

September 2020

Sustainable Futures: A Climate Transformed

Emerging Trends





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How we can help your firm to deal with what's happening now and prepare for what comes next

Even before COVID-19, the professional services industry was entering a period of change the likes of which it had never experienced. But the pace of that change is now being accelerated, as firms respond to the crisis and reimagine their future in a changed world. We're working side by side with them, using our experience, data, and deep sector knowledge to help them create effective strategies for extraordinary times.



Real-time forecasting

Since mid-March, we've been supplementing our unique model of the global professional services sector with data collected from hundreds of consulting firms around the world. Our weekly updates have become the industry's satnav, providing up-to-date estimates of the likely impact of the crisis by region, sector, and service, which change as the market changes, helping consulting firms to adjust their strategy accordingly. But this publicly available data is for the market as a whole, and every firm faces a unique set of challenges. As you plan for the next 12-18 months, we can provide forecast data that's tailored to your business.



Immediate market feedback

One of the biggest challenges facing consulting firms is uncertainty: How has client behaviour changed as a result of the crisis? Whether we're leveraging our own research carried out over the previous few weeks, or undertaking custom research around your services and markets, we can provide you with quantitative and qualitative feedback very quickly, enabling you to take quick and informed decisions.



Client-led propositions

Past crises have shown that the speed with which a consulting firm adapts its services will determine its resilience—and that's truer than ever in the current environment, when clients' expectations around what's possible have radically shifted. They're looking to consulting firms to deliver better, faster solutions—and consulting firms will need to respond by being more precise about where they can add tangible value and more compelling in the way they articulate this. We've worked with many firms over the last decade helping them test their ideas with clients.

About us



We're nerds: We take a data-driven approach to helping firms take investment decisions. Since we started, we've invested millions in sophisticated, proprietary research techniques that give us unique insights into current and future trends.



We're experts: We've been focusing exclusively on the professional services sector for more than a decade, and we keep our knowledge up to date by interviewing hundreds of senior partners in professional services firms around the world each year.



We're future-focused: We undertake the largest regular quantitative surveys of the professional services sector anywhere in the world, and we're constantly talking to professional services firms' clients in order to understand how changes in their behaviour will reshape the industry in the future.



We're independent: Our analysis and recommendations are derived from our data and experience. We don't recommend firms to clients, and we will never tell you what you want to hear just because you've paid us.



We're obsessed with value: Our information and insights have underpinned some of the most strategic investment decisions made by professional services firms. That's because we know that, if we're going to have an impact, how we communicate is as important as what we communicate.



We're easy to work with: We'll work with you as you want, whether that's providing you with off-the-shelf data or multi-country custom research. Because we want our work to add value, we charge for what you need. We don't run a meter and we don't have complicated licensing that limits who can read our material.



Executive summary



We've seen sustainability rise up the corporate agenda significantly over the last few years; it's now an issue that's front of mind for boards, investors and executives. Of course, the concept of sustainability has been around for a long time; but what's different now is that people are starting to look at it as a source of strategic advantage. Clients are moving beyond a compliance and box-ticking approach, and are starting to make sustainability a core part of their business strategy. That's because they recognise the wide range of possibilities for value creation: new revenue opportunities, markets for new products, reputational advantages, and so on.

John Goddard, L.E.K.



Sustainability, or sustainable development, is, fundamentally, about brokering the relationship between the human population and the earth—about getting back to a balance that enables us to meet the needs of society while also respecting the carrying capacity of the planet. And I believe that the built environment plays an absolutely critical role in that. That's why we at Arup are so committed to our part in shaping a better world. In our view, creating a sustainable future is the only viable option, going forward, for both ourselves and our clients.

