United we stand, divided we fall:

BUILDING SUCCESSFUL RELATIONSHIPS IN CORPORATE RESPONSIBILITY AND SUSTAINABILITY

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KEY MESSAGES

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CR and Sustainability is essential to realising value at the intersection of business and society. However, there is **insecurity** among in-house and consulting professionals. This profession is relatively new and still forming. Status of professionals is constantly negotiated. Employment routes are not well-defined and professionals view each path as distinct and disconnected. These career paths are driven by the same passion to make a difference but it is still challenging to achieve change. Although its prominence is increasing, most companies are lagging behind in understanding the CR and Sustainability concept or taking it fully on board. The field is still niche.

2

The profession is in a transparency crisis. Both in-house and consulting professionals identify **honesty** as the most important factor that influences client-consultant relationships. This is linked to being authentic. Both sides are passionate, but constrained by organisational factors. They have to remain authentic despite these constraints. To achieve this, they are required by the other side to be honest and transparent. They need to bring down walls and work towards a common goal.

3

CR and Sustainability is not just another management fashion and it is unlike other business services. Professionals see themselves as passionate individuals working in an ambiguous field with a multidisciplinary subject that is still not mainstream. This **distinctiveness** results in very particular tensions and requires bespoke resolutions.

4

This research identified 7 values associated with working with consultants in the field of CR and Sustainability beyond financial and CR and Sustainability (social and environmental) impact: **knowledge, collaborative, legitimacy, relational, resource, validation,** and **accountability** values. Both in-house and consulting professionals need to be aware and transparent about these values for the relationship to be more satisfying, effective, and successful.

INTRODUCTION

"Change does not happen by itself. It must be pursued with vigour, and by all of society. (...) The sustainable journey that we need to take is in everybody's best interest. Nobody benefits from catastrophic climate change or rampant unemployment and the social unrest that comes with it. Prosperous, stable societies and a healthy planet are the bedrock of political stability, economic growth and flourishing new markets. Everyone has a role to play."

H.E. Ban Ki-moon, Secretary-General, United Nations, 2013

In the past two decades, the corporate world has become one of the key actors expected to pursue change towards a more sustainable future. Its involvement at this intersection of business and society is referred to in this report as the field of Corporate Responsibility (CR) and Sustainability.

The development of CR and Sustainability may be told in various ways depending on which of its streams are in focus. 'Social responsibilities' in business emerged at the end of the 19th century in the United States. These responsibilities were linked to individuals and their philanthropic endeavours and led to debates on the role of business in society. From the 1960s, there has been an increased interest in the effect of economic growth on the environment and the limitations posed by finite environmental resources. The concept of 'sustainable development' emerged from forestry management at the end of the 1980s with the Brundtland Report providing a clear definition in 1987. An intergovernmental emphasis on sustainable development raised awareness not just within society, but in business as well. It was only from the 1990s, following corporate scandals relating to sweatshops and exploitation of indigenous communities that the modern concept of 'sustainability' started to embody social concerns. Parallel to these developments, industrial incidents in the 1970s and early 1980s resulted in the introduction of health, safety, and environment (HSE) management and reporting, and from the 1990s onward, a number of companies established internal HSE departments. Environmental reporting in the early days was supported by environmental consultants, who offered specialist

technical advice. In the 1990s, the aforementioned scandals and rising issues with globalisation generated a substantial decrease of trust in companies. Public attention directed corporate focus on environmental degradation, increasing poverty, community involvement, and ethical trading. A number of initiatives and standards sprung up at this time.

In the 2000s, businesses started to pay attention to the changing societal requirements, but their focus remained on risk aversion. Companies already managed a number of issues related to CR and Sustainability internally, for example, labour relations, codes of conduct, health and safety, philanthropic donations, but these were disconnected and did not realise potential opportunities. Interactions with civil society actors were mainly confrontational.

In the last 16 years, more companies started to engage and realise the benefits of CR and Sustainability. The field is now moving from traditional strategies of risk aversion to contemporary strategies of functional integration and opportunity seeking. The business case for CR and Sustainability is now more established. Non-financial reporting has increased exponentially, advancing from 44 to more than 4000 CR and Sustainability reports being submitted to the Global Reporting Initiative between 2000 and 2015[1] and 73% of the largest 250 global companies now produce reports[2]. Companies are just starting to integrate CR and Sustainability more into their core business functions, however, this remains a slow and complex process[3]. Still not all companies 'walk the talk', which

means there is a gap between reporting and performance.

The history of CR and Sustainability has been charted in various platforms, but we still know relatively little about the profession, about the individuals making this history. In comparison with other business disciplines or functions, it is a new and still forming profession. Career routes are not yet well defined. Either professionals work within a company (in-house) or they are at a consultancy, a non-governmental organisation (NGO), a research or academic institution, or an intergovernmental or industry organisation. . Transitions across these positions are increasing, but this research shows that the profession could still benefit from more.

This report focuses on two particular actors that play a role in working towards sustainable change in the corporate world: in-house CR and Sustainability professionals and consultants, who work within this particular field. The aim of this study is to help both of these actors to achieve greater impact in their relationships with the hope of improving the personal, societal, and corporate value of these interactions. There is little systematic evidence about what makes a relationship between consultants and their clients successful, particularly in the field of CR and Sustainability. Therefore, this research project asks: How can the relationship between CR and Sustainability consultants and in-house professionals be built and managed more successfully? The research is based on extensive interviews with CR and Sustainability consultants and in-house professionals (see page 31 for further detail), and it:

- Specifies distinctiveness of the field.
- Defines success in a CR and Sustainability relationship.
- Identifies key factors that enable and threaten this success.
- Paints a picture of an ideal consultant and an ideal client.
- Uncovers a number of tensions in the field.
- Proposes greater transparency in client-consultant interactions and suggests useful techniques.
- Detects a number of trends in these professional relationships.

Findings show that the UK CR and Sustainability profession connects strongly with a common goal and has a sense of distinctiveness compared to other areas of consulting services, such as strategy or finance. This leads to specific dilemmas, to which generic solutions might not be applicable.

Corporate Responsibility and Sustainability Professionals

This research focuses on CR and Sustainability professionals working in-house within a company (clients) and professionals working for organisations that provide CR and Sustainability advisory services to these companies (consultants).
CR and Sustainability is defined as all corporate activities that address the intersection between business and society and focus on companies' responsibilities for their social, environmental, and economic impact in the short, medium, and long term.
CR and Sustainability consulting services vary greatly to list them in this space, but they typically include strategy development and implementation, policy development, impact measurement and analysis, reporting, stakeholder engagement, assurance, certification, social and environmental audits.

Client

A client is an in-house professional and a buyer of consultant services. Client can refer to both the individual and the organisation. There can be different types of client individuals within the client organisation with reference to the consulting project: contact, intermediate, primary, contract, ultimate, and sponsoring[4] (Kubr, 1976). There can be cases, when it is not always clear who the client is. This research only focuses on corporate clients.

FINDINGS

make end guess budget find feel managing working sure put deliver training building right company reporting obviously value comes relationships thinking need trying experience call companies clients development sometimes personal data sustainability strategy involved getting time people interesting talk still know team issues build see role management consultants client change mean job consultancy never better long organization good report process understand take big information consultant well often important difficult sense consulting different project services help done corporate relationship thought try business great projects assurance meeting use approach specific person best senior manager come manage worked now new give many
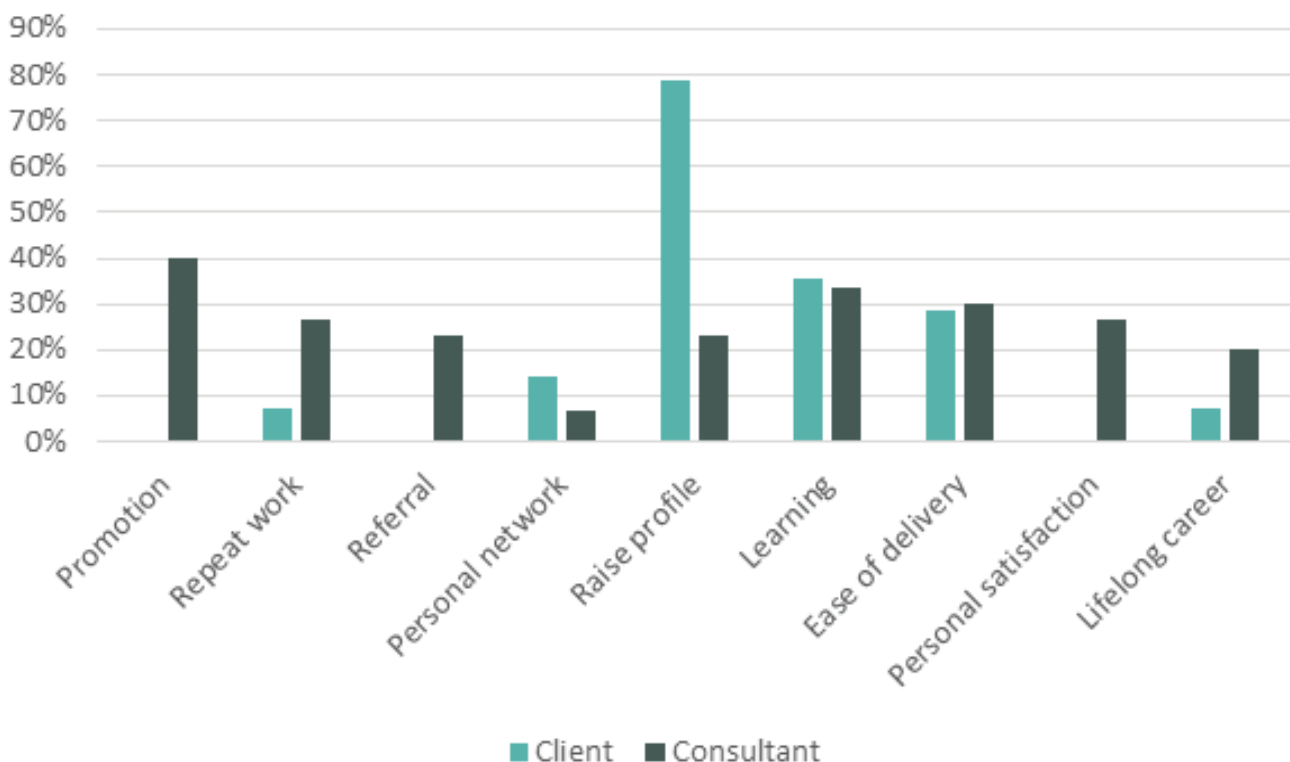
1. RELATIONSHIPS MATTER

It is a common refrain that client relationships are the raison d'etre of consultancy services; that fostering client relationships maximises returns. This report argues that there is much more to building positive relationships for both the client and the consultant than just profits. Figure 1 shows the various benefits clients and consultants gain from successful relationships in this research. Developing and maintaining relationships ensures that we can work in an enhanced work environment and find more satisfaction in our everyday life. As one interviewee said, nobody wants to start every morning with a fight. Toxic relationships affect our work morale and the gratification we gain from our job. Strong relationships, however, bring us closer to our ultimate goal of achieving more impact. Relationships take time to build, but can be quick to destroy.

