March 26, 2020
9 a.m. PST
Hosts: Deborah Stanton, Executive Director
      Nicole Leonardi, Director of Corporate Accounts

Material based on the CAPS Research CPO Insights Survey conducted March 12-19, 2020
CPO’S RESPONDING TO THE CORONAVIRUS PANDEMIC

- 74 CPO’s from major companies
- Revenues: ~$1.8 trillion
- 84% HQ in the US
- 16% HQ outside of the US
- Responses collected: March 12 – 19, 2020

CPO Respondents by Sector

- Manufacturing: 45%
- Process: 34%
- Services: 22%
CPO'S RESPONDING TO THE CORONAVIRUS PANDEMIC

NATURE OF ACTIVITY YOUR COMPANY IS TAKING IN RESPONSE TO COVID-19

- High level of action underway across the enterprise: 97%
- Only taking action in specific "hot zones": 3%
- Not doing any planning or taking action: 0%
CPO’S RESPONDING TO THE CORONAVIRUS PANDEMIC

IMPACT OF US-IMPOSED CHINA AND EUROPE TRAVEL BAN

- Significant disruption to employee internal interactions: 5%
- Significant disruption to supplier interactions: 11%
- Anticipated loss of revenue: 19%
- No impact to operations, suppliers, or employees in affected countries: 27%
- Minimal impact: 44%
- Does not apply - we do not have operations, suppliers, or employees in affected countries: 49%

Percent of companies. Multiple options could be selected.
IMPACT OF US-IMPOSED CHINA AND EUROPE TRAVEL BANS

- Significant disruption to employee internal interactions:
  - China: 33%
  - Europe: 49%

- Significant disruption to supplier interactions:
  - China: 37%
  - Europe: 44%

- Anticipated loss of revenue:
  - China: 22%
  - Europe: 32%

- No impact to operations, suppliers, or employees in affected countries:
  - China: 19%
  - Europe: 27%

- Minimal impact:
  - China: 5%
  - Europe: 11%

- Does not apply - we do not have operations, suppliers, or employees in affected countries:
  - China: 14%
  - Europe: 5%

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IMPACT OF US-IMPOSED CHINA AND EUROPE TRAVEL BANS

- Significant disruption to employee internal interactions:
  - China Travel Ban: 33%
  - Europe Travel Ban: 49%

- Significant disruption to supplier interactions:
  - China Travel Ban: 44%
  - Europe Travel Ban: 37%

- Anticipated loss of revenue:
  - China Travel Ban: 22%
  - Europe Travel Ban: 32%

- No impact to operations, suppliers, or employees in affected countries:
  - China Travel Ban: 27%
  - Europe Travel Ban: 19%

- Minimal impact:
  - China Travel Ban: 5%
  - Europe Travel Ban: 11%

- Does not apply - we do not have operations, suppliers, or employees in affected countries:
  - China Travel Ban: 14%
  - Europe Travel Ban: 5%

Bar chart showing the impact by sector:

- Significant disruption to supplier interactions:
  - China Travel Ban: Manuf, Process, Services
  - Europe Travel Ban: Manuf, Process, Services

- Significant disruption to employee internal interactions:
  - China Travel Ban: Manuf, Process, Services
  - Europe Travel Ban: Manuf, Process, Services
IMPACT OF US-IMPOSED CHINA AND EUROPE TRAVEL BANS

- **China Ban**
  - **Significant disruption to employee internal interactions**
    - China Travel Ban: 33%, Europe Travel Ban: 37%
    - Total: 49%
  - **Significant disruption to supplier interactions**
    - China Travel Ban: 22%, Europe Travel Ban: 37%
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    - Total: 27%
  - **Minimal impact**
    - China Travel Ban: 5%, Europe Travel Ban: 11%
    - Total: 16%

- **Europe Travel Ban**
  - **Significant disruption to employee internal interactions**
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    - Total: 16%

