



Midwest Manufacturers' Association

STATE OF MANUFACTURING DURING COVID-19

CONFIDENTIAL DOCUMENT | A DIEDRICH RPM STUDY

FORWARD

DEAR READER,

MMA, TSMA, CMMA and AMFA all partnered with Diedrich RPM (who provided this research pro-bono) to develop and deploy a survey targeting our manufacturing members and non-members to understand how Covid-19 is impacting your businesses. We continue to stay committed to providing the ongoing support needed to maintain the vitality of our manufacturing communities. We learned that many of you are challenged with lowered capacity and disruption to your business, and while navigating our new normal some of you have implemented new ideas and processes that we think are important to share.

Here are a few quotes and requests from those who participated:

- “Please provide a synopsis of this study on what other companies are doing”
- “The AMFA office staff has been very helpful in keeping us informed this also goes for CMMA and Tri-State for the webinar series – very helpful”
- “It’s a benefit to know that you are not alone”
- “Share best practices shared by others”
- “Provide up to date information on DEED, provide access to one source for nationwide updates”
- “Keep doing what you are doing! Keep the webinars going!”
- “Possibly provide a list of employers willing to job share”

We are working on some of these requests and looking at ways we can provide connections to members from a financial perspective. Please let us know if you have any other ideas you would like to share. Your feedback is welcome!

Sincerely,

Sandy Kashmark, Executive Director

Midwest Manufacturers' Association
Arrowhead Manufacturers & Fabricators Association
Central Minnesota Manufacturers Association
Tri-State Manufacturers' Association
800-654-5773



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RESPONDENT PROFILE

WHO PARTICIPATED?

- ✓ **82 samples** were completed between April 28 – June 7, 2020
- ✓ Each respondent was pre-screened to be employed by a **manufacturer**
- ✓ Approximately **68%** of respondents identified as **Male**
- ✓ Almost half (**45%**) of respondents are **over the age of 55**
- ✓ **72%** estimated employee size of **100 or less**. An additional **16%** selected **more than 200 employees**
- ✓ Nearly **70%** of participating manufacturers **have open positions to fill**, of which about half still plan to resume hiring after the COVID-19 pandemic

