



Industrials Resilient Amid COVID-19

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However, the executives running companies within the industrial sector are used to managing through periods of economic uncertainty and fluctuation and demand for their products and services.

Most industrial businesses have been deemed as essential by governmental authorities, and thus have continued to operate through the pandemic—albeit at lower workforce levels due to precautionary safety measures and reduced external demand.

A significant number of industrial companies have actively participated in the response to the pandemic by shifting their manufacturing processes to produce ventilators, face masks, and other medical equipment.

While the impact of the recession has been severe and widespread across the industrial sector, there are likely to be differences in the timing and the magnitude of recovery by company and by industry.

For companies whose revenue generation is dependent upon long-timed large capital investment decisions by their customers, the path to recovery is likely to be longer.

Further complicating normalization for a lot of these companies is the potential to shift at least a portion of business activity to the work-from-home environment on a more permanent basis.

In contrast, companies whose revenue generation comes primarily from services or manufacturing activity closely related to ongoing consumer spending, the recovery is likely to be faster and likely to approach revenue projections made prior to the pandemic.

A further differentiating factor over the long term is likely to be between companies that have chosen to preserve long-term investment in new products, services, and geographic expansion, as well as preserving wages and benefits for their workforce versus those who have chosen to cut long-term investment to preserve short-term earnings.

Companies that have chosen to focus on sustaining their investment plans could be in better position to generate faster growth over a longer period of time coming out of the pandemic.

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