

Report
July 2023

EXTRACT



MARKET

The Sustainability
Consulting Market in 2023

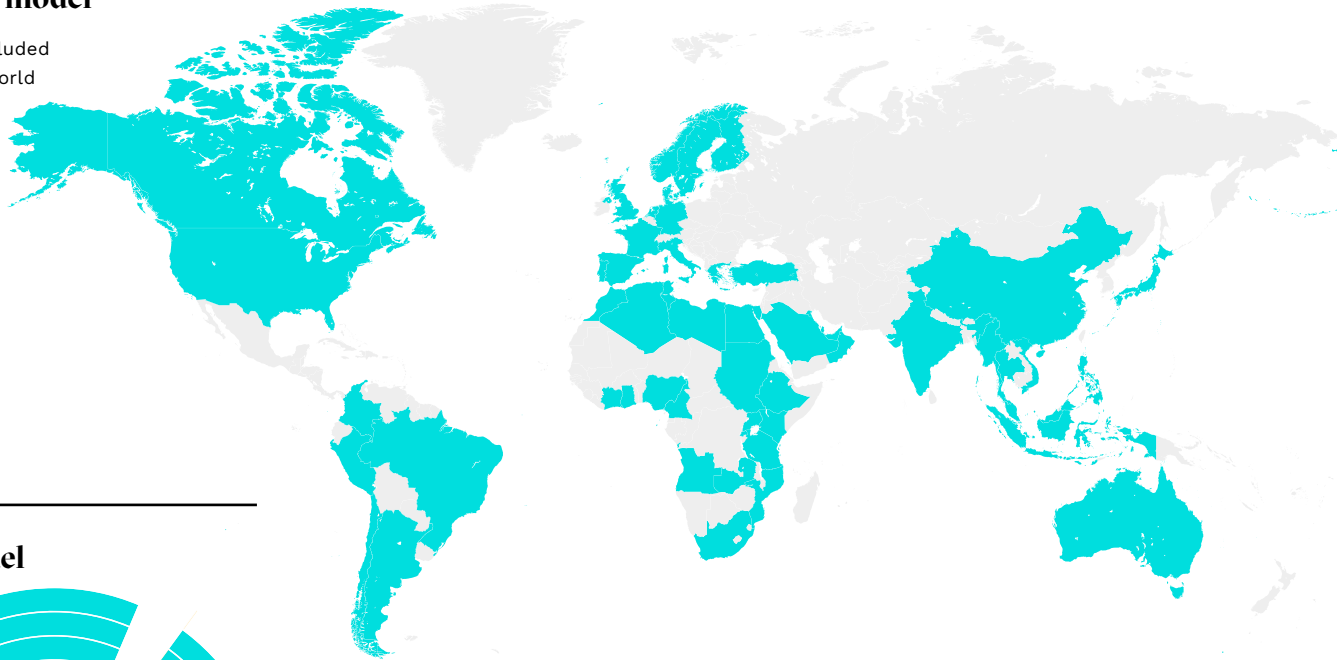


What's included in this report

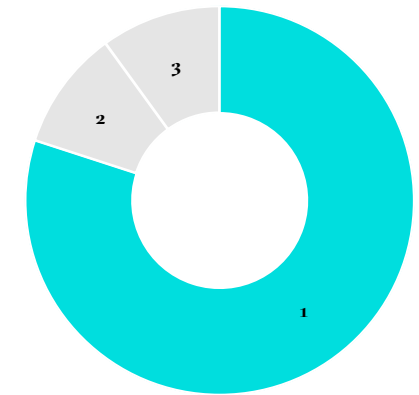
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter. Using our highly flexible, multidimensional model, we provide firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.

Geography model

- Countries included
- Rest of the world

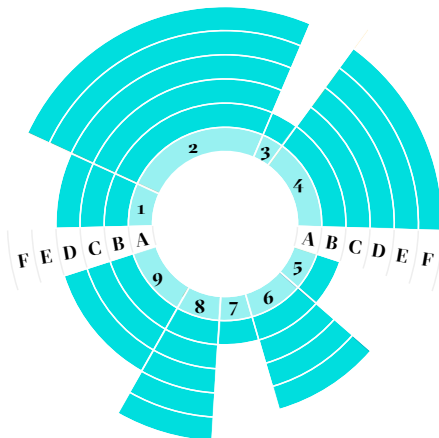


The revenue-earning model



- 1 Consulting
- 2 Managed service
- 3 Other (contingent fees, software licensing, associate networks)