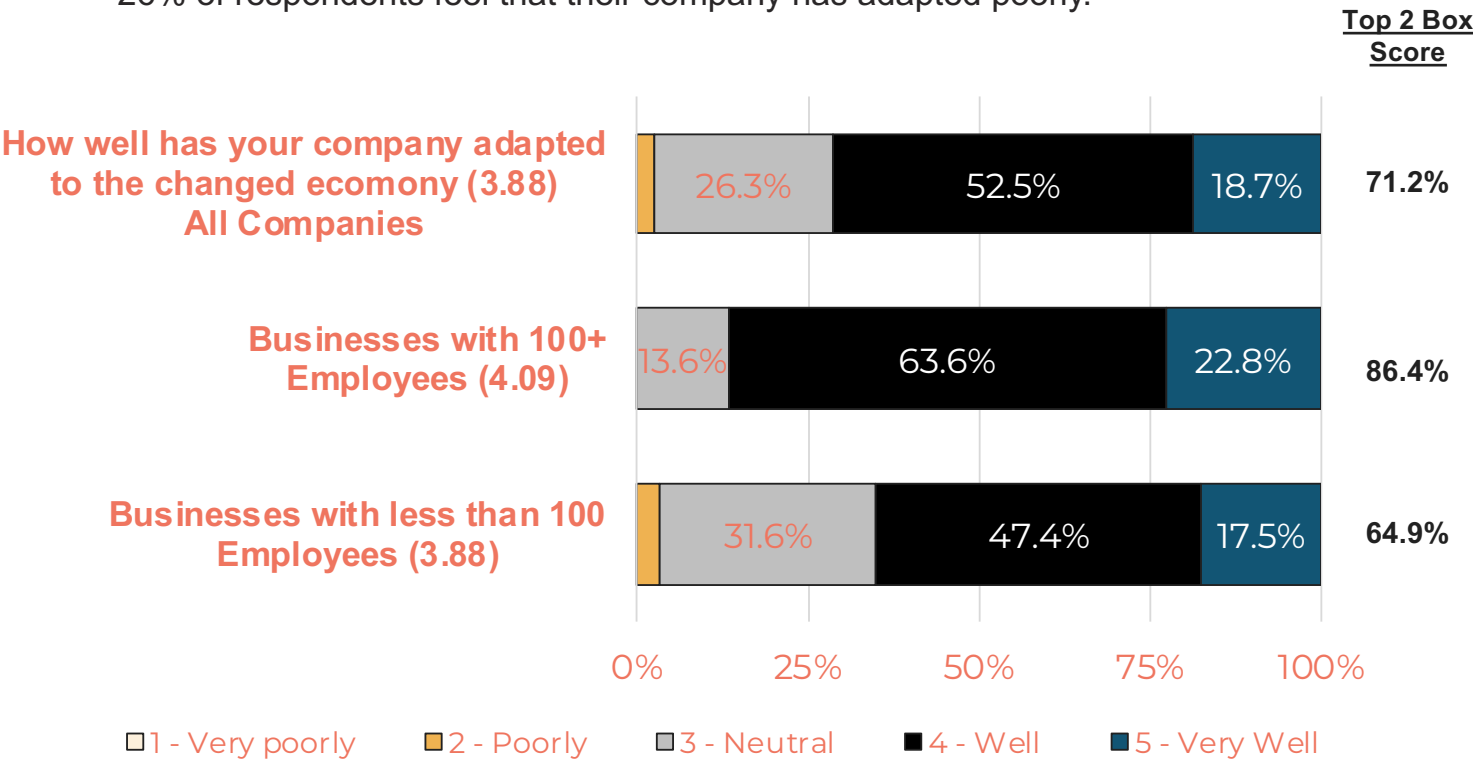




SURVEY RESULTS

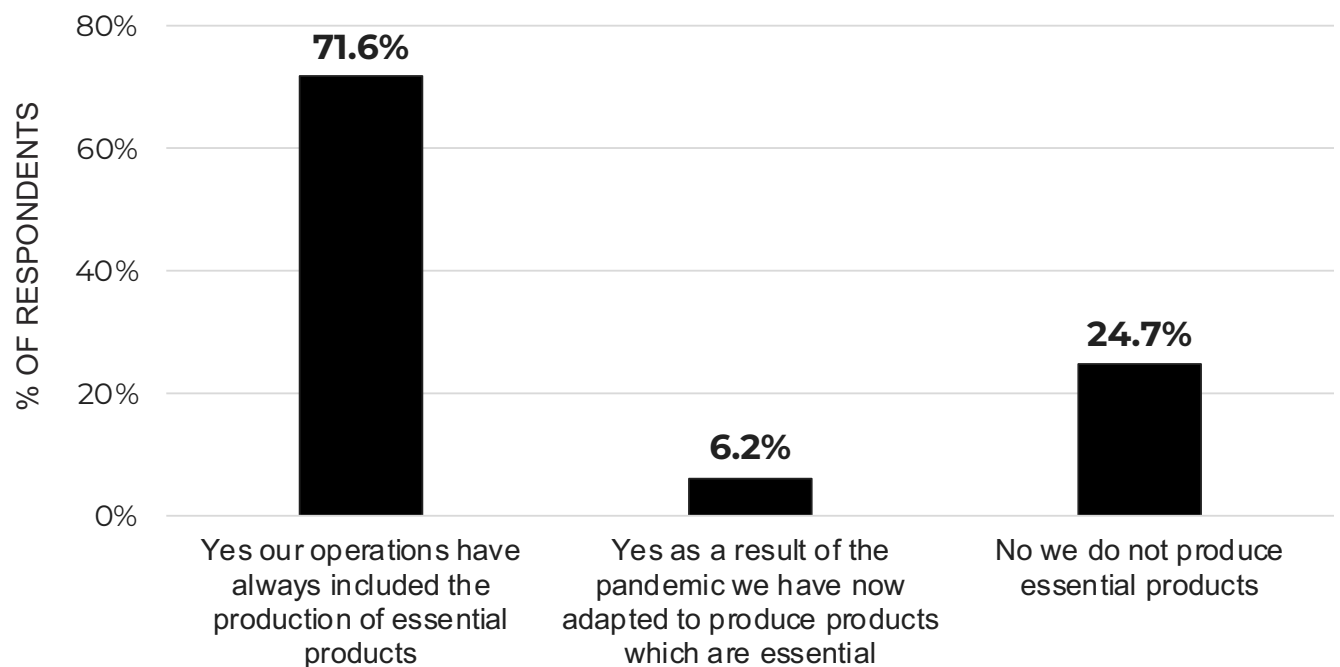
Over 70% of respondents think that their company has adapted well to the changed economy.

