

Input from Electrical Distributors,  
Manufacturers & Manufacturer  
Representatives  
Weeks of March 16-27, 2020

# Overview

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- ▶ Channel Marketing Group and DISC Corp launched an electrical industry wide survey via our email lists, Electricaltrends and NEMRA to understand the electrical distribution channel marketplace sentiment during the weeks of March 16-27, 2020, which is the beginning of the COVID-19 pandemic outbreak in the US.
- ▶ Respondents were asked about their business performance over the prior 2 weeks as well as actions their company had taken in this time period.
- ▶ The impact of COVID-19 is fluid. When the survey was launched, no states had “shelter-in-place” restrictions. Today, 27 do covering 225 million people.
- ▶ While electrical is considered an “essential” service, in some markets construction continues, in others it has been stopped. Further, some localities have limited construction to existing projects and no new projects can be started.
- ▶ The goal of the survey is to provide a sense of the impact on the industry and to potentially share best practices.
  - The survey was originally built for distributors, hence some questions, or answer options, are not applicable for manufacturers and/or manufacturer representatives.
- ▶ Overall, there were 429 respondents. 61% were distributors, 14% manufacturers and 24% manufacturer representatives.

# Executive Summary

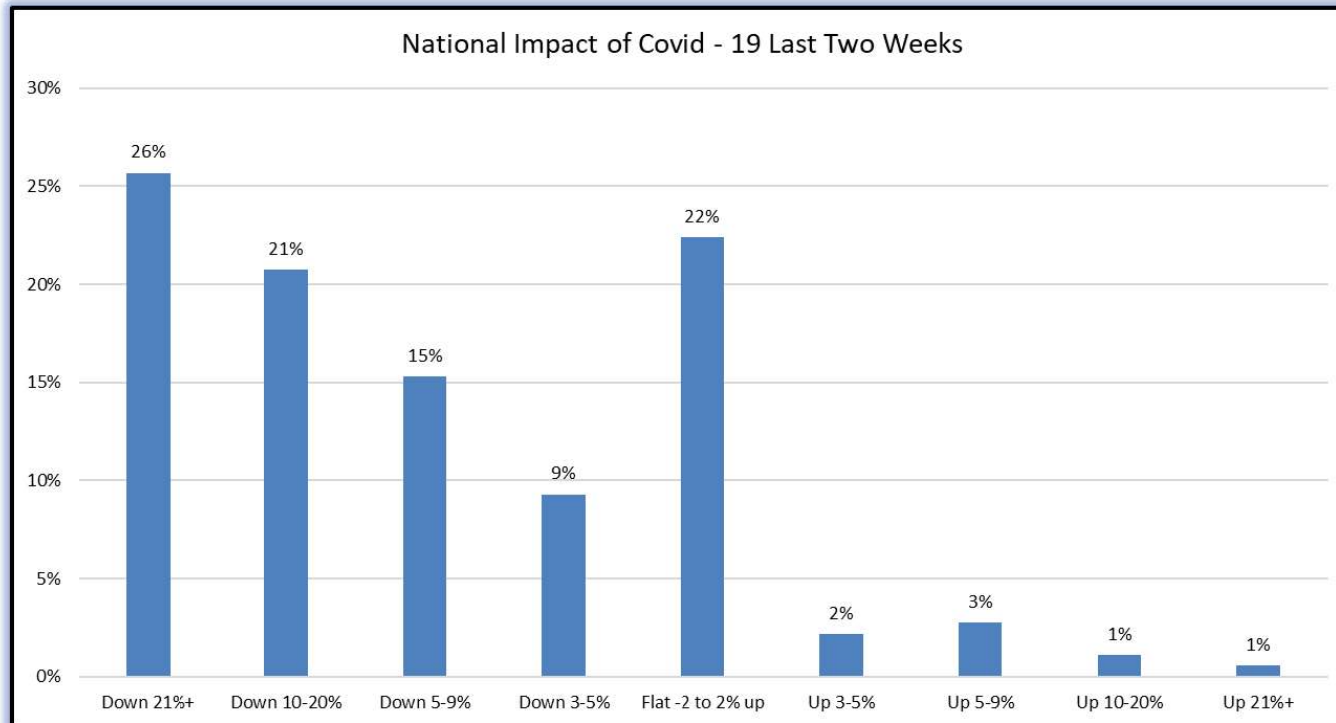
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- ▶ The electrical distribution channel has declined a minimum of 10% over the past two weeks.
  - Distributor respondents reported an average sales decline of 10.2%
  - Manufacturer respondents reported an average sales decline of 8%
  - Manufacturer representative respondents reported an average sales decline of almost 15%
  - All expect declines to deepen as COVID-19 spreads and states enact “shelter at home” and no construction policies.
- ▶ Performance declines are steepest in the East and in metropolitan areas.
- ▶ While few have yet to implement employment or compensation changes, many expect to implement them as COVID-19 lasts longer, and spreads.
- ▶ Distributors are concerned about cash flow, access to capital as well as employment concerns.
- ▶ Manufacturers expressed more concern regarding virus duration and sales forecasting, albeit this may be reflective of the respondent base (more sales management focused).
- ▶ Company leadership gains high marks from their staff for communication and taking action.
- ▶ Many best practices, and concerns, are shared in the Appendix.

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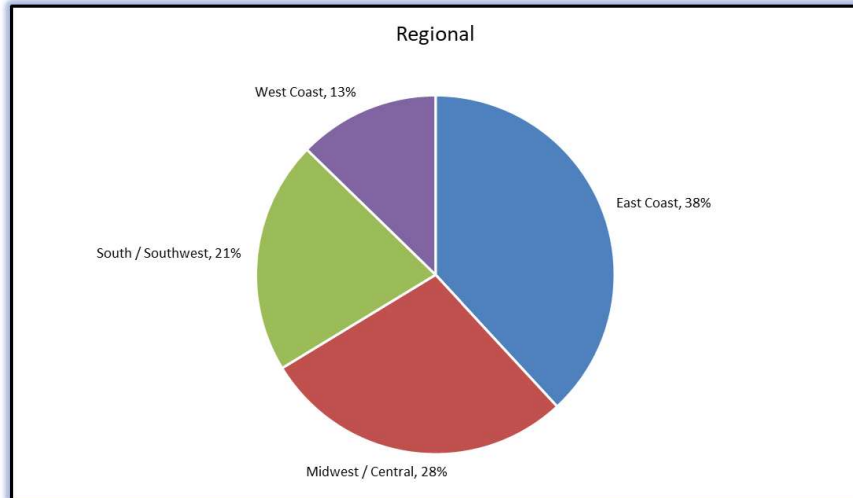
# DISTRIBUTOR INPUT

# National Performance Past 2 Weeks

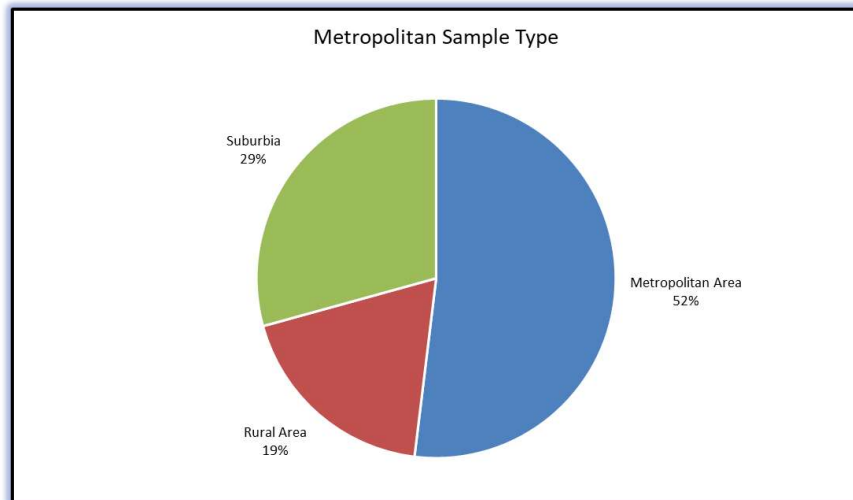


- ▶ On average, electrical distributors are down 10.2% over the past two weeks.
  - 48% of distributors reported a decline of more than 10%, with 26% reporting a minimum of a 20% decline.
  - Metropolitan areas are the hardest hit with 30% showing declines of 30%
  - While 23% report flat / nominal impact, these companies are in areas that have not been impacted much to date. Further, their "flat" is probably a decline from what their expectation was without COVID-19.
- ▶ With the virus spreading geographically, it is expected that the decline will accelerate.

# Geographic Diversity

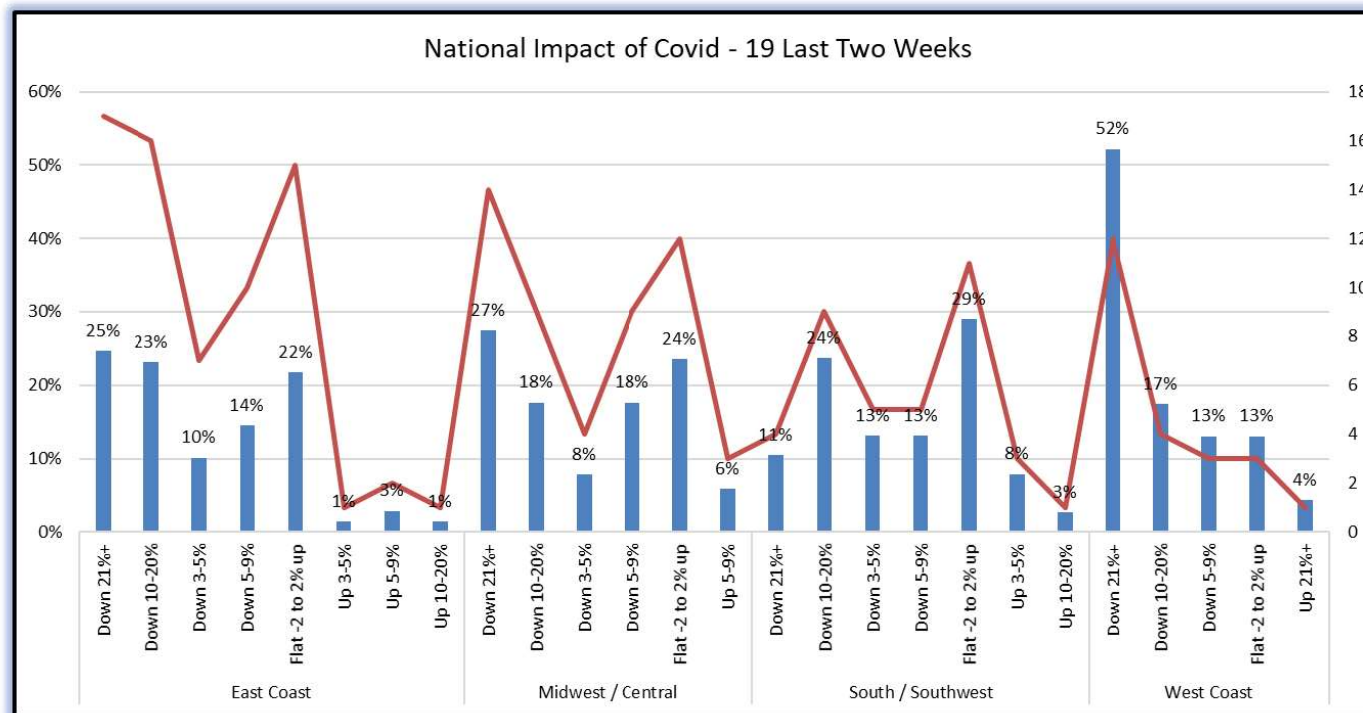


- ▶ 38% of respondents are from the East Coast and 28% are from the Midwest, where the virus has been less widespread, the sales performance has been impacted to a lesser degree.



