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Sustainability vs. Capitalism: Do They Have to Be at Odds?

As sustainability becomes more of a business priority, some businesses are finding it supports, rather than inhibits, profitability.

BY INC. CUSTOM STUDIO

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Improving sustainability is no longer a minor talking point for many businesses; it's become an integral part of their brands. It's both forward-thinking and good business for leaders to reduce waste, become more efficient, and drive down carbon footprints. But how is that feasible while also paying attention to profits?



At a recent Inc. 5000 breakout session sponsored by Mercedes-Benz USA Vans, Christine Lagorio-Chafkin, editor-at-large at Inc. Business Media, spoke with Sergio Castillo, president and CEO of engineering firm Eco BCG; Iain Forsyth, director of marketing and product management, Mercedes-Benz USA Vans; and Al Subbloie, founder, president, and CEO of energy efficiency company Budderfly, on the topic of innovations in sustainability. Four key takeaways emerged.

1. Sustainability and profitability can co-exist.

The question of whether sustainability efforts can contribute to profitability often hinges on how far ahead your outlook is. Spending money on new equipment, technology, supply practices, consultants,

but what about down the line?

Subbloie says that three to four years is average for a return on investment, and that it gets better beyond that. “If you do the math, it should be a money maker,” he says. During the course of a decade, for example, those capital investments may pay off up to two or three times, he estimates. However, it can be tough to convince executives of such returns, especially in North America. Europe, on the other hand, is more focused on longer-term returns. “Here, if it’s not two years or less, the CFO’s eyes glaze over,” he adds. Forsyth cautions that not every sustainable initiative is going to save companies money, either.

Even when the financial payoff isn’t immediately obvious, the panelists suggest that sustainable business practices are also becoming an important piece of how younger consumers shop. “I think we’re moving into a generational shift in buying patterns; let’s face it. And obviously, the younger generation may not actually buy a car or go to a restaurant if that culture doesn’t care that much,” Subbloie says.

2. End products are not the only end game.

Beyond manufacturing, companies should strive to ensure that all aspects of their operations embrace sustainability. For example, Mercedes-Benz USA leaders are issued electric vehicles and company-provided chargers. The company also has added numerous free chargers to its workplaces. Another energy-saving measure has been reducing the number of days employees must work in the office.

We've installed solar panels on a new roof, and things like that, to provide [electricity] back into the grid," Forsyth says.

Mercedes-Benz also looks at the entire value chain, including development, suppliers, production, product electrification, renewable energy use, and beyond. "In addition to electrifying our product portfolio, we are focused on implementing sustainable solutions at all MBUSA facilities," Forsyth says. The company has even revamped its cafeterias to make sure everything is reusable or sustainable and to provide coffee bar discounts to employees who bring their own mugs, which helps encourage employee buy-in. Mercedes-Benz USA has installed more than 260 chargers in its facilities in addition to launching the inaugural Mercedes-Benz charging hub at its U.S. headquarters in Atlanta, representing a benchmark for standalone charging hubs. The hub is powered entirely by clean energy using carbon neutral renewable energy sources. Furthermore, the company actively promotes sustainability through various projects, encompassing waste management, energy conservation, lighting upgrades, and ongoing conservation initiatives. "We are making big changes in Atlanta to utilize green power now and generate passive green energy, for example, by installing solar panels on the new roof," Forsyth says.

3. Initiatives must align with priorities.

One problem Castillo has noticed at Eco BCG is that there is often a disconnect between executives and the manufacturing arm of a company. At the C-suite level, sustainability is often a strategic factor.

“Productivity, quality, and safety. Sustainability is not there,” Castillo says.

Success lies in finding a way to combine it all: use energy in the manufacturing process to produce more, produce with better quality, and improve safety. That leads to a promising outcome, Castillo says.

4. Communicate efforts to everyone.

In addition to the all-electric model Mercedes-Benz USA had deployed for the past two years, Forsyth adds, “[the commitment] goes beyond just electric vehicles for us. It’s improving our production facilities, it’s improving our headquarter facilities, it’s working with our dealer partners and our suppliers to make sure that we have an overall sustainable future.”

One of Forsyth’s jobs at Mercedes-Benz USA is to communicate the company’s sustainability efforts to employees. He notes that they collect employee feedback for all the company’s sustainability initiatives.

Sustainable practices are necessary for companies to compete and win over today’s increasingly eco-friendly consumer. Employees and customers alike must understand what brands are doing to be more conscious of their environmental impact, whether they’re service businesses like Eco BCG and Budderfly or manufacturing businesses like Mercedes-Benz Vans. For more information about Mercedes-Benz Vans’s sustainability initiatives, visit the [company’s website](#).

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