

SMALL BUSINESS

CLIMATE ADAPTATION TOOLKIT

A guide for
small business
owners to build
climate-resilient
businesses

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SECCCA
South East Councils
Climate Change Alliance

CREATED BY



FOR



SUPPORTED BY



The Greater Melbourne Regional Climate Change Adaptation Strategy is a community-led project supporting Greater Melbourne communities to adapt to a changing climate. It is supported by the Department of Environment, Land, Water and Planning (DELWP) and funded through the Supporting Our Regions to Adapt program.

We respectfully acknowledge the Traditional Owners of the land on which we work, and pay respect to their Elders, past, present and future.

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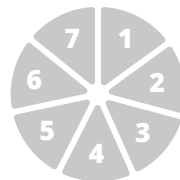
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Getting the most out of this toolkit

This small business climate adaptation toolkit should take most small businesses between 45 and 90 minutes to complete. You may choose to take longer. Take as long as you need. A suggested approach is to complete the toolkit over a couple of days. Ensure you have time for strategic thinking.

Initially, you should scan the whole toolkit and then just complete **Part 1** (the climate adaptation self-assessment). That should take about 10 minutes. Once you have completed that, think about it for a day or two before coming back to complete the rest of the toolkit.



Completing **Part 2** (the small business adaptation action toolkit), including the plan and all activities, should take 45 to 90 minutes.



After you have done the adaptation plan for your business, and decided on a review trigger and period, you should add the plan to your business-as-usual strategy, planning activities, or risk assessment processes. This will help it become part of how you run your business.

For best results, use this toolkit with free Adobe Acrobat Reader.

PART 1

SMALL BUSINESS CLIMATE ADAPTATION SELF-ASSESSMENT

	1	2	3
1. Do you understand how to adapt your business to climate change in your local area?	YES	SOMEWHAT	NO
2. Do you understand how climate change will affect the weather and climate in areas where your business operates?	YES	SOMEWHAT	NO
3. Do you know the rough cost of climate change impacts on your business?	YES	SOMEWHAT	NO
4. Do you understand the vulnerability of your business operations (e.g. people, assets, supply chain, clients) to climate change or increases in extreme weather (e.g. fire, flooding, heatwaves)?	YES	SOMEWHAT	NO
5. Do you know what you could change in how you do business to decrease its vulnerability to changing climate or weather impacts?	YES	SOMEWHAT	NO
6. Do you have a completed plan for what you will change in how you do business to prepare for the changing climate?	YES	SOMEWHAT	NO
7. Have you started using a climate adaptation action plan for your business?	YES	SOMEWHAT	NO
8. Do you regularly review the climate adaptation action plan for your business?	YES	SOMEWHAT	NO
	TOTAL POINTS	<input type="text"/>	<input type="text"/>
9. Do you actively work to reduce your emissions, waste and water use, and increase the use of renewable energy in your business?	YES	SOMEWHAT	NO

Scoring for questions 1 to 8:

For each YES, score **1 point**

For each SOMEWHAT, score **2 points**

For each NO, score **3 points**

Total points Suggested action

Less than 10 points

Toolkit optional
You could work through the toolkit to review your current plans. Alternatively, you could continue to embed your current plan in your business activities.

Between 10 and 15 points

Toolkit suggested
Work through the toolkit to consolidate your thinking about adapting your business to climate change.

More than 15 points

Complete the toolkit
Work through the toolkit to help you plan and adapt your business to climate change.

If you answered *No* or *Somewhat* to question 9, please consider the following programs.

> Victorian Energy Upgrade for Businesses > Solar for Business Program > Victorian Energy Compare Tool > Tips for managing business energy costs

Why is an adaptation plan important for a small business?

Small businesses are not immune to the impacts of our changing climate. In recent years, an increase in extreme weather events linked to climate change has disrupted businesses. This has caused financial losses to businesses and society across Australia (e.g. fires in WA and Tasmania, floods in QLD, NSW and Victoria, and heatwaves in SA).

