

Business Survival Strategies for Small Scale Miners to Remain Afloat in Turbulent Times

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Abstract

The small scale miners (SSM) sector plays a key role in terms of contribution to the economy in Zimbabwe. As a growing sector, the SSM must make sure they have capital for their operations, train their staff and must be alive to the changes in government policies so that their business models stay afloat. Continuous budgetary control, brand management, customer satisfaction and continues monitoring and evaluation of the strategic plan are some of the factors that must be considered for the SSM sector to remain afloat and active.

Keywords: Business strategies, small scale miners, survival strategies

1. Introduction

The mining sector is one of the key drivers for the Zimbabwean economy with the small scale miners and medium small scale miners playing a critical role in both employment creation and improvement of livelihoods. However, these miners are faced with various challenges which include lack of capital, raw material availability, foreign currency availability, policy inconsistencies as well as competition from large scale miners. In summary, the performance of these miners is dependent on the industry context, the market and the Government policies as indicated in Figure 1.

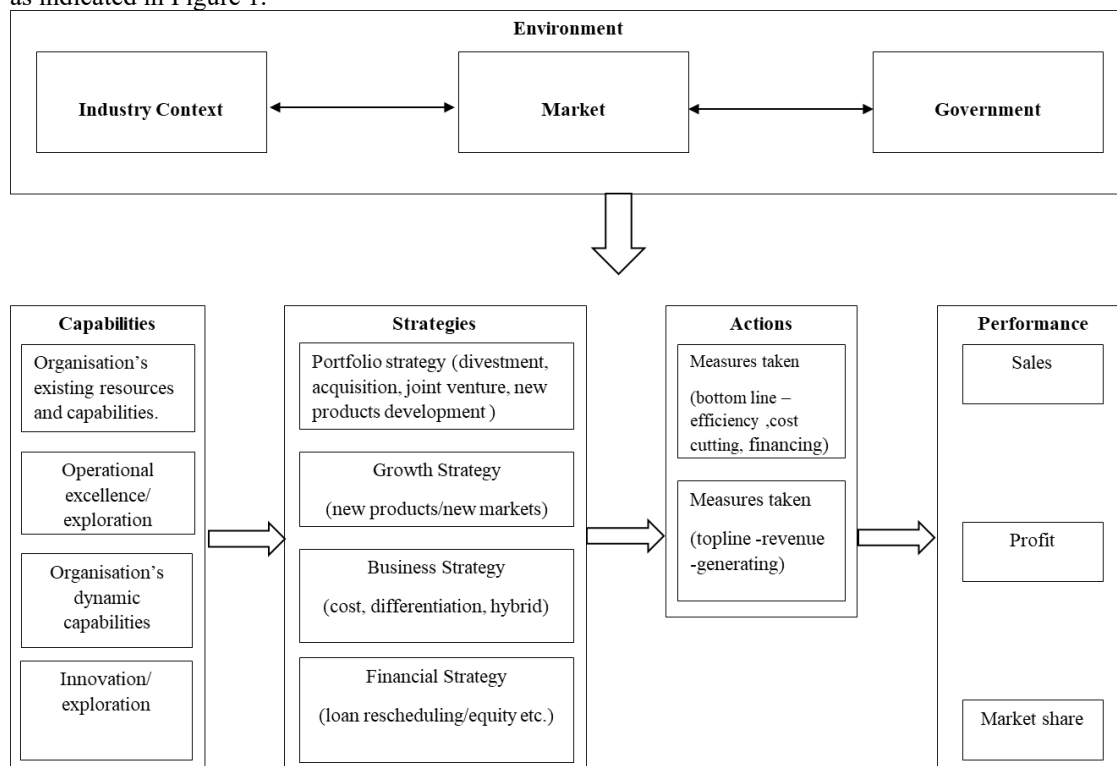


Figure 1: Operating context of small scale miners

For small scale miners to stay in business they need to be cognisant of the changes that take place in the society, Government, economy, suppliers and the market as indicated in Table 1.

