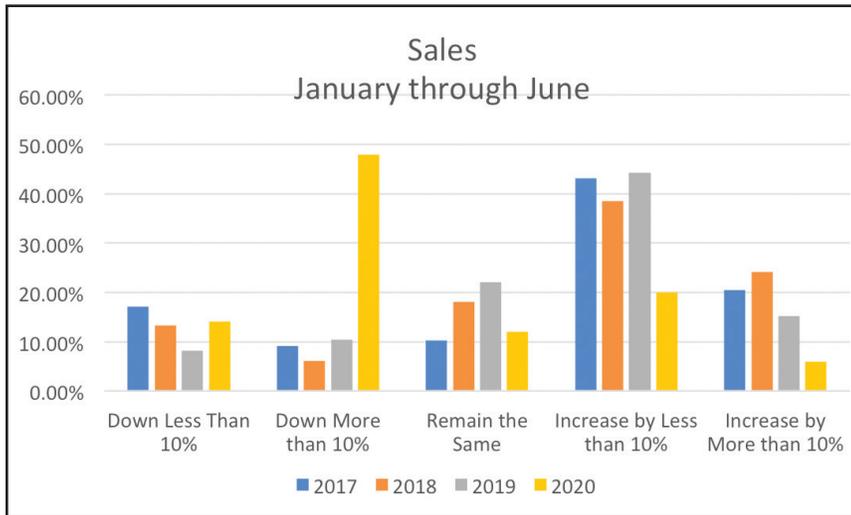


2020 MID-YEAR PULSE + COVID SURVEY REPORT



Record Decreasing Sales

One year ago, we were worried about tariffs and the possible weakening of the economy. The big story for 2020 is the COVID Pandemic. It has affected businesses and personal lives in ways we never dreamed of in 2019.

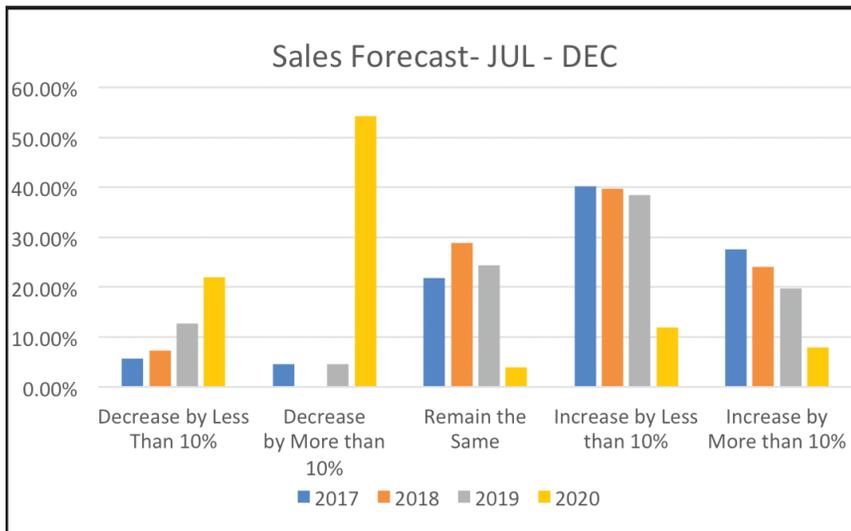


As we compiled our 2020 survey results, it felt like we were looking at the negative side of a photograph when compared to 2019.

Over half of the respondents saw a decrease in sales with only 6% seeing an increase of more than 10%. The Sales Chart tells the story of how 2020 flipped the trends of the past several years. Sales forecasts for the remainder of 2020 remain down. 54% of the respondents are predicting a decrease of more than 10% in sales.

The World Changed

Within days the world changed. Major supply chains were disrupted. Countries were not allowed to enter the US and shipments were left in ports. Factories were either closed or partially closed. The virtual world of doing business became a reality for the majority of non-production employees. Management who once thought that working from home was not possible or desired, found their workforces doing just that.



Not only did they change the way they worked, they became more productive and communication increased. On top of this, the “Safer at Home” declaration forced some businesses and all schools to close. Hindsight is so clear. I wish I had purchased Zoom stock in December!

St. Patrick’s Day, March 17th is normally a celebration but this year it marked the close of restaurants and bars. People were directed to stay at home unless they

were essential. The good news was that most of our manufacturers were essential, or became so by changing over the products they made where possible. Masks, gloves, and ventilators were in high demand and then became scarce.

