

COVID-19

IMPACT AND IMPLEMENTATION SURVEY

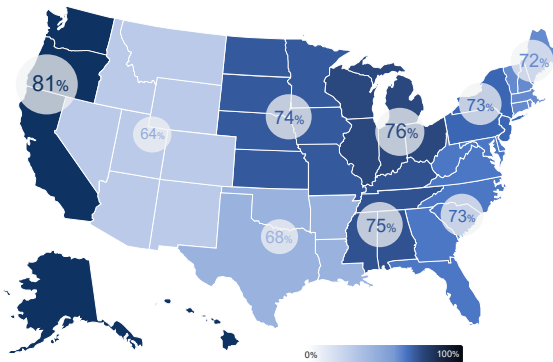
EXECUTIVE SUMMARY

IMPACT

Organizations Having an Employee with a Confirmed Case of Coronavirus



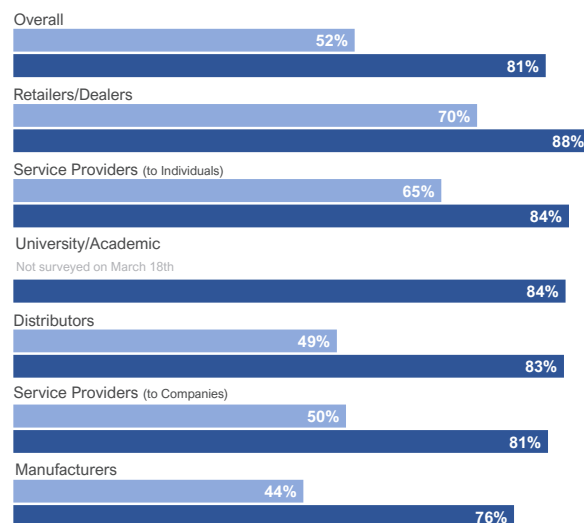
Percent of Organizations that Perceive Stay at Home and Social Distancing Measures are "Very Necessary"



Percent of Organizations Experiencing a Direct Negative Financial Impact

As of March 18

As of April 9



About the COVID-19 Impact & Implementation Survey:

Results for the 2nd survey in the series are based on surveys collected between Monday, April 6, and Thursday, April 9. More than 1,500 respondents from 30 client sectors and professions participated in the survey. Industry Insights is fielding these surveys to help its clients assess and track their members' perceptions, impact, and action plans related to COVID-19. Links to an online questionnaire were distributed to member organizations and contacts by the participating associations. A total of 1,542 respondents (of whom 2/3 were executives or officers) participated in the survey. The sample was slightly adjusted to better reflect the participating groups. Confidence intervals can change, depending on the aggregate's sample size and the response variance, though the overall survey portion of this research has a standard error of +/- 2.5% at a 95% level of confidence.

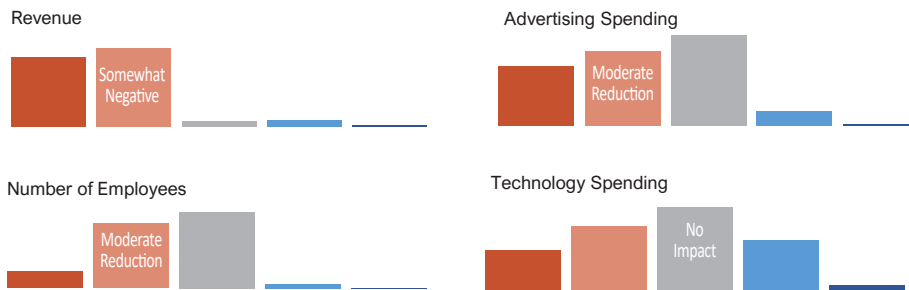
The survey sample includes manufacturers, distributors, retailers, and professional services organizations representing a diverse set of industries.

The *COVID-19 Impact & Implementation Survey* was compiled, tabulated and analyzed by Industry Insights, Inc. (www.industryinsights.com), an independent research firm based in Columbus, OH.