26% of respondents feel that their company has adapted poorly.



SURVEY RESULTS

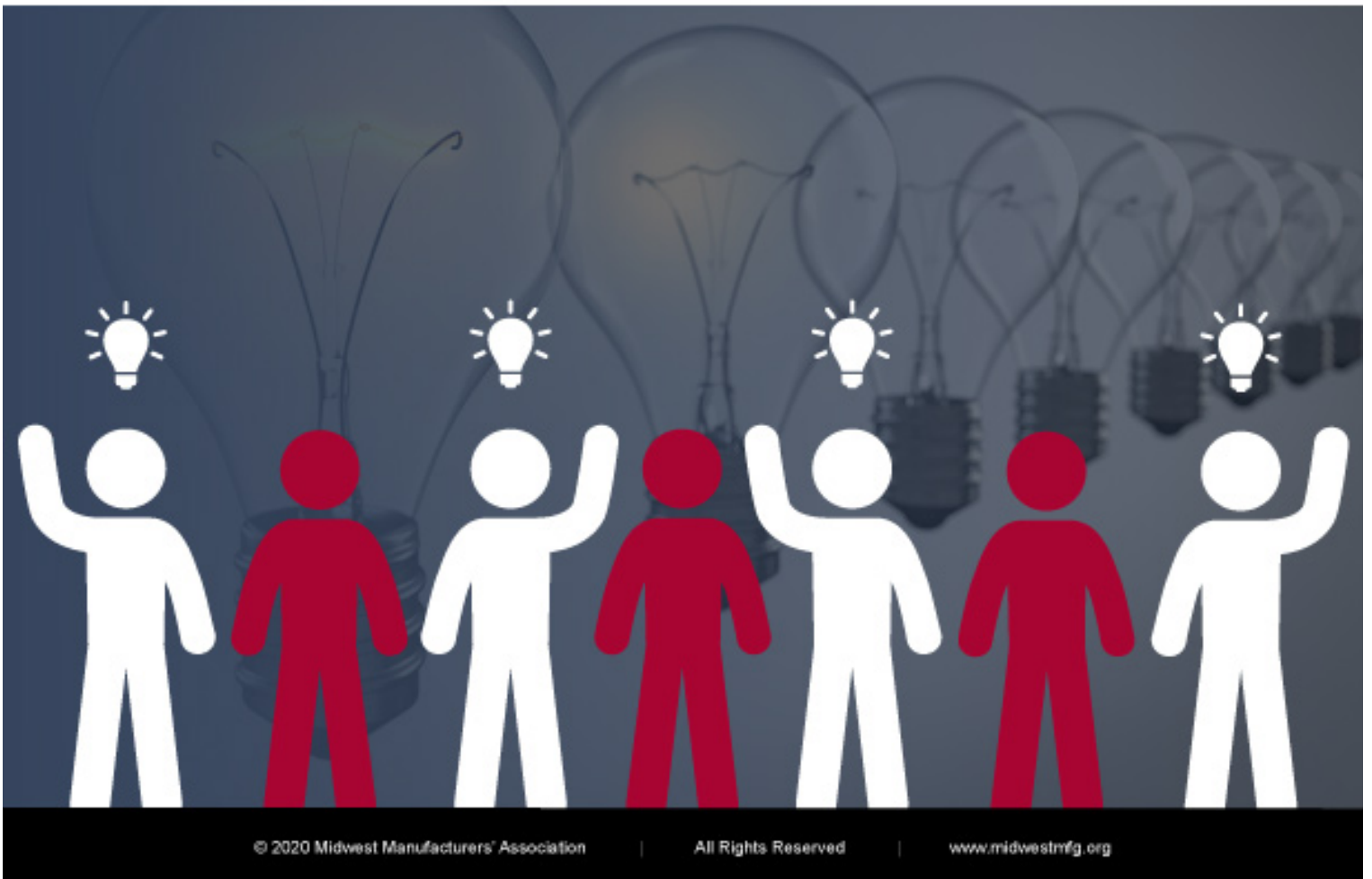
Over 70% stated that they have always produced essential products. Only 6.2% of respondents have changed what they now produce.



