



World Business Council for
Sustainable Development

People Matter Case Study

2010

PwC

Thinking Ahead

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http://www.pwcplayer.co.uk/webcasts/1110_wbcds_webcast

The business case

At a key stage in its sustainability journey, PwC* recognized the need to re-define what was required of their leaders and equip them with a more forward-looking and broader mindset. This was crucial to enabling them to help clients with the challenges of transitioning to a more sustainable operating model.

PwC started to foster their knowledge and understanding before developing a strategy on how to grow its own sustainability business. Having a common understanding amongst senior partners made it possible to take the next steps, and sustain the investment.

*In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Situation

The professional services firm PwC has had a specialist sustainability services team for over 20 years, providing advisory and assurance services to clients and playing a leading role in the development of management standards and disclosure of sustainability performance.

PwC had also invested in its own sustainability best practices – by managing its own environmental impacts, encouraging diversity and equality of opportunity and giving back to the community through volunteering, local sourcing and philanthropy. However, as a service firm, with relatively low direct environmental impact, its material contribution to sustainability has to come via its work with clients.

However, while PwC had done good work internally and with clients on sustainability issues, sustainability had not made a significant impression on the mainstream of PwC's work. For most of the firm's partners and staff, sustainability, both environmental and social, was not seen as connected to their daily client work, and to the value proposition they were offering.

At the same time, however, the firm was considering how best to respond to the strategic issues that were material to the firm's clients. PwC's senior partners came together in a project led by the then Chair Kieran Poynter, called 'Clear Blue Water'. This was a major change initiative to focus on understanding and investing in the attributes and services that could differentiate PwC from its competitors. Senior partners gathered to consider the factors driving change in



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their clients' businesses. The issues and mega-trends they identified included technology change, poverty and equality, climate change, energy security, the depletion of natural resources, waste and pollution, human rights and labor standards. Geoff Lane, a partner who had long been championing sustainability as a small but influential specialist area within PwC recognized that this could be a breakthrough moment for sustainability and the business strategy.

The 'Clear Blue Water' team made the case that PwC could contribute to developing global solutions to the problems facing the planet and its clients, using the firm's core skills, global network and relationships. They brought a proposal to bring sustainability into the mainstream business to the 2006 annual partners meeting, inviting the leading UK environmentalist Jonathon Porritt to help them make the case.

They were met with a resounding yes, but very little certainty about what this might mean in practice. The senior partners agreed that the firm should make an initial investment to build the internal capacity of partners to understand the issues and what they might mean for the business.

Targets

The 'Clear Blue Water' team, working with the existing sustainability specialists within the firm sought to develop a leadership development program to build senior partners' awareness, and engage them in the issues. "We knew these issues were on the minds of clients," says Lisa Greenlee who was a Senior Manager driving the 'Clear Blue Water' process "and we knew that if the firm didn't have the awareness, skills and confidence to help our clients address these issues, then we weren't doing our job properly."

The key target was to create a critical mass of informed and committed senior partners able to apply their analytical skills to the constantly changing and emerging web of sustainability issues, and stakeholders.

Activities

The firm decided to commission a bespoke leadership program – working with the Cambridge University Program for Industry (now called the Cambridge Program for Sustainable Leadership) and building on the their well-respected 'Business and the Environment' Executive Program. PwC called it 'Forward Thinking'.

They decided against simply sending senior partners on to the existing course, reasoning that although they would lose the opportunity for discussing issues with a diverse group of participants from different companies, the conversations amongst a PwC group would have more depth and focus. They commissioned the course to ensure it was tailored to PwC's business and would bring together leaders from across the firm in an open discussion about what the issues mean for the firm and its clients.



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A three-day program was developed, which was split between presenting the data and evidence about key global challenges, and considering responses and solutions. The program interspersed plenary sessions led by expert speakers with small syndicate groups in which the partners had time to discuss and make sense of the complex information and arguments they were being offered.

Key influencers and leaders from across the business were targeted to attend the program, with the chairman and two other management board members attending the first session. Greenlee says that since they didn't know how the sustainability agenda would be relevant to all the different parts of the firm, the decision was made to try to build awareness and understanding in every part of the business. "We didn't want to only invite partners in the obvious areas of Advisory and Assurance, but also practitioners from other areas such as Tax, who might not necessarily see the immediate relevance."

