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What's Kind to Nature Can Be Kind to Profits

By [MATTHEW L. WALD](#)

[GENERAL ELECTRIC](#) would like you to know that it makes the world's most efficient electric generators, part of its Ecomagination program of clean technologies. [BP](#), which used to be an abbreviation for British Petroleum but is now the company's official name, is promoting itself as "Beyond Petroleum," with solar cells and wind.

[Ford](#), which before its profits fell off a cliff was promising to increase the fuel economy of its S.U.V.'s by 25 percent, still cares about the environment, company executives insist. Now it has found a way to paint cars that drastically cuts emissions of pollutants, and has patented technology that lets cars run on fuel from corn.

These industrial Goliaths want to be Jolly Green Giants. They have investors to impress and public images to maintain so that they can pursue high-profile projects that need government approvals.

They may also have profit motives; most of the green technologies that make money now are profitable only because of government tax incentives or subsidies. But if oil and natural gas become expensive enough, some technologies could become commercially viable on an unsubsidized basis.

Green is in fashion — the new black, the must-have, this decade's version of business imperatives like "total quality management" or "management by objective." How else to explain why the National Football League plants hundreds of seedling trees to offset the greenhouse gas emissions produced by Super Bowl events? Did it help sell out the stadium or make football a more popular sport? The last World Cup soccer championship was also carbon-neutral. So was the 2002 tour by the Dave Matthews Band.

Business is going green for many reasons, not just the most obvious one, public image. There is also competitive advantage.

"You don't just compete on cost or quality of new products; you can also compete on environmental performance," said Donald B. Rosenfield, a senior lecturer at the M.I.T. Sloan School of Management. At first, he said, companies simply dealt with regulations; later, they anticipated regulations.

"Now I think that a lot of this is evidence that companies are viewing environmental capabilities as a strategic criterion by itself," he said.

In other words, add environmental impact as an element of consumer choice. "Norms change," Mr. Rosenfield said.

Andrew L. Shapiro, chief executive of GreenOrder, a New York consulting firm that helped G. E. develop its Ecomagination campaign to stress its environmental credentials, called the current stress on green the "third wave" of business interaction with the environment.

The first, he said, was the familiar conflict with governments and environmentalists over pollution.

The second was business concern about the environment and about public image, but with an underlying attitude that environmental good behavior incurs a financial cost. The third, now taking hold, he said, is "seeing environmental leadership or stewardship as a source of business value for firms, in the long term."

Some specialists are not sure how far that trend goes. Mark C. Trexler, for instance, who founded a company in 1991 to advise corporations on carbon mitigation strategies, cited the Super Bowl, the soccer championship and the rock band tour in an article in the current issue of Environmental Forum, a publication of the Environmental Law Institute.

"I would venture to say 98 percent of the people attending those events don't have a clue," he said. "So what are we doing it for?" To educate the people attending, he answered, but consumers have yet to demonstrate much willingness to pay for being carbon-neutral.

Ford is testing that proposition, now offering to sell car buyers "carbon-offsets," essentially certifications that somebody somewhere is going to build a windmill, make electricity from cow manure or do something else to cut carbon emissions to balance what the new vehicle will emit.

Business, in a step beyond the consumer mainstream, is proceeding with the conviction that there is profit in greenness. And even though the Bush administration, rejecting the Kyoto climate treaty and all mention of a carbon tax, is trying to shield businesses from carbon limits, some are calling for such a system.

Cinergy, a utility with nine large coal-fired power plants, has called for regulations on carbon dioxide emissions. One reason is a simple desire for regulatory certainty. American Electric Power, the country's largest investor-owned coal burner, decided in 2004 to look into the threat posed by [global warming](#).

Both companies could profit under certain kinds of carbon-limitation schemes. For example, if emission limits were based on historical averages, both would have huge allowances, which they might be able to sell for cash if they could cut their own output.

No such system is in place now, of course, and the federal government's position does not call for limiting greenhouse gas output. But the government does not have to decide that global warming is making storms like Katrina more powerful; [Wal-Mart](#) has already done so.

In a recent speech, H. Lee Scott Jr., the chief executive of Wal-Mart, declared the ambitious goals of being supplied 100 percent by renewable energy, producing no waste and selling products "that sustain our resources and the environment." He did not give a timetable. But even so, this is not your mother's Earth Day.

Companies like Wal-Mart and Cinergy may be earning points that would be unavailable if the government were more involved. "The logic for this kind of thing is much greater when you've got 75 percent of the public saying this is a big problem, and the federal government has no policy," Mr. Trexler said. "There's a place for people to step into that and take advantage of that disconnect."