Consulting relationships connect people rather than organisations; hence, our focus is on interpersonal relationships. Personal interactions transect organisational relationships and organisational relationships are dependent on a network of individual connections. Clients will often continue doing work with a consultant not because they are from a particular firm, but because they like to work with them.

Sustainability is based on the notion that we need to think long-term, however, when it comes to relationships we often forget to do this. We rarely have time or inclination to unpick our work relationships and often we may be guessing what the other side thinks. Even if we have regular conversations, there is a lack of transparency and honesty in our communications. We never truly know what went well and what could have gone better. For example, clients may say that price inhibited the next job or the next proposal, but is that really the case? The next sections take a deep dive into these relationships with the aim to enhance our understanding.

Figure 1. Benefits of successful client-consultant relationships in CR and Sustainability, (n=14, n=30)
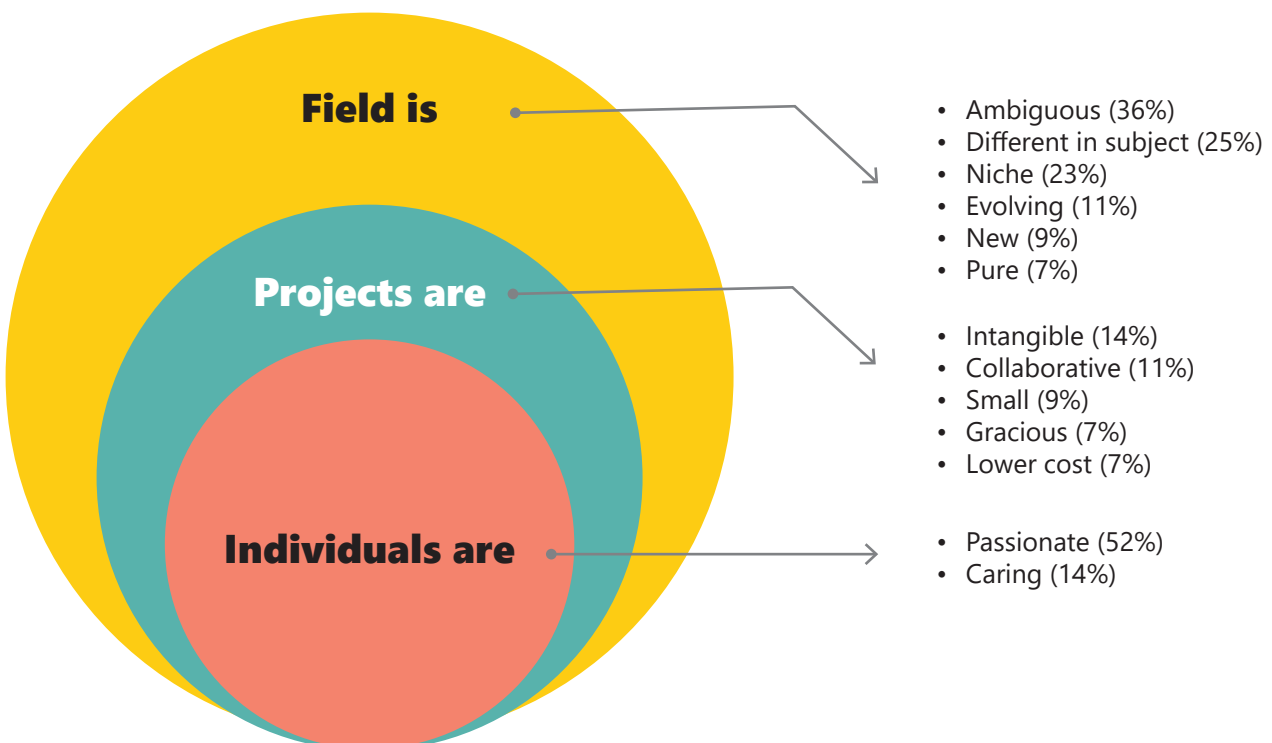
2. DISTINCTIVE RELATIONSHIPS

Vast majority of research participants (91%) perceive relationships in the CR and Sustainability field to be distinctive compared to other areas of consulting services. Figure 2 shows that reasons for this vary across three levels: the individual, the project, and the field itself. Ambiguity of the field and passion of the individuals are the most prevalent features. Interviewees first note distinctiveness of the field of CR and Sustainability, followed by the individuals, and finally the projects.

The fact that professionals view their field, the nature of their projects, and themselves different from any other business service, should in theory strengthen the feeling of belonging to a group and band these professionals together. However, relationships are often characterised more by their focus on the differences between the consultant side and the in-house professional side regardless of the common characteristics. They actually rarely recognise that they are indeed on the same team.

The distinctiveness that makes CR and Sustainability relationships unique may also suggest that issues, and the resolutions to them, are different for this field compared to other consulting services (e.g. business strategy, IT). First, there is the contrast between purpose and profit. As it seeks increased consulting market share, the CR and Sustainability field matures. This results in the commercialization of the field that is often perceived to stand in stark contrast with the 'purity of the cause' and the social and environmental drive of the professionals. This contrast means that the perceived authenticity of the actors is questioned, which can jeopardise the relationships between in-house and consulting professionals. Second, the ambiguity of this field results in a lack of clarity in expectations on both sides that places an unnecessary strain on the relationship. Third, passion also means increased requirement for commitment to CR and Sustainability on both sides. Changing mindsets is an emotional journey for these professionals. This report will unpack these implications in more detail.

Figure 2. Factors that make CR and Sustainability relationships distinctive (Percentage of interviewees mentioning factor)

Field is
- Ambiguous (36%)
- Different in subject (25%)
- Niche (23%)
- Evolving (11%)
- New (9%)
- Pure (7%)

Projects are
- Intangible (14%)
- Collaborative (11%)
- Small (9%)
- Gracious (7%)
- Lower cost (7%)

Individuals are
- Passionate (52%)
- Caring (14%)

2.1 Individual distinctiveness

Individuals are distinctive in two ways:
- First, interviewees note that professionals in the field are more passionate than in other business services. They are value-driven and strongly motivated by the purpose to make a positive impact in the world and work towards a more sustainable future. This passion fuels engagement, extracurricular involvement, and often overwork. Since these common goals may not be realised in the short term, there is a risk of discontent that can lead to demoralisation and burnout. Even if the consultancy is set up out of pragmatic considerations, consultants would not be able to be credible without exhibiting this passion in some shape or form.
- Second, individuals care and tend to be caring and friendly. Professionals need to balance their passion for having sustainable impact with the business value to achieve change within the corporate context and avoid idealistic quests.

> "I think sustainability in particular stands out, because often we're really lucky in that **our clients are quite engaged on the topic and they're quite passionate people**. It's different talking to someone about how can we innovate our products to use less water in Africa, than talking to someone about how do I redesign this credit card payment process to include three different insurance brokers or whatever. It's just like nobody cares." (Consultant at a Large Strategy Consultancy)

> "It's only different in so far as there are dual motivations in sustainability and this I think applies to the clients as much as to the consultants. **We both want to make an impact in terms of making that organization with the clients more sustainable, but we understand that that's only possible if you can do it in such a way that it enhances the business value as well.** Whereas a traditional consulting relationship is purely about performance or about delivering value in the operational sense." (Head of CR at a Law Firm)

2.2 Project distinctiveness

Projects are distinctive in five ways:
- The intangibility of particular CR and Sustainability services results in a more subjective consultant selection process on the client side. What professionals want to achieve during the project is more difficult to define. Recommendations are based less on tangible benefits; therefore, it is more difficult to make the business case for them.
- Projects are more collaborative in nature. Both clients and consultants note to some extent (11%) that professionals are working closer and projects feel more like partnerships in CR and Sustainability. A consultant also highlights that a Head of an in-house CR and Sustainability team may also work across the organisation more than the CFO, for example, or Head of HR.
- CR and Sustainability projects tend to be relatively short and staffed by small teams. Typically, CR and Sustainability assurance and reporting projects re-occur annually with around 4 months of engagement, and consulting projects are shorter and rarely exceed a year. Project team size is dependent on the type of services and size of the organisation, but seldom, if ever exceeds a team of five consultants. Business strategy services in larger consultancies, in comparison, tend to include a minimum of 10 people on one project. Taking advantage of the small teams, consultants and clients in CR and Sustainability should have a closer relationship.
- Projects comprise of 'nice' tasks that do not tend to be detrimental to the organisation, for example, community investment decisions rather than laying off employees. Professionals in-house, however, may still find themselves in the crossfire, if they implement a project that annoys employees.
- Last, CR and sustainability projects are viewed differently in terms of their financial value in comparison with other business services. They often lack in-house financial support and consultants work at much lower rates than their counterparts within generalist strategy or accounting firms. This, in turn, limits the team size and length of the budget, while the scope of the project may remain extensive.

"I think because the people in both organizations will be driven and motivated by something that is over and above a commercial aim, a commercial objective. I don't do this job for the money. I don't do this job particularly for 'Cosmo'. It's to make that supply chain a better place. If you're working with a supply chain consultancy, yes, they're trying to get your business, but they are motivated as well by making supply chains a better place. **There's a common and mutual motivation there that I think helps to transcend the client-customer relationship to some extent. CSR and sustainability consultants,** I would say are a bit of a different beast." (CR Manager at a S&P 500 Manufacturing Firm)

2.3 Field distinctiveness

The field is distinctive in six ways:
- Consulting CR and Sustainability services are tailored towards reducing ambiguity, however, they can never fully eliminate it, as uncertainty is inherent in the CR and sustainability concepts themselves:
  - The CR and sustainability concepts are vague and their rationale, value, and link to organisational objectives are not clearly defined. In most of CR and Sustainability services, there are no manuals, templates, or frameworks to follow, and there is uncertainty regarding initiatives and solutions. Measurements are self-defined and vary across businesses.
  - In a rapidly changing environment, it is often difficult to predict what the future will bring in the short, medium, and long term. Professionals need to translate this forward-looking uncertainty to the organisation and specify how it will affect the company or the industry.
  - When making decisions, it is ambiguous what actions are right or wrong in terms of their ultimate impact on all stakeholders. This is less contentious in other business services, where the ultimate stakeholder is the shareholder and decisions are viewed mostly from a business efficiency perspective. This moral ambiguity and subsequent negotiations may also raise tensions in the field.
  - Mostly as an outcome of previous ambiguities, clients find it difficult to be clear in their requirements and often their requests to consultants are not pragmatic or actionable. In addition, the status and mandate of these in-house professional is often less defined.

