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~~digital~~ sustainable transformation

Why sustainability needs to be thought about in the same way as digital, and what you need to do next



Imagine if, five years ago, we'd handed you the first, basic instructions on how to become a leader in the digital transformation market. It would have been a good idea to read them, right?

**Replace digital with sustainable.
Fast-forward five years. Read on.**



Introduction

Digital transformation was by far the biggest driver of growth in the global consulting industry over the course of the last five years, accounting for approximately 45% of all consulting work, globally, by the end of 2019. Having started out being treated by consulting firms as a distinct service, digital has become embedded in everything firms do, to the point where it's an increasingly meaningless term: Everything has become digital and digital has become everything.

The transition caused a predictable amount of chaos, as firms struggled to understand what it meant from the perspective of their organisation, their go-to-market strategies, and their brands, while individuals and teams scrambled for position in the hope that they'd be in the right place when the chaos subsided. How firms coped with the wave that was crashing over them went a long way to determining whether they led or followed, and grew a lot or grew a bit. Some are still stumbling around trying to figure it all out.

They need to do so quickly if they're not to miss the next wave. If the current crisis has taught business and society anything, it's that our world—from the way we work to the way we live—is far more fragile than we've been prepared to acknowledge. Sustainability is likely to be one of the defining issues of the next 20 years. Seen as a specialised, discrete area of consulting, just as digital once was, this is currently a small market—around US\$350m globally. But as sustainability starts to become a bigger and more visible component of other types of consulting work, its potential for growth is enormous. If 10% of the market for operations and risk consulting and 5% of the market for strategy work becomes explicitly driven by sustainability concerns—which is by no means unlikely in the current circumstances—then we end up with a US\$12bn market in five years' time. That's 20% bigger than the entire HR & change management market is likely to be.

With that in mind, this paper seeks to set out, in simple terms, the major lessons that are offered by the story of the digital transformation market about how firms can position themselves for success when the sustainability wave finally breaks. Because let's be clear about this: It will break, and when it does, someone is going to lead.



Schrödinger's cat. Or why sustainability should be treated in the same way as digital.

Prior to about 2010, the consulting industry organised itself in a very conventional way: It had services—some of which, like strategy, had been around for a very long time, and others, like business process re-engineering (BPR), which had been bolted on more recently—and it offered those services to a variety of sectors.

The result was that in most firms of any size, a matrix structure took hold organisationally, culturally, and in terms of how a firm took its capabilities to the market. But over the course of the last decade, a third dimension started to appear in what had, until then, been a two-dimensional world. It wasn't just that multidisciplinary projects started to become more frequent—in theory these could still be treated as a collection of conventional services, albeit tied together in some way—it was more that the topics driving them had a Schrödinger's cat-like quality to them. They seemed to be a thing and not a thing, all at the same time.

The most obvious case of this was digital transformation: It brought its own service lines with it—in the form of things like cybersecurity, RPA, and AI—but it existed beyond the confines of those services, colonising conventional service lines and becoming the lens through which everything else was seen. It was around this time that the CEO of a major blue chip famously told us: “We're working on our digital strategy. I have no idea what that means.” Judging by the response—or lack thereof—from many consulting firms, he wasn't alone. What's more, as if it wasn't confusing enough in itself, digital actually seemed to do the opposite of Schrödinger's cat: The more you looked at it, the more it disappeared. Long before the end of the decade, consultants and clients alike were starting to question whether anyone should be talking about digital any more, because the lines between what was digital and what wasn't had largely disappeared.



In searching for ways to understand the impact that sustainability will have on the consulting industry, and how it needs to respond, digital, in our view, provides the most plausible model: Sustainability might have been a discrete (and largely unsuccessful) service line in its own right until now, but it's quickly becoming something much, much bigger, to the point where we think it will start to behave a lot like digital.

After a critical initial phase—during which the actions of firms will go a long way to determining their eventual success in the market—sustainability will come to be seen as something that's a part of everything else. There will be strategy, but it will need to have a sustainability component to it. There will still be a drive for operational excellence, but part of that excellence will be its sustainability. Under pressure from investors, shareholders, consumers, employees, and its own conscience, every part of every organisation will come to ask itself what it can do—for its own sake as well as that of the world around it—to be more sustainable. And to that extent, the vehicle that will deliver sustainability into organisations will be transformation. It will transform what they do, how they do it, and even who they are, in precisely the same way that digital has done, and will continue to do, for some time.

Indeed, though this report deliberately intends to herald a new era of transformation—one that's dominated by sustainability—it doesn't suggest that digital transformation will simply go away, even if people stop talking about it as much. It is, in fact, highly likely that the two will not only run alongside each other, but be embedded in each other. Sustainable transformation will be digital. Digital transformation will be sustainable.

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