

*April Insights and Moving Forward*

Prepared May 11<sup>th</sup>, 2020

# COVID-19 MARKET SENTIMENT SURVEY #3

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# Overview



- ▶ Channel Marketing Group collaborated with DISC CORP, Electrical Wholesaling, NEMRA, IMARK Group and others to gain insights from electrical distributors, manufacturers and manufacturer representatives on the state of the electrical industry throughout the COVID-19 crises.
- ▶ This report, our third, provides industry insights into:
  - April market performance
  - Distributor and manufacturer representative perception of customer activity and issues.
  - Operational initiatives that distributors, manufacturers and manufacturer representatives have undertaken over the past month.
  - May and Q2 preliminary outlooks as well as considerations for longer-term initiatives.
  - PPP application and utilization and the impact that has on channel employment
  - And more
- ▶ The information is provided to share a “pulse” of the industry and insights into best practices.
- ▶ When the survey was launched, 32 states were beginning to open. This is much different than our second survey, of only a few weeks ago, when 42 states were under “shelter in place” with some restricting construction.
- ▶ Overall the survey had 472 respondents from the industry. 48% were employed by distributors, 24% were manufacturers and 28% were manufacturer representatives.
- ▶ From our experience, with a diversified audience and through triangulating input, similar feedback from different audiences adds confidence to the findings.

# Executive Summary

- ▶ The Channel Marketing Group / DISC CORP third COVID-19 Electrical Distribution Market Sentiment survey revealed a market that has stabilized.
- ▶ While sales remain down significantly, between 17-20% depending upon the audience, this is consistent or slightly better than the mid-April survey results.
- ▶ The essence is that companies were in crisis management mode through mid-April, made employment and cost-cutting decisions and perhaps settled into a business rhythm as they seek to determine the “new normal” and are now operating the business.
- ▶ In most states' construction continued with industrial being variable based upon the definition of “essential” business. This benefited distributors significantly.
- ▶ Operationally companies have adapted to going virtual. There are questions related to office safety as well as “live” interaction with the channel and customers.
- ▶ Many report continued quotation activity, but the question is how much is funded?
- ▶ Distributors and manufacturer representatives were asked to share customer observations. A recurring theme is uncertainty for Q3 and Q4 as well as potential employment challenges.
- ▶ While many distributors receive PPP money, a small percent plan on bringing back furloughed staff, indicating that they downsized to ensure they can qualify for forgiveness. If business does not rebound, additional downsizing could occur.
- ▶ Heading into May, and with states “reopening” economies and those that restricted construction allowing projects to continue, sales improvement is feasible, however, recurrences of COVID-19 may derail sales growth, hence there is much uncertainty.



A NEMRA Member Benefit

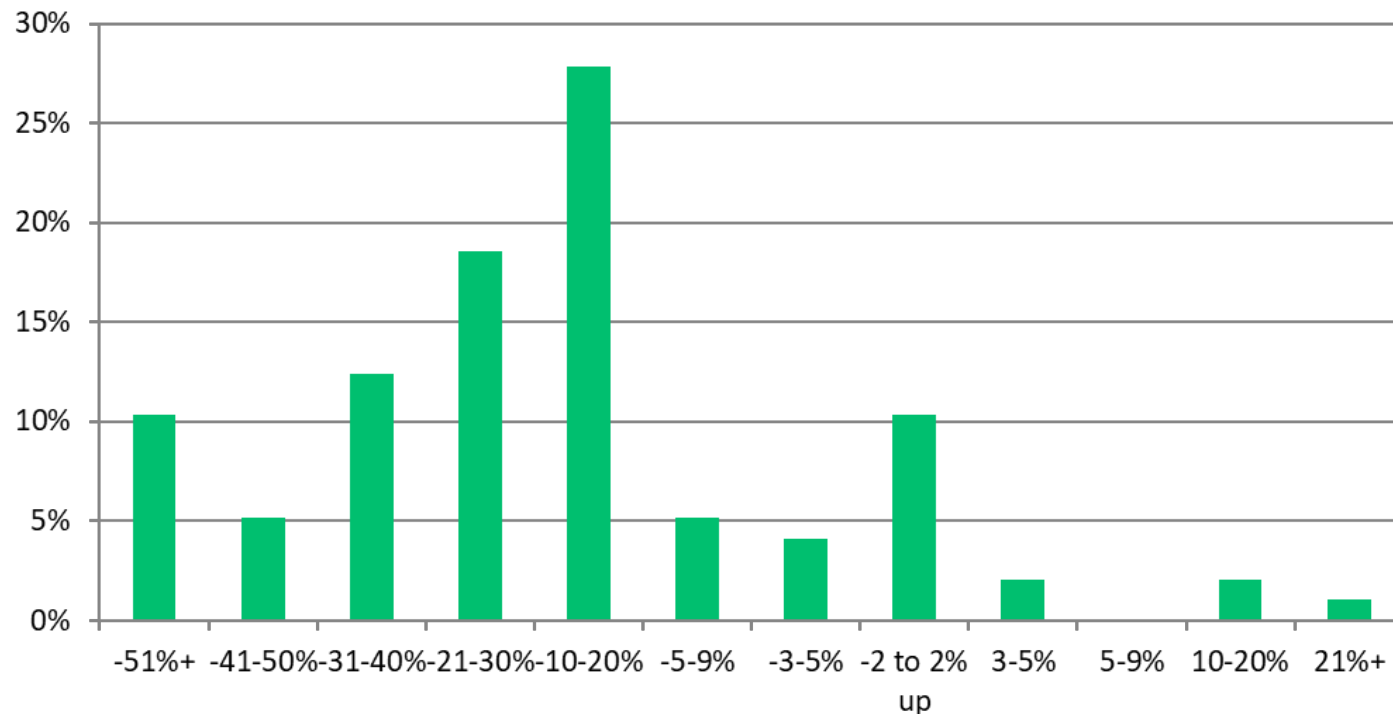
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# MANUFACTURER REPRESENTATIVE



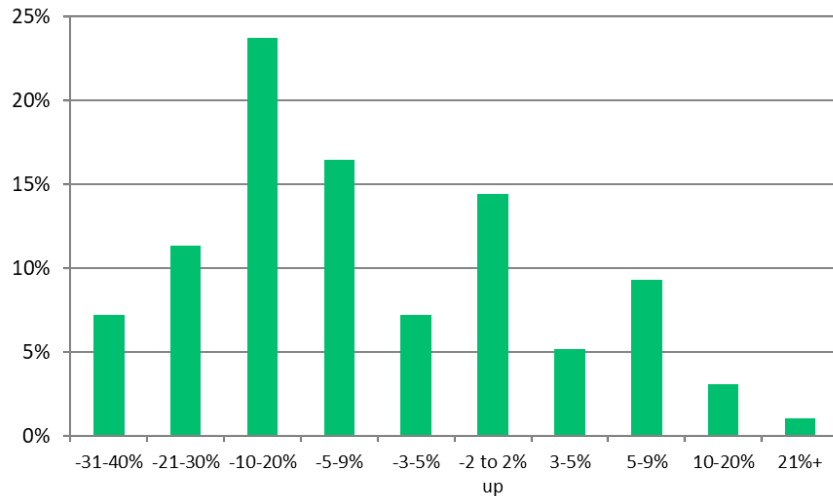
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# April Performance



- ▶ 74% of manufacturer representatives reported a decline of more than 10% in April, with 28% reporting a minimum of a 31% decline (8% less than mid-April, hence an improvement). On a weighted average basis, manufacturer representatives report that business is down 21%, 2% better than mid-month. This could be a slighting different audience or improvement throughout the month as some distributors reported increasing inventory as well as COVID-19 related projects.
- ▶ Only 6% reported business being up. 10% of respondents reported "flat." Both were improvements vs mid-month.

# May Projection



- ▶ When asked about their business forecast, respondents shared that they feel the business will decline a little more.
  - The question is phrased “are you going up, down more or staying flat in May?” inferring vs April. Some may have inferred vs last year. If versus last year, many are projecting 10-30% down. If versus April, either more of a decline or flat as evidenced by 14.5% stating flat and 10% projecting a 5-10% growth.
- ▶ With states reopening and some that closed construction reopening, activity could increase, albeit there is concern by how much. The decline in oil market further depresses the market.
- ▶ In our mid-April survey, manufacturer representatives projected a 26.1% decline in Q2, so this may be improvement.

# Regional Analysis

- ▶ In digging deeper into manufacturer representative performance, the following regional insights can be observed:
  - East -29.97%
  - Midwest -14.79%
  - South -12.11%
  - Southwest - 7.72%
  - West Coast -28.82%

Note: This is the weighted average number of members responding to the percent decline and may differ from revenue. Additionally, for an agency it is dependent on their territory, the lines they carry and the product categories that they represent. Further lighting agents may have responded to the survey and therefore would be included. The information is designed to be directional in nature.

- ▶ COVID-19 has had greater impact on the East and West Coasts, which also are where states have stopped construction as well as where there are more larger projects and electrical industry revenue.



# Manufacturer Representative Business Insights



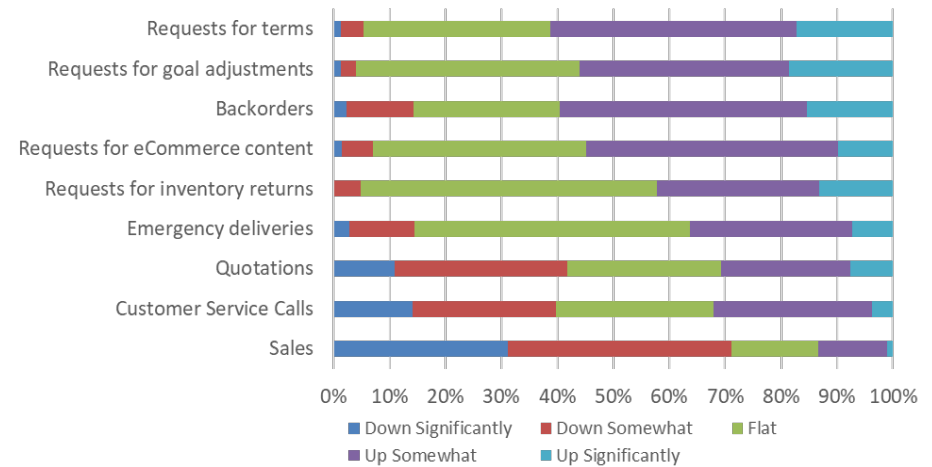
Q2 Company Actions	Responses
Utilizing video conferencing	88.5%
Scheduling virtual sales calls / technical support calls	82.3%
Scheduling virtual training sessions / counter days	72.9%
Increasing digital marketing	72.9%
Active quotation activity	67.7%
Supplier material / delivery disruptions	56.3%
"Curbside" pickup for warehouse orders	25.0%
Shipping more from your warehouse	21.9%

- ▶ Many ask “what will be the new normal?” When asked what representatives expect in Q2:
  - Virtual is expected to continue, highlighting health concerns for both parties. This also infers that manufacturer regional sales managers will not be traveling, and most distribution meetings will be virtual.
    - 88% expect to use virtual conferencing
    - 82% expect virtual sales calls
    - 73% expect virtual training sessions
  - Digital marketing is gaining prominence within representative agencies to help agencies communicate new products and maintain visibility within the market.
  - Quotation activity is expected to remain strong. A key to success with quotations will be follow-up as many projects may not be funded or may have been quoted “early” as architect / engineers had time to develop specs while working-from-home. “CRM” may facilitate this.

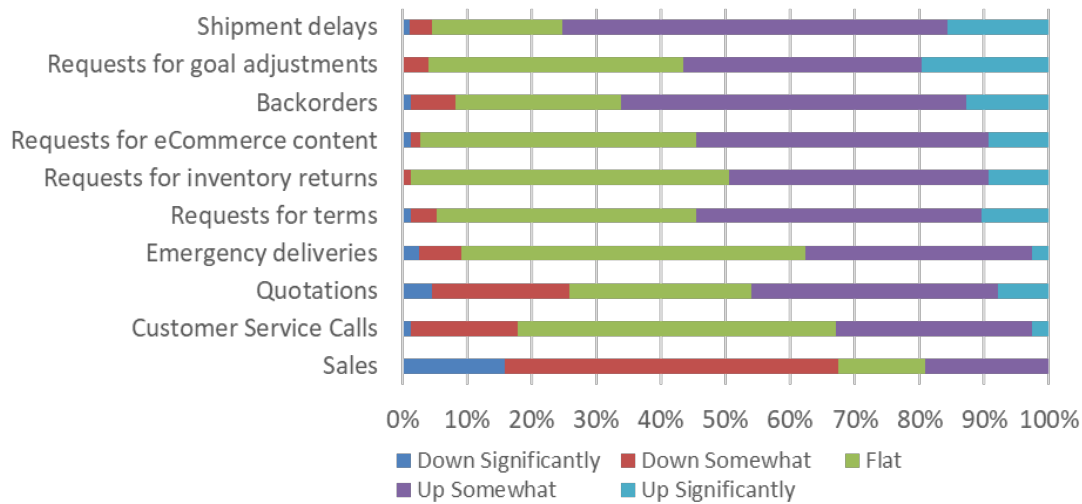


# Sales Activity in April

- ▶ 71% of manufacturer reps report sales down / significantly down, an improvement from 88% in mid-April.
- ▶ 37% of report customer service calls are down, down from 63%, indicating that “phones were ringing” the last two weeks of the month
- ▶ 57% report quotation activity is flat / up, up from 40%.
- ▶ 44% report distributors inquiring for extended “terms”. Manufacturers are more accommodating project specific and are generally denying this, even for national chains and marketing groups that have asked. Some inquiries have led to manufacturers inquiring about distributor financial health.
- ▶ 37% report distributors seeking to return material. This could be standard stock clean-up based upon distributor warehouse time or could be distributors reducing inventory.



