COVID-19/Economic Crisis Wisconsin Manufacturer Pulse Survey
Webinar begins at 8 am.

Webinar Logistics:
- All phones will be muted during the presentation.
- Webcams will not be utilized in this presentation.
- Questions can be posted using the webinar chat function.
- We will answer questions as time permits.
- This webinar is being recorded. A link to the recording will be emailed to those who registered.
- Email info@wmep.org to request a pdf copy of this presentation.
COVID-19/Economic Crisis Manufacturer Pulse Survey
April 30, 2020

Presented by:
George Bureau, VP Consulting
John Stampen, VP Marketing
COVID-19/Economic Crisis Manufacturer Pulse Survey

Objectives:
• Understand the impacts of COVID-19 Economic Crisis on WI manufacturers.
• Learn what actions manufacturers are taking in response to the pandemic.
• Provide a Benchmark for COVID-19 for Wisconsin manufacturers to gauge their response against.

Methodology: Manufacturer leaders from across the state, representing all major industries were invited via email to participate in our initial pulse survey. Responses were collected from April 21st to April 27th. 147 companies completed the survey.

Pulse Survey Series: The survey will be repeated periodically to assess changes in manufacturers experience with and responses to the COVID-19/Economic Crisis.
Which of the following best describes your current job level?

- Owner/Executive/C-Level: 78%
- Senior Management: 20%
- Middle Management: 1%
- Other (Please Specify): 1%
Which of the following best represents your company’s geographical location?

<table>
<thead>
<tr>
<th>Geographical Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MILWAUKEE 7 (KENOSHA, MILWAUKEE, OZAUKEE, RACINE, WALWORTH, WASHINGTON, &amp; WAUKESHA COUNTIES)</td>
<td>48%</td>
</tr>
<tr>
<td>MADREP (COLUMBIA, DANE, DODGE, GREEN, JEFFERSON, IOWA, ROCK &amp; SAUK COUNTIES)</td>
<td>22%</td>
</tr>
<tr>
<td>THE NEW NORTH (BROWN, CALUMET, DOOR, FLORENCE, FOND DU LAC, GREEN LAKE, KEWAUNEE, MANITOWOC,...</td>
<td>18%</td>
</tr>
<tr>
<td>CENTERGY (ADAMS, LINCOLN, MARATHON, PORTAGE &amp; WOOD COUNTIES)</td>
<td>5%</td>
</tr>
<tr>
<td>PROSPERITY SOUTHWEST (CRAWFORD, GRANT, GREEN, LAFAYETTE &amp; RICHLAND COUNTIES)</td>
<td>3%</td>
</tr>
<tr>
<td>OTHER (PLEASE SPECIFY)</td>
<td>2%</td>
</tr>
<tr>
<td>SEVEN RIVERS ALLIANCE (JACKSON, JUNEAU, LA CROSSE, MONROE, TREMPEALEAU &amp; VERNON (HOUSTON &amp;...)</td>
<td>1%</td>
</tr>
<tr>
<td>GROW NORTHWEST (FLORENCE, FOREST, LANGLADE, LINCOLN, MARINETTE, OCONTO, ONEIDA &amp; VILAS...)</td>
<td>1%</td>
</tr>
<tr>
<td>VISIONS NORTHWEST (ASHLAND, BAYFIELD, BURNETT, DOUGLAS, IRON, PRICE, SAWYER, TAYLOR &amp; WASHBURN...)</td>
<td>0%</td>
</tr>
</tbody>
</table>
Which of the following best represents the number of employees at your organization?

- Over 500 Employees: 8%
- 251 - 500 Employees: 8%
- 101 - 250 Employees: 21%
- 21 - 100 Employees: 44%
- Less than 20 Employees: 19%
Which of the following best represents your company’s industry?
Compared to your normal state of business for this time of year, what best describes the current state of your business?