Sector model



Sectors

- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms

Sub-sectors

- 1 A Energy
- 1 B Primary resources
- 1 C Utilities
- 2 A Banking
- 2 B Capital markets
- 2 C Insurance
- 2 D Investment and wealth management
- 2 E Private equity
- 3 A Healthcare
- 4 A Aerospace
- 4 B Automotive
- 4 C Construction
- 4 D Consumer electronics
- 4 E Consumer packaged goods
- 4 F Industrial products
- 5 A Pharma
- 6 A Defence
- 6 B Education
- 6 C Not-for-profit
- 6 D Public sector

- 7 A Retail
- 8 A Business services
- 8 B Leisure
- 8 C Logistics
- 8 D Real estate
- 8 E Transportation
- 9 A High-tech
- 9 B Media
- 9 C Telecoms

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Clients see sustainability as a responsibility that must be balanced with the overall health of the business.

While acknowledging the urgency of the climate crisis, most of the clients we've been speaking to don't intend to tackle sustainability as a stand-alone topic. Rather, it's seen as one priority among many, to be integrated and balanced with other business needs. Where possible, in the eyes of clients, projects should not only be good for the planet but good for the business, and vice versa.

That viewpoint has consequences for the actions that clients are taking in the sustainability space. Crucially, it means that, when other parts of the organisation require more urgent attention, sustainability is pushed further down the agenda. This is what we're seeing play out in the market at present: As clients are increasingly bitten by cost rises and inflation, their primary focus is on financial resilience—not sustainability.

And this mindset is not limited to the current uncertain times; clients are fundamentally growth-oriented and need to see value in their investment.

That's not to say clients are blind to the benefits of ESG. Sustainability is the topic of much discussion, and strategic planning in this space is ongoing. But the key here is balance: Clients are making sustainability one aspect of their plans, rather than the star.

What does this mean for consulting firms? To position themselves favourably, they must emphasise the business advantages that clients can gain from their sustainability efforts. Where possible, firms can integrate sustainability into larger business projects.

Sustainability consulting is not about sustainability expertise, but understanding how it all fits together.

Most of the clients we surveyed are confident that they can upskill their workforce and develop internal sustainability capabilities. But directing these new teams is more difficult, and clients are turning to consulting firms to assist them in aligning sustainability targets with their broader business objectives.

That means, on the supply side, niche sustainability expertise will need to sit alongside a host of other skills: Clients are interested in partnering with firms that possess traditional consulting skills, to seamlessly integrate sustainability work into larger transformation initiatives—a trend that looks set to benefit large firms, in particular. Meanwhile, sustainability strategy, regulatory compliance, and clean tech are set to drive consulting demand.

While firms still require sustainability experts, it is crucial that firms can offer broader business benefits too.

Market overview



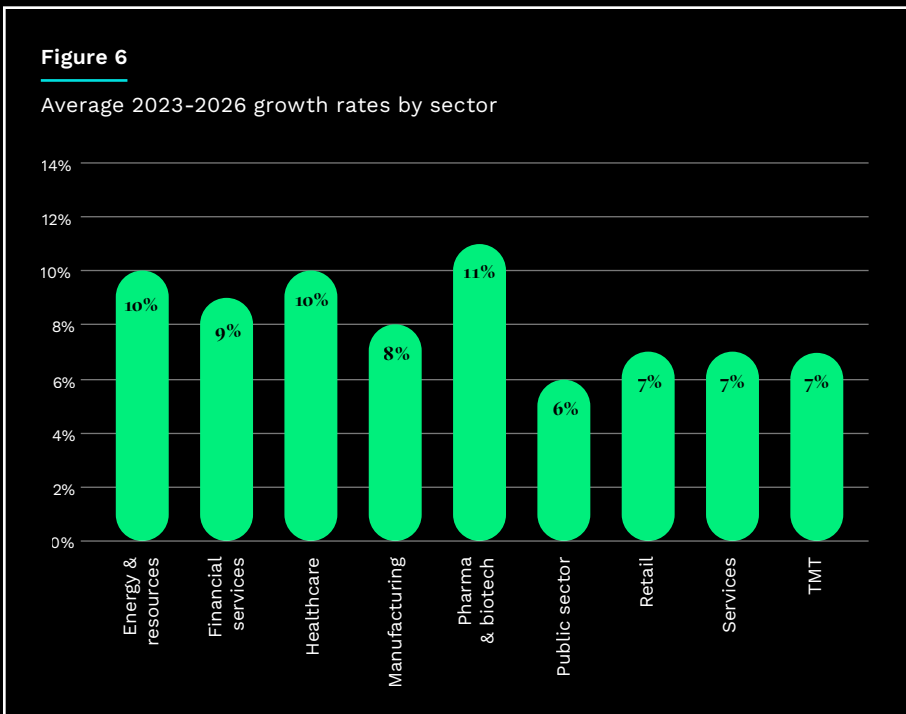
Financial services and manufacturing are the sectors generating the most sustainability consulting work

