


2024 OPERATIONAL EFFICIENCY AND PROFITABILITY ANALYSIS

VanDelay FINAL REPORT:
Efficiency Issues Resolved

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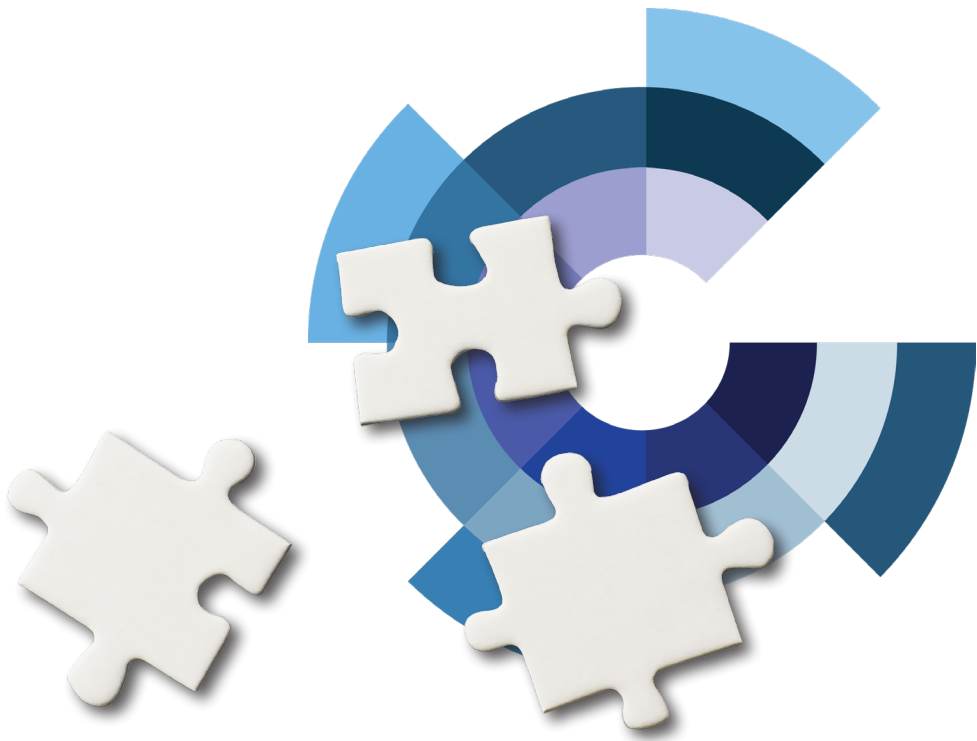


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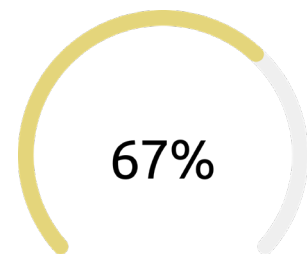
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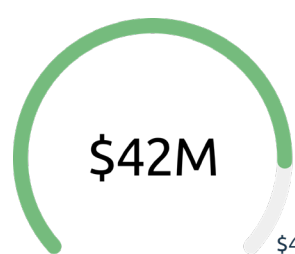
A 1% shift in VanDelay's overall engagement is worth **\$227,975** in profitability & EBITDA



Overall Engagement



Return-on-Labor™



\$49.6M

Annualized Lost Labor
\$7,507,977

Executive Summary: Culture is money.

VanDelay invests \$49.6M annually on labor. However, according to our findings, VanDelay's people are only engaged at a rate of 67% company-wide. Using well-established ratios from the science of Psychometrics, we've calculated the actual output of VanDelay employees to be valued at approximately \$42M - an inefficiency of \$7,507,977 annually.

By the same metrics, VanDelay could improve profitability and EBITDA using the methods described in the recommendations section of this report. For every 1% Improvement In overall engagement, VanDelay stands to recover approximately \$227,975 of its losses. The recommendations in this report are designed to raise VanDelay's overall engagement score by 10%, resulting in \$2.26M in additional profitability and EBITDA. In addition, turnover and retention costs will improve by an additional \$350K-\$750K annually. (Actual results may be even higher.)

People shouldn't **cost** the company money.
People should **make** the company money.