This toolkit is for owners of small businesses. It highlights the cost of NOT adapting. The toolkit helps business owners prepare for the impacts of climate change by building an adaptation plan for their business.

The small business climate adaptation toolkit is a seven-step process (see Figure 1) to help business owners:

- 1. get into the mindset for adaptation**
- 2. understand the climate impacts in their area**
- 3. understand the vulnerability of their business**
- 4. consider the risks and opportunities for their business**
- 5. list the adaptation options (short- and long-term)**
- 6. develop an action plan for adapting their business**
- 7. implement, check and review their adaptation action plan.**

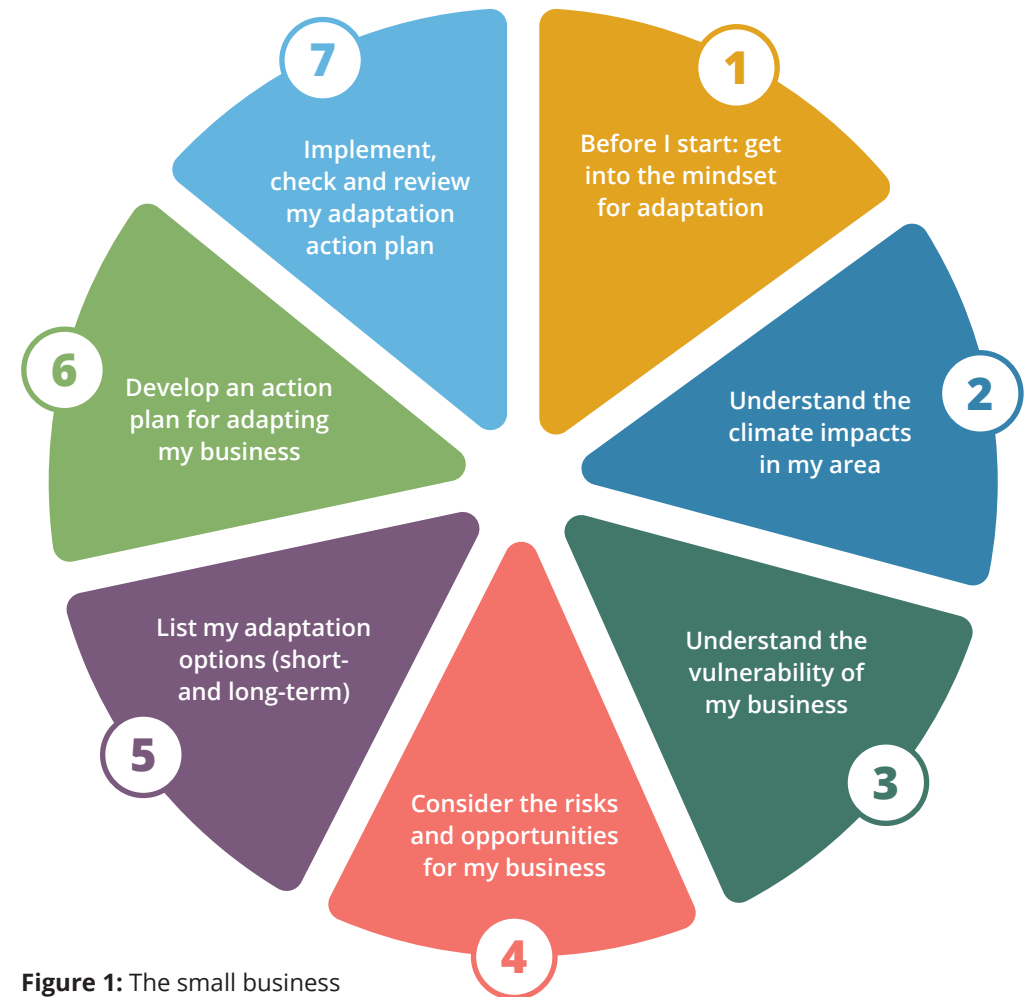


Figure 1: The small business climate resilience process.



