

Australian Disaster Resilience
Conference 2019 papers

**Empowering resilient businesses
to drive thriving communities**

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Empowering resilient businesses to drive thriving communities

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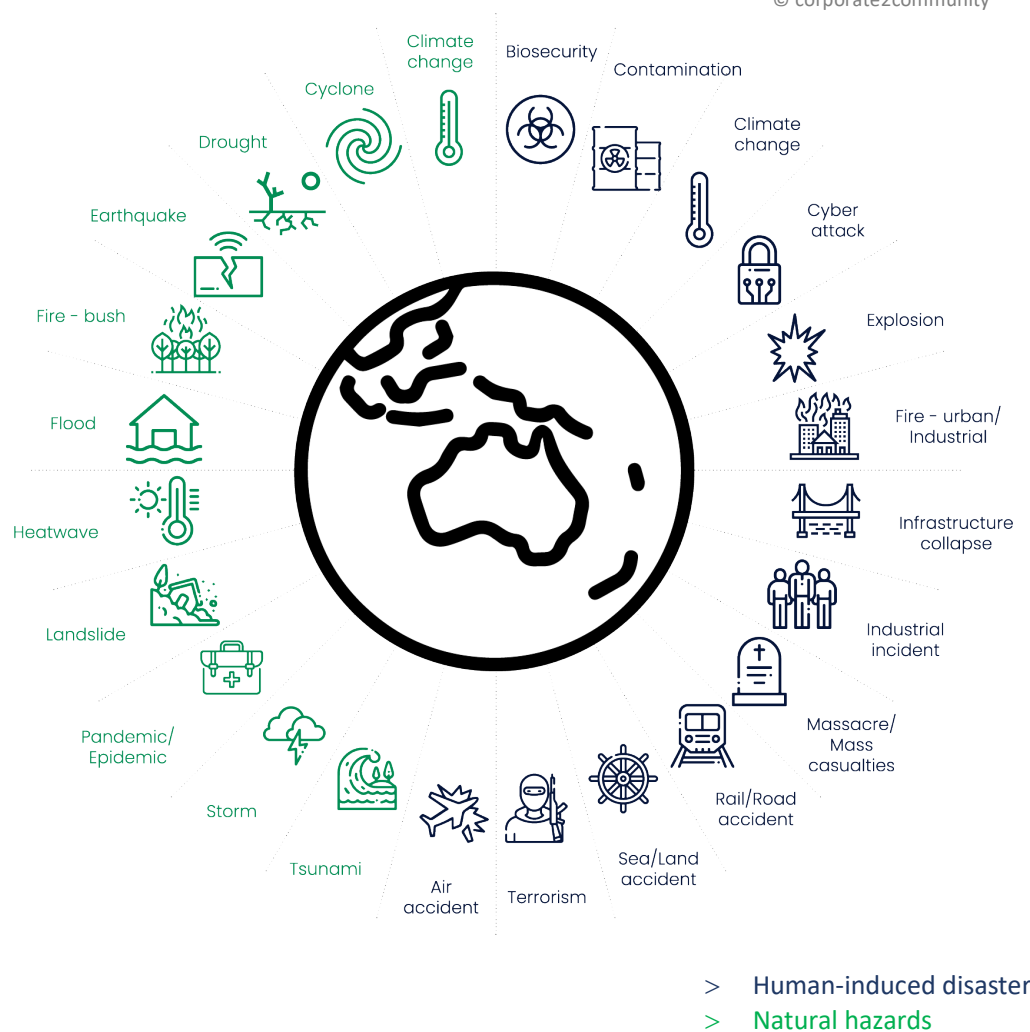
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Potential natural and human induced disasters to impact Australian Communities

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1. Introduction

Are we future ready when it comes to empowering resilient businesses to drive thriving communities – in short, no!

Australian businesses, from large to small, are in no way prepared for our future era of natural or human-induced disasters. As a stakeholder group, they are regularly acknowledged under ‘shared responsibility’ yet minimally understood and rarely engaged or invited to actively play a proactive role – why?

As the economic (and social) backbone of Australian communities we need *all* businesses, not just those providing critical infrastructure needs, to be ready from an organisational resilience and community resilience lens – to be prepared and then bounce back better when disruption occurs.

The current complex, siloed structure of the Australian emergency management and disaster resilience sectors result in vital community readiness, response and recovery needs falling through current funding, bureaucratic and network inefficiencies.

As a result, Australian communities cannot get the help they need, and key stakeholder groups are being both forgotten and ignored.