Most companies are operating at a fraction of their potential because employees are not positioned for full engagement and performance. This Culture MRI® report shows how your employees are performing in each of the scientific factors that determine employee output. The following scores are derived using our proprietary assessment, along with on-site observations. Based on the findings, we provide customized recommendations to enhance those factors, resulting in improved profitability and EBITDA. Each recommendation represents a considerable undertaking with important details and ramifications; and each is presented with a projected ROI.

Companies that are similar to VanDelay in revenue and geographic footprint have experienced dramatic increases in engagement, sustained improvements in front-line performance metrics, and top-line growth of 25% or more when adopting the recommendations prescribed for their unique organizational needs.

The Culture MRI's mission is to help leaders codify the cultural practices that best meet the unique workplace needs of their people. We accomplish this by measuring the psychometrics in your existing workplace, then recommend adjustments that will enable your people to thrive and perform their best.

“ Culture eats strategy for breakfast.”

~ Peter F. Drucker



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/Legal
/Accountin
/Finance
/Marketing
/Publicity
/Promotion
/Research
/Business
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How The Culture MRI® framework quantifies engagement and profitability.

Employee performance is regulated by psychometric factors that determine how much energy, commitment, and motivation employees will apply to their day-to-day. The Culture MRI® framework focuses on the specific metrics that determine actual engagement and performance. This report provides data and measurements that highlight the profitability impact of factors that effect a company's ability to reduce turnover, improve retention, and win the "war for talent". Management strategies, programs, and leadership actions are included that will further aid in improving the impact of lagging engagement and profitability.



What VanDelay employees need, and how it affects performance and profit.

By 2025, 75% of employees will be Millennials. Today's workers are more complex than ever. Their motivations for working go far beyond the need to earn a paycheck. Factors that drive today's employees are different, and, very specific. If just one of these psychometric drivers is overlooked, employee engagement will not be maximized. Oversights like this can result in culture problems that disrupt workers' focus on performance.

The Motivational Response Index® (MRI) identifies the 15 critical needs that drive performance and profitability. These needs determine employee engagement that can optimize performance. Companies that target these unique psychological drivers of their people drive maximum EBITDA.

Virtually every company has some untapped potential. The Culture MRI® is designed to reveal opportunities for better performance and profitability in your organization. We accomplish this by administering a proprietary assessment that asks your people about their daily experiences on the job. Employees' perspectives are among the most important gauges for operations. When properly collected and analyzed, their insights—along with internal company research that observes key operations and gathers firsthand information about employee practices—can help companies perform at their best.

Finally, we quantify everything into the numbers that matter. We can measure how engagement impacts profit. And we can calculate the financial impact of raising those scores by 10 or 20 percent.

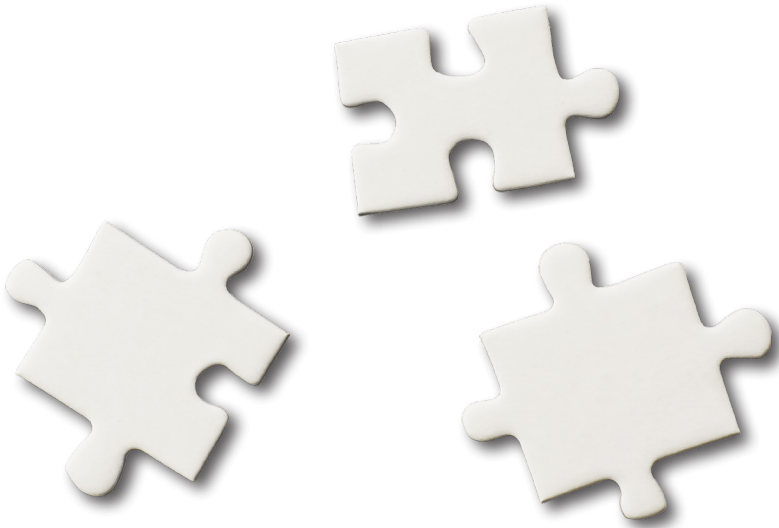
The Culture MRI® quantifies "that feeling in your gut."

Most leaders sense that engaged workers get more done and drive profitability. But without a system for measuring the components of engagement, it's hard to know how to manage them. The system used for this report measures each factor that affects employee engagement and links those metrics to specific actions that will improve EBITDA and profitability. Most companies report a noticeable difference within 90 days, along with financial returns that develop gradually as recommendations are implemented.