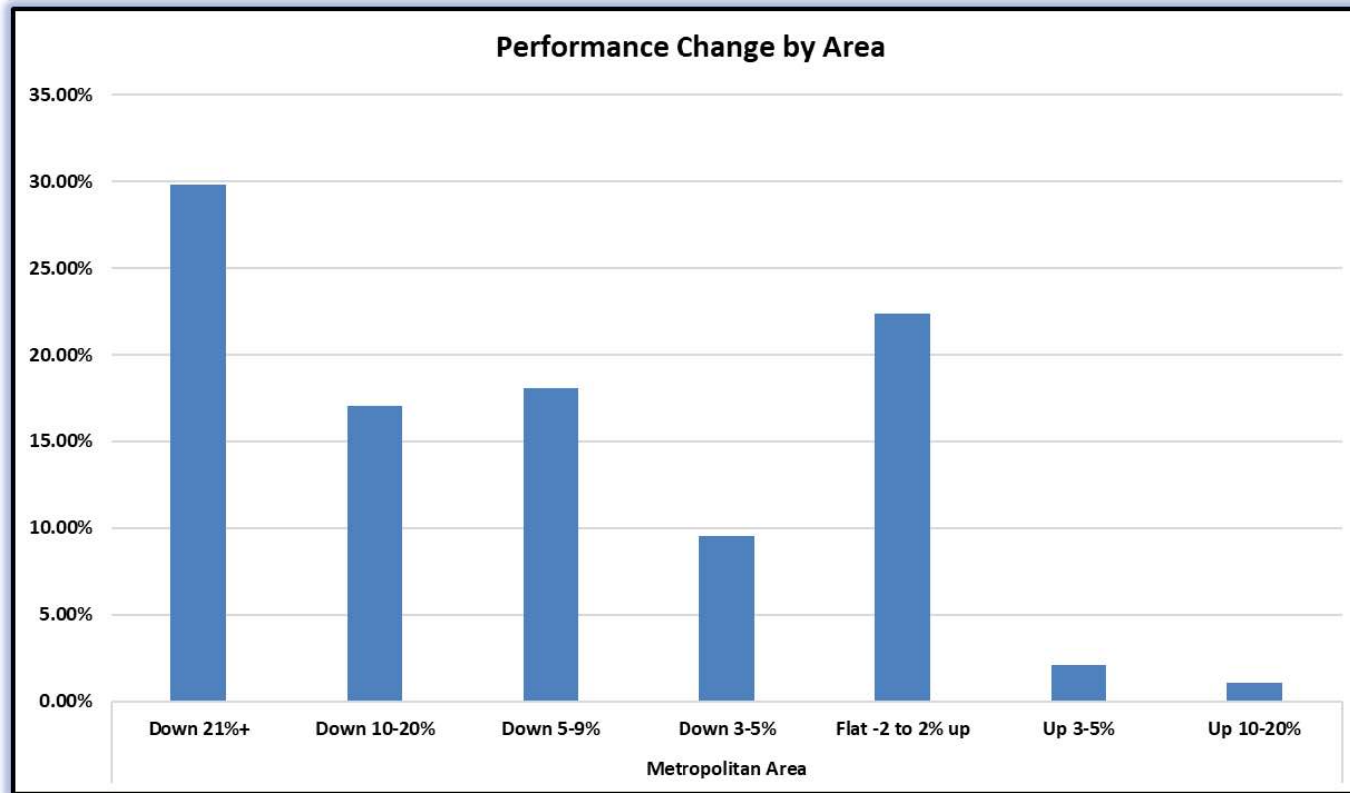
- ▶ 52% of respondents are from Metropolitan areas, where population density is impacting the ability to practice good social distancing habits and where there are the highest concentration of electrical industry sales.

# Geographic Performance Past 2 Weeks



- ▶ The red line represents the number of responses and the columns are the percentage of total for the geography.
- ▶ The West Coast has already lost a lot of traction. Washington and California have some of the more restrictive quarantine actions over the past two weeks forcing the setbacks to skyrocket. These actions will grow nationally as states shut down more activities. NY impact is expected to accelerate with construction being stopped 3/27. Pennsylvania has also stopped construction activities.

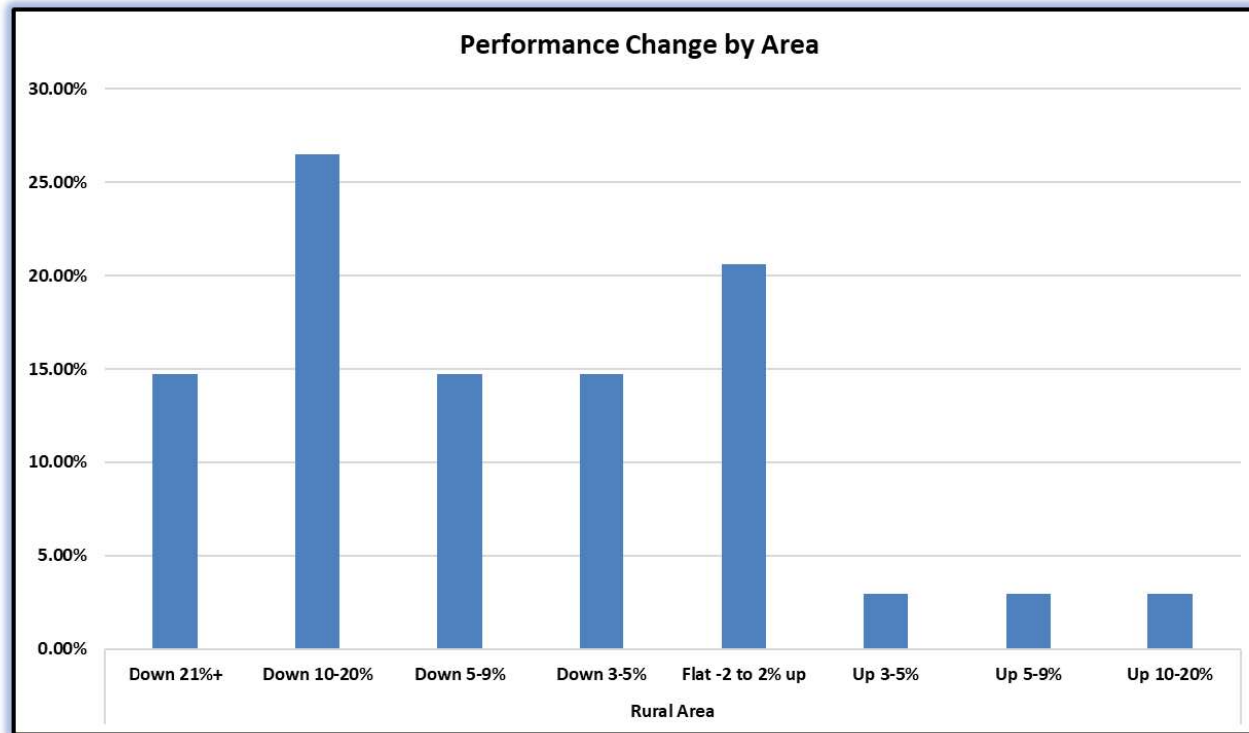
# Metropolitan Areas Performance Past 2 Weeks



- ▶ Metropolitan areas are the hardest hit with 47% reporting declines greater than 10%. Almost 30% are reporting declines over the last two weeks of more than 21%.
- ▶ While 23% report nominal impact, these companies are in regions that have not been impacted much to date. Further, their “flat” is probably a decline from what their expectation was without COVID-19.

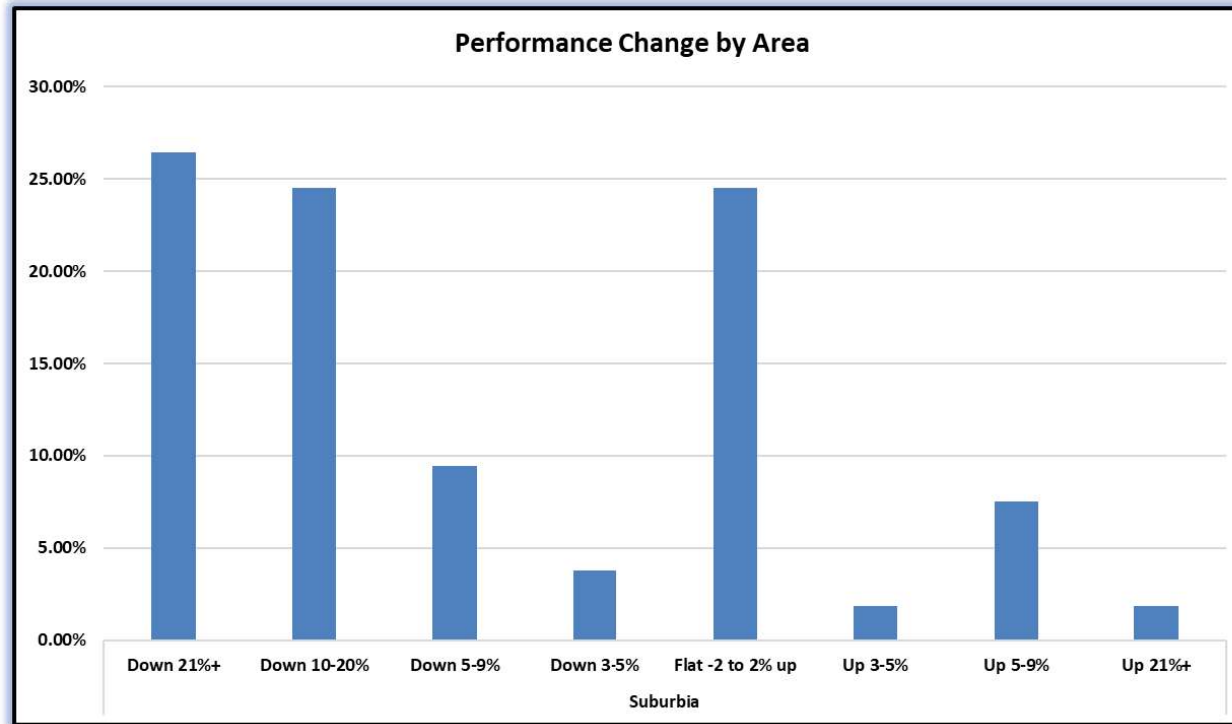


# Rural Areas Performance Past 2 Weeks



- ▶ Rural areas, for these two weeks, outperformed other population centers, albeit the virus is less prevalent in these areas, although many have experienced a 10-20% decline.
- ▶ While 21% report nominal impact, these companies are in areas that have not been impacted as much by travel and population density. Some of these rural areas may be affected by the oil crash as much as the COVID-19 crisis.

