

## Associate Supplier Partner CEO/Executive Roundtables

On Tuesday, May 19, TRSA hosted a series of virtual Zoom Associate Supplier Partner CEO/Executive Roundtables to facilitate information-sharing among supplier partners to the linen, uniform and facilities services industry. Facilitated by TRSA President & CEO Joseph Ricci, participants were invited to engage in one of three sessions, limited to 15 people per session. Sessions included equipment suppliers/manufacturers (Hard Goods), textile manufacturers and distributors (Soft Goods) and (Other) products and services, such as chemicals, mats, hangers, consulting, etc. Prior to the meetings, participants were asked to submit questions for discussion, which covered a wide range of issues. Some topics included travel policies, access to servicing operational laundries, safety best practices, market-sector specific impacts and path to recovery.

While there was variation between sessions, there was a consensus around the immediate impact of the COVID-19 crisis on specific market-sectors and an extended recovery process which will take months and possibly years. Companies servicing travel and entertainment (such as restaurants, hotels, casinos, and airlines) are particularly strained. However, many felt the industry could reach 60 percent or more of year-over-year volume by December 2020, based on the strength of the healthcare sector and the lesser impact of the economic downturn on uniform/workwear rentals.

Experiences during the shut-down and as the country re-opens vary tremendously by geography, both state-to-state and urban-to-rural. Customers and colleagues have differing interactions and expectations regarding travel, access to plants, and potential length of recovery.

The sudden and potentially long-lasting impacts of the crisis blindsided nearly every company, even shocking CEOs from well-established companies: “we thought we were prepared financially and strategically for any potential downturn but soon discovered that even decades old business cannot be prepared for the impact of a complete economic shutdown.”

The equipment manufacturers noted that sales and new orders were “dead,” and delays have turned their production facilities into “warehouses”. In general, most orders and installations were delayed, not cancelled and many suppliers have extended “financial terms.” Equipment suppliers anticipate their recovery to take at least 12-months, potentially longer, as customers rebuild their capital resources and begin re-investing in new equipment. Most continue to manufacture in the present moment based on backlogs, but this will soon end, and they will then be forced to rely heavily on parts and service agreements. There is also concern about second-hand, used equipment might also negatively impact sales.

While there was little supply chain impact on manufacturing, textiles providers experienced both shortages and supply chain interruptions, especially those with operations in China, Pakistan and India. Some of these countries are now back to operating, and others slowly returning. The textile manufacturers and distributors saw a dramatic increase in reusable PPE such as isolation and surgical gowns and scrubs but are uncertain if this reflects a short-term response to shortages or a lasting, longer-term strategy. Most textile manufacturers are looking to diversify their supply chains to improve

their capabilities to meet customer demands. They are recommending that their customer seek and maintain a better mix of reusable and disposable products.

Most session participants envision the slowest recovery for the F&B/Restaurant and Hospitality/Hotel sectors. The association representing hotels (AHLA) and restaurants (National Restaurant Association) predict that return to early 2020 occupancies will take a full two years. Roundtable participants anticipate the industrial uniform/workwear sector market to rebound slightly faster as people get back to work. Expectations for the acute and non-acute healthcare sectors are the most optimistic, predicting a fast return or even potential growth, depending on the availability of elective surgeries and PPE. All predictions were contingent on the economy reopening over the summer, the discovery and availability of a vaccine soon and the economy not shutting down a second time due to a coronavirus resurgence.

Diversification was identified as extremely important for business survival and recovery. The best-positioned and most optimistic suppliers discussed the positive attributes of diversity within the various linen, uniform, and facility services market sectors and with their customer base outside of the industry. Revenue from providing products and services to consumers in other market sectors support diversified organizations through the downturn in the laundry market. Associates serving only F&B or Hospitality linen supply were the most pessimistic of survival; several were unsure of their ability to survive.

Although devastating in many ways, session participants also acknowledged certain positive aspects yielded by the shutdown. The increased demand for reusable products (such as isolation and surgical gowns) and the emphasis on hygienically clean standards create opportunities for growth. Potential new markets emerge, such as “coverings” for dental offices, sanitizers and cleanroom pharmaceutical manufacturing, and distribution center services. Many companies noted improved, more engaged internal and external communications and used downtime as an opportunity for training and business process updates. During the crisis, many companies refocused on internal development including conducting R&D and systems upgrades and improving sales presentations and marketing materials.

