



# 2024 OPERATIONAL EFFICIENCY AND PROFITABILITY ANALYSIS

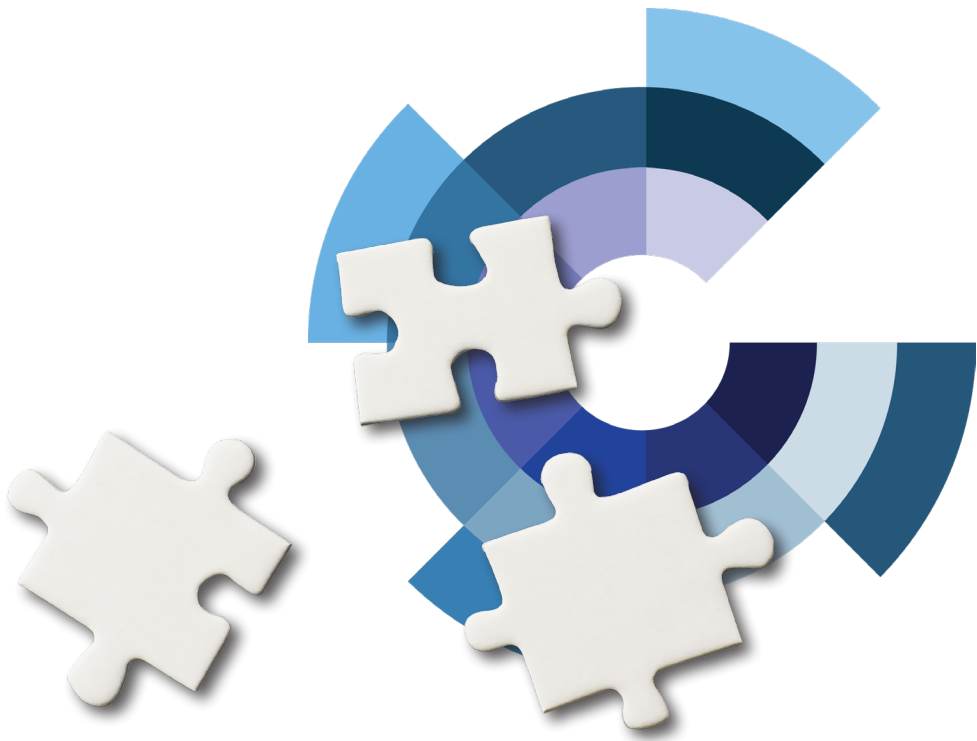
Acme, Inc. FINAL REPORT:  
Leadership Issues Resolved

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## Table of Contents

Overview	4
The Framework	7
Categories by impact	10
Categories in detail	12
Recommendations	16
Financial impact	18

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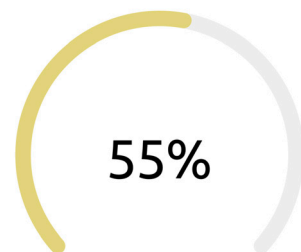
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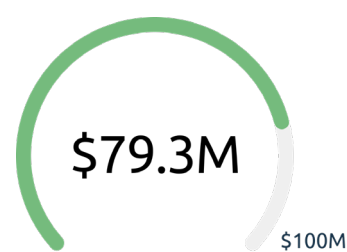
A 1% shift in Acme's overall engagement is worth **\$460,000** in profitability & EBITDA



Overall Engagement



Return-on-Labor™



Annualized Lost Labor

**\$20,700,000**

## Executive Summary: Culture is money.

Acme invests \$100M annually on labor. However, according to our findings, Acme's people are only engaged at a rate of 55% company-wide. Using well-established ratios from the science of Psychometrics, we've calculated the actual output of Acme employees to be valued at approximately \$74M - an inefficiency of \$20,700,000 annually.

By the same metrics, Acme could improve profitability and EBITDA using the methods described in the recommendations section of this report. For every 1% Improvement In overall engagement, Acme stands to recover approximately \$460,000 of its losses. The recommendations in this report are designed to raise Acme's overall engagement score by 10%, resulting in \$4.6M in additional profitability and EBITDA. In addition, turnover and retention costs will improve by an additional \$750K-\$1.5M 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 Acme 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





/Administr  
/Human Res  
/Legal  
/Accountin  
/Finance  
/Marketing  
/Publicity  
/Promotion  
/Research  
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/Planning



