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Greater Philadelphia Manufacturing Pulse Survey Coronavirus Impact

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Introduction

Since Kreischer Miller conducted its annual Greater Philadelphia Manufacturing Survey two months ago, there has been a new development that has the potential to impact the manufacturing industry in our region – coronavirus. The coronavirus emerged in Asia and is now spreading around the globe, including to the U.S. The U.S Centers for Disease Control and Prevention have warned Americans to prepare for disruptions that include workplace shutdowns and school closings.

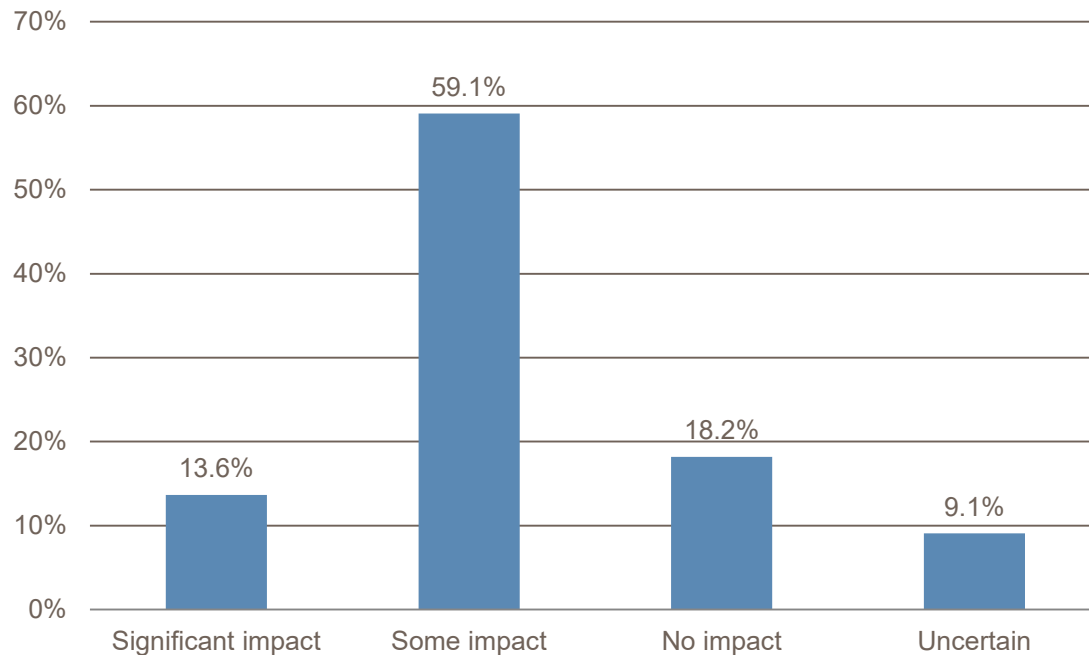
Last week, we asked manufacturers in our region for their take on these recent developments and the potential impact to their businesses. Some of the highlights identified from their responses are as follows:

- **Nearly 73 percent of respondents said the coronavirus will impact their supply chain.**
- **Nearly 64 percent said the virus will have an impact on sales.**
- **More than 63 percent said they have prepared or plan to prepare for higher employee absenteeism, a work stoppage, or other impacts to their operations.**
- **Just over 36 percent said they do not anticipate enough local impact to require a preparation plan.**

A number of the respondents indicated that they are in a “wait and see” mode, which is understandable considering that the news surrounding the coronavirus seems to change almost daily. It is difficult to estimate just how great the impact will be, or how long the effects will be felt.

The following pages contain the full results of our recent coronavirus Manufacturing Pulse survey.

How much impact do you anticipate the coronavirus will have on your *supply chain*?



Comments from respondents

“We expect some disruption on raw materials due to supply chain issues in Asia. We are also dependent on some finished goods from Germany.”