- The CR and Sustainability field is also distinctive because of its subject. This subject is perceived to be complex, multidisciplinary, and often, depending on the CR and Sustainability service, it requires a combination of broad understanding, innovative thinking, and comprehensive technical knowledge.
- Even though general thinking about corporate responsibility and sustainability has changed in the business world in the past decade, CR and Sustainability professionals argue that these services remained unconventional and niche compared to other mainstream business consulting services. Individuals still fail to fully understand CR and Sustainability or its value to the organisation. They see it as something 'nice and fluffy' and seclude it from the mainstream, which results in more struggle in the field.
- At the same time, CR and Sustainability is an innovative and rapidly evolving topic, and this places additional pressure on professionals to stay at the cutting edge.
- The field is relatively new in comparison with other business disciplines and services (e.g. accounting, strategy, and human resources). Companies did not engage formally in CR and Sustainability, as we understand the concept today, twenty years ago. The lack of long record of accomplishment adds to its distinctiveness.
- There is also an inherent duality in the concept, which we refer to as the contrast between purpose and profit. Professionals are required to align something non-commercial or 'pure' with commercial interests.

"I understand that it might be a bit more challenging the fact that a lot of projects we work on are on new issues that don't have established methodologies for doing or they're all, **there's a lot of emerging issues in sustainability that we don't have necessarily a long track record of providing, it's not like there's a manual where we can just consult and advise based on the manual. I think it is differen**t purely because a lot of the topics we work on are so new and so recently emerging." (Manager at a Big4 Firm)

"It's not seen as core. They struggle to see the business value in it I think, if I'm honest. **It's seen as a peripheral issue, one that can't be ignored, but it's not core.** (...) I'd say all the big corporates who talk about their sustainability, if you scratch below the surface, they find they really struggle with things. I don't think things are quite as everybody would say they are. There's a little bit of lipstick on the gorilla in many cases." (Director at a Large Engineering Consultancy Firm)

3. VALUE CREATED BY WORKING WITH CONSULTANTS

There are a number of presumptions about why clients hire consultants. These presumptions often result in dissatisfaction on both sides. Being aware of and transparent about the actual motives for hiring consultants could help align expectation and build trust between participants. This research finds that these motives are driven by seven values that consultants and clients seek to obtain from the project or relationship. We do not list financial value separately as this is assumed to be connected to all other values, similarly to social and environmental value. Both clients and consultants should be very clear what values they seek to obtain, and how important they are in comparison with each other in order for the project or relationship to be satisfying, effective, and successful.

Value created	Prevalence	Description	Client	Consultant
Knowledge value	**86%**	Value of advice and insight based on consultant skills and expertise that often results in learning on both client and consultant sides.	X	X
Collaborative value	73%	Value of partnership, when client and consultant work together to solve a problem or achieve a goal.	X	X
Legitimacy value	**55%**	Value of client empowerment and increasing acceptance of CR and Sustainability concepts and projects internally and increasing credentials for consultants.	X	X
Relational value	55%	Value of enhanced relationships in between clients and consultants, internally within the client firm, or with external networks.	X	X
Resource value	**48%**	Value of additional client capacity through outsourcing or secondment.	X	
Validation value	36%	Value of independence in reviewing information internally.	X	
Accountability value	**16%**	Value of accountability towards external or internal stakeholders.	X	

Table 1. Prevalence of values gained in consultant-client projects and relationships, (n=44)

Knowledge value. The traditional view on hiring consultants is for their expertise. Based on their specialized knowledge, they can provide advice, help, or guidance to the client. They bring insights and enable the client to stay in touch with latest thinking. They are the trusted advisors or credible experts. Assurance recommendations are also a way of providing advice. It is an important expectation that the insight provided is novel, something that the client has not thought of. Consultant knowledge may solve particular problems or consultants may even identify and clarify the correct problem. This is the case when goals are too vague, they do not cut to the main issues, or their communication is not clear. In a few cases, consultants need to translate knowledge, turning complex theories and terminologies into pragmatic actions. Clarification and translation stem from the ambiguity and complexity of the field and may be more CR and Sustainability specific. It is not just expertise, but skills that consultants bring to the table. At times, the objective is for the client to learn, but without exception, the consultant will also learn on every project (about the client, the industry, and the processes).

Collaborative value. Collaboration, working for a common goal, and comradery is also a value that an engagement can achieve. How far the project is collaborative will depend on the services, but even on the most technical projects, consultants will rely on the client to achieve their goal. Client knowledge and expertise is also crucial for success. The emphasis is on partnership and co-creation. The consultant is a critical friend, a colleague. In higher hierarchical positions, both sides welcome being challenged by the other, as they feel this helps them achieve more and have a greater impact. Challenge may work better at the decision-making level, not at lower levels where focus is on the implementation of specific tasks. Collaborative value is typical to good relationships in CR and Sustainability projects, and this is even the case for assurance projects.

Legitimacy value. Often value that is obtained through a project or relationship is some form of empowerment. If there is a lack of senior in-house support, consultants build business case for CR and Sustainability, provide legitimacy for the project, or help shape the agenda. In-house professionals can leverage the insight that consultants bring, as it may carry more weight. Often large consultancies draw internal stakeholder maps of the client organisation to understand power structures within the client firm, so they can better leverage their firm wide connections to empower in-house teams to solve problems or achieve change. Legitimacy value also explains why external consultants may be more effective than internal auditors carrying out non-financial assurance. Larger consultancies have their internal networks and brand name, while smaller ones might bring that insight or speak a particular language. Consultants may also look for legitimacy value when taking on a new project, in terms of building a legitimate list of credentials. The other side of the coin is gaining legitimacy through using consultants as scapegoats;

however, this may detrimentally affect both the project and the relationship especially in CR and Sustainability.

Relational value. Relational value manifests itself in enhanced connections. This may be achieved by focussing on the personal goals of client individuals regarding their recognition within their company and their long-term career. Often a stronger relationship comes from consultants being aware of the ramification a project has on the individual, or enabling clients to manage the net of internal stakeholders effectively. This can include explicit coordination between internal stakeholders with multiple interests and priorities or even managing tensions between them. Stakeholder mapping could be a collaborative exercise between client and consultant to enhance this value. In-house professionals could also obtain relational value by taking advantage of consultants' external networks, where the consultant is an 'honest broker'.

Resource value. Resource value relates to hiring consultants as an extra pair of hands. Often, client teams are small and do not have the capacity to undertake projects. These are typically outsourcing relationships, or when consultants are seconded to client firms, where the need is more in capacity not in skillset. In outsourcing, clients hire consultants to complete a job without their extensive involvement. Similarly, in secondments, the consultancy firm's participation is limited. This value is more short term, transactional, and requires less of an expertise.

Validation value. Validation value arises from the consultant being external and independent of the client organisation. They can bring an external perspective, a fresh pair of eyes to the project. As independent actors, they can review, confirm, and certify information on the company, its operation, and processes for internal validation. However, they can never be truly independent, as they will inadvertently serve particular interests in the client firm. For example, the client individual who is hiring consultants may see their position or status within the client firm strengthened or see consultants as less independent as they are the ones ultimately paying for their services. This can explain why clients in assurance projects may overlook the accountability value below.

Accountability value. In the case of assurance or social and environmental audit projects in particular, consultants have the responsibility to hold client companies to account. In cases, they go further down the supply chain and hold suppliers or factories to account. Once contracted, this value is not optional for the client. If disregarded, this can often put a strain on the client-consultant relationship and jeopardize the independence and reputation of the consultant. Clients and consultants can work collaboratively and still deliver this value. It is up to the judgement of the consultant, what they see as material requirement. By holding client companies to account, consultants provide external legitimacy to the non-financial information that the company communicates. However, their remit is confined to the information they are contracted to review.

4. SUCCESS IN THE RELATIONSHIP

Successful relationships do not necessarily result in a successful project and successful projects will not guarantee successful relationships. What do we mean then by a successful relationship?

Specific to the CR and Sustainability field, success may means having an impact. It is a win-win-win scenario, where value is obtained not just by the consultant and the client firm, but also society at large. The bond that results from both sides feeling they made a difference cannot be underestimated.

Successful relationships also have to do with both the length and depth of the relationship. In terms of length, CR and Sustainability professionals are looking for
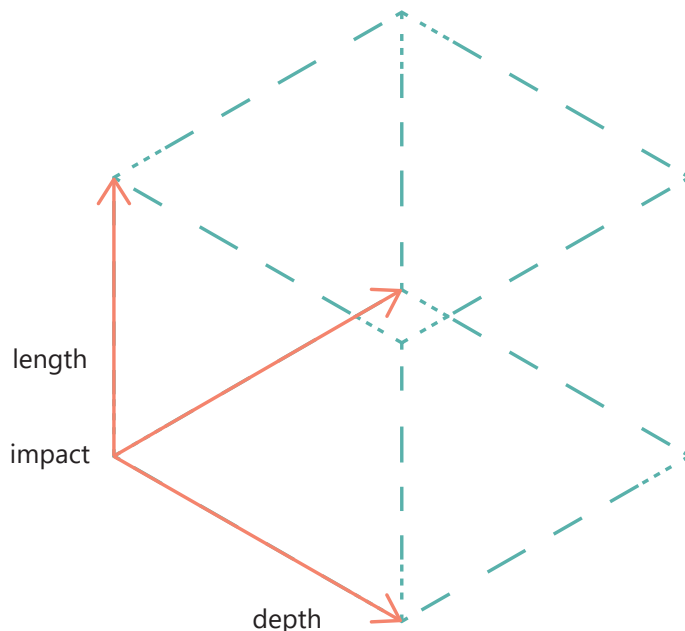
a relationship that is ongoing, continuous, and enduring. Something that is longer than just a project scope and it is not just a transaction. However, length is not enough without depth. To achieve and maintain appropriate depth of the relationship requires continuous work, as much as in a personal relationship, otherwise the relationship may become stale. Increasing the depth, professionals have to go beyond a commercial relationship and build a 'professional friendship', where both sides feel comfortable reaching out, communicate more informally, have generally interesting conversations, and view the relationship as being part of one team. This requires the realization that both sides are indeed on the same team and share a common goal.

> "Then, success is seeing the final deliverable, and then being really pleased with it, and actually helping to make a difference. That to me is success, a **successful sale through to delivery, through to implementation.**"
> (Director at a Large Dedicated Consultancy)

> "In terms of clients, I think ideally you get to the point where they feel entirely comfortable picking up the phone and getting help with something. **It's making them feel comfortable with you.**"
> (Senior Consultant at a Small Dedicated Consultancy)

Every relationship has the potential to move along the spectrum of these three dimensions of length, depth, and impact. Looking at the illustration below, professionals need to be at the top right hand corner of

the intersection of these dimensions to obtain the most intrinsic and extrinsic benefits from the relationship. However, there are certain factors that may enable and limit this movement, which we detail in Section 6.