## 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 Acme 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."

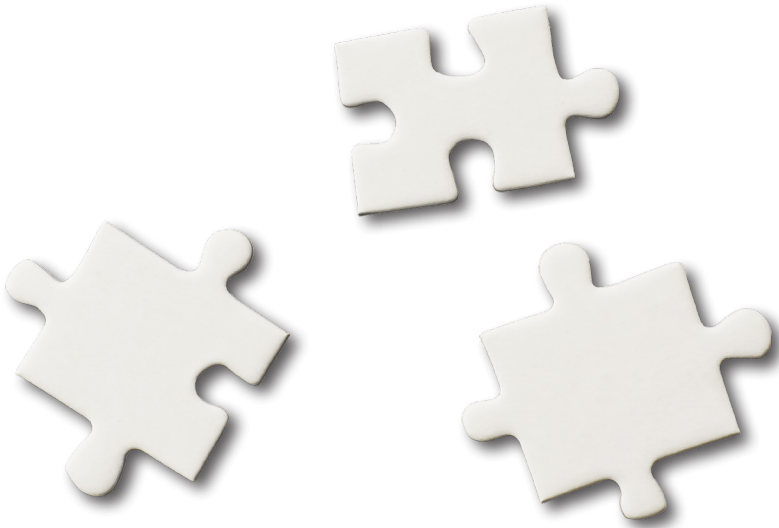
Most leaders sense that engaged workers get more done and drive profitability. But without a system for measuring the components of engagement, it's hard to know how to manage them. The system used for this report measures each factor that affects employee engagement and links those metrics to specific 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®

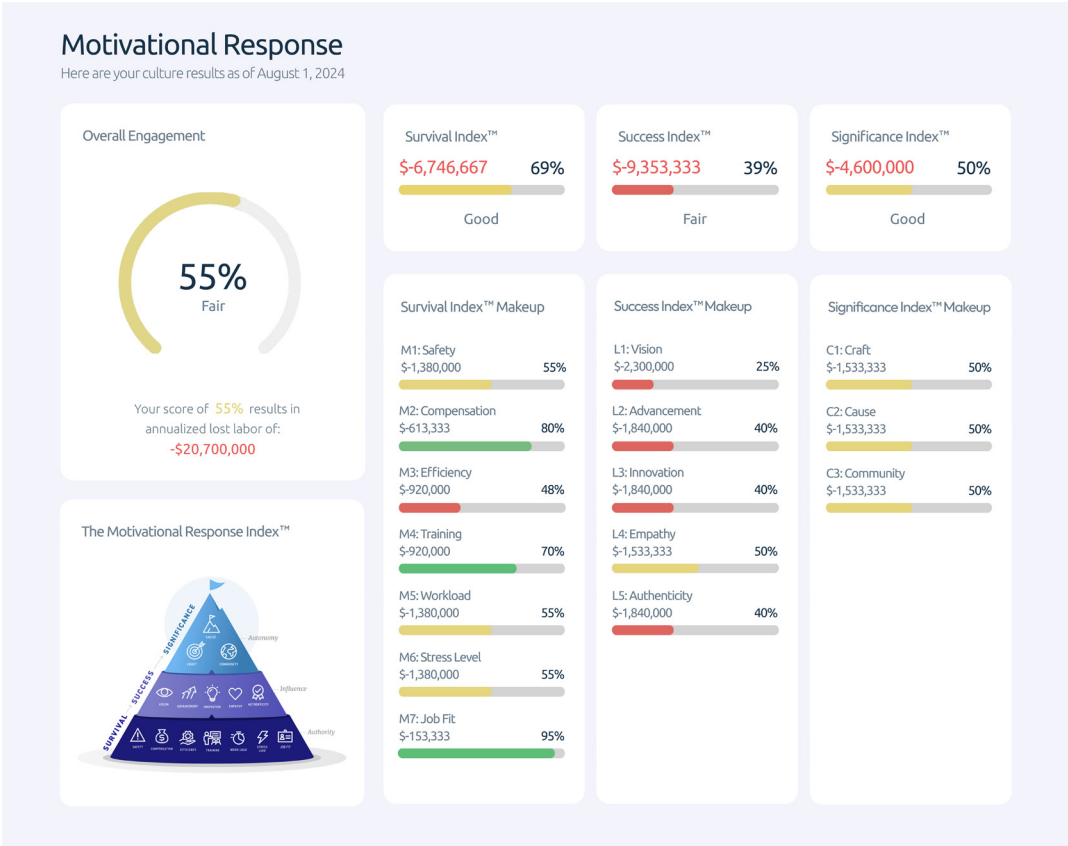
- VISION - A clear understanding of where one's efforts are leading.
- ADVANCEMENT - Doing work that creates subsequent opportunities.
- INNOVATION - A work environment that maintains relevant work practices.
- EMPATHY - Being appreciated as a person, not just a contributor.
- CLOUT - Believing that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

The performance of each employee at Acme Inc, 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 Acme’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 two key areas that will raise profitability and EBITDA:

**Vision** - Employees work best when they recognize how their efforts contribute to specific outcomes for the organization. Acme employees give this factor a score of 25%. The solution for this gap is to better clarify the vision and reinforce the connection between daily work and organizational objectives. This will involve a combination of strategic planning, leadership training, and internal communications.