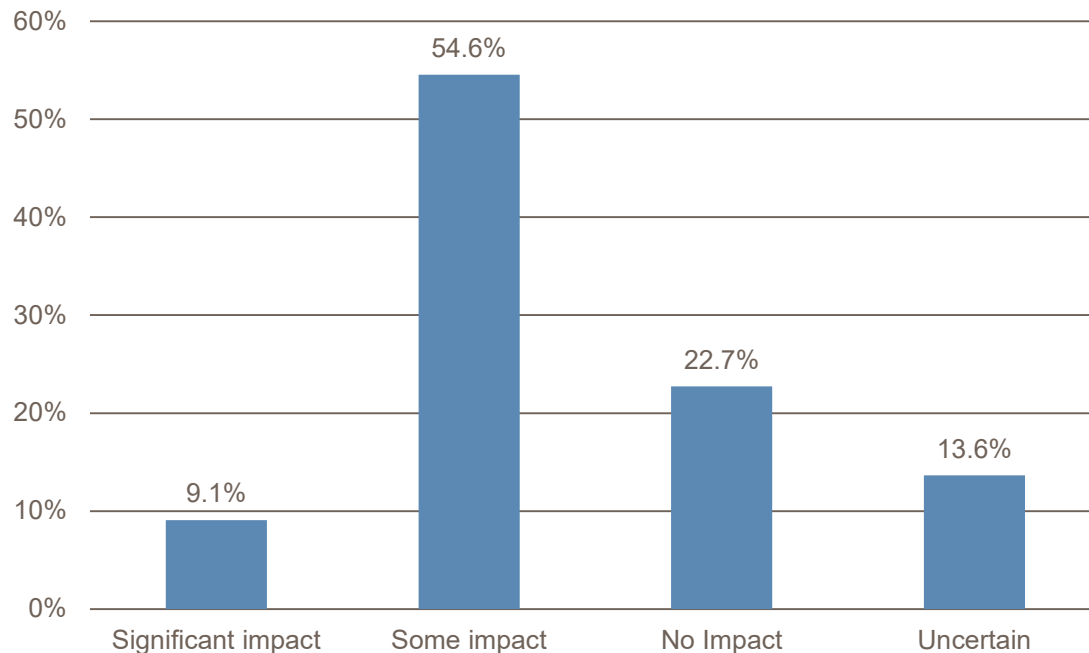
“We have asked our major vendors about their supply chains. Although they produce in the U.S., their feed stocks may be affected.”

“The majority of our suppliers are here in the U.S.”

“Supply from China and possibly South Korea delayed.”

“This could delay the production and supply of critical pharmaceutical ingredients coming from Asian manufacturers.”

How much impact do you anticipate the coronavirus will have on your sales?



Comments from respondents

“We are not sure currently what the impact will be. It all depends on how widespread it becomes in the U.S.”

“We see potential for lower general demand. However, there are some pharma applications that may see an increase.”

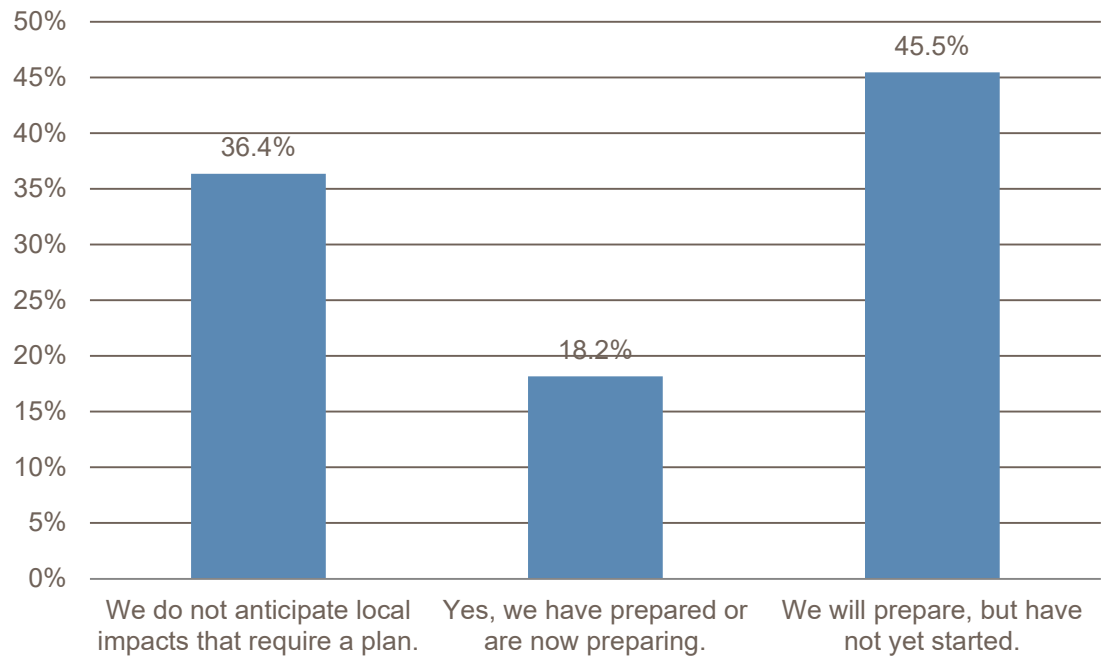
“The products we manufacture and sell are not likely to be severely impacted. There would have to be drastic economic deterioration to have an impact.”