5. THE IDEAL CLIENT AND THE IDEAL CONSULTANT

Below, we draw a picture of an ideal client and an ideal consultant, based on how their counterparts describe them in the research interviews.

The Ideal Client

- Collaborative
- Engaged in the project
- Passionate and ambitious
- Value consultant's work
- Reach out
- Understand how a consultancy work
- Have the budget
- Think long term
- Introduce consultant internally
- Invest in the relationship
- Decisive and have mandate
- Efficient
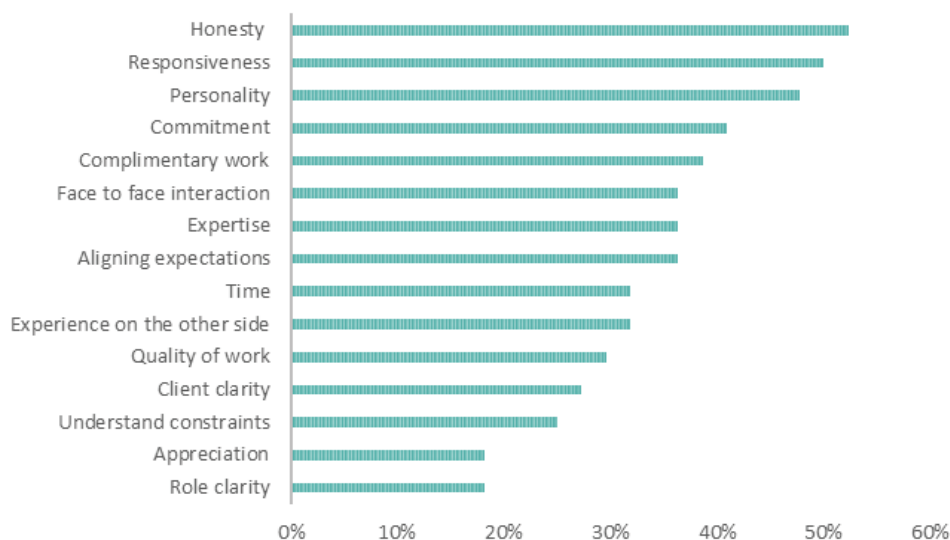- Do not barter on assurance statement

The Ideal Consultant

- Appreciate organizational constraints (regulation, internal stakeholders, politics, data limitations)
- Excellent quality of work (including good project management)
- Think about project impact on client individuals
- Good personality & chemistry
- Challenge client on their best interest
- Expert insight that resonates
- Speak the executive language
- Not too idealistic
- Minimal red tape
- Know the industry / company
- Transparent about team changes
- Take on difficult conversations
- Keep in touch

6. FACTORS THAT INFLUENCE THE RELATIONSHIP

Various factors can enable or threaten the success of a relationship. These can be either external factors, such as time, organisational, and hierarchical structure or internal factors, such as type of communication or extent of client or consultant knowledge. This research uncovers a multitude of these factors, each of which would require a separate study. Trust and distrust are excluded as separate factors, because they are inherent in these relationships and, as such, they are impacted by the factors detailed below. In the following sections, we describe the five most prominent enablers and threats to relationships in CR and Sustainability.

Figure 3. Factors that enable successful relationships in CR and Sustainability (Percentage of 44 interviewees mentioning the factor)

6.1 Most prominent enablers

6.1.1 Honesty

For in-house professionals, it is important that consultants are honest in telling them what is feasible to achieve in the given timeframe of a project. Clients believe that consultants are often not transparent and they agree to everything, which cause them frustration. They prefer hearing the truth rather than what the consultants assume they want to hear. They also expect and appreciate that consultants update them when things do not go according to plan. Consultants also think this last aspect is essential. They note that not everything can be planned in a project, which may be related to the ambiguous nature of the field, but being timely and transparent about it builds trust and ultimately a stronger relationship. It is also important for consultants that clients feel comfortable so they open up and are willing to discuss their problems honestly, enabling the consultant to help where the clients really need it. This, however, needs time to develop, and frequent, informal, and face-to-face communication accelerates the process. Being

transparent with the client about the capabilities of the consultant team helps managing client expectations and building trust. Often appearing in the best light is telling the client what the consulting team cannot do. Several consultants reflect that having difficult conversations with clients can benefit the relationship. They mention when a relationship is not bringing the expected value, rejecting potential engagements, or having an informal conversation about price. A few consultants suspect that clients might not be fully honest in their feedback at the end of the projects and in the RFP (request for proposal) process, while they also suggest that clients could be more open about their preferred working style in the beginning of the projects.

> "I think relationships, where they just say, 'Yes, yes, yes, yes, we can do this, we can do that, we can do that', it doesn't really give you anything to work off. **I think it's just key that everybody's honest and set expectations and keep it honest, and don't feel that you have to be a 'Yes Man'."** (CR Manager at a Real Estate Firm)

6.1.2 Responsiveness

Frequency and speed of communication is crucial in client-consultant relationships. The extent of responsiveness required depends on the client's working style, industry or firm culture, and the urgency of the project. A non-responding consultant may stall internal progress of a project, a non-responding client may jeopardise the project plan and cause the project to go over budget. Responsiveness is not just an enabler, but also a prerequisite for good relationships.

> "The thing I find that the clients never seem to grasp is that, you don't just work for them. If they sent you an email and you've not replied within an hour, it's probably because you're out at meetings. I think it's that appreciation. **The challenge in terms of from your consulting side, they're meant to feel like they're number one, and whatever they need, you're here. The reality is, that you just don't have that time always."** (Manager at a Big4)"

> "I joined 'Company Z' right kind of towards the end of their CR report delivery and there was an agency that was working on the CR report at that time and **they just were not very good at turning things around on time, getting back to me, letting us know where things were.** You'd send them a request that would be very, very small, that should be done within ten to fifteen minutes and we wouldn't hear back for an hour. Those types of things were frustrating." (Head of CR at a FTSE100 Service Firm)

6.1.3 Personality

Personal attributes and chemistry influence all types of relationships and work relationships are not an exception. Both in-house and consulting professionals perceive attributes, such as humour, friendliness, charisma, and politeness to strengthen the relationship. Consultants need to have certain interpersonal skills to engage with clients easily. These include sensitivity, inclusiveness, assertiveness, and empathy. Personality can also enable or hinder a consultant's success in building new relationships. In contrast with the typical consultant stereotype, a number of interviewees admit that they 'hate' selling. They see themselves as introverts, too shy, or just not having the skills. For the same reasons, professionals view personality not just an enabler but also a key threat to relationships, but we bypass repeating these below.

> If you think about Max and the 'Consultancy S' people, they're really super supportive. **Obviously they want to close out on everything as well, but it's their nature as well I think as people, is really inclusive.** [...] They are really inclusive in the way that they are, 'This is one of the things we need to do, let's have a pre-call, just me and you, and we can make sure that everything's on track, what other help do you need?' [...] they're all working towards the same thing even though they are our assurers." (Sustainability Manager at a FTSE100 Manufacturing Firm)

6.1.4 Commitment to CR and Sustainability

Consultants, across different organisations, feel that in relationships, where there is commitment to CR and Sustainability, it is clearer that both sides are working towards the same goal, they feel more challenged, and learning is mutual. Commitment for consultants means that the client individual, supported by their organisation, would like to achieve meaningful change by aiming for leadership in the field. They are 'brave' and ambitious in taking higher risks and setting challenging and meaningful targets. As a result, consultants feel more engaged and feel pride of the impact the relationship achieved. They carry this pride long after the project or relationship ended. Lack of commitment means that CR and Sustainability is just a 'tick-box' exercise, clients are not taking on the consultants' advice, and client actions are not in line with reporting. Consultants argue that in these cases they feel the client is not getting the value they could receive. In comparison with not-for-profit organisations, corporate consultants are most often not in the position to select their clients based on their commitment, which often leads to frustration when it's lacking. Clients also perceive commitment, dedication, and enthusiasm on the consultant side as enabling a good relationship.
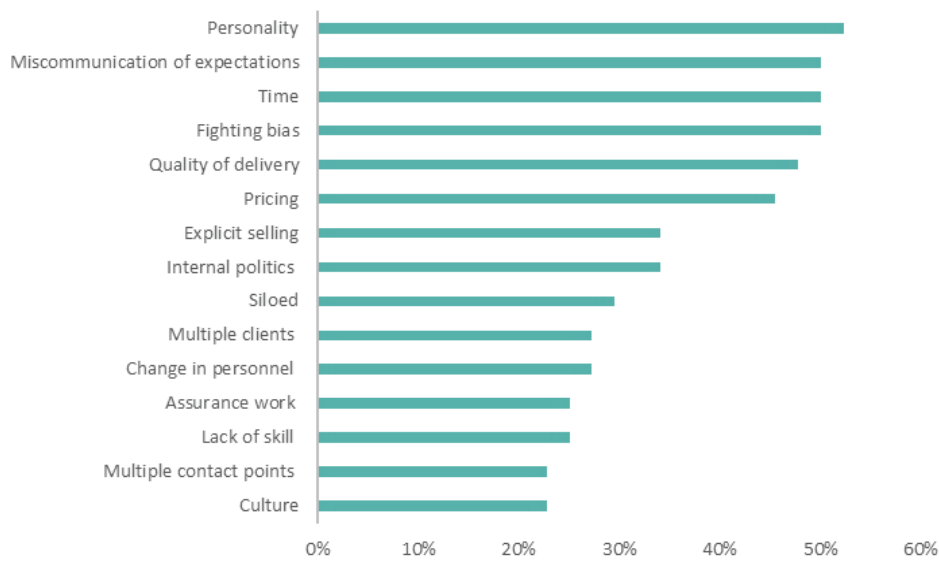
> "'X firm' were a really great client because they wanted excellence, and they were really good as it was. **I really loved working with them, because it challenged you to produce even better work. You really had to think.** That was a really productive relationship. They valued what you said, they really appreciated your time, they appreciated the effort, they valued your insight, and anything you said informally outside was appreciated and noted and taken on board and respected. A**s opposed to some other clients, where they are just doing it for the sake of it. You submit the report; it's never going to see the light of day. They don't do anything with it. You just feel it's a waste of time."** (Director at a Large Dedicated Consultancy)

6.1.5 Complimentary work

Consultants suggest that bringing something extra to the relationship and engagements helps developing better relationships. This tends to be investing time and offering complimentary work, such as free training, benchmarking or just sending relevant articles through. Clients confirm that they appreciate value for money and value consultants are delivering beyond expectations. There is a fine balance between offering complimentary work and remaining financially viable, which is often very difficult to strike. These activities are not chargeable to the client engagement and are viewed as business development with existing clients. Often consultants undertake these activities in their free time, and if all consultancies wish to differentiate themselves by providing value above what is expected, this may lead to overwork.