Jo da-Silva, Arup

If you're reading this report, it's probably safe to assume that you don't need us to tell you about the threat that climate change represents to the global economy and to the lives and livelihoods of billions of people across the globe. In 2018, a landmark report by the Intergovernmental Panel on Climate Change found that ecological catastrophe could only be avoided through "rapid, far-reaching and unprecedented changes in all aspects of society".¹ And last September, an estimated six million people participated in a wave of strikes and demonstrations calling on leaders in the public and private sector to act²—testament to the extent to which this issue has turned scientists and ordinary members of the public alike into activists and evangelists.

Assuming you work in the professional services sector, there is a good chance that your clients have similarly internalised the threat posed by climate change. As Fig. 0.1 shows, 56% of clients we surveyed strongly agreed that it was one of the most significant problems humanity currently faces. And client attitudes became more fervent the more that they had been exposed to information about the topic; suggesting that one cannot help but become more convinced of the need for climate action the more climate-related media and thought leadership that one consumes.

1 Matt McGrath, *Final call to save the world from 'climate catastrophe'*, BBC News, Oct. 08 2018 (Accessed Sep. 21 2020). Available at: <https://www.bbc.co.uk/news/science-environment-45775309>.

2 Matthew Taylor, Jonathan Watts and John Bartlett, *Climate crisis: 6 million people join latest wave of global protests*, The Guardian, Sep. 27 2019 (Accessed Sep. 21 2020). Available at: <https://www.theguardian.com/environment/2019/sep/27/climate-crisis-6-million-people-join-latest-wave-of-worldwide-protests>.

**Figure 0.1**

Client agreement with the claim that “climate change is one of the most significant problems facing society today”

All clients**Low information clients****Medium information clients****High information clients**

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Earlier this year, Source Global Research published the first report in our two-part “Sustainable Futures” series within our Emerging Trends programme. That report—entitled “[Building Resilient Businesses](#)”—looked at the holistic concept of sustainability and its relevance to the professional services market; it explored all of the ways in which clients are using third party support to help them ensure that their businesses will be able to stand the test of time and can be safely handed over to future generations.

This publication will build on the work of that report by focusing on the narrower issue of climate change and decarbonisation. It will examine exactly how climate-related concerns are informing the strategic and tactical priorities of today’s public and private sector leaders, and how they will seek to address those priorities through the support of external service providers. And it will identify the steps that professional services firms can take should they wish to position themselves as leaders on these issues.

Figure 0.2

Client recognition of the need for new business models

The transition to a low carbon economy will require our organisation to fundamentally reinvent its business model



- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree



Methodology

Unless otherwise specified, the data in this report comes from a study conducted in August and September 2020 of 150 US-based senior executives, all of whom had personal experience using consulting services within the last two years; 57% of them had used consulting services in the last three months. All respondents in this study worked in organisations with 500 or more employees.

Eighty-three percent of these executives had personally made the decision to bring in consultants. Fifty-eight percent had been part of project steering committees, and 51% of them had experience working in project teams alongside external consultants. Further details about their employers and their roles within their organisations are shown in Fig. 0.4, Fig. 0.5 and Fig. 0.6.