- UP GREATLY (>30%): 3%
- UP SIGNIFICANTLY (10%-30%): 3%
- UP SOMewhat (> 10%): 6%
- ABOUT THE SAME: 10%
- DOWN SOMewhat (<10%): 13%
- DOWN SIGNIFICANTLY (10%-30%): 27%
- DOWN GREATLY (> 30%): 37%
By Industry - Compared to your normal state of business for this time of year, what best describes the current state of your business? (Larger is better)

Note: 7 point scale
By Location - Compared to your normal state of business for this time of year, what best describes the current state of your business? (Larger is better)

Note: 7 point scale
By Company Size - Compared to your normal state of business for this time of year, what best describes the current state of your business? (Larger is better)

Note: 7 point scale
What actions have you already taken in response to the COVID-19/Economic Crisis? Select all that apply.

- Deferred capital expenses: 64%
- Reduced non-labor expenses: 60%
- Increased inventories of key supply items needed for production: 48%
- Reduced working hours: 46%
- Instituted unpaid time off/furloughs: 31%
- Other (please specify): 19%
Other Category - What actions have you already taken in response to the economic downturn related to COVID-19?

<table>
<thead>
<tr>
<th>Category</th>
<th>Representative Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel restrictions</td>
<td>• “Eliminated all non-essential travel.”</td>
</tr>
<tr>
<td>Monitor employees</td>
<td>• ”Monitor all internal employees for symptoms, including taking temperature.”</td>
</tr>
<tr>
<td>Changed working hours</td>
<td>• “Changed shift hours to create break between shifts to minimize contact.”</td>
</tr>
<tr>
<td></td>
<td>• “Staggered working hours in some departments.”</td>
</tr>
<tr>
<td>Workplace restrictions</td>
<td>• “Restricted use of common area's such as meeting rooms, break rooms. Signal use of bathrooms…”</td>
</tr>
<tr>
<td>Confirmed orders</td>
<td>• Verifying all production is needed, calling all customers prior to scheduling build…”</td>
</tr>
<tr>
<td>COVID response plan</td>
<td>• Created COVID response team, ran disinfection drills.</td>
</tr>
<tr>
<td></td>
<td>• Wrote plan for response to employee testing positive.</td>
</tr>
</tbody>
</table>
How have active cases of COVID-19 impacted your business?

- **No active cases**: 88.44%
- **Active cases reported, but no or little impact on ongoing operations**: 6.80%
- **Active cases reported, leading to shutdown of part of operations for a period of time**: 2.04%
- **Active cases reported, leading to shutdown of all operations for a period of time**: 0.68%
How have your order backlogs changed in the last 30 days?

- Decreased significantly (> 10%): 46%
- Decreased slightly (0 - 10%): 16%
- About the same: 22%
- Increased slightly (0 - 10%): 6%
- Increased significantly (> 10%): 10%
How likely are you to take future actions on the below items? (weighted average: larger # equals more likely)

- **DEFER CAPITAL EXPENSES**: 3.1
- **REDUCE NON-LABOR EXPENSES**: 3.1
- **INCREASE INVENTORIES OF KEY SUPPLY ITEMS**: 2.4
- **REDUCE WORKING HOURS**: 2.4
- **REDUCE INVENTORIES OF RAW MATERIALS**: 2.3
- **INSTITUTE UNPAID TIME OFF/FURLoughS**: 2.1
How likely are you to take future actions on the below items?

<table>
<thead>
<tr>
<th>Action</th>
<th>Very Likely</th>
<th>Somewhat Likely</th>
<th>Neither Likely or Unlikely</th>
<th>Somewhat Unlikely</th>
<th>Very unlikely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce inventories of raw materials</td>
<td>24%</td>
<td>23%</td>
<td>22%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Increase inventories of key supply items</td>
<td>17%</td>
<td>34%</td>
<td>24%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>Reduce non-labor expenses</td>
<td>48%</td>
<td>27%</td>
<td>14%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Defer capital expenses</td>
<td>55%</td>
<td>18%</td>
<td>15%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Reduce working hours</td>
<td>29%</td>
<td>25%</td>
<td>14%</td>
<td>14%</td>
<td>17%</td>
</tr>
</tbody>
</table>
What is your #1 Concern? (open-ended responses – categorize)

