The Compass Report

Sustainability Department Benchmarking

CHIEF SUSTAINABILITY OFFICER

winmark

Cyan Partners

Foreword

Every department head faces pressure to carefully control budgets and to provide evidence that their function is contributing to the organisation efficiently and cost-effectively.

The current social, economic and geopolitical environment has, arguably, increased these pressures to their most intense levels for decades. High inflation driven by energy and commodity price increases, coupled with supply chain disruptions have created an uncertain and volatile business environment. And this is on top of an already challenging situation where organisations have been grappling with a rapid acceleration in technological innovation and having to respond to the pandemic's seismic impact on employee and consumer relationships.

Sustainability departments have their own unique pressures – including helping to define clear goals, negotiating between sustainability challenges and business performance, breaking down operational silos and engaging in collaborative partnerships with stakeholders.

This report aims to help Sustainability department heads by providing a benchmark of their own headcount and spend relative to their peers and other key functional departments. It also provides a benchmark of the perceived maturity of departments and the split of staff according to seniority.

While every department will have its own distinct demands and characteristics, the data will help provide important context and a useful yardstick for leaders embarking on their cost savings initiatives.

John Jeffcock,

Chief Executive Officer, Winmark

*Winmark greatly appreciates the time of all respondents who have shared their experiences and insights; and would particularly like to thank **Cyan Partners** for their valuable support throughout the project.*

This report is based on research with 166 organisations. The study measured staff headcount, running costs and stage of maturity for the following departments: Sustainability, Legal, Finance, HR, IT, Marketing, Operations and Procurement. Differences are highlighted between the Sustainability and other departments where there is a sufficiently large sample to make comparisons.

To find out how your department's headcount compares, refer *to Section 1 - Department headcount and growth trend.* To find out how your department's running costs compare see *Section 3 - Department running costs and growth trend. Section 2* provides a comparison of the seniority of department teams, and *Section 4* enables you to compare the maturity of your department.

Introduction

Cyan Partners is delighted to be partnering with Winmark on its CSO network benchmarking survey.

There is no doubting the importance of sustainability to every business right now as we all become more conscious of the climate emergency and the need to decarbonise and transition to a circular, sustainable economy.

The role of sustainability professionals has never been more important, as they find new ways to implement sustainability strategies within their businesses, develop sustainable business models, review issues within the supply chain, identify climate and reputational risks and explore sustainable design for products. There is also the ongoing issue of reporting and regulation, which means a close working relationship with the Legal department.

In short, it's an exciting time to be involved in sustainability and there is a great deal to be done. As specialists in the legal sector who are passionate about sustainability, we not only see how ESG and sustainability issues are rising to the top of the agenda for both Legal and Sustainability departments, but also the ongoing challenge of finding the people to deliver.

Sustainability professionals are as in as much, if not more, demand than legal professionals and the report findings indicate a department which is both dynamic (two thirds of Sustainability departments view themselves at *'Mid-transition or change process'* or *'New and embedding'*) and fast growing.

The report also points to a department that is arguably not yet receiving the investment it needs to deliver its crucial work – it has the lowest running costs, headcount and costs per head of all departments. As the business world recognises that purpose and sustainability are becoming existential issues and with the growth of stakeholder capitalism, this will surely change. The research provides ample evidence that sustainability leaders are looking forward with optimism to the increased importance and continued growth of their departments.

Chris Cayley, Director, Cyan Partners

About Cyan Partners

Cyan Partners is a partnership of highly experienced legal recruiters who have gained a thorough understanding of the issues facing lawyers in a dynamic market from many years working in the sector.

Everything we do as a business is with a view to advancing peoples' careers and strengthening the firms and businesses we work with by finding the best available talent. We believe that market knowledge, understanding the specifics of a requirement and delivering straightforward advice are essential to a successful relationship and recruitment process. We strive to build long term relationships and want our clients and candidates to see us as their trusted partner.

Cyan Partners works with a diverse range of law firms and companies and our breadth of experience means we can give sound advice whether you are looking for a new role or to recruit. We provide recruitment services across all elements of the legal market with a focus on in-house, private practice, risk & compliance, alternative legal service providers and legal ESG and sustainability.

