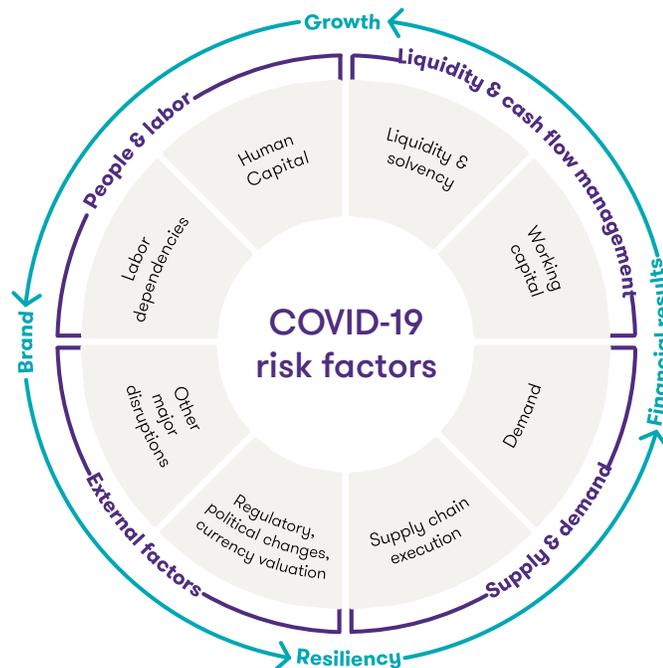


Navigating the impact of COVID-19 on manufacturing

Manufacturing is playing a vital role in the effort to overcome COVID-19.

While manufacturers are managing disruptions to their business, and anticipating financial and operational implications, the industry is keenly focused on producing the crucial products we need to overcome the COVID-19 challenges.



Top immediate impacts

The most pressing issues disrupting the industry are challenging manufacturers ability to pursue their mission, and require immediate action:

- Workforce safety
- Liquidity and cash management
- Understanding the impact of the stimulus package
- Adapting operations and the ability to re-deploy capacity
- Disruption to supply chain
- Managing risk
- Government regulations and legislation
- Production and delivery contracts
- Changes in the cost of business

Looking at future impact & opportunities

Manufacturing is a driver of U.S. economic prosperity and many jobs depend on it. With a volatile economic market it can especially be difficult to consider potential longer-term implications of COVID-19.

Liquidity & Cash Flow Management

What financial impact will the pandemic have on your company? The need to collect data in real-time and document key cost drivers is critical.

- Some manufacturers will be weakened and may seek mergers, acquisitions or joint ventures for new sources of capital.
- The speed to securing and maintaining funding sources is integral (CARE/HHS, FEMA, insurance, etc.).
- The ability to pivot and have a financial operating plan that provides a path toward solid financial footing and support from banks, rating agencies, etc. will be a top priority.

Supply & Demand

Applying new learnings from COVID-19 and changed expectations will re-shape manufacturing operations.

- Review your supply chain risk management governance framework and link underlying processes and key triggers to ensure your business is aligned with your continuity plan.
- Leverage internal and external data in order to build or update quantitative models to help you evaluate supply chain risks and options.
- Better understand the supply chain risk management and resiliency capabilities of suppliers, contract manufacturers and other providers.

People & Labor

The experience of COVID-19 will likely be a defining moment for manufacturers and their HR functions, revealing new opportunities for both the company and its people.

- The stress of keeping your workers safe presents challenges for leadership but also provides options to implement new health and safety protocols. The key drivers remain in understanding regulations and identifying the effective procedures.
- The need to communicate critical messages with staff, suppliers, contractors, customers and business partners may provide paths for the deployment of new technologies.
- The ability to flex and shift personnel could provide a new way of imagining workforce management.
- Remote working provides new insights into evaluating functions and enhancing engagement with the workforce.

What the manufacturing 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 how you can execute safe production
- Understand potential supply chain disruptions and risks
- Stay up to date on current legislation and government regulations which can differ for each production facility
- Focus on recovery funding assistance
- Track and document support for recovery funding

Long term

- Preserve and manage cash flow. Set the framework for a strong balance sheet.
- Ensure clear communications with all employees, service providers, suppliers and clients
- Develop a detailed plan to return the business to scale – balancing supply and demand
- Evaluate lessons learned and chart a course to manage risks

We are here to help

Grant Thornton has served manufacturers since we were founded. Leveraging deep experience in manufacturing business cycles across a wide range of sectors, we deliver pragmatic, innovative and transformative solutions to meet our clients challenges and position them for success.

Manufacturing team



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