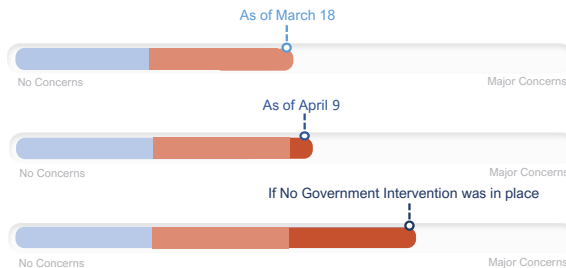
Survey Contact: Scott Hackworth
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IMPACT

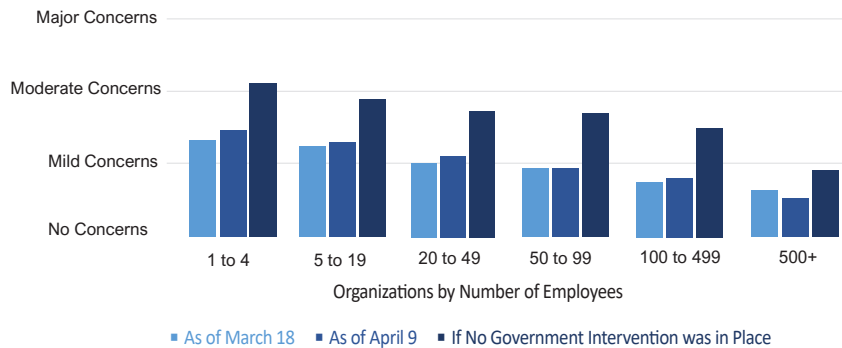
Expected Level of Impact on Organization in 2020



Extent of Long-Term Viability Concerns Due to the Coronavirus (Average)



By Size of Organization



Organizations that Experienced Coronavirus Related Delays in Receiving Materials/Products from Suppliers



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Impact:

The coronavirus is reaching the employees. Whereas only 1% of organizations had an employee with COVID-19 as of March 18, the rate has climbed to 8% in the past 3 weeks. Despite the financial toll, most organizations' leaders agree that the "stay at home" and social distancing mandates are necessary actions. Those in more rural areas, such as the Mountain States and West South Central States were somewhat less likely to consider the approach necessary.

The financial impact is becoming severe for most organizations. In the past 3 weeks, the portion of companies experiencing a direct financial hit from COVID-19 increased from 52% to 81%. Retailers continue to be the most heavily impacted group so far, though the other sectors are closing the gap. No industry segment is being spared.

As of March 18, the typical organization envisioned a "Somewhat Negative" impact to revenue but planned to hold its employee counts intact and maintain spending levels for advertising and technology. Those plans have changed for most organizations. More are now envisioning a moderate to major revenue hit, and most are planning to reduce their head count. Nearly 1/3 of organizations have already furloughed or terminated employees since March 1. Companies also plan to reduce some of their advertising spending, though IT spending is still expected to stay consistent.

The data show that the CARES Act is providing a needed lifeline for many organizations. Most reported that without the CARES Act, they would be leaning toward a moderate or major level of concern about their long-term viability. However, thanks to the intervention, the level of viability concerns has not increased much in the past 3 weeks, despite far more companies envisioning heavy losses in revenue.

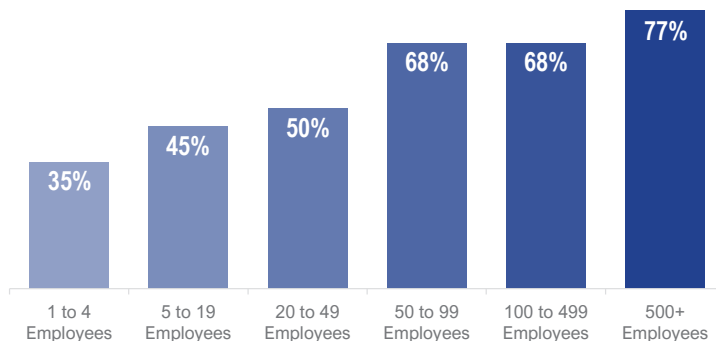
ACTION STEPS

Which of the following is a new action your organization has put in place due to COVID-19?