Website: https://www.cyan.partners/

Contents

Key findings

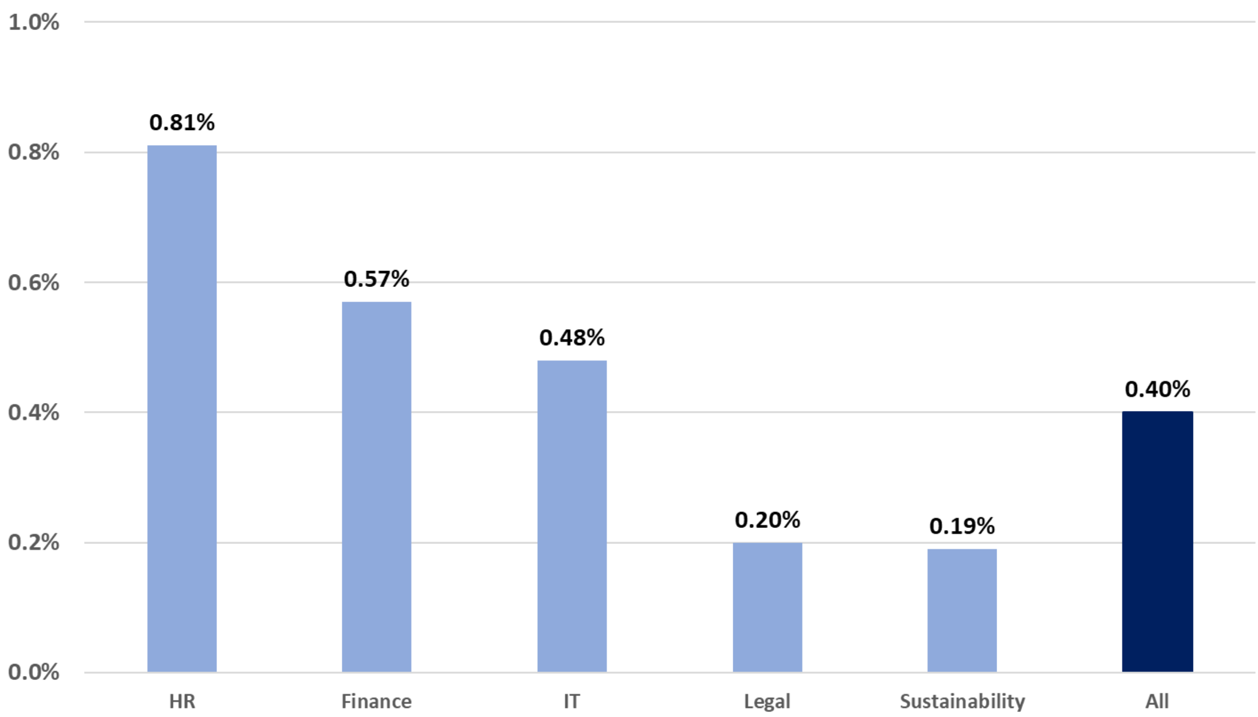
Headcount	• The average Sustainability department accounts for 0.19% of all staff within the company – less than half the 'all-department' average of 0.4%. • Sustainability departments are expecting a 6% increase in headcount in the coming year – behind the IT (9%) and Finance (8%) departments. • All departments are expecting headcount growth in the coming year, but (with the exception of Finance and Sustainability) are expecting the rate of growth to be less than the year before. • Sustainability departments are expecting to repeat the 6% headcount growth experienced last year, although this relative optimism may have been dampened somewhat by the ongoing economic and geopolitical instability since the research was conducted.
Seniority	• The Sustainability department has a relatively high proportion of staff (20%) occupying *'Chiefs, Directors or Head'* roles – second only to Legal with 24%. • Mid-tier Sustainability *'Manager'* positions split roughly into two thirds who are *'Technical Experts and Managers'* and one third who are *'Operations, Information and Project managers'* – overall, 21% of all 'Managers' are *'Operations, Information and Project managers'*
Running costs	• The Sustainability department has the lowest running costs of all departments as a proportion of revenue at 0.19%, but this is a reasonable size given that the function is relatively new in most organisations. • The Sustainability department has the lowest costs per head (excluding external spend) of all functions at £76,603. • Sustainability departments, along with IT and Finance, are expecting the largest cost increases in the year ahead – all are predicting a 9% increase.
External spend	• Sustainability departments spend 31% of their budgets externally – the same as the 'all-department' average of 31%. • Finance and IT departments spend the highest proportion of their budgets externally (41% and 39% respectively). • HR departments have significantly lower external spend than other departments – just 10%.
Maturity	• Sustainability departments are at a dynamic stage of maturity - two thirds view themselves as either *'Mid-transition or change process'* or *'New and embedding'*, the highest proportion of all departments. • The most commonly reported stage of maturity amongst all departments is *'Mid transition or mid-change process'*. Approximately one third to two fifths of all departments identify themselves being at this transitional stage in their development.
Performance	• 28% of Sustainability departments define themselves as '*Performing*' – similar to other departments. • A smaller proportion of Sustainability departments (6%) define themselves as *'Needing change'* than any other function.

1 Department headcount and growth trend

1.1 Department headcount as a proportion of total: key departments

The average Sustainability department accounts for 0.19% of all staff within the company – less than half the 'all-department' average of 0.4%.

Amongst individual departments, the fundamental administrative functions - HR (0.81%) and Finance (0.57%) – have the highest proportional employee headcount. Legal departments have the lowest proportional headcount after Sustainability, with 0.2%.