# Projected Activity in May



- ▶ Manufacturer representatives expect to see increased activity in all revenue generation areas in May, which is a positive sign.
  - 32% expect business to be flat or up
  - 74% expect quotation activity to be flat or up
- ▶ When asked about their optimism in achieving 90% of their projected summer, the optimism index was only 50.4, essentially, they don't expect to get to 90%, which would be at least a 10% decline.
  - 53% have less than 50% confidence that they could achieve 90% of their summer goal

# Business Strategies

Manufacturer Representatives were asked about actions that their company took in April and what strategies, operationally and strategically, they are considering in May.

## April

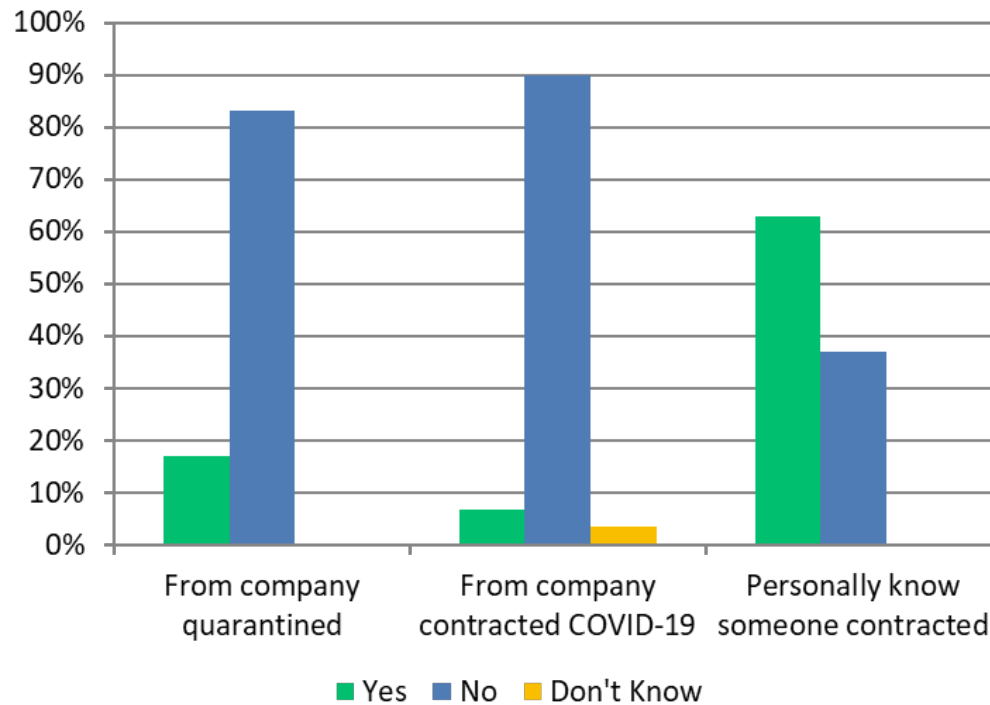
Company Actions	Yes	No
Continue to conduct weekly / daily meetings to update staff	89.9%	10.1%
Implemented additional compensation changes in April	27.0%	73.0%
Laid off / furloughed additional staff in April	15.7%	84.3%
Closed additional branches, offices, plants	1.1%	98.9%

## May

Company Actions	Yes	No	Don't Know
Launch strategies to increase sales	92.1%	6.7%	1.1%
Continue to conduct weekly / daily meetings to update staff	89.9%	7.9%	2.3%
Implement promotional marketing initiatives	73.0%	19.1%	7.9%
Implement additional compensation changes	12.4%	64.0%	23.6%
Rehire / reinstate laid off / furloughed staff	10.6%	75.3%	14.1%
Hire new people / staff for new roles	10.2%	83.0%	6.8%
Lay off / furlough additional staff	1.1%	87.6%	11.2%
Close additional branches, offices, plants	0.0%	96.6%	3.4%

- ▶ Moving forward, Reps are focused on communicating with their staffs and revenue generation initiatives.
- ▶ From an employment viewpoint, some expect additional compensation changes as well as rehiring furloughed staff, possibly due to receiving PPP money. Some expect new hires.
- ▶ Staff downsizing appears to be complete.

# It Becomes Personal



- ▶ A growing number of manufacturer representatives know of someone who has been impacted by COVID-19.
  - 18% have had someone from their company quarantined.
  - 6.7% report that someone from their company contracted the.
  - 63% know someone who has contracted the virus. This is up from 47% previously.
- ▶ With over 60% having a level of “intimacy” with COVID-19, even though it hasn’t affected their company due to work from home, this heightens personal awareness for safety.

# Agency Principal Leadership



- ▶ While industry leadership has been rated well in our last two surveys, these are some of the topics that management should consider communicating, if it hasn't already:
  - Company financial health as well as PPP status
  - Plan to move forward
  - Plan for reopening office
  - Procedures / timing for distributor and customer visits
  - Insights to company short-term and long-term direction
  - An attempt for "honest" conversations with manufacturers about expectations for the next quarter or two ... look short-term vs long-term.
  - If factory plants / warehouses need to close due to COVID-19 infections, what are the back-up plans for material delivery?
  - Manufacturer inventory levels of A & B items
  - National / regional updates ... what hearing from other reps, best practices



# Preparing for Tomorrow

## Applied for PPP

Applied for PPP	Responses
Yes	80.3%
Company didn't apply	4.9%
Don't know if company applied /received	11.1%
Company didn't apply	2.5%
Company over 500 employees	1.2%

## PPP Usage

PPP Usage	Responses
Fund payroll	78.8%
Pay rent / mortgage / utilities	10.0%
Bring back staff	6.3%
Hire new staff / new roles	5.0%
Hire new people to replace laid off staff	0.0%

- ▶ 80% of respondents shared that their company applied for and has received PPP funding. Some have not heard if they were approved
- ▶ 11% indicated that they did not know if their company applied for or received funding.
- ▶ Overall, manufacturer representatives took the monies to fund payroll, which is needed to support the current staff.
- ▶ Few expect to bring back furloughed staff with some hiring new staff for new roles. Either agencies decided to retain staff or “leaned” the agency and they may or may not re-staff as business improves.

# Looking Forward

- ▶ As agencies consider Q2 and beyond, some of their questions and concerns include:
  - Operationally, how to handle staff that may get rehired
  - Q2 / Q3 forecast
  - Criteria for PPP forgiveness. How will it be certified? Will SBA change guidelines?
  - What is the future sales call to distributors? To contractors? To end-users?
  - Ideas for customer entertainment in a socially distancing world
  - Construction, especially project, outlook for the next 6-12 months.
  - Future government stimulus initiatives that could impact the electrical industry.
  - Supply chain concerns if / when there is a rebound. Can suppliers deliver material?





A NEMRA Member Benefit

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# CUSTOMER INSIGHTS



# Customer Insights

- ▶ Over the past 6 weeks or so many distributors and manufacturers have asked “what are customers saying?” Ideally, we’d gather “voice of the customer” directly from contractors and other end-users, without a direct source we solicited input from distributors and manufacturer representatives as they either are in regular contact with these individuals or are “one degree of separation” and hence the next best option.
- ▶ The following pages shares input that we received from distributors and manufacturer reps. The first set of input is what distributors are hearing / observing, the second set is from manufacturer representatives.
- ▶ Verbatim input regarding “customer concerns” is attached in the Appendix.
- ▶ If your organization is interested in participating in a group / industry contractor / end-user research initiative to gain “voice of customer”, or would be interested in gathering insights of your customers beyond “what your salespeople are hearing / learning”, please contact Channel Marketing Group.

# Customer Insights from Distributors

% of Respondents	None	1-25%	26-50%	51-75%	76%+
Permanently closed	75.4%	24.6%	0.0%	0.0%	0.0%
Forced to close as an unessential business	41.1%	37.2%	10.6%	5.3%	5.8%
Stopped working	25.1%	45.4%	15.5%	8.2%	5.8%
Had projects cancelled	12.1%	60.4%	14.0%	8.2%	5.3%
Expressed COVID-19 contamination concern	15.4%	38.5%	15.4%	11.1%	19.7%
Laid off / furloughed staffed	6.3%	40.9%	24.5%	13.9%	14.4%
Maintained full staff	10.7%	36.4%	16.5%	19.4%	17.0%
Had projects delayed	1.9%	33.7%	25.5%	20.2%	18.8%

Distributors were asked their perception of customer optimism for the summer and end of year. On a scale of 1-100, distributors feel:

- Customers would forecast the summer at 51 and the end of year at 58
  - This infers uncertainty in Q2 and Q3 but improving for later in the year
- This feedback is intent driven and infers that there is limited insight into the future.

- ▶ Over 200 distributor respondents throughout the country shared their observations of customer activity.
- ▶ 75% shared that they have not had any customers close their business. Some have had customers temporarily close as an “unessential” business; however, these are more likely commercial and industrial facilities, not contractors.
- ▶ 39% shared that more 50%+ of their customers have had projects delayed
- ▶ 13.5% report 50% of customers have had at least one project cancelled so far.
- ▶ Many have had some customers stop working to some degree.
- ▶ Many customers have laid off / furloughed staff whereas others have retained their staff.

# Customer Concerns - Distributors

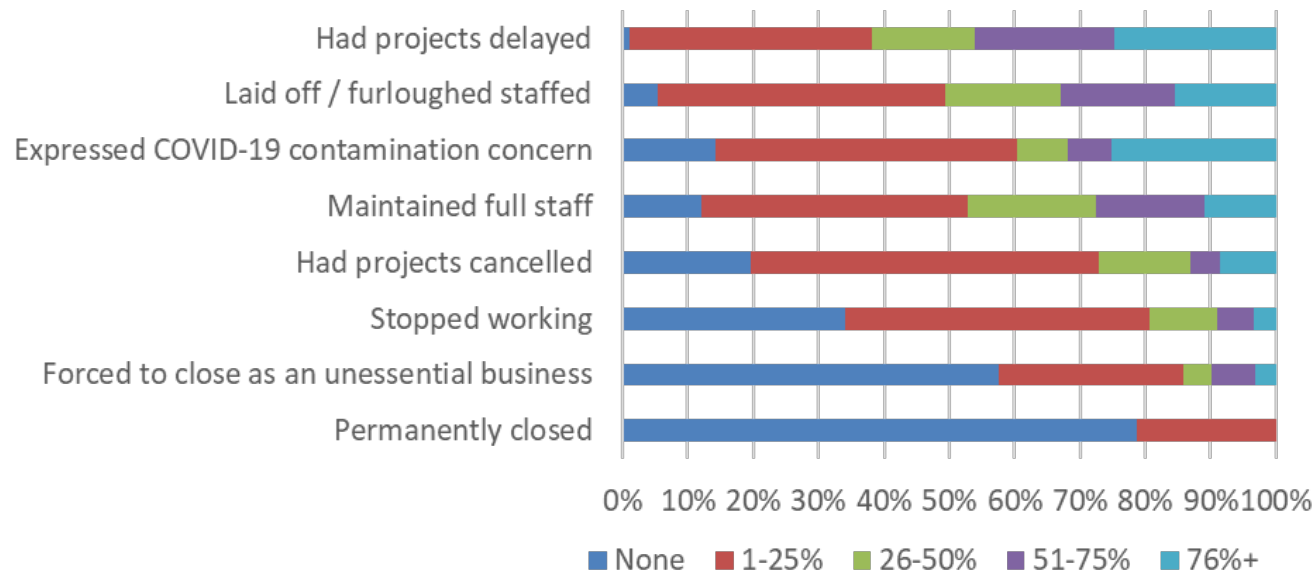


- ▶ Feedback from distributors groups customer concerns into a few areas:
  - Staffing
    - Having staff return to work, especially if unemployment pays the same or more.
  - Existing Business
    - Scheduling impact of postponed projects
    - Customers paying for recently completed work as well as work in process due to the customer's cashflow issues.
    - Managing / implementing new project safety regulations and any resulting costs on existing projects
    - Potential supply chain concerns
  - New Business
    - New project slowdown
    - For renovation work, customer comfort in allowing inside work.
    - Future project / work opportunities
- ▶ Unfortunately, customers insights delve into the issues of “uncertainty” given the newness and changing aspect of the environment.
  - Unemployment as a competitor may be a challenge. Much will relate to work ethic. It could compound industry issues regarding labor shortages or there could be others who replace furloughed staff.
  - New business development is unknown until companies reopen. Many distributors report quotation activity, however, timing and funding for these projects is unknown.
  - And then the wildcard is potential spikes in COVID-19 cases which can cause business interruption.



# Customer Insights from Reps

- ▶ Manufacturer representatives were asked for their observations, or perceptions, of contractors and industrial end-users in their marketplace.



- ▶ Many had projected delayed with some having projects cancelled.
- ▶ A number maintained their staffs, indicating they were working on current projects and that the contractor applied for PPP funds.
- ▶ Some companies were forced to close.

