

# DUKAL Strong

**This year – 2020 – started out as any other year.** I spent a week in Shanghai, China, in mid-January to celebrate the Chinese New Year with DUKAL's China team when we heard there was a virus in Wuhan, China, but thought nothing of it. However, Wuhan is an economic development city and billions of dollars have been invested there by foreign countries in manufacturing, led by the U.S. With visitors from all over the world traveling in and out of Wuhan daily, coupled with a virus that is a killer, it wasn't long before we had the beginnings of a global mess on our hands.

Healthcare suppliers in the U.S. have handled pandemics before, but never one that hit so close to home and disrupted our supply chain while immobilizing our citizens. Wuhan and its surrounding cities were all quarantined before the end of the Chinese New Year holiday, and unable to resume their normal production. With a high concentration of PPE production coming out of Wuhan, and COVID-19 spreading in Europe and the U.S., the dramatically increased demand exceeded the production capacity of the region.

By early March, COVID-19 had come into the New York region and broadened our focus beyond just the need to maintain our supply chain. The continued well-being of our employees and their families became an urgent concern as well. The continuity of the business hinges on our essential employees and for them to be able to complete their jobs efficiently. As an essential supplier, and one very involved in PPE, we knew DUKAL had to remain fully functional. Our Disaster Recovery Plan was enhanced to address both the pandemic and our employees' well-being. The DUKAL main office in Ronkonkoma, New York, went fully remote on Monday, March 16 with over 50 people able to work at home. Phones rang, emails flowed, and the office became fully functional from 50 locations! That day the reality of the severity of what was happening

set in. As a person who believes in "New York Strong" I had not felt so empowered since the region started to recover from the tragedy of 9/11.

As we work through the realities of meeting our customers' increased demand, coupled with China still trying to normalize production post-virus, the industry is faced with rapidly increasing prices, especially for the PPE products. DUKAL is now competing for scarce products



**Gerard LoDuca**  
president and founder



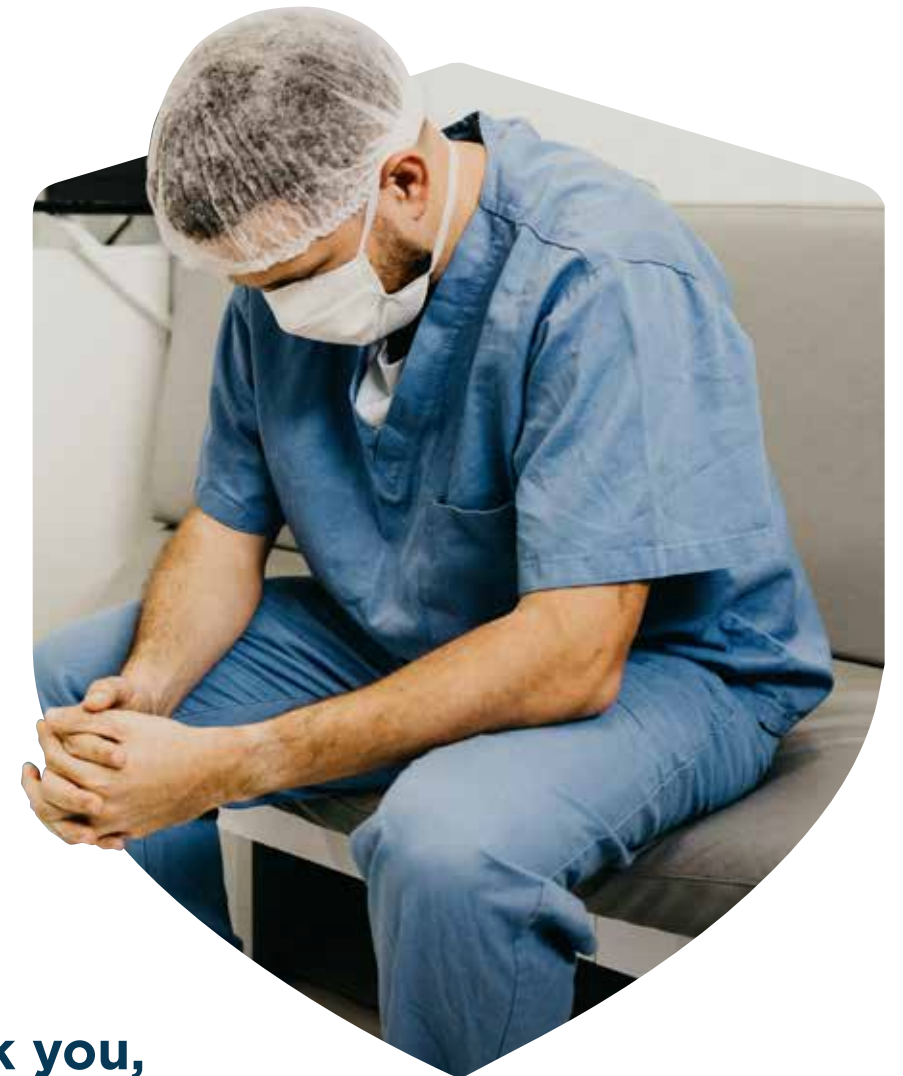
from buyers around the world and demand drives up pricing. Additionally, raw material shortages and hoarding also contributes to rapid and continued increases.

Look at the Raw Material Pricing Index from January to April 13 to get an idea of the magnitude of the jump:

- **Polypropylene the raw material to make the SPP fabric: January RMB: 5,000 ton; April 13: 50,000 ton**
- **Spunbonded Polypropylene fabric (SPP): January RMB: 8,000 ton; April 13: 120,000 ton**
- **Labor in China has increased five times since the beginning of the year**
- **China factories now require a 30-40% deposit upon order and full payment on shipping**

The current normal in the industry is that prices increase weekly and as of mid-April there is no timetable for stabilizing. It is very difficult to run a business during uncertain times and that is where the quality of a company's management team is critical.

For the past 30 years, DUKAL has been able to drive redundant costs out of healthcare through smarter manufacturing practices. This past month, it has been disheartening to see 30 years of work be erased as these pandemic-related price increases wipe away a lifetime of work. However, in customary fashion we will move forward, continue to find innovative ways to bring healthcare products to market and put our customers first. Wherever that journey takes us, our team remains dedicated to being the best we can be and **DUKAL STRONG!**



## We want to thank you, everyday warriors.

As DUKAL employees work to ensure essential medical and PPE products are reaching healthcare workers on the frontlines of COVID-19, we want to take a moment to recognize and thank the essential workers who are committing tireless hours to keep our nation going.

While it can feel like the world is standing still, everyone at DUKAL would like to acknowledge the postal workers - the grocery and restaurant workers - the farmers - the service worker - the not for profit staff - the truckers - the pharmacists - the police officers - the firefighters - the nurses, doctors, therapists and patient care aides from the medical industry, **know your selflessness and dedication is so appreciated.**

Follow @dukalcop to hear DUKAL employees share their thanks.