While revenues rose across the board in 2022, the financial services and manufacturing sectors emerged as the top users of external sustainability support, with consulting market value of \$15.9bn and \$14.4bn, respectively.

The financial services sector is heavily investing in sustainability issues, with clients in this sector primarily seeking assistance with sustainable financing, ESG-related risk management, and the implementation of clean technology.

On the other hand, the manufacturing sector is focusing its investment on improving infrastructure, operations, and technology, both to establish effective reporting mechanisms and revamp existing processes to reduce carbon emissions. Both sectors are projected to achieve growth rates between 8% and 9% in 2023.

The fastest-growing sectors are healthcare, pharma, and energy & resources. Much of the work in the energy & resources sector is concentrated on developing a viable green energy infrastructure to meet the rising regulatory demand for renewable energy sources. In healthcare and pharma, the emphasis is on clean technology. As both sectors undergo rapid digitisation, there is clear demand for ensuring that new technology infrastructures are energy efficient. These investments have resulted in a forecast of double-digit growth rates until 2026.



[Explore the data >>](#)

Insights from consultants

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Cédric Baecher, Partner, Sustainability and CSR, Wavestone

“Our clients come from every function or department, which signals that CSR and sustainability issues have become everyone’s business in large corporations.”

“Regulation is one of the key drivers, but it’s not the only one.”

“I think the big trends within ESG will survive new economic pressures because CSR is no longer a nice-to-have.”

How did the sustainability market perform in 2022 and early 2023?

I think it’s booming. We’ve seen the topic grow progressively over the last 20 years; for example, our first clients were people who had an interest in the management of scarce resources and were at the end of their careers in big corporations, so they were free to explore these topics. Now, our clients come from every function or department, which signals that CSR and sustainability issues have become everyone’s business in large corporations.

Boards have made incredibly ambitious commitments around net zero, but companies still have to do the work internally to find the right way to assemble and mobilise the resources needed to deliver these commitments, which is a huge challenge for now and in the years to come.

What do you think is the key driver behind the uptake in interest across all levels within companies?

Regulation is one of the key drivers, but it’s not the only one. There is also a new phenomenon in which employees are creating so-called “green teams” and putting internal pressure on management to take issues like carbon, water, and diversity & inclusion more seriously and truly adapt business models and management rules accordingly. ESG topics are becoming key parameters for external stakeholders, clients, and M&A deals, too, which therefore puts pressure on business models. In addition, with boards committing to net zero trajectories that are extraordinarily difficult to reach, everyone within the company has to deliver, because they know this will be a new angle from which their performances will be evaluated.

What effect has the economic uncertainty of the last 18 months had on clients’ demand for your services?

I think the big trends within ESG will survive new economic pressures because CSR is no longer a nice-to-have. Financial, regulatory, HR, and market requirements have all converged to make it a crucial matter, so it’s absolutely not a question of fewer opportunities for us—it’s a matter of more.

All these new opportunities for us will require more and more hybrid teams and interdisciplinary approaches from consulting firms. For example, around 70% of our project teams are staffed across several of our practices, bringing together experts in sustainability issues but also practitioners from areas like supply chain, financial services, manufacturing, and HR transformation. We do this because the key success factor is our ability to prove that we can connect the traditional business world with new ESG skills.

How are you finding attracting talent, given this need for a sufficient mix of sustainability and business nous amongst staff?

We of course need to find people with the passion and commitment to deal with today’s sustainability challenges, but we also need people who have the will and pragmatism to work hands-on in the field, without being dogmatic. Indeed, if we want to make sustainable transformation happen on the right scale, we need to involve traditional actors and help them leverage their size and capabilities to become actual actors of the transition.

Contributors

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

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Steve Varley	Global Vice Chair, Sustainability	EY

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