# Customer Concerns – From Reps



- ▶ In considering the concerns that contractors / end-users are expressing, these include:
  - Getting labor back from unemployment as they make more unemployed.
  - Concern for business, especially contracts, in Q3 and Q4
  - On-site project safety, especially with implementing social distancing. They expect this will slow their productivity. They don't know how to account for this in project estimating.
  - Being able to get material quickly when allowed back on job sites, especially for projects that had material held at the factory.
  - Shutting down a job site due to a COVID-19 infection.
  - Impact on longer term MRO work as some preventative maintenance being done now.
  - Institutional work, especially universities and hospitals, impacted by revenue shortfalls which could impact construction projects.
  - Will projects that were planned be funded.
  - How COVID-19 may impact building space layouts.



# Customer Conclusion



- ▶ The goal was to triangulate input sources to gather customer insight. Given that distributors and manufacturer representatives are regularly communicating with each other as well as with contractors / end-users, the combined insight from almost 400 industry participants shed some light.
- ▶ In aggregate:
  - Staffing is a concern, with unemployment being an “employment” competitor through the remainder of the year.
  - There are expectations of jobsite changes due to safety regulations as well as COVID-19 interruptions.
  - Projects are being delayed
  - Some projects that have been on the books have been cancelled
  - There are expectations that there will be renovation opportunities, however, these most likely be “quick” projects, perhaps small to mid-sized initiatives, hence opportunistic in nature.
  - Q3 and Q4 projects given funding being diverted to different needs within a company as well as the impact that COVID-19 is having on selected industries and the longer-term outlook for those industries. Examples include hotel / motel construction, retail / restaurant construction and renovation, hospital and office new construction, educational new construction unless funded by issued bonds. Additionally, the decline in oil pricing may have specific impacts. Same with OEMs that are more export-oriented.
- ▶ The end-result is that there is not clarity to support decision making nor provide a forecast. All that everyone knows is that there is the need for idea generation, adaptability, quick implementation and an innovative, open mentality.





A NEMRA Member Benefit

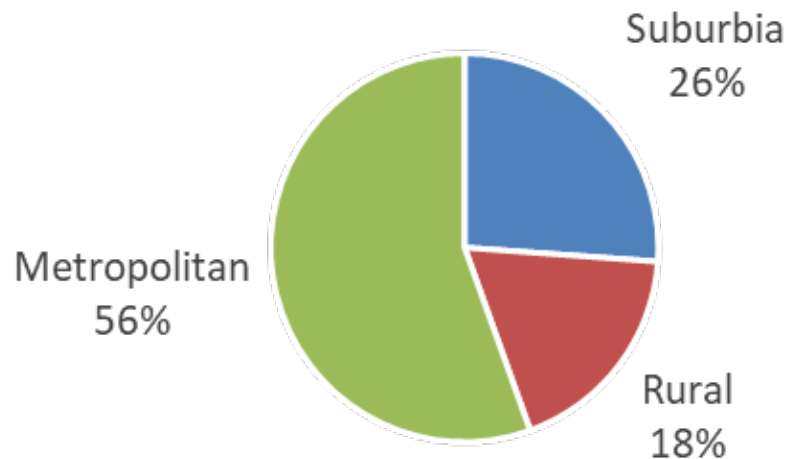
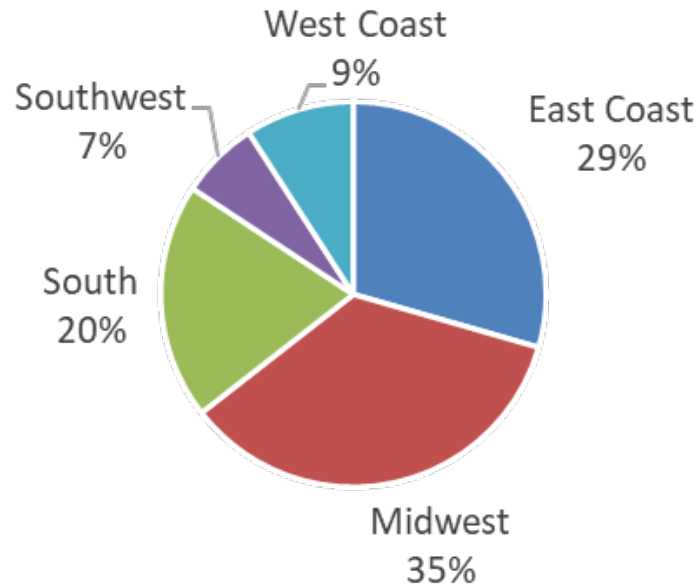
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# DISTRIBUTOR INPUT



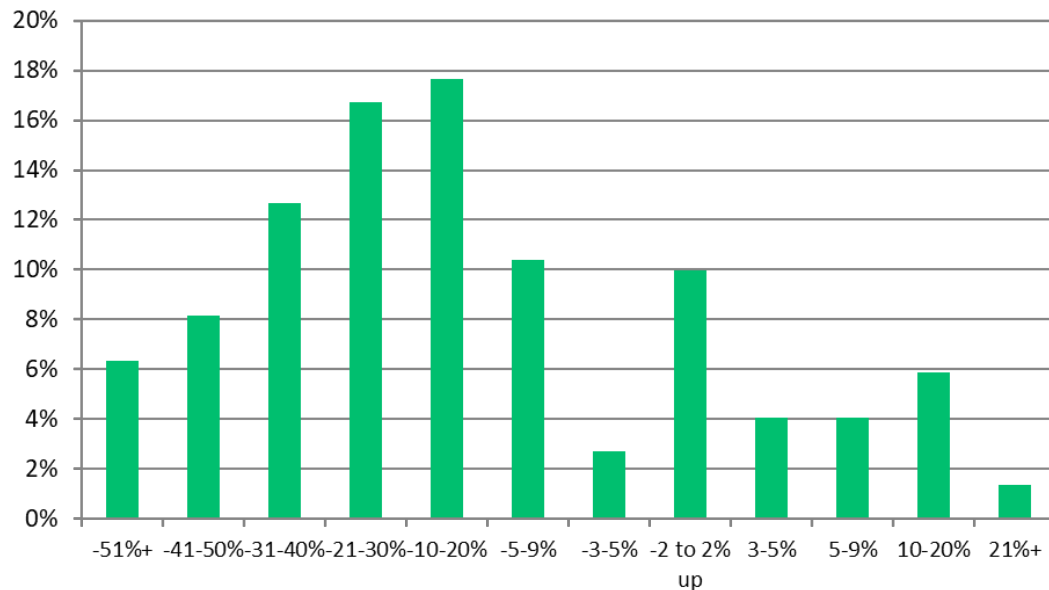


# Respondent Profile



- ▶ 29% of respondents are from the East Coast and 35% are from the Midwest.
- ▶ The Northeast, continues to be significantly impacted with construction stopped in many areas and is one of the last areas to reopen.
- ▶ 56% of respondents are from Metropolitan areas, where the virus is most widespread due to population density
- ▶ 73.2% of distributors sell primarily through contractors and are predominately construction market or other markets served via contractors.
- ▶ 26.8% sell to end-users, either industrial or institutional accounts.

# April Performance



- ▶ 61.5% of respondents reported a decline of more than 10%, with 27.2% reporting a decline of over 30%!
- ▶ While 12.7% report nominal impact, defined as -5 to flat.
- ▶ 15% of respondents report up more than 3%, highlighting that the market differs geographically.
- ▶ Overall, on a weighted average basis, distributors reported a decline for the month of 17.65%, which is only a 1% improvement versus mid-month – so statistically flat.
- ▶ The inference is that the market has stabilized, nationally.

# Regional Performance

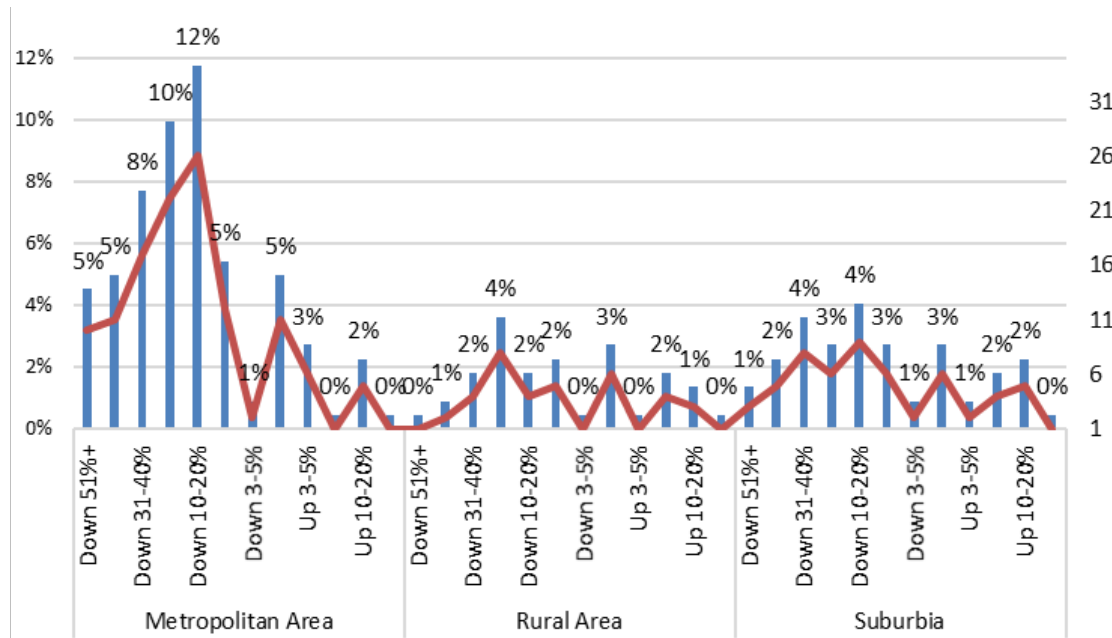
- ▶ On a regional basis, the weighted average performance, was:
  - East -25.2%, stable vs mid-April's -25.6%
  - South -10.6%, "down" vs mid-April's - 4.5%
  - Southwest -13.9%, "down" vs mid-April's - 7.0%
  - Midwest -15.4%, "down" vs mid-April's -13.3%
  - West -23.5%, "down" vs mid-April's - 8.9%

Note: This information is based upon the number of members reporting in each geographic area. The number of respondents per area differs. Further, these percentages are not based upon revenue, they are based upon the number of members reporting in each area, hence the revenue correlation could be greater or less.

- ▶ The number of members with revenue declines in the East and West correlate with where there is greater population density as well as where there were construction markets that were closed for the month of April.

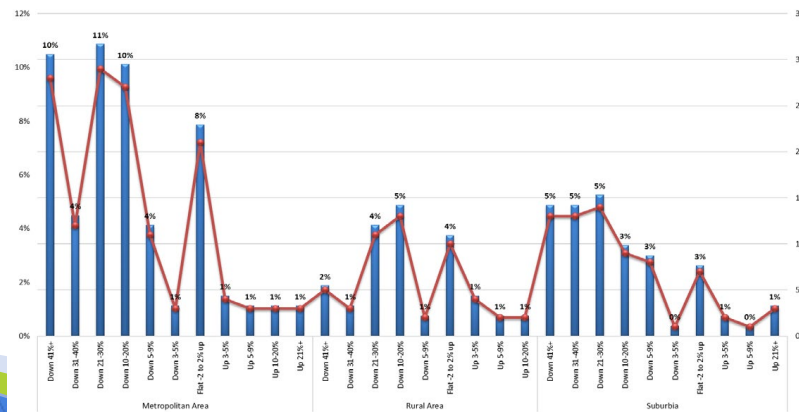
# Changes in Geographic Performance Survey 2 vs Survey 3 Comparison

## May Survey Results



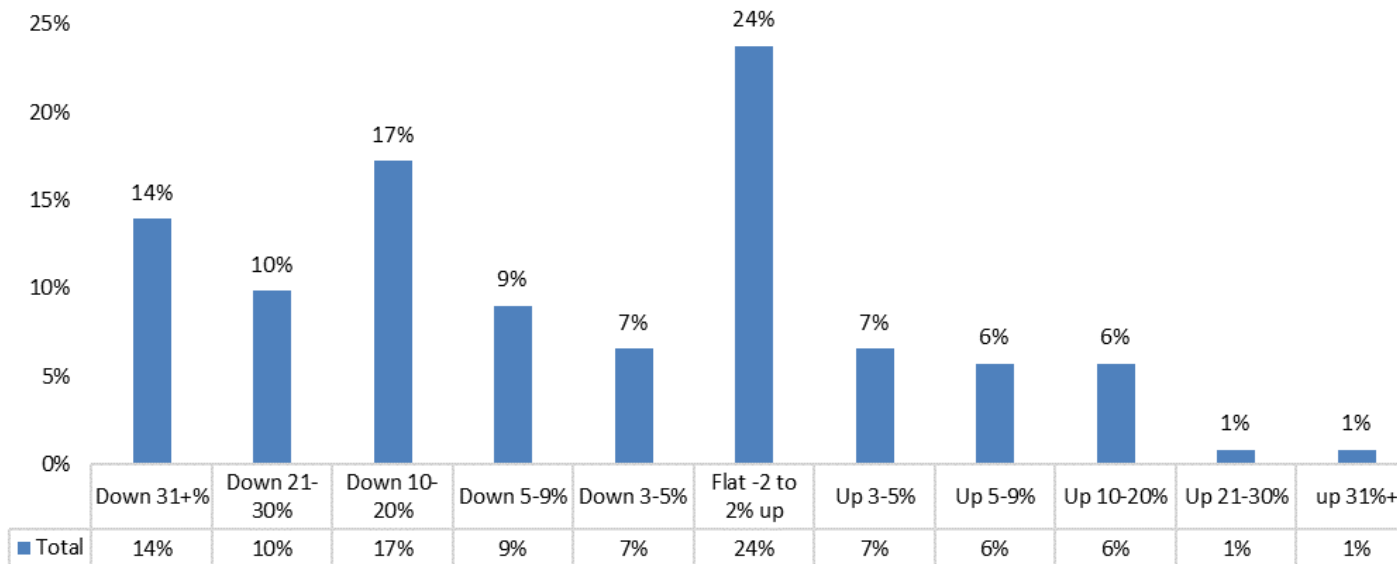
- ▶ The red line represents the number of responses and the columns are the percentage of total nationally.
- ▶ We are seeing a positive turn in performance results. While respondent rates are down slightly the overall sentiment is improving.
- ▶ The expectation is that as business open these trends will continue to improve.