> "They know that you're a consultant, so it's no surprise that you can't deliver all your services for free. I think if they didn't value your opinion, they wouldn't be coming to you for your opinion, and they recognize that at some point, they're going to have to pay for those services. At the same time, I mean **where I've got some of the big clients, I'm more than happy to invest my time for free, to provide them additional value.** On one of my clients, for example, they're an assurance client, and I give them quarterly updates. [...] They get a lot of value out of that, which is good. Yeah, you're happy to do that if you're getting something in return, it can't all be take, take, take." (Manager at a Big4)

Figure 4. Factors that threaten successful relationships in CR and Sustainability (Percentage of 44 interviewees mentioning the factor)

6.2 Most prominent threats

6.2.1 Miscommunication of expectations

Both clients and consultants view miscommunication of expectations within a project as one of the most detrimental threat to their relationship. This often comes from the ambiguity of the concept and the intangible nature of the projects and results in increased project scope and impaired project plans, which means not delivering work on time and on budget. Even more, it may cause disappointment and loss of trust. Even if clients and consultants explicitly agree on what and how consultants will deliver, their agreement may conceal different assumptions. Clients tell stories, when they had to painstakingly rewrite deliverables to be able to share them with their seniors, and having to do more work than anticipated. Being unclear about expectations can be particularly detrimental in assurance projects, when consultants are already contracted by the time the client realises that their systems and processes are not ready for external scrutiny or they are not willing to make changes to them. It is essential to be transparent about the reason a consultant is hired and the value each side wish to obtain from the project and the relationship. Both clients and consultants need to be aware of the variety of different expectations the other faces in their organisations. Knowing how the other side works in practice would also support having realistic expectations.

"Going through this data migration process from one database to three databases, I think has just shown up that there are so many errors in our data and in the database because of manual input, because a process wasn't in place or processes weren't properly followed or whatever it is. **It's just shown up for me that it isn't the Rolls Royce you thought you were buying, it's a knackered old Cortina."**
(CR Manager at a S&P 500 Manufacturing Firm)

"Really easy to undermine if I had a client going, you've won the work, **you've impressed us, we're really excited to work with you and then in that first initial honeymoon, hang on a minute, I thought we were supposed to be doing this, why aren't we doing that?** Where are we? All of the questions which make them think, have I chosen the right agency?" (Senior Consultant at a Creative Agency)

6.2.2 Time

Time is a factor that affects both building new client relationships and maintaining them. Clients and consultants working in reporting and assurance struggle to find time for relationship building activities during their 'busy season' (typically November to May). Finding the right client to engage and build trust with also takes time. Preparing for proposals and pitches usually requires more time than clients would think, so they often do not allow the necessary timeframes, which cause frustration on the consultant side. Time consultants can spend with clients is also constrained by the money the client invests in the relationship. During projects there is always a time pressure coming from internal reporting deadlines, or from consultants, juggling multiple clients, needing to plan with a strict timeframe.

Communication in these instances can be stressful and put a strain on the relationship. Not meeting deadlines also results in very challenging conversations. There may be a conflict in the approach to time, in terms of reserving blocks of time to do the work or using the time to do multiple tasks. Shorter projects do not allow sufficient time for a trusting relationship to develop.

> **"We tend to have an eight week window, and I think sometimes client find that hard because we're pushing them, pushing them,** pushing them, but we know that at the end of the eight weeks we've got to have something done, and we've got to have something delivered and then our team has got to leave and do something else." (Manager at a Big4)

> **"Often it's time: time to develop relationships, time to develop accounts, time to put into pitches so you do a good job.** When you're trying to deliver to keep your existing clients happy, it's the hardest balance." (Client Director at a Creative Agency)

> "I guess I would do less of that type of engagements at particular times of the year where I've got a heavier workload, so say **during the reporting season, I'm not going to be engaging with consultants outside of projects because I just don't have the time.** After the report, and I've got a little bit more free time, I'm going to be thinking about the year ahead or the future year, future strategies, then I would be much more open to speaking with consultants around future activity."
> (Head of CR at a FSTE100 Service Company)

6.2.3 Figthing bias

Preconceived ideas about individuals, consultants, and CR and Sustainability itself also pose a threat to relationships. There is a stereotyped expectation of what CR and Sustainability is, especially from individuals who are not well versed in the area. This can often stall conversations within the client organisation, within the consultant organisation, or in between client and consultant. This comes from the field being relatively new and niche and may result in consultants and clients using multiple framing of issues for different stakeholders. Similarly, there are instances when CR and Sustainability professionals are stereotyped (i.e. tree-huggers), which may also result in using multiple frames when presenting one's self. Prejudice against individuals based on race, gender, nationality and age, also exists in this field, which is surprising given the ethical nature of the subject. Professionals view this more of a problem in certain industries, such as construction and finance. However, this is hidden and rarely affects the client-consultant relationship at the organisational level, as consultants tend to disregard the issue or bring in colleagues or seniors to take over projects. While both clients and consultants face prejudice and biases against CR and Sustainability, consultants encounter the stigmatisation of their occupation. There is a stereotyped expectation of what a consultant is (i.e. how they work, how much they earn, and why they are hired), and often CR and Sustainability consultants struggle with this preconception or stigma, because they feel it is removed from their daily practices. They refer to being "slavish", a "servant", a "chimpanzee", and "just being good at PowerPoint". They may encounter this attitude when the client has not worked with consultants before, or when senior individuals are bringing in consultants and the daily contact lacks the buy-in, or in assurance projects when the client may feel a power imbalance.

"Sometimes I go in and say, 'Hi, I'm Daniel. I look after sustainability at 'Consulting C'.
I'm a sustainability person.' [...] Sometimes you go in and go, 'Hi, I'm Daniel. I'm Consulting Director at 'Consulting C'. I look after all of our strategic output. I'm here today to talk about your brand. We need to reach your CEO.' **It's storytelling. I don't know, it's probably some kind of underlying personality disorder, but you do have to switch a bit. That's just tailoring the message to the audience."**
(Director at a Creative Agency)

"I don't know, I see it also when I go and speak to clients. It's very clear when you speak to a client that has never worked with a consultant before. They don't understand how to manage that relationship, and that can make it really awkward. **When you've got a client that treats you like a slave, or treats you in a way that they wouldn't otherwise treat their own colleague, it can make that relationship really tiresome.** I don't think you get the full benefits out of that relationship when they don't treat you like a colleague that can make it really hard." (Manager at a Big4)

6.2.4 Quality of delivery

Quality of delivery encompasses the quality of the final deliverable but also the quality of the project delivery process. It not only considers content, but project management as well. Consultants need to deliver projects on time, within budget and of good quality. Anything that goes wrong in this process, may have ramifications to the client individual's career, jeopardise trust, and negatively affect the relationship. As a result, there is pressure on the consultant not to make any mistakes. Quality of delivery is strongly connected to time pressures and miscommunication of expectations, but it is influenced by a number of other factors, such as skills and expertise, or lack of resources.

"You give them a little reason not to trust you, and if you don't look after it, that little thing can become a massive crack. Then a crack becomes a chasm, and then all of a sudden you don't have a big enough bridge to get to them anymore. This becomes too difficult. That tight, close line of communication." (Director a at Creative Agency)

"At the end of the day, if they **can't deliver something on time and to budget and to good quality then we're less likely to work together again."** (Head of CR at a FSTE100 Service Company)
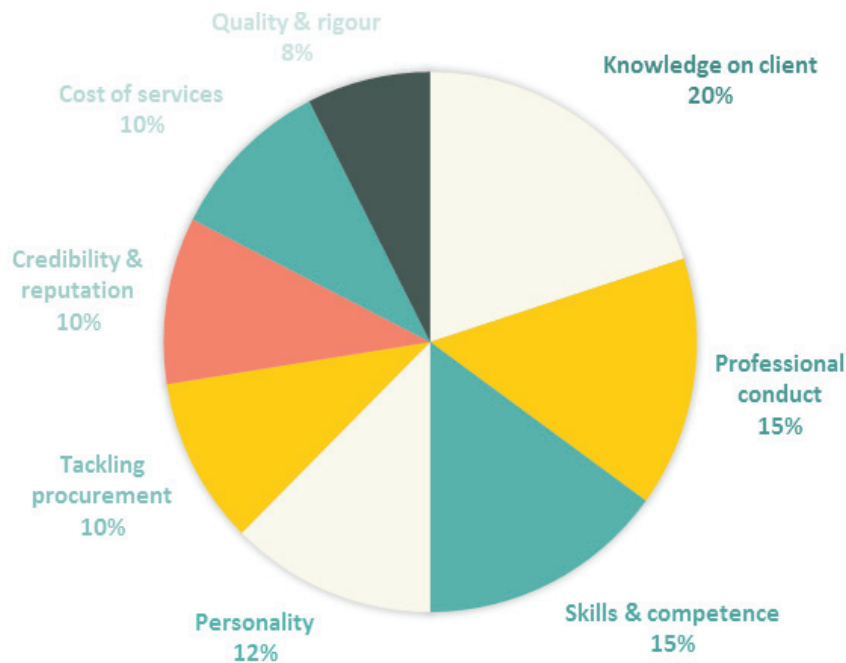
6.2.5 Pricing

Consultants recognise pricing as a crucial element of winning work and therefore building new relationships. The largest threat in this respect is, if the client does not have resources available for the scope of work requested. This may result in price or scope negotiations that could hinder the developing relationship. Consultants may take on a project at a lower price than would be viable for them just to invest in the relationship. Lack of resources may also mean that consultants are not being able to justify the required time spent on the project. Clients also mention their frustration regarding budget restrictions, dealing with additional costs, but also highlight their need to obtain value for money.