SURVEY RESULTS

WHAT ARE SOME NEW PROCESSES/INNOVATIONS AS A RESULT OF COVID-19?

- Added new suppliers because of lack of availability for parts (China and the West Coast being too slow)
- Cross Training, split shifts, online sales
- Developed a new product for accurately and safely dispensing disinfectant
- Added new customer labels
- Warehousing more materials for later use
- New components and expanding revenue stream from existing tooling (rapid tooling of certain components)



SURVEY RESULTS – OPEN ENDED RESPONSES

Job Sharing Partnerships?

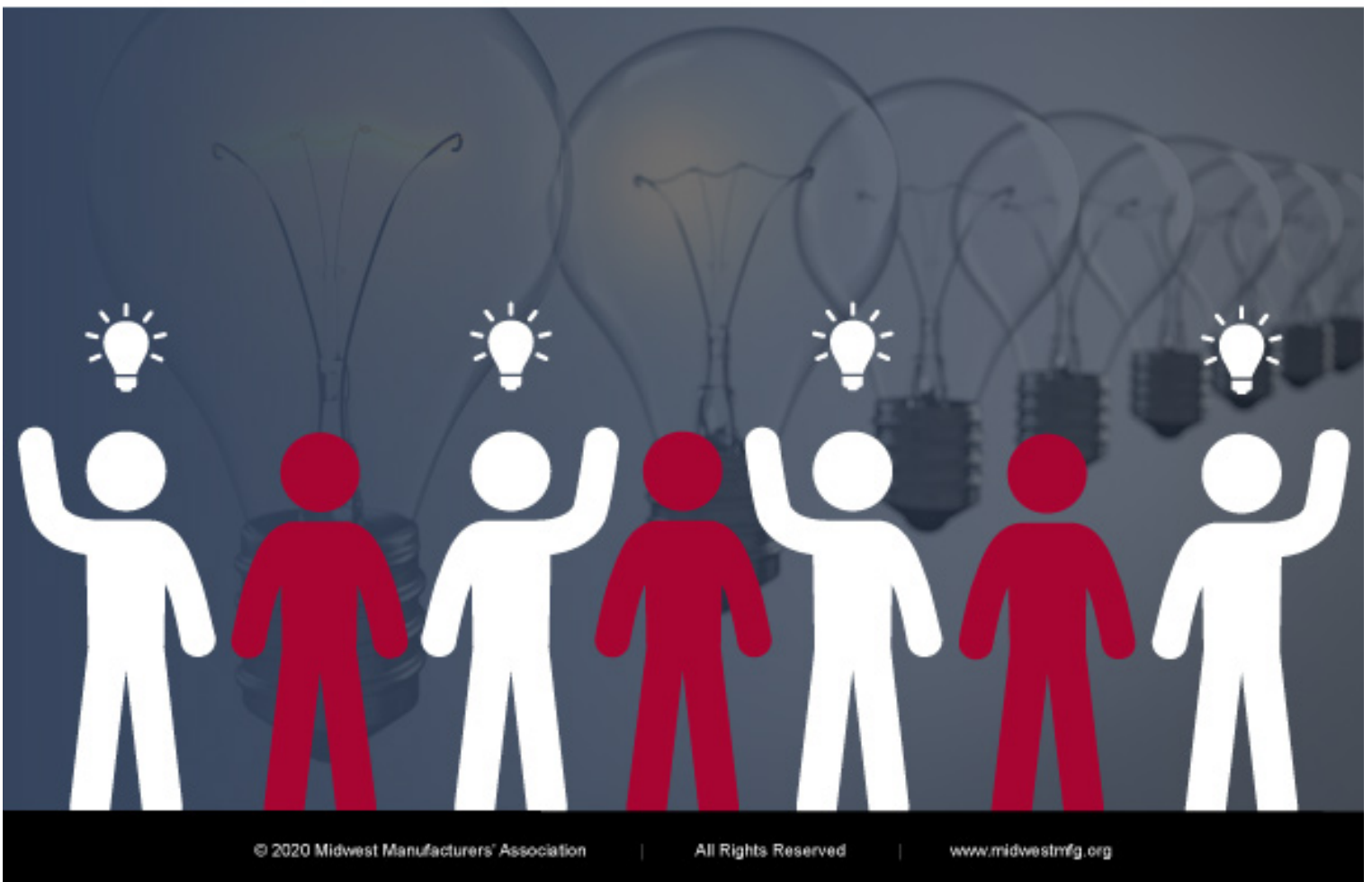
- Most said no, but some respondents said that they had job sharing prior to Covid and/or will pursue post Covid.

