

North American Business Leaders' Forum

Outcomes and notes, May 5th, 2021

Key themes

- Rapid growth in ESG-focused sustainability advisory services
- Competition for talent intensifies
- Big Four professional services 'playing in our space'

Recommendations for environmental consulting and engineering firms:

- When recruiting, sell your firm's advantage in being able to bring together a range of technical disciplines to deliver sustainability solutions
- Tell the story on how the development of ESG-led sustainability services is creating new career opportunities
- Emphasise your domain knowledge, and its relevance to delivering real change in environmental outcomes
- Have your sustainability team review your own policies and strategy to make sure you're at the front of the pack and making necessary changes in your own organisation

Executives from 16 environmental consulting and engineering firms active in the US and Canada participated in an Environment Analyst roundtable on May 5th organised by our Sustainability Delivery Group. We discussed the new space for ESG-focused sustainability advisory services now opening up in North America having gained momentum in Europe over the past few years. The outcomes will feed into Environment Analyst's [Global Business Summit on June 8th-16th](#). Join the debate!

Pandemic accelerates the drive for sustainability

Need to realign services. One roundtable participant described how the pandemic had "exponentially accelerated" interest in ESG - and that this was having a knock-on impact on the traditional services in environmental consulting and engineering, like water, remediation, energy, etc.

Clients often overestimate their maturity. "Often clients are overshooting where they think they are on the maturity matrix," said another participant. "Oftentimes the Big Four can then step in to fill that void".

Influencing as well as implementing. Part of the realignment process is that clients are now looking at consultants to tell them what they should be doing. “We have got that opportunity to be influencers as well as implementers.”

Competing for talent with management consultants

Pulling away talent. Environmental firms finding that management consultants are pulling away their talent in order to add more environmental substance to their advisory services. They can't easily compete with Big Four remuneration packages. However, there is a quality of life issue to consider, especially in regard to long-hours culture in management consulting and audit firms.

Being able to deliver. Another aspect that makes working for a technical firm attractive is “being surrounded by integrated solutions”. Being part of bigger plays where they are supported by technical experts who they know can deliver.

Expect more movement between firms. We should expect to see more people moving between firms - technical specialists moving to management consultancies, and vice versa.

Domain knowledge vs C suite influence

Credibility. Professional services firms have C suite influence and credibility. “They have unbelievable power,” as one roundtable participant put it. “The truth is, however, they are not the most well qualified to be leading these efforts.”

Domain knowledge. The key competitive advantage for environmental consulting and engineering firms is their depth of domain knowledge. To deliver strong value added solutions, the industry needs to evolve from field to C suite.

True transformation. Many clients are looking for technical advisory services, not just management consultancy. Clients are moving away from ticking a box or producing a report towards truly transforming their business.

Better career opportunities: The cultural transition is, according to one participant, going to elevate the industry. “It will give us access to opportunities and provide our people with better career opportunities.”

Integrated skills. Being able to integrate digital and AI skills with “nuts and bolts” engineers should be a competitive advantage for the technical firms. “We are foraging new territory. What it looks like to be ESG-focused while also implementing and helping our clients to transform and update their operations.”

Nuance - shades of grey. You need a multidisciplinary team to understand the nuances when managing environmental and sustainability issues.

Pure play ESG fallacy. Participants argued that ESG reporting should not be a pure-play activity as that would mean just filling in the forms. “From my perspective, it is not a pure play,” said one executive. “It's all about how they are doing these things - carbon, social, etc. The ‘how’ is actually a

different sort of work, so from my perspective the management consultants are stepping out of bounds.”

“Playing in our space”. There was a note of exasperation, with one participant saying there were a “whole bunch of firms who are not part of our space but are playing in our space.” Another said that clients are slightly dazzled by the Big Four - “although they [management consultants] will then try to partner with us and charge three times our rate for our advice.”

Strategic partnerships. Others argued that there was more than enough room, and that strategic partnerships between environmental consultants and management consultants would play an important part. “Without such partnerships, the Big Four are going to look a bit emperor’s new clothes as clients seek more focused outcomes.”

Antidote to greenwashing

Walking the walk. Participants agreed that it was important for consulting firms to address internal issues. “Are we putting in the necessary changes in our organisation?”

ESG-linked credit. One of the firms at the roundtable had set up a sustainability linked credit facility. “If we don’t meet our ESG metrics, we pay more on our loan. “The challenge for us was finding someone who would audit our work.” It includes metrics concerning the firm’s role in helping clients solve their environmental problems.

Science and data. A key role for the environmental consulting industry is to provide the technical expertise to build credibility in ESG reporting. “Our industry is positioned to help clients with strong data rather than just broad statements,” said one business leader. “It’s a journey. Carbon reporting is much stronger today. It’s an area of opportunity for us as environmental consultants.”

Digital transformation

Unscalable barrier no more. The pandemic has helped accelerate digital transformation - the flattening of organisations (with video calls, etc) has facilitated team building and interaction. This has helped catalyze the conversation on how to bring digitalization to clients.

Integrated services. Data is integrated into all aspects of the business. If you’re not there you’ll be left behind. The consulting, advisory, digital and domain expertise are integrated.

Making it meaningful. Environmental consulting firms can differentiate themselves by making data meaningful. It’s the nuance. It’s also important to understand that not all things are easily measurable - e.g. biodiversity.

“Just what we do”. Digital is not “other” any more, it’s “just what we do”. The risk of digitalisation is it gets defined as something else. We look at it as a consulting environment that’s enabled by digital skills. An expansion of capabilities but not actually something that is different. Digitalisation ends up running us if we’re not careful.

Roundtable participants

Kathleen M. Abbott	President Environment	Arcadis
Jean-Luc Allard	Director, Acoustics, Air, and Climate Change	SNC-Lavalin
Kurt Beil	N Hemisphere Environment Lead	GHD
Curt Bjurlin	VP Environmental Services - Power	Stantec
Brooke Bonkoski	Senior Vice President, Operations Director	Arcadis
André-Martin Bouchard	Global environment director	WSP
Angie Dickson	President	Inogen Alliance
Lisa Fewins	Managing Director, Environment	Black & Veatch
Todd Grosshandler	Head of Commercialization	Montrose Environmental
Jennifer Kohlsaatt	Senior Vice President & Regional Practice Leader - Environment	Mott MacDonald
Mike Lancioni	President, Science & Environment Division	Cardno
Don McCallum	Vice President, Environment	Morrison Hershfield
Lucy Morton	Global Environmental Practice Leader	Mott MacDonald
Chris Mulligan	Global Chief Strategy Officer	SLR
Todd Musterait	Chief Growth Officer	APEX
Leslie Shoemaker	President and Chief Sustainability Officer	Tetra Tech
Lytle Troutt	President, Resilient Environments	Wood
Jan Walstrom	Senior Vice President of Strategy & Solutions	Jacobs

Credits

This roundtable was organised by Environment Analyst's [Sustainability Delivery Group](#). With thanks to EA team members Julian Rose, Liz Trew, Ross Griffiths and Vanessa Spedding for their work on the roundtable. A copy of Ross's market data presentation is available on request.

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