## Mid April Survey Results



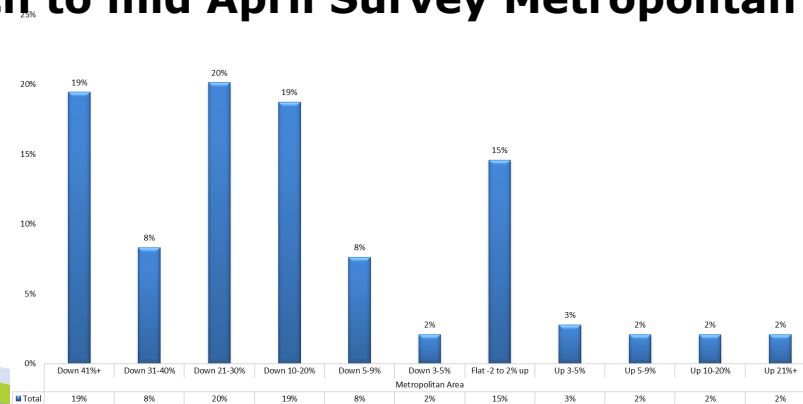
# Metropolitan Areas Performance Survey 2 vs Survey 3 Comparison

## mid-April to May Survey Results - Metropolitan Sales



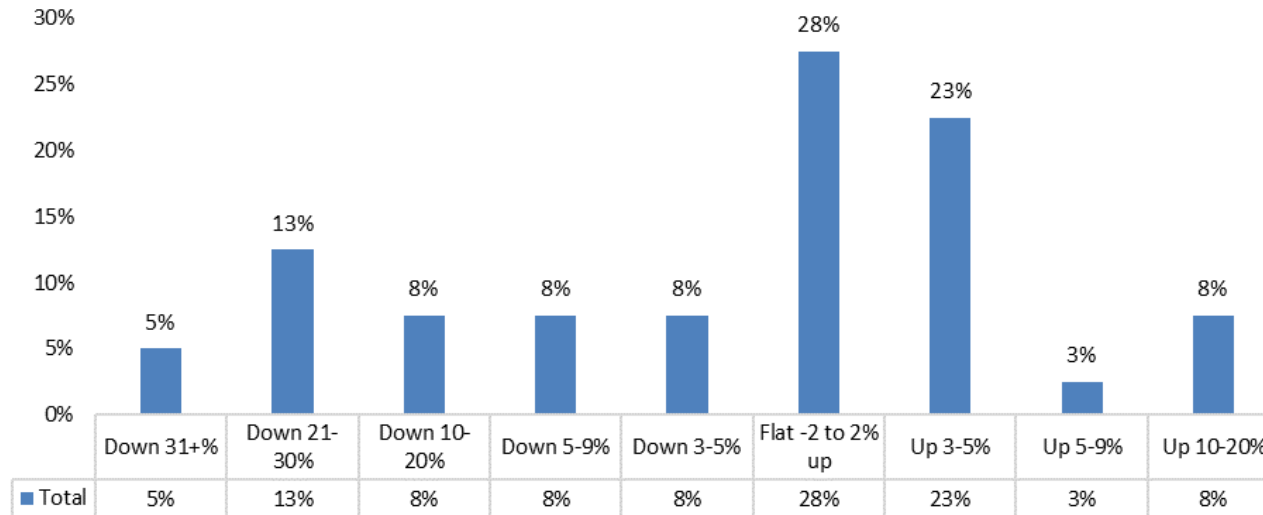
- ▶ Greater than 50% of Metropolitan respondents were reporting declines of greater than 20% in April. 24% are now reporting similar declines.
- ▶ There is good improvement in responses reporting improved sales month over month with 21% reporting 3% or greater growth vs 9% last period.

## March to mid April Survey Metropolitan Sales



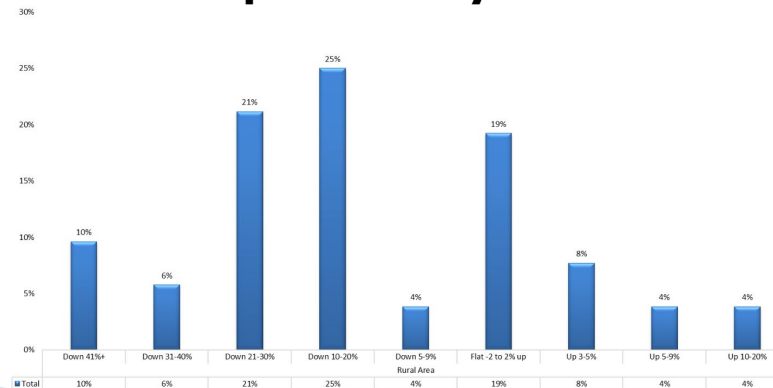
# Rural Areas Performance Survey 2 vs Survey 3 Comparison

## Mid April to May Survey Rural Sales



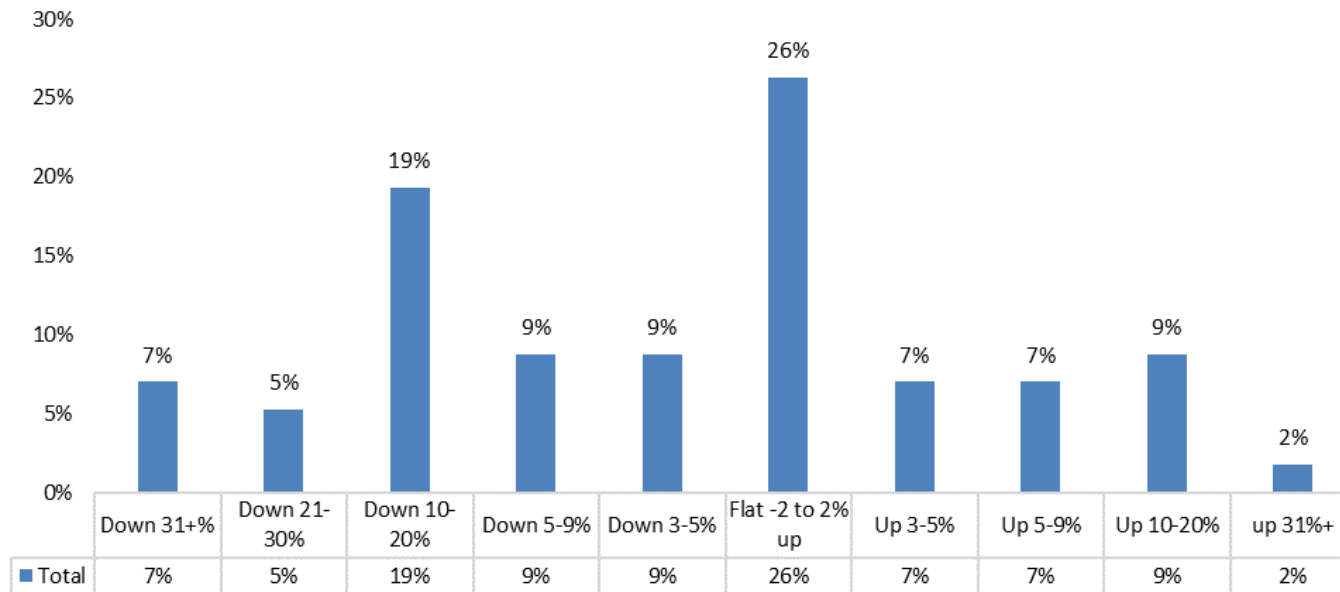
- Rural areas continue to outperform other population centers, declines exceeding 10% were impacting greater than 45% of respondents in April. Now those strong declines are being reported by only 26% of respondents
- 34% are now reporting sales gains greater than 3%, these companies are in areas that have not been impacted as much by travel and population density.

## March to April Survey Rural Sales



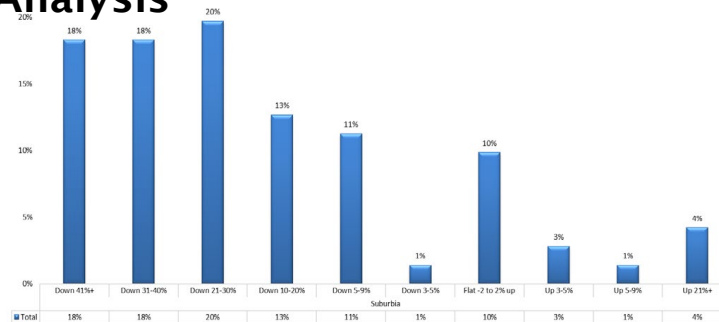
# Suburban Performance Survey 2 vs Survey 3 Comparison

## Mid April to May Survey



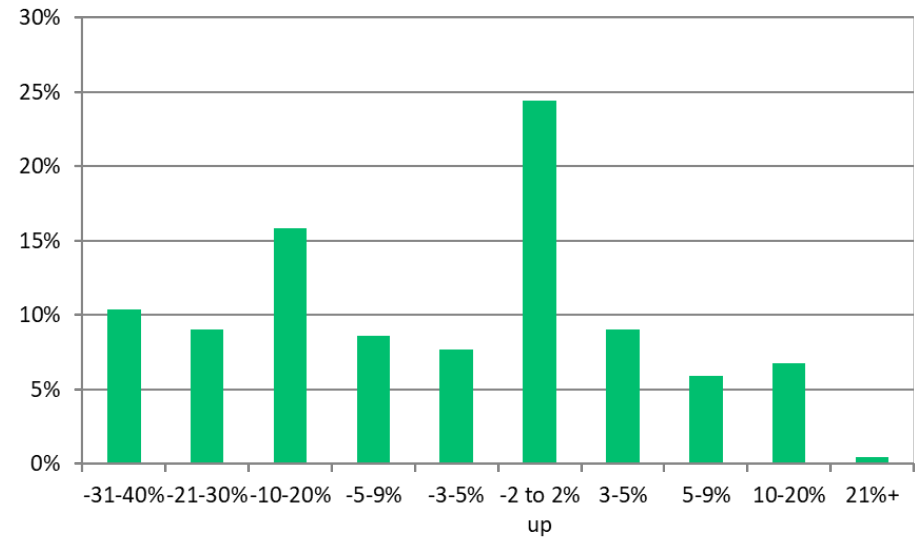
- ▶ 31% of responding Suburban Distributors are now reporting declines of greater than 10%. A very strong improvement from our last survey results of 70.
- ▶ Flat to improves sales moved to 51%, a marked improvement from 18%.
- ▶ We see continued improvements here as business reopenings continue to accelerate.

## Late March to Mid April Survey Sales Analysis



# May Outlook

- ▶ Distributors were asked about their outlook for May, comparative to April.
- ▶ Respondents expect a nominal decline; however, this may be negated due to the increase in state “openings”, especially states that had restrictive construction policies.
- ▶ 22% expect to see improvement
- ▶ 24.4% expect “flat”
- ▶ 16.3% could expect some additional erosion, but this could be based upon if their market was “closed” at the time of the survey.
- ▶ The remainder, 35%, either feel that there will be further decline in their market, could have been impacted by projects cancelling, or could have interpreted the question as “decline vs last May” and hence reported -10 to -40%.





# April Distributor Business Actions

- ▶ Distributors have adapted in many ways:
  - 92% are providing curbside pickup with 62% reporting closed counters.
    - This impacts product categories dependent upon impulse buying as well as consumables. Further, some customers may purchase consumables at big box retailers if they forget something.
    - Distributor gross margins may also be impacted as these items typically have a higher GM%
  - 85% are experiencing supplier disruption, which could relate to suppliers who manufacturer in Mexico, Canada or the Caribbean. Some material is delayed at ports of entry.
  - Virtual usage for operations, sales or training has become part of standard operating procedures with 76% using internally and 65% using for sales.
    - This has the potential to significantly alter business practices as the need for the “short meeting” may transfer to virtual meetings.
  - 73% are doing more via text and 52% reported increased credit card usage.
  - 60% are using some form of digital marketing
  - 56% have opened new customer, perhaps due to being open, sometimes due to having the inventory.

Business Activities	Yes	No	Don't Know
Provided "curbside" pickup for counter orders	91.5%	8.5%	0.0%
Experienced supplier material disruptions	85.0%	15.0%	0.0%
Utilized video conferencing	76.4%	23.6%	0.0%
Received orders via text	73.3%	21.3%	5.5%
Scheduled virtual sales calls / technical support calls	65.0%	33.5%	1.5%
Closed counter areas	62.0%	37.5%	0.5%
Increased digital marketing to customers	60.7%	37.8%	1.5%
Added new customers	56.0%	39.0%	5.0%
Scheduled virtual training sessions / counter days	55.0%	43.0%	2.0%
Accepted more credit card transactions	51.7%	38.8%	9.5%
Delivered material early hours, after hours or overnight	46.3%	50.8%	3.0%
Disinfected incoming orders	45.5%	50.0%	4.5%
Increased delivery routes / frequency of deliveries	35.5%	62.0%	2.5%
Seen an increase in online orders	34.5%	59.5%	6.0%
Installed plexiglass guards in counter areas	30.9%	67.7%	1.5%

# Distributor Business Actions Moving Forward

- ▶ Many ask “how will things change” for distributors. Given that this is a work in progress, distributors are adapting in real-time.
- ▶ They believe that, through Q2:
  - 83% feel credit card usage will increase. This may be a way to improve cashflow for themselves as well as a way for customers to have access to capital given their own cashflow issues.
  - 81% will continue to provide curbside delivery
  - 80% expect some supply chain issues through June.
  - 68% will encourage text ordering and interaction.
  - Counters will reopen as only 26% feel that their counters will be closed. 42% will have sneeze guards representing a significant increase.
  - 62% will use digital marketing
  - Virtual sales calls will continue for 65% with 62% continuing internal usage.

