

June 2020

Sustainable Futures: Building Resilient Businesses

Emerging Trends





Contents

Executive summary	4
Highlights of this report	9
Methodology	10

Section 1: What do sustainability and resilience mean to today's clients?

Why sustainability matters to clients	13
Beyond "going green"	20
Adapting to a new world	24
Sustainability and resilience as a people-centred problem	31
An emerging opportunity agenda	38

Section 2: How has the COVID crisis reframed the conversation around sustainability and resilience?

A reminder of our dependencies	44
The promise of a green recovery	50
Opportunities and obligations for professional services firms	56

Section 3: How can consulting firms help their clients build businesses that stand the test of time?

The role for sustainability services	68
Moving beyond sustainability as a service category	75
Helping clients make sense of an uncertain future	81
Building for that future	85

Section 4: What can consulting firms do to protect their own long-term futures?

Why being a sustainable service provider matters	93
What it means to be a sustainable professional services firm	98
Why perfection is over-rated	105

Further reading	110
Contributors	111
About the authors	112
Programme schedule for 2020	113
Our custom work	114
About us	115



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



A lot of organisations have been thinking about sustainability in terms of their impact on the planet; far fewer have been thinking about their dependencies. One of the lessons of the COVID-19 crisis is that we're dependent on a lot more things than we thought we were. Businesses that want to be resilient and want to survive into the future need to figure out what the really critical factors that they depend on are, and then need to think about how they can take more control over those factors.

Paul Holland, Grant Thornton

Few predictions have aged as poorly as Francis Fukuyama's grand declaration in 1992 that humanity had reached "the end of history". If anything, it feels as if the ground is now shifting underneath our feet faster than it has for a very long time. Between mass social movements, political upheaval, a global pandemic, and the looming threat of climate change, the future feels a particularly uncertain place right now.

And so it should be no surprise that the topic of sustainability is at or near the top of many organisations' collective minds at the moment. Because at its heart, the question of sustainability is a question about how we build for the future; how we make choices today that ensure the existence of a better tomorrow. It is about seeing ourselves as stewards of both the organisations that we work for and the planet itself; about making sure that those organisations can be handed over to future generations, and that there are future generations to hand them over to.

Leaders across the world of professional services are increasingly aware that their clients are grappling with questions of sustainability—and that many of them will look for outside help in answering those questions. This is the first in a two-part series of reports that explores both the evolution in how professional services clients approach the topic of sustainability and what that means for today's service providers. This report examines sustainability in a holistic sense, looking at how firms are helping their clients create businesses that can survive and thrive well into the future; the follow-up report (to be published in September 2020) will look at the narrower topic of environmental sustainability, focusing on the impact of climate change and the transition to a low carbon economy.

Figure 0.1

The extent to which clients see sustainability as a strategic objective

Sustainability is a strategic objective for our organisation



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



'Sustainability' is a term that's come to mean all sorts of different things. But at its core, sustainability is about longevity. The businesses that are able to survive into the long-term are the ones that are able to adapt to the needs of their stakeholders as society changes around them. Ultimately, your ability to create value as a business depends on a healthy relationship with your stakeholders; and so a sustainable business is one that takes the time to think about its impact on each of those stakeholders. And I don't just mean customers; sustainability requires you to think in a holistic way about the connection between your business and all of the people and organisations that it comes into contact with.

Jennifer Walmsley, Teneo

Central to any understanding of client perspectives on sustainability must be an acknowledgement that the meaning of the term itself has shifted and evolved over time in concert with an evolving social and business context. And we can understand this most clearly if we examine how the underlying reasons that have driven clients to care about sustainability have themselves changed over time.

While the concept of sustainability has origins in the environmental movement of the 1960s, it wasn't until the UN published "Our Common Future"—often known informally as the Brundtland Report—in 1987 that sustainability and the notion of sustainable development entered the business lexicon. Brundtland's commission memorably and influentially defined sustainability as "meeting the needs of the future, without compromising the ability of future generations to meet their own needs".



The term 'sustainability' has too often in the past been used in a very narrow sense to refer only to the environmental footprint of an organisation. But I think that businesses are increasingly stepping back and taking a much broader view. They're considering questions like: Why is sustainability important for our organisation and what does this mean for our strategic planning? How do we develop sustained relationships with our suppliers and our customers? How do we develop really sustained and meaningful relationships with our people? How do we make sure that our financing arrangements are sustainable?

Dave Munton, Grant Thornton

For a long time, however, that felt like a relatively abstract and nebulous call to action. To the extent that companies cared about issues of sustainability, it was not because they felt financial pressure to, but out of a sense of moral obligation. And while morality can sometimes be a powerful driver of change, it is all too common for moral obligations to be jettisoned or side-lined as soon as they come into conflict with economic concerns. Over time, the moral agenda that compelled businesses to take issues of sustainability seriously came to be replaced with a primarily compliance-driven one, as governments and industry bodies started to recognise the need to add a regulatory stick to the moral carrot. But still, what was lacking was any sense of material urgency.