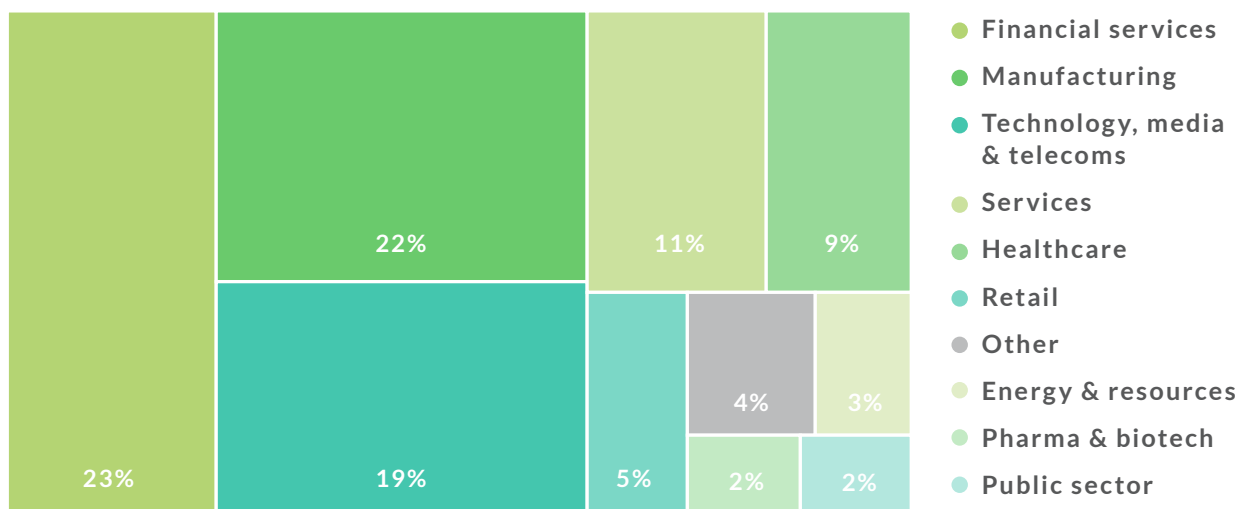
Where necessary, we have also drawn on data from our global data model, a bottom-up model of the professional services industry that we use to size the industry. This model covers over 80 countries, and includes detailed data on almost 1,600 firms, as well as higher-level estimates for a further 400,000. Additionally, we have at certain points calibrated data against our annual Client Perception Study, in which we ask thousands of clients around the world about their views on firms that they have worked with or have considered working with. Except where noted, the data that we have used in this report refers specifically to the US market.

To explore how different firms have approached the topic of climate change, we conducted a series of interviews with leaders in the professional services industry. Many of these individuals were the leaders of sustainability practices within large global consulting organisations; others were specialists working within smaller boutique service providers. A full list of contributors is available at the back of this report.

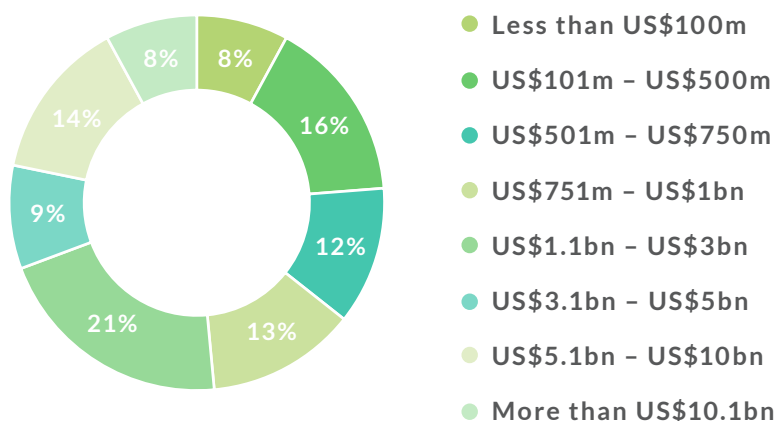
A selection of these conversations have been made available to subscribers of our [Emerging Trends programme](#) as an accompanying interview series. You can read transcripts of these interviews—and access interactive data visualisations and other additional pieces of content—by going to the Emerging Trends platform on the Source Global Research website. If you do not have access to this platform, please contact your account manager.