Through June Activities	Yes
Accepting credit card transactions	82.7%
Providing "curbside" pickup for counter orders	81.2%
Experiencing supplier material disruptions	80.2%
Receiving orders via text	67.8%
Scheduling virtual sales calls / technical support calls	64.9%
Utilize video conferencing internally	61.4%
Digital marketing to customers	61.4%
Scheduling virtual customer training sessions	50.5%
Adding new customers	48.5%
Increased use of eCommerce	47.5%
Increasing delivery routes / frequency	43.6%
Sneeze guards in counter areas	41.6%
Disinfecting incoming orders	39.1%
Close counter areas	25.7%

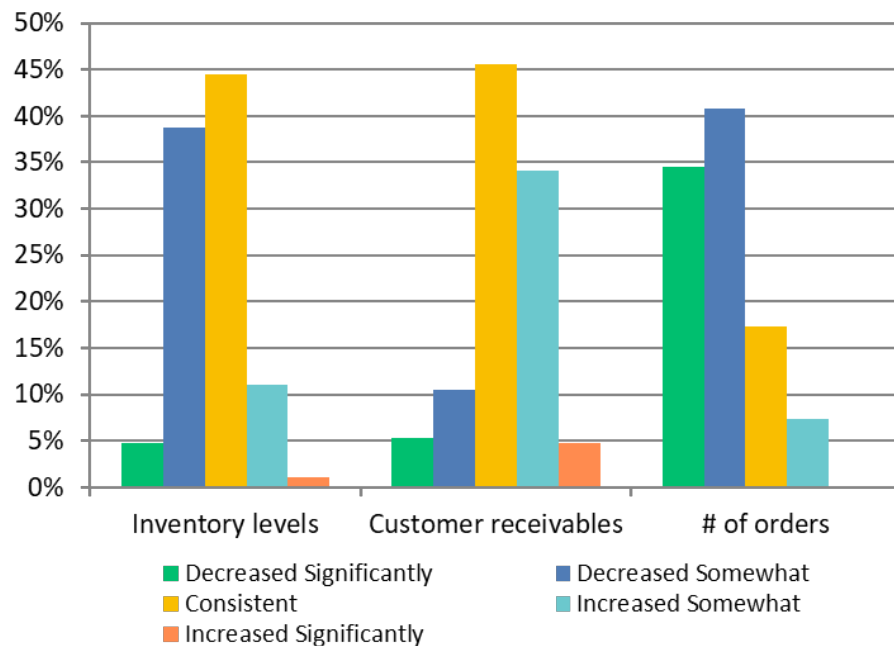
When asked about their confidence in achieving 90% of their planned summer forecast, distributors are pessimistic, projecting optimism at only 53.6%. This is a “hint” that the outlook for Q3 isn’t too favorable and a V recovery is doubtful.

# Sales Activity

- ▶ Distributors were asked about various metrics to gauge their sales activity:
  - 34.7% report a decline in project quotations with another 27% reporting “flat”. The positive is that 37% are reporting good activity, the question is “are these projects funded?”
  - 30% report a decline in their backlog with 37.6% reporting “flat”. This can be disconcerting for future quarter realized sales.
  - 51% report some to significant text interaction, however, it is unknown what percent of a distributor's customer base is interacting with them via text.
  - 43% report increased website activity (traffic) and 35% report an increase in online ordering. These results are encouraging; however, this is for a sub-segment of respondents and is limited to those with eCommerce-enabled websites.

Activity	Decline	Flat	Some	Good	Significant
Backlog	30.4%	37.6%	24.2%	3.6%	1.6%
Project Quotations	34.7%	27.1%	24.6%	11.1%	1.5%
Online ordering	5.6%	37.8%	28.6%	5.6%	1.5%
Credit card orders	7.6%	44.2%	35.5%	8.6%	1.0%
Website activity	4.6%	35.2%	31.1%	8.7%	2.6%
Text interaction	4.6%	36.4%	37.4%	12.3%	2.1%

# Sales, Inventory and Collections



- ▶ Distributors were asked about their inventory levels, customer receivables (DSOs) and order activity.
- ▶ 43.4% report that they have decreased inventory
- ▶ 38.7% have seen an increase in days sales outstanding (a receivables benchmark).
- ▶ 75.3% state that the number of orders that they receive has declined significantly.
  - The number of orders, rather than the dollar value of orders, impacts distributor workload and hence personnel need, which could reflect on staffing needs post PPP.
  - It is unknown, at this stage, how stock vs project ordering is being impacted. If stock ordering is down, staffing levels could be impacted.

# Business Strategies



A NEMRA Member Benefit

Distributors were asked about actions that their company took in April and what strategies, operationally and strategically, they are considering in May.

## April

Company Actions	Yes	No
Continue to conduct weekly / daily meetings to update staff	78.7%	21.3%
Laid off / furloughed additional staff in April	40.4%	59.6%
Implemented additional compensation changes in April	33.2%	66.8%
Closed additional branches, offices, plants	4.1%	95.9%

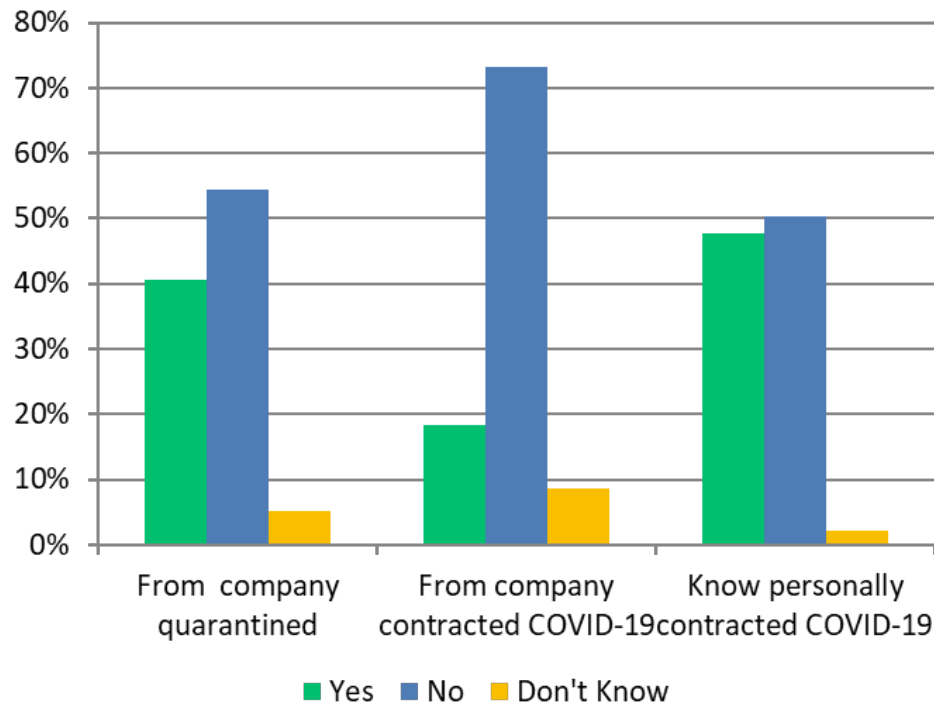
## May

May Planned Activities	Yes	No	Don't Know
Continue to conduct weekly / daily meetings to update staff	79.3%	15.2%	5.6%
Launch strategies to increase sales	78.6%	15.8%	5.6%
Implement promotional marketing initiatives	68.0%	25.9%	6.1%
Hire new people / staff for new roles	19.0%	65.6%	15.4%
Rehire / reinstate laid off / furloughed staff	18.7%	64.3%	17.1%
Implement additional compensation changes	15.4%	63.1%	21.5%
Lay off / furlough additional staff	8.1%	74.1%	17.8%
Close additional branches, offices, plants	1.5%	91.9%	6.6%

- ▶ Moving forward, distributors are focused on communicating with their staffs and revenue generation initiatives.
- ▶ From an employment viewpoint, few members expect additional compensation or making layoffs, about 20% of distributors expect to hire for new roles / hire new people as well as rehire furloughed staff. This also means that 80% are not in the hiring mode. Few additional layoffs are anticipated, presuming business recovers by the end of June.



# It Remains Personal



- ▶ COVID-19 has made its presence “felt” within electrical distributors, highlighting the need for safety measures within distributorships.
  - 18% of respondents have had someone from their company contract the virus.
  - 41% have had someone from their company be quarantined.
    - This has the potential to significantly disrupt companies as they bring back employees and could require “work from home” as a longer-term strategy for many companies and especially for older employees.
  - 48% of respondents know someone who has contracted COVID-19.

# Member Leadership

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Members were asked what they would like to see / hear from their leadership in May / June. Verbatims are shared in the Appendix, however, trends are:

- Clear plan for reopening offices
- Safety measures undertaking / will undertake
- Application and utilization of PPP monies
- Job security and company financial stability
- Confidence and communication of a longer-term strategy ... and what the longer-term strategy is.
- Customer insights
- Company performance
- Sales strategy and marketing approach to take share
- Continuation of positive attitude

An interesting dynamic for many companies may be the interest in, and continuation of, ongoing information sharing throughout the company. For some this is “new”, for others it is part of their culture. The question becomes, what should become the standard for “your” company?

## Applied for PPP

PPP	Responses
Yes	61.3%
Company over 500 employees	18.9%
Don't know if my company applied /received	13.1%
Company didn't apply	4.2%

## Usage of PPP

PPP Usage	Responses
Needed money to fund payroll	72.4%
Bring back furloughed staff	11.2%
Pay rent / mortgage / utilities	11.2%
Invest to hire new staff / new roles	4.5%
Hire new people to replace laid off staff	0.7%

- ▶ 61% of respondents who qualify applied for the funding. Most have already received.
- ▶ Most are using it for funding payroll, which is the intent of the program, hence it has helped to minimize downsizing.
- ▶ 11% plan to use the funds to bring back staff either indicating they did not lay off / furlough staff or reduced staff by an amount allowed by PP.
- ▶ Based upon feedback, coupled with input from prior questions, distributors may not bring back furloughed staff, or hire replacements, until they are more comfortable with sales improvement. Those who did do lay-offs / furloughs may have taken these actions with the intent to stay within PPP forgiveness guidelines.



# Concerns Going Forward

- ▶ Distributors were encouraged to share concerns going forward. The verbatim responses are in the Appendix and some may represent issues to address within your company, or answers to seek.
- ▶ Areas to consider moving forward include:
  - Staffing / Employee Issues / Reopening
    - Guidelines / best practices for safely reopening and making employees feel safe and then managing this on an ongoing basis as well as liability for safe environments.
    - Rehiring furloughed staff versus them staying on unemployment
    - Integrating “work from home” longer-term into business model
  - Operational Issues
    - Customer solvency / cash flow and ability to pay
    - Sourcing / supply chain concerns and material availability
    - Jobsite delivery safety requirements
    - Supplier / Customer visit protocols and timing
  - Revenue Generation / Business Activities
    - Depending upon the rate of recovery, the potential need to re-evaluate operations and “stress test” the business.
    - Questions regarding marketplace sales trends / demand
    - Business development initiatives
    - New sales models



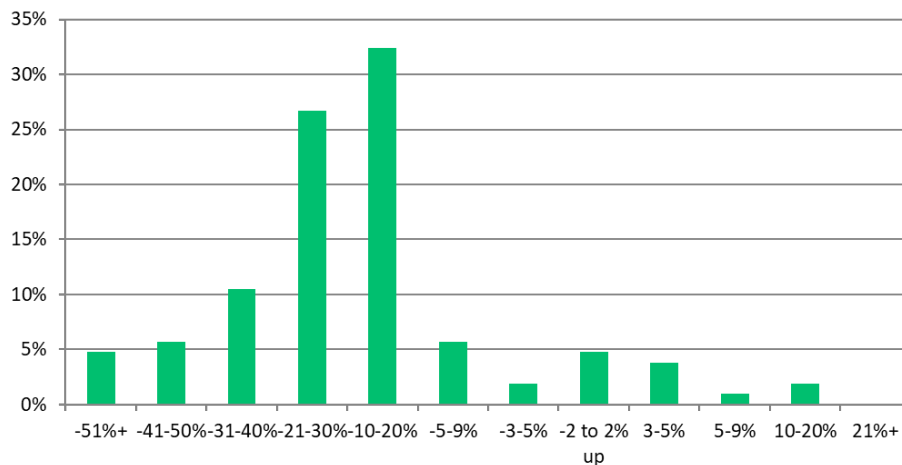
A NEMRA Member Benefit

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# MANUFACTURER INPUT



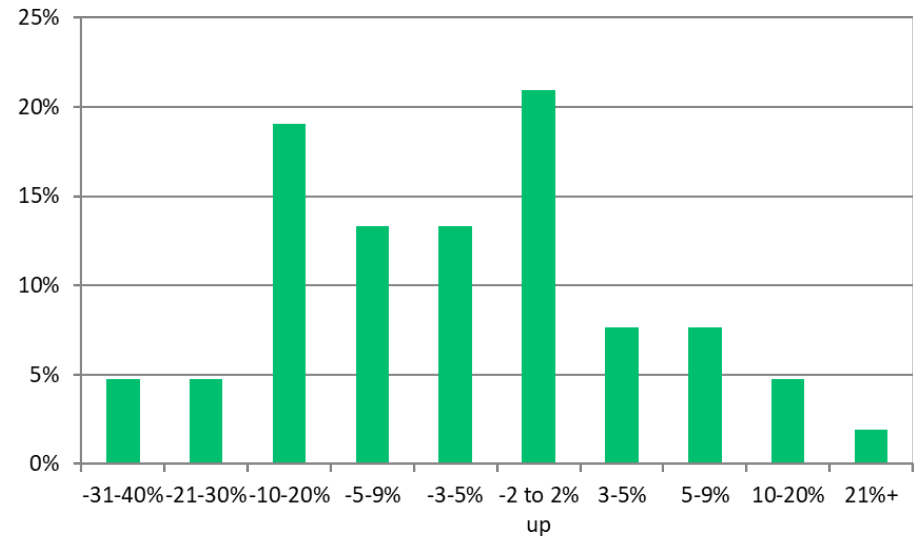
# April Performance



- ▶ 80% of manufacturers reported a decline of more than 10%, with 47% reporting a decline of over 20% but only 20% down over 30%.
- ▶ Only 6.7% report nominal impact, defined as -5 to flat.
- ▶ Overall, on a weighted average basis, manufacturers report a decline for the month of 20.4%, this is 2.5 points, or about 15% worse than mid-April's survey. The difference could be in the manufacturers that are reporting as well as the lack of projects from major markets.