# Suburban Performance Past 2 Weeks



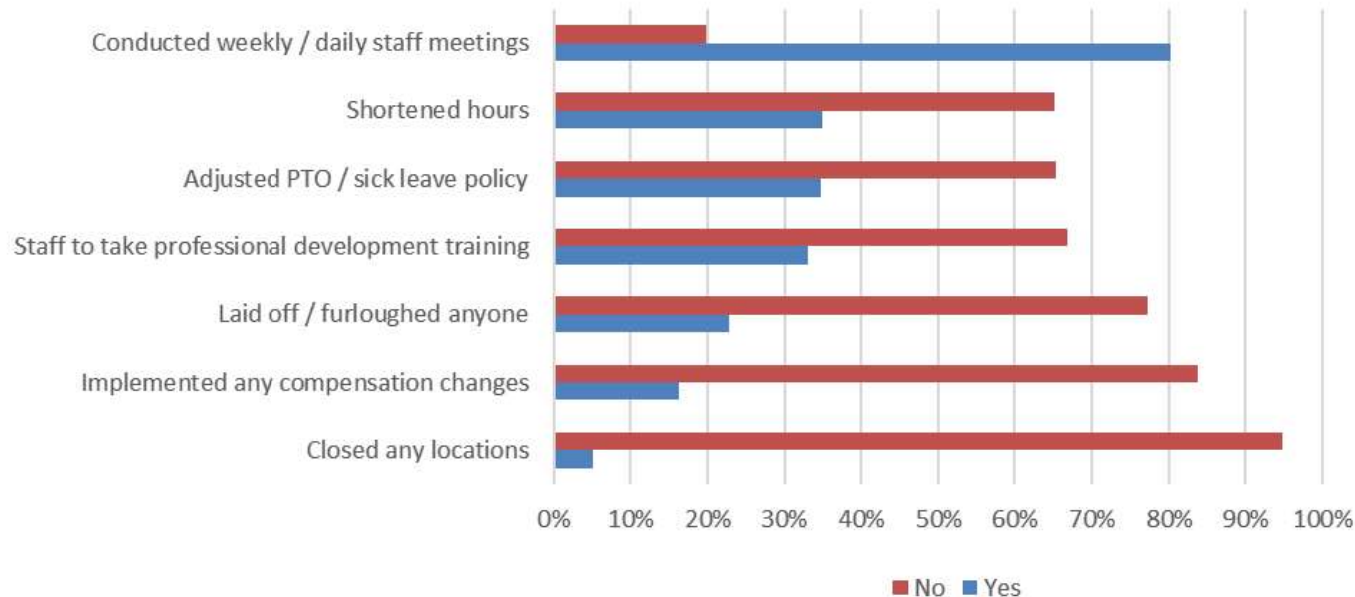
- ▶ 52% of distributors reported a decline of more than 10%, with 26% reporting a minimum of a 20% decline.
- ▶ While 24% report nominal impact over the last two weeks as residential construction continued its climb the expectation is a rapid deceleration as growing COVID-19 shelter in place and work stoppages continue.

# Distributor Business Actions



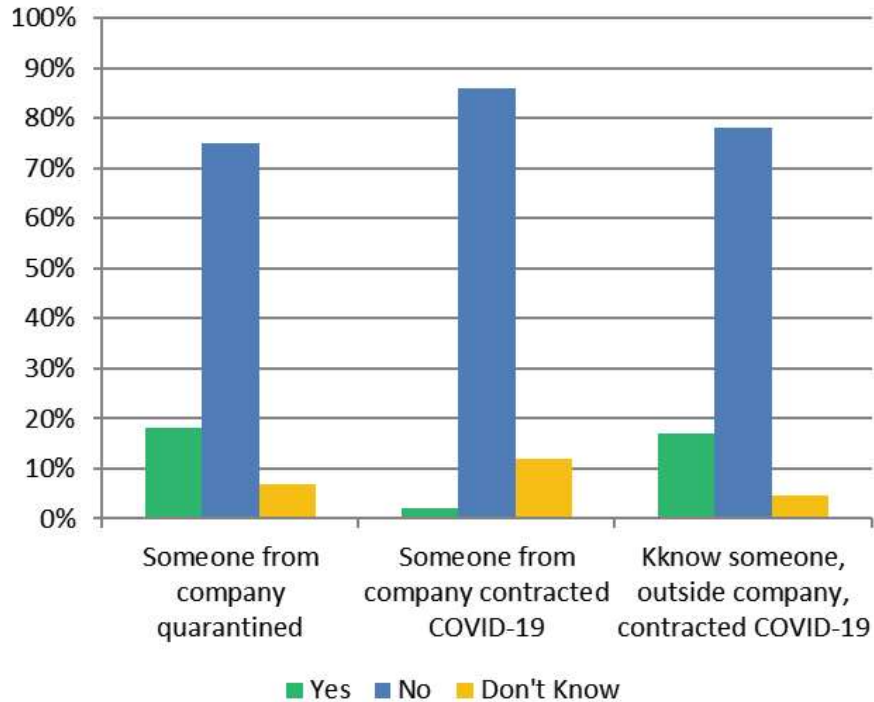
- ▶ Distributors are adapting. 74% of respondents are now offering “curbside” pick-up / delivery for material and 51% are accepting orders via text.
- ▶ 25% of respondents are reporting an increase in off hours deliveries and delivery routes.
- ▶ Digital adoption by distributors, defined as utilization of digital marketing, virtual meetings and eCommerce utilization lag. This could be due to utilization / familiarity of these tools in their business normally or possibly customer acceptance of these tools. Given the competitive environment and widespread usage of these tools by national chains, members may wish to consider adopting to improve and accelerate customer communications and broaden omni-service access.

# Actions Members Have Taken



- ▶ 35% of distributors have shortened hours and 40% have closed counter areas while offering curbside pickup.
- ▶ 23% of respondents reported their company has already initiated furloughs / layoffs in response to dramatic revenue declines. With sales declines accelerating and COVID-19 spreading, deep cuts are expected as insufficient cashflow will bite at the heels of payroll.
- ▶ Minimal shuttering of locations to date. Some distributors have closed small branches / showrooms.
- ▶ Almost 80% of distributors are talking to their staffs frequently to enhance communication.
- ▶ Few have implemented compensation changes within their business. We expect this to change as COVID-19 shelter in place order is mandated to last throughout April and potentially into May.
- ▶ Only 34% of members have adjusted PTO / sick leave policies to address COVID-19 related absence. With the Families First Act going into force on April 1st, this will become mandatory. A number of distributors, anecdotally, have shared that they will "do the right thing."

# It Becomes Personal



- ▶ While many, hopefully, won't personally be affected by COVID-19, some members know someone who has been impacted.
  - A few know someone who has contracted the virus.
  - Almost 15% have had someone from their company be quarantined, which typically has a minimum of a 14-day impact.
  - 16% of respondents have had someone from their company contract the virus.

# Member Leadership

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- ▶ Respondents rated their management teams 8.37 for their crisis leadership skills.
  - 29.7% of respondents rated a 10
  - 22.6% of respondents rated a 9
  - 24% of respondents rated an 8
  - 12% of respondents rated a 7
- ▶ Overall, 76.5% of respondents rate their management an 8 or higher, indicating that, while a vast majority of distributors are “rising to the challenge” in this crises and communicating well, there are opportunities for them, or perhaps others, for continued improvement.
- ▶ Management, in general, should be commended by every company for adapting to the crisis where there is no playbook.
- ▶ As the crises continues, a risk is that companies regress in their communications and/or diligence as the efforts become repetitive in nature. Capturing attention creatively will be needed to break through the clutter and monotony of the “same” messaging.
- ▶ With the social distancing “mandate” being extended through April, continued leadership, and creative leadership, will be necessary.

# Distributor Actions

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- ▶ Distributor actions, beyond social distancing, remote work force and cleaning, include:
  - COVID-19 duration ... “when get back to normal?”
  - Sales forecasting
  - Pending employment actions as well as compensation changes. Some have already occurred.
  - Access to capital
  - A/R and A/P questions
  - Cleanliness, safety and workplace operating environments
  - Closing counters and showrooms
  - Closure considerations
  - Companies “stress testing” to determine expense reduction
  - Cashflow management concerns as well as identifying opportunities for capital.
  - Technology deployment
  
- ▶ Additional input is in the Appendix.
  
- ▶ Channel Marketing Group has shared actions that electrical distributors have taken at [www.electricaltrends.com](http://www.electricaltrends.com).