Given we face a future of more frequent, more destructive and compounding disaster impacts to come, as a sector we need to start thinking differently and doing differently in *how* and *who* we support to get ready, respond to and recover from future disasters.

This starts with identifying and understanding who non-traditional stakeholder groups are and working together to define what roles they must play in contributing to and participating in ‘shared responsibility’ outcomes – not merely its philosophy.

Businesses are in every community and are fundamental to the economic and social viability of communities – our communities need our businesses to thrive.

Like government, it is in the interests of *all* businesses to understand the risks and vulnerabilities that are faced as business owners, employers and active members of communities in which they operate in and serve.

The time is now for the emergency management and disaster resilience sectors to better understand the business community (and in particular the private sector), define the role it must plan and embrace ‘shared responsibility’ outcomes by driving ‘shared understanding’ and ‘shared value’ solutions.

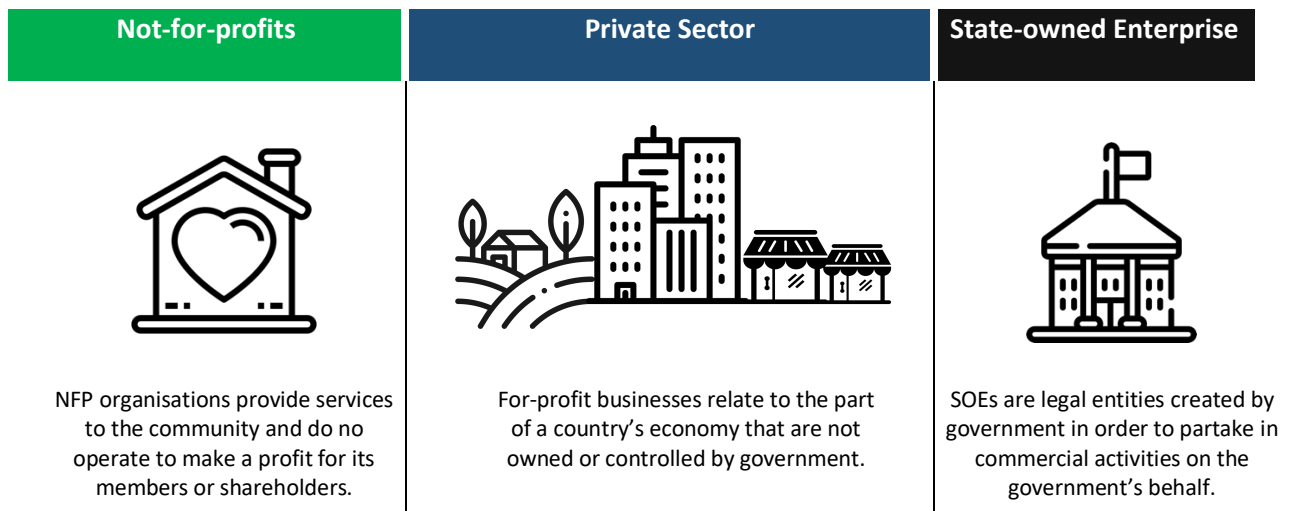
Benefits of a new collaborative approach includes saving people, property and profits - while future proofing local economies.

2. Understanding the business community

Businesses account for 86% of Australian jobs¹.

Business contribution to Australia relates to 6 out of every 7 jobs, 80% of Australia’s final economic output and \$86 billion per year in company taxes².

While the emergencies and disaster resilience sectors typically consider Critical Infrastructure alone as representative of all business stakeholders, it’s important to understand the sub-categories within this group – including Not-for-profits (NFP), the Private Sector and State-owned Enterprises.



The private sector is more than Critical Infrastructure corporates (CIX), also including Non-Vital corporates and Small to Medium Enterprises (SMEs)



¹ <https://www.bca.com.au>

² <https://www.bca.com.au>

3. Why we need resilient businesses

Businesses are the economic backbone of Australian communities.

Given 6 out of 7 jobs in Australia are employed by businesses³, we need to future proof our economic viability, sustainability and growth at both a national and local level.

This means Australian communities need businesses of all types and sizes to be part of a solution that drives better resilience, response and recovery outcomes.

We must understand businesses better and put them on the priority agenda.

Take for example the over 2.1 million Small to Medium Enterprises (SMEs) in Australia⁴ - who I often refer to as the forgotten stakeholders before, during and after impact. We need SMEs in particular to play an important role in building sustainable disaster resilient solutions – given they are often first responders and are greatly impacted through direct and indirect consequences of disaster impacts.