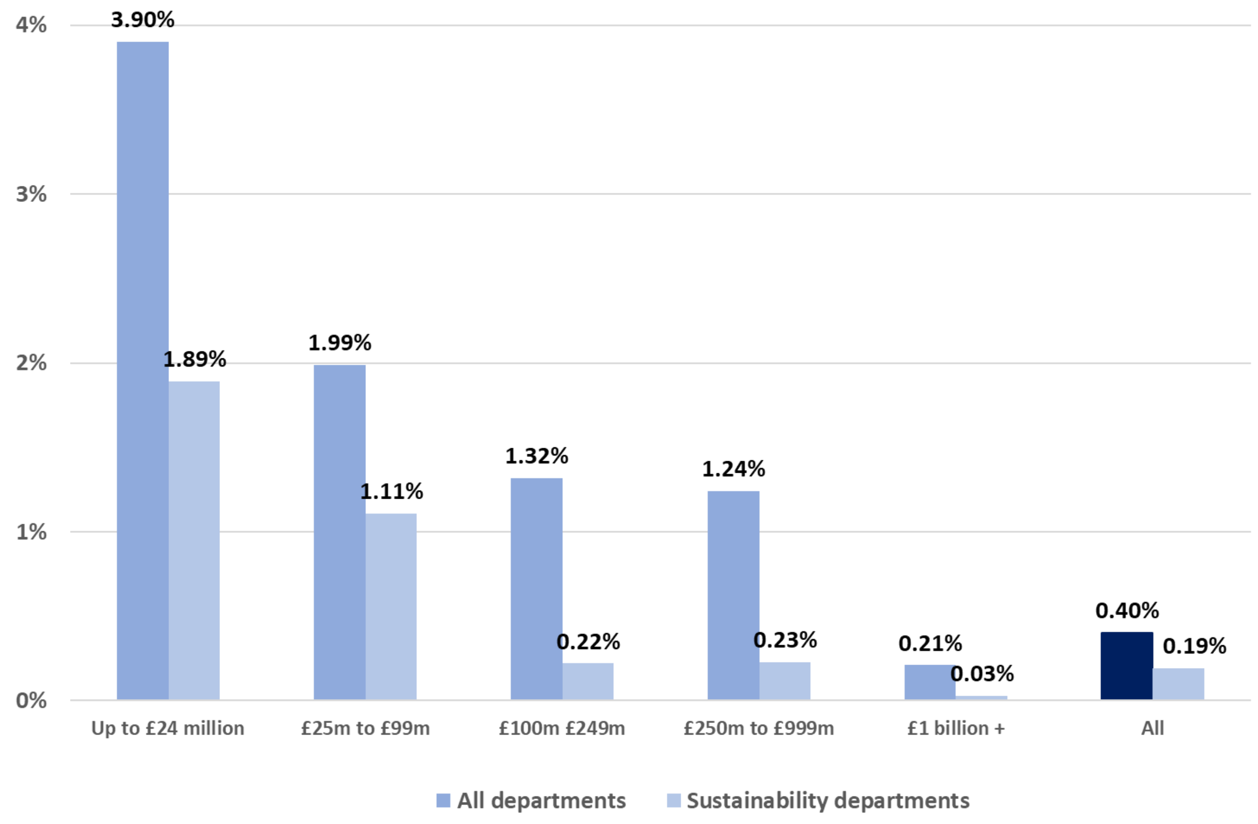


1.2 **Department headcount as a proportion of total: by turnover**

The chart below summarises Sustainability department staff headcount as a proportion of total company headcount, split by turnover band. Data for 'all-departments' is also included as a comparison.

Unsurprisingly, overall department headcount as a proportion of the total decreases in higher revenue companies.

The average department headcount is 7 for Sustainability departments (compared to 29 employees across all departments).



All companies: turnover	*All department headcount*	*Sustainability department headcount*
Up to £24 million	4	**1**
£25 million to £99 million	11	**3**
£100 million to £249 million	26	**5**
£250 million to £999 million	44	**7**
£1 billion +	52	**8**
All	**29**	**7**

1.3 Department headcount growth: key departments

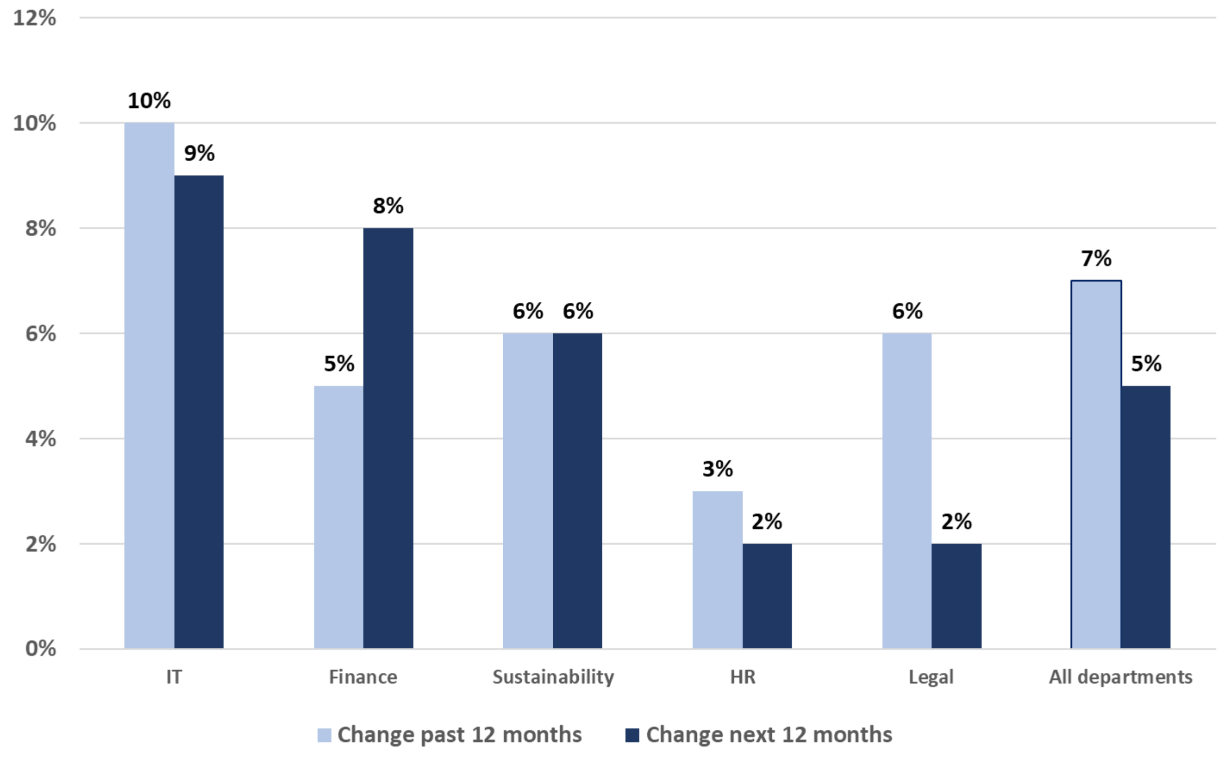
All departments reported growth in employee numbers over the previous 12-month period – a 7% increase overall. However, they are anticipating less growth in the year ahead – just 5% on average.

