

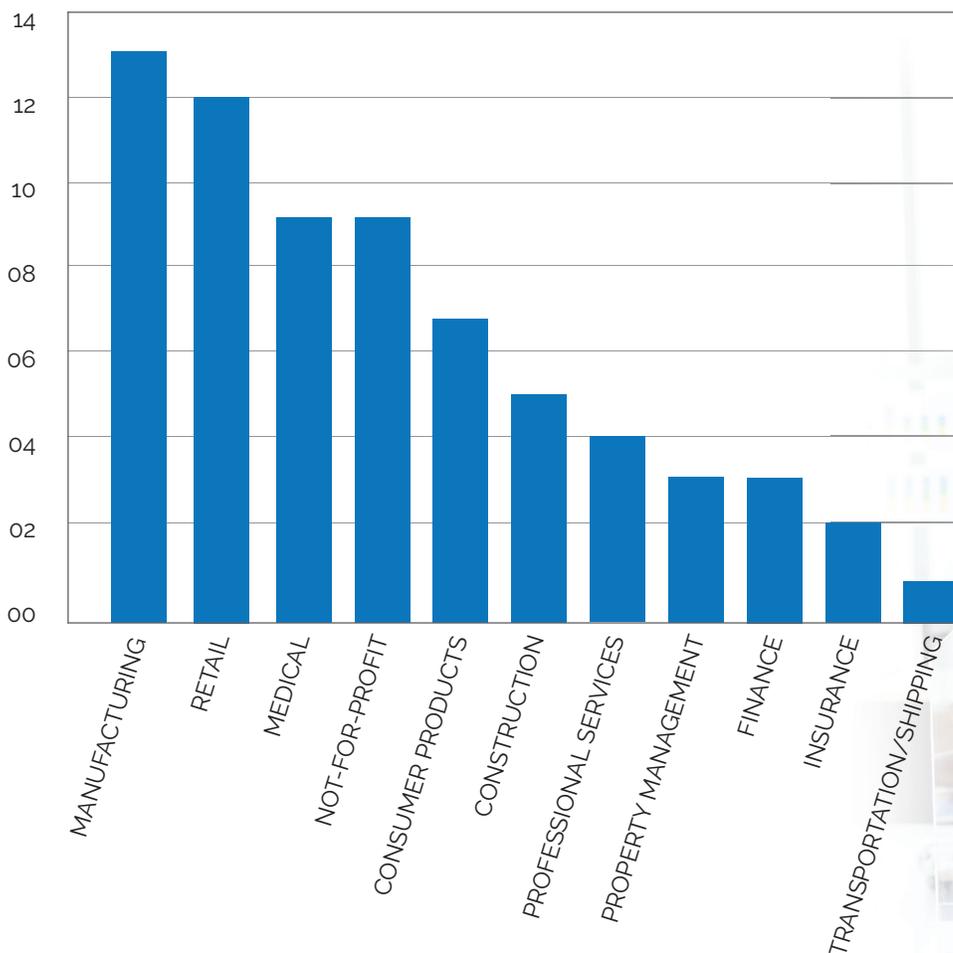


THE SMC COVID-19 BUSINESS UPDATE 2020

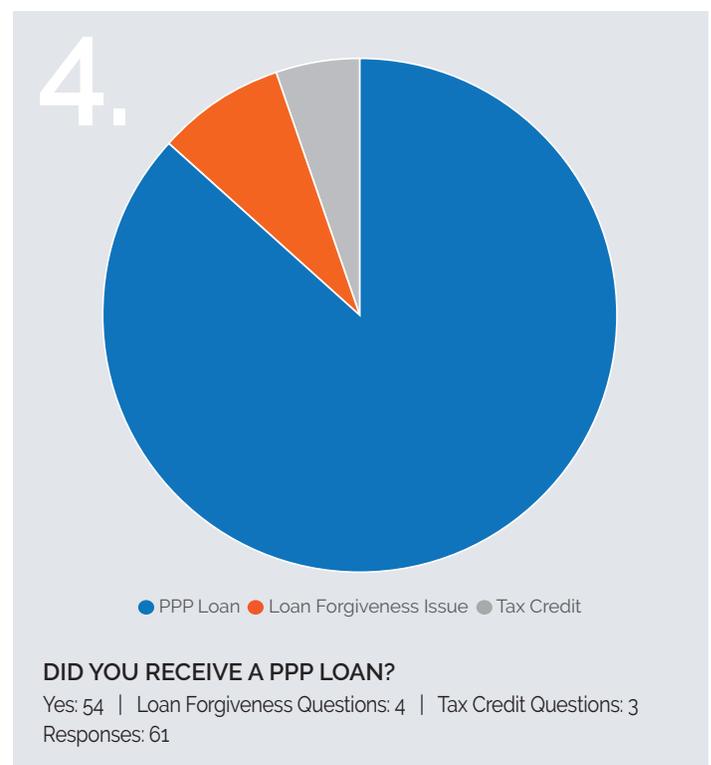
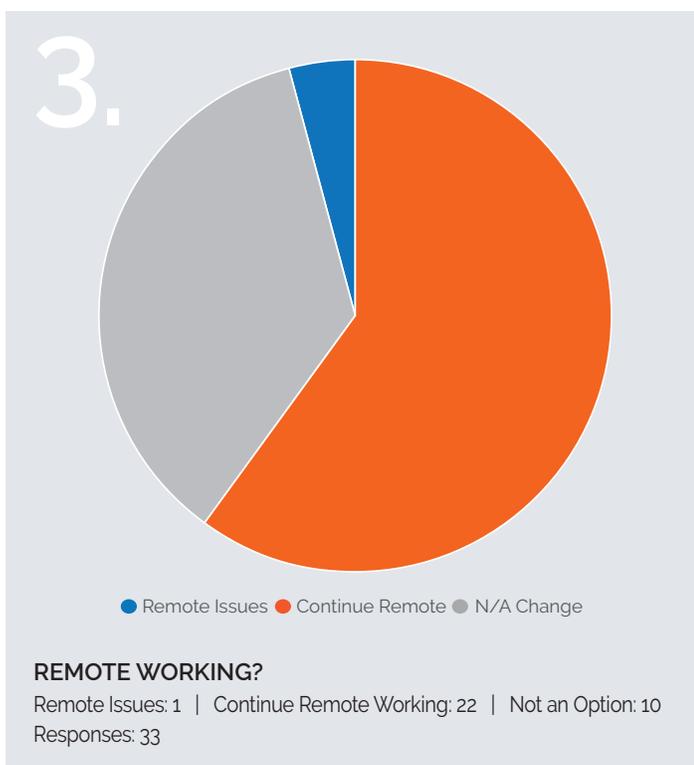