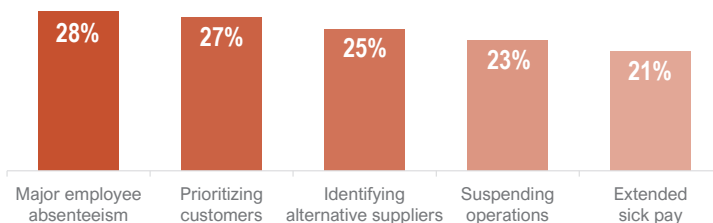
Top 10 Overall

	March 18	April 9
1 Employee distancing (physical)	67%	85%
2 Canceled all large group activities	71%	84%
3 Hand sanitizer (increased availability)	73%	76%
4 Eliminating visitors to office	48%	75%
5 Canceled all in-person meetings	45%	70%
6 Daily office cleanings/sanitization	62%	64%
7 Posted reminders about proper hygiene	52%	63%
8 Travel ban	45%	56%
9 Work from home (partial mandate)	41%	56%
10 Flexible work scheduling	44%	52%

Organizations with Formal Disaster Plans in Place by Staff Size



Scenarios for Which Organizations Have a Formal Plan



Workforce Reductions



33% of organizations have furloughed/laid off/terminated employees since March 1, 2020

The typical organization has reduced its workforce by 25%

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Action Steps:

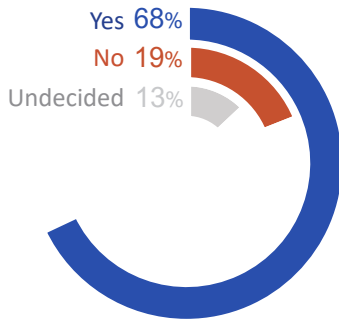
Since March 18, many more organizations are now distancing their employees and have canceled all in-person meetings and group activities. Most companies also now have at least some employees working from home and many are working flexible schedules. The wide availability of hand sanitizer and daily office cleanings remain very common.

The current crisis has not pushed many more companies to develop a disaster recovery plan. Slightly more than half (55%) of all organizations have a formal plan in place for handling common disaster scenarios. The largest companies are the most prepared (77% have a formal disaster plan), while just 35% of the smallest companies have developed a formal plan. Between March 18 and April 9, more companies developed plans to identify alternative suppliers (25% vs 16%) and possibly suspend operations (23% vs. 19%).

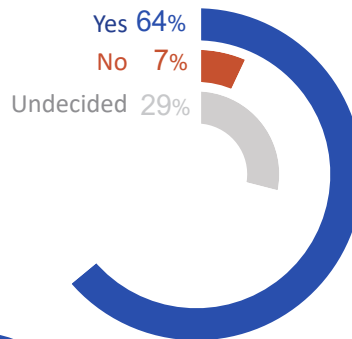
More than 2/3 of organizations plan to apply for a loan through the Paycheck Protection Program of the CARES Act, and 22% plan to apply for a loan through the EIDL Program. Most companies plan to rehire their recently furloughed/laid off employees once their loans are received.

ACTION STEPS

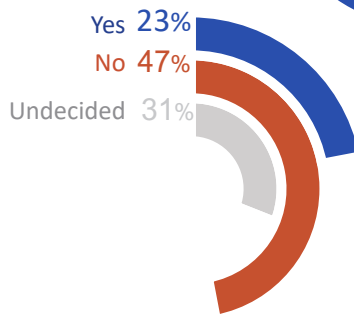
Plans to Apply for a Loan through the Paycheck Protection Program



