

Green on Green

Welcome to our new **Green on Green** series,
featuring valuable mini case studies on companies
that are making Green by going Green.

Green On Green: Prius Envy

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A token auto manufacturer gets profiled for making encouraging, if not paradigm-shifting strides

Profiling a car builder in a series about green companies feels a bit like nominating Kim Jong-il for the Nobel Peace Prize. But times, they are a-changin', and if there is one auto manufacturer that seems to have risen above the rest in terms of green investments, it's Toyota.

Company Profile:

Not exactly an obscure company, Toyota's profile is more about awe-inspiring number than explaining its business. Toyota makes cars – 7,711 of them last year. Its net revenues were \$179 billion in 2006.

Positive Progress:

The most recognizable step the Japanese company has made is its gas/electric hybrid Prius model of which the company has sold more than 400,000. Toyota is promising to expand its hybrid lineup by at least 10 other vehicles, a move attributable as much to the Prius' popularity in an ever-greening market than to any utopian motives on the company's part.

But Toyota's hybrids aren't the only reasons to be hopeful for car makers. In the past 15 years, Toyota has cut its carbon-dioxide emissions in Japan to 1.78 million tons annually, from 2.12 million tons. Around the world, Toyota's CO2 emissions per car produced are down 15 percent since 2002. This year, the company announced that it plans to cut emissions per unit worldwide by 20 percent from 2001 levels by 2010.

Toyota isn't reducing emissions by issuing the right press releases or contributing to the right political action committees. The company has taken observable steps toward waste-reduction. By replacing multiple production lines with single lines capable of producing different vehicles, Toyota has decreased energy usage by as much as 40 percent in some plants. Similarly, a new welding system that Toyota started using 2003 helped speed up production, cut costs, and also led to a 50 percent reduction in CO2 emissions by using less electricity. And the single largest R&D investment in Toyota's history was made toward development of a hydrogen car.

Where it has “gone green”, Toyota has seen positive developments both in its operations and bottom line. As the company continues a string of such changes, and the market proves itself supportive of greener vehicles, it is easy to consider Toyota a green leader in the industry and encouraging to think of what steps might come next.

Balance Sheet:

Still, the praise for Toyota has to be balanced with some pause. It is hardly a “green” company. It has consistently opposed stricter fuel economy standards in the U.S. Manufacturing plants – as well as the cars themselves – still produce huge amounts of GHGs. And Toyota’s environmental policies are adjusted to match the economy where the plant is located. In other words, while plants in Japan, Europe and the U.S. may run cleaner, facilities in developing countries will still produce higher levels of pollutants.