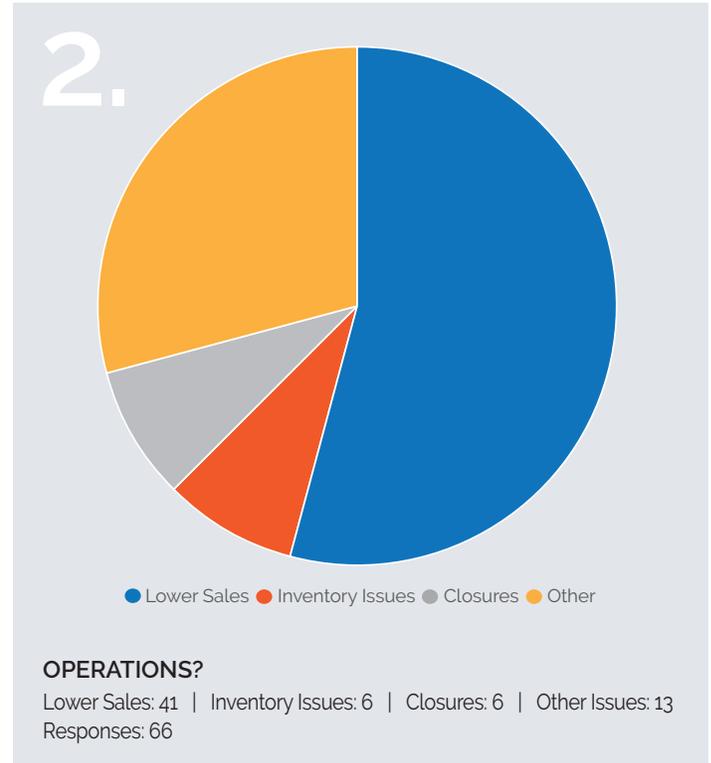
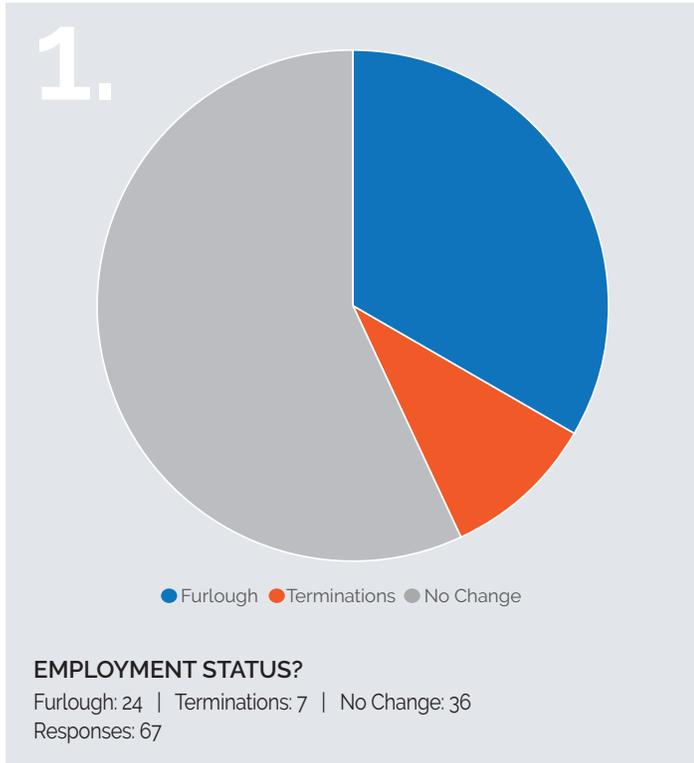
THE PANDEMIC PERSPECTIVE – NAVIGATING THE NEW NORMAL