The Federal Emergency Management Agency (FEMA) states 40% of small businesses in the US don't reopen following a disaster, with another 25% failing within the first-year post impact and over 90% of businesses failing within two years after being struck by a disaster⁵.

To put that into perspective, imagine nearly half of the businesses in your local community closing and never re-opening – and the direct and indirect consequences from that, such as:

- no income for business owners;
- no place each day for them to go;
- loss of years of hard work and service to their customers;
- no jobs for dedicated employees;
- impacted supply chains (both locally and further afield);
- decrease in population as locals move away for employment opportunities; and
- customers needing to travel afar to purchase goods and services driving previously local economic spending and investment out of town.

The unfortunate reality is a lot of SMEs are not on the agenda for emergency management or disaster resilience priorities – and they must be.

³ <https://www.bca.com.au>

⁴ https://www.asbfeo.gov.au/sites/default/files/Small_Business_Statistical_Report-Final.pdf

⁵ http://www.chamber101.com/2programs_committee/natural_disasters/disasterpreparedness/Forty.htm

4. How the business community can contribute to resilience

Businesses need communities who need businesses.

Businesses bring many capabilities such as goods and services, skilled talent, research and innovation, efficient systems and technologies, connectivity to customers and consumers, strategic planning, leadership and corporate social responsibility goodwill.

Across all business types and sizes, leaders and owners have a two-fold disaster resilience responsibility (outside individual resilience) which includes:

1. Organisational Resilience
To ready their whole business to continue trading or get back up and running as quickly as possible when an impact occurs – which is much, much more than a traditional business continuity plan; and
2. Community Resilience
To ready their business to support the community in which it operates in and serve when they need you most.

The changing nature and growing threat of disasters means most existing emergency management and disaster resilience strategies, policies, operations, funding and approaches currently set up within businesses will not support an organisation to survive anticipated future impacts.

As a result, we need to empower business leaders (from corporates to SMEs) to articulate their innate business capabilities, weaknesses and relevant areas of vulnerability in disasters that exist inside *and* outside their organisation – no matter how big or small they are.

For example, Australian corporates who rely solely on a business continuity plan based on past events will not positively position their organisation for the changing, compounding impacts of disasters to come. And organisations that do not take a holistic view of disaster resilience across their whole organisation will fight to stay alive as competitors thrive.

At the other end of the scale, we need to embed disaster resilience into SMEs as a business as usual task and provide solutions that work with their time and financial restrictions.

Australian communities need thriving businesses and thriving communities drive business success – it’s in the best interests of Government, businesses and communities to empower all businesses to ready themselves, and the community around them, to the growing severity and complexity of natural hazards and human-induced disaster impacts ahead.



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5. Why we need contribution from businesses

Building disaster resilience is everyone's business.

The unfortunate reality is that Australian communities face a future of natural hazards and human-induced disasters like never before - with greater frequency, wider destruction and compounding impacts resulting in extensive loss of people, property and profits.

The economic costs of natural disasters alone in the past 10 years has averaged at \$18.2 billion per year, equivalent to 1.2% of average gross domestic product (GDP) over the same timeframe. This is forecast to reach >\$39 billion per year on average (in present value terms) by 2050⁶.

Australian communities and Governments (across Federal, State and Local) are not resourced to deal with these future impacts in a truly integrated way.

With evidence clearly showing existing disaster response approaches as not being equipped to handle the predictions of our disaster future, it's time traditional stakeholders within the emergency and disaster resilience sectors acknowledge and support 'good practice', shared value private sector contributions.

This requires both the business community and emergencies & disaster resilience sectors to be:

1. Educated through shared understanding about the role each group can play – before, during and after disasters;
2. Connected in public-private partnerships including formal an informal; and
3. Motivated on the importance of all stakeholders integrating a business community disaster resilience mindset into their business-as-usual operations.

We know when disasters strike Australian private sector corporates provide much needed (and valued) donations of goods, services and cash. However, there are many examples of corporates 'helping' in the during and after stages based on their understanding of perceived needs rather than the actual needs of the impacted communities - which too often results in a second disaster from unwanted or harmful corporate donated goods and spontaneous volunteers⁷.

Evidence indicates the unintended consequences of corporate contributions and donations is a major economic shock for the SMEs that operate within the vulnerable and impacted communities whereby it undermines both their economic resilience and business sustainability

So, while we need businesses to contribute towards resilience, we must guide them by lessons learned and through a shared value, consequence-led approach.