Plans to Hire Back Recently Furloughed/Laid Off Employees Once Loan is Disbursed

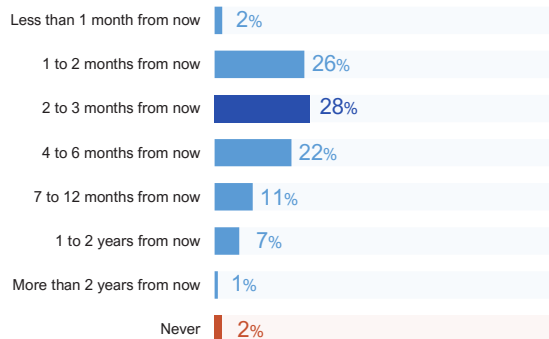


Plans to Apply for a Loan Through the Economic Injury Disaster Loan (EIDL) Program

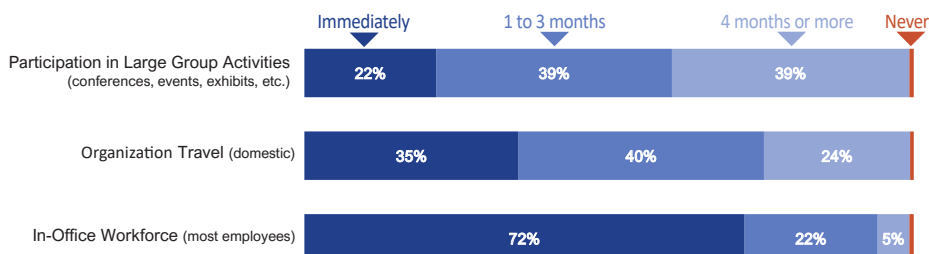


THE FUTURE

Expectations for a Return to Pre-COVID-19 Day-to-Day Operations Status



Expectations of When Organizations will Return to Pre-COVID-19 Operations Status Once "Stay-at-Home" Orders/Directives are Lifted



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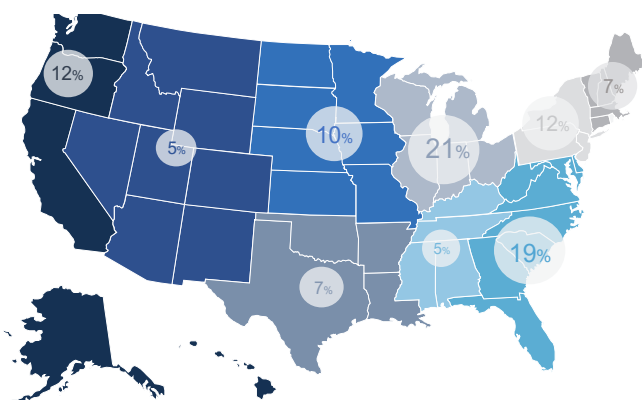
The Future:

The timeline has been pushed for when organizations expect the stay at home ban to be lifted and their daily operations will return to a pre-COVID-19 state. For the March 18 survey, respondents noted a general plan that things should return to normal by June 1. That envisioned date for normalcy is now targeted by most as sometime in late July.

The most positive findings from this survey are the expectations for how quickly organizations will return to their offices, traveling, and large group events and conferences. Nearly ¾ of companies plan to immediately return their workforce to the office once the ban is lifted (94% plan to return within 3 months). Company travel is expected to also quickly resume after the ban, with 75% reporting it will be resumed within 3 months. Though it may take longer for companies to adjust back to large group events and conferences, 22% reported they will immediately resume, and 39% more said they will resume large group events within 3 months.

