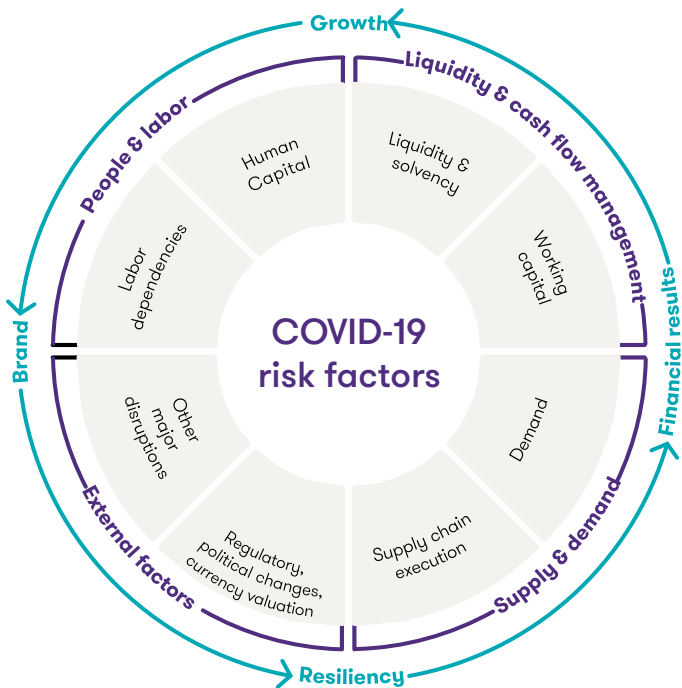


Navigating the impact of COVID-19 on transportation & logistics

The transportation and logistics industry plays a critical role in helping overcome the pandemic.

Warehouse management, distribution and third party logistics can save lives during this fast-moving scenario. It's that simple. The transportation and logistics industry must marshal its forces and leverage all of its product-moving networks to ensure the healthcare infrastructure in the U.S. has the equipment and resources when and where it needs it – around the clock.



Resiliency starts with a commitment to identify and mitigate risk factors that can further disrupt your business

Top 8 immediate impacts

The most pressing issues disrupting the industry are challenging its ability to effectively manage vital network services:

- Workforce health and safety
- Liquidity and cash management
- Global and domestic capacity
- Disruption to supply chain (demand drop or surges in activity)
- Delays and contractual risk
- Government regulations and legislation
- Obstacles with automation and technology
- Logistical challenges (nonessential business closures, long haul shipments, etc.)

Looking at future impact & opportunities

As the COVID-19 pandemic moves through its stages with rippling effects to every aspect of society it will cause potential longer-term implications that need to be addressed.

Liquidity & Cash Flow Management

What financial impact will the pandemic have on your company? The need to collect data in real-time and document support for costs is critical:

- Limiting risk and exposure from vendors and customers by establishing tight credit limits and aggressive collection efforts on all outstanding balances.
- Securing and maintaining funding sources quickly (CARE/HHS, FEMA, insurance, etc.).
- Establishing a financial operating plan that provides a path toward solid financial footing and support from banks, rating agencies, etc.
- Exploring acquisitions to broaden service offerings, expand the customer base and extend geographical reach.

Supply & Demand

Applying new learnings from COVID-19 will change expectations in the transportation and logistics industry:

- Reviewing your supply chain risk management governance framework and linking underlying processes and key triggers to ensure your business is aligned with your continuity plan.
- Building a case for a sustainable business strategy by leveraging internal and external data to help you evaluate supply chain risks.
- Understanding deeply the supply chain risk management and resiliency capabilities of vendors, customers and other providers.

People & Labor

The experience of COVID-19 will likely be a defining moment for the transportation and logistics industry and its HR functions. This creates an opportunity for organizations and their people:

- Keeping your drivers and employees safe creates challenges for leadership but also provides an opportunity to implement new health and safety protocols.
- Communicating critical messages with drivers, staff, suppliers, customers and business partners may provide the opportunity for the deployment of automation and new technologies.
- Flexing and shifting drivers and personnel, while still meeting government regulations, could provide new ways of imagining workforce management.
- Working remotely changes how people see what lessons can be learned and provides a basis to re-evaluate workforce functions.

What the transportation & logistics industry should consider now

Immediate

- Identify all available avenues for improving cash flow, reducing costs and streamlining operations.
- Protect the safety and well-being of employees.
- Understand potential supply chain disruptions.
- Stay current on evolving legislation and government regulations.
- Focus on recovery funding assistance.
- Track and document support for recovery funding.

Long term

- Preserve and manage cash flow.
- Ensure clear communications with all employees, service providers, vendors and clients.
- Implement sustainable supply chain processes.
- Develop detailed plans to meet supply and demand surge as businesses return to scale.
- Document lessons learned.

We are here to help

Grant Thornton serves clients in all transportation sectors including trucking, air passenger, air freight, maritime, rail and logistics. We provide industry clients with transportation industry-specific audit, tax and advisory services.

Transportation and Logistics team



Jeff French

National Managing Partner
Consumer and Industrial Products
T +1 920 968 6710
E jeff.french@us.gt.com



Randolph Smith

Partner, Transportation, Logistics,
Warehousing and Distribution Leader
T +1 704 632 6784
E randolph.smith@us.gt.com



Russell Norris

Partner, Transportation
& Logistics Sector Leader
T +1 704 632 6897
E russell.norris@us.gt.com



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