Impacts of flood hazards on small and medium companies: strategies for property level protection and business continuity

Abstract

Worldwide floods have become one of the costliest weather-related hazards, causing large-scale human, economic, and environmental damage during the recent past. Recent years have seen a large number of such flood events around the globe, with Europe and the United Kingdom being no exception. Currently, about one in six properties in England is at risk of flooding (EA, 2009), and the risk is expected to further increase in the future (Evans et al., 2004). Although public spending on community-level flood protection has increased and some properties are protected by such protection schemes, many properties at risk of flooding may still be left without adequate protection. As far as businesses are concerned, this has led to an increased need for implementing strategies for property-level flood protection and business continuity, in order to improve their capacity to survive a flood hazard.

Small and medium-sized enterprises (SMEs) constitute a significant portion of the UK business community. In the United Kingdom, more than 99% of private sector enterprises fall within the category of SMEs (BERR, 2008). They account for more than half of employment creation (59%) and turnover generation (52%) (BERR, 2008), and are thus considered the backbone of the UK economy. However, they are often affected disproportionately by natural hazards when compared with their larger counterparts (Tierney and Dahlhamer, 1996; Webb, Tierney, and Dahlhamer, 2000; Alesch et al., 2001) due to their increased vulnerability. Previous research reveals that small businesses are not adequately prepared to cope with the risk of natural hazards and to recover following such events (Tierney and Dahlhamer, 1996; Alesch et al., 2001; Yoshida and Deyle, 2005; Crichton, 2006; Dlugolecki, 2008). For instance, 90% of small businesses do not have adequate insurance coverage for their property (AXA Insurance UK, 2008) and only about 30% have a business continuity plan (Woodman, 2008). Not being adequately protected by community-level flood protection measures as well as property- and business-level protection measures threatens the survival of SMEs, especially those located in flood risk areas. This chapter discusses the potential effects of flood hazards on SMEs and the coping strategies that the SMEs can undertake to ensure the continuity of their business activities amid flood events. It contextualizes this discussion within a survey conducted under the Engineering and Physical Sciences Research Council (EPSRC) funded research project entitled “Community Resilience to Extreme Weather — CREW”.

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Property Protection Plan

The property protection checklist focuses on the natural hazards of wind (hurricanes, high winds, tornado/hail), flood, earthquake, freezing weather and wildfire. It covers the building structure, the building interior, and exterior components and surroundings. Whether you own or lease your building or office space, you can use the checklist as a guide to make decisions about where you will rent or buy property, and how you expect it to be maintained or improved upgraded.  

- Save completed forms in more than one medium, e.g. a paper copy and an electronic copy stored on your hard drive or network.  
- Store completed forms in several locations, with at least one copy well off site and within reach day or night.  
- If you make changes, be sure to discard older copies.  

The principal local control of flood hazard areas is through zoning, subdivision regulations, building and housing codes, and sanitary codes with specific flood hazard provisions. Zoning divides a government unit into specified areas for the purpose of regulating (a) the use of structures and land, (b) the height and bulk of structures, and (c) the size of lots and density of use. A second strategy for mitigating flood losses consists of actions designed to assist individuals and communities in their preparatory, survival, and recovery responses to floods. Better information on property at risk and probabilities of various levels of damage or loss can help to translate the hazard into terms that stimulate appropriate local action.