The Culture MRI® and the 15 Employee Needs



The Motivational Response Index® (MRI) identifies the 15 critical needs that determine employee engagement and drive performance and profitability. Companies that target these psychometrics drive maximum EBITDA.



The Significance Index®

- CRAFT - Performing an essential role with mastery.
- CAUSE - Participating in work that matters in the world.
- COMMUNITY - A sense of belonging and being irreplaceable.

The Success Index®

- VISION - A clear understanding of where one's efforts are leading.
- ADVANCEMENT - Doing work that creates subsequent opportunities.
- INNOVATION - A work environment that maintains relevant work practices.
- EMPATHY - Being appreciated as a person, not just a contributor.
- CLOUT - Believing that one's leaders are truly worth following.

The Survival Index®

- SAFETY - A Physical and Emotional sense of well-being.
- COMPENSATION - Being fairly rewarded for one's value to the company.
- EFFICIENCY - A functional environment that supports work.
- TRAINING - Preparation and support sufficient to meet assignments.
- WORK LOAD - Time and energy are aligned with work expectations.
- STRESS LEVEL - Intensity of effort is satisfying and sustainable.
- JOB FIT - Alignment between personal skills and job requirements.

Key findings for VanDelay's employees.

The performance of each employee at VanDelay is regulated by invisible factors that determine how much energy, commitment, and motivation he or she applies. These psychometrics are well researched. We can measure their impact on turnover, retention, and profitability. The Culture MRI® framework focuses on the specific metrics that determine engagement and performance. In addition, it links each factor to the specific management strategies, programs, and leadership actions that will improve profitability.



What's affecting VanDelay's people and profitability?

We evaluated the 15 categories that determine employee engagement and performance and highlighted your greatest opportunities. The resulting action plan will focus on a plan to raise profitability and EBITDA:

Compensation - When inflation rocked the U.S. economy in 2024, many businesses were left to fill the gap for their employees. Workers' paychecks no longer covered their monthly bills. Compensation - or the lack thereof - can be a huge distraction from productive work. Subconsciously, workers wonder whether the job deserves their full effort. They might even start "quiet quitting" or actively planning to leave.

Efficiency - Not the lowest score on the dashboard, but as we'll see in a moment, it's a catalytic ingredient in the recipe for disengagement. This score shows that something about the job is unnecessarily frustrating or difficult.

Workload - Even though it's the lowest-scoring category, the issue may actually be coming from somewhere else. The score indicates that employees need a break, either in the length or the intensity of hours.

Stress Load - Some jobs manage to seem fun, even when they're demanding. Others can leave workers feeling like the weight of the world is on their shoulders. Once we discover the cause of the stress, the solution will be evident.

A critical pattern is revealed in the data.

On the report dashboard, four areas stand out: Compensation, Efficiency, Workload, and Stress Level. This pattern is common for companies who take The Culture MRI®. Whenever we see this combination of results, we often uncover a familiar narrative behind the data. It says: "Work is frustrating because of several breakdowns in operations; those problems lead to workload issues, which in turn create stress; the reaction of employees is to cry out, 'You guys aren't paying me enough for this!!'"

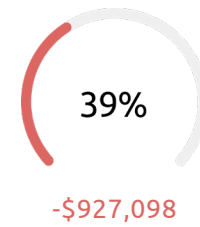
Even though data highlights four problem areas, the solution lies in addressing just one: Efficiency. By correcting this operational issue, as explained in the report recommendations, you will reduce workload, eliminate stress, and mitigate the perception that the job isn't worth the current pay. Turn to page 16 to see how to reverse this high-leverage pattern.

Rank	Item	%	Annualized Loss
1	Workload	39%	-\$927,098
2	Stress Level	42%	-\$881,503
3	Compensation	44%	-\$851,107
4	Efficiency	59%	-\$623,132
5	Cause	59%	-\$623,132
6	Community	71%	-\$440,752
7	Empathy	71%	-\$440,752
8	Training	71%	-\$440,752
9	Authenticity/Clout	74%	-\$395,157
10	Advancement	76%	-\$364,760
11	Safety	76%	-\$364,760
12	Craft	78%	-\$334,363
13	Job-Fit	78%	-\$334,363
14	Vision	82%	-\$273,570
15	Innovation	86%	-\$212,777
TOTAL ANNUALIZED LOSS			-\$7,507,977

When these four factors occupy the top spots on this list, it suggests there's a domino effect suppressing the employee value proposition. Turn to page 16 to see our recommendations.