GET INTO THE MINDSET FOR ADAPTATION

Climate adaptation and climate mitigation are different responses to climate change

Climate mitigation is about reducing emissions (specifically, reducing net emissions through increasing the uptake of greenhouse gases, or decreasing emissions from electricity generation, transport, etc.). Mitigation contributes to reducing global changes in climate.

Climate adaptation is about being ready for the impacts of climate change. Adaptation reduces the negative effects of a changing climate or can maximise any opportunities. It is about 'climate-proofing' and preparing for the changes that we are already experiencing, and expect to see more.

Figure 2 is from the recent [Gippsland Regional Climate Change Adaptation Strategy](#). It gives you a sense of actions that address mitigation, adaptation, or both.

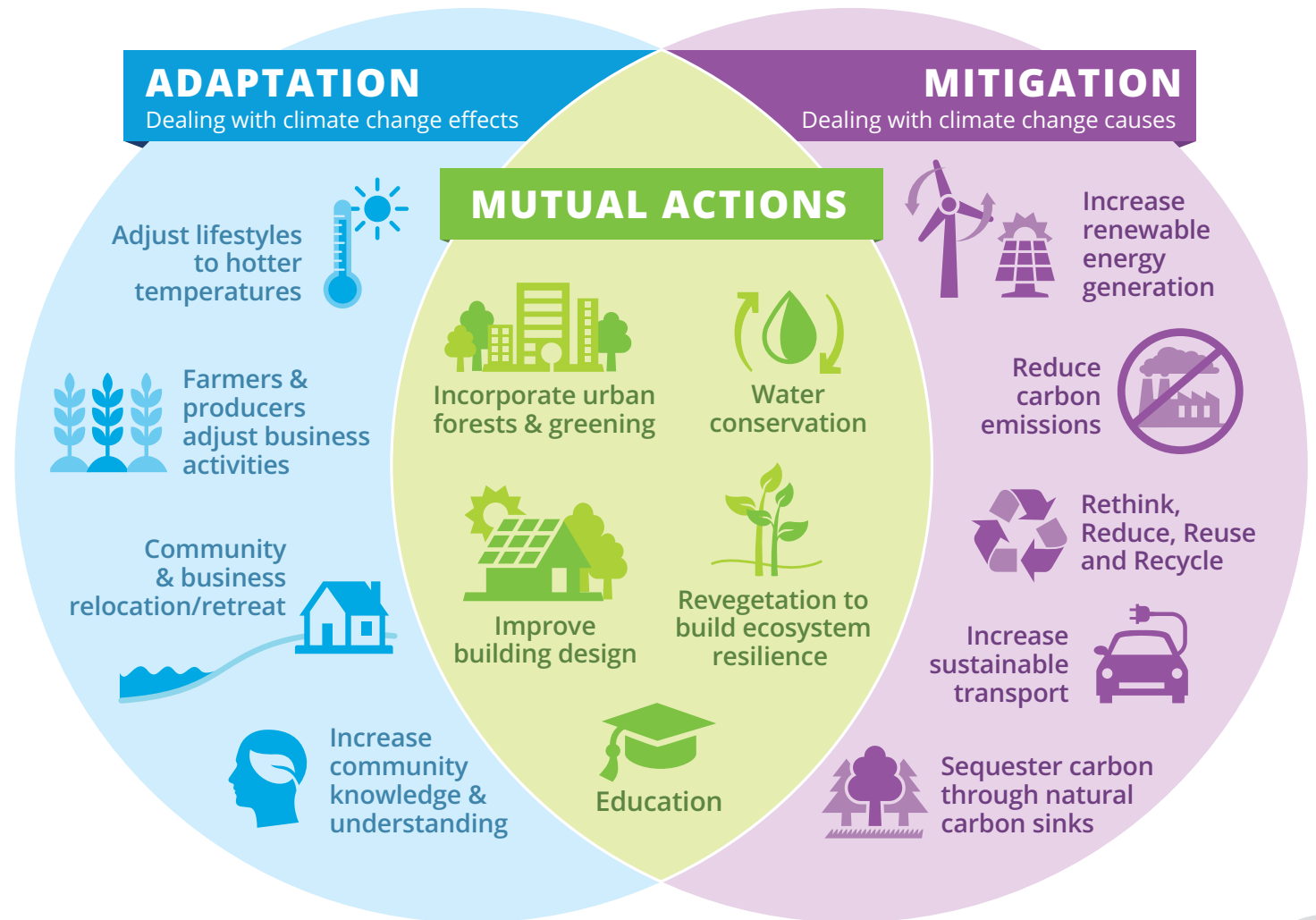


Figure 2: Examples of actions that address mitigation, adaptation, or both.



Adaptation planning requires understanding risk and uncertainty

Just like you think about risks to your business profitability, planning for climate adaptation requires understanding risks and their likelihood. As you know, risk is about BOTH the chance of something happening AND the consequences if it does happen. You need to consider chance and consequence to manage risk.

Risks from climate change differ from risks to profitability as they can seem a long way in the future, while others are more immediate. For example, if you rely on a product from an area that will not be able to provide that product in 10 years due to a changing climate, you will need to start looking for new suppliers so that you will have a consistent supply of stock later. Climate adaptation is about being ready for the changes that might be a risk to your business.

Climate adaptation planning differs from other areas of business planning due to the range of possible climate futures. Climate projections differ from weather forecasts in that they provide a range of planning scenarios for a region based on large-scale changes to climate, rather than a specific forecast about conditions at a particular time and place. But like weather forecasts, climate projections provide a good picture of what generally will happen so we can make decisions. To best use information about future climate, we need to prepare for what is most likely to happen and adapt the plan as we learn more.

Using flexible scenario planning

