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MANUFACTURING OUTLOOK: 2021 & BEYOND

INSIGHTS FROM THE SALTMARSH MANUFACTURING TEAM

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OVERCOMING DISRUPTION KEY FOR FLORIDA MANUFACTURERS

No one saw this coming. One year after the first cases of coronavirus were reported in the U.S., we're suffering through a pandemic that has not lost its grip on the country. While the availability of a vaccine gives reason for hope, manufacturers throughout the Sunshine State are suffering. Fortunately, there are steps to be taken and planning that can be done to emerge in a good place on the "other side"—and be better prepared for the next disruptive event.

Let's start with some sobering numbers reported in November 2020 Labor Statistical Data from the Florida Department of Economic Opportunity's Bureau of Workforce Statistics and Economic Research (WSER). The state's 382,200 manufacturing jobs reflect a decrease of 6,600 since the beginning of 2020, with November being the eighth consecutive month of job loss, an unprecedented stretch.

Had enough doom and gloom? Here's a little sunshine. WSER research shows that although the number of assembler, inspector, tester, sorter, sampler, and weigher jobs are projected to decrease through 2027, overall employment in the manufacturing sector will rise almost 2%. The biggest gains are predicted for industrial engineers, first-line supervisors, welders, cutters, solderers, brazers, and machinists. The question is—what choices can you make today to ensure you're among those that see not just employment growth, but growth of the all-important bottom line?



WHAT 2020 TAUGHT US

With many manufacturers already having challenges due to trade policy turbulence, a global growth slowdown in the sector, and broad economic uncertainty, COVID-19 created the new issue of supply chain disruption. According to BDO's Manufacturing CFO Outlook Survey, about one in five manufacturers experienced supply chain disruption of some sort over the past 12 months—due not to the virus itself, but the resulting government restrictions.

That same professional services firm noted that specific impacts to manufacturers included supply shortages and increased prices, fulfillment delays, and increased transportation prices. Also in play were manufacturers' reputations—with those demonstrating strong leadership, communication, and transparency rising above the others in terms of earning customer loyalty.

While the ability to continue producing at a pre-pandemic level may have been affected by forces seemingly beyond any manufacturers' control, that was little consolation to customers. However, manufacturers that considered it important to maintain strong customer relationships likely were given a "pass" if deadlines were missed and/or orders weren't able to be delivered at all.

Will customers be so gracious a second time? It's unlikely, especially since you're now aware of what could be—and thus will be expected to plan for the next possible disruption.

“ABOUT 1 IN 5
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CHAIN DISRUPTION
OF SOME SORT OVER
THE PAST 12 MONTHS”

ELIMINATING SUPPLY CHAIN DISRUPTION

Fortunately, there are some actions you can take to eliminate supply chain disruption—if it's already occurring or to prevent it from having an adverse effect on your business.

Communication is key if your supply chain is already affected, so we suggest:

- Communicating with current and alternate suppliers
- Creating standard communications statements that can be sent to customers—one that explains delays and another that is more proactive, to reassure customers and allay any concerns they may have

If you suspect disruption is coming, we recommend:

- Building forecasted and reasonable inventories of raw materials that are usually kept on a limited basis

- Securing production and transport capability from supply chain partners
- Meeting with a third-party logistics company, distributor, or group purchasing firm to determine alternate ways to acquire materials

In addition, there are a number of things you can do to plan for future disruptions, such as:

- Monitoring global events to identify potential spikes in demand or supply chain disruptions early
- Thinking about dual sourcing—locally and overseas—for key components
- Creating disaster response and business continuity plans that include various scenarios and risk mitigation measures
- Having a backup plan, i.e., greater agility and cross-functionality, in the event of employee illness
- Reviewing insurance coverage and noting if the policy contains a Communicable Disease Exclusion or not, in case of a public health crisis

Additionally, from a more global perspective, you can consider shifting toward a more regional model, and augmenting workforce efficiencies to work toward protecting yourself against possible disruptions.

THE TAKEAWAY

Whether your manufacturing business has been negatively affected by the pandemic or not, there are plenty of lessons to be learned—and actions that should be taken to prepare for the next disruption. Thinking

about worst-case scenarios certainly isn't a pleasant experience, but making the effort to plan for them will pay off in a big way when uncertainty strikes.



LET'S TALK MANUFACTURING

Whether you are a small start-up or a large corporation, today's global marketplace presents both challenges and opportunities. Your continued success is important to us, **contact our team** of experts today!



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