This decrease is roughly in line with projected reductions in overall global growth over a similar time period. For example, the World Economic Outlook predicts that growth will fall from its recent high of 6% in 2021 down to 2.7% by 2023.

As companies continue to invest in technology to support digital transformation of processes and business models, IT departments are increasing staff numbers the most.

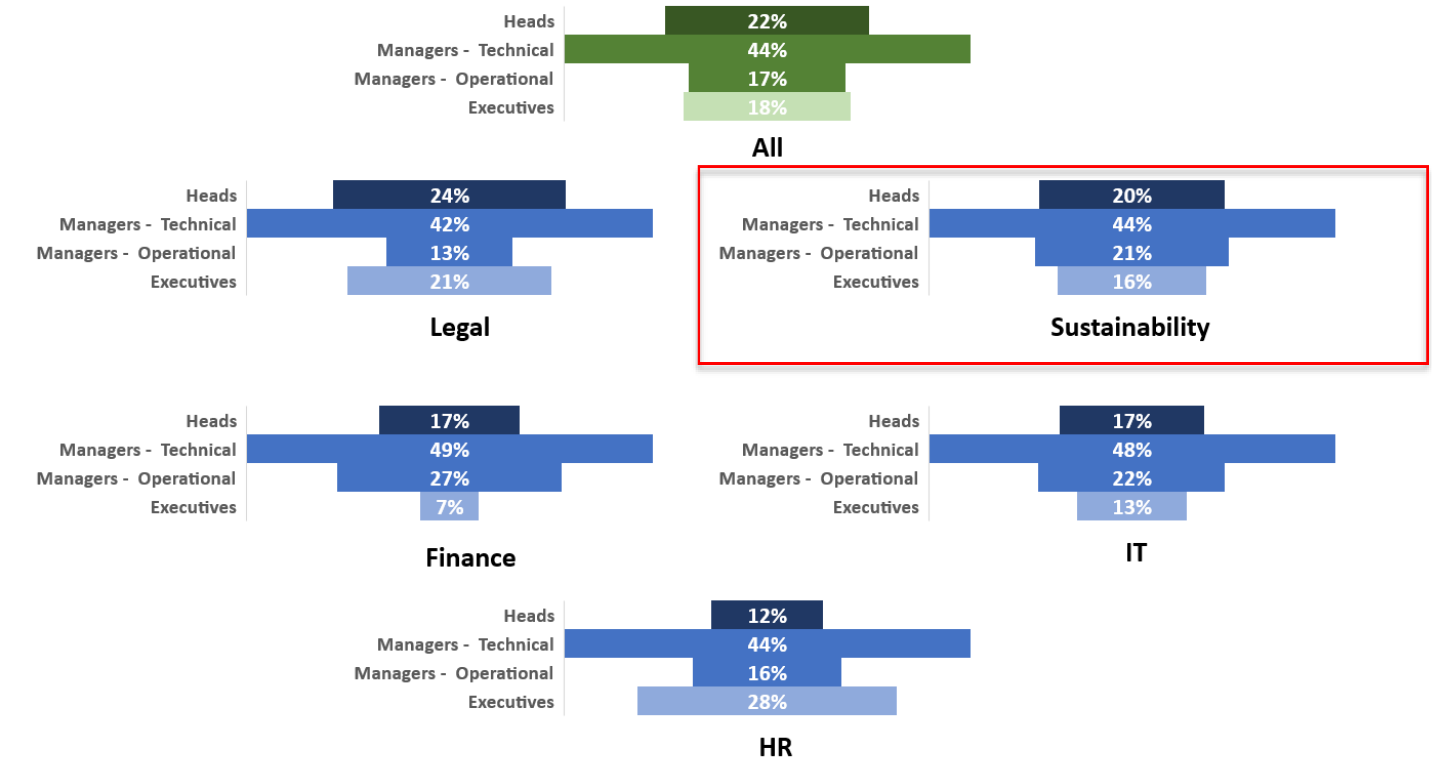
Sustainability departments are expecting a 6% increase in headcount – behind the IT (9%) and Finance (8%) departments.

All departments are expecting headcount growth in the coming year, but (with the exception of Finance and Sustainability) are expecting the rate of growth to be less than the year before. Since the research was conducted, expectations may have been further dampened by continued economic and geopolitical instability.



2 Seniority of departmental teams

2.1 Seniority by department



Across all individual departments, roughly a fifth of staff are *'Chiefs, Directors or Heads'*, two fifths are *'Technical Experts and Managers'*, a fifth are *'Operations, Information and Project managers'* and a fifth are *'Executives, PAs and other Administrative staff'.*

The Sustainability (20%) and Legal (24%) departments have the highest proportion of staff occupying *'Chiefs, Directors or Head'* roles.

