



NatWest

ACCOUNTING FOR SUSTAINABILITY

ICAEW

## 2012 WINNER CASE STUDY

### LESSONS IN DRIVING BUSINESS SUSTAINABILITY

## FLASH OF INSPIRATION TRANSFORMS ACCOUNTANTS

**A medium-sized accountancy firm that literally saw the light and has now built a successful sustainability practice into its more traditional offering.**

### THE BUSINESS

Top 25 UK accountancy firm HW Fisher & Company has developed both innovative and bespoke sustainability strategies after recognising the crucial role that accountants have to play in the sustainability field. The company takes an integrated approach to demonstrating the business case for environmental initiatives to its clients by looking, not just at direct cost savings, but opportunities for second order effects. This helps the organisation raise awareness among its clients about the value of integrating sustainability into business models, as well as empowering them to become more sustainable.

The business is successfully embedding sustainability within its own internal operations including energy saving initiatives, improved cost efficiencies and environmental performance. It expects to reduce its carbon footprint by 30% over a three-year period. It has also effectively involved its employees in its on-going vision by encouraging and rewarding their involvement.



### THE IDEA

The firm is a full service accountancy business that majors in small and medium-sized business clients, larger corporates and high-net-worth individuals. Two events spurred it into the sustainability field. The real moment of inspiration came when a client that was tendering for a large piece of work was asked about its sustainability policy and went to one of the firm's senior partners, Russell Nathan, for advice. It was on

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the back of this advice that they won the work. 'That started a thinking process', says Jae Mather, Director of Sustainability with HW Fisher. 'The firm has a broad range of services and credentials, and has grown by responding to the market's needs. Developing new service lines to support clients' businesses was part of our business model.' Sustainability was another possible string to their bow. The second event was when Russell Nathan found himself stranded in the US by the Icelandic ash cloud that completely disrupted air travel in the spring of 2010. He decided to make the best of his enforced exile by visiting various businesses. One of these was Walmart, the retail giant, whose global sustainability report had been a key part of his research. While there, he was intrigued by a tannoy announcement that the lights were to be shut down and the store would be lit by natural light. He spoke to a manager who said that, although this policy was part of the sustainability strategy, essentially it was about saving money. The concept of saving money and saving energy had become inextricably linked. 'It was', says, Mather, 'a light-bulb moment in more ways than one'.

### THE INNOVATION

Nathan and another partner, Simon Mott-Cowan, decided to do some research and, amongst other things, went on an 'energy and carbon auditing explored' course run by Jae Mather. They were impressed and invited him to come and talk with a group of the firm's partners. Eventually Mather came in to head up a sustainability team at the firm. 'If accountants can help clients on financial issues', says Mather, 'it is just as logical to advise on sustainability issues'. Before long, the firm was providing carbon and energy audits; providing clients with audits of their energy saving and

generation costs; leading programmes on corporate social responsibility, sustainable procurement and other issues; and providing training workshops to raise awareness of the value of integrating sustainability into business models. 'Clients are under threat', says Mather. 'They view energy, for example, as an uncontrollable cost when, instead, it can be controlled'. The new service line took off. 'It was about rolling out the service line to clients. It differentiates us. It is another issue to talk about with clients. And it helps us to think outside the box. It is about recognising where you are wasting money, damaging your brand as a consequence, losing your supply chain, and then doing something about it'. The other side of



the innovation is the place of accountant as trusted advisor. 'The innovation is in the method of communication', says Mather. 'We are already looking at the clients' books, but that business model is starting to be obsolete. So let's look further than the books. It is the natural next step in the accountancy world'. And it is taking off fast. What was revolutionary is quickly becoming a standard required service. 'Personally', says Mather, 'I think it will be bog-standard in five years' time'.

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## FINANCE FUNCTION LEADERSHIP

At the outset, it was down to one partner, Russell Nathan, and he brought fellow partner, Simon Mott-Cowan, in as a sounding board for the ideas. They worked it out together and then brought in Jae Mather from outside the firm to articulate it and deliver it. It was not easy. Partnerships tend to be independently-minded and not all 28 partners in the firm thought the new and embryonic service could become a viable business model. A large meeting was organised. 'Some partners thought it would just be a distraction to the mainstream work', says Mather, 'or they just wanted to wait and see. But there were a handful of partners who were very keen. The meeting captured them. They realised that this was not something that was going away. It was going to be mainstream work that they would be doing far into the future'.

## POSITIVE LONG-TERM IMPACT

The long-term impact and stakeholder benefits are evident for the firm itself, its clients and the wider community. HW Fisher has a new sustainability service offering. And its efforts are saving businesses money, reducing their risk and reducing their impact on the environment.

The firm annually conducts its own carbon and energy audit that is presented to the partnership. It is now in the process of implementing recommendations. Other measures have been put in place, from double-sided printing (which reduced paper use by a quarter) to energy-efficiency measures.

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The firm now takes a long view on issues like energy. An internal sustainability committee meets regularly and offers all employees the chance to come up with ideas and influence policy. 'We are doing things that make financial sense', says Mather, 'but the biggest changes we have made have been in increasing understanding'. Sustainability strategies have been created for clients. There is no industry standard in accountancy for energy and carbon auditing and it is still voluntary for SMEs. The firm hopes that, by creating its own robust standards and methodologies, it can spread these through the wider business community.

## LESSONS FROM THE CASE STUDY

Embedding fundamental change is down to champions and individuals. It is a complex process. 'We go for the CEO/CFO top-down route', says Mather. 'It works. You are dealing with the decision-makers. The bottom-up route tends to hit obstacles'.

Plant the seeds now. 'We are working with lots of SMEs', says Mather. 'Some will be big businesses in the coming years. You need to help them now.'

Sustainability is a great business opportunity. 'There is a lack of understanding in the business world', says Mather. 'Training has been a huge business for us and will be a very large part of our future. It is all about telling people why it matters and what they can do about it'.

Work at trying to convince other parts of business. 'We are pleased ICAEW takes a really strong line on this', says Mather.

It is important to break something that can seem complex, like sustainability, into small parts, enabling people to make decisions. 'Use case studies', says Mather, 'and show the costs and benefits. That is what sells it to people'.

Sustainability is all about risk. It is about reducing risk, mitigating it and dealing with it.