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CPO’S RESPONDING TO THE CORONAVIRUS PANDEMIC

**ACTIONS YOUR COMPANY IS TAKING OR PLANNING ON TAKING**

- Imposing travel restrictions: 97%
- Activation of emergency response teams: 89%
- Requiring employees to work remotely: 81%
- Changing forecast due to significant change in customer demand: 42%
- Restricting discretionary spending: 40%
- Pulling back on capital investments: 26%
- Slowing/holding expansion plans: 22%
- Furloughing / side-lining idle employees: 12%

*Percent of companies. Multiple options could be selected.*
# ACTIONS YOUR COMPANY IS PLANNING / TAKING

<table>
<thead>
<tr>
<th>Action</th>
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<tbody>
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By Sector:
- Manufacturing
- Process
- Services

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Taking Action to Change Forecasts (% of companies):
- Manufacturing: 52%
- Process: 38%
- Services: 31%

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Spending, Investments, and Expansion (% of Companies)

- Restricting discretionary spending: 36% (Manufacturing), 42% (Process), 44% (Services)
- Pulling back on capital investments: 15% (Manufacturing), 29% (Process), 25% (Services)
- Slowing / holding expansion plans: 18% (Manufacturing), 25% (Process), 25% (Services)

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- Requiring employees to work remotely: 81%
- Activation of emergency response teams: 89%
- Imposing travel restrictions: 97%

Furloughing / Side-lining Employees

- Manufacturing: 18%
- Process: 8%
- Services: 6%
ACTIONS YOUR COMPANY IS PLANNING / TAKING

MANUFACTURING

1. Changing forecasts
2. Restricting discretionary spend
3. Furloughing/side-lining employees
4. Slowing/holding expansion plans
5. Pulling back on capital investments

PROCESS

1. Restricting discretionary spend
2. Changing forecasts
3. Pulling back on capital investments
4. Slowing/holding expansion plans
5. Furloughing/side-lining employees

SERVICES

1. Restricting discretionary spend
2. Pulling back on capital investments
3. Changing forecasts
4. Slowing/holding expansion plans
5. Furloughing/side-lining employees

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CPO’S RESPONDING TO THE CORONAVIRUS PANDEMIC

THE GREATEST CHALLENGE FOR YOUR SUPPLY MANAGEMENT GROUP

- Increased demand for health and safety items: 31%
- Increased lead time: 20%
- Decreased source of supply from “hot zones”: 20%
- Shortage of logistics carriers: 12%
- Receiving inaccurate / inadequate information from suppliers: 4%
- Decreased source of supply from outside “hot zones”: 1%
- Inflated prices (i.e. price gouging): 0%

Percent of companies. Select one.
**THE GREATEST CHALLENGE FOR YOUR SM GROUP**

- **Increased demand for health and safety items** (31%)
- **Increased lead time** (20%)
- **Decreased source of supply from “hot zones”** (20%)
- **Shortage of logistics carriers** (12%)
- **Receiving inaccurate / inadequate information from suppliers** (4%)
- **Decreased source of supply from outside “hot zones”** (1%)
- **Inflated prices (i.e., price gouging)** (0%)

**Greatest Challenge**

- **Increased demand for health and safety items**
- **Increased lead time**
- **Decreased source of supply from “hot zones”**
- **Receiving inaccurate / inadequate information from suppliers**
- **Shortage of logistics carriers**
- **Decreased source of supply from outside “hot zones”**
- **Inflated prices (i.e., price gouging)**

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CPO’S RESPONDING TO THE CORONAVIRUS PANDEMIC

**Actions Your Supply Management Group is Taking or Planning on Taking**

- Creating contingency / mitigation plans: 97%
- Assessing sub-tiers in the supply chain to identify vulnerabilities: 75%
- Shifting to alternate sources: 68%
- Responding to increased challenges in logistics: 67%
- High-level of sourcing for health and safety items: 63%
- Increasing material inventory: 50%
- Improving demand planning, S&OP integration: 24%
- Renegotiating supplier contracts due to change in volume: 19%
- Buying insurance to cover disruptions: 1%

*Percent of companies. Multiple options could be selected.*
ACTIONS YOUR SM GROUP IS PLANNING / TAKING