HR is the least 'top heavy' department with 12% occupying *'Chiefs, Directors or Head'* roles.

Mid-tier 'Manager' positions split roughly into two thirds who are *'Technical Experts and Managers'* and one third who are *'Operations, Information and Project managers'* – overall, 28% of all 'Managers' are now *'Operations, Information and Project managers'*

3 Department running costs and growth trend

3.1 Department running costs as a proportion of total: key departments

The running costs of the different department functions as a proportion of company revenue varies considerably – for example, IT is twice the size of Finance and HR is twice the size of Legal.

The Sustainability department has the lowest running costs as a proportion of revenue at 0.19%, but this is a reasonable size given that the function is relatively new in most organisations.

The Legal department also has relatively low running costs (0.26%) – this is smaller than Finance (0.31%).

The IT department has the highest running costs (0.61%).

	Department headcount as a proportion of total	***Department cost as a proportion of revenue***	*Cost to headcount ratio*
IT	0.48%	**0.61%**	1.3
HR	0.81%	**0.47%**	0.6
Finance	0.57%	**0.31%**	0.5
Legal	0.20%	**0.26%**	1.3
Sustainability	0.19%	**0.18%**	0.9
All departments	0.40%	**0.37%**	0.6

The Sustainability department has the lowest costs per head (excluding external spend) of all functions at £76,603.

The Legal Department has the highest cost per head (£131,777) with the IT and Finance Departments next with approximately £106,000 cost per head.

Departments	*Average cost per head - total spend*	***Average cost per head -internal spend only***
Legal	£202,734	**£131,777**
IT	£175,359	**£106,969**
Finance	£179,864	**£106,120**
HR	£88,364	**£79,528**
Sustainability	£111,018	**£76,603**
All	**£151,468**	**£100,199**

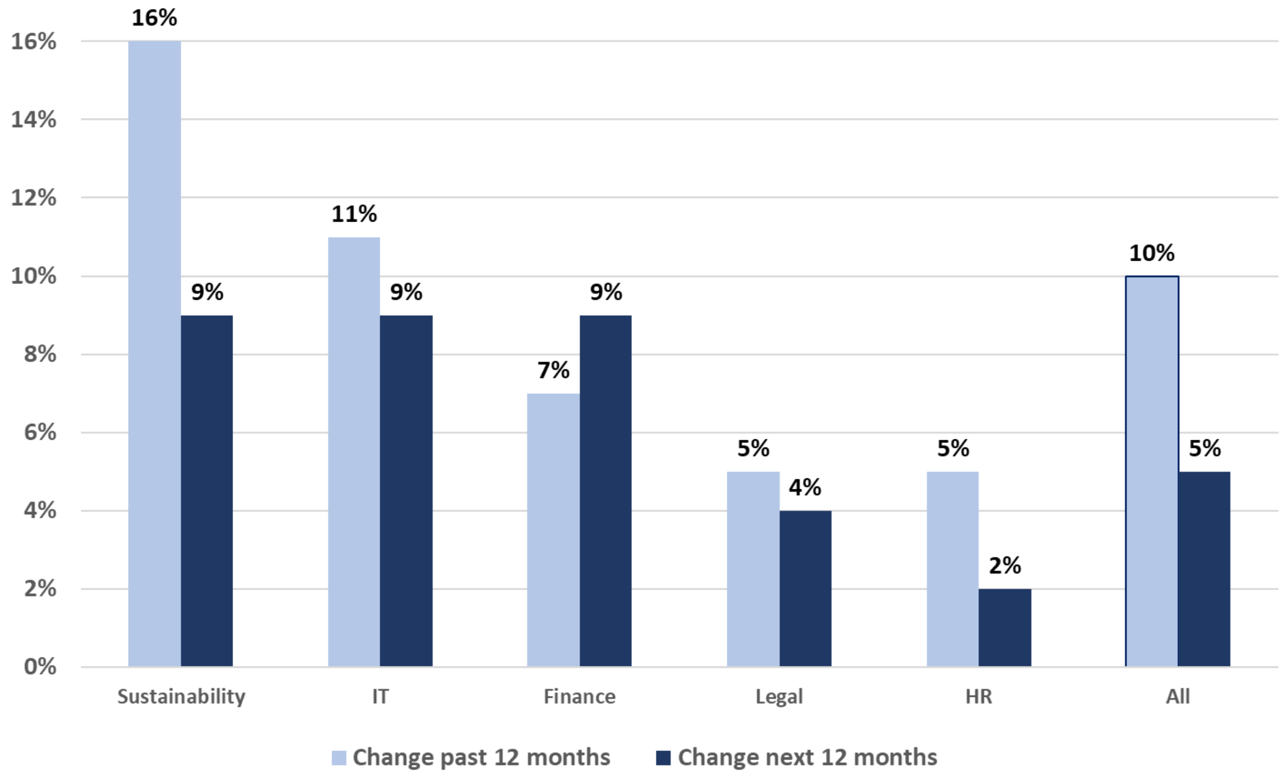
3.2 Department running cost growth: key departments

All departments reported an increase in department running costs in the previous 12-month period – with a 10% increase overall. However, they are anticipating less cost growth in the year ahead - 5% on average.

IT, Sustainability and Finance departments are expecting the largest cost increases – all predicting 9% higher costs.

Legal departments are expecting just a 4% increase in running costs, the second lowest anticipated increase behind HR with 2%.