**Advancement** - Preparing employees to fill leadership roles will not only raise engagement, but also facilitate internal promotions. Raising these scores by 15% will yield \$950k annually in incremental profit.

Ranking the data, from highest-impact.

As the following table of psychometric categories shows, Acme employees gave the lowest score to Vision. Raising this one category’s score to 50% (a very conservative goal) would result in an overall performance improvement worth approximately \$766,000 - annually! (See details on pages 16-17.)

Advancement, Innovation, and Authenticity/Clout are “tied” for second-lowest score. Together, these three categories represent more than \$5.5M in money that was invested in labor but is being lost each year because of a disconnect between what employees need to thrive and what they’re experiencing daily. For all three of these suppressed scores, an improvement from 40% to 60% can be reasonably expected for a small investment; collectively, this 20% increase in these three categories would deliver more than \$1.8M in annual profitability.

Similar improvements can be achieved in each of the remaining data categories. (See details on pages 16-17.) These are one-time changes that produce perpetual improvements in profitability and EBITDA. In addition to the category improvements, the overall lift in employee morale will enhance Acme’s employer brand reputation, reducing turnover costs and making it easier to attract and retain talent.

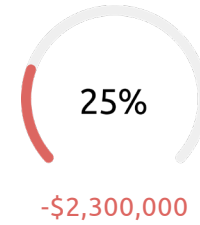
Rank	Item	%	Annualized Loss
1	Vision	25%	-\$2,300,000
2	Advancement	40%	-\$1,840,000
3	Innovation	40%	-\$1,840,000
4	Authenticity/Clout	40%	-\$1,840,000
5	Empathy	50%	-\$1,533,333
6	Craft	50%	-\$1,533,333
7	Cause	50%	-\$1,533,333
8	Community	50%	-\$1,533,333
9	Safety- Physical/Emotional	55%	-\$1,380,000
10	Workload	55%	-\$1,380,000
11	Stress Level	55%	-\$1,380,000
12	Efficiency	70%	-\$920,000
13	Training	70%	-\$920,000
14	Compensation	80%	-\$613,333
15	Job-Fit	95%	-\$153,333
TOTAL ANNUALIZED LOSS			-\$20,699,998

For example, eliminating all Vision issues would increase profitability by: \$2,300,000



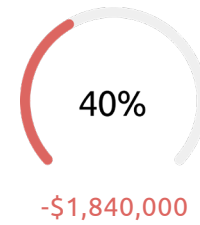
## 1- Vision

**Key Finding:** Few employees understand the mission and are passionate about contributing to it. A weak sense of the company vision directly reduces employee engagement; in addition, it can have an indirect effect that suppresses other psychometric scores. 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.



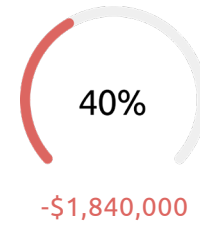
## 2- Advancement

**Key Finding:** Most employees in this survey are less-than-satisfied with their future career opportunities. In layman's terms, there is no carrot on the stick motivating them beyond the near future. Improvements to this score would result in tremendous improvements. Best in class employers build reputations as “employers-of-choice”. This pays dividends when it comes to recruiting and retention. One of the ways toward this is to provide a relevant plan for advancement for each job role.



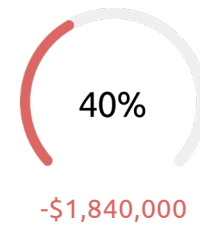
## 3- Innovation

**Key Finding:** Operational challenges are temporarily diverting attention because of outdated equipment. Innovation can point to outdated technologies or ineffective processes. Ultimately, it suggests that employees sense an attitude of complacency about working conditions. Employee engagement is highest when workers sense that their environment maintains a sense of contemporary relevance with the world around them. Depending on the industry, this psychometric factor can carry significant impact. In a highly-innovative field, obviously, it is especially important. In Acme's case, an audit of technology and processes will yield significant results.