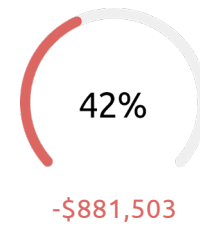
1 - Workload

Key Finding: This data suggest that employees feel overworked. In our recommendations and discussions with you, we will dive further into causation. That will enable us to determine whether this is a work/life balance issue, miscalibrated span-of-control, or a staffing matter. In the recommendations section on page 16, we've laid out the action plan for recovering losses from this category.



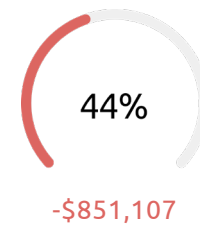
2 - Stress Level

Key Finding: Being overworked and underpaid can make anyone feel stressed. But is that the whole story? Stress is almost always a secondary impact of other issues. Let's examine the full context of the data to discern the true difference between the symptoms and their causes. Are there other "red flags" on this dashboard that could be impacting stress? Is the nature of the business itself stressful? Is there something about the management style that fosters unnecessary anxiety?



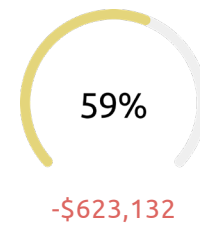
3 - Compensation

Key Finding: At first glance, it appears that compensation is a big problem. But it should be evaluated in context with all categories, not simply as a stand-alone issue. A wide range of factors might lead employees to conclude they deserve more pay. In all likelihood, there's more to the story. Compensation is a fundamental need for every worker; but more importantly, it's indication of how much an employee is valued. Often, concern about pay is just an indicator that there's an imbalance somewhere in the overall "employee value proposition." Finding the true source of the problem is the key to addressing it effectively.



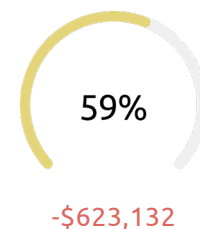
4 - Efficiency

Key Finding: Work can satisfy a person's need to feel productive and industrious. But when a job becomes frustrating, the sense of fulfillment quickly evaporates. To avoid this pitfall, each job role should be evaluated for effectiveness in task design, sequencing, technology, and time-to-complete. Today's workers aren't satisfied simply earning a paycheck - they have an inherent need to work effectively and efficiently too.



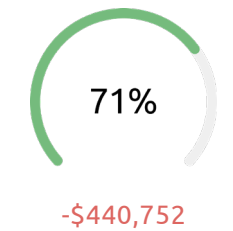
5 - Cause

Key Finding: With today's millennial work force, more and more people value their work based on the significance it plays in the world around them. They want to be part of something important. At the same time, not everyone needs this. So each worker's preferences should be considered before implementing the strategy for Cause.



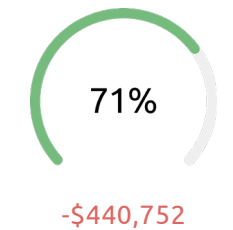
6 - Community

Key Finding: There is a general sense of camaraderie throughout the company. This need can be especially strong with today's millennial work force. This generation of workers longs for more than just the basics like pay and benefits. For an increasing number of people, work is more engaging when it comes with a sense of belonging to a community of coworkers. However, not all workers desire community from their workplace. So each individual worker's preferences should be considered before implementing the strategy for fostering community.



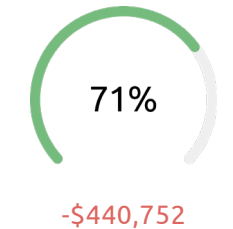
7 - Empathy

Key Finding: In general, employees sense that the company genuinely cares about them and their well-being, not merely what they can do for the company. Workers are always watching to see if the company places a priority on addressing the issues that concern them. This score should be much higher once the matters mentioned earlier are improved.



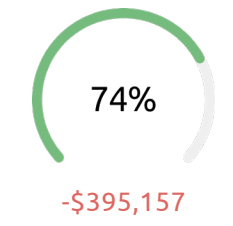
8 - Training

Key Finding: Employees thrive when their competencies match their job requirements. Alignment here results in greater confidence, satisfaction, and identity - three of the most important drivers of engagement in today's workforce. Most VanDelay employees report no major issues in this area. However, when addressing issues with Efficiency, if new procedures are implemented care should be taken to ensure adequate re-training is provided.



