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How Covid-19 Has Impacted Our Business

Protegis Fire & Safety

At Protegis Fire & Safety, the COVID-19 pandemic has primarily impacted our restaurant and hood cleaning divisions across our entire operating footprint. Although many restaurants are offering take-out service, the revenue impact to these businesses has prompted the majority of them to put off any inspections or cleanings unless it is absolutely necessary or AHJ mandated, thus pushing out inspections & repairs. The other business lines have seen other vertical markets push back as well, but generally it is due to not allowing outside vendors into their building to decrease risk, not so much tied to the business side of the pandemic as of yet. Construction has continued throughout all of the pandemic with minimal disruption, which has been a positive for our installation business.

One bright spot in the pandemic has been ingenuity from our employee base to help find other alternative services to drive revenue. With our hood cleaning division seeing a large impact from the restaurant closures, the manager of that division developed a sanitization service to offer our customers. The teamwork of sales and operations to get that service out to the marketplace quickly, coupled with the overwhelming positive feedback on the work being performed, has allowed us to keep on staff many hood cleaners who would have been otherwise furloughed due to a lack of work. It is an area where we see exponential growth in the coming weeks and months.

Keystone Fire Protection Company

SERVICE

Fortunately, essential businesses are one of our top markets such as Health Care. Life Safety Repairs, Test & Inspections, & Deficiency repairs have stayed constant in our alarm service division. However, the impact of following protocols have been a burden on margin as the time needed to access facilities was never captured during the service contract estimating process.

SALES

As a result of C-19 the required sales call requirement has been postponed and territories consolidated for account management functions. Pro Active sales will resume when markets become open. In the meantime, salespeople have been furloughed in secondary markets.

CONSTRUCTION

Again, fortunately, essential businesses are one of our top markets such as Health Care. Estimating has been very active for the month of April. Requiring 2X the activity when compared to our monthly average, so future business in motion remains very strong. In House Construction, meetings takes place via "TEAMS" now, and has been seamless in terms of the weekly meeting requirements and productivity. Less than 24% of all open projects have been affected so productivity has been constant except for certain markets such as Schools, which have recently been opened for construction. Similar to Service, the impact of following protocols has been a burden on margin as the time needed to access facilities was never captured during the estimating process.

In general, VPN technologies, TEAMS, & Virtual video conferencing has become an advantage while working remotely. Productivity slightly declined and impact on revenue affected has been reduced by less than 24%.

The above commentary does NOT include the impact on Sprinkler, Hand Portable, or Government businesses.

FireGuard

At FireGuard, Inc. located in Omaha, NE, the Covid-19 pandemic has impacted our business to a certain degree. We have seen a decline in our Restaurant Hood Suppression System Inspections due to the Governor mandated closing of inside service in area restaurants. We also have received requests to hold off/push back inspection services that are due as some facilities are limiting outside vendors to help decrease the risk of possible virus spread. A majority of these requests have come from the assisted living facilities we service, as they are doing all they can to protect their more vulnerable residents.

FireGuard provides inspection services at the vast majority of Healthcare facilities – hospitals and clinics - in the Omaha and surrounding area. These facilities require regular monthly inspections, therefore we are working in these environments on a daily basis. FireGuard carefully follows all CDC guidelines, as well as any additional health and sanitation guidelines each facility has in place to ensure we are protecting our community, and our employees.

FireGuard is providing additional quantities of PPE (masks, gloves, sanitizer, etc.) to all employees, and we are keeping our office staff and field staff separated to avoid potential risk of virus spread. All vehicles and equipment receive proper cleaning/disinfecting before and after daily jobs. Like many others, we are doing our very best to be part of the solution!

Northwest Fire Suppression, Inc.

Construction projects are modifying the method of execution of the scopes of work by all trades. We are winding down the work on a 17-story high-rise courthouse facility in system power up, pretesting, and final testing process and typically all trades are attempting to wrap up their scopes of work in all areas of the building - such as ceiling tile installation, flooring and finish detailing, owner furniture/furnishings/equipment/hardware move-in process, system balancing, etc. - you get the picture (which draws visual comparison to watching a colony of fire ants defending their nest = individuals of all sorts in all areas of the facility).

Due to COVID-19 and the social distancing mandates/requirements, procedural changes have been implemented in the orchestration of all the various trades in all the areas of the facility in order to mitigate the potential shutdown of the site due to outbreaks. Changes include limiting the quantity of individuals in any given room based on the size of the room, limiting the quantity of individuals in the construction use

Northwest Fire Suppression, Inc. *continued*

elevators to the operator and 1 other individual, “managed” use of individuals running up and down the stairwells – again – you may start seeing the picture.

What this has done is dramatically altered the efficiency of all labor for all trades resulting in extended use of labor to achieve the same results. Going into this project nobody ever imagined we would be at this level of unproductive use of labor on the last 10% of the total work to complete the project – but here we are.

Words of wisdom, if you have the ability to do so, alter your labor factors in your estimates or try to mitigate the losses of efficiency in labor now, for any construction project you think you will be executing work that will be completed during this altered shutdown process as you may see inefficiencies never before realized or experienced and I have been doing this for over 35+ years.

