

# Green consultancy

The future is looking good – at least as far as a growing group of environmentally aware consultancy firms are concerned.



With business and government gradually waking up to the issues such as carbon footprints and climate change, consultants are increasingly in demand to deliver solutions that are not just achievable and affordable but also environmentally friendly.

And it's not just a question of following a fashionable trend there is also a forthcoming regulatory framework that will make being environmentally friendly a question of law.

The path to a regulatory framework for climate change was started by Sir Nicholas Stern. His 2006 report on the subject of climate change confirmed

that something needed to be done in this area. Then, in the 2006 Queen's Speech, a draft climate change bill was announced.

All this is grist to the mill as far as green consultants are concerned. The aptly named Green Consultancy has been providing dedicated energy management services since 1992 and works with universities and schools, NHS trusts and hundreds of businesses, many of them household names. Its services include site and process audits, low energy design and energy management packages. John Treble, the consultancy's managing director,

has a background in theoretical physics and then became interested in conservation and environmental concerns, so he's been able to combine his scientific training with his interests in green matters. Over the past 15 years he says that the market for energy consultancy has improved, but more businesses must wake up to the green agenda. The Carbon Trust which funds a lot of the work done by the consultancy tends to dominate in this area, but it is arguable that many organisations could do more to help themselves.

"Even now, when organisations have got a huge cost incentive to save energy they – even household names – still rely ridiculously on the government to part or fully fund the work they do. It is scandalous but it still goes on."

In spite of this there does appear to be potential growth in the environmental consultancy sector. Water management, for example, is a boom-

ing area, as private companies and governments seek advice on efficient management of water resources.

Mouchel Parkman is one of the leading consultancies in the field, working with every single water and sewage utility in the UK, as well as the Department of the Environment & Heritage Services in the Republic of Ireland. One of its most exciting projects at the moment is a joint venture with US energy recovery company Rentricity Inc to install intelligent 'micro-turbines' in existing water and wastewater mains, where there is a measurable difference in pressure and available flow. Early estimates suggest it can initially be installed in 100 sites in the UK, providing enough energy to meet the needs of approximately 7,000 homes – or to illuminate 45 Eiffel Towers.

Environmental consultancy may be an idea whose time has arrived. The future may indeed be bright for environmental consultants.

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t: 01793 785950

# Talent troubles

The phenomenal growth of the consulting market has led to fierce competition for the best candidates, as firms struggle to plug recruitment shortfalls

"Two issues are emerging as key constraints to the growth of consulting firms in the current climate," says Tony Restell, director and founder of Top-Consultant.com, the online careers website for the consulting industry.

"The first is their ability to recruit quality staff at the rate needed to match growth in client demand. The second and inter-related issue is the degree to which firms can control staff attrition."

New research by Top-Consultant.com confirms that the consultancy industry continues to be plagued by high rates of staff movement. Its latest report, Retention Rates 2007, assessed the opinions of both employers and employees and found that UK consulting firms are experiencing an average rate of staff loss of between 15 and 20 per cent a year.

The more employees that companies lose, the more new hires are needed simply to maintain the existing headcount and, consequently, billing capacity and revenue. By contrast, the better a firm's staff retention rates, the more its recruitment efforts can be devoted to growing its consultant pool rather than just replacing those that have left.

"Consultancy has always been a sector with an extremely fluid workforce," reflects Restell, "but our latest figures show that the current buoyancy of the market is precipitating a much greater

movement between firms. And more than 80 per cent of HR managers and consulting candidates believe this loss of staff will get worse in 2007."

Jeff Thompson, head of performance recruitment consulting at PricewaterhouseCoopers, is on the front line and sees the affects of the squeeze on recruitment first-hand. "Our attrition rate in UK consulting right now is reasonably low compared to the industry average, at about 15 per cent.

However, like most companies we also have ambitious growth targets, around 15 to 20 per cent year-on-year. So, when you consider that our consulting business in the UK comprises about 1,000 staff and 70 partners, that means we are having to replace 150 people and add at least another 150 on top in just one year. Clearly, effective recruitment is a matter that's close to our hearts!