# May Projection

- ▶ When asked to project performance for May, manufacturers estimate that their business will be flat or have a slight decline.
  - 34% project their business will be -5% to flat
  - 22% feel it could improve by more than 3% vs April
  - 28.5% responded a 10%+ decline
    - These respondents could have interpreted the question as change vs prior year or be in a market where they expect further decline either from COVID, stopped construction, a decline in projects or an area further impacted by oil prices.



# Manufacturer Business Actions



Company Activities	Responses
Utilizing video conferencing	92.0%
Scheduling virtual sales calls / technical support calls	76.0%
Offering scheduled training webinars to distributors	72.0%
Increasing digital marketing to distributors	67.0%
Scheduling virtual training sessions / counter days	64.0%
Offering scheduled training webinars to end-users	55.0%
Increasing digital marketing to end-users	53.0%
Partnering with distributors on eMarketing / eCommerce	45.0%
Developing COVID-19 related marketing tools	32.0%

- ▶ Manufacturers have gone virtual, using video conferencing to conduct meetings, sales calls and virtual training to distributors and end-users.
- ▶ Additionally, they have increased their digital marketing to distributors and end-users.
- ▶ While necessary today, measuring ongoing training attendance will help guide the frequency of these activities (as many manufacturers are conducting and there is a limit to the amount of time distributors can invest when offices reopen.)
- ▶ With extensive usage, it is expected this will be integrated into overall business practices.

# Business Strategies

Manufacturers were asked about actions that their company took in April and what strategies, operationally and strategically, they are considering in May.

## April

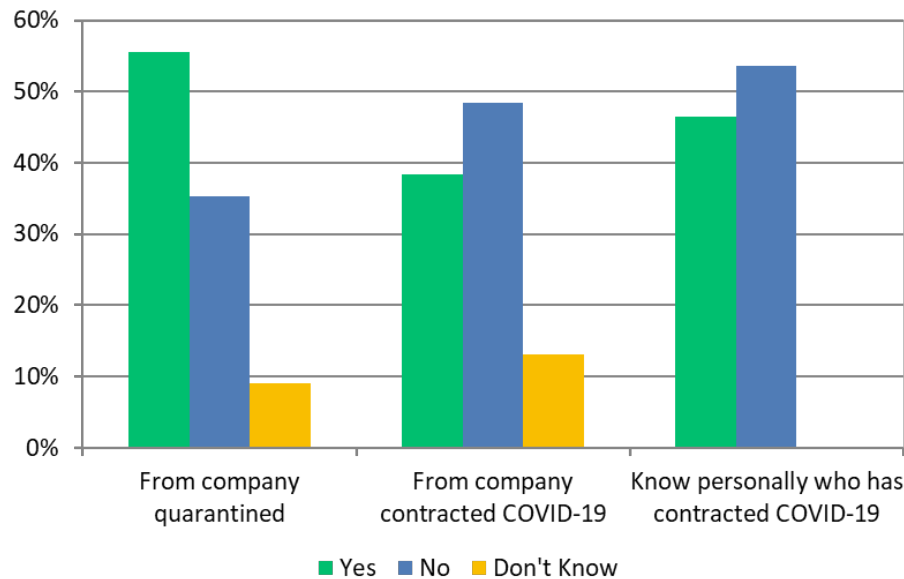
Company Actions	Yes	No
Continue to conduct weekly / daily meetings to update staff	91.9%	8.1%
Laid off / furloughed additional staff in April	37.4%	62.6%
Implemented additional compensation changes in April	30.6%	69.4%
Closed additional branches, offices, plants	5.2%	94.8%

## May

Company Initiatives	Yes	No	Don't Know
Continue to conduct weekly / daily meetings to update staff	93.9%	4.0%	2.0%
Launch strategies to increase sales	82.7%	12.2%	5.1%
Implement promotional marketing initiatives	62.6%	27.3%	10.1%
Lay off / furlough additional staff	17.2%	62.6%	20.2%
Hire new people / staff for new roles	14.3%	72.5%	13.3%
Rehire / reinstate laid off / furloughed staff	9.4%	77.1%	13.5%
Implement additional compensation changes	9.3%	69.1%	21.7%
Close additional branches, offices, plants	2.0%	86.7%	11.2%

- ▶ Moving forward, manufacturers are focused on communicating with their staffs and revenue generation initiatives.
- ▶ From an employment viewpoint, 17% expect additional personnel changes. 14% expect new hires for new roles while only 9% expect to bring back furloughed staff. Some expect additional compensation changes to come.

# COVID Becomes Personal



- ▶ COVID-19 is prevalent within the manufacturing community, perhaps because of more staff / operations employees as well as the factory environment.
  - 38.4% have had someone from their company contract the virus.
  - 55.6% know someone from their company who has been quarantined
  - 46.7% of respondents know someone with COVID.

# Member Leadership



- ▶ As mentioned, leadership from manufacturers, according to their staffs, has performed well. Looking forward, respondents shared that they would like their management team to:
  - Remain calm, reasoned and proactive
  - Share an office reopening plan
  - Continue to communicate the state of the company
  - Define sales expectations moving forward, especially as it relates to customer visits
  - Identify areas for growth to provide us direction





# Planning for Recovery

## Applied for PPP

PPP	Responses
Yes	26.6%
Company didn't apply	7.5%
Don't know if my company applied /received	16.0%
Company didn't apply	10.6%
Company over 500 employees	39.4%

## PPP Funds Usage

PPP Usage	Responses
Needed money to fund payroll	71.4%
Invest to hire new staff / new roles	8.6%
Pay rent / mortgage	5.7%
Bring back furloughed staff	2.9%
Hire new people to replace laid off staff	0.0%

- ▶ Most manufacturers do not qualify for PPP as they employ more than 500 employees, are affiliated with a larger company or, much of their “manufacturing” is outsourced, hence 27% applied for PPP funding.
- ▶ 16% do not know if their company applied or received, hence this represents a communication opportunity given the visibility of the program.
- ▶ One who received stated that they are sharing some of the funds as an attendance bonus for production workers
- ▶ Another shared that they used it for payroll to eliminate concern for layoffs / furloughs.
- ▶ Of those who received PPP, the funds are being used to fund payrolls. Very few are using the funding to bring back furloughed staff.

# Looking Forward

- ▶ Questions / concerns that manufacturers have looking forward include (and verbatim responses are in the Appendix):
  - Future project market and are “cancelled” projects cancelled indefinitely or postponed?
  - If business does not rebound “quickly”, when will companies consider additional layoffs?
  - Impact on stock and flow business as well as the counter?
  - Lack of end-user / contractor input
  - Distributor, end-user and specifier attitudes and timing for sales calls
  - How office environments may change and the opportunities that could result
  - Distributor expectations of pace of rebound
  - Will “Made in America” become important to customers?
  - Future of eCommerce in the customer buying decision
  - What are distributor expectations of manufacturer salespeople / RSMs
- ▶ And then there were macro, unanswerable, questions related to COVID-19 impact duration, “what if” regarding COVID-19 reoccurrence, longer-term economic impact, when can travel again and similar.

# CONCLUSION

# Conclusion

- ▶ As we enter the 3<sup>rd</sup> month PC (post COVID-19), the market appears to be stabilizing, enabling companies to pivot from survivability to potentially thriveability, but it will take time.
- ▶ PPP helped companies, especially distributors and manufacturer representatives, fund payroll. Presuming the economy recovers, companies feel they have right-sized. If there is an economic “hiccup”, companies may reduce staff in July.
- ▶ Moving forward, manufacturers, distributors and manufacturer representatives are seeking:
  - Operational input for safety “best practices” for reopening offices
  - Channel insights into how to interact and call on customers.
  - Better understand the state of the market and the “customer”
- ▶ Many believe virtual communications will be integrated into daily activity to facilitate dialogue, sales calls and training. Innovative usage of technology to communicate, market, “sell” and streamline processes will differentiate companies and enable them to cost-effectively scale as business improves.
- ▶ It appears the industry has stabilized and companies, while they continue to communicate and prepare for new operational / office procedures, are identifying strategies to capture sales. Those with strong balance sheets, have invested in inventory, can manage receivables and can invest in outreach initiatives have an opportunity to prosper.

# Channel Marketing Group



- ▶ Channel Marketing Group, an IMARK Group member service provider, works with distributors, manufacturers and manufacturer representatives in the construction and industrial industries to assist with:
  - Strategic Planning
  - Marketing
  - Marketing Research
- ▶ Areas we have helped companies include:
  - Annual and Strategic Planning
  - Customer Satisfaction
  - Market Size / Share and Market Research
  - Market share taking strategies
  - New product launches
  - Incentive & Promotional Strategies
  - eCommerce initiatives and digital marketing
  - Business advisory services

And more. Visit our website at [www.channelmkt.com](http://www.channelmkt.com).

We work extensively in the electrical industry and have a dedicated blog with over 1200 distribution-related articles, at [www.electricaltrends.com](http://www.electricaltrends.com). It is free to subscribe.



- Since its inception, DISCCORP has been delivering reliable, relevant, and trusted market intelligence. Whether through its robust suite of cloud-based software or via our subscription-based reports sent directly to your inbox, DISCCORP is the leader in forecasting the future of the electrical wholesaling industry.
- DISCCORP is staffed with a complement of economists and programmers to provide the industry's most trusted analyses. The company provides industry sales for national and regional market segmentation (customer type) and NAICS industry specific forecasts. Our suite of applications is ideal for Electrical Distributors, Electrical Manufacturers, Electrical Manufacturers' Representatives and Financial Market Companies.
- The industry market forecasts produced by DISCCORP have been proven to be historically accurate. Add to this that DISCCORP is the only source of granular electrical industry market data, and the net result is that DISCCORP is more than first-in-class, it is best-in-class.