Supply Chain Disruptions?

- Payment delays (60 – 90 days)
- More suppliers within the US and Canada in terms of supplier sourcing
- Longer lead times are needed

What are you doing differently?

- Social distancing, more sanitization practices
- Some more work from home latitude for certain front office functions
- Change of shifts and change in how meetings are conducted
- Extended lead times to receive products from vendors
- In the future we will look into strategic customer selection – so we are more insulated from a particular industry failure, e.g., construction, mining and oil

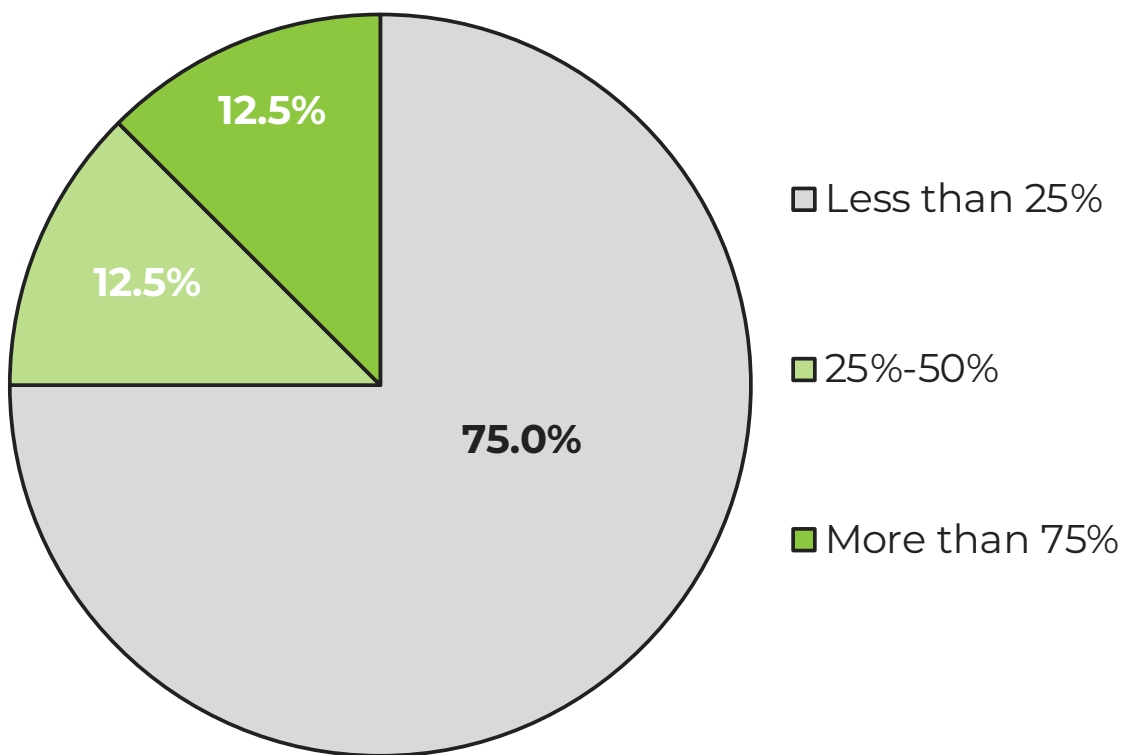


SURVEY RESULTS

75% stated that less than 25% of their current workforce is working remotely as a result of the COVID-19 pandemic.

The other 25% have shifted their workforce to working remotely.

What % Of Employees Are Working Remotely?



SURVEY RESULTS

WHAT ARE SOME NEW SANITATION POLICY CHANGES?