PROFILE

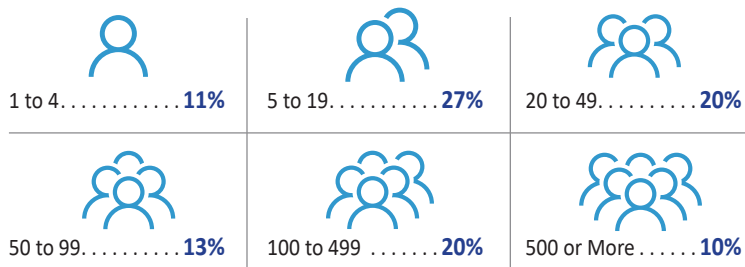
Respondents by Region



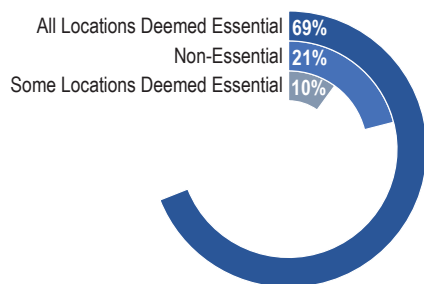
Respondents by Organization Type

	Manufacturer	29%
	Distributor	28%
	Retailer/Dealer	15%
	Service Provider to Organizations	22%
	Service Provider to Individuals	12%
	University/Academic	4%
	Other	13%

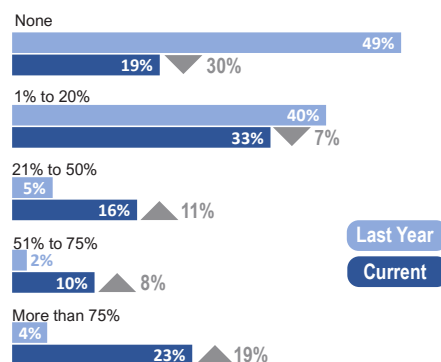
Number of Employees



Respondents by Jurisdiction Classification



Portion of Employees Working Remotely



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About Industry Insights, Inc:

Industry Insights is a research and data analytics firm that has been serving the research needs of trade and professional associations, dealer organizations and other affiliated groups since 1980. The firm specializes in providing high-quality research services that assist such organizations in better fulfilling the informational and educational needs of their members.

As a group of CPAs, Statisticians, and IT professionals with decades of experience in providing survey research solutions for trade and professional associations, Industry Insights excels in defining methods and tools that provide relevant and user-friendly information for each client. Industry Insights serves as an objective third party and ensures the confidentiality of respondents' data. Industry Insights welcomes questions about this survey. We may also be able to put you in touch with client contacts who could more specifically provide details and context regarding their members' strategies.

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EXECUTIVE SUMMARY

MHEDA Member Feedback for Open-End Questions.

Question: Please share any comments about the coronavirus' impact on your operations:

- 50% of the business went into a "pause" mode.
- All the typical - New Lift Truck Sales, Accounts Receivable, Several Customers closed
- Child care at home has been a problem for some employees.
- Every day provides a different answer to the question. The unknown will be the recovery curve.
- Implemented 25% across the board salary decrease for all salary and hourly employees. We are planning for an average 50% to 75% decrease in sales for the months of April through June.
- Increased rental business, new equipment sales and used are on hold.
- Longer lead times for parts
- Most of our clients (and others) sought out our services initially; while our conversations with them continue to a lesser degree, they are focused on their fears and have not begun to think about how they will be coming out of this shut-down. We suspect most will survive and come out of this, few will have taken the steps needed to give themselves a boost.
- OEM business is down. Aftermarket business is up.
- other than a major distraction, inconvenience, and paranoia generating event that was totally mishandled by the State Governors, the business is active and no stoppages. no layoff yet, and we are going week to week with planning updates. the unprecedented level of stress, generated by this bumbling group of Governors that waited too long to react, is staggering.
- Our salesmen are only able to visit about 10% of our customers right now. Our installations have been largely postponed.
- Overall it has increased our employee to employee and employ to customer communication. Definitely, reduced travel budget.
- Parts and product delays
- Reduced work hours and managers have been forced to take salary reductions.
- Road repair business affected the most. One location required 30% tech reduction. Parts availability from one vendor affected due to their warehousing partner has had to close twice due to virus at the warehouse. Lead and quote generation down substantially. Orders expected to be slow on lift trucks this month.
- Suppliers have shut down, customers have shut down.
- The major impact is cash flow. Companies have shut down that are not essential and there is nobody to call to get a payment. All other companies seem to be taking advantage of the opportunity to slow payments. Profits can and should be managed to the volume of business that comes in. We have no plans to terminate any technicians other than for normal performance issues. They are just too hard to get. We are actually getting ready to start a search to see what technicians have become available.
- Toughest challenge is fear of employees. We are spread out, but because of our older workforce, many have underlying issues or spouses with underlying issues. People are scared.