That is not the case today. We now live in a world where the tangible consequences of not investing in sustainability are readily apparent; it is no longer a question of "what should we do to meet our ethical and legal obligations", but instead "what must we do in order to ensure the survival of our business". In this report, we will explore

the consequences of this transition—that is, sustainability’s shift from an ethical and a compliance agenda to a material risk agenda. And we will look ahead to a possible future in which the sustainability agenda continues to evolve; one in which clients are broadly cognisant not only of the risks associated with failing to take questions of sustainability seriously, but also of the opportunities for growth that can be unlocked by looking at their operations and their business models through a sustainability lens.

Figure 0.2

The evolution of the sustainability agenda



A lot of organisations still talk about corporate social responsibility (CSR). I personally try to avoid that framework, because I think it encourages people to think about sustainability in the wrong way. CSR is too often reactive and not strategically aligned. Instead you should be thinking about the sustainability of your own organisation as a going concern, but while recognising that economic, social and environmental factors have a direct impact on that going concern. Sustainability done that way will get you to prioritise your actions based both on shorter-term benefits such as employee engagement and cost savings, to longer-term areas like the need all organisations have to operate in a functional society with well-educated people, strong infrastructure, and a clean environment.

Jen Rodvold, Sopra Steria

Once we understand this shift in client priorities, it becomes clear that it is now impossible to disentangle issues of sustainability from questions of business resilience—the latter of which have been thrown into stark relief by COVID-19.

Sustainability, ultimately, is about the relationship between organisations and the world in which they operate. And this relationship is a two-way one. On the one hand, businesses are obligated to think about the impact that their operations have on society and the planet—their carbon footprint, yes, but also the social consequences of their work, whether their products and services contribute to global systems of oppression, whether their corporate policies have a positive impact on the lives of their employees, and a myriad of other questions.



Methodology

Unless otherwise specified, the data in this report comes from a study conducted in April and May 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 percent of these executives had personally made the decision to bring in consultants. Fifty-six percent had been part of project steering committees, and 51% had experience working in project teams alongside external consultants. Additionally, 21% had themselves worked as a consultant in the past. Further details about their employers and their roles within their organisations are shown in Fig. 0.5, Fig. 0.6 and Fig. 0.7.

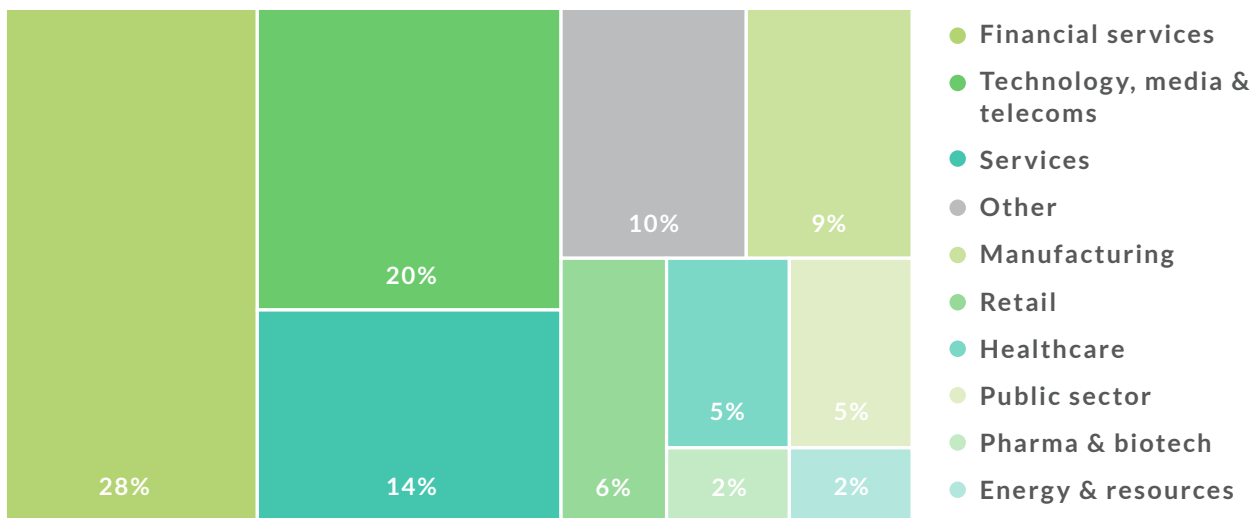
Where necessary, we have also drawn on data from our global data model, a bottom-up model of the professional services industry that we use to size the industry. This model covers over 80 countries, and includes detailed data on almost 1,600 firms, as well as higher-level estimates for a further 400,000. Additionally, we have referred at certain points to data from 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 sustainability, we conducted a series of interviews with leaders in the professional services industry. Many of them either sat on the sustainability boards of their own organisations or had played a leading role in developing their firm's sustainability services. A full list of contributors is available at the back of this report.