Given what we know about the changing climate, we need to plan for scenarios (short- and long-term) and how we would respond if an expected future happens. Then we can make an informed decision about the cost of preparing for the change. We can balance that with the cost of not being prepared. So, we build in some checkpoints to determine if our plan is suitable as new information comes to hand. We call this the Plan – Do – Review approach.

We can't control everything – do what you can

You will be aware of things in your business that you can directly control and change (e.g. who you employ), those things over which you have some influence (e.g. the timing and quality of stock from suppliers), and those things over which you have little influence (e.g. business regulations). Everything we do fits somewhere into these three different influences on business operations. It is the same for climate adaptation planning: we influence what we can.



Just All Images



A quick reminder about climate change

If you'd like to know more about climate change, what causes it, how scientists measure it, and how future climate is modelled, there is a summary in Appendix 1 of the [SECCCA asset vulnerability assessment project](#).

In summary, the climate is changing. These changes will affect many of us directly and indirectly. We need to prepare for these changes. Climate projections focus on the years around 2040, 2070 and 2100. However, for a typical small business, the next decade or so is a realistic timeline to consider.

What will happen near me and elsewhere in Victoria?

Figure 3 shows a summary of the climate projections for Melbourne. It is from the Greater Melbourne Regional Climate Projections. There are five other regional projections for Victoria.

Victoria will continue to become warmer and drier in the future. Rainfall will decrease in autumn, winter and spring, but extreme rainfall events are likely to be more intense. By the 2050s, if the current rate of global warming continues, Victoria's average annual temperature could rise by up to 2.4 °C, and towns could experience twice the number of very hot days compared with the 1986–2005 average. By the 2090s, Victoria is projected to warm on average by 2.8 to 4.3 °C under a high emissions scenario. These changes will play out against a backdrop of

high variability from year to year through the action of large-scale climate drivers such as the El Niño – Southern Oscillation and Indian Ocean Dipole, so cooler periods and wet years will still occur.