Table 1. Checklist of environmental variables and of strength and weaknesses of firms (Mintzberg et al., 1998:p.29-30)

Environmental variables checklist		Strengths and weaknesses checklist	
1.Societal changes	Changes in customer preferences and population trends affecting product demand, design and distribution	1.Marketing	Product quality, number of product lines, product differentiation, market share, Pricing policies and distribution channels, promotional programs, customer service, marketing research, advertising, sales force.
2. Governmental Changes	New legislation and legal priorities affecting product cost and demand, and capital investment	2. Research and Development (R&D)	Product and process R&D capabilities, and pilot plant capabilities.
3. Economic Changes	In personal income and interest And exchange rates affecting national and international demand.	3. Management information systems	Speed and responsiveness, quality of current information expandability, User-Oriented System
4.Competitive Changes	New technologies, competitors prices and products affecting Production, distribution, prices, Market share and product quality	4.Management Team	Skills, value congruence, team spirit, experience, coordination of effort
5.Supplier changes	Changes in input cost and Supply chain affecting Production, distribution ,cost and price.	5.Operations	Control of raw material, production capacity, production cost structure, facilities and equipment inventory Control, quality control and energy efficiency.
6.Market changes	New uses of products, new markets and product obsolescence. Affecting distribution, demand and prices	6.Finance	Financial leverage, operating leverage, balance sheet ratios, stockholder relations, tax situation
		7.Human Resources	Employee capabilities, personnel systems, employee turnover, employee morale, employee development

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2. Successes and Challenges of the sector

Successes

Employment creation: The SSM sector creates employment for the country. A number of people are engaged in the SSM sector operations since the mining sector is quite labour intensive.

Redistribution of the country's income: SSM are found in all the mining provinces in Zimbabwe. This results in equitable distribution of the income across the country. Continuous growth of the SSM sector will result in a middle income economy being created from mining.

Mobilization and utilization of local resources: The SSM sector can produce ore which can be a feeding raw material for value addition and beneficiation in other industries. This lessens the dependency on imports by the country.

Foreign currency generation: The SSM sector contributes >60% of the gold out in the country and gold is one the major foreign currency owners. In addition, there is also another significant contribution from the chrome sector. This in general has a positive effect on the economy.

Challenges

Financing of operations-For optimal performance the SSM sector needs to be fully financed and resourced. Most SSM may not have the security to be able to get loans from the banks as well as to afford the loans the banks will be charging.

Power supply: Power is a major required in the mining sector. Power shortages can result in poor performance of the SSM sector which then results in low production output.

Policy changes and taxes: Changes in policy can also affect the performance of the sector. The SSM sector must always be alive to the policy announcement that may affect the mining sector. For the SSMs to perform legally they also need to meet the tax requirements including the value added tax.

Other challenges the SSM sector may face include poor infrastructure especially the road network, water systems and telecommunications.

3. Survival Strategies for the SSM sector

For businesses that are into small scale mining (SSM), the 21 strategies for businesses by Richard Branson to remain in business must be adopted. The various reasons are detailed below.

Focus: SSM must remain focused on fulfilling their business mission. Never allow adversity divert your attention and efforts. SSM owners must remain committed to fulfilling their mandate and must work hard in order to achieve that (Achtenhagen et al., 2017). It is important that the SSM create something they are proud of rather than as an opportunity to pursue money only.

Continuous brand management: Don't wait till you are big before you begin building your brand. Build a brand from scratch alongside your business (Backman et al., 2016). There is need for continuously improving the SSM's owners brand despite the challenges and must work on building their brand.

Critical thinking: Critical thinking is the key to creative problem solving in business one must always learn to use their brain (Comeig et al., 2014). There is need for the SSM' owners to come up with initiatives of how the sales can be improved using the target market mix.

Skills synergy: Survival in business requires a synergy of skills and to build functional business teams. The SSM owners' needs to continuously do team building exercises and build a team that will make things happen and have a drive to bring about change and dynamism. Being on the ground to see the work being done is critical.

Alignment to business strategic plan: The SSM owners must also ensure their programs are in line with strategic plan as well as the budget for that particular period. Never take your eyes off the cash flow because it's the life blood of business.

