Managing Through the Crisis

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COVID – 19 Today

Unprecedented time in history, there is no playbook for what we are going through.

All auto OEMs have suspended production in North America, suppliers following.

Other industries with a few exceptions (medical) are also slowing down.

The economy has screeched to a halt throughout the country.

Tier 2 and 3 production facilities will begin to slow and close; Tool shops will likely not see an immediate effect, but a slow down 6 to 12 months from now.

Companies must put plans in place NOW for short term and the long term.
Leadership – Short, Medium and Long Term
Communication is the Highest Priority
Leadership & Management

Short Term (within 2 weeks)

1. Manage and Conserve Cash
   - Understand Cash Position / Availability
   - Make the Hard Decisions
   - Cost Containment

2. Implement Appropriate COVID-19 Procedures

3. Evaluate and Consider Plant Closings/Slow Downs
   - Align with Customer
   - Flexible and Creative
Leadership & Management

Medium Term (2 - 6 weeks)

1. Meet with the Bank: They will help you now, but maybe not later?
2. Develop scenario plans to consistently stress test the business
3. Get creative with labor management
4. Develop a plan for when your plant has a confirmed COVID-19 case

Loans
- Pay off High Interest Debt
- Look at Insurance Policies

Develop 3 Plans
- Best, Worse, Likely

Unorthodox Methods
- Stager Shifts
- Work from Home
Leadership and Management

01 Scenario plan timing for ramp up
- Update and solidify scenario plans
- Maintain Best Case, Worse Case and Likely Case Plans

02 Develop a plan to ramp up facilities
- Align with customers and suppliers
- Strategic about ramp-up team

03 Continue planning purposefully
- Start looking longer term
- Don’t stop selling

04 Plan for continued cash flow & availability
- Strengthen balance sheet and monitor key ratios
- Government subsidies and bank support are not enough

Longer Term
(6 weeks +)
Virus and Economy Threaten the Industry

Source: Harbour IQ

Debt to Earnings Ratio: = Total Debt / EBITDA
Virus is Critical – Be Realistic and Take Action

1. COVID-19 will be around for many months maybe the balance of the year. We are all affected by this crisis.

2. Current environment (COVID-19) has created recession behavior and frankly panic.

3. Must focus on immediate, mid and long term.

4. Communication is more critical than ever before, but we MUST have empathy – employees won’t blame you – they get it.

5. You must conserve cash day-by-day and minute-by-minute.

6. You must be proactive – no more sitting back on history – must take charge.

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Thank you for the opportunity

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