# Distributor Concerns

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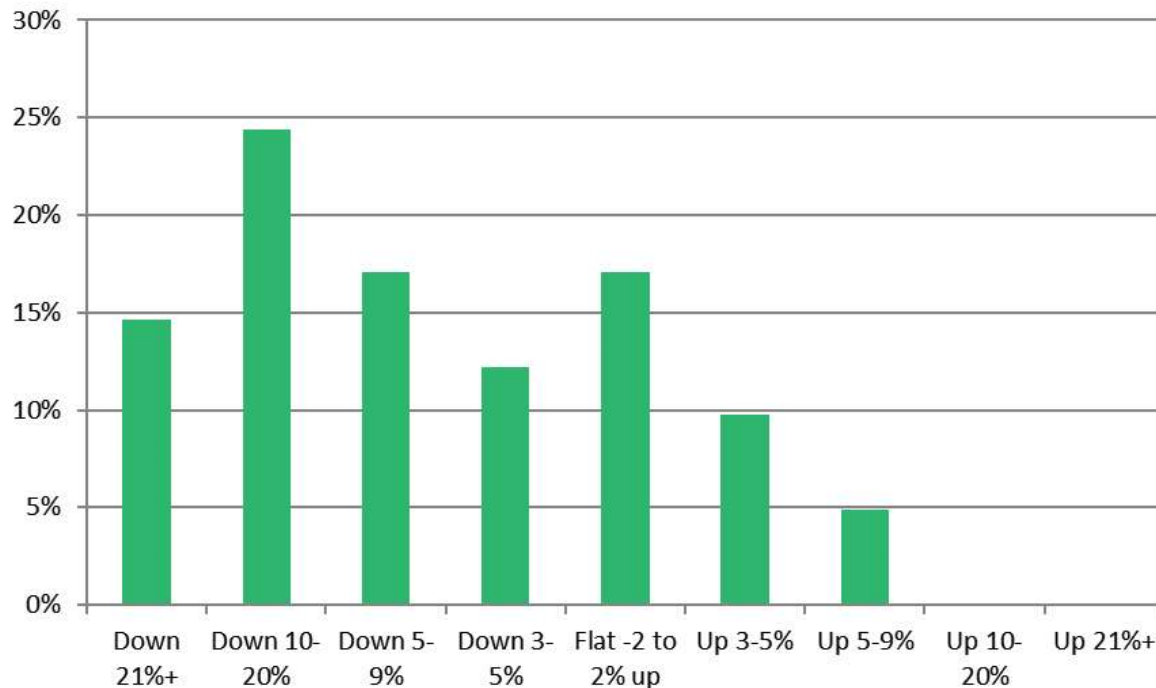
- ▶ Distributors shared many concerns. These relate to:
  - Legal considerations if COVID-19 contracted at work
  - Customer concerns ... ability to pay, ability to stay in business
  - Managing employee job security concerns
  - Access to capital ... bank, government
  - Cashflow management
  - Sales forecasting / business viability
  - COVID-19 duration
  - Supply chain disruption as it relates to material from China, material from Mexico (inclusive of suppliers acquiring parts from Mexico / China for assembly)
  - OEM focused distributors concerned about customer base, inclusive of Europe
  - Negotiated supplier benefits (terms, rebates and co-op funding)
  
- ▶ Specific comments, and highlighted concerns, are in the Appendix



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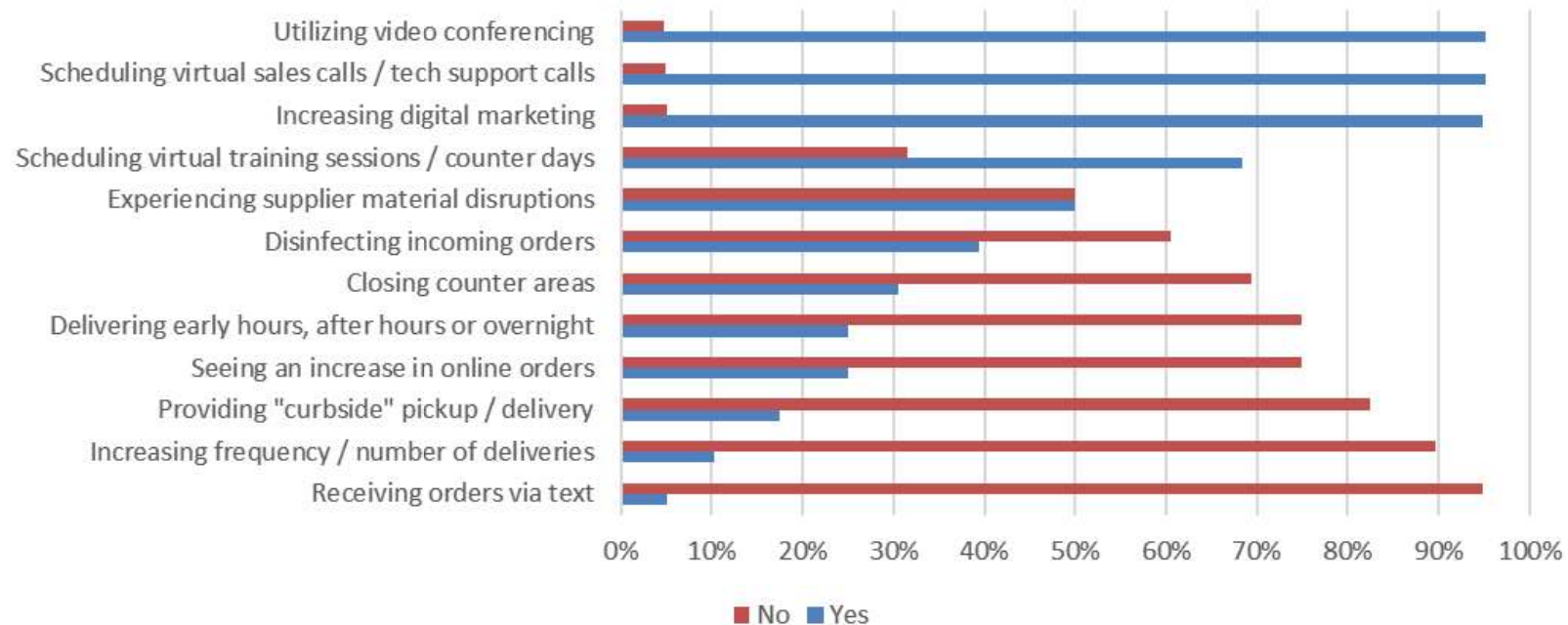
# MANUFACTURER INPUT

# Performance Past 2 Weeks



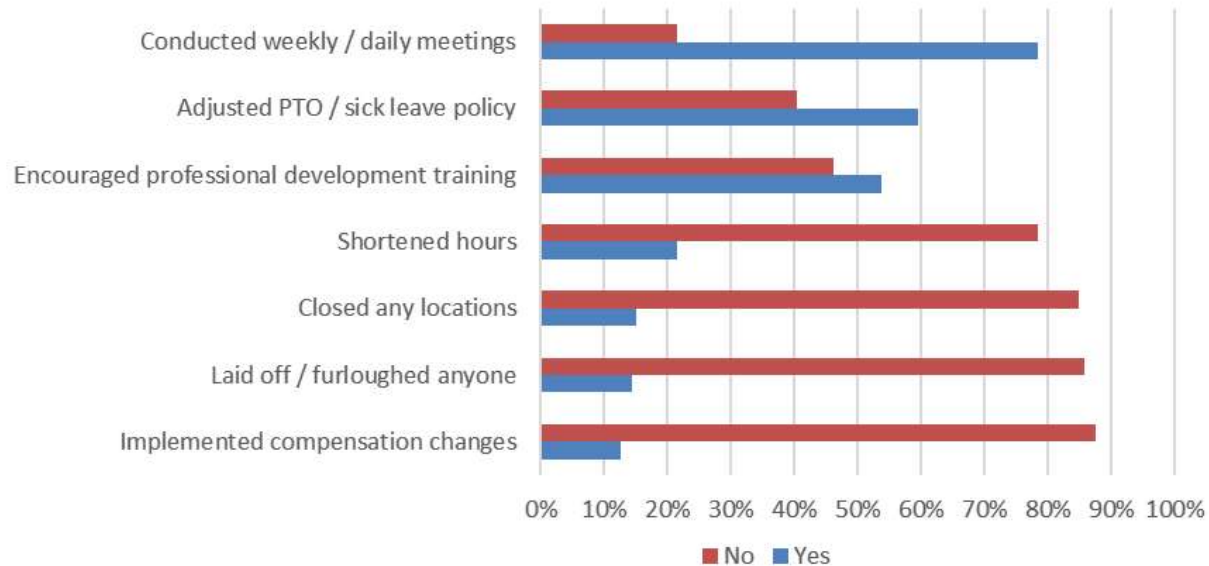
- ▶ On average, electrical manufacturers report that they have declined 8.3% over the past 2 weeks.
- ▶ Almost 40% of respondents report that their business is down 10% or more!
  - 15% of manufacturers have already seen a decline in excess of 21%.
- ▶ 33% report being flat or generating an increase over the past few weeks.
  - This could be companies that have appropriate products (PPE, disinfecting lighting, serving the healthcare market with selected SKUs, etc.) or orders that were in process.
- ▶ Based upon distributor feedback, manufacturers should expect an accelerating decline. While the differential is currently 2 points, manufacturers need to evaluate what percent of their business is in each region and evaluate their performance by region ... and then model the percentages migrating across the country with rebounds at different rate.

# Manufacturer Business Actions



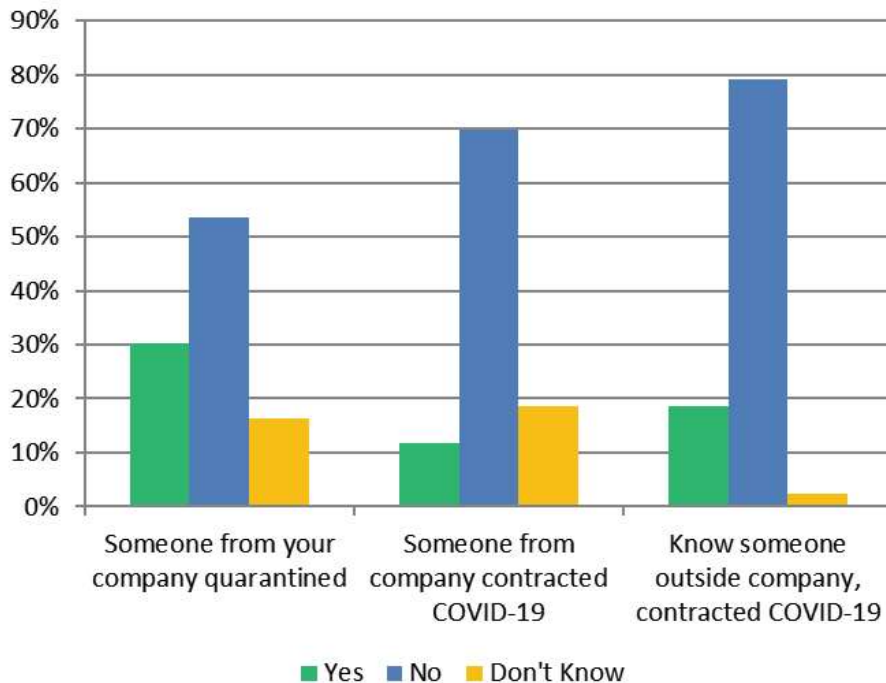
- ▶ Manufacturers have gone virtual and digital with 95% of respondents sharing they are using video conferencing to conduct meetings and sales calls as well as digital marketing to communicate.
  - It is suspected that manufacturers are actively doing this within their company.
  - Many are also doing this well with their channel, albeit the key is "the breadth / depth" of email databases as well as interconnectedness with their agencies / sales organization. This could have significant longer-term impact and generated greater "direct connections" with distributors. A concern, at the same time, is "appropriate content" to ensure against "clutter" from a recipient viewpoint.
- ▶ Almost 70% are using virtual tools to support training and counter days, indicating continuity of sales efforts.
- ▶ 50% of companies report supply chain disruption, perhaps as a remnant from China manufacturing / sourcing.