Consultants in accounting and large dedicated consultancies and creative agencies also note the threat of being perceived as too expensive. As Figure 5 shows, for clients, pricing does not seem to be the most important criteria for choosing consultants. Budgetary considerations are not as crucial in the decision-making process as one might think. Even though client feedback often cites that the tender was lost on price, this may as well be a routine response. In the CR and Sustainability field, projects tend to be smaller and available budgets much tighter than the typical financial consulting or auditing projects. However, the market has matured enough that projects now tend to have a typical price and proposals are mostly within a 15% range. Therefore, the importance of project costs has become relative to other factors and value becomes more of a measurement factor. For example, clients may pay slightly more for the right team or right competence, but services may become suddenly too expensive if quality of work drops. Available budgets,however, often signal the organisation's general approach towards CR and Sustainability, and it might limit the size of the project that clients can commission. As boundaries űbetween in-house and consulting careers become more permeable, the level of sophistication also grows in terms of what 'money can buy' for the client. Clients are becoming more savvy in what they can barter on.
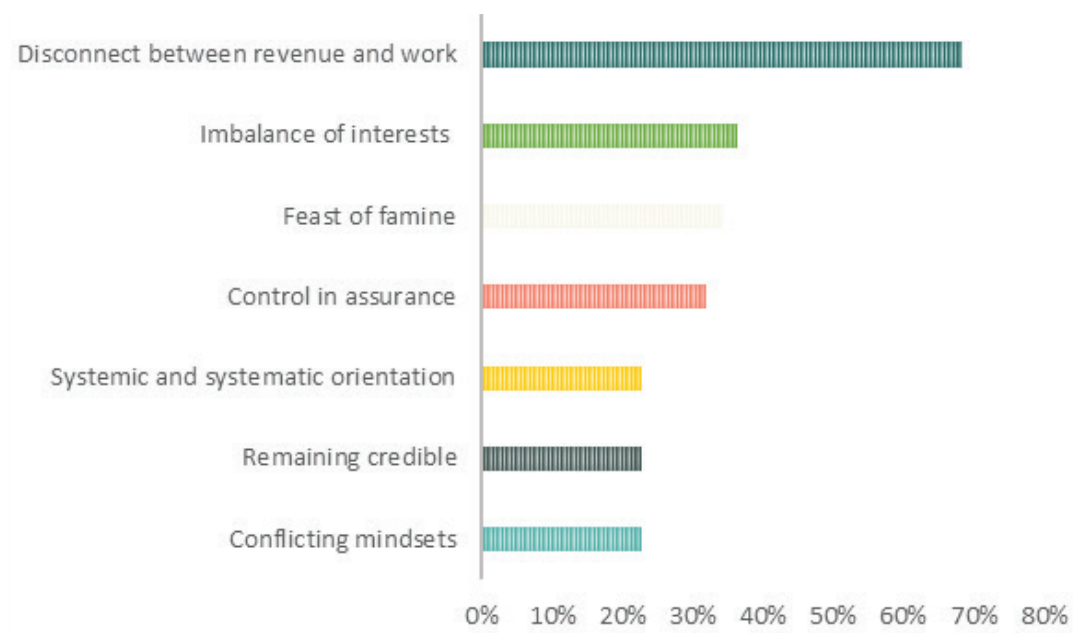
Figure 5. Selection criteria used by clients choosing consultants (based on client responses only) showing that pricing of services is not the most important criteria for clients

7. KEY TENSIONS

This research identifies a number of tensions that arise in the relationship of clients and consultants in the field. Many of these tensions exist outside consulting as well, but CR and Sustainability professionals perceive these particular ones as the most pertinent in their field. It may be that due to distinctive characteristics, lower costs, ambiguity of the field, and passion of the individuals, professionals experience these tensions differently, therefore their resolutions may also need to be different.

Figure 6. Key tensions in the CR and Sustainability field (Percentage of 44 interviewees mentioning the factor)

7.1 Disconnect between revenue and work

The niche and ambiguous nature of the CR and Sustainability field means that consultants often undersell their work compared to other equivalent mainstream services. Companies determine the price of a consulting service depending on the value they perceive to gain from it. The value associated with CR and Sustainability is still lower than other business services. In comparison, while both audit and advisory fees are measured in the millions for the FTSE100 companies, CR and Sustainability assurance and advisory fees are typically in the thousands for the same companies (anything from £5,000 to £400,000). Lower rates mean that projects need to be smaller and hence consultants deliver proportionally more value on their projects. Especially in larger generalist consultancies, this creates tension as the CR and Sustainability team is looking to survive the competition of internal peer services that are paid substantially more. For these companies, charge-out rates are universal for the entire company regardless of service, so they have to be more careful with senior time on the projects. Clients, however, often do not want junior consultants working on their projects. In order to build relationships or expand their credentials, both large and small consultancies take on work that is not always cost effective. Clients at the same time are strapped for resources and look to obtain the most value from the project ('sweating the asset'), which often puts a strain on the relationship. There is an observed difference between industries, with construction perceived as the strictest and tobacco and oil & gas typically the most generous. Companies, who aim for leadership in the area, also tend to have larger budgets. In some cases, there is a gap between what clients would like to achieve and what budget they have available. There can be a lack of understanding of the cost of different services. One of the results for trying to deliver more value for lower cost is that often consultants cannot deliver projects on budget and on time.

This issue is labelled as 'scope creep'. It can be dealt with in three ways: the client firm agrees to pay more, the consultancy firm absorbs the cost, or consultants work unpaid overtime (no short-term cost to the consultancy firm). Consultants view conversations about revenue with the client uncomfortable and difficult; and they often struggle to have them. This may be an issue for both small and large consultancies. Unpaid overtime is particularly pertinent in the field also fuelled by the passion of the individuals. Providing free work as in investment into the relationship is widely accepted and expected in the field.

"They get charged seven or eight hours a day, and they're never ever charged more than that, whereas I don't think I've worked a seven hour day since I've been at 'Consultancy X', and I'm sure that's the same for most companies. **I think there is a huge amount of work that goes on behind the scenes.** We try not to email clients late at night or anything like that, but it doesn't mean we're not working. I think it's equally the consultants' fault as well." (Consultant at a Global Strategy Consultancy)

"I remember going to see one of the house builders (...) It was at a Big4, so we **were their auditors. They spent a gazillion million on audit clients. We went to see the company secretary, who said that their current assurance provider did it for 10 grand, and he wanted to cut the budget. I was just like, 'I'm out of here.** There's no point in even talking to you idiots.'" (Director at a Large Dedicated Consultancy)

"I'm more than happy for a consultant to tell me that something's not feasible, and I'd certainly much prefer it for them to say that in the outset rather than to wait until it's absolutely too late and I think something's going to happen that doesn't happen. I think starting off with setting expectations and telling you how the process is going to work, telling you who you're going to work with." (CR Manager at a Real Estate firm)

7.2 Imbalance of interests

Most consultants in the field emphasize that the key to relationships is understanding the needs of the client. Their strategy is to first understand the client need or problem and then identify how they could help solve that problem. In this process, the focus is on the client's interest. However, a long term, successful relationship can only be achieved if both sides obtain value from the relationship in a balanced manner. Tension arises from perceived imbalance. It might be that the client feels trapped in a relationship or ignored from the lack of responsiveness. It may be that the consultant is bringing insight to the client, but they are not taken on for implementing the work or the client is not adopting the advice. In smaller consultancies with dedicated client directors,

this client-facing role may operate as a buffer and ensure this balance. Client directors and managers represent client interest internally and consultant interest externally.

> "Well **I think there's always some investment that you make, but there's a point at which you have to say well, we've made significant investment now, you can't keep having everything for free.**[...] They know that you're a consultant, so it's no surprise that you can't deliver all your services for free. I think if they didn't value your opinion, they wouldn't be coming to you for your opinion, and they recognize that at some point, they're going to have to pay for those services." (Manager at Big4)

7.3 Feast or famine

Business development in consultancies entails activities that aim at developing new client relationships and winning new work. This includes, for example, developing thought leadership pieces or working on proposals and pitches.

For larger consultancies, where consultants' role encompasses both delivering and selling, the tension arising is twofold. First, there is pressure due to lack of time available to spend on these activities outside client facing, chargeable work. Consultancies providing reporting and assurance services are often too busy from November to May to focus on business development, as a result when June comes they might not have sufficient work lined up. Second, in larger consultancies that require their employees to track their time, performance systems are set up to recognise chargeable client work before non-chargeable business development work (revenue target versus sales target) especially in the lower and mid-levels of the hierarchy. For these consultants it is not beneficial, in terms of their revenue target, to spend more time on business development than is absolutely necessary. This may create tensions within the consulting team and a lack of resource to address business development needs. Clients often do not realise this problem when it comes to proposals and pitches, which results in more tension.

This issue has been an ongoing challenge that resulted in various forms of organising in consulting. Smaller consultancies and creative agencies tend to have separate teams responsible solely for business development or client relationship. In their case, tension arises when these teams are not fluent in the services that the team is offering. Even in these organisations, thought leadership development stays with expert consultants. The activity is viewed necessary, but not valued as client-facing work, which also creates challenges. Consultants judge the utility of business development based on loss in client work, while it is often difficult to quantify its benefit.

> "I think we don't do enough thought leadership. That's true of quite a lot of consultancies. **I think people are looking to us to give an opinion, and we don't do enough of that. But really the only reason for that is we're too busy doing client work.** It's quite hard to balance the time, because obviously that's an investment for 'Consultancy X', for us, to not be on client projects and be working on thought leadership. I think it's quite a tricky balance in terms of getting that right, and I don't think we're necessarily there yet." (Consultant at a Large Strategy Consultancy)

"**We didn't use to have business directors, we just had directors, they were combining, doing project work with trying to do business development. It's always very hard to get the balance of the two,** having people dedicated to the task and people who have the character and the skillset to go out and intrude on people and pass out business cards into palms and make connections and stuff like that. One of our business development guys just, he's got like a spider web of connections and people he knows and things like that." (Manager at a Small Dedicated Consultancy)

7.4 Conflicting mindsets

Ambiguity of the concept manifests in the various objectives of the internal stakeholders on the client side. Objectives of an environmental manager will be different to a CR manager or a marketing director. Personal goals can be different from organizational goals. Tension arises from conflicting objectives or not understanding the ultimate problem the company needs to solve. In this sense, the ultimate problem can only be uncovered by engaging multiple stakeholders, which can be challenging for an external actor. Conflicting objectives often arise from the dichotomy of commercial or morally driven mindsets.

"Because, a head of sustainability is often dealing with the secondary consequences of the problem. Therefore, in order to characterize the problem, you do need to invest time with a broad range of stakeholders as well. The problem that they saw was 'We're going to need to address our reporting. Investors don't have the information that they need'. Whereas the biggest problem probably for the organization is that they don't have a handle on their intangible assets and how that creates value for the business. Actually, what they need to do is to be able to identify what are the material intangible assets. How do they actually drive value for the business? What are we going to do about that? That's probably the bigger problem. **You wouldn't' get that necessary from meeting with the head of sustainability. You need to unlayer things.**" (Partner at Big4)

7.5 Remaining credible

As it is a rapidly evolving field, professionals may find it difficult to keep their knowledge up-to-date and cutting edge. Consultants develop their knowledge from their education, training, affiliation, and previous and current work experience. Mostly, however, when a field is rapidly evolving professionals learn on the job, they learn while they innovate at the same time. This is how the field develops. This can be challenging for consultants, who might be applying for projects that they may not yet know how to deliver, however the expectation from clients is that they are experts in the area. Willingness to go for these engagements depend on the size and type of consultancy.

