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Climate change is already starting to affect small businesses in flood zones. Here's what the experts say about preparing your business for natural disasters.



James Cassel works with small businesses to navigate through climate crisis. Cassel Salpeter & Co.

Last year, a neighborhood in Key Largo, Florida, felt the full effects of rising sea levels. For more than 80 days, the low elevated streets of Stillwright Point were flooded with saltwater, leaving residents trapped in their homes, unable to work.

Mike Turner works as a window tinter who frequently goes to the neighborhood. He said because of the corrosive saltwater, he had to limit jobs in the neighborhood, fearing damages to his car.

"People didn't want to go out, some of their cars can't drive through the water," Turner said. "The water was up to the knees."

Flooding wasn't new for the neighborhood, but local news source Keys News reported that the longest previous flooding lasted 22 days. It had been over 80 days. Local meteorologists said in the report that the flooding was caused by rising sea levels due to warmer ocean water temperatures.

Though the flooding cleared by November, Turner said it served as a stark reminder of how extreme weather affects businesses.

The climate crisis will be devastating for the planet over the next century, but it is already impacting small businesses now. Areas prone to wildfires, rising sea levels, or hurricanes pose great personal and financial risk.

Research published in September of last year by Willis Towers Watson, a global insurance and advisory company, categorizes events that will have a high impact on global economic growth. The paper highlights climate change as the No. 1 concern. Climate change first appeared in their rankings in 2013 and has moved its way up ever since.

Higher insurance costs, loss of business, and adopting greener initiatives have been the main threats of climate change, according to the study.

We talked with an investment banker who works with small businesses and Miami's first chief resilience officer. They said there are several precautions you can take to withstand natural disasters.

Weather-proof your retail location

In Islamorada, Florida, also in the Keys, a famous restaurant located next to the sea, Islamorada Fish Company, has felt the effects of flooding for a few years. One section that houses more than 20 tables overlooking the sea is closed off on days water floods the area.

Cindy Trisha, a frequent customer of the seafood restaurant, said that the unpredictable sea levels will rise and flood the entire section. While there are other sections to host more guests, she said that on busy nights, she estimates a big chunk of business is lost since customers have to be turned away.

"No one can really tell when the levels will rise," Trisha said. "When it does, they lose a lot of customers. It's a problem that they haven't fixed yet."

Representatives from Islamorada Fish Company did not respond to Business Insider's request for comment.

Jane Gilbert, the City of Miami's first chief resilience officer, has worked on resilience projects and initiatives to mitigate flood risks. Her initial findings report that the construction industry and retail sectors are more vulnerable to floods. To help flood-proof, Gilbert said small businesses can get flood panels, elevate critical equipment, or, if possible, elevate their buildings.

"Small businesses don't think 40 years out, but if you are located in a storm surge zone, whether its climate change or hurricane, those businesses are more vulnerable," Gilbert said. She added that the city is looking into giving businesses resources to help fortify themselves.

Consider climate risks in business decisions

Apart from shoring up their physical property, Gilbert encourages businesses to work with their insurance company and their local government, who can help businesses get back up and running as soon as possible in the event of a natural disaster.

James Cassel, 64, an investment banker who works with small businesses to navigate through climate crisis, said that weatherproofing stores and getting flood insurance policies are a good investment in the long term, though he understands why businesses are hesitant since it can be costly.

"We are starting to see commercial insurance rates rising with flood policies," Cassel, the CEO and founder of Cassel Salpeter & Co, said. "It may cost more money, but you [have] got to have a longer-term view than the next 20 minutes."

Cassel said that when making new investments, have climate risks in the decision-making process, whether it is adaptation or understanding the risks with insurance.

Greener initiatives can lead to new (and more) customers

According to the Carbon Majors Report, more than half of industrial emissions can be traced to 25 companies. While the listed companies are not small businesses, it illustrates how businesses play a part in the climate crisis.

Cassel said adopting green initiatives will not only help reduce the carbon footprint but will help get new customers.

With more green and climate awareness, consumers, especially the younger generation, have become more socially conscious on what businesses they support. Banning plastic straws has especially increased the chances of businesses getting younger customers.

Cassel said a sustainability mindset starts with the little things. "Young people will patronize businesses because they are adopting green measures, or they will penalize businesses by not going there because they are not doing it," he said.

In this area, small businesses have an advantage over large companies, since they typically can implement new methods more quickly. Cassel suggested businesses install new lighting, such as motion sensor detectors or lightbulbs that use less electricity, toilets that use less water, and energy-efficient appliances.

"There are so many ways to have a positive impact [on] the environment," Cassel said. "Every small business has an obligation to do their part. You can't argue over the fact that the water is rising."