

MANUFACTURING *in Lehman's Terms*

Manufacturing COVID-19 Recovery

I hope this newsletter is finding everyone healthy and focused on the next steps as we traverse and eventually enter into the recover stage related to COVID-19. These past few months have been a surreal whirlwind for many businesses in North Dakota in light of the pandemic. Consumer traffic has been down, unemployment has risen from near historic lows in February to well into the double digits in North Dakota and across the country. Businesses have had to close from exposure and substantially transform the way they operate. There will be other impacts as this pandemic further matures, impacting nearly every industry. The commercial real estate industry may also see deep cuts with reduced foot traffic, business closures, and an increased desire for many businesses work remote. All of this at a time when our two biggest industries, agriculture and energy are experiencing challenging times.

All is not doom and gloom. However, as this passes through to the rearview mirror, we will find ourselves in a very different, but much stronger place. It will take time for the economy to come around, but businesses will continue expanding on elements of their business models which have been developed during the pandemic. Product diversification will expand as businesses look to reduce risk. Onshoring activity will likely increase causing new industries to spring up (and old industries to be reestablished with our borders). More and more, business will be conducted in the cloud, and efficiencies will continue to develop even further.

This new normal, as passé as it may sound, is a reality that will likely stick. This notion hasn't been lost on industry and economic development entities around the globe. In North Dakota for example, the focus over the past few months has been on short term survival. In addition to Commerce's traditional economic development role of helping with typical business attraction, retention and expansion, the focus was shifted to assisting companies with the SBA programs, working with our state programs, helping businesses start and scale up as they manufacturer goods related to the COVID-19 response, and anything else that could be done within the framework of our Century Code to help businesses through this rough patch. As businesses have found their footing with respect to identifying funding, protecting their workers and shifting their business models to accommodate a changing business environment, it is now important as a state to look forward to the future. As the reality changes, so must the way we operate as a state to support business growth. Looking back over my past 20+ years in manufacturing, I can't think of a time when it was more important to "get it right" as we develop plans to sustain and grow manufacturing in North Dakota. This is a time when nearly every state and country is evaluating their recovery strategies and programs for economic attraction, retention, and expansion as well as community development. As North Dakota evaluates and develops our path forward, it is important to have your feedback to ensure we remain competitive. Commerce is currently working with various industry and economic development groups around the state to develop a recovery plan based on industry needs. Many within the manufacturing community may have already heard from their respective industry groups looking for feedback. If you have not, I encourage you to consider filling out the short Commerce survey which Impact Dakota sent out, so we have the best industry information at our disposal as we shape the business climate for manufacturing in the future. The link to the survey can be found here: <https://www.impactdakota.com/news/nd-department-of-commerce-questionnaire/>.

I want to stress that we are working together to build a stronger future in manufacturing, and I would like to encourage the manufacturing community to provide input to pull out any ideas which can bring about positive



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change. Please feel free to contact me with any ideas you may have. In these trying times, I wish the best for your business and I hope you, your family, and your employees are staying safe and healthy!

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