All departments (with the exception of Finance) are expecting reduced cost growth in the coming year when compared to last year.



3.3 Department external spend as a proportion of budget

Sustainability departments spend 31% of their budgets externally – the same as the 'all-department' average of 31%.

Finance and IT departments spend the highest proportion externally (41% and 39% respectively) - and these are also the only departments expecting a significant increase in external spend as a proportion of budgets in the coming year - 7% for Finance and 5% for IT.

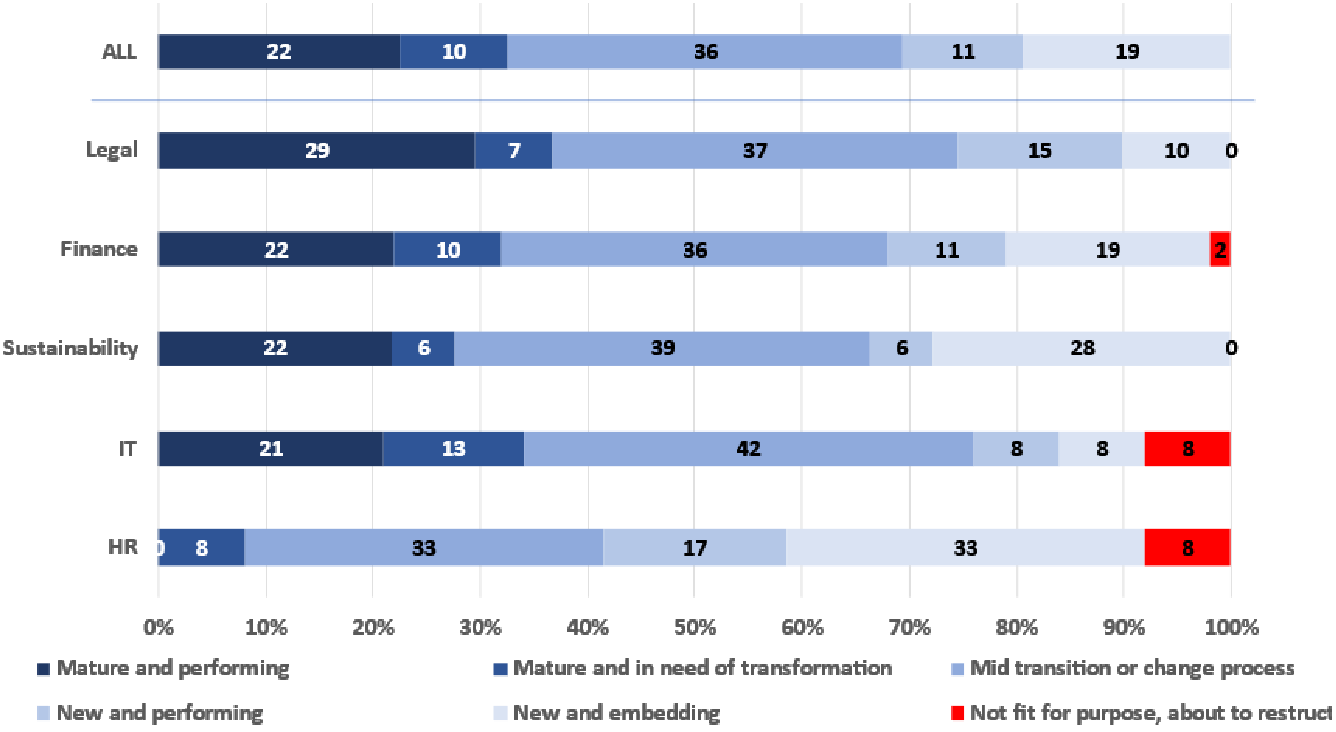
All of the other departments expect the proportion of external spend to remain relatively static.

HR departments have significantly lower external spend than other departments – just 10%.

Departments	*External spend as % of department spend past 12 months*	*Expected external spend change as % of budget*
Finance	***41%***	*7%*
IT	***39%***	*5%*
Legal	***35%***	*-1%*
Sustainability	***31%***	*-1%*
HR	***10%***	*1%*
All	***31%***	*2%*