- **Employee Safety/Health**: 25
- **Sales Decline**: 15
- **Economic Collapse/Disruption**: 12
- **State Economic Restrictions**: 11
- **Employee Tests Positive**: 8
- **Customers Impacted**: 6
- **Backlog Decline**: 6
- **Employee Retention**: 5
What is your #2 Concern? (open-ended responses – categorize)
1st Concern – Open ended

- Employee Safety/Health: 25
- Sales Decline: 15
- Economic Collapse/Disruption: 12
- State Economic Restrictions: 11
- Employee Tests Positive: 8
- Customers Impacted: 6
- Backlog Decline: 6
- Employee Retention: 5

2nd Concern – Open ended

- Materials Sourcing: 15
- Uncertain Return Timeline: 14
- Sales Decline: 14
- Cashflow: 10
- State Economic Restrictions: 10
- Employee Safety/Health: 9
- Customers Impacted: 8
- Employee Retention: 6
- Economic Collapse/Disruption: 5
## Open-Ended Concerns – Categories & Examples

<table>
<thead>
<tr>
<th>Category</th>
<th>Representative Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Safety/Health</strong></td>
<td>• “The health and well being of my employees.”</td>
</tr>
<tr>
<td></td>
<td>• “Keeping employees healthy &amp; safe so they can continue to work.”</td>
</tr>
<tr>
<td><strong>Sales Decline</strong></td>
<td>• “Incoming orders are going down significantly.”</td>
</tr>
<tr>
<td></td>
<td>• “Customers temporarily not taking shipments.”</td>
</tr>
<tr>
<td><strong>Economic Collapse/Disruption</strong></td>
<td>• “The economy could collapse due to the shut down”</td>
</tr>
<tr>
<td></td>
<td>• “What the Corona virus will do to people and economy.”</td>
</tr>
<tr>
<td><strong>State Economic Restrictions</strong></td>
<td>• “Continuation of state shutdown restrictions.”</td>
</tr>
<tr>
<td></td>
<td>• “When will WI and other States actually open?”</td>
</tr>
<tr>
<td><strong>Materials Sourcing</strong></td>
<td>• “Suppliers affected/not able to provide materials.”</td>
</tr>
<tr>
<td></td>
<td>• “Availability of raw materials once co-vid 19 is over.”</td>
</tr>
<tr>
<td><strong>Cashflow</strong></td>
<td>• “Cash flow - having enough cash to get through.”</td>
</tr>
<tr>
<td></td>
<td>• “Incoming cash trailing ramped-up expenses after reopening”</td>
</tr>
</tbody>
</table>
What positive effects to your business (e.g. silver linings) have occurred as a result of the COVID-19/Economic Crisis?

- Validated remote working effectiveness: 14
- Improved operations: 10
- New product development opportunity: 9
- Increased demand for product: 8
- Improved communications capabilities: 8
- Time to focus on the business: 6
- Improved teamwork: 5
- Improved health and safety: 5
- Reduced overhead: 5
- Employee engagement: 4
- On-shoring of business: 4
What is your level of concern for the following?

- Falling Order Volumes: 31% Very concerned, 39% Somewhat concerned, 12% Neither concerned or unconcerned, 3% Somewhat unconcerned, 8% Very unconcerned
- Declining Cash Flow: 38% Very concerned, 39% Somewhat concerned, 8% Neither concerned or unconcerned, 3% Somewhat unconcerned, 7% Very unconcerned
- Falling Cash Reserves: 33% Very concerned, 37% Somewhat concerned, 7% Neither concerned or unconcerned, 5% Somewhat unconcerned, 3% Very unconcerned
- Future Outbreaks of COVID-19: 51% Very concerned, 51% Somewhat concerned, 12% Neither concerned or unconcerned, 6% Somewhat unconcerned, 6% Very unconcerned
- Supply Chain Continuity: 51% Very concerned, 22% Somewhat concerned, 15% Neither concerned or unconcerned, 10% Somewhat unconcerned, 2% Very unconcerned
- Ability to Handle Increased Order Volume: 23% Very concerned, 24% Somewhat concerned, 21% Neither concerned or unconcerned, 5% Somewhat unconcerned, 5% Very unconcerned
How would you characterize the business outlook for your firm right now?

