



Climate change
and you

MODULE 1

BENEFITS OF ADAPTING TO CLIMATE CHANGE

As a busy SME owner, you might be wondering, “What’s in it for me?” The benefits of adapting to climate change go far beyond mitigating risks — they can positively impact your bottom line, operational efficiency and reputation. Let’s explore how climate change adaptation can help your business in practical ways.

1. Cost savings and improved competitiveness

Adapting to climate change can lead to significant cost savings by reducing operational expenses and lowering insurance premiums. By proactively managing climate-related risks, you can avoid costly surprises such as water-damaged stock or the time-consuming process of filing insurance claims. Many financial institutions offer discounts to companies that effectively manage their climate-related risks, providing further financial incentives for adaptation.

2. Enhanced business continuity

By managing your exposure to climate-related risks and developing robust adaptation plans, you can improve your business’s continuity and resilience. This means you’re better equipped to continue operating and meet customer demands even in the face of extreme weather events or other climate-related disruptions, safeguarding your revenue streams and maintaining customer satisfaction.

3. Competitive advantage

Adaptation can confer a competitive advantage by making your business more resilient and agile compared to competitors who neglect to understand and address their climate-related risks. By identifying opportunities for innovation and market differentiation, such as developing new products or services that enhance water efficiency during droughts, you can gain a ‘first mover advantage’ and capture new market segments.

4. Reputational benefits

Proactively managing climate-related risks signals to stakeholders (including shareholders, customers, prospective employees and investors) that your business is forward-thinking and responsible. Participating in climate conversations and taking climate action within your local community can enhance your business’s reputation as an environmentally conscious and socially responsible entity, strengthening stakeholder trust and loyalty.

5. Improved cash flow management

Climate adaptation costs can be planned over time often allowing you to increase the resilience of your business incrementally. In contrast, costs associated with flood damage or a cancelled event can be large and immediate, creating cashflow problems which can make it difficult to complete key transactions such as paying staff or buying new stock.

6. Te ao Māori and social resilience

For Māori-owned businesses, adaptation that aligns with effective environmental stewardship is consistent with te ao Māori values. Upholding cultural values around tupuna decision-making and protecting future generations benefits not only your business but also your community and environment.

7. Adaptation and mitigation

Adapting to climate change also presents opportunities to mitigate your business’s impact on the environment (e.g., reduce carbon emissions). For example, installing solar panels to ensure your business can operate when energy supplies are disrupted can also reduce your business’s overall carbon footprint and reduce costs.

References

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