# Actions Manufacturers Have Taken



- ▶ Almost 80% of manufacturers conduct daily, or at least weekly, staff meetings regarding COVID-19 and actions their company is taking or may take.
- ▶ 60% of companies have adjusted their PTO / sick leave policy to encompass COVID-19 related issues. This may be in preparation to the upcoming Families First Act and/or due to union interaction, if applicable.
- ▶ 55% of companies are encouraging their staff, especially those being remote, to participate in additional professional skills training.
- ▶ 15% had already undertaken some personnel reductions.
- ▶ Almost 15% have taken any employment or compensation changes to date, however, as sales decelerate, this is expected to accelerate within factories unless the company relies heavily on sourcing

# It Becomes Personal



- ▶ While many, hopefully, won't personally be affected by COVID-19, some manufacturer know someone who has been impacted.
  - 30% know someone from their company who has been quarantined, which typically has a minimum of a 14-day impact.
  - 11% have had someone from their company contract the virus.
  - Almost 20% of respondents have had someone from their company contract the virus.
- ▶ Given that manufacturer staffs are larger, it is unfortunately not surprising that more have been affected and infected. If factories and "home office" personnel were surveyed it is suspected that this would be much higher.

# Manufacturer Leadership

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- ▶ Respondents rated their management teams 8.62 for their crisis leadership skills.
  - 33% of respondents rated a 10
  - 33% of respondents rated a 9
  - 9% of respondents rated an 8
  - 17% respondents rated their management a 7
- ▶ Overall, manufacturer management has done a stellar job, according to respondents. 77% rate their company an 8.0 or higher.

# Manufacturer Actions

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- ▶ Manufacturer actions, beyond social distancing, remote work force and cleaning, include:
  - Developing a dedicated COVID-19 email address for employees to reach out and get answers.
  - Seeking cargo shipping solutions to Europe. This may be to support European wholesalers and/or OEMs based in Europe.
  - Delaying hiring
  - Sharing best practices with their distributors to be positioned as “supportive”, given that the manufacturer may have access to “different” resources than distribution and their manufacturer representatives.
  - Recommended McKinsey COVID-19 nerve center article.
  - Accelerate / develop digital training initiatives.
- ▶ Additional input is in the Appendix.

# Manufacturer Concerns

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- ▶ Manufacturers shared many concerns. These relate to:
  - Sales impact / sales forecast.
  - COVID-19 duration and “criteria” for declaring “recovery”.
  - Future industry structural change
  - Channel workforce
  - Financial assistance
  - Employee safety and health
- ▶ It is interesting that manufacturers did not express concern about distribution cash flow, liquidity and viability. Focus is on business impact as well as sales forecasting / recovery outlook for the remainder of the year.
- ▶ Specific comments, and highlighted concerns, are in the Appendix

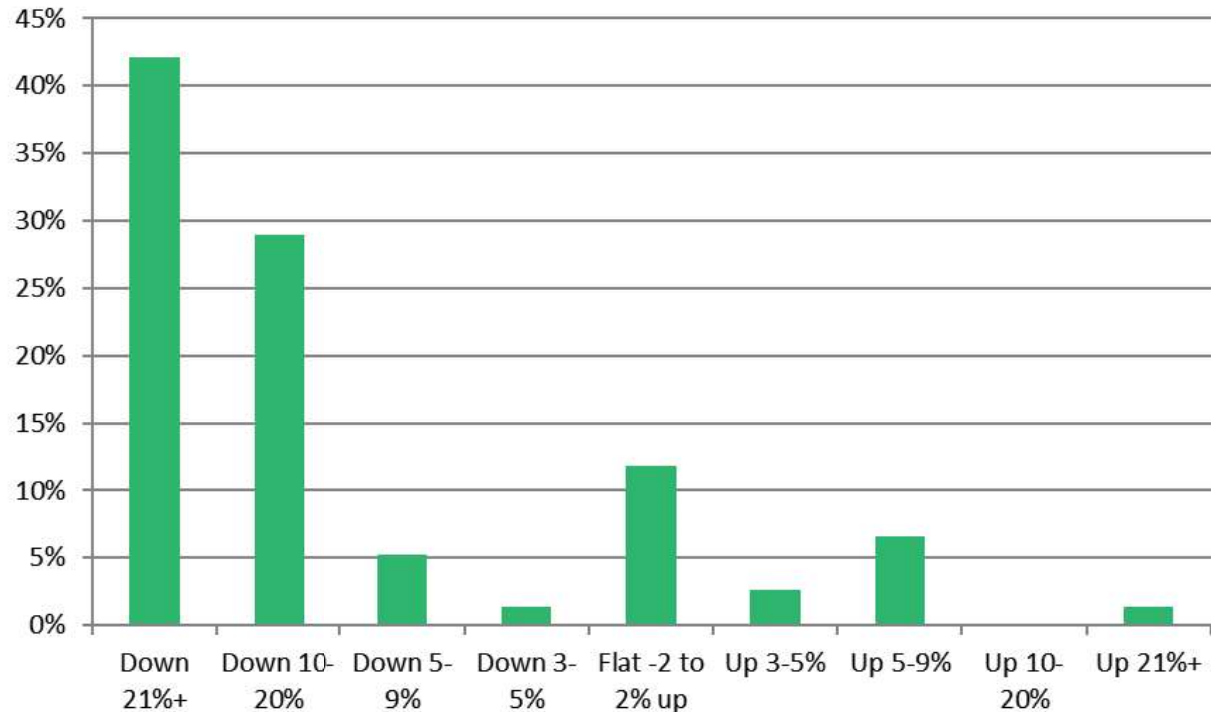


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# MANUFACTURER REPRESENTATIVE



# Performance Past 2 Weeks



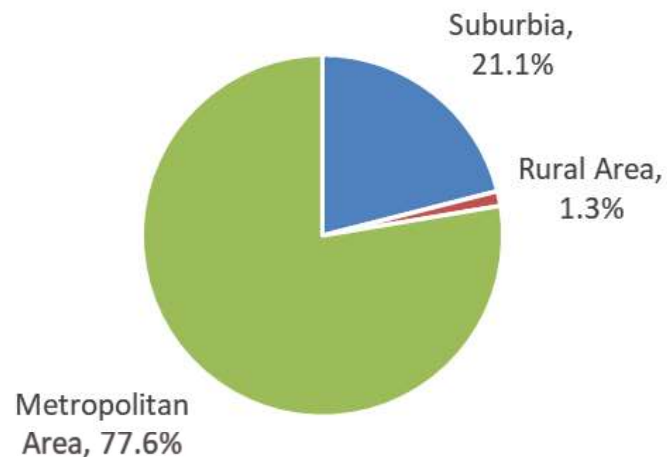
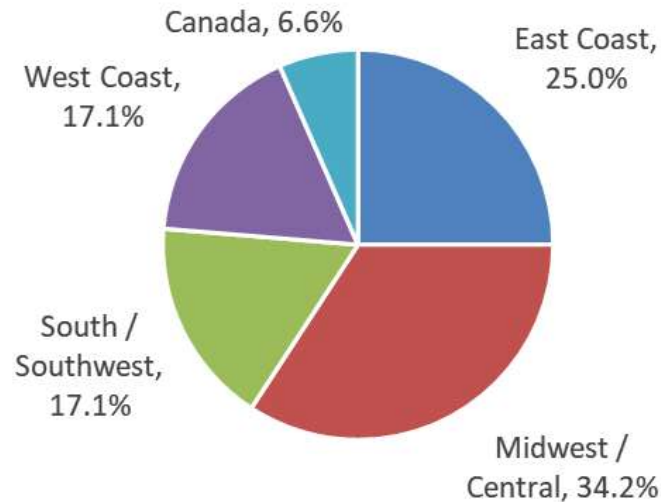
- ▶ 71% of distributors reported a decline of more than 10%, with 42% reporting a minimum of a 21% decline.
- ▶ While 22% reported a flat / nominal impact, these companies typically are in areas that have not been impacted much to date. Further, their performance may be a decline from their expectations without COVID-19, the result of COVID-19 supply chain disruptions due to China or pending orders.
- ▶ With the virus spreading geographically and commerce more widely impacted, it is expected that the decline will accelerate.

# Regional Analysis

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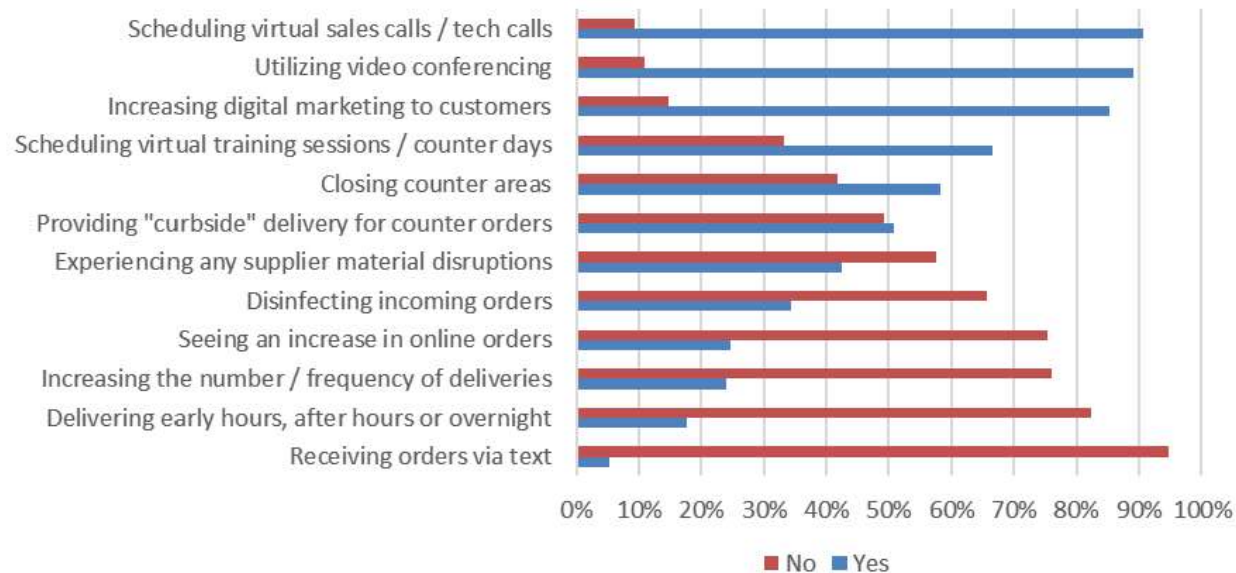
- ▶ In digging deeper into manufacturer representative performance, the following regional insights can be observed:
  - East
    - 63% of respondents have sales declines of over 21%
    - 27% have sales declines of 10-20%
    - Overall, 90% of manufacturer representatives in the “east” have had sales declines exceeding 10% in the past two weeks. CMG has spoken to some that have had declines approaching / exceeding 50%!
  - Midwest
    - 28% of respondents have sales declines of over 21%
    - 28% have sales declines of 10-20%
  - South / Southwest
    - 38% of respondents have sales declines of over 21%
    - 23% have sales declines of 10-20%
  - West Coast
    - 31% of respondents have sales declines of over 21%
    - 38% have sales declines of 10-20%
- ▶ The rate of decline can be anecdotally correlated to where the virus has had the most impact as well as government mandates. As COVID-19 spreads, the rate of decline in other regions will increase. “Thinly” populated areas will have less decline. The influence of government mandates, and restrictions on construction, could further influence revenue rate of change.