Another trend we have experienced is End Users, Facility Managers, Building Managers, Business Owners, pushing out or suspending or cancelling the annual testing and maintaining the systems in their buildings. At this immediate point in time we are acknowledging the difficult situation we all find ourselves in and suggest that maintaining their systems is still important as to prior to this situation, and are here to help them navigate through this interesting time. We understand some Jurisdictions have “relaxed” this requirement but none have yet to document this, which is why we are initiating dialog with AHJ’s to understand their positions on this matter. The one positive from this temporary shutdown, is most facilities are less populated which makes for a lot easier and smoother and more efficient testing process, and some customers do realize this benefit and are maintaining the testing.

I am involved in our local industry AFAA (NWAFAA) group and we are engaging with AHJ’s to inquire how the various mandates issued by the various governmental agencies/ departments are altering the requirements for annual testing/maintenance of systems, and how this is altering their enforcement of those requirements due to COVID-19.

Last but not least, we recently conducted a “Final Test Video Recording” of a final test process of a fire alarm system in a facility to send to the Inspector within a particular jurisdiction so they could grant a Temporary Certificate of Occupancy (TCO) to allow the facility to operate. This would then be followed up with an actual test once the “dust settles”. Very interesting times to say the least.

Fireline

When it was announced that schools were closing we knew this would be a major impact and immediately held an emergency meeting with the executive team to discuss strategies for business continuity. We were able to get the entire office staff able to work remote very quickly thanks to new technology we had implemented (thank you VOIP Phones and Microsoft Teams!). We still kept a few personnel onsite as a skeleton crew and the warehouse and shop teams. All the typical safety measures and PPE were provided to shop and field teams. We immediately cut non-billable overtime and restricted certain expenses. At one point we cut hours and wages to assist with cash-flow concerns. Those have since been restored.



In the early weeks we had quite a bit of cancellations – people reacting, not knowing truly what would be essential and what would not. Service took the bigger hit - Restaurant work and our Portables teams have been slow and we have had to pull tickets early, and scrounge to find work. Fortunately after the initial reactions, our Fire Alarm, Sprinkler and Suppression service work picked back up and has been steady. Our Vehicle Systems team was able to do double the usual workload now that buses were pulled off the road and available to service. The construction/installation side has been steady and some departments are even busy.

Once we got past the first few weeks of HR whiplash and defining of essential businesses, we have settled into a routine and are now operating back at regular capacity. While hoods and portables are still slow we are managing. We plan to continue like this for a few more weeks before allowing office staff to slowly repopulate the office. It has been tough but we are managing. Weekly updates and conference calls with the company have helped to keep everyone informed which has helped to align fears. As tough as this is, we are feeling more united and strong than we ever have been before. It has been truly amazing to watch the staff support each other during this time.

Pyro-Comm Systems

COVID-19 impact to the business can be summed up in three categories:

Impact to Employees

The number one focus remains the health & welfare of our employees. In California, stay at home orders, mandated social distancing and use of personal protective equipment forced us to adapt quickly. Arrangements were made for office employees to work remotely from home to support essential services customers. Policies were put in place to ensure our technical staff, as far as rules of engagement at customer sites was implemented. With the closures of schools and/or the need to care for family members at home, some employees took advantage of government assistance programs to assist financially. We have managed to limit the financial burden on our employees. To date, we have not reduced salary levels or hours worked for all sales, management and support staff.

Impact to Customers

Our construction customers, for the most part, placed a hard stop on any site work and remain that way. We continue to service limited essential services customers. California State Fire Marshall's office provided clarification in respect to fire protection code requirements during the shutdown. This enabled us to continue providing fire alarm inspection services at various sites that had been closed, schools and hotels for example. Customers are asking for discounts to assist with the financial hardship.

Impact to our Business

We remain at 20 percent capacity in construction and 60 percent in services. Like most businesses effected by the pandemic, we remain eager to get back to work in a responsible manner. Business as usual has changed drastically and we can expect some of the changes to continue once we are back to business. Product shortages and delays will need to be managed, and go to market strategies will need to be revised in order to meet existing and new business requirements. Business investments and overall spending has been reduced or delayed. We have applied for the government business assistance program and remain hopeful that we will gain approval.

CSi Integrators, LLC

The largest impact COVID-19 has had on CSi Integrators, LLC thus far; is a significant reduction in service related work. This includes break/fix as well as refusal by many of our customers to allow us into their facility to perform preventative maintenance and inspections. Our installation team has been less impacted, being as we have several active projects on the books that we have been permitted to continue working on, as well as some new ones.

We have sent out several notices to our customers regarding our technicians carrying the required PPE and strict adherence to CDC Guidelines throughout the past several weeks. This seemed to alleviate some of the concern and reluctance of our customers to allow us onsite. We also professionally and tactfully forewarned them that it may be in their best interest to allow us onsite now, being as there may be a significant backlog when the economy reopens.



We had to lay off several employees during the onset of the business closures. However, we have remained relatively strong with regard to our workload since that point for the remaining staff and have not needed to enact any subsequent layoffs. Approximately half of the remaining workforce, other than the field technicians, has been working remotely over our secure VPN.

We have also been relying heavily upon our state of the art Video Conferencing system that CSi designed and installed at each of our branch offices prior to the restrictions. This has helped us comply with the CDC Guidelines tremendously throughout the past month (and prior). If any of the other NIFAD companies are interested in this highly cost-saving technology, please feel free to reach out to CSi at 610-439-1600 or www.comsysinc.com