**Figure 0.4**

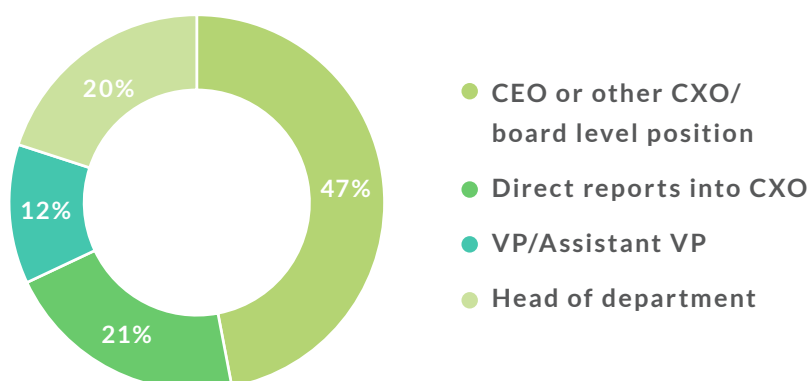
Sectors represented in our sample

**Figure 0.5**

Size of clients' organisations in our sample by revenue

**Figure 0.6**

Sample distribution by job role





Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of the individuals who have contributed (excluding those who wished to remain anonymous).

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About the authors

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A co-Founder and Managing Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2008, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues. Fiona has published a dozen books on consulting topics, including two for The Economist: *Business Consulting: A Guide to How it Works* and *How to Make it Work and Buying Professional Services*. She has more than 20 years' experience as a management consultant, working primarily in the areas of marketing and strategy. She was previously in charge of strategic planning for EY in the UK and has worked in the consulting practice of PwC. Fiona also has a PhD in 17th century French art and lives in hope that it will be of practical use in business someday.

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Fergus is the Producer of our thought leadership at Source. In this capacity, he oversees our Emerging Trends research programme, hosts our fortnightly podcast, and creates content for our blog and social channels. He has contributed to a number of leading management and professional services publications, and regularly speaks at our own events and those of our clients.

Prior to joining Source, Fergus was a management consultant at Capgemini Invent, where he helped develop customer loyalty strategies for leading retailers and consumer products companies. He holds a degree in philosophy from Gonville & Caius College, Cambridge.

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Ed is a Managing Director of Source, and he is particularly focused on HR, strategic marketing, and new product development. He is a key member of the Source research team and spends much of his time interviewing consultants and their clients around the world in order to identify and explore major market trends.

Ed regularly speaks about the consulting market to leadership teams around the world, has lectured at Columbia University (New York), Imperial College (London), and Vrije Universiteit (Amsterdam), and he is regularly quoted by media including the Wall Street Journal, the Washington Post, the Financial Times, Bloomberg, and the trade press. Prior to joining Source in 2008, Ed spent seven years in various marketing roles for Sony Europe.

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Programme schedule for 2020

Reports 2020	Market Data & Analysis	Client & Brand Insights	Emerging Trends
January			
February	Forecasts for 2020 UK	UK	
March	GCC Benelux	GCC Nordics	The Future of Account Management
April	Nordics	Germany	
May	DACH France Southern Europe US	US France	
June	Eastern Europe & Russia Canada Australia India South America Japan South East Asia China	Financial Services Technology, Media & Telecoms	Sustainable Futures: Building Resilient Businesses
July	Mexico Africa	Energy & Resources Healthcare	
August	Global Risk & Cybersecurity Services	Perceptions of Risk Firms Perceptions of Tax Firms	
September	Financial Services	Perceptions of Audit Firms	Sustainable Futures: A Climate Transformed
October	Energy & Resources Healthcare & Pharma Global Tax Advisory		
November	Technology, Media & Telecoms Planning for Growth in 2021		The Consultant of Tomorrow
December			

Please note that with the purchase of all country Market Data & Analysis reports in 2020, you will also gain access to monthly updates regarding the impact COVID-19 is having on the consulting industry more widely.

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Our custom work

We provide advice and custom research services to the world's most successful professional services firms, helping them to identify, and develop strategic responses to, their most pressing opportunities and challenges.

Among other things, our work includes:

- Deep market and competitor analysis
- Acquisition strategy
- Proposition strategy and development
- Brand and client sentiment analysis
- Thought leadership and content strategy, development, and review

For more information about any of these, please visit our website or get in touch.

Source Global Research is a leading provider of information about the market for professional services.

Set up in 2007, Source serves the professional services industry with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

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