Climate projections for Melbourne and Victoria show:

- average temperatures will continue to increase
- there will be more frequent and longer heatwaves
- bushfire severity and duration will increase
- air pollution will become worse
- there will be fewer frosts
- rainfall will decline
- sea levels will continue rising, resulting in an increased risk of coastal erosion and flooding
- There will be more extreme weather events, including bushfires, severe storms, storm surges and heavy rainfall events.



Continuing rising daily temperatures



More frequent and longer heatwaves



Rising sea levels with increased risk of coastal erosion and inundation



Extreme rainfall events expected to become more intense

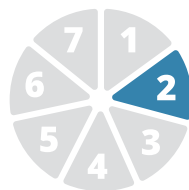


Rainfall expected to continue to decline in winter and spring



The fire season is longer and number of very high fire danger days in spring is increasing

Figure 3: Summary of climate impacts for Melbourne.



ACTIVITY 1

From the online information available, and the information above, what climate impacts do you think will affect your business the most?

ACTIVITY 1: CLIMATE IMPACTS ON MY BUSINESS IN THE NEXT 10–15 YEARS



In this section, you will determine specific climate risks to your business to understand your vulnerability to climate change.

ACTIVITY 2

What do you do in your business to ensure it survives?

To understand how your business might be impacted by climate change, list your business activities and decide how vital each is for the business. This will help you decide later which activities you need to plan to adapt so they can continue. It will also help identify which activities are a lower priority for adaptation planning.

Think about all aspects of your business, such as your:

- customers
- assets, infrastructure and resources
- suppliers and key stakeholders
- goods and services
- logistics and supply chain
- security and safety
- finances and financial management
- insurance and related activities (just in case)
- business processes, systems, data and IT required to keep functioning
- other elements of the business



ACTIVITY 2: WHAT DO YOU DO IN YOUR BUSINESS TO ENSURE IT SURVIVES?

We/I do (use your own words)	How essential is this activity to my business? Use one of the following: <ul style="list-style-type: none"> • fundamental or critical • important • useful to have • no idea why we do it – probably not important when I think about it. 	What would be the cost to the business if we couldn't do this? (that is, the cost of inaction) Use real dollar values if you have them, or represent values as \$, \$\$, \$\$\$ or \$\$\$\$\$.
<i>e.g. customers visit our location</i>	<i>fundamental</i>	<i>\$\$\$ per month in sales</i>
<i>e.g. buy stock from distant suppliers</i>	<i>fundamental</i>	<i>\$5000 more in shipping</i>
<i>e.g. we operate machinery on the ground floor in an increasing flood zone</i>	<i>fundamental</i>	<i>\$150k to replace if damaged</i>





CONSIDER THE RISKS AND OPPORTUNITIES FOR MY BUSINESS

Impacts from climate change can disrupt your business activities. If you know the risks, you can plan to minimise disruptions – or even prevent them.

This section will identify the risks your business could face from climate change. These will relate to the business activities you identified in Activity 2 as fundamental, critical or important. Sometimes climate change can present opportunities to some businesses.

As a reminder, review the primary climate impacts of concern to your business that you identified in Activity 1:

CLIMATE IMPACTS ON MY BUSINESS IN THE NEXT 10-15 YEARS



Activity 3

Understanding risks to your business

Given the climate impacts of primary concern to your business from Activity 1, and building on the fundamental, critical or important business activities from Activity 2, this activity helps you determine what you could do to manage risk.

Businesses can prevent some risks and minimise others, but some may be unavoidable. Risks can either be preventable by intervening before they occur (e.g. identifying and removing a trip hazard before someone falls over) or unpreventable but able to be managed or planned

to avoid (e.g. having a good chair to avoid a bad back). Similarly, risks from climate impacts may be prevented or managed. You need to plan for all risks.

The following table is based on many standard business activities to prompt you to consider risks, actions and things to do to adapt.

Please focus your input on your business and use the primary climate impact (i.e. the number one impact from Activity 1) for your planning.