⁶ Australian Business Roundtable for Disaster Resilience & Safer Communities, 2017, Building Resilience to Natural Disasters in our States and Territories

⁷ <https://theconversation.com/why-giving-cash-not-clothing-is-usually-best-after-disasters-83405>

6. Global good practice examples

Communities benefiting from 'doing disasters differently'.



Walmart

The struggling retail chain became an unexpected lifeline to impacted communities.

In 2005, the day after Hurricane Katrina impacted the United States, Walmart Chief Executive H. Lee Scott Jr. said “I want us to respond in a way appropriate to our size and the impact we can have.”

Over the following days, Walmart led initiatives that earned it near universal praise at a time when the company was struggling to burnish its image – with disaster resilience a key driver of the corporate giving strategy; giving more than US\$38million in FY18 alone.



Waffle House

The “Waffle House Index” is an unofficial indicator for FEMA.

Recognising that diners of the American 24/7 food chain traditionally resided in the path of large-scale disasters, the Waffle House developed a two-fold resilience approach – integrating community resilience into their everyday business resilience.

Waffle House developed a procedural handbook outlining employee measures to ensure the restaurant remains open to provide support to its communities – even if it’s nothing more than to provide a cup of hot coffee.

A great example of private sector leadership in connecting business resilience to community resilience.



Airbnb

Free temporary housing for displaced people.

Since 2012, Airbnb hosts have opened their doors to people affected by disasters all over the world – including those needing to evacuate, family members wanting to be close-by or first responders providing support relief.

Airbnb's Disaster Response Tool is part of its current agreement with Emergency Management Victoria – showcasing a positive domestic example of public-private partnership outcomes.



SM Prime

SM Prime built shopping centres designed to flood.

Developer, owner and operator of world-class shopping malls, SM Prime (based in the Philippines) has taken a leadership role in supporting the national government's commitment towards Disaster Risk Reduction (DRR).

The organisation integrated a holistic DRR approach into its design and sustainability operations, with a focus on: Structures, Communities, Partnerships.

The result provides a refuge for local community members in times of need – demonstrating a positive private sector contribution towards disaster resilience, response and recovery.



Uber

Uber now caps surcharges when disasters strike.

Ride-sharing giant Uber overhauled its response to emergencies and natural disasters, driven by their CEO's mission to rehabilitate the company's reputation on safety – including capping surcharges for impacted communities.

The organisation established a Global Security Centre team that leads its response to international disasters across all business units, including disaster-related corporate social responsibility.

A global example of putting disaster resilience on a CEO's agenda to benefit local communities.

7. Why this conclusion begins with you

Disaster resilience is not on the agenda of Australian CEOs or owners of SMEs – we need it to be.

Businesses are integrated into our communities, and to be ready for the predicted glass half empty future ahead we all need to *think differently* and *do differently* by building trust and co-operative outcomes in conjunction with all categories of the business community.

While there is currently no formal or consistent definition, governance or partnership process relating to what role or how the private sector could or should contribute towards disaster resilience – there is a real opportunity to co-design one for positive change to all.

While the vast majority of businesses (big and small) are open to contributing before, during and after disasters, they seek leadership on *why* and *how* this can be achieved as ‘shared value’ outcomes.

Given the global movement towards sustainability and goodwill, many businesses are making commitments towards the future viability of their businesses and our nation. However, unlike sustainability, resilience is not included within the same conversation – yet it should be via:

- the global Sustainable Development Goals⁸ (with disaster resilience included in SDG 11.5 & 11.b and connected to SGD 8 + 9 + 13 + 17); and
- Australia’s commitment to the Sendai Framework for Disaster Risk Reduction⁹ (DRR) which is not known as a Framework to many CEOs.

As specialists within the emergencies and disaster resilience fields, it is our responsibility (and opportunity) to lead by example and empower the business community by better understanding and embracing this stakeholder group for who they are, what they can offer and what they need.

True collaborative outcomes will future proof our local economies and build resilient businesses that drive thriving communities.

More information:

For further information about corporate2community please visit our [website](#) or contact: **Renaë Hanvin** renaë@corporate2community.com

⁸ <https://sustainabledevelopment.un.org/?menu=1300>

⁹ <https://dfat.gov.au/aid/topics/investment-priorities/building-resilience/drr/Pages/disaster-risk-reduction-and-resilience.aspx>