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## ORGANIC GROWTH AND ACQUISITION FUEL TRIPLE-DIGIT GROWTH FOR SUSTAINABILITY CONSULTANCY ANTHEISIS

Launched in September 2013 by a team of environmental consultants with a broad base of expertise, global sustainability consulting firm **Anthesis Group** has grown at a blindingly rapid pace in a very short time. Through a balanced combination of organic growth and acquisitions, Anthesis grew to \$11 million in annual revenue by the end of 2014 and by mid-March 2015 had a staff of approximately 130 professionals operating in the United States, the United Kingdom, Germany, the Philippines, China, and the United Arab Emirates—an accomplishment that earned the firm a 2014 Business Achievement Award from EBJ's sister publication, *Climate Change Business Journal* (CCBJ).

Chris Jones, president of Anthesis' business operations in North America and the Asia-Pacific region, attributes this success to its focus on building deep and enduring relationships with its clients. "It is easy to say you are a client centric firm; it is much harder to stay true to this goal as an organization scales," he tells EBJ. "For us, it is vital that any changes we make to our organization are justifiable in terms of the benefit they will bring to our clients.

"When we took a look at how our sector is consolidating, we saw an unexploited market space for a specialist global consulting firm, occupying the space between big multidisciplinary firms and the smaller firms that lack the resources required to effectively serve global companies," he notes. Based on its growth trajectory to date—about 700% in 2014, and continuing into 2015—"we feel that our strategic roadmap has been validated the overwhelmingly positive response from our clients, new recruits, and the industry in general. Peo-

ple have responded very well to our value proposition."

Anthesis today has built a client roster consisting primarily of Fortune 1000 companies across multiple economic sectors, including chemical production, energy and utilities, financial services, food and beverage, high technology, oil and gas, real estate, healthcare, general industrial, retail and hospitality, and government. "Our business model is intentionally flexible, which enables us to respond quickly and effectively to developing client needs," says Jones.

This client centric approach has already led Anthesis to create two global practices—sustainable chemicals, and software and systems. The emphasis on software and data management reflects a sustainability services market that today is "less about reporting and communications, and more about risk, resilience, and opportunity," Jones explains. "For us, as consultants looking at the supply chain, it's about harvesting good-quality data, and that has a technology aspect to it, so that's why we have a strong software practice."

In building the expertise in sustainable chemicals, Anthesis is helping to shape both regulatory and market-led approaches to "detoxifying" products across the globe. Companies selling into European markets, for example, must already comply with European Union (EU) directives such as REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances) and RoHS (Restriction of Hazardous Substances), and such regulatory initiatives are only expanding. China and India have emerging chemical regulatory frameworks based on the EU REACH model, while in the United States, Anth-

sis is closely tracking the precedent set in California through its Safer Consumer Products regulations, a major step forward from the outdated regulatory framework created by the 1976 federal Toxic Substances Control Act (TSCA)

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"The step change in chemical regulation, exemplified in California, is that the onus of proving the safety of chemicals in their intended application lies with the manufacturer," says Jones. "Consumer product manufacturers will be required to perform a detailed analysis of hazardous substances in their products to justify their continued use. This has enormous consequences for global supply chains as regulatory frameworks become increasingly harmonized. We believe this will drive strong growth in the consulting sector, with requirements for technical analysis, alternatives assessment and material substitution."

As part of its effort to build the sustainable chemicals practice, Anthesis acquired U.K.-based **Caleb Management Services** Ltd., a specialist in chemical risk assessment, especially as it relates to compliance with the REACH and CLP (Classification, Labeling, and Packaging of materials) directives. Other acquisitions completed within Anthesis' short lifetime consist of the following: **Best Foot Forward**, a U.K.-based consultancy specializing in supply-

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chain, product, and event foot-printing; **M4C**, another U.K. firm, providing sustainability communications and related services; **SecondNature** (London, U.K.), a sustainability strategy development firm; **LRS** (London, U.K.), a supply-chain management specialist; **UMR GmbH**, a German firm providing environmental, health, and safety risk management services; and, just this March, **The Environment Partnership** (TEP), a United Arab Emirates-based environmental consulting firm specializing in hazardous materials management, environmental and social impact assessment, and environmental, health, and safety auditing.

The effective integration of these operations is a critical success factor in Anthesis' growth strategy. "We are fortunate to have a leadership team that is very experienced in buying and integrating companies," says Jones. "When we start talking with a company that, on paper, is a good fit for our organization, personal relationships and strong cultural alignment are just as important as the expanded skills and capabilities the acquisition would bring." Because integration is such a challenging part of a successful "buy and build" growth model, Anthesis believes the track record of its leadership team constitutes a key differentiator for the company.

Yet to achieve its current growth goal—to reach a size of about 600 professionals by 2018—the firm will not rely exclusively on acquisition, Jones stresses. "We're not just seeking to go after the market and

vacuum up a whole lot of boutiques. We're very focused on expanding our capabilities, through a mix of acquisitive and organic growth. This balanced approach is critical to ensuring that we maintain our strong culture as we grow."

The company also plans to enhance its value proposition through partnerships with other experts in the sustainability market. "Our clients' needs are cross-functional so it is very challenging for individual firms to maintain all the necessary capabilities under one roof," says Jones.

In addressing the market, Jones is less focused on terms like "sustainability" and "climate change" than on helping clients make better business decisions. "Our role is to provide our clients with the evidence and support they need to make good business decisions that impact positively on the world around us. We don't see a conflict between those objectives."

For Anthesis' clients, the need for sustainability-related services is moving well outside the confines of individual facilities and into global supply chains, where a lot of the most significant impacts can be found. "We're working with companies to identify the major environmental impacts in their supply chains and to help them create strategies to mitigate short term risks and build long term resilience," says Jones. "This work includes evaluating climate change impacts, addressing questions like, do extreme weather events or water scarcity in key locations threaten produc-

tion activities or the availability of critical resources?

"While the work we do to help companies manage risk and build resilience is critical, there is nothing that grabs the attention of the C-Suite more than finding new ways of driving top-line performance," he continues. "In this regard we're increasingly working to help our clients identify new opportunities using the principles of the circular economy—recovering more of the materials, energy, and labor inputs that goes into products." He cites electronics manufacturing as a prime example. Makers of electronic products use a broad range of rare and expensive materials in their products, and "far too few of those materials are recovered.

"If we accept that the resources available to us are finite, with increasing volatility in their costs and availability, it is not a huge leap to recognize that enormous commercial opportunities exist in rethinking traditional approaches to the way we make, use and dispose of products," Jones explains. He points to new commercial opportunities to "remove hazardous or rare materials from products, to recycle higher percentages of materials currently lost as waste streams, to repair products and extend their useful life, and to overcome the technological and practical challenges of using recovered materials in new remanufacturing processes. All of these challenges to the status quo represent excellent growth opportunities for the consulting sector."

As the firm continues to pursue its growth goals, it finds that its rapid growth to date has put it into a fortunate position, according to Jones. "Our growth story has created a lot of noise in the marketplace and we've started to become a magnet for talent. We feel we've got a great story to tell. And of course we're a private company, majority owned by our employees, which is also an attraction for talented and commercially minded people." ■

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