We Are Changing

Manufacturers made many changes in how they produced products. Most companies created a team comprised of senior management, cross-functional managers including HR and Safety. Those with multiple plants created a corporate policy while adhering to local policy as well.

Social distancing became the phrase of the year. Shifts were staggered, sanitizing and monitoring employee temperatures became policy in many companies. Only employees who were declared essential to making product were, in most cases, allowed into facilities. Just over 48% of companies require people entering their facility to have their temperature taken. Another group allows employees to self-check and answer questions prior to entering the facility. Some are using an app to do this.

Work areas such as cells, production areas, offices, restrooms and lunchrooms are sanitized in some cases several times a day. Chairs, desks, and tables were removed to allow for social distancing. Shared spaces were sanitized often by employees after usage and daily by services. Many companies closed down public areas such as reception. Only essential people from the outside were allowed into facilities. Travel was banned. Outside meetings were no longer done in person but through Zoom or other similar platforms.

Physical changes to accommodate safety of employees include:

- Physical signs and barriers
- Removed chairs from meetings areas
- Hand sanitizer in all areas
- Extended cubicles to allow for distancing
- Floor markings
- 1 person allowed per table in lunchroom
- Spaced further and separated workstations
- Requiring masks when 6' is not possible
- No more than 50% occupancy spread out evenly at corporate offices
- Shields put in place where appropriate
- Removed interior doors
- Moved equipment when possible and installed Plexiglas

By the Numbers

54% of responding companies are allowing only essential people from the most of these employees back into the office when it is safe.

34% of the survey respondents experienced employees with positive COVID. The largest number of employees that tested positive per company was 9, most were under 5.

41% of survey respondents furloughed a portion of their employee base. Many companies have already called furloughed employees back into the facility. Others are bringing them back on a staggered basis, rotating, or as business permits.

21% of responding companies had layoffs. Unfortunately, most of the layoffs were permanent. Not all layoffs were a result of COVID but rather a business decision.

25% of responding companies said they paid a premium to their employees. Some in the form of a one-time bonus, others in a weekly premium. Most of these incentives have been stopped or will be by the end of June.

38% of respondents are taking employee temperatures at work.

15% are letting employees self-test.

With regard to competing with unemployment benefits and the additional monies provided employees during layoff and furloughs, **26%** are concerned about their ability to compete. The government subsidies will terminate in a few weeks.

34% of the survey respondents had employees test positive for COVID.

The Positive Side of COVID

One of the biggest myths of working at home as been debunked. **Employers have found that employees are more focused and productive while working remotely.** The worry that people would take advantage, not be productive and lose focus has proved to be untrue. Companies are now thinking about giving more employees the ability to work from home. Some companies are rethinking their office space and additions. It seems we are on the cusp of paradigm shifts we only dreamed of last year.

While some of our respondents could not find a positive thought coming out of this crisis, some did:

- Increased trust
- Higher level of teamwork
- Problem-solving skills sharpened
- Our workforce has great resiliency and dedication
- Greater collaboration and focus
- Gained efficiencies in manufacturing
- People who remained in the facility rallied together
- Expanded use of web-based tools at a speed we would not have otherwise seen
- Sense of urgency
- Emergence of leaders we did not see before
- Employee ideas to continuously find ways to work through new products like masks, etc.
- Ability of sales to pivot while not traveling
- Working virtually does work
- Employees working from home have experienced less stress
- Our meetings are more productive virtually
- How quickly a focused team can put changes and improvements into place
- Digital meetings have improved patience and manners
- Employee morale. . . we are in this together

Some Closing Thoughts

Paranet has been working with its manufacturing membership for over 30 years. We have seen many good and difficult times. Manufacturers are experts at flexing and change. There have been crises and economic downturns over the years. However, this Pandemic Crisis is different in both speed and geography. This is a worldwide crisis affecting everyone. Our manufacturers met this with their own speed and are doing their best to keep their employees safe. For the most part, our member's employees are grateful. In return, loyalty, trust, increased production, and comradery abounds.

We at Paranet are eager to return to some type of normalcy in how we support our members. Paranet will come out of this stronger and able to reach out further. Our new normal will encompass technology and incorporate face to face as much as we possibly can. Our members are eager to be back to meeting together in person. There are many tours we hope to schedule and many opportunities to share best practices. We will be calling on you to help us negotiate these changing times. Thank you for participating in this survey and we will see you all soon.



The Paranet Group, founded in 1988, is the only professional organization comprised of manufacturing company leaders. Paranet is dedicated to helping organizations reach their potential through the success of its leaders.