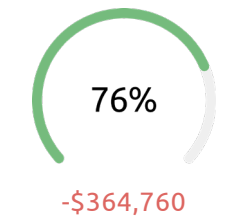
9 - Clout

Key Finding: Most employees hold a solid sense of respect for the company's leaders. In other words, they consider their superiors to be leaders worth following. This could be the result of good hiring or the outcome of significant efforts to develop employees from the ground up. Both strategies can be effective. Executive presence is an important element of leadership. Not only must they "do their job," they must also lead others in a way that is engaging and inspiring.



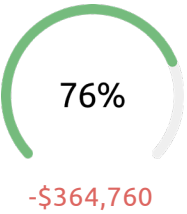
10 - Advancement

Key Finding: In general, employees are satisfied with their future career opportunities. Best-in-class employers build a reputation as "employers-of-choice". This pays dividends when it comes to recruiting and retention. One of the ways to accomplish this is to provide a relevant plan for advancement for each job role.



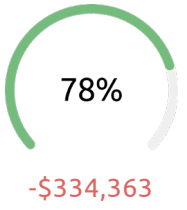
11 - Safety

Key Finding: The Safety category has two important sub-components: physical safety and emotional safety. There are no issues in the workplace that raise significant concerns for physical safety. Emotionally, employees report feeling fairly safe from duress. Emotional safety is maximized when the environment is free from threats of verbal and psychological bullying, manipulation, and abuse. Subtle drops in this score can often be attributed to personal mannerisms like harsh language or the use of passive-aggressive communication.



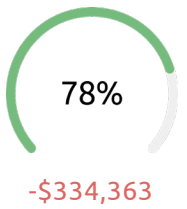
12 - Craft

Key Finding: One of the common ambitions of millennial employees is the motivation to master skills that interest them. These workers are no longer satisfied simply performing their tasks, but experience fulfillment from their identity as a master of their Craft. Employers must find ways to meet this core desire.



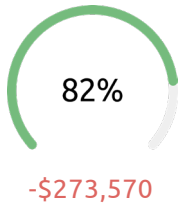
13 - Job Fit

Key Finding: The majority of employees believe their strengths are being leveraged adequately. Success that comes from innate ability will produce deeper satisfaction (and performance) compared to success resulting from acquired ability and learned skill.



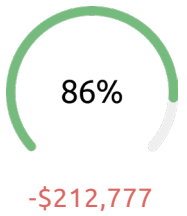
14 - Vision

Key Finding: Most employees understand the mission and are passionate about contributing to it. Employees need a sense of mission. It is vital for each to have a clear understanding of both long-term and short-term objectives, as well as a "picture" of how their efforts contribute to the vision.



15 - Innovation

Key Finding: There are no problem areas detected in this category. Low scores for Innovation often point to outdated technologies or ineffective processes. Ultimately, they would suggest that employees sense an attitude of complacency about working conditions. When issues arise in this category, an audit of technology and processes can yield significant results.



Recommendations

The purpose of the Culture MRI® is to diagnose the workplace factors responsible for suppressing performance and profitability. Having identified the opportunities for improvement, we can create a plan of action for reducing these losses. By addressing the specific causes in a highly-targeted manner, even a conservative plan can yield significant financial gains.

Similar to a medical treatment, the recommendations do not always correspond to the findings in a one-to-one relationship. We examine the overall scenario and customize an approach that is most likely to produce tangible financial improvements. Most initiatives we recommend will end up addressing several categories at once. Invariably, the recommendations are based on numerous case studies with previous clients served in our nearly twenty years of practice with this same methodology. We look forward to your progress and the financial gains you will experience!



To improve employee performance, profitability, and EBITDA: work smarter, not harder.

VanDelay is currently facing low scores in the Efficiency category of its Culture MRI®, signaling that employees are experiencing significant frustrations related to how they perform their work. Through interviews, The Culture MRI® revealed that a poorly designed workspace is at the heart of the issue, which has triggered a cascade of related problems such as increased workload, rising stress levels, and even concerns about pay. To address these challenges holistically and restore optimal performance to the workplace, management can take three key actions: conduct a time-motion study, pursue ISO-9001 certification, and redesign the physical workspace.

