

Candidate Instructions

Initiatives review **all candidates see this information*

New Message

From: Benson Kingsfield, Account Lead, EY
Subject: Sustainovate

Thank you all for your time today.

The CEO of Sustainovate, Jenny Chen, has been really impressed with EY's innovation focus and commitment to sustainability in the project so far, so please do keep this in mind as you work through this task. Some key information to consider:

- Over the last 10 years, Sustainovate have offered a range of initiatives, tailored to each industry they work in. While Sustainovate is doing well overall, they are keen to identify which industries and the initiatives within them are performing less favourably, so that they can refocus their initiative offerings if needed. They also want to assess which initiatives are the most successful and any changes that could be made which would improve profitability, sustainability and market share so that they can scale these up and expand these to new markets.
- All of you have been provided with a summary of six industries and the types of initiatives Sustainovate offer within this market. This information has been gathered from the different project teams, and as such may be somewhat ambiguous. Please feel free to make reasonable assumptions based on the information provided.
- During the meeting, you will be assigned one project type. You will be expected to champion the successes of your industry and initiatives, whilst also ensuring that all parties' views are included and considered. We'll share more information about your task when you join the meeting together.

Regards,
Benson Kingsfield | Account Lead

Summary Information *all industries based on last 10 years*

High Evaluation

Sustainability metrics

The majority of our initiatives in all industries have good sustainability outcomes. We aim for this to be 100% of our initiatives going forward.

Delivery against budget (*profitability*)

Profit margin in the business is high overall, which is of course a key priority to ensure the longevity of Sustainovate.

Moderate Evaluation

Innovation

Innovation potential in most industries is high, but client budget and appetite for implementing innovating practices can be a limiting factor.

Customer satisfaction

We see variable customer satisfaction due to the unique challenges and customer demands of each industry.

Benchmarking against competitors

At the moment, we hold a comparable market share to our many competitors. In the coming years we aim to position Sustainovate as the market leader of all industries we remain in.

Low Evaluation

Project deadlines met against project plan

Across many initiatives, projects overrun. We know this is an area for development.

Note

All metric information are general comments from Jenny Chen (Sustainovate's CEO).

Summary of initiatives offered by Sustainovate

- Widespread rollout of digital-only banking services to reduce paper use.
- Helping clients to invest in renewable energy projects.
- Advising clients on offering sustainable investment options for their customers.
- Design and ongoing management of energy-efficient office buildings.
- Supporting microfinance (banking that provides financial services to people who might not otherwise have access to them).

High Success

Sustainability metrics

Typically, impact is high as this industry is still quite new to sustainable practices, so simple changes can make a big difference to business' overall sustainability.

Customer satisfaction

We have good working relationships with our clients and consistently receive very positive feedback on the initiatives we help them to implement.

Considerations for future projects

There is high potential to drive positive change through client funding of sustainable projects in a wide range of areas using customer investments – we need to explore this.

- Increasing customer demand for sustainable investment options means that Financial Services clients are often happy with the impact to their own sustainability metrics and the impact on their revenue.
- Companies in the Financial Services industry have access to funds and resources to invest in sustainable initiatives. They also have the potential to influence other industries to adopt sustainable practices. We often pay for external consultancy services to support these initiatives, which is costly.
- We have yet to establish our unique selling point in this type of initiative – what can we offer in Financial Services that our competitors do not?

Moderate Success

Project deadlines met against project plan

On average, 10-20% of projects overrun for clients in this industry.

Delivery against budget (*profitability*)

15% average profit margin.

Benchmarking against competitors

We tend to have loyal clients in this industry who return to us again and again, so we have not been as proactive as we could be about winning new business in Financial Services.

Considerations for future projects

Due to the scale and administration associated with Financial Services clients, we frequently experience delays in projects from the clients' side. For example, waiting for sign off from them.

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Low Success

Innovation

High volatility in sustainable investment markets means clients have less appetite to try new initiatives, instead they want to implement tried and tested sustainable practices, e.g., reducing paper usage.

Considerations for future projects

We have lots of exciting ideas about how to increase innovation in this industry, but have yet to get our clients on board with these.

Summary of initiatives offered by Sustainovate

- Supporting clients to source sustainable fabrics, such as organic cotton and recycled materials.
- Implementing supply chain transparency to track and reduce environmental impact.
- Advising clients how to implement slow fashion and circular economy practices (*sharing, renting, reusing, repairing, and refurbishing existing materials and products*).
- Overseeing projects reducing water usage in production processes.
- Establishing fair trade and ethical labour practices.

High Success

Sustainability metrics

Due to the huge environmental impact of the Fashion industry, any sustainable practices that are implemented are viewed highly favourably.

Customer satisfaction

Despite many clients' initial concerns about 'greenwashing' affecting customer trust, we consistently have positive feedback from clients about the initiatives we support them with.