- Very minor supply chain issues. Nothing significant,
- We are finding it difficult to find the sanitary and sterilization PPE to keep up with demand and keep our employees and customers safe.
- We are operating fairly normally at this time, but a handful of employees have taken leave under FFCRA, which is hindering our ability to produce. Our employees are scared and perceive the workplace as being a major exposure threat in spite of many safety precautions we have taken. Our biggest concern is how employees will react if/when we have our first confirmed case and the impact of that on our ability to produce.
- We are seeing a quiet customer base other than other essential services who require our services.
- We'd had a bit more absenteeism, and restricted any employees with fevers or other Covid-19 symptoms from coming into the plant until they have been cleared by a doctor. We have had delays on imported parts from China... but we had planned for a portion of this prior to the Lunar New Year (because of Lunar New Year, not Corona virus), so our immediate term impact is limited, and beginning to look as if near term impact will only be slight.
- While necessary to reduce the overall infection rate, and thus the fatality rate, the "shutdown" ordered by government will destroy more lives in the long run by bankrupting companies, causing job loss and related problems affecting far more people than would have died otherwise.

Question: Other new action your organization has put in place due to the coronavirus?

- Created an Employee Emergency Relief Fund.
- Taking time during the day to read great works, work in our garden and ride our motorcycles.
- Road technicians and sales personnel are not allowed in the building.
- Take Temps of all on-site employees in morning.
- We have implemented many other policies to reduce exposure risk.

Question: Please share any additional comments or information about your company's action steps or plans related to the coronavirus:

- Weekly employee updates in the form of a letter sent out via email.
- We are recommending, not mandating, employees where masks. We will take employees temperatures when they report to work when the thermometers arrive that we purchased.
- Keeping all employees informed and secure about what is going on.
- We already do some virtual remote work with our clients - we will be investing in more tools and will do a lot more of our work remotely.
- There will be no "normal pre Covid19 levels" of any part of life and business for at least a year. People will be gun shy everywhere. With the worst of it next November when cold and flu season kick in. There are a significant portion of our society that think this is the end of the world scenario, because the news media have slammed us with statistics and wrong ones at that.
- While we don't have a "disaster recovery plan", we are still actively looking for cost saving measures that could be implemented quickly.
- Made sure that all of our employee-owners have the tools and capabilities to keep up with the customer and each other. We also have a company wide conference call every week to make sure we know what our folks and customers are doing. Managers are visiting with their reports on a weekly basis as well.



- All managers took a 20% payout. No bonus payments to be paid until back to normal. No expenses other than critical to operate. All excess vehicles returned and sold. Set up fully enclosed area for road technicians to pick up parts, get uniforms and use the rest room. No contact with office or shop personnel. Spread our leadership team to multiple locations based on proximity of where they live.
- We either obtain PPP loan or we will have to furlough folks. Crossing our fingers for the \$\$.
- We are considering Hazardous Pay for our field technicians.
- This is still very early in what is known about this deadly virus and many questions remain unanswered. Will there be a 3rd round (if this is actually the 2nd already)? What

percentage will we discover have already been exposed, who can completely return to a life similar to before the virus? Will others need to continue to protect themselves aggressively prior to having a vaccine? How will that impact commerce and business operations, conventions, customer meetings, etc...?

- As a very small company -- now down to 8 people -- there is not a lot that we can do. People who can work from home (sales and admin) much of the time are doing so at their discretion. Warehouse and installation staff don't have that choice, though business is so depressed (down 85 - 90%) that they don't have to go to customer locations very often at the moment.

Thank you to every MHEDA member who participated in this survey.