# APPENDIX

## Electrical Distribution Industry Insights COVID-19 Market Sentiment Input Survey #3

### Distributors

**What are contractors, industrial facilities and others expressing as their concern over the next quarter / throughout the summer?**

Slowdown of new job start-ups
Getting paid, and government funded projects being delayed or canceled.
Hope it's better when things open up
Postponed and cancelled jobs laying off essential electricians
Will people pay rent.
How to do certain jobs while maintaining social distance
When they can return to jobs
High unemployment affecting their future business
Having projects continue to cancel or postpone
The contractors are anticipating being busy as usual. Our industrial accounts are concerned about health and possible unemployment possibilities.
Uncertainty about when we will get back to normal operations.
Nothing in the next few quarters, more about the future (backlog will look like in 2021)
Safety, supply chain disruption, lack of demand
Hope things get better
Oil & Gas customers are dead and financially strapped. Others are concerned activity levels will be slow through the summer
All are curious as to what the "new normal" will look like. Many of my accounts are commercial buildings--all of which have been empty since the STAY AT HOME ORDER began. There is a genuine fear about companies seeing the viability of working from home which could lead to needing less office space.
When they can get back into buildings to work
Slow rebound to "normal"
Canceled business
Most have business backlog through the summer, a few are experiencing a serious slowdown.
Slowly reopening with safe distancing and safety measures in place (masks, gloves, PPE, etc.). When we return to normalcy still seems to be undefined at this point. Most customers are still very concerned about their employees' safety and are limited visitors to visit the plant. It might be the beginning or middle of Q3 before we see the restrictions lifted and we can start actively visiting our accounts again.
When the expectation to return to normalcy will occur.
Downward momentum is a hard train to slow much less reverse.
Jobs being cancelled because of the pandemic.
Availability with possible supply chain disruptions
That this will become an ongoing problem
Projects are being delayed or just moved into next year.
Will this keep up? They are busy and have nice backlog now, but will it continue because of the upcoming downturn in the economy.
Slow restart, potential supply chain issues



Concern is the unknown compounded by the potential rebound in the spread of Covid-19 if we return to work too soon
Killing the virus.
Random Flair ups of COVID-19
Government not allowing them to work.
COVID round 2 in the fall and how the governing bodies will react to that potential threat is a concern.
Projects being delayed or cancelled
Budgets & manpower
Concerns regarding cancellation of projects
Customers are concerned with a longer process to ramp up once the states start to lift restrictions, as well as creating safety measures for what the return to work environment looks like.
Lots of concerns and apparent overreaction to the virus threat
Labor, health, protocol costs
The capital that will be deployed after the current book of business is completed.
Regional building hasn't issued permits in 6 weeks. There will be a bottleneck of projects waiting to start.
Health and the unknown of the virus.
Projects delayed/cancelled.
COVID obviously but just how much the month-long shutdown will affect the months ahead.
Uncertainty. Don't know what to expect. Lots of quoting. Many seem to be gearing up and preparing for when this is over...but don't really know.
The constriction of capital, the back log was released, and we need to rebuild it
Pure uncertainty
Maintaining an income stream that they are accustomed to
Lack of direction and certainty as to how regulations will be lifted.
Service work continuing to drop.
Projects being put on hold due to uncertain times
Projects being shut down due to COVID19 infections
Lack of adequate protection - PPE not available
Factories not fulfilling orders in a timely fashion - shutting down
Slowdown of owner investment in new projects
Project starts- resurgence
How are they going to be able to start back up? The flow of business has been stopped on all levels.
What new normal looks like. We are heavily involved in hospitality industry.
They will or already need PPE to work on site
May slow down
Job start ups
Economy
Having the funds available for maintenance
Oil prices

What will the new normal look like? What permanent changes have occurred due to COVID-19?
They are not as concerned as to the rural area that they service. Already have social distancing.
Supply chain and product availability
General slowdown issues. They see their customers putting off projects or stretching out payments.
Cash flow. Illness
Lack of business development
Get in back to work
Lack of workers because they can "take home" more drawing unemployment.
Very cautious of how the lock down measures will evolve.
Residential projects moving forward - financial concerns
Jobsite closings, manpower, cancelled projects
When is it over? What will the impact be eventually to all of us?
NY regulations impede progress
When will NYS open for business
Uncertainty over the virus coming back and what that does to companies' abilities to plan and forecast.
Limited budgets
Concerned that projects that have been scheduled, but not delayed, may eventually be cancelled altogether.
Getting back to work without restrictions.
When will we "re-open" and what is the "new normal"?
Very little new work is bidding. Track homes have stopped most spec starts.
Cautious
The uncertainty is very difficult for planning and attitude.
Larger change in demand as the return to normal doesn't happen. The "new normal" is a much different business climate
Gradually returning to what percentage is unknown
Full employment
Most just want to get back to work but are unclear and concerned about when and how.
Ease of adjustment into the new cycles of business.
The government should open back up. What happens happens.
Product availability
COVID Restrictions
About to get busy but in a different way
Safety
Concerned of productivity loss due to new safety requirements - will be only 80% productive
They need and want work; they all want to know what we in the construction area are going to be allowed to do.
They are worried about the next 6 months if projects not started will be canceled.
Slow for at least 8 weeks
We see cautious optimism as there is lots of bidding. The unknown is the most concerning
They are hoping to get back on the job
The continued uncertainty over when many of the affected businesses (i.e. their customers) that have been forced to close will be able to reopen.

The gap in the construction pipeline and what type of regulations will be put in place.
Many think the existing projects will pick back up. I've heard concern about the fall and the potential of projects being cancelled.
Construction will be down, no new projects coming out.
Once constructions starts to resume, availability of product is a concern.
Grimm
Cancelled and or delayed projects. Getting paid
Wondering if business will go back to normal.
Lack of start ups
They think business will slow down as we get into the summer.
Our customers are expecting to return to full business potential
Uncertainties in general! The ability of our economy to bounce back. COVID19 cure
Slowing or stopping capital improvement projects
Cash flow! Contractors are still worried that they won't get paid for work they do.
Keeping their workforces healthy and ensuring construction continues and does not shutdown
Sustained project growth, continued construction cycles
COVID coming back
Oil prices and effect on projects that were supposed to start in 2020. Stoppage of new construction and how it will affect business in Q3 and Q4.
Keeping busy
The prediction of a Summer economic slowdown is the biggest concern.
Delayed projects and collecting money
Dread
Labor issues for contractors and cap-X cuts for industrials
COVID related procedures

**What would you like your leadership to communicate?**

A plan on how we intend to transition back to working in the office.
Business progressing ahead with changes to keep them safe and their customers and to help and provide as much material and help as possible.
Clear answers to employee questions and concerns
Confidence and a clear strategy moving forward that keeps all employees on staff.
Consistently with previous information
Constant information concerning expectations and progress towards change to maximize productivity as well as maintaining a safe environment
Continue with the weekly leadership COVID updates, also blend in a financial update.
Continued candid and frequent communications on the state of affairs as it relates to the company and our business.
Continued communication from the top down. Meetings twice a week with many different groups has been productive.
Continued communication regarding plans for business continuation.
continued support
Continued support of our families and personal situations. Continued support of keeping our employees safe during this time.
Continued updates on changes in the state by the Governor and business conditions.

Continued updates on if/how this will affect our employees. Furloughs, reduction in pay, position eliminations, etc.....
Do we have a plan going forward if the stay in place orders continue?
Expectations for June and beyond
Financial transparency
Forward growth into new or existing markets
Fully reopen and get back to regular business.
Have not heard much. Don't expect that to change. Not good.
Honest conversation about how conditions are impacting business and operations.
I want to hear better leadership from our elected officials. They are blind, clueless, and have zero leadership on all levels. We need caution and less fear-based tactics.
I want to see a vision for the way our company will deal with the corona virus if it continues into the future.
I would like to see and hear the economy coming back as quickly as the decline
I would like to see sustained effort to get through things as we wind back up having a branch in a non-lock down county. Contractors are getting back to work and what might be most helpful for our end customers would be in the realm of invoicing and statements as we are seeing increased use of the website for contractors seeking to reduce the turn-around time for them billing their good industrial accounts. Anyway, we can help our contractors to get paid faster is greatly appreciated as we work to make their bills more understandable and speeding up the financial process is good for all parties involved.
I would love to wake up from this nightmare. The state and county have a plan and we have a schedule to open up and start construction again.
Increased communication.
Initiatives to rebound with market share gain as we come out of this cycle
Leadership is doing a good job of communicating.
Looking more for local government for leadership on when it is safe to resume business.
Maintain protocol related to curbside pick-up, sanitize, social distance
Continue and increase electronic services
Continue and increase virtual sales calls, training & technical assistance
More of the same.
More safety measures put in place
Optimism their thoughts on the bailout, if that really made a difference in our profitability if more people will permanently work from home if we change our housekeeping practices
Our company has been very good at communicating with us, I expect that to remain the same.
Our leadership has been very proactive, and communication has been clear and concise.
Our leadership has done a good job in communication and taking care of employees.
Patience and calm.
Plans for easing restrictions and/or returning to some more standard processes
Plans to phase in reopening
Positive attitude, recognition of opportunity, concern for employees, anticipation of getting back to normal
Positive feedback.
Positive news
Re-entry program for staff currently working remotely
Regular cadence on updates and a summary of business conditions

Remain positive
Safe working environment and how we will gain market share.
Sales number increased
Same messages
Some communication.
Stability in our jobs
Steady message
That we are continuing some of the efficiencies implemented over the past few months
That we are continuing to improve our workplace environment and striving to improve our sales.
The hope- strategic plan to gain market share and develop new avenues of business
The staffing and pay will remain the same - no cuts
They are doing a great job leading and communicating,
They are doing a great job of keeping everyone informed and delivering a positive message towards now and into the future
They are doing fine
They have ceased sharing district sales numbers
Transparent communication in several areas
Truth
Updates on the company's financial health
We are in this together, and we will see it through together. We all need each other, for reassurance and guidance.
We have a kick-ass leadership team.
Weekly updates on the status of the company and the industry as a whole
Weekly video updates on company strategy
We're fine financially and can come out of this by doing what we're doing. More than half the staff works from home, we wear masks at work and social distance ourselves where possible.
What are the next steps if this goes into July or later?
When will this be over? When will we get back to normal?
When will we bring employees back and open our counters again?

**What are your concerns going forward / additional information you would like to learn to help with your planning?**

2 things here; 1.) The virus doesn't scare me. The weak will die, the strong will survive. What does scare me are the tactics that so many politicians are willing to implement for political gain. We need to isolate the weak and let those who want to work, work. Why shut our country down and destroy it economically? This doesn't make any sense to me. 2.) We need to boycott anything that is made in China. All manufacturers must begin to boycott all things China, or all things made offshore for that matter, regardless of the industry they serve. We can no longer allow corporate greed to destroy our country! 90 days out - how to address lack of business in certain segments. How to pivot to new normal.
A lot of clarity is needed about the PPP loan. Too many questions have gone unanswered
Are suppliers looking to move production out of China?
Are we in month 3 of a 6-month event, month 3 in a one-year event, month 3 in a two-year event??
Best health safety practices in the workplace.

Biggest concern is facing some of the same social distancing restrictions again later this year and into 2021
Concerned about the personnel well-being of the employees and their emotional and financial health. I would love to see NAED set up a fund where we can all pitch in to help hurting members of our community.
Construction in the pipeline for Q3, Q4 & Q121
Do you think the panic was justified
Economy
Feedback from membership on future sales and trends
How long can we hold on with the existing business that we are seeing. Is this the beginning of the end?
How much shelter in place rules for 2 months will permanently affect the future economy?
How will price of oil affect funding of projects for remainder of 2020? How will changes interest rates and banking affect funding of projects for remainder of 2020? Any concerns relative to presidential election?
I'm seeing a lot of customers on credit hold as they struggle to stay Ask more about solvency and tightening of credit.
Just concerns for the unknown on how deep this will affect our business. A lot of plants have closed because of contamination.
Liability for maintaining safe environments at workplace if we are open and considered an essential business
Long term changes in how we conduct business
Managing for all possibilities - return to normal vs. continued craziness
Maybe has anyone reduced operating hours.
No concerns, get back to work.
Tell me what people are doing to Protect themselves, communicate with employees, what are the proper procedures to take when exposed or someone contracts the virus, hours cutbacks, etc.
One concern is the gov't continues to change the rules on PPP. Also concerning is the duration of the drop in business, if it slows or remains at this rate, we will reduce costs further. Lastly, cash is king - and quite a few customers are trying to extend payments Projects not starting, I would like to know more about delays in project starts- vs backlog (not ordered)
Regional trends.
Required job site delivery requirement information. Allowed, or not? Full PPE? Certifications?
Customer/Vendor sales calls and visits. Outlook on acceptability of external in-person meetings. Digital only?
Risk management strategy on preventing COVID exposure to on site employees and those returning from remote.
The unknowns, not knowing when the economy will return and if it will return.
To what extent are companies requiring employees to where masks and gloves during working hours.
Unsure of future. Will bank credit become tighter with projects being canceled?
Very interested in seeing how other distributors are doing and planning

We expect the recovery to be very measured, very slow. We have concerns that some of our B2B, brick-and mortar customers may fail, more so than contractors, who are more adaptable.
We need a vaccine and until then, we will be doing business differently than ever before. Do there are unknowns out there.
What can we do to push our state and local governments to open up and allow commerce to flow?
What COVID promotions generate revenue. All my efforts to market COVID solutions has generated zero in sales. Some share the love but bring no revenue.
What is the new normal? Given that COVID-19 is here to stay, at least till we reach herd immunity which by all accounts could take 12-18 months, what if anything will never go back to the way it was?
What measures are being taken by other brick and mortar supply houses and how the manufacturers are accommodating these changes.
What percentage of companies have faith in their elected officials to guide us through this disaster?
What product categories are increasing in sales and decreasing in sales? What customer categories or customer types sales are up or down.
What the new sales model will look like
When are the governors going to let us get back to work?
Will work from home be permanent.... how does that affect commercial construction?
How will restaurants and retail adjust to a reduction in customer density? Can they be profitable with a less dense customer base?
Would still like to know how the markets are going. Business up/down? Supplier issues?

**Manufacturers**

**In looking to May and June, what would you like to see / hear from your company's leadership?**

Our leadership has been calm in the face of adversity. They have been proactive, thoughtful and very communicative. They have also been patient and understanding as we map the measures we are taking and that are on the table to take as our business improves or declines. We truly are blessed because we have no plant closures, no RDC closures, no layoffs or furloughed team members to this point.
A plan to reopen
Aggressive strategy "post-C19" to gain share and better serve customers
Although the amount of COVID communication from our leadership has decreased, it seems to be the appropriate amount to keep us up to date with decisions being made.
Clear initiatives as we exit the tunnel of gloom.
Commitment and confidence!
Company's policies on return to workplace.
Contingency plans for a return of COVID-19 for the Fall/Winter of 2020.
Continue to communicate the state of the company, financially, strategically.
Continue weekly update meetings.
Continue with weekly virtual all-hands meetings & status updates form CEO 2-3x/week
Continued communication between departments. Commitment to having inventory in place when demand hits this summer.
Continued communication on how we will adjust and focus to come out of this situation.
Continued communications regarding the state of the company.