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- Creating contingency / mitigation plans: 97%
- Assessing sub-tiers in the supply chain to identify vulnerabilities: 75%
- Shifting to alternate sources: 68%
- Responding to increased challenges in logistics: 67%
- High-level of sourcing for health and safety items: 63%
- Increasing material inventory: 50%
- Improving demand planning, S&OP integration: 24%
- Renegotiating supplier contracts due to change in volume: 19%
- Buying insurance to cover disruptions: 1%

Manufacturing
(% of companies, multiple options could be selected)

- Assessing sub-tier suppliers: 82%
- Responding to challenges in logistics: 82%
- Shifting to alternate sources: 76%
- High-level of sourcing for health and safety items: 64%
- Increasing material inventory: 55%
- Improving demand planning, S&OP integration: 27%
- Renegotiating supplier contracts: 15%
- Buying insurance to cover disruptions: 0%
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**Process** (% of companies, multiple options could be selected)

- Assessing sub-tier suppliers: 71%
- Responding to challenges in logistics: 71%
- Shifting to alternate sources: 63%
- High-level of sourcing for health and safety items: 63%
- Increasing material inventory: 46%
- Renegotiating supplier contracts: 17%
- Improving demand planning, S&OP integration: 13%
- Buying insurance to cover disruptions: 4%
ACTIONS YOUR SM GROUP IS PLANNING / TAKING

- Creating contingency / mitigation plans (97%)
- Assessing sub-tiers in the supply chain to identify vulnerabilities (75%)
- Shifting to alternate sources (68%)
- Responding to increased challenges in logistics (67%)
- High-level of sourcing for health and safety items (63%)
- Increasing material inventory (50%)
- Improving demand planning, S&OP integration (24%)
- Renegotiating supplier contracts due to change in volume (19%)
- Buying insurance to cover disruptions (1%)

Services

- Assessing sub-tier suppliers (67%)
- Shifting to alternate sources (60%)
- High-level of sourcing for health and safety items (60%)
- Increasing material inventory (47%)
- Improving demand planning, S&OP integration (33%)
- Renegotiating supplier contracts (33%)
- Responding to challenges in logistics (27%)
- Buying insurance to cover disruptions (0%)

(Percentage of companies, multiple options could be selected)
ACTIONS YOUR SM GROUP IS PLANNING / TAKING

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1. **Letters/communications to suppliers**
   - Refraining from visiting company sites
   - Mission critical suppliers as recognized by the Department of Homeland Security ESSENTIAL CRITICAL INFRASTRUCTURE WORKERS to maintain normal work schedules
   - Addressing payment terms and restructuring of milestone payments
   - No change in supplier payments – accounts payables operating per standards

2. **Ensuring supplier business continuity plans are activated**

3. **Vetting new suppliers**

4. **Working cash flow plans – both internally and with suppliers (SCF)**

5. **Assessing agreements and supplier relationships to improve “customer of choice” status**

6. **Getting ahead of Force Majeur notifications – 44% increase of companies declaring (RiskMethods)**

7. **Planning for reduced revenue**
   - Review of open requisitions – cancel?
   - Review of existing commitments – terminated, reduced, postponed?

8. **Reprioritizing and de-expediting non-essential orders**

9. **Negotiating deposit refunds**

10. **Tracking refunds and travel credits**

11. **Managing outsourced/contracted support services, including financial assistance**

12. **Creating split shifts and work hour rotations**

13. **Addressing needs/suppliers for employees working remotely**

14. **Encouraging community service/outreach (virtually)**

![American Red Cross](https://www.capsresearch.org)
ACTIONS YOUR SM GROUP IS PLANNING / TAKING

Poll:
Are experiencing significant increase of requests for donations or assistance?

Additional Input from the audience:
How are CPO’s and their teams managing the influx of requests from their communities for donations and assistance in finding supplies?

Chat
Type your response in the chat box.
THANK YOU

All slides and a recording of today’s webinar will be available, go to:

www.capsresearch.org/coronavirus/

Have additional questions?
Email us: metrics@capsresearch.org

Want more information on membership?
Email us: metrics@capsresearch.org