1. Conduct a Time-Motion Study

The first and most critical step toward improving efficiency is conducting a time-motion study. This method, commonly used in industrial engineering, involves observing how employees perform their tasks throughout the day. The goal is to identify inefficiencies such as wasted motion, poorly designed workflows, and unnecessary steps that could be slowing down productivity. For instance, employees may be walking long distances to retrieve tools, working in poorly laid-out spaces, or wasting time due to inadequate access to resources. By mapping out how work is performed in real-time, management can gather data to understand exactly where the bottlenecks lie. A time-motion study will offer a clear picture of where processes can be streamlined, leading to improved efficiency and less frustration for employees who currently feel that their workspace is working against them rather than for them.

2. Pursue ISO-9001 Certification

The second recommendation is for VanDelay to pursue ISO-9001 certification, which would bring structure and consistency to its internal processes. ISO-9001 is an internationally recognized standard for quality management systems that helps organizations improve the way they operate by focusing on efficiency, customer satisfaction, and continual improvement. By working toward this certification, VanDelay will be required to evaluate its current workflows

and establish clearer, more efficient processes that everyone in the company can follow. This ensures that employees are not constantly reinventing the wheel or dealing with unclear expectations, which are key sources of frustration in the workplace. Moreover, ISO-9001 encourages a culture of continuous improvement. Employees will be invited to provide feedback on how workflows can be improved, making them feel more empowered and engaged in the process of building a more efficient workplace. This structured approach will not only address the immediate concerns about workload and inefficiency but also foster long-term improvement in operational performance.

3. Redesign the Physical Workspace

The third action involves using the insights from the time-motion study to redesign the physical workspace. A poorly designed workspace can significantly hinder productivity, causing unnecessary physical strain and mental stress. For example, employees may be seated in areas with poor lighting, inadequate access to necessary tools, or cluttered spaces that make it difficult to focus. By redesigning the workspace to be more ergonomic and aligned with the actual workflow needs of employees, VanDelay can create an environment that supports rather than hinders productivity. This could involve simple changes such as adjusting the placement of workstations, improving lighting, or reducing noise levels, as well as more comprehensive redesigns such as introducing collaborative spaces or reconfiguring areas for specific tasks. A well-designed workspace reduces physical strain, improves concentration, and allows employees to move more efficiently through their tasks. As a result, employees will experience less frustration, reduced stress, and a sense that their work environment is conducive to success.

By undertaking these three actions—conducting a time-motion study, pursuing ISO-9001 certification, and redesigning the workspace—VanDelay can effectively address the underlying causes of inefficiency and restore both employee productivity and morale. These steps will not only resolve immediate frustrations but also position the company for sustained success through improved operational performance and a more engaged, empowered workforce. These recommendations will also enhance bottom line profitability by reducing losses caused by disengagement.

“For the first time in mankind’s history, the workforce has reached what Maslow called “self-actualization,” and it changes everything about how to run a company.

~ Culture Is The New Leadership by Benjamin Ortliip

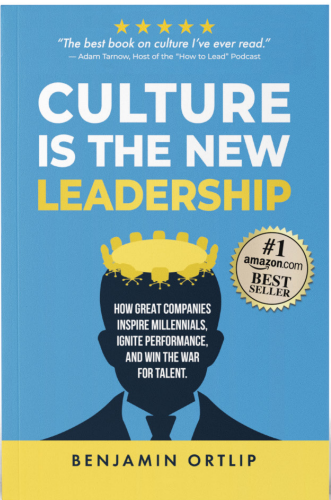
Projected Financial Impact For VanDelay

The above recommendations are designed to provide a lift within the culture of VanDelay by addressing the efficiency issues detected during The Culture MRI®. While these action steps are only described briefly here, we look forward to discussing each detail with the VanDelay team and providing additional guidance as needed.

Based on the rather conservative plan described in this report, VanDelay can improve its Employee Value Proposition, better-providing workers what they need to thrive and perform. The result will be higher productivity and profitability. Best of all, the impact will be measurable, not only in assessment scores, but also in financial results.



TOTAL ADDITIONAL PROFIT (ANNUAL)* = \$2,264,552



For additional insights about the relationship between employee performance and profitability, Culture Is The New Leadership, authored by the same team that created The Culture MRI®, provides an in-depth look at the categories that drive results in the workplace. It reveals how to measure culture in terms of actual dollars; how to attract and retain the absolute BEST employees; how to manage the performance and profitability of your culture!