Wal-Mart's goals are ambitious, Mr. Scott said, and "I'm not sure how to achieve them, at least not yet."

BP does not know how to achieve a carbon-balanced world either, but it has found advantages in supporting one. While environmentalists organized a boycott of [Exxon Mobil](#) last summer because

it challenges the theory of global warming and wants to drill in the Arctic National Wildlife Refuge, BP faced no such pressure.

And when BP announced that it would build a plant that runs on oil residues and that the carbon dioxide would be permanently stored underground, the governor of California showed up for the announcement. The irony cannot be lost on Exxon Mobil, since BP is the biggest Alaskan producer.

BP's Web site includes an animated "carbon calculator" where consumers can enter their household size, housing type, number and type of vehicles and other factors, and get an estimate of how much of the world's 20 billion tons a year of carbon dioxide output is theirs, and how that compares with the average production. Most of the forms of energy consumers use, including gasoline, natural gas, electricity and aviation fuel, are produced either directly or indirectly by BP.

A gallon of unleaded regular from BP will produce the same 20 pounds of carbon dioxide as a gallon of unleaded regular bought anywhere else, of course. But the solar cells and wind turbines built by BP are linked, said Mr. Shapiro, the consultant. "There's a halo effect," he said. "The soccer mom driving down any suburban route in America who sees three different gas stations, Exxon, BP or Shell, will pull into BP."

The company's advertising tagline is, "It's a start," which is literally true. BP hopes for revenues of \$1 billion from solar power by 2008, which is substantial but minuscule compared with total revenues last year of over \$350 billion.

The company's chief executive, Lord Browne, said in an interview that policy makers, especially in Europe, were demanding low-carbon technologies, and that his company's goal was to provide a menu of them that is more attractive than the alternatives offered by its competitors.

Much of being green revolves around energy: whether making fuel, converting it to energy or, finally, selling products that work by using energy. BP is in the first category, and G.E. in the second and third.

General Electric, which once polluted the Hudson River with PCB's as it manufactured transformers, now promises that it will invest \$1.5 billion annually in research in cleaner technologies by 2010, up from \$700 million in 2004. G.E. also says it will reduce its greenhouse gas emissions by 1 percent by 2012. With business as usual, the company says, it would have increased those emissions by 40 percent.

More important is the efficiency of the products it sells. While its announcement stresses products that consumers do not buy, like electricity generators that churn out hundreds of megawatts, it also says it makes "some of the world's most energy-efficient household solutions." ("Household solutions," to judge from the Web site, are what used to be called "white goods," like washing machines and clothes dryers.)

To improve its image, the company organized a tour for reporters that included viewing windmills in the Irish Sea, each big enough to power 3,600 average window air-conditioners; 12-cylinder diesel engines in locomotives in use in California and Colorado with 40 percent less emissions than earlier models; and water desalination in Aruba.

On G.E.'s Web site last year, fashion models seemingly unaccustomed to manual labor wave pickaxes in a coal mine, part of a promotion for cleaner ways to use coal.

Ford, at the other end of the energy chain, builds products that turn fuel into work. In 2000, Ford promised to increase the fuel economy of its S.U.V.'s 25 percent by 2005; but in 2003, its income statement weakening and the public showing a taste for the biggest, thirstiest vehicles, Ford backed off.

That doesn't stop Ford from trying to be green. It holds meetings with reporters to promote ethanol, which can be made from corn, and last November it agreed to subsidize the installation of pumps that sell a mixture of 85 percent ethanol and 15 percent gasoline. This is unusual in the car industry, which typically has a Hatfield-McCoy relationship with the fuel industry.

The relevance of flex-fuel vehicles is modest; gasoline consumption is about 33 times larger than ethanol. Ford, however, is still pushing for any environmental advantage it can, on the factory floor or in the public eye. In December, it did both at once, announcing that it was developing a "paint shop of the future."

The shop, at a truck plant, avoids the old system of applying an undercoat, drying it, applying a color coat, drying that and then applying a gloss coat and drying that. The three steps take time and space, and each drying operation uses energy and results in fumes that will cause smog unless they are burned.

The new system applies all three coats at once and then dries them, and captures the fumes to use in generating electricity. That saves the natural gas that had been used to burn the fumes, and cuts the space required for the paint shop.

"This renders that ongoing conflict between doing good and making money into a thing of the past," said Andrew S. Hobbs, director for the environmental quality office at Ford. In a conference call with reporters, he called it "the embodiment of sustainable manufacturing."

The finished truck will still emit tens of tons of carbon dioxide over its lifetime, but the new paint process saves \$7 to \$11 per vehicle. As BP might say, it's a start.

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