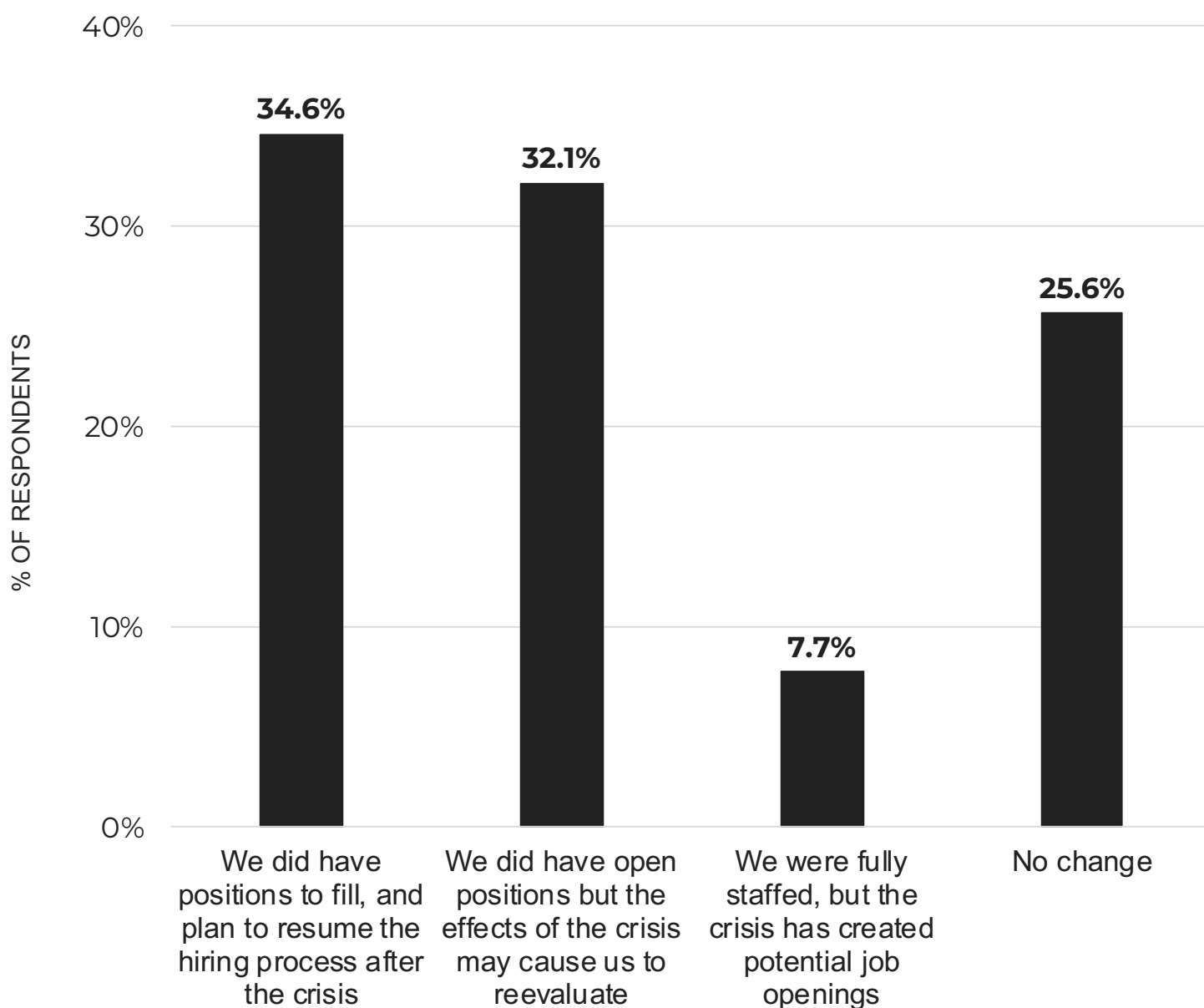
- Social distancing, more sanitization practices
- Some more work from home latitude for certain front office functions
- Change of shifts and change in how meetings are conducted
- Extended lead times to receive products from vendors
- UV lights
- Hand and surface sanitation
- Increased janitorial cleaning costs
- No sales and service travel
- Employees are more self aware
- Staggered breaks
- Costs have increased (one example was \$10K per quarter)
- We do things electronically now instead of using paper
- Purchased online sprayers to disinfect lunch-rooms and other common areas



SURVEY RESULTS

34% of respondents plan to resume the hiring process after the crisis. 32% may re-evaluate their open positions.

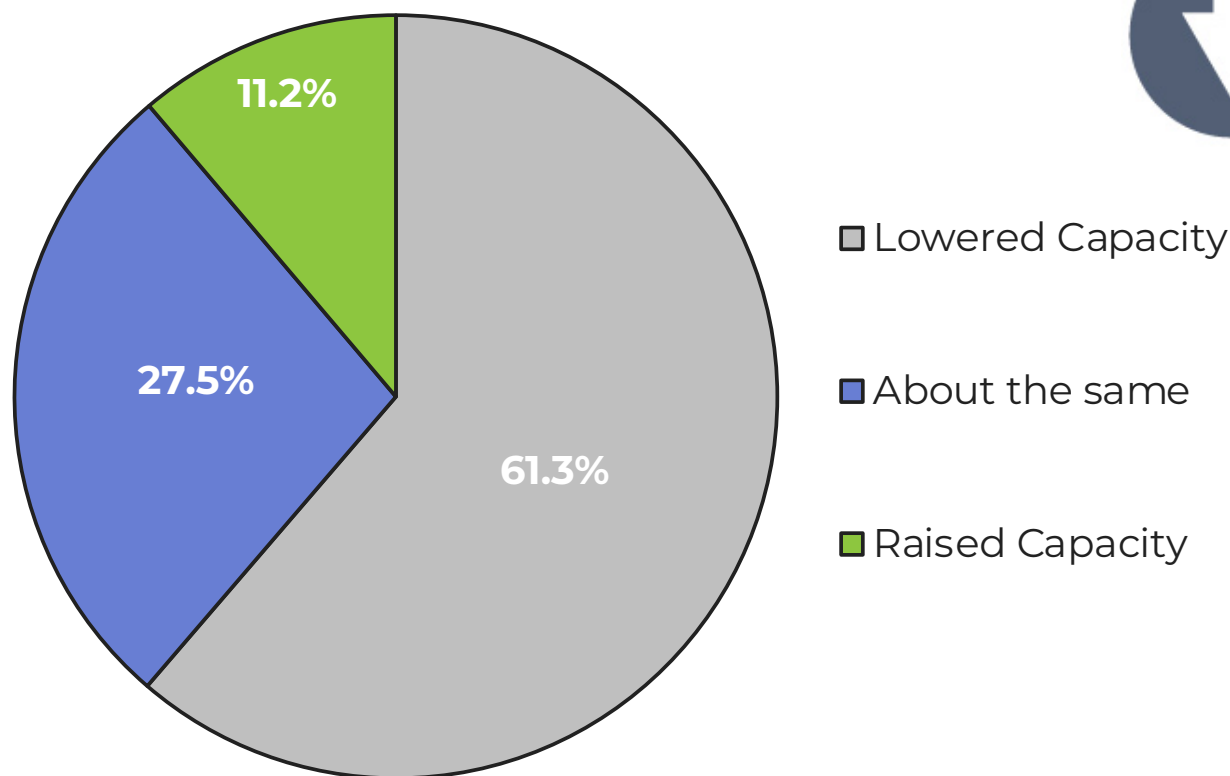
Nearly 26% have no change. Only 4.8% have said this crisis has created potential job openings.