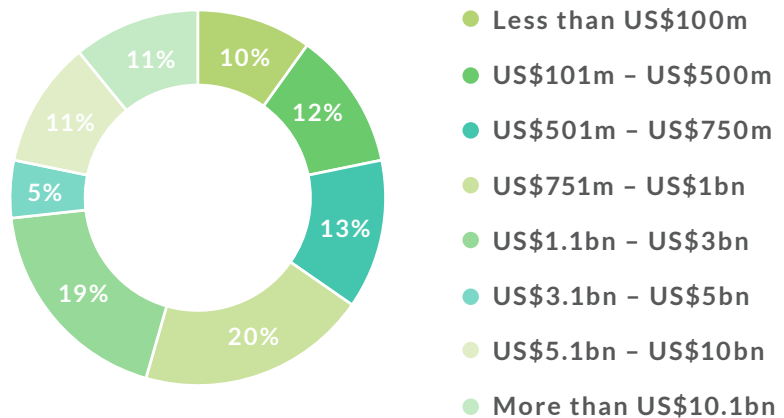
A selection of these conversations have been made available to subscribers of our Emerging Trends programme as an accompanying interview series. You can read transcripts of these interviews—and access interactive data visualisations and other additional pieces of content—by going to the [Emerging Trends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

**Figure 0.4**

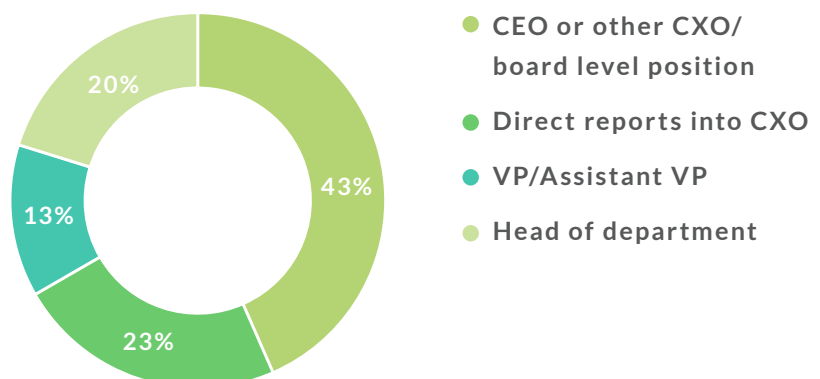
Sectors represented in our sample

**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).

Name	Job title	Organisation
Maggie Buggie	Global Head of Innovation Services and Solutions	SAP
Tom Bolger	Chief Strategy Officer	West Monroe
Emma Cox	Head of Purpose & UK Sustainability & Climate Change Leader	PwC
Caroline Das-Monfrais	Chief Strategy Officer EMEA & Partner	FTI Consulting
Thomas Degarmo	Deputy Global Advisory Leader	PwC
Alan Frost	Business Consulting Director	Mazars
Paul Holland	Head of Sustainability Services	Grant Thornton
Mark Lancelott	Sustainability and Circular Economy Co-Lead / Director of Business Design	PA Consulting
Peter Links	Vice President: Strategic Risk Consulting	Marsh Risk Consulting
Olivier Jan	Global Lead, Sustainability	Deloitte
Adrian King	Global Chair – Sustainability, Climate Change and ESG Services	KPMG
Neal Kissel	Managing Director	Marakon
Ryan Lynch	Practice Director, Sustainability	BSI Group
Mark McKenzie	Head of KPMG Global Centre of Excellence for Sustainability Services	KPMG
Jody Miller	Founder and CEO	Business Talent Group
Dave Munton	Head of Clients and Markets	Grant Thornton
Bridy Paxton	Consulting Lead Africa	Marsh Risk Consulting
Martin Porter	Senior Adviser	FTI Consulting
Oliver Reed	Head of Consulting for SSCL	Sopra Steria
Jen Rodvold	Head of Digital Ethics & Tech for Good	Sopra Steria
Louise Scott	Director, Global Sustainability	PwC
Adam Stringer	Partner & Head of Cyber, Privacy & Operational Resilience in Financial Services	PA Consulting
Hani Tohme	Partner, Head of Sustainability MENA Region	Roland Berger
Steve Varley	Global Vice Chair, Sustainability	EY
Gert Wahl	Clients and Markets Officer	Marsh Risk Consulting
Jennifer Walmsley	Managing Director	Teneo



About the authors

Fiona Czerniawska

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.

Fiona Czerniawska

✉ fionacz@sourceglobalresearch.com

Fergus Blair

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.

Fergus Blair

✉ fergus.blair@sourceglobalresearch.com

Edward Haigh

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.

Edward Haigh

✉ edward.haigh@sourceglobalresearch.com





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	Energy & Resources	Perceptions of Audit Firms	Sustainable Futures: A Climate Transformed
October	Global Tax Advisory Financial Services		
November	Healthcare 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.

White Space

A powerful research tool that allows subscribers to keep up to date with the latest content being produced and maximise their return on investment. A series of reports that analyse the quality and effectiveness of thought leadership are published throughout the year.

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.

Source Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com

© Source Information Services Ltd 2020

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.