"I remember we did our first materiality assessment the year I joined. I pushed the client to do it. We went in with our scorecard and said, 'Your materiality is rubbish.' They said, 'Okay, well can you help us with that?' I went, 'Yeah.' **Then I came out of the meeting and went, 'Oh my god. I've got no idea how we're going to do this.'** Then you work it out, don't you?" (Director at a Creative Agency)

7.6 Systemic and systematic orientation

Due to its multidisciplinary and complex content, CR and Sustainability projects often require both broad, creative systemic thinking, and detailed technical systematic knowledge. Tension arises when there is a mismatch between client and consultant orientation or when consultants are not able to bring both considerations to the relationship, such as taking into account organizational constraints of change or being immersed in detail and not prioritizing the materiality of issues.

> "Now I see **any organizations who are not able to help clients address short, medium, long term risks,** how to deal with complexity and uncertainty, who cannot do the horizon scanning for emerging, more efficient technologies, who does not know and cannot tell them what the impact of demographic and environmental change will be on core business models and markets. They are partially sighted."
> (Director at a Large Engineering Consultancy)

7.7 Control in assurance

In CR and Sustainability, consulting teams often provide advisory and assurance services at the same time. Since assurance is a voluntary exercise, conflict of interest rules are less strict than in financial audit services. Hence it is often blurred what independence means in this circumstance and what advice an assurer can provide to its client. Consultants often are siloed into assurance and find it difficult to bring additional value to the relationship.

Assurance projects may put a strain on the consultant-client relationship. This might happen if the consultant only focuses on the accountability value (holding client accountable), which means that they either do not appreciate organisational constraints, or they are not willing to adequately judge the materiality of issues found. Tensions may also arise if the client only emphasises the validation value of the project (external review of information), which means that the client may only be interested in compliance and would not take consultant recommendations on board. If the accountability value is disregarded by the client that can jeopardise the independence and reputation of the consultant. Tension may also arise from the client not fully understanding the assurance process.

> "I think one of the most challenging relationships in terms of deliverables was a client on their assurance statement, where they basically wanted to rewrite it. Some clients you just send it, and they go that's fine, and publish it, and this was the most challenging client I've ever known. I think we went through 20 versions of the statement and there were different phone calls, and they would suggest you do that, and could you put it like that, and that wouldn't go down well internally, so could you do this. **Because it was a very political organization, and just an utter nightmare trying to negotiate what the content and statement was. [...] It compromised more than I was comfortable with. Because they were such a big name, and such a big client that they thought they could get away with it, and I would have been firmer on it.** It's just a case of a negotiation basically, and agreeing to let some points go for the sake of others, and making sure that the really important points were definitely in there." (Director at a Large Dedicated Consultancy)

8. PROPOSITIONS

This research identifies a number of characteristics that are specific to the CR and Sustainability field. These characteristics determine how clients and consultants view their relationship and what tensions they face. Therefore, propositions for action need to consider this distinctiveness to achieve relationships that are more successful. The key theme that ran through the report is transparency. Distinctive factors of the field, such as ambiguity and intangibility, require both clients and consultants to be more transparent in their expectations. Being transparent about the motives for hiring consultants could also help align expectation and build trust between participants. The contrast between purpose and profit requires professionals to continuously work on remaining authentic, which puts a strain on the client-consultant relationship and results in both sides overlooking their common goal. Professionals view honesty as the key factor that enables a successful relationship and tensions could be eased by greater visibility on how the other side operates. In this section, we propose 7 actions points on transparency for CR and Sustainability professionals, highlight 5 consultant and 5 client practices to consider to enhance visibility, and suggest a few useful techniques, coming out from this research, for consultants.

1. **Invest time** to understand how the other side works.

2. **Recognise that** you also work for a common goal and stay authentic.

3. **Be clear** about the values you wish to gain when working with your clients and consultants.

4. **Make your goals** more explicit, set clear expectations, and check if they are understood appropriately.

5. **Don't be a 'Yesman'.** Be honest about your challenges, but also challenge each other so you can achieve more together.

6. Have those difficult conversations **as soon as possible.**

7. **Be open** about your preferred style of working to the consultant in the beginning of the project and consultants, adapt to these client styles.

5 things for clients to consider

- Consultants are in their position because they want to make a difference

- Consider the time and work that goes into a proposal or a pitch behind the scenes

- Consultants tend not to say no and just work twice as hard not charging their time to the project

- Firms pay much less for CR/sustainability than other services so teams in larger consulting firms often fight to remain profitable. They seem expensive because they have universal charge out rates that they have to use

- Consultants will need to navigate your internal politics, which often causes delays and extra work

5 things for consultants to consider

- Clients are in their position because they want to make a difference

- Be honest about what is realistically achievable

- Be aware of the internal web of stakeholders that the client needs to operate in. Clients often have to fight to bring in a consultant.

- Be understanding and flexible regarding organisational constraints

- Be transparent about who will be on the actual project team and clarify main point of contact

Useful techniques for consultants

✪ **Map & track.** A number of large consultancies use this technique with more or less efficiency. Do not split yourself over numerous opportunities. Try to focus your business development activities by choosing priority accounts based on your available skills. Specialising in industries can help streamline your approach. Each industry has very specific CR and Sustainability issues, which will just increase in the future as the market further matures. It takes time to develop this expertise, so it makes sense to nurture it. Refresh your priority account(s) in a timely manner and be transparent about it with your clients and potential clients.

✪ **Choose the business development activity that is right for you and your client.** This research shows that clients value the proactive approach, when consultants are sharing insight that is interesting, specific, and relevant to their current problems. They prefer having interesting conversations and when the need arises, they will know whom to turn to. Consultants, particularly in senior positions, find this proactive approach in general important, but highlight efficiency of direct referrals. This may happen through larger consultancies' existing client relationships from across different services or through personal relationships and word of mouth. Introductions through firm contacts is still challenging for the largest consulting firms, due to issues of visibility, protectionism, and bureaucracy. When going down this route, it should be strategically linked with the team's priority accounts to ensure that the internal business development is also focussed. This research also shows conference fatigue among clients. Client names are not drawing in the audience, they feel that their colleagues are not discussing their issues honestly, issues are not technical or not macro enough. Their reference turns towards more private and collaborative events, which are often difficult to access by consultants.

✪ **Good budget management system.** This research shows that even the largest consultancies may not have the most beneficial systems in place. Think about the time threat. If it takes too long to run a budget report, project managers will not run it. Try to make this process as automated as possible to ensure that you flag possible overruns in time so this can be raised with the client as early as possible.

✪ **Refresh team.** Even though clients value continuity on projects after a few years, the relationship may become stale. Refresh the team in junior positions with good handover to bring more innovative ideas and enthusiasm to the client.

✪ **Draw stakeholder maps.** Larger consultancies use this technique only sporadically, even though this research shows that it could help navigate the client relationship and make project delivery more efficient. Observe the relationships within the client firms; identify power dynamics and possible tensions. Make note of the preferred client styles and try adapting to these. Be open to discuss these collaboratively with your main contact client.

✪ **Client feedback.** Discuss with the client what their preferred way of giving feedback is. Often if it is too formal, they may not be transparent. If they are under time pressure, they may prefer written feedback. Regular and honest feedback is a prerequisite to successful relationships.

✪ **Bring in learning about client relationship at lower levels.** Particularly in larger consulting firms, the focus for consultants in lower levels of their career is on delivery. Their learning is restricted to particular hierarchical levels and when they receive training, it is not relevant for them anymore. They often lack the long-term view of building relationships with the clients, even though they are the most involved with the client day-to-day and would be in the best position to identify potential wins.

9. TRENDS IN CR AND SUSTAINABILITY RELATIONSHIPS

Research participants highlight 9 key trends in CR and Sustainability relationships. They discuss changes that they experienced, but also provide an outlook to the future. The main issues are how technology will enhance the relationships between parties, and where this profession is heading with the integration of skills and permeable boundaries between career paths. Few interviewees suggest that apart from the off-the-shelf services, the profession will integrate into the main business disciplines and will cease to exist. This raises the question how learning will change to accommodate this new requirement and how existing professionals and consulting teams will make the transition to become even more multi-disciplinary.

Changing mindsets

There has been a shift in how businesses view CR and Sustainability in the past 10 years. It used to be an expensive add-on with focus on reporting and compliance, and now innovation comes from leading companies with challenging commitments. CR and Sustainability is now becoming integrated in core functions of the firm (e.g. marketing, facilities management, supply chain) and more aligned with the brand. Generalist consultants find that it is easier to talk about this topic internally and externally across functions. CR and Sustainability professionals both in consulting and in-house are not the 'tree-huggers' anymore that they used to be. However, CR and Sustainability is still not business as usual with a number of companies lagging behind, where CR and Sustainability professionals may be struggling without appropriate senior buy-in.

Expanding and more senior relationships

Consultants are building relationships and deliver projects increasingly outside the in-house CR and Sustainability teams. For example, they conduct integrated reporting service with financial reporting teams, regulatory work with compliance teams, and environmental work with manufacturing teams. The in-house CR and Sustainability teams have become more sophisticated as the profession itself developed and few individuals had cross-industry experience. They deliver much more in-house than before. Companies keep reorganising their CR and Sustainability teams under different functions depending on how important or integrated they want sustainability to be. As the services become strategic, the relationship is becoming more senior. This is mostly the case for the large strategy and accounting firms, who have the internal capacity to reach out to the executive level

Integration of skills

With the aim to integrate of CR and Sustainability into business strategy, comes greater requirement for additional skill sets, such as understanding finance, economics, supply chain, communications. From a consulting point of view, large strategy and accounting firms are better placed to accommodate this cross-functional requirement, if they are able to take advantage and liaise with their internal teams. However, they are not well incentivized to work collaboratively outside their core teams. There is still some way to go to achieve a seamless approach. In the long term, knowledge on CR and Sustainability may be well integrated into main business disciplines (i.e. marketing, finance, strategy) and it will be the question of how these disciplines work together to provide interdisciplinary solutions.

Procurement

Procurement is becoming tighter, as a number of companies are making their processes more centralised and efficient. Even though they are looking to get the best value from their service providers, this process have negative effect on CR and Sustainability relationships. Opening up an opportunity for tender should make the process of decision-making fairer, however, in some cases companies go to tender even if they already have a preferred supplier, which incurs financial loss for all losing participants. The bureaucracy of procurement makes the proposal development process longer, thus more costly. The process is formal with lack of personal contact, and if there is no previous relationship with the team, the information on client need is limited. There is trade-off between the help procurement can provide to the client on legal and risk elements, and the knowledge they have on the project to be delivered, and on the value the consultant would deliver.

