Strategic partnerships

Mining companies need to adjust to new challenges today to be successful tomorrow

As the industry continues to suffer from low commodity prices and an unstable global market, mining companies are being forced to look for innovative ways to transform the way they do business and survive the extended economic downturn.

This global transformation has redefined the way mining operates; and to respond to such unprecedented changes, companies need to understand the challenges the industry is currently facing and build strategies focused on overcoming these challenges.

When looking for solutions to counter the severe downturn, mining companies should not only centre their attention on the economic new norm of low prices, but also begin to develop innovative strategies across technology, community engagement, talent and diversity, partnerships and collaboration.

By executing a plan that empowers these functions to shape their business model and solve the new challenges in the industry, mining companies will be able to emerge from the downturn, ready to build a mine for the future.

“You can’t start planning early enough. It’s all about planning and making sure you’ve got the right people and the right advisers and that people are being held accountable for what they’re supposed to do”

Jamie Porter
CFO, Gold Alamos

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**Teaming together for growth**

Growth is hard to come by in an industry labouring under a downturn that’s only showing glimpses of a turnaround. In a tough market like this one, transactions and deals can offer mining companies an attractive route towards more meaningful growth. Forward-thinking miners aren’t just looking to boost revenue or resources. They’re searching for truly strategic partnerships that can help them get not just bigger—but offer a better return on investment for all stakeholders.

**A balancing act**

A clear strategic rationale is critical to make sure that any partnership creates a better mining company. Balancing the strengths, weaknesses and risk profiles of the potential partners is key. Cash reserves, debt levels, assets and development pipelines, geographic location, project lifespans, political risk—all can play a part in determining what mining companies must consider when joining forces with another party.

Ultimately mining executives will be left with a tough call to make. Taking on a partner’s significant debt, for example, can make strategic sense if the combination brings an outstanding asset, reduces exposure to commodity, political or other business risk or confers significant tax or accounting advantages to the combined entity.

**From strategy to execution**

Identifying a potential partner and negotiating the deal are one thing; executing the integration is another. Miners must keep focused and disciplined to make sure the partnership delivers the anticipated benefits. They should establish steering committees and work stream leads and hold them accountable to timelines and results, meeting regularly to report progress and make necessary course corrections. If in-house resources don’t have the experience and skill sets to do so, miners should hire talent or engage external advisers to keep the program on target.

Miners that can identify the right partner—and execute the combination quickly and effectively—will be better able to withstand today’s market turmoil and be better positioned to thrive in years to come.

“In our case, we took a very simple approach: we planned… We imposed a structure where we had work-stream leads that were responsible for each significant business process. We had a very detailed plan leading up to our day one closing”

Jamie Porter
CFO, Gold Alamos

**Additional insights online**

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