

## Why lockdown is liminal space for Anthesis

CEO Stuart McLachlan tells Environment Analyst why he believes the COVID crisis provides an unexpected opportunity to not only 'build back better' but to usher in a completely new phase of sustainability purpose.

Chief executive and co-founder of London-headquartered Anthesis Group, Stuart McLachlan, discusses how the global pandemic response and recovery is underscoring "the sustainability and digital nexus". And how the consultancy and all-round "sustainability activator" - is steeling itself for the ramp up. Environment Analyst's Liz Trew reports.

As Anthesis enters its eighth year of trading and the coronavirus lockdown has imposed a period of introspection on us all, McLachlan believes the world has been given an unexpected but valuable opportunity right at the beginning of the decisive decade, that of "liminal space". That is a time of hastening transformational change between when one period ends and the next starts. And in this case the new frontier is the nexus between sustainability and digitalisation.

"Yes there is undoubtedly traction around building back better, which essentially means building back greener," he explains, "but 'going liminal' is more than that; recognising that in lockdown there is a need to dwell, appreciate and learn from this phase rather than simply being in survival mode.

"Notwithstanding the profound tragedy of COVID, there are a lot of helpful things which are coming out of this crisis in preparation for the climate crisis. While we're not under any illusion that we're through the eye of the storm, at Anthesis there is also optimism to get to the other side and adapt to the new normal which is being accelerated by the pandemic response and recovery plans."

"COVID has shone a light on social inequalities but in parallel, we also see COVID as a leveller of business hierarchy - and also as a leveller of status. Perhaps we can shift the power dynamics from hierarchies of

status power, to communities of passion, of purpose, and of collaboration where we share a common interest and mission," McLachlan suggests.

He cites an example of liminal space allowing, in this case the company internally, to find new and better ways of doing business. "A few weeks into lockdown, some team members in Bristol took the initiative. They developed an opt-in 'buddy' system based on some simple coding and an algorithm. Following a one-minute registration, we are teamed up with a different colleague each week, somewhere in the world, with whom we have an informal video chat.

"It's probably done more for building relationships and sharing knowledge than many of the more carbon intensive face to face meetings that we have promoted over the years," says McLachlan. It also underlines the firm's global connectivity and the idea that every 'Anthesian' should be a gateway to the firm's full suite of resources and client base and to "avoid siloed thinking".

"It's really helped us to get to know our colleagues in a virtual space - remember this time is about physical distancing not social distancing."

Anthesis boasts clients across many industry sectors including multinationals such as Reckitt Benckiser, Cisco, Tesco, The North Face and Target, whilst also supporting early stage companies in line with its sustainability solutions focus through the Anthesis Ventures arm launched last year. Environment Analyst last week reported on one of the initial start-ups it has selected to fund, a biotech innovator called Remediate which makes technologies to convert carbon dioxide into nutrient-rich algae for sustainable food sources - which if scaled has the potential to halve global



greenhouse gas emissions.

Anthesis Group's 500+ sustainability experts - of which around 15% are data scientists - operate in over 40 countries around the world with offices in Andorra, Brazil, Canada, China, Colombia, Finland, France, Germany, Ireland, Italy, the Middle East, the Philippines, Portugal, Spain, Sweden, the UK and the US. The firm made gross revenues of £28m (\$34m) in 2018.

### Client commitment

But are clients sticking to their climate and sustainability plans through the downturn, EA asked McLachlan? On the contrary, he responds "our experience is that the majority of our clients have doubled down on their commitments to sustainability through this crisis".

"Which makes it different to the recession of 2008/09. We are seeing fewer projects cancelled or postponed than expected.



Clients have doubled down on their commitments to sustainability through this crisis

Initially, caution was applied by clients as the scale and impacts of COVID were unearthened. However sustainability is no longer seen as a nice to have or a discretionary spend. It's seen as a necessary spend, although that is not to say some clients have not been distracted, and it wouldn't be surprising if the work continues to come in at a slower pace for a month or two."

Hence, Anthesis has taken prudent measures to mitigate against such risks, small as they may be, by furloughing a limited number of staff.

"As a business we are navigating through it from a position of strength, being fairly small and still quite new; and this makes us agile within a dynamic marketplace which is still holding up well. We see most of our main sectors as pretty safe - healthcare, tech, retail - which puts us in a good place," he adds.

Another initiative to come out of the crisis was the decision to make Anthesis' proprietary 'Activator Hubs' free for clients until the end of 2020. Launched a few years back based on an initial supply chain solution

designed for food retail giant Tesco, the Activator Hub forms a community platform to encourage multiple stakeholders to play their part in delivering sustainability - whether for a large retailer, a private equity firm that wants to bring all of its assets on the journey to meet sustainability/ESG targets, down to a paper cups manufacturer, explains McLachlan.

"We've found the hubs help increase efficiencies and productivity...and during the crisis stakeholder communication is super relevant so we're doing it for free till the end of the year because it also helps get the market used to using the technology. This is a further reflection of the digital/sustainability frontier - we will need to look more at how to leverage the power of this nexus to be more impactful."

### Accelerating change

Another Anthesian example of the nexus accelerating "by perhaps five years" because of the crisis, cited by McLachlan, is where energy auditing is concerned. "We are now doing energy audits for firms across the world through our local staff - who may not necessarily be energy experts themselves by live-streaming the data recorded on chest cameras. This offers great efficiencies in undertaking audits remotely; there are some limitations but our clients are generally very supportive, and it's a very low carbon way of working."

And on a planetary level, he is now certain that the answer to many of the world's biggest problems including the climate crisis will be found at the nexus of sustainability and digital solutions. "The EU has pledged that every Euro spent on economic stimulus needs to drive building back greener, which makes the EU Green Deal even more relevant.

"But what we don't know yet is how all this is going to change people's behaviour for the long term, because consumer behaviour shift - ultimately for them to consume less - is the real game changer. Some experts are saying that if we stay in lockdown for an extended

period it then becomes more habitual to have a lighter impact on the planet.

"But then how do our clients adapt to that," he asks "when they thought they had 10 years or even 30 years till net zero?"

### Unintended consequences

Another key question for business leaders like McLachlan at this time is what shape the recession will take?

"Some say it will be V-shaped, others say U or L-shaped, but I think this could be Y-shaped with some companies and industries dropping out completely, while others will rebound more strongly," he argues. "We're closely monitoring the situation across all our regions, and whichever shape it takes, we're ready to support the business and our clients through it."

And there will be strategic opportunities for Anthesis to be found "in the demolition rubble of COVID" as McLachlan puts it. "There will be quality companies which will be in need of a new platform [ownership transfer] for all sorts of reasons, be it capital shortages or management burn out. We're very experienced in doing M&A and successfully integrating them within the group having acquired no less than thirteen businesses in seven years. I definitely see openings here."

Anthesis Group's adventurous, acquisitive side was exemplified through its most recent buy, that of the Spanish-based consultancy Lavola at the beginning of last year. Whilst many Northern European players actively avoid acquiring in the southern European climes, Anthesis was bold in making the move, almost doubling its global headcount through this addition.

It's an experience McLachlan insists has been extremely positive and one he is clearly keen to replicate. "We are very well aligned with the Lavola team from a values perspective. Yes the Spanish business culture is very different, but we have a saying at Anthesis: 'Unity rather than uniformity'."

We are delighted that Stuart McLachlan will be joining the global industry response panel at the (now virtual) **Environment Analyst Business Summit 2020** in a few weeks' time offering his insights on the shape and future direction of the market through the climate decade whilst managing the immediate pandemic risks and challenges.

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