

Pros:

Not only do the cars get better mileage, their smaller engines also produce less pollution — about half that of a comparable vehicle with a gasoline engine.

Cons:

The sticker price could be thousands of dollars higher than similar standard vehicles, though many, like the Toyota Prius, cost significantly less to operate.

Get a high-efficiency toilet

Pros:

You can cut your water use by 60%. Unlike low-flow toilets (1.6 gallons per flush), which sometimes lack sufficient flushing power, high-efficiency toilets (1.3 gallons per flush) perform as well or better than standard toilets.

Cons:

These toilets may not work well in areas with drainage problems because of the reduced flush volume.

Buy compact fluorescent lights

Pros:

They use 20% of the energy of an incandescent bulb and last eight times longer.

Cons:

They contain small amounts of mercury, about 1/100th as much as in a mercury thermometer, and are considered a hazardous household waste similar to paint or batteries.

► For a full house of energy-saving advice, go to usatoday.com

So the company is making solar-panel materials, more energy-efficient building insulation and air-conditioner coolants that emit fewer greenhouse gases.

By 2015, the \$27 billion company plans to boost revenue from such products by

\$10 billion and double research spending to \$450million.

Even businesses with no obvious impact on the environment are going green.

Wells Fargo was named the Environmental Protection Agency's No.1 green power partner this year after it offset 40% of its electricity use by buying renewable energy credits, which are certificates that subsidize the cost of wind, biomass or other alternative energy projects.

The banking giant also has provided \$750 million in loans for the construction of environmentally friendly office and apartment buildings.

Bank customers surveyed said installing energy-efficient windows is the No. 1 upgrade they would make with a \$50,000 home equity credit line.

"This is clearly what our customers ... are focused on, and we're reflecting that," says bank Vice President Mary Wenzel.

Others going green:

► Marriott hotels are saving 65% on hotel lighting costs after replacing 450,000 bulbs with compact fluorescents last year. The chain also changed out

400,000 shower heads to cut hot water usage 10%.

While the efforts reduce carbon dioxide emissions, they also save millions of dollars.

"It's good business sense," says Marriott Senior Vice President Pat Maher.

► Continental Airlines has spent more than \$16 billion the past decade to overhaul its fleet, making it 35% more energy efficient per passenger-mile.

► Sun Microsystems, whose computer networking products help 37% of the world's corporate data centers, launched a computer server in late 2005 that's up to five times more energy efficient than standard systems.

It hit \$400 million in sales the past year, lifting Sun to a profit last quarter after years of losses.

The rush to go green is not without controversy. Some big companies have drawn complaints of "greenwashing," or using environmentalism to polish their corporate images.

David Hawkins, head of the National Resources Defense Council's climate center, cites ExxonMobil's \$100 million, 10-year grant to Stanford University in 2002

for climate research. He says the company has extensively advertised the donation even while eschewing renewable energy as uneconomical.

ExxonMobil spokesman Dave Gardner calls the claim "silly" and says Stanford is "doing significant work" to develop new carbon-cutting technologies.

DuPont, meanwhile, has drawn greenwashing charges from the United Steelworkers union.

In 2005, the company agreed to pay \$16.5 million to settle EPA charges that it hid information about the dangers posed by a chemical used to make Teflon and other products.

DuPont's Fisher says burnishing the company's reputation is "part of making those commitments."

Yet as companies like DuPont invest billions in eco-friendly products, greenwashing complaints have waned, says Allen Hershkowitz, senior scientist with the Natural Resources Defense Council.

Public relations alone is "not enough of a motivator to change corporate behavior," he says, "when there's big dollars involved."