

To: Our Preston Feather Team  
From: Kirk Jabara  
Re: Business Update – Coronavirus (COVID-19) Response and Other News  
Date: March 20, 2020

This is an update on our response to the COVID-19 virus and how we are adapting our business operations to the rapidly changing world.

I am so proud of our people and Preston Feather. We continue to do extraordinary things to help each other during these unprecedented times.

#### New Policies

Lori Lunger from Human Resources will be sending a separate email message immediately answering questions on the most frequently asked questions for work practices and schedules related to COVID-19. The topics include details clarifying our new policies on remote work, time off, and travel guidelines.

#### Business operations

We remain open for business.

For now, Preston Feather is committed to operate to serve customers and employees. They need us. However, we are prepared to reduce or close operations if any of the following conditions develop:

- We do not provide a safe work environment.
- Customers cannot conduct business with us.
- Our government requires us to reduce or close operations for public safety reasons.
- We do not have enough available employees to work.

We have been careful managing our finances and are in a strong position at the present time to weather change. If we must close operations temporarily, it will hurt but we will be OK.

Communication is key. In the event we must temporarily close or reduce operations, we will continue to communicate with you directly at home by email or phone.

We will get through this. Please rely, as I do, on credible news sources, including Federal, State and local health authorities. Please do not contribute to confusion and unnecessary fears by reacting to news that isn't fact-checked first. We are awash in irresponsible headlines, social media, texts and (unfortunately) some people that promote and prey on the fears of good

people like all of you. Use your head and common sense to make the best decisions for you, your families and the business we run together.

### Safety

The safety of the Preston Feather family of employees is my first concern. I've spoken to many of you over the past 2 weeks as daily news about the virus changed our lives. Our leadership team has been conferencing twice a day to share what we've learned, discuss ideas, and take action. We have moved aggressively:

- ✓ We improved the quality and frequency of our cleaning & disinfectant procedures. Thorough and frequent hand-washing and social distancing has become a habit.
- ✓ We began implementing remote work programs to reduce in store traffic.
- ✓ We implemented restricted contractor counter and showroom access for customers. We now pull orders for walk-up customers and have curbside pickup for called in orders.
- ✓ For employees returning from domestic travel, we began requiring a week at home with no symptoms before returning to work
- ✓ Contacted vendors to request sales rep not visit our stores
- ✓ Sent newsletter communications this week to our customers with information on COVID-19. Updated our web site and social media sites with information on our response to the virus crisis.
- ✓ Assisted employees with child care needs related to school closures
- ✓ Answered dozens of employee questions related to COVID 19 resources and how to reduce exposure risk.
- ✓ Hired a new HR generalist support staff person, Jordan Olivo, to give Lori Lunger more capacity to respond to employee needs related to COVID-19. Jordan started Monday, March 16<sup>th</sup>. He has created a new database for our employees with resources available to help cope with the crisis – it will be published today and he will continue to update this database for us.
- ✓ Surveyed our employees to get feedback on how well we are responding to your safety concerns. Feedback has been very positive with thoughtful improvement suggestions.
- ✓ Asked our PF culture team, the 1915 Crew, to poll our staff for the most creative ways they are "coping with the crisis".

We continue to talk to health experts, other businesses and our customers. Additional changes will be implemented as rapidly as possible. We all need to be flexible with change right now.

### Other Topics – What Else Have We Been Doing To Run The Business Effectively?

- We have served customers well during this challenging time. Despite frost laws and adapting to virus restrictions, we are on track to exceed our YTD and monthly sales targets. Unexpected and a tribute to all of you.
- Ran financial “stress test” projections to ensure we have good cash flow to manage through a slowdown.
- Developed an inventory strategy to use up current stock and take advantage of potential deals as opportunities surface.
- Reduced cash flow risk by introducing new procedure to collect 50% deposits on all special orders.
- Polled key customers. Most are proceeding with caution but continuing to build. Overwhelmingly want Preston Feather to continue to support them.
- Polled key vendors. Our supply chain appears to be reasonably OK, with alternative vendors / substitutes available at this time. We have about 2 months of stock item inventory and the ability to transfer stock between stores. Some imported items (Chinese finger-jointed cedar) is not available.
- Our staff is flexible and cross-trained. We have moved resources around as needed. Many of you have volunteered to help out in other areas to fill-in.
- Showroom renovations continue at breakneck speed in Petoskey, taking advantage of restricted customer traffic.
- We are keeping an eye on competitors. Some may stumble financially and we may pick up new customers or find new hires with skills to fill open positions.

### Summary

Thank you for reading and sharing the information above. If you have further questions or concerns, call or email me or Lori Lunger directly. I will provide updates as more information is available.

Thank you.

Kirk