Results

The course was run five times between May 2007 and March 2008. An unprecedented 25% of partners in the UK participated, including nearly all of the management board, and a waiting list of interested partners grew up. Many of the partners who attended the Cambridge Program said that it opened their eyes to the urgency and gravity of the issues, and to the potential for PwC to contribute toward solutions through its core business "They came away fired up, convinced this was a major issue for PwC, our clients and the planet," says Greenlee.

One partner for whom the course was a career turning point was Malcolm Preston, the firm's travel industry leader, and then head of the Gatwick office. Like many of those attending he was initially skeptical, particularly about climate change. "It was something that I was aware of but hadn't thought much about," he says. "The media presentation has been skewed toward showing it as a controversy, and as auditors we tend to be naturally challenging, to not take anything at face value until it is proved conclusively."

To address these preconceptions, the course started not with business arguments, but with science. One of the most powerful sessions, says Preston, was delivered by a researcher studying ice cores from the British Antarctic Survey. "This guy who spent nine months of the year living in a container in the Antarctic placed a 300,000 year-old piece of ice on the desk and explained what it tells us about CO₂ levels and how it correlates to climate change through history. He didn't have a business case to make out of it, he had no financial motive, he just cared about what the science shows."

Bombarded with data and evidence about climate change, water shortage, poverty and population increases and demographic change, the partners were convinced, but puzzled. "We went through a stage of deep hopelessness once we realized this was real," says Preston. "Our first responses were not about the business at all, but about what the future looked like and what this would mean for the lives of our children."



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The second half of the course was designed to help participants get beyond despair and to start to think about the potential for solutions, and how PwC could contribute. Although they were guided toward thinking about the issues in business terms, says Preston, the personal considerations were still crucial. “PwC is made up of some of the smartest and most privileged people around and I saw that we have not only a business opportunity, but a moral obligation to contribute.” The key realization however was that the greatest opportunity for PwC to do good was not through philanthropy but through its business. “Sustainability is much harder than philanthropy, it must be economically-rational and must add to the bottom line – the key is in how you achieve this,” says Preston.

The program was a critical factor in giving senior partners the confidence to commit to invest in a longer-term process of building up the client-facing practice and mainstreaming sustainability into the broader set of PwC services, such as procurement, tax and strategy consulting. The firm also invested in growing its existing team of subject matter experts, allowing it to increase its participation in collaborative solutions projects, and advocacy, through the WBCSD, the World Economic Forum, the Carbon Disclosure Project and initiatives like HRH Prince of Wales Accounting for Sustainability Initiative. As a defining goal for the firm’s future, this stronger conviction in sustainability was also reflected in the decision to move its London flagship offices to a new building built to the highest BREAM standards. “We couldn’t have done that without the Cambridge program,” says Greenlee.

However, although the firm started to invest in building up its sustainability capacity, and hiring new sustainability content experts, there was a critical gap between the time when partners completed the course, and the time when the new sustainability strategy began to be developed. Without a plan in place for supporting the newly-enthused and committed partners in making change in their own businesses, many felt frustrated.

The results were a loss of momentum, as partners who had been through a transformational experience went back with a sense of anti-climax to a world that hadn’t changed. Meanwhile, some of the newly-hired sustainability subject matter experts who lacked experience of the PwC culture found it difficult to make headway. They were often viewed as a threat to existing services and clients, rather than being seen as a resource that others could draw on. At the same time, the first indications of the economic downturn began to loom on the horizon.

At this point, says Greenlee, there was a real danger that the early commitment might have fizzled out. But having a cohort of Senior Partners who had been through an intense learning experience together was crucial in enabling the company to hold its nerve and continue its investment. Also important was the role of Sam Di Piazza, the global PwC CEO, who had taken on the chairmanship of the WBCSD from 2007 to 2009. Di Piazza’s public championing and engagement with sustainability was a key factor which helped to raise the profile of sustainability in the company, and the public profile of PwC in sustainability debates.



