The “once in a lifetime” mining boom is officially behind us. Anaemic economic growth and unemployment have already beset the predominately resource-based economies of Western Australia and Queensland.

Recent reports out of Western Australia reveal companies are racking up debt to stay in business and many more are becoming insolvent.

But new research indicates the small to medium enterprises which survived the pivot away from resources shared four qualities, irrespective of which sector they operated in.

Boom to bust

Our recent study of the resilience capabilities of 400 small businesses in regional Queensland towns affected by the recent $60 billion plus investment in the coal seam gas to liquefied natural gas sheds some light on the subject.

These businesses have seen the dramatic rise in economic activity during the construction phase of these projects and then a reversion to more normal levels as the construction was completed. Many businesses were unprepared for the end of the cycle and experienced a bust in business conditions.

Four qualities key to survival

The study identifies several key capabilities that supported success in the bust period and beyond. These are proactiveness, connectedness, adaptation, and access to “slack” (or readily available) resources.

Proactive small firms that grow in the post-boom era are those that actively seek new product and service niches and reorient aspects of their business accordingly. They tend to be the first to initiate competitive actions such as introducing innovative products that are new to the industries they serve. They are quick to recognise new business opportunities based on rigorous marketplace analysis. They fully support new forays by reorganising business structures and investing in new capabilities.

Connected small firms actively cultivate and maintain business network partnerships. They are more likely to see their income increase during lean economic times because they curate and maintain diverse networks to mitigate against market demand fluctuations. By directly engaging with customers and suppliers, well-connected firms actively plan for potential market disruptions, proactively monitor the overall health of industry, and even conduct scenario planning exercises to test their assumptions in each of these areas.

Essentially, it appears that robust external network connections provide the basis from which firms can see, anticipate, and exploit market trends.

Adaptive businesses find workable solutions to new challenges and accommodate market disruptions by using existing resources in new ways and by quickly shifting things around to ensure that customers are never let down – no matter what.

Perhaps most important, businesses with slack resources are more hopeful to survive into the future. Active investment in good times in spare equipment, facilities and other production capacity, accruing finances and building and maintaining new staff that are not tied to the existing business, but rather are looking for new opportunities, is therefore crucial.

Do different firms respond differently?

We compared how firms from four major industrial groupings respond to booms, including retail, accommodation and food (16%), professional services (30%), industrial firms like manufacturing and construction (30%), and public related like health and recreation (24%). While no differences were visible in terms of intended business exit in the next two years, they did display differences across several resilience factors that relate to post-boom performance. This has several implications.

Professional service sector firms are likely to have trouble sustaining growth in the downturn. They tend to be less proactive and have below average slack resources.

Professional service firms were 2.3 times more likely to be below average in slack. Financial firms were 2.3 times more likely to have below average adaptiveness.

In contrast, retail firms appear to be more resilient. They were more likely to accrue slack resources, to anticipate changes in the marketplace, and to improvise in new circumstances.

The jury is out for the industrial group that, as a whole, did not lack in any of the major aspects of resilience. However, trouble might be in store for the transportation and storage firm subset that was 3.5 times more likely to be below average in pro-active seeking of new business opportunities.

But the very rural firms, furthest away from major town centres, may struggle the most because they lack in key resilience areas. They are 1.6 times more likely to be below average in connectedness - important for turnover - and 1.8 times more likely to be below average in adaptiveness - important to future performance expectations.

This group also struggles with innovative problem-solving skills, implying these firms have difficulty solving unexpected problems that require counterintuitive thinking that diverges far from existing product and service offerings.

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Read more http://theconversation.com/four-qualities-that-helped-small-businesses-survive-the-end-of-the-resources-boom-63180