



December 18th, 2020

Year End 2020

FROM ADVERSITY COMES STRENGTH

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2019 began with trade wars brewing: new tariffs in place increasing prices and slowing supply lines. For our manufacturing clients, this was a huge challenge. Simply receiving materials in a timely fashion became very difficult, not to mention the escalating prices. For many, plant output dropped as rising prices and slower delivery dampened demand. Then came ripples.

Lower demand meant less raw material needed and fewer orders delivered. Distributors saw order volumes drop and frequency slow. With a lower distribution demand, logistics providers suffered with fewer loads to carry. Short-term warehousing demand dropped. For manufacturers, distributors, carriers, and warehousing the demand for professional services declined, especially in IT. There was less time and less budget to be spent on IT projects.

A slowdown in buying wood from Canada and China rippled all the way down to Clientek. With a strong fourth quarter

in 2018, we expected an exciting first quarter in 2019. First quarter was exciting, all right, just not the way we'd anticipated: our demand dropped sharply. Most of that was a result of planned projects put on hold.

As the year progressed, trade tensions eased - manufacturers found new sources and creative avenues to restore a healthy supply chain. The same ripples: distribution, logistics, warehousing, and, thankfully, professional services resurged, many ending 2019 strongly. We posted one of our best fourth quarters in company history.

Then came 2020. January 2020 was one of our best months ever, riding the late-year resurgence in 2019. January is a fond, fond memory. There is no need for me to describe industries and ripples for 2020. Every industry. Some much, much worse than others. Demand for medical supplies and services, of course, surged. But that just reminded everyone

of how interconnected commerce is. Supply shortages and staff shortages plagued everyone, especially in medicine. Not so much ripples as outright shock waves rolled over professional services and, again, our demand dropped precipitously.

What we found and what sustained us well throughout the year was this: we learned a great deal in 2019 about resilience and adaptability. 2020 strengthened some of those lessons, those new strategies. Now tested under even more challenging circumstances, we found new strength delivered by past adversity. We'd earned deeper respect from and strengthened relationships with clients in 2019 by standing by them in tough times. 2020 would hand us more opportunities for the same.

We are seeing the same resurgence near 2020 year-end that we saw in 2019. Pent-up demand is high. We are about to close the best December in our 28-year history as a result. Our clients showed incredible resilience and adaptability, inspiring the same in us.

No sane person would choose to repeat 2020. It happened, though, so we plan to take our newfound strengths forward. 2021 will be new in many ways, but isn't every new year, really? I am so looking forward to a stronger, faster, smarter Clientek tackling whatever 2021 brings.

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