Continued information related to how we are dealing with COVID and the potential impact to our company; sales, employees, etc.
Continued optimism regarding the "other side" of the pandemic
Continued updates on company's health and the impact on our business
Continued updates on Operational challenges. Staffing levels are down but have remained stable for several weeks now.
Courage and bold actions.
Direction thru the turmoil and how we may look on the other side with our GTM strategy
Discussion on how we recover from COVID-19
Employee care and safety addressed as a foundation of our Vision. Buy North America!
Expectations moving forwarded related to sales team
Will customers be willing to have face to face sales calls
Focus on long term health and opportunity for the business while managing the acute challenges around employee health & safety and critical business metrics such as revenue, cash flow, margin, debt, etc.
Future plans for recovery and growth.
How will we find the balance between risk/reward in making investments? What will the new normal look like?
I am looking for the leadership to continue to communicate the state of the business. Look for areas to double down to be in position to take share when the economy starts to rebound in Q3 & Q4
Inventory is brought back to levels that will eliminate long lead time for basic product groups.
More detail in the thinking. More long-term thinking
Our Leadership is Beyond Excellent and we are satisfied with everything we are hearing from them.
Our leadership team continues to communicate to the company, so everyone knows and understands the strategy and direction. Twice a week huddles and more communication lessens everyone's fears about the unknown and about their future. That needs to continue for a while.
Plan for how we navigate from here, how many months based on cashflow can we support employees without further layoffs
Plans to support return to work across the company
Realigned goals in alignment with new customer needs
Recovery plans
Recovery vision
Regular communication on how we're doing and plans for the future
Regular updates on the business (sales, order entry, quote levels), forecast guidance
Re-opening plans, growth plans
Revised full-year outlook. Return to work plans.
Specific directions on how to proceed with the uneven country transition to the new normal. What will be the rules for returning to office work and customer travel when CV-19 is still not contained in all states.
Stability
Summary of the industry as a whole.
The business is beginning to stabilize. As result there will be no further personnel reductions and those furloughed will be returning to work shortly.



The same, great communication.
Well defined strategy for reopening
What is the plan for the next 6 months if this situation continues?
What the rest of the year will look like?
Will want to hear the plan to open the offices.

**What are your concerns going forward / what additional information would you like to assist your planning?**

Are commercial projects being cancelled indefinitely?
At what point in time, if any, must company consider furloughs if business does not return to pre-COVID run rates/forecasts
Biggest concern is rate of re-opening of major markets.
Concerns are that C19 will rebound when communities are "opened up".
Construction activity in different segments - new build vs. Renovation - esp. Education, healthcare, office, warehouse segments, roadway, municipal parks. A geographic view would be good also - Midwest vs Southeast (seem to be re-opening first) vs coasts. Also, what has been the impact on discretionary stock and flow business/counter? Is that coming back and where?
Construction projects that have paused will cause an additional delay in when they would need products from us - so our uptick won't happen until they are caught up.
Continue to get end user information about ongoing and future job status
COVID 19 is only part of the problem. Oil prices and other economic problems will continue to hold the economy back for several years
Distributor/contractor specifically what are their thoughts on the balance of 2020
End-user and distributor attitudes to in person sales calls moving forward
Best practices being utilized to continue to drive sales
How do we see office environments changing/what is being done? (flex schedules, end of open offices, working remotely, etc.)
How long do people think the pandemic will last?
I fear another round of the virus due to reopening too soon. I don't want another 8 weeks of stay at home mandates.
I would like to hear about how quickly we believe the industry will bounce back in 2nd Half
I would like to see questions related to industrial and commercial construction as well as MRO.
Increase or decrease in accounts receivable days.
Has the importance of "Made in America" changed?
Is anyone forcing the use of vacation time for their current employees during the COVID shutdown?
Is it important to support Manufacturers with Plants in North America when making a buy?
Should all products bear a source stamp, Made In Canada, Made in USA, Made in China?
Interested to know how many Distributors are sourcing direct from China, Korea, Viet Nam, India ?

Issues as the economy opens
It is helpful to hear other financial performance references (Parker, Rockwell, 3M)
It would be interesting/helpful to know what percentage of manufacturers are experiencing supply chain disruptions and what percentage have had manufacturing interrupted by employees that have been infected by the CV.
Percentage of people furloughed vs laid off - people possibly leaving the industry. Status of distributor inventory value in May vs. March - decrease/increase.
Role and impact of eCommerce
Supply Chain delays. Can we relocate manufacturing outside of China fast enough to minimize backlash?
Try to provide some input on when markets and/or travel will reopen? What about scheduled activated such as trade shows, open houses, counter days, etc.?
We've now been scared into re-opening too early and I worry about the smaller distributors and Agents that didn't have contingency plans, nor react quickly enough. The ripple effect is going to be significant over the next several weeks.
What are best practices for manufacturers to follow as our outside salespeople start back to work?
Will our distributors expect confirmation that our fixtures and packaging are virus-free? Will there be concerns and possible rejection of products made in China?
What is your company's COVID policy for dealing with visits moving forward (limited # of employees attending appt, prior travel approvals, masks, gloves, etc.)? Will your company allow you to attend industry meetings in the fall and/or spring?
What percent of the construction industry has returned to work? At what rate are end-users releasing projects? What is the split of small, medium and large projects being released by end-users?
What were the major impacts on the electrical industry, and how will they affect the business for the rest of this year? Does 2021 look the same now after another month has gone by after the last forecast? What segments affected positively and negatively? What will be the impact on the first half of 2021?
When are companies going to allow their sales team to travel again or when will distributors allow reps and suppliers in the door?
When Distributors plan on allowing meeting from out of state salespeople.
When do we think the country is going to get back to work?
Will COVID-19 remain virulent into the summer or drop off as the normal flu and cold viruses typically do? Is isolating the healthy population from COVID-19 practical and beneficial in the long run? The government will need to print more money to pay for the COVID-19 related support programs. What impact will this have on future taxes and inflation? Are we headed back to the 80's to high inflation and high mortgage rates?
Will the recovery look like a "V" or a "U"

**Manufacturer Representatives**

**What are contractors, industrial facilities and others expressing as their concern over the next quarter / throughout the summer?**

Some have backlogs but others have seen them dry up. Also, many contractors have workers making more \$ being unemployed
On time supply of needed Electrical Construction Material
Fearing the hardest impact will be 3rd/4th quarter

Consequences of social distancing and limits on personnel in confined spaces slow down job site progress. 10 people to an elevator is difficult on a 30-story building site that's used to conveying 50 people.
Mainly being allowed to get people back to work. Even when Ohio re-opens it will be a slow process.
The ability to man projects and delays in materials for the projects
Delayed projects or cancelled projects. Business has been good in the Indiana Ky market for us.
Industrials are doing their preventive maintenance, repairs and machine additions while less employees are in the building. Contractors plan on ramping up as jobs that were slowed ramp back up. Getting material quickly will be the key in the next 60-90 days.
All of our customers / contractor customers are working on a limited basis. Our largest market, the Bay Area of San Francisco is heavily impacted due to shelter in place orders. We are not starting to see a light at the end of the tunnel. It is getting better.
False reporting of cases. It appears that the numbers are grossly inflated. Like UFOs, you hear a lot about them but don't see them.
They know that productivity will be down & worry that a spike will cause a problem
Need to open things up
Concern over future cancellations; payroll; getting paid; lack of available inventory and channel to get them material as they need it
Cancelled projects, sick employees, product availability, projects time frames
Very low expectations. Business will be down; but not sure how much.
Manpower concerns
Project continuity
Local government regulations
Sluggish business.
Delays in opening...Industrials are shut down and this is killing my MRO based distributors (especially the Rockwell houses!)
Concerned government has no clue on how to successfully reopen the economy they closed
There has been a lot of concern regarding the housing market. It's a wait and see at this point if the builders continue with planned phases.
There is a lot of uncertainty
Will GC's pay.
Getting back to work. Continued care and focus on safety and good practices, and concern for possible second wave of COVID-19.
Uncertainty as to when business can resume and under what conditions
More delays, uncertain direction from Authorities, Job Site restrictions, reduced manpower numbers due to restrictions.
No timeline on opening back up. This is not a long-term strategy, and eventually they will go out of business.
Efficiencies of projects due to spacing requirements and supply chain disruption
Florida is opening up so hard today. One of our biggest problems is the complete Disney shutdown, projects and all. And all the suppliers to Disney hurting as well. Southeast FL contractors hit the most at this time.
Being able to adequately staff job sites so as to not delay projects, based on increased social distancing on job sites.
Finding workers to finish projects which are plentiful in our area.
Decreased backlog as we move into the months ahead along with cancelled projects
Social distancing on jobsites

<p>Pennsylvania just re-opened construction sites, prefab will be opportunity, they don't know yet what they are facing. WV business is dead for oil/gas/mining. Commercial construction down significantly.</p>
<p>Just how - overall - we will deal with this in the work environment.</p>
<p>Maintaining the current level of expectations from the CDC and how to get employees back to work safely.</p>
<p>Key Universities are delaying/canceling jobs, which did not happen in 2008. They are concerned about cash flow due to school for fall semester and getting reimbursed for COVID-19 response.</p>
<p>Our inability as a small business to function based on federal, state or local government interference.</p>

**What are your concerns going forward / what would you like your leadership to communicate?**

<p>An update on what is going on financially with the company.</p>
<p>Communication</p>
<p>Confidence &amp; a plan to move forward and grow</p>
<p>Continue to give accurate info regarding status. Lead through example</p>
<p>Continued Communication on delays and changes</p>
<p>Continued updates specific to their company's short- and long-term direction.</p>
<p>Have a plan to open up business.</p>
<p>Have beefed up inventory levels on A&amp; B items.</p>
<p>Honest updates, inventory status/issues, forecasts from them for the next quarter</p>
<p>How well they are doing and what expectations they might have for their future</p>
<p>Were they approved for PPP monies from the government to keep them operating</p>
<p>How will they support sales staff given face to face selling will be different once the state and construction opens back up.</p>
<p>I would like to have more honest and open communication from manufacturers regarding the problems that their factories are facing with COVID. I would also like to have better response from them regarding their furloughs and the inventory road map to deal with the downturn.</p>
<p>If plants go down what the back-up plan to keep material moving. I would also like to hear that they are bring back the plants that are not on USA soil back to the USA.</p>
<p>Maintain inventory levels. Can't sell what you don't have!</p>
<p>More detail on how we are to reopen our physical office</p>
<p>More disciplined approach to improving work-from-home conditions and opportunities after this situation is over/changes.</p>
<p>Optimism and assurance as a straight commission entity, not be terminated as a means to deal with revenue drop nationally.</p>
<p>Positive encouragement and plans to recover</p>
<p>Reinforce confident "can do" attitude in our organization, open communications with all co-workers. Creative initiatives with value for our customers and manufacturers to generate loyalty and 'unfair mindshare' as the best solution and go-to rep of choice in these unusual, unpredictable times!</p>
<p>State of the agency. Plans if this is prolonged.</p>
<p>Status of government regulations on factory operations</p>
<p>Steady as she goes...</p>
<p>Still practice safety procedures but not to give into fear. Staying positive and prepare for a brighter future.</p>
<p>Updates on what is going on nationally in our industry and what locally will we do to address the new business format</p>

Weekly updates on where the sales numbers are.
What financial position the company is in to handle the economic downturn
Of those companies that furloughed or laid off employees, when they return will they be returned at previous salary, compensation levels?
Future projects planned for Metro KC by outside investors
3rd/4th quarter impact estimates. Confusion as to PPP forgiveness terms.
How to adjust to ' the new normal ', moving forward ... What will a typical sales call look like? What will be the best sales practices in the future ...
If the expected spike is realized and sustainable moving forward into 2021
Concerns are what will business look like as states re-open. I believe residential business will be off 30 - 40 % thru the end of the year.
With the number of projects delayed now and the amount of people unemployed, what is the outlook on construction, both residential and commercial, in the next 6-12 months.
Keeping the curve flat and projects are on track.
More outbreaks will occur as they expand testing. Many tests have been tainted and the numbers are overstated which will cause other quarantines. 2020 will be a disaster.
Will there be more help from govt coming
Little confidence in actions govt takes next or how we as a country & industry recoup losses, changed ways of doing business
Distributors have been buying from anyone that would sell to them. Are they considering pairing down some vendors to reduce risk and partner with a manufacturer?
How to deal with making sales calls to customers in the future ..... how will this situation change that activity
post-PPP support
I would be interested so see what others think on how long they think this will last.
What are firms doing to ensure that they hit the 75% PPP threshold for Payroll?
Concerned that the SBA keeps changing their guidance again, and again...
What will the most effective sales model be going forward in our industry, where personal, face to face interaction has been the norm in the past?
The PPP is for 8 weeks, the Governors for my market have indicated continuing current status into July after PPP time frame, aren't we delaying the inevitable of many small businesses closing permanently. Why a June 30 end date for using the PPP funds.
For reps, I would ask if acquired or lost any lines. And for what reasons.
What is the new project activity look like around the country for reps.? Are quotations trending up, down or flat?
How are manufacturers handling need for more inventory? Some were low in general before the shutdowns. We need to beef up inventory on A & B items to be able to supply increase in demand when end users are back to work.
I feel supply chain challenges & shortages are yet to be fully realized and we will start to see greater impacts as we move further into May/June. That, combined with reduced backlog and project cancellations will make April look good in all this.
When distribution opens back up, what rules will they implement if any when it comes to manufactures and reps coming back in their branches.
Best options to keep the staff healthy and working in one environment.
Worried that business will not come back as strong and at the end of 8 weeks when the PPP is all used will have to lay off staff again
How will sales calls be made going forward will salesmen be allowed in buildings