Delivery against budget (*profitability*)

30-35% average profit margin.

Considerations for future projects

There is still a lot of scope to establish fair trade and reduce water usage in this industry, so the positive environmental impact of initiatives in this industry are likely to continue to be significant for some time.

- The customer demand for sustainable and ethical fashion brands is growing rapidly. Recently, runway shows have showcased sustainable fabrics in a more appealing light, increasing demand for clothes of this type.
- Clients in this industry often have significant funds available to invest in initiatives, so we have been able to charge premium prices for initiatives.

Moderate Success

Benchmarking against competitors

The percentage of total sales in the industry generated by us (market share) is broadly equivalent to our competitors'.

Considerations for future projects

Competition from fast fashion makes sustainability efforts challenging for our clients, which is a problem faced by us and all of our competitors in this market.

Low Success

Project deadlines met against project plan

Despite having delivered over 50 initiatives in this industry, we have yet to complete a project within the agreed timeframes.

Innovation

High costs associated with sustainable production and sourcing mean that clients are often reluctant to try newer, less well-established techniques.

Considerations for future projects

It can be challenging for us to tightly control timeframes for initiatives in the Fashion industry due to the complexity and global nature of the supply chains. UK governmental changes such as Brexit have increased complexity when working with the supply chains involving the EU.

- Our clients have the ability to drive change in the industry. We would like to support our clients to collaborate with environmental influencers to create ethical clothing lines.

Summary of initiatives offered by Sustainovate

- Advising clients on the use of sustainable building materials and practices.
- Working with building companies to construct energy-efficient buildings.
- Implementing green roofing (grass roofs) and rainwater harvesting systems.
- Supply chain management for sustainable ventilation and heating systems.
- Supporting clients to navigate regulatory implications of incorporating renewable energy sources such as solar panels.

High Success

Delivery against budget (*profitability*)

22% - 28% average profit margin.

Innovation

Client and customer appetite is high for 'new' never been seen before building materials and practices, which gives us considerable scope to innovate.

Considerations for future projects

Upfront costs of sustainable materials and supply chains are high, but clients in this industry have large budgets and are willing to invest in 'green' buildings.

- New sustainable solutions are constantly being created in this industry and clients often want to be seen as the front-runner in sustainable buildings, so potential for innovation remains high.

Moderate Success

Customer satisfaction

There is often some stakeholder resistance to changing traditional construction materials, but customer demand for sustainable buildings is so high that this usually mitigates any stakeholder pushback.

Benchmarking against competitors

There is a lack of skilled professional within our company in this area, so we often rely on buying in external expertise to support our initiatives. We would like to bring this knowledge in-house as many of our competitors already have in-house expertise.

Sustainability metrics

Despite the end product (buildings) often being very environmentally friendly, building practices are often unsustainable.

Considerations for future projects

Getting buildings signed off for meeting sustainable targets is valuable to clients but difficult to obtain. This 'final hurdle' in signing off initiatives can cause some dissatisfaction. However, it is not within our control to influence.

- Government incentives for sustainable construction mean there are plenty of opportunities for initiatives in this industry. We need to establish our unique selling point in Construction to ensure we are winning this new business.
- We need to consider how we can include carbon emission offsetting into our initiatives to minimise the impact of the process of creating 'green' buildings.

Low Success

Project deadlines met against project plan

We are consistently behind on timelines for initiative projects in this industry and have yet to find a way to better manage this.

Considerations for future projects

The Construction industry is notorious for delays to project timelines due to the scale and complexity of projects. Many factors are outside our clients' control, e.g. local council planning permission processes.

Summary of initiatives offered by Sustainovate

- Helping clients to source local and organic ingredients at comparable prices.
- Implementing sustainable food and beverage packaging and helping clients to reduce food waste.
- Supporting regenerative agriculture practices.
- Overseeing the switch to energy-efficient food (foods which take less energy to produce than the energy contained within the food when consumed) and beverage production processes.
- Advising on plant-based and sustainable menu options.

High Success

Benchmarking against competitors

Despite the challenges of this industry, we are known as the supplier of choice.

Considerations for future projects

We have built a strong reputation in the Food & Beverages industry, and we have seen a 40% increase in clients interested in our services the last 12 months.

Moderate Success

Delivery against budget (*profitability*)

Very variable profit margin, from 5% - 38% in the last year.

Innovation

As we mainly work with smaller businesses in the Food & Beverages industry, their budget often only allows for smaller-scale initiatives which can limit scope for innovation.

Sustainability metrics

We have had much success partnering with local farmers and suppliers for cafes and smaller businesses.

Customer satisfaction

Our clients are typically happy with the service we provide, but are concerned about their own profit margins due to the high cost of sustainable food.