# Geographic Diversity



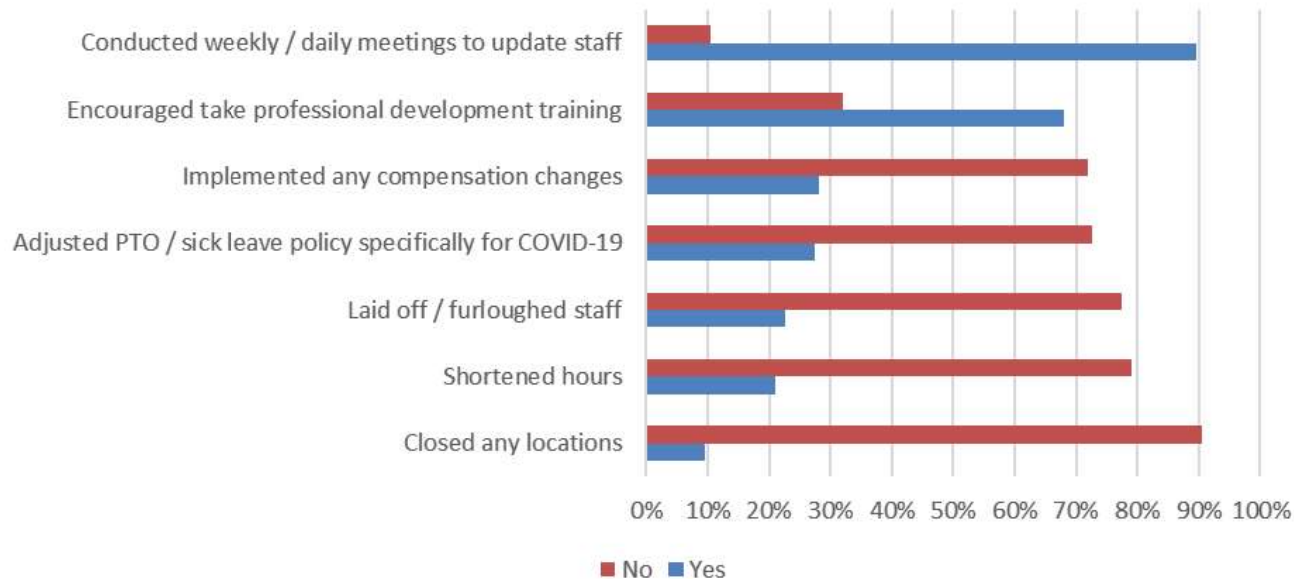
- ▶ 25% of respondents are from the East Coast and 34% are from the Midwest, where the virus has been less widespread, hence mitigating the average sales performance.
- ▶ Given that most reps cover wide geographic areas that encompass metropolitan, suburbia and rural areas, this information isn't relevant to performance and density-related feedback should be correlated to distributor input.

# Manufacturer Representative Business Actions



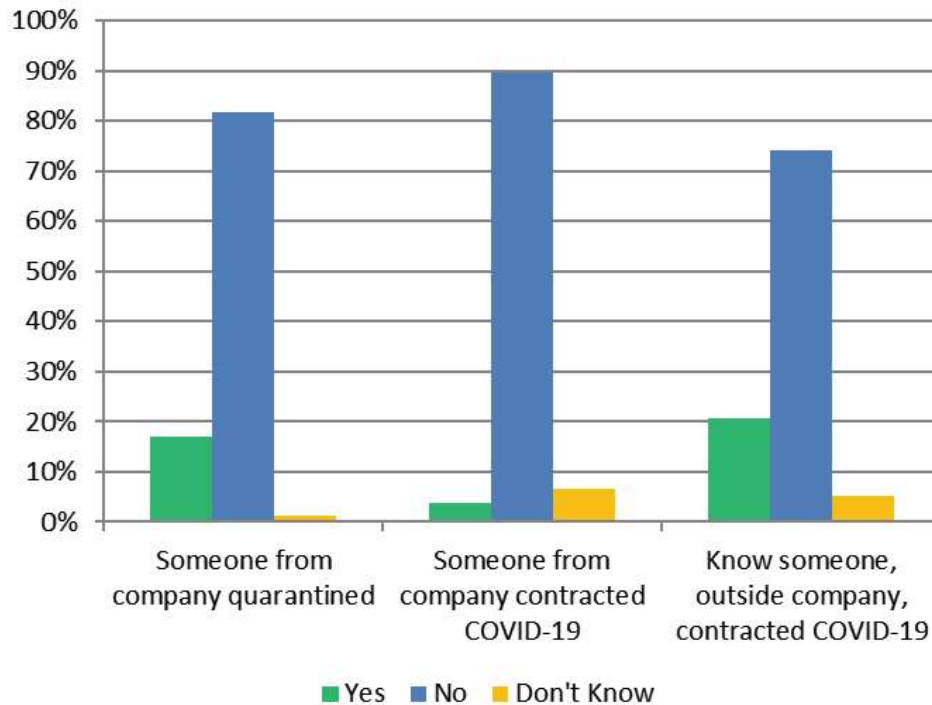
- ▶ Agencies are adapting to a virtual and digital environment with 90% using virtual sales calls, technical support and training. This indicates sales working remotely, company policies inhibiting sales calls as well as customers (distributors and end-users) not allowing supplier / agency visits. This is a new skill set that agencies are learning "on the fly."
- ▶ While agencies are not known for marketing, 85% are making active use of digital marketing (either email or email mass services (i.e. Constant Contact)) to communicate to customers. This indicates agencies have email lists and, potentially, could use eMarketing as a tool longer-term.
- ▶ 65% are using conducting virtual training / counter days, indicating that these sales activities are continuing.
- ▶ 40% of respondents shared that they, and hence their suppliers, have experienced material delays. This probably relates to COVID-19's impact in China.

# Actions Manufacturer Representatives Have Taken



- ▶ 90% of manufacturer representatives are talking to their staffs frequently to enhance communication.
- ▶ Almost 60% have staff, presumably salespeople (inside and outside) improving “skills”.
- ▶ Almost 30% of agencies have implemented compensation changes to their staff. We expect this increase as agencies are dependent on commission revenue, however, many of their people are salary or hourly based.
- ▶ Almost 30% of agencies have formally adjusted their PTO / sick leave policies to address COVID-19 related absence.
- ▶ 22% of agencies have already initiated staff reductions to shed payroll expenses.
- ▶ Remote working was not asked as, in many instances, this has been mandated by governments or initiated by companies.

# It Becomes Personal



- ▶ While many, hopefully, won't personally be affected by COVID-19, some manufacturer representatives know someone who has been impacted.
  - 17% have had someone from their company quarantined, which typically has a minimum of a 14-day impact.
  - Only a few respondents have had someone from their company contract the virus which is expected given the size of agencies.
  - 20% know someone who has contracted the virus.

# Agency Principal Leadership

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- ▶ Respondents rated their management teams 8.73 for their crisis leadership skills.
  - 35% of respondents rated a 10
  - 28% of respondents rated a 9
  - 24% of respondents rated an 8
- ▶ Overall, 87% of respondents rate their companies 8.0 or higher
- ▶ Manufacturer principals have done a very good job of communicating with their staffs regarding action steps and impact on their business.



# Manufacturer Representative Actions

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- ▶ Manufacturer Representative actions, beyond social distancing, remote work force and cleaning, include:
  - Communicating empathy and availability to distribution
  - Promoting utilization of manufacturer technology such as portals and EDI
  - Recommending utilization of training tools to facilitate professional / industry-specific skills and product knowledge development
  - Completing “elective” tasks that relate to things that have been on the “want to do” list
  - Enhanced personal safety considerations
  - Communication, communication, communication as well as honesty with some providing financial insights.
- ▶ Additional input is in the Appendix.
- ▶ Channel Marketing Group has shared actions that companies in the electrical have taken at [www.electricaltrends.com](http://www.electricaltrends.com).

# Manufacturer Representative Concerns

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- ▶ Manufacturer Representatives shared many concerns. These relate to:
  - Concern of the unknown ... the length and depth of the impact.
    - Unfortunately, this is unknown due to the fluidity of the situation at this stage.
  - Employee impact as it relates to retention, compensation, applicability of the Families First Act
  - Needs for injection of capital, be it from the stimulus or ownership / principal reinvestment into the business.
  - Questions regarding the impact of local government actions on distribution closures as well as construction / industrial facility closures.
  - Manufacturer adjustment of agency-specific goals.
- ▶ Specific comments, and highlighted concerns, are in the Appendix.

# Overall Conclusion

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- ▶ Overall, the market is declining at a significant rate with distributors reporting an 8-15% decline, with manufacturers the least to date.
- ▶ The East has been hit the hardest. Metropolitan areas, where there is the largest concentration of revenue, is impacted the most.
- ▶ Distributors are concerned about cashflow and liquidity. Manufacturers expressed more interest in forecasting, although this may be the respondent audience. Reps are significantly impacted.
- ▶ All have taken initial steps but warn that more drastic employment, compensation and other cost cutting moves are expected, especially with social distancing, and presumably “shelter-in-place” being required through “at least” the end of April.
- ▶ Many shared best practices that they have implemented to date (in the Appendix).
- ▶ Overall, company leadership rates well for communicating to their staff and quickly managing “change”.
- ▶ Communication is the key. Within companies, between channel partners, throughout the sales chain as well as to your customer base and within your local community.
- ▶ The past two weeks have been frenetic with change. From no states having shelter in place to over 27. From all states allowing construction to a number no longer allowing job sites to be open. Change and adaptability are hallmarks of today, and today’s management.
- ▶ This has and will impact all. We’re all in this together. How companies, and entities within the channel help each other will be the foundation for future bonds.