ACTIVITY 3: UNDERSTANDING RISKS TO YOUR BUSINESS

Business activity, function or process	What is the risk? (Use a risk name that will help you know what it is)	Actions to prevent or avoid the risk	Steps you need to take to deliver these actions
PEOPLE			
<i>Staff (and customers) are always on site</i>	<i>Evacuation planning, e.g. need to evacuate in a flood</i>	<i>Create and rehearse an evacuation plan</i>	<i>Find a standard evacuation plan for my sector to use; create a list of emergency contacts</i>



ACTIVITY 3 CONTINUED ...

Business activity, function or process	What is the risk? (Use a risk name that will help you know what it is)	Actions to prevent or avoid the risk	Steps you need to take to deliver these actions
CUSTOMERS, SUPPLIERS AND KEY STAKEHOLDERS			
<i>Our suppliers work in an area with increased bushfire impact</i>	<i>Evacuation planning, e.g. need to evacuate in a flood</i>	<i>Create and rehearse an evacuation plan</i>	<i>Find a standard evacuation plan for my sector to use; create a list of emergency contacts list of emergency contacts</i>
ASSETS, INFRASTRUCTURE, AND RESOURCES			
<i>Our building is uninsulated</i>	<i>Upgrade building, e.g. overheating due to our building being uninsulated</i>	<i>Insulate the building</i>	<i>Talk to landlord or other tenants about options</i>
LOGISTICS AND SUPPLY CHAIN			
<i>Our stock comes by road</i>	<i>Supply chain problems, e.g. we won't have stock in a flood for two weeks</i>	<i>Consider logistics and supply lines</i>	<i>Talk to our main supplier about alternatives to stock movement</i>



ACTIVITY 3 CONTINUED ...

Business activity, function or process	What is the risk? (Use a risk name that will help you know what it is)	Actions to prevent or avoid the risk	Steps you need to take to deliver these actions
SECURITY AND SAFETY			
<i>Our location is on the ground floor in a flood zone</i>	<i>Secure the building, e.g. if the area is flooded, there could be looting</i>	<i>Consider the ground floor access and security</i>	<i>Plan to bar the entrances</i>
FINANCES AND FINANCIAL MANAGEMENT			
<i>Our business has crucial documents for functioning</i>	<i>Business continuity, e.g. all paperwork is in the office</i>	<i>Consider multiple or backup copies</i>	<i>Talk to the accountant/lawyer</i>
INSURANCE			
<i>We are in a flood zone</i>	<i>Lack of insurance, e.g. we have no flood insurance</i>	<i>Consider flood insurance</i>	<i>Call the insurance broker</i>



ACTIVITY 3 CONTINUED ...

Business activity, function or process	What is the risk? (Use a risk name that will help you know what it is)	Actions to prevent or avoid the risk	Steps you need to take to deliver these actions
BUSINESS PROCESSES, SYSTEMS, DATA AND IT			
<i>Everything we do is online</i>	<i>Manage power fluctuations, e.g. we have power brownouts in heatwaves</i>	<i>Plan to use an analogue process if the power goes out so we can still do business</i>	<i>What does the business process look like if it is not digital?</i>
OTHER?			



ACTIVITY 4: (OPTIONAL) OPPORTUNITIES

Sometimes, climate change can present opportunities to some businesses. The next activity is optional for you to consider any business opportunities you have identified from climate change impacts.

Business activity, function or process	What is the opportunity? (Use an opportunity name that will help you know what it is)	Actions to maximise the opportunity	Steps you need to take to deliver these actions
PEOPLE			
CUSTOMERS, SUPPLIERS AND KEY STAKEHOLDERS			
ASSETS, INFRASTRUCTURE, AND RESOURCES			



ACTIVITY 4: (OPTIONAL) OPPORTUNITIES CONTINUED ...