4 Stage of maturity and performance

4.1 Stage of maturity by department



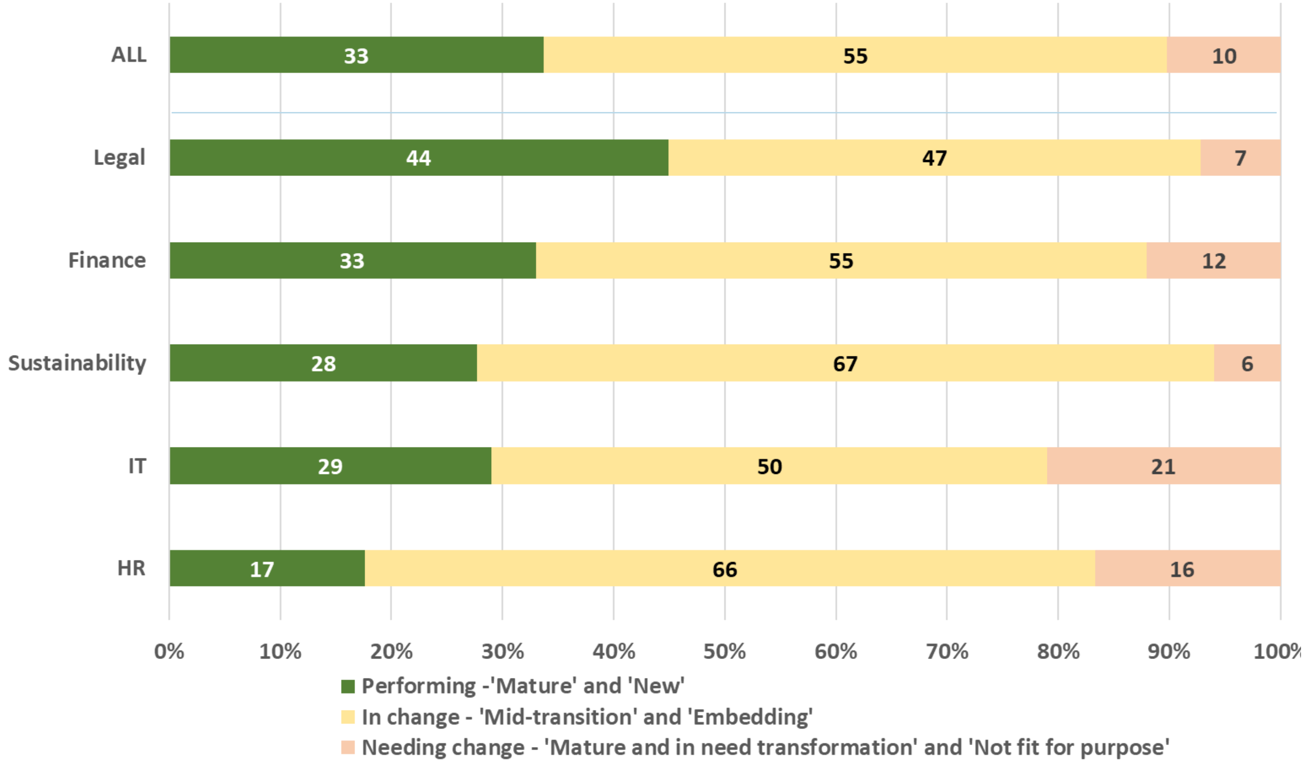
Sustainability departments are at a dynamic stage of maturity - two thirds view themselves as either *'Mid-transition or change process'* (39%) or *'New and embedding'* (28%), the highest proportion of all departments. 22% say they are '*Mature and performing*' and 6% are *'Mature and in need of transformation'*.

The most commonly reported stage of maturity amongst all departments is *'Mid transition or mid-change process'*. Approximately one third to two fifths of all departments identify themselves being at this transitionary stage in their development.

Only 8% of HR departments identify themselves as *'Mature'* and none say they are *'Mature and performing'.* This stands in contrast to the other departments where, on average, 32% believe they are *'Mature'*.

The results reflect that HR and IT functions are most likely to be going through change and restructuring to support the people challenges (e.g. recruitment, retention, flexible working and wellbeing) and technological imperatives (e.g. hybrid infrastructure, digital innovation and security) that are a priority for many businesses.

4.2 Stage of performance by department



If we look at Sustainability departments in terms of their perceived level of performance, 28% define themselves as '*Performing*' – that is either '*Mature and performing*' or '*New and performing*'. Around a third of these '*Performing*' companies are '*New and Performing*'.

Two thirds of Sustainability departments define themselves as '*In change*' – that is either ''*Mid transition or mid-change process*' or '*New and embedding*'. Although this is a higher proportion than for other departments, most functions are in a transitionary stage of development.

A smaller proportion of Sustainability departments (6%) define themselves as '*Needing change*'– that is '*Mature and in need of transformation*' or '*Not fit for purpose*' – than any other function.

A larger proportion of IT and HR departments define as '*Needing change*'– 21% and 16% respectively – again reflecting that HR and IT are on the frontline of addressing high priority people and technology challenges facing many organisations.

Appendix 1: Detailed benchmark data

Please note that sample sizes within individual sub-groups are small, so results the results should be used with caution.

A1 Department headcount as a proportion of total, split by turnover band

Sustainability department companies	*Department Headcount as a proportion of total*
Up to £24 million	1.89%
£25 million to £99 million	1.11%
£100 million to £249 million	0.22%
£250 million to £999 million	0.23%
£1 billion +	0.03%
All Legal	**0.19%**

A2 Department seniority, split by turnover band

Sustainability department companies	*Chiefs, Directors & Heads of Department*	*Technical Experts & Managers*	*Operations, Information and Project Managers*	*Others: executives, PAs, administration, clerks*
Up to £24 million	22%	29%	18%	31%
£25 million to £99 million	22%	43%	28%	8%
£100 million to £249 million	8%	68%	15%	10%
£250 million to £999 million	21%	51%	14%	14%
£1 billion +	16%	32%	32%	20%
All	**20%**	**44%**	**21%**	**16%**

A3 Department maturity, split by turnover band

All companies	*Mature and performing*	*Mature and in need of transformation*	*Mid transition or change process*	*New and performing*	*New and embedding*	*Not fit for purpose, about to restructure*	***Grand Total***
£ 0 to £24 million	*36%*	*0%*	*21%*	*14%*	*14%*	*0%*	***100%***
£25 million to £99 million	*27%*	*20%*	*27%*	*7%*	*20%*	*14%*	***100%***
£100 million to £249 million	*25%*	*13%*	*44%*	*6%*	*13%*	*0%*	***100%***
£250 million to £999 million	*6%*	*6%*	*56%*	*11%*	*22%*	*0%*	***100%***
£1 billion +	*22%*	*11%*	*28%*	*17%*	*22%*	*0%*	***100%***
All	***22%***	***10%***	***36%***	***11%***	*19%*	***0%***	*100%*