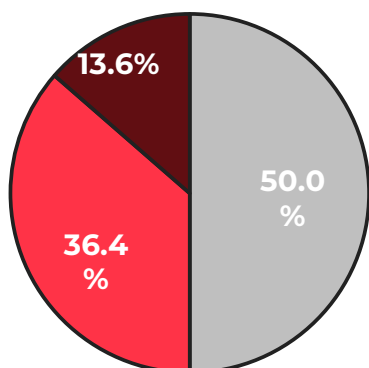
SURVEY RESULTS

Over 60% of participants said that their operating capacity has been negatively affected by the COVID-19 pandemic.

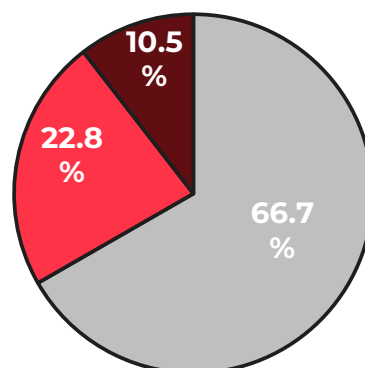
How Has Operating Capacity Been Affected?



100+ Employee Companies $n=29$

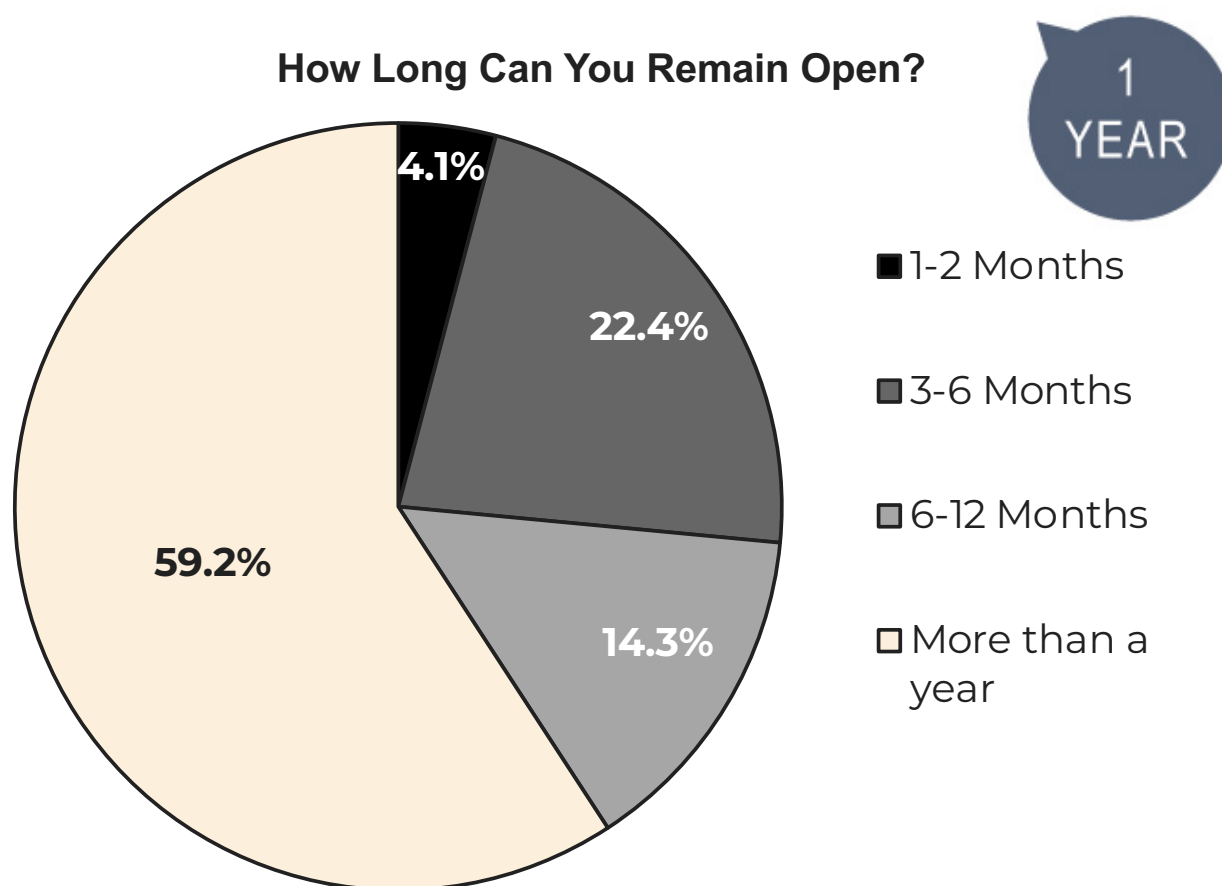


Less than 100 Employee Companies $n=50$

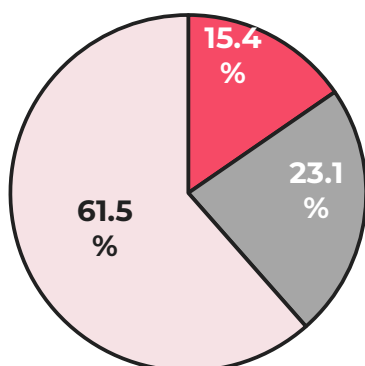


SURVEY RESULTS

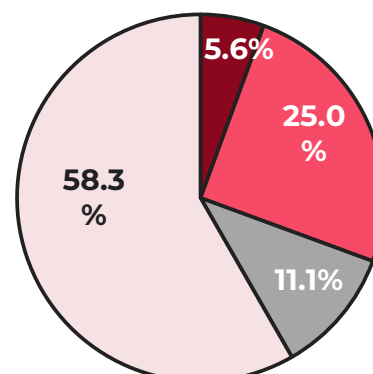
60% of businesses have a lowered operating compacity, and 59% of those affected have the financial strength to remain open for more than a year.



100+ Employee Companies *n=13*



Less than 100 Employee Companies *n=36*



SURVEY RESULTS

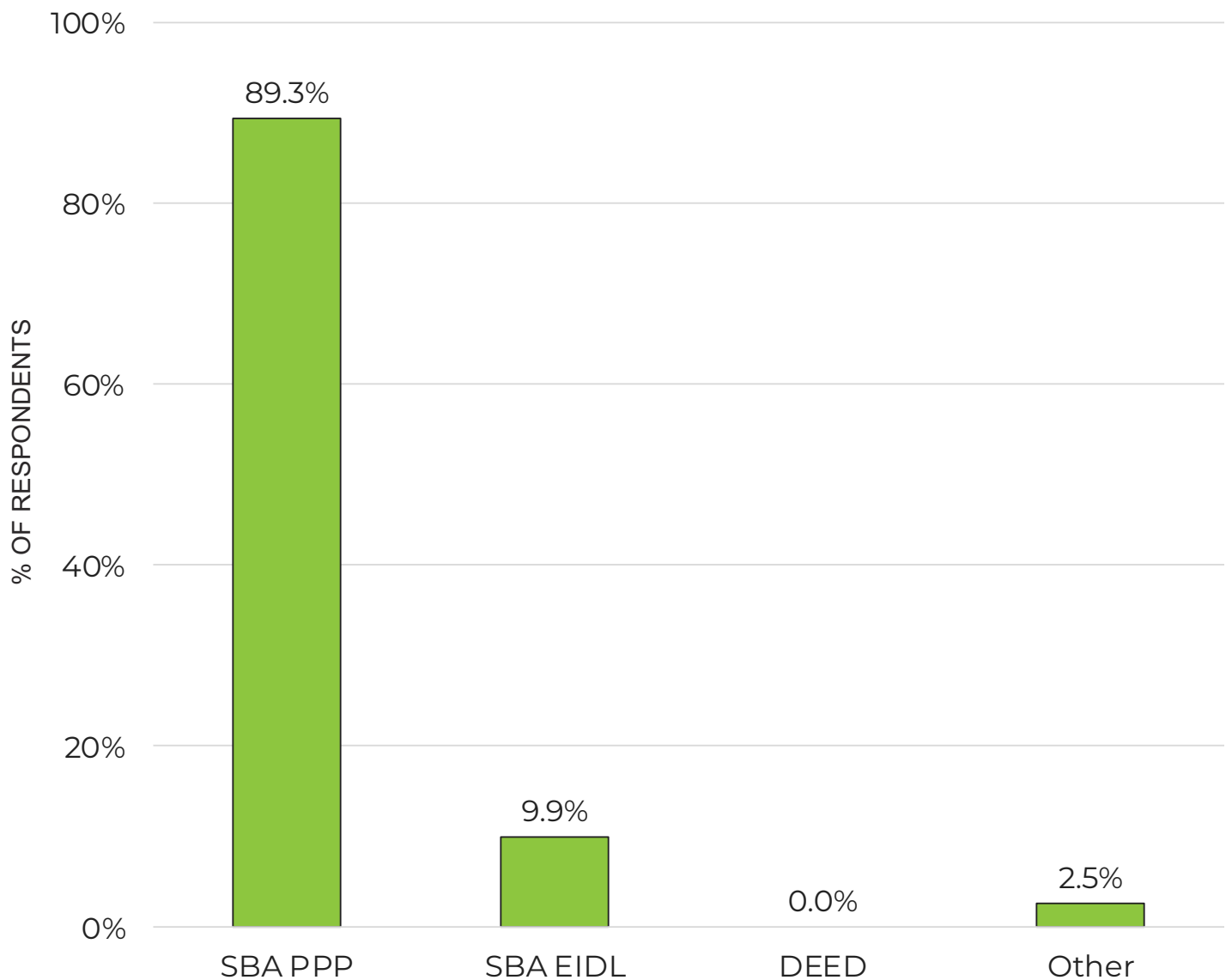
WHAT ARE SOME NEW TRUCK DRIVING POLICIES YOU HAVE DEVELOPED AND ADAPTED AS A RESULT OF THE PANDEMIC?