Permeable boundaries

As noted previously, as consultants and clients are increasingly moving to the other side of the fence, there is a growing sophistication in the market. Having experiences from across boundaries enhances collaboration and in cases, it may harden it. As we know, knowledge is power, and knowing all the rules of the game may empower a client and make it more difficult for the consultant to collaborate. It is still rare to find in-house professionals with consulting experience or consultants coming from in-house, but based on the development of the market, this trend is here stay and it is not specific to the type of consultancy. A CR and Sustainability professional may start in an in-house role, then join a dedicated smaller consultancy and then decide to work for a Big 4 accounting firm. Alternatively, you might start at a large engineering firm, then switch to a smaller environmental consultancy and then go in-house. Look out for having your consultants or clients as your colleagues, bosses, or subordinates in the future.

Relational selling

As the market matures, there is less direct selling and the focus is more on understanding of client needs. Sales strategies evolve from transactional focus to relational or conceptual selling, and lately challenger sales. As "all the low hanging fruits are taken", consultants need to work harder to get new clients. Global strategist and accounting firms are becoming increasingly better in tapping into their internal networks, selling work through their existing client base within the firm and linking up or integrating their services. There is still long way to go to overcome the challenges noted in the tensions section above.

Technology

Consultants work in a global environment, where companies are increasingly conscious of their travel carbon footprint, which reduces the all important face to face time with the client. Yet, most consultancies do not take advantage of technology to overcome this problem (e.g. videoconferencing or Skype). Faster modes of communication poses a risk of miscommunication between clients and consultants and less attention is paid to the development of tenders. Digital will change the content of services (e.g. big data, analytics), and how consultants deliver projects. There is an expectation that consultants should be ahead of the game in terms of use of technology, however, they do not always live up to this. The era of manual processes has ended.

Changing services

Work has become more strategic and cross-functional focusing on how to integrate CR and Sustainability into business strategy, develop better measurements. Professionals need to think about medium and long term, which needs a more proactive approach. While before, it was more about off-the-shelf services, such as reporting, assurance, environmental impact assessment, and ISO certification. This may also mean that the CR or Sustainability report is no longer driving the agenda, but should reflect the strategy itself. The market matured and became more sophisticated with an increased professionalization and competition. In this new environment, relationships become even more significant. Off-the-shelf services are now better defined and a few professionals think it is becoming a commodity market, where companies only compete on price. This view, however, is underestimating other factors that are still in play in this market, as shown in Figure 5.

Social media

The CR and Sustainability field seems to be a bit behind in taking advantage of social media platforms, although a few companies are doing this better than others are. LinkedIn is the most used tool to share thought leadership, connect with people, or invite them for events. It has made it much easier to reach out to companies and individuals. It has also allowed individuals to discover networks, which in the future could ease the process of direct referrals. Creative agencies and dedicated consultancies use Twitter more extensively, and have been on this platform since 2009. CR and Sustainability teams of generalist strategy and accounting firms are somewhat lagging behind and mostly represented through their employees. Use of social media is becoming especially important in building a brand and awareness of capabilities, as conference attendance is rapidly decreasing and there is no one event that regularly brings together CR and Sustainability professionals.

APPENDIX

METHODOLOGY

44 CR and sustainability professionals were interviewed in total between February and April 2016. We chose the sample of consultants purposefully to represent a wide range of consultancies from the multinational consulting, accounting, engineering consultancies to the smaller dedicated consulting companies that specialise in CR and Sustainability. All companies were headquartered in or around London, UK. More than half of the consultancies (53%) were large (more than 1000 employees) and the remaining ones distributed between medium and small sizes evenly. The 30 consultants, who participated in the interview process, spread across different hierarchical levels. Low level means entry-level positions within the organisation, with maximum of 1-2 years in the role, medium level means manager equivalent with 2-5 years in the role, and high level means senior positions. It is important to note that the interviewed individuals did not solely represent their organisation in this research, but shared the insights they obtained through their career often moving between consultancy categories. For the 14 clients interviewed, we also aimed to have a good representation across industries and hierarchical levels. Client companies were mostly large FTSE100 or partnership organisations. Interviews lasted an average of 68 minutes and were mostly conducted in person.

- **9.7 years Average tenure of participants in the field of CR and Sustainability**
- **43% Clients had consultancy experience**
- **33% Consultants have worked in-house during their career**
- **48% Experience with other service outside the field**

Figure 7. Distribution of gender of interviewees, (n=44)

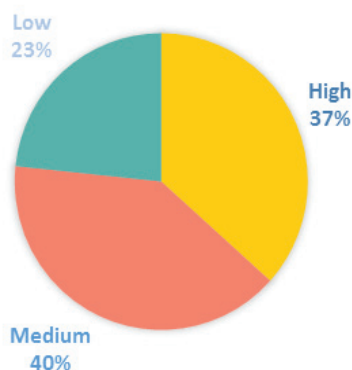Figure 8. Type of consultancies of interviewees participating in the research, (n=30)

Figure 9. Hierarchical levels of consultant positions, (n=30)
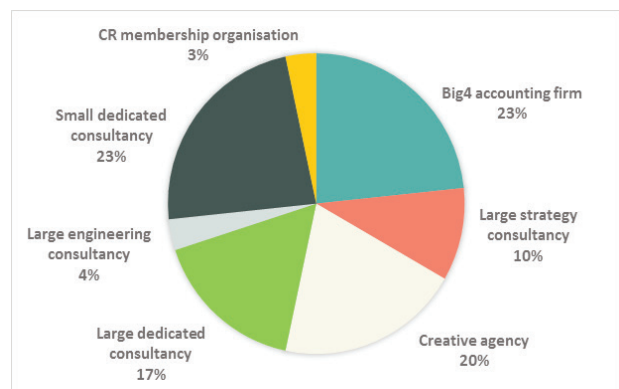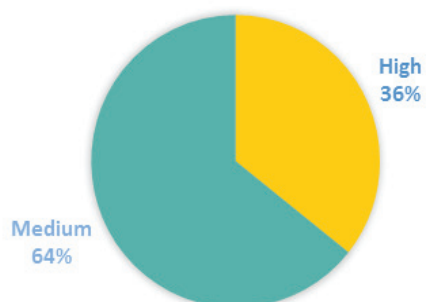

Figure 10. Hierarchical levels of client positions, (n=14)

GLOSSARY OF TERMS

Assurance

Assurance is an independent professional service provided by CR and Sustainability consulting teams. Its goal is improving the non-financial information in CR and Sustainability Reports, so that decision makers in the firm can make more informed decisions, and increasing the credibility of the information for external stakeholders. Assurers provide independent professional opinion on the subject matter that is agreed jointly by the client and the consultant. Subject matter in CR and Sustainability may be non-financial key performance indicators (e.g. total carbon footprint, number of accidents), or progress against targets or established guidelines (e.g. GRI G4, UNGC). The criteria by which the assurance is carried out is an assurance standard, which in the case of non-financial information is ISAE3000. ISAE3000 is issued by the International Federation of Accountants (IFAC) and is typically used by the Big 4 accounting firms. The assurer must obtain sufficient appropriate evidence that the subject matter information agrees with the criteria. A conclusion is expressed in an external statement published in the CR / Sustainability or Annual Report. Most assurance is limited in scope, which means that the extent of procedures does only allow the assurer to form an opinion on the information, but provides some assurance that the information appears reasonable in a form of a negatively worded standard assurance statement. This typically states, 'Based on our review, nothing has come to our attention to indicate that the accompanying non-financial statements contain material misstatement.' Findings and recommendations are provided in a written internal report. Another, more rarely used, standard for assurance is AA1000AS, through which not just the reliability of performance information (data) is assessed but adherence to the AccountAbility Principles (inclusivity, materiality, and responsiveness) is also reviewed.

Big 4

The Big Four are the four largest professional services networks, previously accounting firms, in the world, offering audit, assurance, tax, consulting, advisory, actuarial, corporate finance, and legal services. They are PWC, Deloitte, EY, and KPMG.

Business development

Business development includes specific tasks aimed at developing and implementing growth opportunities. At a consultancy firm, these activities include proposal development, preparing for and attending pitch meetings, developing thought leadership materials, attending events and conferences, writing blogs and articles. These activities are typically not chargeable.

Chargeable time

Chargeable or billable time is working time spent on client engagements that is then charged to the relevant clients. This may include technical work and project management. Consultants in larger firms tend to record their time in two-weekly intervals in an online system, through which process they have to assign their working time to client engagement (paid by client), administrative tasks (paid by consultant), or business development activities (paid by consultant).

Charge-out rate

A charge-out rate is a method of allocating costs among multiple users of a resource. Large accounting and consulting firms charge hourly rates to their clients based on the hierarchical position of the consultant and their service line (i.e. audit, consulting, and tax). Within the service line, rates are the same for all services including CR and Sustainability. This is not the fee that the individual consultant earns.

Consultant positions

Hierarchical levels and position titles in consulting vary greatly. Even within the Big 4 firms, position titles are not equivalent. Within these larger accounting and consulting firms there are 6 levels from the most junior, associate, analyst or consultant, to the most senior, managing director (MD) or partner. Typically, managers in the middle tend to be responsible for project management and they are managing a junior teams to deliver the project. Director and partners tend be involved in the beginning and the end of projects. Creative agencies and dedicated consultancies tend to have a flatter hierarchy from consultant to director or principal. In these cases, typically

the project manager has a senior consultant title. Organisational structures for smaller consultancies may be split between consultants delivering the work and client management roles, who are responsible for project management and client relations. There might be separate teams just for business development purposes.

Key performance indicator (KPI)

Key performance indicator is a type of performance measurement that a company uses to quantity and compare its performance on the identified material issues in terms of meeting specific targets and goals. Indicators tend to be specific and quantitative. Examples include total number of lost time incidents or tonnes of CO2 per production.

Project scope

Project scope is the part of project planning that involves determining and documenting specific project goals, deliverables, tasks, deadlines, and ultimately costs. In other words, it is what needs to be achieved and the work that must be done to deliver a project.

On retainer

A fee paid in advance to a consultant in order to secure their services for use when required, which means that the client pays in advance for work to be specified later. A retainer fee can be paid on a fixed, pre-negotiated rate or on a variable hourly rate depending on the nature of retainer.

Utilisation rate

For consultancy firms that bill clients by the hour, the utilisation rate is a common metric for evaluating the economic contribution made by members of staff. Utilisation targets are set by hierarchical position with junior levels expected to have as high as 80% utilisation, which is then decreases in more senior positions. Utilisation rate is calculated based on time charged to client engagements (chargeable time).

Endnotes

[1] Global Reporting Initiative (GRI) 2015. Leading for a new era of sustainability. GRI's Combined Report 2014-2015.

[2] KPMG 2015. Currents of change: The KPMG survey of Corporate Responsibility reporting 2015.

[3] The United Nations Global Compact (UNGC) and DNV-GL 2015. Impact: Transforming business, changing the world.

[4] Kubr, M. 1976. Management Consulting: A Guide to the Profession. International Labour Office.

Acknowledgements

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