During Q3 we reached out to our clients and other business leaders in the community to check in on their health and safety. Most of the companies we spoke to were small to mid-size businesses based in the Piedmont Triad. We also wanted to provide advice to those who qualified for PPP Loans. During that outreach, we asked them four questions to determine how they were faring. Sixty-eight of our clients and others in the community responded to this survey and provided us with insight that corresponds with national trends in their respective industries.

INDUSTRIES SURVEYED



SURVEY QUESTIONS



INDUSTRY TRENDS

MANUFACTURING

*The United States' manufacturing sector output decreased by 47 percent in the second quarter of 2020.**

OUR CLIENTS:

- Experienced work slowdowns during the shutdown
- Furniture manufacturers experienced recovery during the summer
- Changed their operations to manufacture PPE

RETAIL

*In August 2020, total retail sales in the United States rose by 2.6 percent when compared to the same period in 2019.**

OUR CLIENTS:

- Controlled costs to maintain profitability
- Asked vendors to agree to 90-day terms
- Alcohol sales remained strong

MEDICAL

*The number of visits to ambulatory practices fell nearly 60 percent by early April before rebounding through mid-June.**

OUR CLIENTS:

- Switched to telemed appointments
- Physicians decreased their income and retirement contributions during slow months
- Were unable to provide services to nursing homes

NOT-FOR-PROFIT

*Some foundations and charitable-giving funds have stepped up their donations. But for nonprofits as a whole, both revenue-generating activities and fundraising have been hit hard, threatening their short-term operations.**

OUR CLIENTS:

- Loss of contributions due to cancelled fundraising events
- Increased donations of laptops for students schooled at home
- Reduced contributions from city governments

CONSUMER PRODUCTS

*Consumer attitudes, behaviors, and purchasing habits are changing. People are shopping more consciously, buying local, and embracing digital commerce.**

OUR CLIENTS:

- Experienced forced shutdowns
- Had sales decrease and layoffs due to canceled events

CONSTRUCTION

*In Q2 there was a drop in contractors' confidence and outlook for their industry, but construction is well-positioned for recovery and positive change.**

OUR CLIENTS:

- Experienced slowdowns after the shutdown, recovered later in the summer
- Increased bidding prices due to cleaning expenses
- Saw a decrease in government contracts

* Statistica

* The Commonwealth Fund

* New York Times, June 24, 2020

* Accenture

* USG Corporation + U.S. Chamber of Commerce
Commercial Construction Index





INDUSTRY TRENDS

PROFESSIONAL SERVICES

*Almost a quarter of leading accounting and law firms in the United States have seen an increase in demand for their services during the pandemic – most are describing their outlook of the future as “cautiously optimistic.”**

OUR CLIENTS:

- Had an increase in demand for their legal services
- Postponed work with out-of-state clients
- Sales were bolstered by the boom in residential construction

PROPERTY MANAGEMENT

*Third-party property managers have higher expectations for revenue growth than owner/operators.**

OUR CLIENTS:

- Tenants continue to infuse cash into their businesses to pay rent

FINANCE

*Increased digital activity brought about by COVID-19 could spur greater adoption of financial technology and personal financial management tools.**

OUR CLIENTS:

- Increased frequency of client contact to offer support

TRANSPORTATION/SHIPPING

*Compared with last year, trucking volumes initially increased by about 30% as a result of panic buying, then dropped markedly, and are now recovering.**

OUR CLIENTS:

- Had an overall decrease, but some businesses are up, including those involved in medical equipment shipping

* QuickFee

* Buildium

* CISION

* McKinsey

4Q ADVICE

The end of 2020 presents challenges and opportunities for planning as we move towards a broader recovery in 2021. We look forward to helping our clients:

- Focus on business priorities
- Manage cashflow
- Apply for PPP Loan Forgiveness
- Prepare for tax season
- Maintain cybersecurity

We look forward to helping you plan for a healthier, safer, and more profitable 2021.