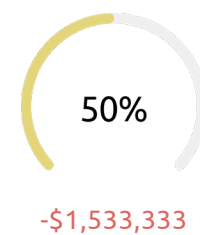
## 4- Clout

**Key Finding:** Most employees lack a strong sense of respect for the company's leaders. Clout is maximized when a leader is widely respected by coworkers, industry peers, or community onlookers. Breaches of integrity can erode it. 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.



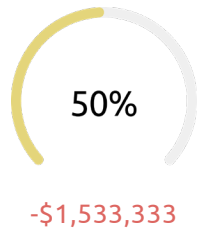
## 5- Empathy

**Key Finding:** In general, employees wonder if the company genuinely cares about them and their well-being or just what they can do for the company. Creating a culture of empathy requires infusing this core value into the organization's DNA through training, recognition, and everyday practices and communication.



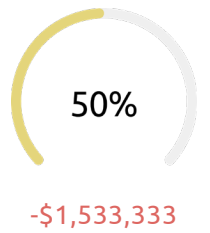
## 6- Craft

**Key Finding:** Some employees are motivated by a desire to master skills that interest them. Feedback from employees indicates there is room for improvement. As workers reach self-actualization, they are no longer satisfied simply working a job. One common motivation for these workers is to master a CRAFT. At the same time, not everyone needs this. So each worker's preferences should be evaluated.



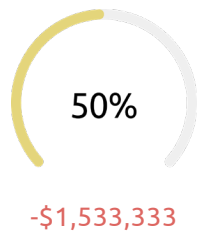
## 7- Cause

**Key Finding:** Regardless of their actual impact, employees do not feel strongly that their work matters very much. When workers sense that their efforts are connected to an important outcome, it unlocks tremendous amounts of discretionary effort. As with Craft, not everyone needs this. So each worker's preferences should be considered before implementing the strategy for Cause.



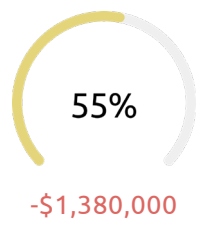
## 8- Community

**Key Finding:** There is only a moderate sense of camaraderie throughout the company. This indicates teams will be extremely open to adapting to changes that will increase this score. The concept of COMMUNITY happens when people recognize a sense of BELONGING exists at their work. Company performance will improve significantly when this is cultivated more effectively. As with Craft and Cause, not everyone needs this. So each worker's preferences should be evaluated.



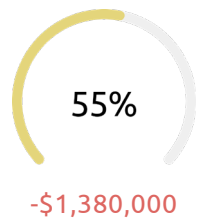
## 9- Safety

**Key Finding:** The Safety category has two important sub-components: physical safety and emotional safety. According to our survey, physical safety is not a significant concern at this time. However, emotional safety is an area that needs significant attention. This can result from unfavorable interactions between employees. Emotional safety is maximized when the environment is free from threats of verbal and psychological bullying, manipulation, and abuse. In Acme's case, we anticipate these issues to resolve themselves naturally as a by-product of our recommendations to address other categories.



## 10- Workload

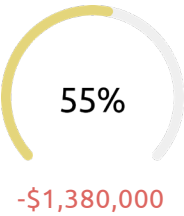
**Key Finding:** According to the data from our survey, employees perceive that the overall workload is not completely sustainable. In all likelihood, this issue is a natural by-product of the inefficiencies mentioned earlier. For each job role, there is an optimal range of workload which requires balancing head count and spans-of-control with your unique pace-of-business.





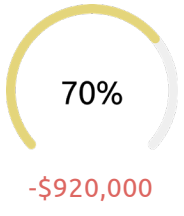
⚡ 11-Stress Level

**Key Finding:** Stress is almost always a secondary impact of other issues. In this case, the excessive stress reported in our employee survey is being triggered by a need for a more developed sense of Vision. People have an inherent desire to know where things are going. When the workplace does not meet this need, low-level uncertainty leads to stress. Over time, this can severely erode engagement.



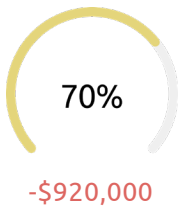
⚙️ 12- Efficiency

**Key Finding:** According to our survey data, employees report a variety of moderate concerns about daily operations. Most of these concerns can be linked to the low innovation score mentioned above. 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.



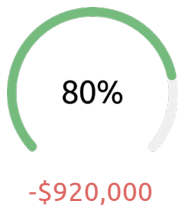
👥 13-Training

**Key Finding:** In general, the data from this survey suggest that training for existing tasks is adequate. However, additional support may be necessary if new innovations are brought online. Employees thrive when their competencies match their job requirements. Alignment between competencies and job requirements results in greater confidence, satisfaction, and identity - three of the most important drivers of engagement in today's workforce. A minority of Acme employees do report feeling under-trained. While training can be expensive, a higher score here would result in greater worker confidence and overall profitability.