- VERY NEGATIVE: 18%
- SOMETHAW NEGATIVE: 40%
- SOMEWHAT POSITIVE: 34%
- VERY POSITIVE: 7%
By Industry - How would you characterize the business outlook for your firm right now? (Larger Number is better)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUBBER &amp; MISC. PLASTIC</td>
<td>2.00</td>
</tr>
<tr>
<td>CHEMICALS</td>
<td>1.80</td>
</tr>
<tr>
<td>OTHER</td>
<td>1.46</td>
</tr>
<tr>
<td>INDUSTRY MACHINERY</td>
<td>1.33</td>
</tr>
<tr>
<td>MISC. MANUFACTURING</td>
<td>1.32</td>
</tr>
<tr>
<td>FOOD &amp; KINDRED</td>
<td>1.18</td>
</tr>
<tr>
<td>FABRICATED METAL</td>
<td>1.11</td>
</tr>
<tr>
<td>ELECTRONIC</td>
<td>1.00</td>
</tr>
<tr>
<td>PRIMARY METAL</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Note: Scale is 4
By Location - How would you characterize the business outlook for your firm right now? (Larger Number is better)

- MADREP: 1.7
- PROSPERITY SOUTHWEST: 1.6
- MILWAUKEE 7: 1.2
- CENTERGY: 1.1
- NEW NORTH: 1.1

Note: Scale is 4
By Company Size - How would you characterize the business outlook for your firm right now? (Larger Number is better)

Note: Scale is 4
Business Outlook Compared to National Association of Manufacturing Q4 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>WMEP Survey</th>
<th>NAM Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Negative</td>
<td>4%</td>
<td>18%</td>
</tr>
<tr>
<td>Somewhat Negative</td>
<td>29%</td>
<td>40%</td>
</tr>
<tr>
<td>Somewhat Positive</td>
<td>49%</td>
<td>34%</td>
</tr>
<tr>
<td>Very Positive</td>
<td>19%</td>
<td>7%</td>
</tr>
</tbody>
</table>
To what level do you expect your business to return to when COVID-19 restrictions are lifted?

- MUCH WORSE THAN BEFORE: 9%
- SOMEWWHAT WORSE THAN BEFORE: 35%
- ABOUT THE SAME AS BEFORE: 32%
- SOMEWHAFT BETTER THAN BEFORE: 21%
- MUCH BETTER THAN BEFORE: 3%
How long do you expect it will take your business to normalize after COVID-19 restrictions are lifted?

- Greater than 12 months: 22%
- 6 to 12 months: 33%
- 3 to 6 months: 28%
- Less than 3 months: 18%
Summary of Findings

- Impacts of COVID-19/Economic Crisis are not uniform across industry
- Direct health impact of COVID-19 to date has been minimal
- Employee well-being (which includes health, safety, economic and retention impact) is a top concern
- Company well-being – ability to weather the storm financially is a growing concern driven by declining order volumes
- COVID-19 accelerated the economic crisis, the duration of which is unknown. Consensus view is that we move towards normal in 6 months

Each company must manage this situation given their own risk profile. Staying informed is key.
Staying Informed, Know Where you Stand:

COVID-19/Economic Crisis Manufacturer Pulse Survey #2

Survey Opens: May 19th
Survey Closes: May 26th

Pulse Survey #2 – Findings Webinar
June 2nd, 8 – 9 am
Continuing the Series:
Upcoming Related Webinars

Webinar #2 - Reducing the Risk of COVID-19 to Operations and Employee, May 11th, 11:30 – 12:30

Webinar #3 – Act Now, Plan Now to Leverage Opportunities, May 18th, 11:30 – 12:30 pm
Questions from Chat
THANK YOU!