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Preston who had started out as a skeptic about the role of PwC in sustainability just a few months before decided to step forward to lead the next phase of growth for PwC's sustainability practice in the UK.

Preston had experience in growing a business within PwC and saw that the sustainability services team needed both to serve a growing band of clients directly and to educate and support other parts of the firm to take sustainability issues on board. "PwC is a trusted advisor to business," Preston says, "so our role is to help businesses do good business." The sustainability and climate change practice which was just 20 people in 2007, is now almost 100, and sustainability has a significant presence in PwC's internal communications and thought leadership publications.

One reflection of the mainstreaming of sustainability is that in 2008 when PwC ran its elections amongst senior partners for the chairmanship of the firm, all of the candidates emphasized a strategic approach to sustainability as one of their key messages. Ian Powell, who was eventually elected, set a new mission for the firm that brought 'doing the right thing' at the heart of the vision for the business: "one firm, a powerhouse of a commercial enterprise that does the right thing for our clients, our people and our communities."

For the Cambridge Program for Industry, too, the collaboration was a valuable opportunity to advance their mission of influencing business practice. Will Day, Senior Associate of the University of Cambridge Program for Sustainability Leadership, and now also an advisor to PwC says that it was the firm's scale and its role as a trusted advisor to business, that made it so attractive as a partner for the Cambridge Program. "The thought of working with a big management consultancy firm like PwC offered up the opportunity of the most fantastic leverage." He says "PwC has a very impressive global client list of precisely the kind of organization and people who can make a difference. And if PwC can understand it, the hope was their clients would too."

Lessons learnt

- **The importance of engaging with experts and provocateurs to shift people beyond their comfort zone.** PwC was seeking to develop leadership capacity in an evolving area where it had a much lower degree of certainty than it was used to. This was not a question of cascading knowledge within the organization, but of beginning to co-create it with clients and partners, including NGOs and governments. The course was therefore developed as an opening into these conversations, bringing PwC partners together with experts and civil society leaders able to challenge their preconceptions and accepted ways of thinking about their role.
- **The challenge of sequencing awareness raising and action.** In many ways, PwC's approach was straightforward – they bought in the expertise and cachet of a world-class training provider and expert subject matter. But a critical factor was the timing. Investing in this high-level training at an early stage meant that Senior Partners were strongly committed and had a shared understanding of the issues. This was critical in the



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collective decision to make a larger investment in building the business later on. However the partners' experience of frustration in going through the process but not having a clearly-defined next step also highlights the danger of starting with such a high-profile awareness-raising program without a plan for keeping up momentum. It was a real challenge to figure out how best to channel and focus the excitement toward core business strategy and not be distracted by easy, visible but low-impact actions such as recycling.

- **Personal as well as professional engagement with the issues matters.** One of the key learnings that developed over time, as the team repeated the course, was the importance of allowing time for people to reflect on the issues from a personal perspective. While the course itself was business-focused, they found that people wanted to take the time to discuss what these global issues meant to them, at a personal and moral level; as people, and parents, before going on to think about themselves as professionals, who might be able to make a difference. Making time, and creating an open environment for reflection in small groups was important to enable partners to first engage with the issues as individuals, before thinking about themselves in relation to their organization.
- **Sustainability includes social, environmental and economic factors.** Initially the team designed the program to focus on environmental sustainability issues, where they had a greater comfort level about the role of business and PwC. However, as the partners began to discuss the issues, it was clear that individual issues could not be addressed alone. Poverty, development, human rights, energy, climate change, water, and biodiversity are all intertwined. As the courses continued, the team therefore built in data and discussions about issues such as poverty and human rights, making the case that poverty alleviation is good for business, and that business is the key driver of poverty alleviation.
- **The need for crossover between business and sustainability experts.** PwC's experience in going forward to build its sustainability practice highlights the need to both build the capacity of people in the business to understand and deal with sustainability issues, and to bring in specialized people on key issues, and to enable them to mainstream their expertise into the business. The role of the sustainability professionals in PwC is increasingly seen as one of internal capacity builders and catalysts, as well as direct providers of client services and external thought leadership.

Further resources

http://www.pwc.co.uk/annualreport10/sustainability_community.html

<http://www.cpsl.cam.ac.uk/>