Considerations for future projects

High costs are associated with sustainable sourcing and production. Profit packaging and very wasteful, so depending on crop yields each year. This is becoming increasingly uncertain due to extreme weather caused by climate change. This can make it difficult to accurately forecast costs.

- Despite slow uptake from clients, the potential for innovation in this industry is still very high due to innovative farming practices and high customer demand.
- It is challenging to scale sustainable initiatives in large food production companies, so positive environmental impacts are mainly seen in smaller brands at present.

Increasing customer demand for sustainable food and beverages is not yet aligned with the amount of money customers are willing to pay, so customer satisfaction is mixed.

Low Success

Project deadlines met against project plan

We work mainly with small businesses, so owners have a lot to juggle and often deprioritise sustainable initiatives, leading to delays in agreed timelines.

Considerations for future projects

We have started building in extra time upfront to gain buy-in and during the projects to allow for delays from clients, which has shown some initial success.

Summary of initiatives offered by Sustainovate

- Supporting clients to move to energy-efficient data centres where their IT servers, routers and security is housed.
- Designing eco-friendly electronics and devices through recycling plastics and metals.
- Helping clients to switch to renewable energy to power operations.
- Advising on sustainable management of electronic waste (e-waste), including disposal.
- Leading artificial intelligence research, using machine learning to optimise work spaces.

High Success

Delivery against budget (*profitability*)

25% - 30% average profit margin.

Considerations for future projects

Digital technology companies typically have plenty of funding available for initiatives and are willing to have high spend on them as they can be seen as marketing activities.

Moderate Success

Benchmarking against competitors

Due to the challenges associated with these initiatives, we have not been very proactive about winning new business in Digital Technology.

Considerations for future projects

Although we currently have roughly the same percentage of total sales generated in the industry as our competitors, our clients are losing ground so need to put more effort into securing clients in this market.

- Because this is such a high waste industry, there is feeling among many of our employees that initiatives we complete are even more important here than in other markets.

Sustainability metrics

It is challenging to sustainably manage e-waste such as used TVs, phones, etc. The other initiatives completed in this industry do not offset the environmental damage caused by e-waste.

Low Success

Project deadlines met against project plan

Despite many different project management approaches being trialled over the years, our project initiatives in this industry consistently overrun.

Considerations for future projects

Some of our senior stakeholders often remark that sustainability isn't a key priority for them which can make getting sign off on decisions very slow.

Innovation

There are a lack of industry standards for eco-friendly technology products, which makes it difficult to persuade clients to try highly innovative approaches, as they often see 'something as better than nothing'.

Customer satisfaction

Due to the scale of environmental impact challenges in this industry, it can be difficult to demonstrate a meaningful impact on a large company's overall sustainability, leading to lower client satisfaction.

- Increasing customer demand for digital technology companies to demonstrate their sustainable practices, and for eco-friendly electronic products.

Summary of initiatives offered by Sustainovate

- Supporting clients to swap out initiatives and methods for pharmaceutical products.
- Advising clients on raising funding for research for green chemistry (*the design of chemical products and processes that reduce or eliminate the use or generation of hazardous substances*).
- Auditing and reducing waste in manufacturing processes.
- Implementing sustainable sourcing practices for raw materials.
- Supporting community health initiatives and access to healthcare for underserved populations.

High Success

Sustainability metrics

Consistently impressive results for environmental impact across a broad range of metrics in this industry.

Considerations for future projects

There are still many large pharmaceutical companies that do not prioritise sustainability, so any progress in this industry is viewed highly favourably.

- As well as our immediate clients being happy with our services, there is increasing demand for eco-friendly packaging and products, so customers also view the initiatives favourably.

Moderate Success

Benchmarking against competitors

The percentage of total sales in the industry generated by us (market share) is broadly equivalent to our competitors'.

Considerations for future projects

We are not best known for our Life Sciences initiatives, although in the last 2 years our client base in this area has grown by 35%.

Innovation

At the moment, there is a relative lack of standards in the industry for green chemistry and sustainable healthcare practices. As such, in these areas we can be the first to try new approaches. Outside restrictions in place hinder us considerably.

- There is some scope to innovate in certain areas of the industry which looks likely to continue for many years to come.

Low Success

Delivery against budget (*profitability*)

Typically below 10%.

Considerations for future projects

Research and development of sustainable solutions in this industry is high, and ongoing funding challenges for clients in this industry, they often do not have sufficient budgets for our initiatives.

- Regulatory challenges in the healthcare industry can often mean a lot of 'red tape' even for simple changes to products or packaging, which can slow projects down significantly. Changes often have to go through many rounds of approval.

Project deadlines met against project plan

We consistently do not meet agreed initiatives' timelines in the Life Sciences industry, despite numerous attempts to bring projects under tighter control.