Securing better remuneration is often cited as the primary reason consultants leave their existing employer and move to an alternative consulting firm. The Management Consultancy 2006 Salary Benchmarking Report by Top-Consultant.com indicates that UK consultants enjoyed pay rises of 9 per cent and year-end bonus payments equivalent to 15 per cent of salary (compared to pay rises of 7 per cent and bonus payments of 10 per cent in the US market).

Not so long ago, consulting firms were confident they could attract and retain talented recruits by offering sizeable financial remuneration. In the dot-com boom, fat profit margins enabled consultancies to bump up salaries when necessary. In today's market the ability to increase salary packages is restricted by the increasing pressure on fee rates.

As Tony Restell explains, "Consulting firms are not in the strong financial position they were a few years ago. Clients have become sophisticated purchasers of consulting services and are negotiating price downwards.

"The Government, for instance, has come under increasing pressure to be more conscientious in its use of consultants, so public sector work is no where near as lucrative as it once was."

As Howard Bailey, head of recruitment at business and technology consultancy Detica, puts it, "Clearly, there's a close correlation between the fee rate you can charge clients and the salaries you can afford to pay consultants. But as long as the salary is fair, you can then offer more by linking it through to bonuses and other forms of performance-related pay."

Promotions, too, have always been a key tool in this competitive industry and now, more than ever, delivering on career progression promises can be a significant differentiator between firms. Top-Consultant.com's recent research into retention shows that individuals enduring unhappy experiences in the workplace have a tendency to leave in less than 18 months. In contrast, those consultants who claimed to have enjoyed an excellent relationship with their employees tended to remain loyal for three and half years or more.

Project quality and work/life balance are all highlighted as measures that help reduce staff turnover. An increase in staff satisfaction rates could save a consultancy of around 1,000 people more than £2 million a year in recruitment costs, the report calculates.

PwC's Jeff Thompson believes that the exact nature of consulting work is key to maintaining high levels of employee retention. He says consultants are particularly attracted to the fact that PwC isn't focused on pure IT work like many of its competitors in the market.

"We strive to ensure our consultants are doing a variety of work they personally find interesting, that meets their expectations and keeps them engaged. For instance, some of our consultants like to work on projects that their parents can read about in the newspapers. It gives them a sense of pride and boosts morale.

"And we track that satisfaction by surveying our people every quarter," he continues. "One of the bellwether statistics I monitor is what proportion would recommend PwC to a friend, which has been more than 90 per cent every quarter for the last four years bar one at 89.5 per cent. A consultant's willingness to put their name on the line to recommend us is a good indication of satisfaction with the company."

Consulting firms have always poached each others' top quality talent, but the UK consulting market is increasingly losing consultants altogether.

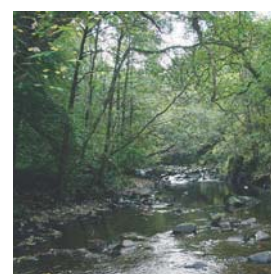
The City, for example, is currently a major competitor for candidates. Tony Restell says, "Investment banks can't find staff fast enough at the moment and once they've poached everyone they can from fellow banks, the next most attrac-

tive option is to pinch MBA talent from McKinsey, Accenture and the like. So, there's a trend at the moment for consultants exiting the advisory industry completely."

"City firms can also justify paying high salaries, sometimes 20 or 30 per cent above what consultancies can afford," confirms PwC's Jeff Thompson. "It enables them to bring in knowledge they lack in a business critical area. Of course, the City doesn't foster loyalty and as soon as there's a market shift, those people are often the ones put out on the street.

"We keep in contact with PwC alumni so when former consultants of ours go into other industries we're still in touch with them because, who knows, maybe they'll come back to the fold or become future clients of ours."

Freelance consultants, or so-called associates, can be a useful resource for meeting short-term requirements or where hiring a permanent staff member isn't justified. As PwC's Thompson puts it, "Associate consultants are a flexible pool of people that we know and trust, and can draw on when needed."



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