“The shared experiences of the COVID-19 Crisis and virtual meetings at home have further personalized relationships,” said Darryl Williams, Landau Uniforms, “We feel more connected to both our co-workers and customers; maintaining this will require additional effort but we’ve established a solid foundation from which to build.”

Taking advantage of the opportunities for growth, diversification, and market penetration requires educating customers and other influencers and stakeholders. This is where TRSA plays an important role in supporting members, by providing information, research and materials to help educate customers regarding the sustainability and cleanliness of reusable textiles. In addition, TRSA must further develop and maintain the industry’s “seat-at-the-table” especially as current and post-COVID guidelines and standards potentially impacting the industry are considered.

During session discussions, groups identified several positive key shifts created by this crisis that may become permanent. Some include:

- Leveraging technology including virtual communication to conduct remote start-ups, customer training and sales

- Hesitating to require travel due to travel restrictions for most non-essential services through August
- Working remotely for a wide range of functions from administration, sales and service
- Increasing safety precautions impacting access to laundries, healthcare facilities, food manufacturing and long-term care facilities, which requires the reinvention of the sales process
- Expanding facility services outside of the industry, emphasizing customer assistance, as well as focusing on business fundamentals of monitoring accounts receivable and layoffs and furloughs.

During the sessions, there was consensus on the importance of “associating” around shared experiences and reconnecting with competitors and colleagues as it is “therapeutic [. . .] and comforting to know that we are not in a boat by ourselves.” There was also universal praise for TRSA’s efforts to promote and protect our industry: “TRSA is the only organization in our industry that really tries to promote and grow the opportunities that are out there.”

We want to thank the following industry supplier partner representatives for their participation and support. We extend our gratitude to all TRSA members for their support and work to help guide and coordinate our industry’s survival and return – *Stronger Together!*

**Hard Goods, i.e., equipment manufacturers**

- Mark Brim, President, Brim Laundry Machinery
- Tom Egebrecht, Sales Director, Chicago Dryer
- Jeff Frushtick, Chairman and CEO, Leonard Automatics
- Phil Hart, President, Kannegiesser
- Arnaud Henrard, CEO, Foltex
- Rick Kelly, Vice President, Sales and Marketing, Pellerin Milnor
- Ed Kirejczyk, President, Sea-Lion America
- Simon Nield, President, Jensen
- Gary Ostrum, Senior Executive Vice President of Global Sales and Marketing, Braun
- JR Ryan, President, Meese
- Justin Shamion, President, Colmac
- Steve Twombly, President, Automation Dynamics
- Tom Vanden Heuvel, CEO, Kemco
- Keith Ware, Vice President of Sales, Lavatec

**Soft Goods, i.e., textiles manufacturers and distributors**

- Bret Barthel, Vice President Business Development, VF Imagewear
- Charles Crowell, Vice President, Milliken Table Linens
- Khurram, Maqbool, Vice President, Sigmatex-Lanier
- Jamie Orlando, Vice President Healthcare Textiles, Encompass Group
- Dan Sanchez, Vice President Corporate Sales, Medline Textiles
- Dan Schwartz, Vice President, Fashion Seal Healthcare
- Darryl Williams, Vice Presidents Sales, Marketing and Design, Landau Uniform
- Steven Wright, Vice President of Business Development, Irving Weber Associates

**Other, i.e., products and services, chemicals, mats, consulting, etc.**

- Jim Adler, Owner, Linen Master
- Ty Dawson, Global Vice President, Milliken
- Andy Feldman, Managing Partner, Compel
- Greg Gurtler, President, Gurtler
- David Hart, CEO, Mountville/M&A Matting
- Bruce Howard, Chairman and CEO, Kleen-Tex
- Mark Kowalski, Managing Partner, Enviser Partners
- Eric Kurjan, President, Six Disciplines Consulting
- Ed Kwasnick, Director of Business Development, ARCO/Murray
- Milton Magnus, President, M&B Hanger
- Don Maida, Senior Consultant, TBR Associates
- Jeff Markman, President, Positek
- Rudi Moors, President, Christeyns
- David Tingue, CEO, Tingue
- John Walroth, CEO, WSI