Sustainability department companies	*Mature and performing*	*Mature and in need of transformation*	*Mid transition or change process*	*New and performing*	*New and embedding*	*Not fit for purpose, about to restructure*	***Grand Total***
£ 0 to £24 million	*40%*	*0%*	*60%*	*0%*	*0%*	*0%*	***100%***
£25 million to £99 million	*33%*	*0%*	*17%*	*17%*	*33%*	*0%*	***100%***
£100 million to £249 million	*0%*	*0%*	*100%*	*0%*	*0%*	*0%*	***100%***
£250 million to £999 million	*0%*	*20%*	*40%*	*0%*	*40%*	*0%*	***100%***
£1 billion +	*0%*	*0%*	*0%*	*0%*	*100%*	*0%*	***100%***
All	***22%***	***6%***	***39%***	***6%***	***28%***	*0%*	***100%***

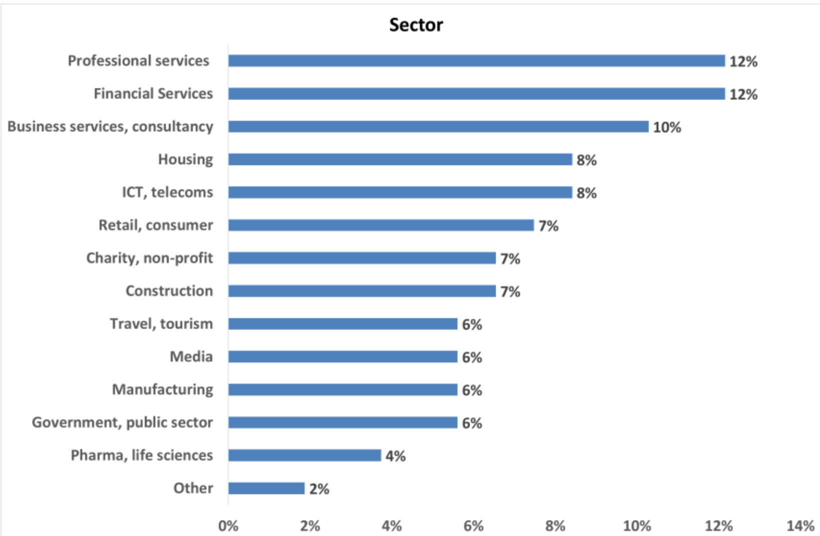
Appendix 2: Sample

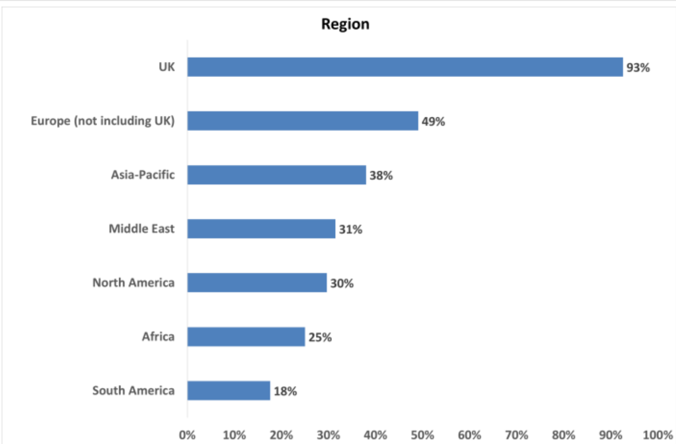
We have consulted with over 160 department heads from companies across a wide range of sectors and sizes, and with a truly global footprint.

All companies breakdown

	Finance	HR	IT	Legal	Marketing	Operations	Procurement	Sustainability	Total
Sample size	20	17	28	48	9	12	11	21	**166**
Turnover									
Up to £24 million	15%	35%	18%	19%	22%	17%	18%	24%	18%
£25 million to £99 million	15%	12%	18%	19%	11%	25%	27%	29%	15%
£100 million to £249 million	20%	18%	29%	10%	33%	33%	36%	14%	19%
£250 million to £999 million	20%	24%	18%	25%	33%	17%	18%	29%	21%
£1 billion +	30%	12%	18%	27%	0%	8%	0%	5%	27%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Sector and global remit





About Winmark

Winmark inspires the global C-Suite to create value for all:

Research: Winmark's high quality research helps our partners build business intelligence, showcase their expertise, and engage with senior decision-makers.

- Clients trust us to understand their organisations and apply solutions that will deliver clear **return on investment.**
- Our comprehensive expertise includes **thought leadership, commercial intelligence, market sizing, mystery shopping, client satisfaction** and **concept testing** using a multitude of methods – including **online, round tables, focus groups, telephone (CATI and depth), face to face** and **desk research.**
- Our proposition combines research know-how with access to our professional member Networks, event management and PR support.
- Embedded in the knowledge of our C-Suite Networks and informed by the most up-to-date business conversations, our incisive research provides leaders with the intelligence and perspective they need to achieve greater impact.

Networks: Our C-Suite and Specialist Networks bring together peers to share insights, develop skills and explore best practice.

Academies: Our executive education Academies develop and empower executives across industries and functions to create enhanced value in their role. Our programmes combine proven management methodology with hands-on, real-life experience.

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