

Business adaptation to climate change requires strategic timing, alignment with firm policy, and organizational commitment

EXECUTIVE SUMMARY

Most businesses have yet to undertake substantial adaptation measures, preferring to assume a ‘wait and see’ approach. They do so at their own peril. Few tools exist to help manage the risks and opportunities related to adaptation – most are risk frameworks. Strategic timing is essential to adaptation, as are ensuring alignment with overall firm policy and commitment within the organization. Much can be learned from case studies, most of which focus on the insurance sector.

BACKGROUND

There is a growing consensus among researchers and policy makers that adaptation is a central strategy in dealing with the impacts of climate change. Adaptation is most commonly described as ‘adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities’ (IPCC).

In 2008-2009 the Network for Business Sustainability commissioned a systematic review to synthesize the current state of research and practice of business adaptation to climate change. This report, the third in a four part series, discusses best practices, case studies, lessons learned, and adaptation tools used.

FINDINGS

Despite limited information on the practice of business adaptation to climate change, clear findings emerged:

- In general business is taking a ‘wait-and-see’ approach, with adapters being the exception rather than the rule.
- Existing tools deal mostly with risk management. Five types of risk tools were found: risk frameworks, scenario tools, decision trees, costing tools, and computer simulation tools.
- Five types of adaptation tools were identified: adaptation identifiers, step-by-step guides, success measurement, adaptation networks, and adaptation option tools. Most prevalent emphasized education and collaboration networks.
- The studies on lessons learned revealed the importance of the strategic timing of climate action, its alignment with overall firm policy, and its assured commitment within the organization.

IMPLICATIONS FOR MANAGERS

Managers must act now on the issue of adaptation:

- Acknowledge that taking a ‘wait and see’ approach comes with great risks.

- Increase awareness of risks and vulnerabilities associated with climate change.
- Undertake real adaptation measures – beyond short-term measurements and GHG mitigation.
- Develop tools for risk modelling and opportunity assessment.
- Learn from the insurance sector and other leaders.

IMPLICATIONS FOR RESEARCHERS

A lack of primary research on companies and their adaptation practices prompts researchers to:

- Focus on primary research in business adaptation to uncover potential case studies, lessons learned, and best practices.
- Focus on developing tools for risk modelling and opportunity assessment.
- Make business aware of the risks and vulnerabilities they face.

METHODS

A systematic review of multiple and varied resources – from the public sector, the private sector, and academia, dating from 1997 to early 2009 – revealed 201 sources pertinent to business adaptation to climate change. An interpretive narrative synthesis was employed to distil the large volume of varied data into accessible and intelligible frameworks. A total of 39 sources discussed case studies (30), lessons learned (5), and best practices (4) in the area.

CITATION

Network for Business Sustainability. (2009). Business Adaptation to Climate Change: A Systematic Review. Network for Business Sustainability Knowledge Project Series. www.nbs.net.