As health officials around the globe struggle to “flatten the curve” of coronavirus cases, the electronics manufacturing industry continues to face ambiguous operating restrictions, uncertain economic conditions, abnormalities in supply chains, and greater gaps in the workforce.

Over the past week, IPC has continued to monitor the health of the electronics manufacturing industry amid the COVID-19 pandemic, including an ongoing series of calls with member company executives. The following observations are current as of April 6, 2020.

Executives remain very concerned about the impacts of COVID-19. Some 43 percent of executives who replied to IPC’s latest online poll said they were “extremely” concerned, and 92 percent were “somewhat” or “extremely” concerned. Only 8 percent are neutral or unconcerned.

Medical equipment production is ramping up. Some companies are reporting they have stopped making their usual products in order to produce inputs for medical equipment. According to IPC’s most recent online poll, roughly 7 percent of companies have stopped production of other equipment in order to create capacity for medical equipment.
Companies continue to face a myriad of abnormal conditions. Eighty percent of executives who responded to our online poll reported a variety of supply constraints as a result of the coronavirus outbreak. Some 30 percent of respondents reported facing abnormal workforce issues; 30 percent reported abnormal shipping costs; 33 percent reported abnormal shortages; and 55 percent reported abnormal shipping delays. Roughly one in five executives (20 percent) reported they are facing no abnormal supply constraints.

Figure 2: Roughly 80 Percent of Executives Report Facing Some COVID-19-related Supply Constraints

Q: What abnormal supply constraints is your company facing due to the impact of COVID-19?

Slowing demand is slowing manufacturing output. Some companies report that they haven’t felt any pressure to ramp up production back to full capacity in China or elsewhere. Some believe that demand will return by the second half of 2020, but there remains significant uncertainty.

Stockpiling or buying ahead not likely to happen. Some companies report they are not stockpiling supplies or buying ahead because “cash is king” in the current environment.
Hardship and retention bonuses are appearing. Executives report a variety of approaches to employee compensation. Some companies are offering “supportive” or “supplemental” pay with the recognition that this is a more difficult time for some employees. Other companies report they are offering bonuses later in the year, when cash flows will be more certain, for employees who continue to show up throughout the crisis. Some companies are paying workers double-time immediately if they’ve worked more than 48 hours a week. Some companies are reporting bonus programs for the next 90 days to ensure they can retain critical mass within certain areas of the business.

Executives weigh temporary leave versus layoffs or retention of workers after coronavirus. Some companies report they have workers on temporary leave (furlough) as work has dried up. The challenge is guessing what demand will look like after the worst of COVID-19 passes, and how many workers they will need versus possible layoffs of staff.

Some expect strong backlogs. Some companies report their customers have strong backlogs, and they expect demand to improve as we emerge from the worst of COVID-19. Companies in the defense sector continue to report that orders are flowing, without signs of weakness.

Safety committees are active: Companies report they continue to have a strong focus on employee safety. Some report they are convening their safety committees as often as daily to address any issues.

Success stories:

- **Winchester Interconnect** was selected by General Motors to help them manufacture Ventec ventilators. The company faced several issues as they ramped up, including tooling availability and lead times. They needed to borrow and rent applicators for two to four weeks while they waited for purchased units to arrive. IPC played a helpful role by sharing that request with the industry at large. Three different manufacturers and five different part numbers were involved, but the need was met within one day. “This is the kind of opportunity where we can come together as a community,” said IPC President and CEO John Mitchell.

- **Green Circuits** was profiled by journalist Tim Aeppel of Reuters. Company CEO Joe O’Neil highlighted the challenges of staying operational in Santa Clara County, which was among the first U.S. localities to institute a shelter-in-place order.
IPC Updates: IPC staff remains on the job working to support the needs of the industry. Visit IPC’s COVID-19 resource page at www.ipc.org/coronavirus to access more information about:

- IPC’s Policy Roadmap for Economic Recovery
- Industry needs and opportunities
- Federal assistance for electronics manufacturers
- Changes to IPC workforce training & certifications
- Changes to IPC’s calendar of events and meetings
- Ongoing IPC standards development activities

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