Business activity, function or process	What is the opportunity? (Use an opportunity name that will help you know what it is)	Actions to maximise the opportunity	Steps you need to take to deliver these actions
LOGISTICS AND SUPPLY CHAIN			
SECURITY AND SAFETY			
FINANCES AND FINANCIAL MANAGEMENT			



ACTIVITY 4: (OPTIONAL) OPPORTUNITIES CONTINUED ...

Business activity, function or process	What is the opportunity? (Use an opportunity name that will help you know what it is)	Actions to maximise the opportunity	Steps you need to take to deliver these actions
INSURANCE			
BUSINESS PROCESSES, SYSTEMS, DATA AND IT			
OTHER?			



LIST MY ADAPTATION OPTIONS (SHORT- AND LONG-TERM)

ACTIVITY 5: SET YOUR CLIMATE ADAPTATION GOAL(S)

In the box below, write your goal (or goals) for adapting your business to climate change:

Hint: If you are unsure of your goal, learn from similar businesses and consider what they are doing to adapt to the impacts of climate change.

Possible adaptation options

Thinking about your adaptation goal, review your priority business activities (from Activity 3) and brainstorm some possible adaptation options. It is useful to draw on experience: if you have been in a flood, fire, heatwave or any extreme weather or climate event, think about what you wish you had known or done before it occurred. What would you have done knowing what you know now?

If you can't think of any adaptation goals for a business activity, write down where you would start to look (e.g. my business association, my colleagues, my local council, or a similar business) for more information and ideas about how to adapt.

Examples of adaptation options could include:

- different ways to operate
- new safety requirements for staff or customers
- new or altered supply chains
- new or different commercial arrangements
- access for customers or clients
- new partnerships or customers
- professional support and networks to help you learn
- specific communications so your clients, suppliers or customers understand your requirements or plans
- upgrading insurance
- new evacuation or emergency plans
- grants or government funding that might be available to help you prepare (or recover after an emergency)



Rank your top business risks from climate impacts (or opportunities)

From Activity 6, please pick your top 5 to 10 risks (or opportunities) – prioritise ones that you think must be managed to achieve your climate adaptation goal by considering the following:

1. the risks to activities you identified as fundamental, critical or important to your business in Activity 2
2. the risks to activities that will most likely enable you to achieve your climate adaptation goal.

Note that if you want to plan for opportunities, please manually enter them in the Activity 7 table.

The timeline for when you think the risk could impact your business is important for adaptation planning. For your planning, consider if the risk is most likely to occur in the:

- short-term (1-3 years)
- medium-term (3-10 years)
- long-term (10+ years).

Feel free to look at some of the online climate impacts resources in Section 2 if you need ideas about the timeline. Imagine roughly when it could occur, rather than worrying too much about exactly when.

If you used different criteria to choose your top 5-10 risks, add them here:





DEVELOP AN ACTION PLAN FOR ADAPTING MY BUSINESS

You are now ready to build an adaptation action plan that is doable and scaled for the risks that you have identified for your business.

To help you deliver this plan, consider the rough scale of investment that is likely to be needed for you to deliver the various actions in your adaptation plan. Because business sectors operate at different investment scales, you should allocate investment levels for the following four categories that are relevant to your business sector: The smallest cost category (\$) is one that you would consider a small investment, whereas the highest cost category (\$\$\$\$) is a very large or substantial investment for your business.

Cost category	Range that makes sense for my business sector
\$	
\$\$	
\$\$\$	
\$\$\$\$	



7

IMPLEMENT, CHECK AND REVIEW MY ADAPTATION ACTION PLAN

There are two times to review your adaptation action plan:

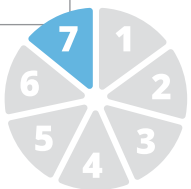
1. After an event occurs due to a climate change impact (e.g. a flood, fire, heatwave or storm), check if you need to update your plan based on what happened in the weather or climate event, and what you learned.

2. At a regular and sensible frequency so that you are reminded of what you planned and are aware of any actions required (e.g. every one or two years). Perhaps time this review with your Work Cover insurance renewal, at tax time, or when daylight savings starts. Choose a review time and frequency that suits you and add it below.