## Electrical Distribution Industry Insights COVID-19 Market Sentiment Input

### Distributors

**What else is your company doing that you feel is noteworthy?** (Highlights by CMG)

I <b>expect to furlough and adjust hours</b> but have not put into effect yet. Probably will next week.
Open communication to all employees of what we are doing and what we are not doing. <b>Sharing the government info</b>
<b>Limiting our hours and working with a skeleton crew. Set up a buffer zone</b> between customers and sales personal.
We have only <b>implemented pay cuts for Executive Management.</b>
Keeping anyone working that wants to work, and not letting other than employees in the store, doors are locked.
Expanding existing customer business
Having more personal communications with leadership at our customers and suppliers.
Preparing for the worst. We believe we are only in the beginning and if you were to do this surgery weekly for the next (2) months - I believe you will see dramatically different answers week to week.
<b>Granted 5-day PTO to all staff, when schools closed.</b> Then, one week later, required on-site staff to work half-weeks for the next two/three during our State's Stay-at-Home order. <b>Separated on-site workers into Group-A and Group-B</b> , whereby persons from each group will not have any "in personal contact" with the other... During the two/three-week period. Recommended those staff use the 5-days additional PTO, for compensation of days on leave. This policy covers 60% of staff, while the other 40% is working full-time remotely, from their homes via VPN and Cellphones. <b>Desk phones automatically call-forward to cells.</b>
Giving people option to stay home for 2 weeks, however vacation time is not allowed at at this time.
Many of the "No" answers before about <b>layoffs, compensation changes, etc. will be "Yes" within the coming week or two.</b>
Social distancing at work. Taking employees temperature each morning. Staggered shifts.
Looking to virtualize more of our customer updates, extended <b>use of chat</b> , ensuring we have <b>proper inventory levels on A/B items</b> for the expected surge once folks do go back to work
I think it will be horrific for the next few weeks

Hand sanitizer stations, Lysol spray and Clorox wipes seem to be everywhere here.

Hired a professional sanitizing company to come in after hours to clean all surfaces, doors, etc. (currently not every night but possibly moving to that)

Relaxed greatly our work from home policy and are recommending / requesting all personnel that can work from home do so

All non-essential internal meetings have been cancelled

Internal communications limited to phone and email

6 foot social distancing policy in place

No handshaking

No supplier meetings

No customers allowed in building

Bathrooms are closed to non-employees

Our counter/will call has moved to 2 tents in our will call parking lot

Coffee has been suspended until further notice (internal and customers)

Donuts and popcorn for customers has been suspended until further notice

No company events for now through May 5th

No conference or other work travel for now through the end of April

Inbound freight drivers are not allowed in building

Our drivers are all armed with gloves and Clorox wipes

Our drivers are dropping deliveries quickly, maintaining 6 feet, and using paper tickets for customers instead of signing their iPads. Customers are signing paper ticket (which they keep) and drivers are taking pics of signed paper ticket to send to billing.

Only 3 drivers at a time allowed in dispatch office and only to manifest tickets. Keeping empty chairs between them

Outside Sales Reps are limiting face to face meetings relying more on phone and emails

Anyone who has been traveling on a cruise is self-quarantining for 14 days

I'm trying to push for the same policy for planes

We cannot force but are suggesting for our teams to limit personal travel and are making it clear they may be subject to up to 14 days quarantine

We have 3 people dedicated to cleaning throughout the day all surfaces and doors/handles

Our front door and will call door are locked all day
We have an <b>emergency response team on standby</b> in case the government limits our activity to emergency services (we support all the utilities companies throughout the state)
We have taken our "extra" <b>laptops</b> we sometimes use in the warehouses and converted them to <b>loaners for team members</b> to work from home that can but don't have a computer
We have suspended all classroom training for everyone and all online training for warehouse and drivers who usually sit in our training room to complete them.
We have turned our training laptops into loaners as well
Trying to <b>communicate multiple times per week</b> with the whole company, especially because so many people are working remotely right now. Trying to be very proactive in communicating with customers.
We <b>bought</b> two pallets of <b>toilet paper and gave it to our employees</b> . One less thing for them to worry about.
Transparent communication daily to company
Mandatory <b>electronic bills delivery</b>
Provided CDC approved supplies
Not panicking
Meeting daily as a Board / task force group and implementing a number of ideas that are applicable each day / upcoming time.
We have enrolled <b>all our employees in the Shared Work program</b> . This allows our <b>employees to work part time and collect unemployment for the balance</b> .
Working on allowing anyone to work remotely that can.
Using common sense approach.
More cleaning
Letting individual managers make decisions in their locations
We are remaining open for the customers who are working so they can get the material they need even if we aren't busy enough to keep the doors open at this time.
Like everyone else just trying to be transparent and open.
Routinely disinfecting common surfaces, handles and knobs
Keeping lines of communication open with our customers, closing our counter area to the public, reducing in-store staff
Keeping Employees working
We have <b>closed our will call counter, all orders have to be called in</b> and are being brought out to the customers. We are not having customers sign invoices and all employees are not allowed to sign for deliveries. <b>All credit card transactions must be done over the phone</b> prior to customer will call.
We have split our staff into 2 halves, one half works in the morning 8-12:40 and the other half working from 12:20-5:00, the overlap is so that the different departments can fill each other in about the day's happenings.

We have contingency plans in place for up to 50% revenue drops.
We are watching very closely the government loan programs to small businesses.
We are having weekly calls with our bank and closely monitoring our A/R payment tendencies
Conference calls with our outside salespeople every other day on what they are seeing in the market.
Looking at creative ways to market products and incent the end user.
Offering mental health counseling and telehealth options
Alternating 1/2 crews
6' no go zone around sales counter
Having as many people as possible work from home. Steam clean 2 x per week kitchen area, restrooms, and wipe down of all doorknobs/switches 2 x per day. Each employee that is in the office disinfect their desk once per day. Employees use their phone only, no picking up a call from someone else's phone.
We are still trying to grasp just how this will play out politically. As goes the government go we. Wrong news from them and then it becomes a math question as to open at all.
Disinfecting and keeping public areas extra clean.
Open by appointment hours
Keeping everyone employed and no salary changes. We are cleaning updating inventory and organizing our warehouse during this time. Counter traffic is fair phone calls are good.
Sharing food supplies and that sort of thing just being there for one another.
Trying to maintain employment for all employees
Wiping down everything in sight multiple times a day. Gave drivers masks and told them if a customer wasn't comfortable with them approaching them to ask their name and fill in the signature line themselves including the drivers' initials.
Started curb-side deliveries almost 2 weeks ago.
Hourly cleaning. Delivery of all materials with gloves on.
All sales support and administration is working remotely
Trying to abide with the rules of the government
Job sharing, cutting travel between locations, keeping employees in their assigned workplaces.
We are contemplating a temporary closure with only appointment-based sales or emergency only service available to customers.
We are continuing to provide counter service to our customers. Our counter salesmen are aware of the situation and are staying 6 ft from customers and washing hands and/or using hand sanitizer.
Paying all employees full time hours regardless of hours worked.
We locked our front doors and orders have to be called in and brought out to you.
No deliveries effective tomorrow
They are letting me in purchasing work remote. Our offices are already following the more than six feet guidelines.
Work remotely. Limiting visitors. Salesman are virtual sales calls. Leadership meeting every day. Meeting daily with all remote workers.

We are staggering hours for some to minimize number of people on premise. We are furloughing workers as needed.
Serving the community
We have split our staff into teams that have designated days to be in the office with no cross contamination of those teams. We have gloves, wipes and disinfectant spray located throughout the facility. We are not allowing any non-team members into the building.
Sending notes out daily of encouragement
Letting employees decide if they stay home.
Have <b>staff eating at desk to avoid lunch areas</b> . Spacing out employees within the office area
<b>Secured documents to show that we are critical suppliers</b> for critical infrastructure systems (plumbing, HVAC, electrical, and municipal utility).
Prevention
Setting up barriers around our counter.
Made remote working optional for all applicable positions, <b>deployed IM (Slack) app</b> to keep folks connected.
Keeping in constant touch with our customers daily
Broadcasting government updates in-house during the workday.
Maintaining operations. Giving non-essential workers the option of working from home. Partnering with contractors to provide donations of electrical supplies to hospitals.
Same as others I'm sure. Work remote. No customers in the counters, curb side only. <b>analyzing financials looking for savings</b> . If air travel, then 14-day quarantine. Daily employee updates. Goal is to <b>keep everyone employed at least until April</b> then we will see. Didn't formally modify PTO but will end up doing the right thing. Don't want to penalize employees.
Strong focus on distancing within buildings. New cleaning / sanitizing efforts.

**What are your concerns going forward and/or information we should ask in a follow-up survey on the impact of COVID-19 that would help you?**

Some of your questions has produced thoughts for me. I'm interested in how others might be handling issues that could help us navigate.
My concerns are do we escape without the loss of people. We are a very old company with a lot of boomers. We were having trouble hiring before all this and it can only get worse. We are a week from the epicenter in NYC so the ride is just getting started. Trump's talk of this all being in the rearview mirror by Easter is dreamland stuff. This is like a ride in the house of horrors except we don't know when the ride will come to an end. All we can do is have faith in humanity and the Almighty that we will ALL come out OK on the other side when the ride finally comes to an end. May God bless and keep you safe & healthy.
<b>Can we be sued if someone was contracted the virus while still working?</b>
That they open the country back up too soon.
Safe delivery practices
Biggest concern is the <b>risk of customers going out of business</b>
As noted above - I think there should follow-ups to track trends I also think you should have a section of unintended or not-considered impacts/trends beyond what you have focused on here.



Am <b>unconcerned about losing a month's income for the year</b> , should that occur. Do not want co-workers to be infected.
How will we work with our <b>manufacturer partners to hit rebates</b> ?
How will this <b>impact our market funds for next year for promotions</b> given our reduced sales this year?
If this continues, the economy will tank, and we are all in trouble
When will things return to pre-corona levels? <b>When will residential builder business slow down/stop</b> (this is what's keeping us alive)?
Total shut down. Team getting infected. Moral.
Understanding potential disruptions in the supply chain
<b>How other distributors are handling cash &amp; banking situations and payments to manufacturers</b>
What steps are companies taking to keep people safe
We are only at the tip of the iceberg. Ask these same questions in two weeks and the answers will be dramatically different.
What will happen in the coming weeks? Will they shut down construction, hopefully not!
Warehouse/delivery protection...they are the heartbeat of our company
That our hope and efforts in doing our part to flatten the curve is effective.
<b>Increase in Online and e-commerce</b>
Government crashing the economy
Major concern is the effect this is having on our people and our business.
<b>Duration</b> and economy going forward
Biggest employee concern is how long will this last
What is next and when will this end to get back to normal.
If they shut everything down, we are going to have hard time continuing to pay everyone full pay for a prolonged amount of time.
The unknown!
What are other companies going to do if this continues? <b>How are they going to survive if this continues for another 2 weeks/months?</b>
Issue with the <b>availability of items that come from China</b> unknown of what certain time period we can expect delay or when production will resume.
That Congress will get nothing done on payroll and loan forgiveness help.
I am very worried that someone that is not showing symptoms will infect us before they even know they have it.
We are <b>OEM</b> focused so for us it's what are the <b>ramifications in global supply chain</b> long term.
Economics will suffer more
Our <b>customers' ability to continue to pay us timely</b>
<b>Impact on internet systems</b> , business loss due to supply line failures, freight delays, etc.
We need to see the <b>goals set for us be reduced as it pertains to Gain Share</b> , we have noticed a sizable reduction in calls and orders in the industrial market which I for one are heavily invested in. I would assume that the residential and commercial markets are also done heavily.
Are you an "essential business category" in your state?