“Increased sales; we make products that will assist in the fight against the virus.”

“Most of our customers are multi-national companies so their sales will be impacted, and so goes the domino effect.”

“Positive impact; our competitors are more China dependent than we are.”

Now that the virus has reached the U.S., have you or will you prepare for higher rates of absenteeism, a work stoppage, or other impacts?



Comments from respondents

“We are currently evaluating all information. We don’t want to overreact to what the media is reporting. We want to be prudent with our approach.”

“With the underlying message from many in the health field suggesting those not feeling well to stay home, a plan will need to be developed.”

“Given our locations, we do not expect there to be disruptions at this time.”

“We continue to monitor our workforce requirements daily.”

“We are on the cloud, so working from home is possible. Have not vetted home PCs.”



Do you have any other thoughts you'd like to share about the coronavirus as it relates to your business or regional manufacturing?

"I think people and businesses need to do as much research as possible. The more you know, the better you will be with making decisions. The annual flu outbreaks are more troubling in the bigger picture."

"I hope this is a wake-up call for manufacturing to return to the States."

"We plan to monitor this carefully. We may reduce business travel and participation at an upcoming trade show."

"All companies that are looking at their supply chain should consider the impacts of the virus on transportation/shipping and where they (or their sub-suppliers) get raw or intermediate materials. One may be able to manufacture, but if needed materials are not available or delayed..."

"We are concerned that the scare itself may delay sales from companies afraid to make decisions on purchases."

"I believe our Federal government should err on the side of caution and support state and local governments with the funds to minimize the effects caused by the virus."

"I have very little faith that our current government leaders are even taking this seriously. I hope they start."

Methodology

Kreischer Miller's Greater Philadelphia Manufacturing Pulse Survey on the impact of the coronavirus was conducted electronically from Thursday, February 27 to Monday, March 2, 2020.

The survey was sent to middle market manufacturers primarily in the Greater Philadelphia region, which includes most of southeastern Pennsylvania, southern New Jersey, and northern Delaware.

There were 22 total survey respondents.



Source: WelcometoPhila.com

For More Information

To learn more about these results, or to discuss your company's needs, please contact your Kreischer Miller professional or the authors below.

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About Kreischer Miller

Kreischer Miller is a leading independent accounting, tax, and advisory firm that serves the Greater Philadelphia and Lehigh Valley areas. We have built our firm to respond to the unique needs of private companies, helping them smoothly transition through growth phases, business cycles, and ownership changes. The companies we work with quickly adapt and respond to changing market opportunities and challenges. That's why our focus is on being responsive, decisive, and forward-thinking. We're up to the challenge – always looking at the road ahead, not in the rear-view mirror.

Our people are leaders in accounting and advising, and are passionate about helping companies achieve their goals.

Kreischer Miller's Manufacturing Industry Group

With a significant portion of our revenue derived from our clients in the manufacturing industry, Kreischer Miller is one of the leading accounting firms serving manufacturers in the Greater Philadelphia and Lehigh Valley areas. Our experience with a diverse range of organizations—from smaller, local manufacturers to large, Fortune 500 companies with national and international operations—gives us the background and depth to understand the challenges and opportunities that face the industry.

Kreischer Miller is also a member of Manufacturing CPAs, a nationwide network of independent accounting firms specializing in serving the manufacturing industry.