ACTIVITY 9: MY REVIEW FREQUENCY

ACTIVITY 10: CHECKING YOUR PROGRESS | Using the information from Activity 8, review progress on the plan.

Action (short-hand name)	Lead	Due date	Status	Completed?



ACTIVITY 11 - REVIEWING YOUR ADAPTATION PLAN

Use the following table to review your adaptation plan. Remember to update your adaptation plan if you do change anything based on this review.

Action (short-hand name)	Trigger (completed or post-event)	Lessons learned	What to change in my adaptation action plan

Final review checklist



- I have reviewed the progress of my adaptation plan
- I have noted the lessons learned and made changes to my adaptation plan
- I have updated my adaptation plan based on the review



Further information and links to helpful tools

Businesses need to prepare for the impacts of climate change

There is a lot of information published about the need for climate change action in business. For example:

- the UN Climate Change Secretariat has published a resource about the [various approaches for long-term adaptation](#)
- the UN Development Program resource about [enabling small businesses to adapt](#)
- there are resources at the local level, such as [Port Phillip Council Sustainable Business Network](#)

Information about climate change impacts is highly accessible

[Victoria's changing climate](#) includes many publications with varying levels of detail and complexity.

- For a short (3-page), plain English summary of the basics of climate change in Victoria based on the SECCCA region, please read Appendix 1 (pp 48-50) in the [SECCCA Climate Vulnerability Guide](#). The toolkit was created for councils wanting to plan the adaptation of council assets, but this easy-to-read summary also applies to businesses.

Many adaptation action tools are available for general use

Many general tools and frameworks can be used to shape what businesses should do when planning to adapt to climate change.

- NCCARF has a broad range of information, including reports on:
 - > [how to build a business case for climate adaptation](#)
 - > information on [managing climate risk in food security](#)
 - > reports on [specific adaptation planning pathways for transport infrastructure on the coast](#)
 - > a [climate change adaptation strategy and action plan with the City of Melbourne](#).
- [Victoria has seven adaptation action plans](#) released in late 2021 with cross-sectoral and multi-stakeholder inputs. They cover seven areas: [built environment](#), education and training, health and human services, natural environment, primary production, transport, and water cycle systems.

- [Victoria also has many regional-level supporting documents](#) and strategies for adaptation planning. The most relevant regional adaptation action strategy for the SECCCA region is the [Greater Melbourne Regional Adaptation Action Strategy](#). Other regional adaptation action strategies include the following themes: preparing for and recovering from emergencies, caring for the natural environment, improving health and well-being, strengthening the economy and workforce, improving the resilience of our built environment, and embracing renewable energy. The following have helpful and accessible information for businesses in their region: the [Loddon-Mallee](#), the [Grampians Region](#), and [Gippsland](#).
- There are tools developed for homes that might be helpful for businesses. For example, Melbourne Water released a [flood resilient guide to retrofitting your home](#) in 2020.

There are several business-ready tools for small businesses

There are two free tools for businesses available online in Victoria and Queensland. The Victorian tool is available through [Business Victoria](#) and focuses on businesses being ready for any disaster. The Queensland tool is specifically designed as a [business toolkit for climate adaptation](#). The [free tools online from Business Victoria](#) are based on a framework adopted by this project for business resilience. The framework suggests using the following four areas when considering building business resilience to disasters (such as climate change impacts):

- business resilience
- business preparedness and prevention
- business response and continuity
- business resumption and recovery.

Other helpful tools on the Business Victoria website help businesses [evaluate risk](#), [prepare a risk management plan](#), and [respond after a crisis](#). There is also a page for businesses to [understand and apply for grants and programs](#) for various uses. There are some grants for businesses to prepare for climate change (in particular for reducing emissions) and implement other changes to the business. The grants and programs differ in scope, availability and focus.

To discuss the project, please contact SECCCA
Email: enquiries@seccca.org.au