- Contactless deliveries and pick up
- Dedicated bathrooms and entrance areas for truck driver deliveries
- Leave paperwork at the door and remain in their trucks while loading
- No on-site visitors allowed
- Drop at the door and signal outside for assistance
- Shipping paperwork is being signed and completed outside of the building
- Daily deliveries such as ups & fed ex. A roped-off drop off area is now used; access is limited to a few feet from a single entrance
- Switched to only one receiving area for all shipments and no truck shipment drivers allowed in building.



SURVEY RESULTS

OVER 85% OF RESPONDENTS HAVE APPLIED FOR THE SBA PPP PROGRAM FUNDING.

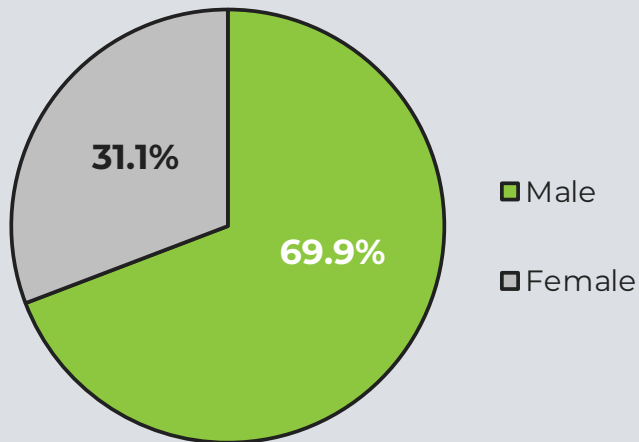


FINAL COMMENTS

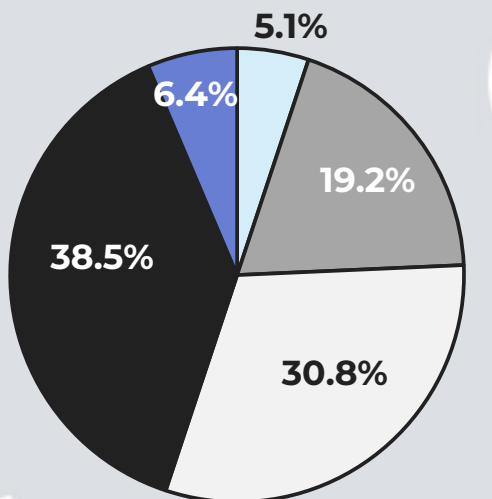
- Sales are very slow, concerned about our survival
- Stay safe and be smart
- We will get through this and become stronger in the end. We will be doing all we can to support our local economy and small businesses
- The shut down has become more about politics than public safety (several strong comments on this)
- “Actually, the biggest difference is I'm now thinking about retiring. I just don't like to see the government pretending to have the authority to dictate if businesses are allowed to be open and operated, or closed and totally screwed. Our government entities and politicians are expanding their traditional arenas and their incompetency infects....the future doesn't look exciting. May be time to cash-in and fold-up. Minnesota has proven to be not a very good place for businesses and business owners to operate out in.”
- “I think the shutdown was a huge, harmful and unnecessary overstep and to cover up for this sad reality the start-up is also going to be a bad contrivance that exacerbates the damage. That felt good to say!”

DEMOGRAPHICS

Gender

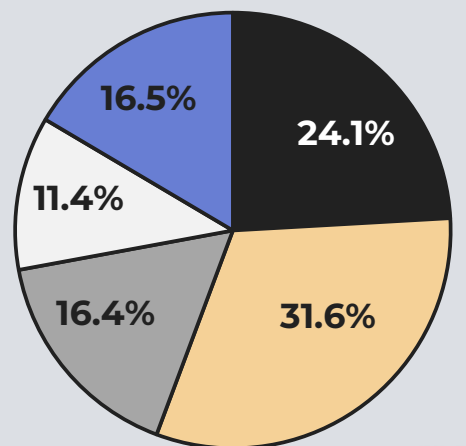


Age Range



■ 18-24 □ 25-34 □ 35-44
□ 45-54 ■ 55-64 ■ 65+

Employee Size



■ Less than 20 ■ 20-50
■ 51-100 □ 101-200
■ More than 200

CONCLUSION

Dear Readers:

Thank you for reviewing this white paper. I hope you found the information insightful as to how COVID-19 is impacting manufacturers in the region. Manufacturers – we hope you can leverage some of the best practices that were shared.

Each association involved in this study – AMFA, CMMA and TSMA - is committed to supporting the manufacturing community. We will continue to advocate for you, share best practices, and develop resources. Perhaps most important of all, we will continue to provide a network of peers facing similar challenges and remind you that you are not alone.

The association office will submit excerpts of this white paper in a news release in the coming days. We plan to share the data with legislators, economic development professionals, and others that are invested in the success of manufacturers.

Call or email the association office or any current board member if you have questions or ideas you would like to share. We'd love to hear from you. We are in this together.



Stay safe,

Sandy Kashmark, Executive Director

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THANK YOU!

Associations affiliated with MMA



AMFA-MN-WI.org

Northeast MN and Northwest WI



CMMMAWorks.org

Central Minnesota



TSMA.org

West Central MN
and Eastern ND & SD