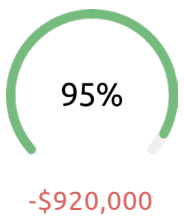
💰 14- Compensation

**Key Finding:** Compensation is generally on par with employee expectations. Pay and benefits are the most familiar of the workplace motivators. And while they're important, they also shouldn't be used to compensate for shortcomings in other areas. This relatively high score of 80% indicates that the most significant improvements to engagement and profitability will come from other categories.



👤 15-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.





## 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!



## Initiatives that will improve employee performance, company profitability, and EBITDA.

### 1. Create a Proprietary Leadership Model

An organization can only effectively grow at the rate that it grows leaders. This is true regardless of industry. Studies show that roughly 7% of companies today are effectively developing their front line leaders. This is concerning. Front line leadership has a disproportionate impact on top line revenue and profitability.

In most organizations, if you ask ten people to define “leadership”, you’re likely to get ten different responses. To promote leadership as a value, Acme first needs a clear, exportable definition of leadership – one that is unique to Acme and reflects the organization’s unique values. To avoid becoming just another plaque on the wall, the model’s principles must also be incorporated into daily functions and operations. When a leadership model is made relevant to everyday work, it provides measurable metrics and tools for use in career-pathing, mentoring, and coaching. The model may be developed in-house, with some coaching, or by a competent consulting entity.

### 2. Evaluate Leadership Strengths When Recruiting and Hiring

Leadership is the backbone of every organization. And it’s not just for the people “in charge” of others. In fact, every single employee leads something, even if they merely lead themselves. When this foundation is lacking, the entire organization suffers. With a clearly defined definition of leadership, Acme will be able to create profiles of the various leadership types and identify where they add the most value to the organization.

### 3. Conduct Aggressive Leadership Training

Once the items above are complete, this initiative will ensure their value. A recent Brandon Hall Study on Leadership Development revealed that more money is spent on leadership development than any other corporate learning, yet 71% of organizations do not feel that their leaders are prepared to lead in the future. As the Proprietary Model is developed, the training for the leaders will be an integral component for success.

### 4. Implement Coaching and Mentoring Systems

For leadership to become a signature characteristic throughout the culture, it must be modeled. Leaders that develop other leaders are key to the success of Acme. One of the best ways to develop other leaders is to spend time developing them through coaching and mentoring. If this is witnessed at the highest levels of the organization, it will be effectively and authentically modeled down through the entire brand, even into the communities it serves.

### 5. Intensify the Communication Frequency, Voice, and Volume

All influence can be traced to communication. Communication shapes vision that drives the company’s success. But vision leaks. So it must be reinforced and replenished. Communication must be constant. By managing a steady frequency of messaging through multiple channels, communication can change the “thoughtmosphere” of an organization. Just as an advertising media plan influences consumer purchasing, a cultural communication plan is designed to sell a corporate vision to all levels of an organization as well as inform the marketplace as a whole. This will drive and support the goal of being both the employer and provider of choice in the regions that Acme operates. In short, Acme needs to think like a media company as it broadcasts its vision internally.

We recommend leveraging multiple modalities to tap every learning style and reinforce application of the concepts. The modalities should include:

- Experiential
- Reading publications
- Case study work
- Workshops

In addition, communication should be developed with an awareness that Acme employs people motivated by a mixture of Craft, Cause & Community®. Emphasizing all three will ensure everyone knows their efforts are valued.

“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

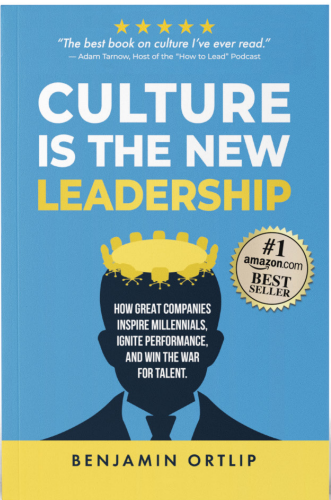
# Projected Financial Impact For Acme

The above recommendations are designed to provide a lift within the culture of Acme by addressing the reported appetite for stronger vision. While these action steps are only described briefly here, we look forward to discussing each detail with the Acme team and providing additional guidance as needed.

Based on the rather conservative plan described in this report, Acme 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)\* = \$4,600,000



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!

