

Trading in a turbulent world



Cautious but still confident

Mining CEOs are much gloomier about the economic outlook than their counterparts in other industries: only 16% believe it will improve in the coming 12 months, compared to 37% of the overall sample. But they're nearly as confident of being able to generate higher revenues in the future. They're looking to China especially, but also to the US and India to produce much of this growth.

Wary of disruptive regulatory changes

Still, many industry CEOs see the glass as half empty. Mining CEOs are much more likely to think that threats have increased, and less likely to believe that opportunities for growth have improved, in the past few years than their peers in other sectors. They're particularly concerned about higher taxes, geopolitical turmoil and how indebted governments will handle their deficits. And bribery and corruption is a major worry too.

Mining CEOs are also getting ready for major upheavals as various global megatrends converge. But they're less nervous about the impact of these trends than CEOs in other sectors – with one notable exception. A full 84% are concerned about

changes in regulation (versus 66% overall). For mining CEOs, regulation is by far the most disruptive force on the horizon.

Simplification, alliances are focal points

We see mining CEOs looking to simplify their business models and focus on their core properties. Keeping a reign on costs is a key priority; 72% of mining CEOs say they will implement a cost reduction initiative over the next 12 months.

Nearly half of all mining CEOs (44%) plan to form a new alliance in the next 12 months. 28% of these CEOs say sharing risks is one of the top reasons why. Partnerships are often seen as a way to de-risk projects, spreading out capital expenditure risk.

Questions to ponder

- How are you preparing your company to cope with the megatrends reshaping the landscape?
- What really differentiates your business from its competitors?

Capitalising on new ways to create value

Powering up with digital technologies

Most mining CEOs recognise the strategic significance of digital technologies – particularly analytics, battery and power technologies and cybersecurity tools. But they're less interested in mobile technologies for engaging with customers and socially enabled business processes – both technologies that feature far more prominently on the agendas of CEOs in other sectors.

Moreover, only 8% of mining CEOs worry about the speed at which technology is advancing, in sharp contrast with the 57% of CEOs in our total sample who expressed alarm on this score.

Mining CEOs who have invested in digital technologies point to various benefits, including operational efficiencies and better utilisation of the data they collect. They warn that it's hard work maximising the value of these investments. Comprehensive training is one prerequisite, as are a CEO who personally champions the use of digital technologies and a robust plan with clearly defined measures of success.

Getting value from diversity

Just over half of mining CEOs intend to hire more people this year, but only 56% worry about securing the right skills (versus 73% overall). This may be why they're slightly less likely to be fishing for talent in different areas than CEOs in other sectors.

That said, 60% have a strategy for promoting diversity – and those who do, say it has paid dividends. It's proved especially helpful in attracting talent, improving their company's business performance and enabling collaboration.

Questions to ponder

- Do you have a strategy for capitalising on digital technologies? And the skills to implement it?
- What are you doing to make your business more attractive to different sources of talent?



“Everything – our training programmes, our culture, our systems, the way we plan, the way we talk about it – is driven towards lifting our ability to become more productive.”

Andrew Mackenzie, Chief Executive Officer, BHP Billiton

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