This is early in the process, concerns from the payroll side are probably still coming (temporary layoffs, reduced work schedules, etc...) I think revenues will continue to decline.
I am really concerned about the <b>manufacturers effectively getting orders out their doors.</b> At this point, it seems that any excuse for order delays are instantly blamed on the virus - especially since many raw materials come from overseas/China.
Will our <b>customers continue to pay us on time??</b> If we do not make payments to specific <b>manufacturers will they cut us off?</b> Will <b>landlords work with us on rental payments?</b>
How to keep employees financially stable
If all job sites are shut down, how would you <b>structure your payroll?</b> Top 20% salary take a 25% decrease to help subsidize hourly employees and pay them 25% of their hourly wage to help through unemployment? Mandatory furlough for salary?
How long this will last.
That we will be left picking up the pieces for years to come. In NY they throw things like, "9 months" around and if they do that, highly doubtful that anyone will bother staying open. Just would not make fiscal sense. We see though. It's changing daily now.
<b>Flexible payment options both for our customers and from manufacturers/suppliers</b>
This is a game changer and could last quite a while
At what point in time will we all be too sick to make work profitable?
How long this shutdown could last
Concerns are for the employees. The company will survive.
Poor support from Congress. Over reaction to and nonlethal virus. Stock market panic
If jobs shut down, pay for employees, and staying in business.
The long-term impact of the virus on future sales in the months and years to come. <b>Will there be pent up demand in the market or will that business be lost for good.</b>
My concern is that we will see supply disruptions because suppliers are shutting-down and potential disruptions from China shutting-down in the last couple of months.
<b>April/May sales figures due to the dilution of the pipeline.</b> March has been ok due to projects and orders that were previously placed. Looking forward, April and May are going to be a disaster.
There has been some job shutdowns, but maybe hospital work
My concern is the fear that is out there as well as the panic and misinformation. The <b>service professionals are seeing home and business owners refuse to let them in.</b> A quarter of my town is laid off and we are just barely squeaking by at 60% of last year's volume. Furthermore, the rural areas already having their butt kicked from the trade wars bad planting and harvest weather 2019 and Brazilian bumper corn and soy crops, we were already at record high unpayables from January 2020 as contractors across the board, including the good ones, are slow to pay and this is getting to the point of ridiculousness when majority of our client base is out 180 days. More farm auction than political signs, we are most definitely going into a depression if we have not already been in a depression.
What else we ca do?
Economic impact
Customer recovery for those that have closed. Cancelled or delayed projects. Material lead times.
What does future look like, will costumers pay?
Manufacturers need to rescind all 2020 price increases already implemented and make this a national marketing campaign.

<b>Cashflow/customer payments. Vendors easing terms</b>
New laws that for bailout loans/workforce reductions
Our concerns are the same as everyone. Asking the same questions as everyone. How bad will this impact business and how long.
Concerned that this will <b>get worse and potentially bankrupt many small businesses</b> that cannot cope with being closed for several weeks. Could be good for stronger companies like ours, but just how bad will the financial hardships be in the next few months? Also, <b>what impact will our manufacturers who get pieces/parts from places like China, Mexico, and Canada have as those borders get closed?</b>
Only if the Governor will change his current policy
Do you think companies will adapt working from home from now on to cut costs on office space?
Similar survey questions but again in a week or two. Critical decisions about layoffs and branch closings are coming but have not occurred yet.
Conditions are changing rapidly. Probably need to survey every two weeks. Need the option of selecting multiple locations if operating as a national.
If things start to get shut down and it lasts too long, it will have a cascading effect throughout the economy.
PA shut down construction and we saw an immediate impact to counter and delivery activity. Industrial is holding its own. We project 50% reduction in new business in April.
Overall economic impacts.

## **Manufacturers**

### **What else is your company doing that you feel is noteworthy?** (Highlights by CMG)

We have posted and communicated CDC health guidelines, provided employees with work from home capabilities, altered our work schedule to minimize employee interaction, <b>established an email address for employees to ask questions.</b>
Working on multiple contingency plans.
Virtual scheduled updates
Deep cleaning offices and factory.
Safety for employees is the priority
All office and sales working remote
Ignoring all the Fake News.
Investigating <b>alternative shipping channels from Europe for expedited freight.</b> Normal channel includes airline passenger plane cargo. Now using cargo planes at increased expense.
We have <b>delayed our plans to increase our headcount of outside sales</b> as planned this year.
Trying to <b>shorten lead times</b> in order to keep our customers working.
<b>Helping people financially</b> who are hardest hit by the economic impact
Trying to keep our employees employed
Reviewing our forecast, expenses and cash flow management.
Taking appropriate steps for the WFH employees are well equipped to perform their duties properly.

Sharing best practices while working with customers. How to stay in front of customers electronically and over videoconferencing without spamming them to death.
Work from home
Defined business as "essential" to continue supply of our products for our distributors. Worked with suppliers and distribution centers so they can get defined as "essential" using similar justification.
US factory - we're getting orders from businesses that weren't our customers before.
Following a McKinsey Company article called "Responding to Coronavirus" from March 22nd that recommends a Covid-19-response structure that is an integrated CV 19 nerve center based on cross functional teams to help companies deal with this crisis. I highly recommend it!
Doubled production of UV LED lamps
Stressing positive communications and ensuring the WFH move does not stop personal "check-in's". Canceled mid-Q2 sales meeting and will institute a "digital training series" over the next two months to take advance of our sales team's increased home office time.

**What are your concerns going forward and/or information we should ask in a follow-up survey on the impact of COVID-19 that would help you?**

Our concerns lie in the area of employee safety and health and with understanding how market demand will change over the next 1-8 months. Will future projects be delayed, thus seeing a downturn in the second half of the year and beyond.
Tracking loss of revenue throughout the industry.
Managing headcount
How do we prepare for getting back to work
Who knows where this thing is going?
Impact of business.
There is absolutely no sense of proportionality on this when compared to other Virus conditions that have occurred such as the Swine Flu (H1N1), Ebola, Influenza "A" and "B", SARS, MERS. You didn't see this kind of reaction for any of those. The same uncertainty existed at the times those were present. It just feels like another Russian Hoax, Fake Impeachment Trial, and on and on.
Many businesses are claiming "essential and life-sustaining business" status to remain open under state or local government mandated shutdown of non-essential businesses. Will your business make such a claim?
What are the criteria that will be used to determine when it's time to go back to work?
Inconsistent messaging from senior leaders in government and business
Government shut down of construction industry.
The recovery time, when will things be back to "normal" and the overall economic impact of the Covid19 virus on the electrical industry.
People will relax in the cleanliness arena.... virus potentially may return.
Once this is over how do we get economy moving again.
Duration of COVID-19 impact and its longer-term effect on demand, on-going projects, and the economy.
Contractor and Distributor workforce status - hearing of thousands of layoffs.
Projects status - reduction by how much?

Has your organization reached out to government agencies (SBA for example) for financial assistance? Are banks lending money/bridge loans?
How much structural damage will be long term after this crisis passes?

## **Manufacturer Representatives**

### **What else is your company doing that you feel is noteworthy? (Highlights by CMG)**

Working remotely
Reaching out to all our distributors to make sure first and foremost that they are okay and letting them know that we're still open for business.
Talking about it to keep our sights high and on target.
Urging distribution to use manufacturer portals and EDI whenever possible - also sent list of links for online training.
Training, training. Updating quotes, ramped up follow ups
Daily booking report by manufacturers using TradeTech. Principal talks to team members on an individual basis trying to keep everyone calm during the storm.
Following orders
Keeping the employees knowing that we are all in this together. Letting them know that we can help and educating all to what not to do outside of work.
Taking this opportunity to complete elective tasks while we are working remotely.
Increase phone and email contact with key customers.
Having inside staff come into the office, keeping outside sales force working from home, and minimizing traffic in the office.
Honest communication with the staff making preparations for the unknown.
Staff is all working remotely except warehouse and warehouse admin staff. We are taking temperature of all when entering building. And checking on everyone midday as well.
Everybody is working from home.
Capability of all staff members to work from home following mandate by the state
Transparent to employees with financial info. Help employees get through with the least amount of disruption to their lives after it is over. Staying engaged with customers and suppliers. Preparing for the surge when this is over.
Following the CDC guidelines.
Staggered work hours to keep human contact to a minimum.
Buying individually packaged lunches for the few who are spread out in the office.
I don't think we have seen yet the impact on business overall.
Our company has communicated clearly with our people the seriousness of the situation for the near term and the long term. We have eased our people's fears of being let go due to financial constraints and showed them our game plan. We have also reached out to our manufacturer partners and kept them informed on the daily changes that have occurred in our territory.

### **What are your concerns going forward and/or information we should ask in a follow-up survey on the impact of COVID-19 that would help you?**

How Covid-19 is affecting goals for the year with each manufacturer that we represent in our territories.
Anticipated "normalcy". Example 1 month, 3 months, 6 months, 1 yr
Lunch time is a challenge.
Would like to know what compensation/furlough decisions other reps are making - if and when they make them.
Are distributors closing outright during state ordered stay at home situations?
More concerned about 1-3 months from now
States shutting down construction, Possible furloughs. Keeping team members focused on the team instead of themselves.
Recurrence and sales in the future.
Does ANYONE have any clue as to a timeline as to when this will subside? Information is vitally important. When you're in a fog it just becomes important to know that your moving in the right direction.
Anyone take out loans or mortgage the house to infuse cash into the business?
Results of impact on a regional basis.
The length of the shutdown is a concern, 3-4 weeks our industry and job can recover anything longer then the repercussions could be irreversible.
Let's re-think shutting down the whole country next time.
Current events impact on proposed mergers? Line changes.
The economy is going to crash
The Congress has done nothing but bitching at each other. Very frustrating
How much will business slow down? Will it stop?
Since we are an essential business does the Families First Act apply to our business. I have split my salespeople and warehouse staff into two teams. We are working one week on and one off at the moment because of the reduced sales volume. Can my employees take their 10 days of sick time mandated by the Act? I am trying to figure this out. I would be interested to know what other reps are doing.
What is short term, medium- and long-term financial industry trend?
What will the government stimulus be for small business
Only concern is that it lasts months instead of weeks.
How do agencies apply for aid in the event of a financial crisis?
How fast members feel there will be a rebound based on different scenarios of infection.
When this well end. We may have to lay people off. This is basically a weekly decision right now and things are very fluid
Number one concern is capital and cash flow as business gets interrupted.