Being alive to competition: If you are a new startup company, try not to arouse the interest of your competition; especially if they are a bigger company (Dhliwayo, 2014). They can crush you while you are still in your startup phase, it is important to lie low while still strengthening your bottom line. SSM owner's management and executive must be cognizant of competitors as an external factor and must see how they can beat their competition so that their mining business thrives.

Internal growth: Mining is a global business with good returns; however, it is critical to grow internally first. Strengthen your bottom line first before considering external growth. SSM owners must also first consider growth in Zimbabwe first so that they have a segmented market before they even consider going multinational.

Continuous business plan review: Focus on your business strengths and keep its weaknesses away from the competition or public (Koyark et al., 2015). The SSM Executive and Management must identify their strengths through the strengths, weaknesses, opportunities and threats (SWOT) analysis and focus on these to build their market base.

Seizing of new opportunities: Bigger companies are too cumbersome to move quickly; this can be a competitive advantage for you. As small organizations they must be swift to take advantage of new and existing business opportunities. SSM owners must also maximize on the existing market at the maintenance stage of marketing so that they do not lose their already existing customers. Technological advancement in e-commerce and financial engineering must be looked at and adopted looking at how new products can be developed from the existing ones.

Costs management: The SSM owners, Executives and Management must also learn to live within their current expenditure and cost. It is important to learn to live on the edge so that expenditure is minimized.

Innovation: Innovate consistently on the little things that the big companies ignore. Little things often make big differences in business and are creative. The SSM owners Executive and Management must constantly look for ways of improving their market base through product and quality improvement.

Being alive to the customer needs and demands: The SSM Executive and Management must ensure that they meet the customer expectation and demands for their mining including addressing complaints and issues raised. Listening to the customer's complaint and acting fast on them will ensure they remain in business.

Business Threats Assessment: The SSM Executive and Management must periodically do a SWOT analysis to identify possible additional threats to the business market and identify how these can be mitigated. Meeting regularly with your business team and brainstorming is of utmost importance whereby complicated business problems are mostly resolved at brainstorming sessions.

Budget Management: The SSM Executives and Management must always ensure they stick to their planned budget. It is important that they run lean and avoid unnecessary expenses.

Reduction of Operational Costs: The SSM Executive and Management can also adopt other strategies such as asking people to distribute their fliers for free so that they have low operating costs and still reach to their target market. They must not hesitate to seek external help where need be. Sometimes, it takes an external, emotionally unattached individual to detect your business flaws and render unbiased advice.

Maintenance of Existing Customers: There is also need for the SSM owners Executive and Management to have an aggressive attitude in order to maintain the existing customers. Follow your instincts in terms of business strategy and live with the consequences.

Legal Compliance: The SSM Executive and Management must always ensure they are in compliance with the legal requirements of the country to avoid litigations. Avoid litigations as they are expensive and consume loads of time but if you have got a good case and a better chance of winning; then fight it out.

Excellent Service Delivery: The SSM Executive and Management must ensure that they offer excellent services so that their service will do the marketing for them (Falkner and Hiebl., 2015). Free publicity and word of mouth is probably the best and cheapest form of advertising and must be used for the organization's advantage.

Debt Minimization: The SSM Executive and Management must minimize getting loans but seek other alternatives which do not attract interest so that they maximize on their income. Capital must be raised by any means necessary. Learn to raise capital by any means necessary as that is the primary job of the organization. You must continually raise capital from family and friends, banks, suppliers, customers and investors

Winning Partnerships: The SSM Executive and Management must form partnerships with other mining manufacturing companies who can help them grow and expand their business. The organization must seek out strategic alliances as they are essential to growth and provide resistance to bigger competition.

Management of Failure: When businesses are still small and growing, the changes of failing are also high and this can happen in the SSM sector. However, if after all these initiatives are initiated and they eventually fail; it is important not to take it personal. There is need to relook at the strategies and start again.

4. Conclusion

The SSM sector is key in the growth and development of mining in Zimbabwe. The SSM owners, Executive and Management must adopt these strategies in order to stay afloat and in business. A strategy to this effect must be formulated and programs on how the activities will be formulated on how the programs can be implemented so that they remain in business.

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Biographies

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