WEEKLY PROGRESS REVIEW (WPR)

The purpose of the Weekly Progress Review **(WPR)** is to engage key stakeholders in the process of improving the business. We will agree on the prioritization and scale of core issues, and the opportunities identified and realized. Finally, we will summarize this week's activities, findings, the tools built, and the changes implemented. We will discuss the training conducted, measure our results, and review the direction for next week.

The **WPR** builds on the Consulting Services Agreement and Project Plan between Cogent Analytics and Cardinal Transportation. This report covers the period from 2025-08-18 to 2025-08-22.

Executive Summary:

This week's work advanced two core pillars: business development and people. On the business development side, Cardinal has formally established an outbound sales function for the first time, moving from reliance on inbound demand to a structured system. Processes, client tiering, and SOPs have been embedded in Zoho, CSRs have been trained and configured, and a curated lead list has been distributed. The program is designed to increase average booking value and build a measurable pipeline, with defined conversion targets and an ROI that significantly exceeds costs.

In parallel, the people pillar progressed through the completion of formalized roles and responsibilities and the creation of a structured managerial review framework. James now has the clarity and tools to conduct consistent, meaningful reviews of top-level managers. This restores accountability, aligns leadership under shared expectations, and creates a repeatable process that improves engagement, retention, and performance.

The Buckeye acquisition analysis has also been updated with July close and year-to-date financials through August 21. Results confirm a sustainable revenue run-rate of ~$3.7 million and EBITDA of ~$1.1 million. Under an asset purchase, the enterprise value is $2.94–$3.10 million, anchored in tangible fleet and working capital assets, with only minimal goodwill considered.

The associated real estate was formally appraised at $930,000, with a suggested offer strategy in the $850,000–$885,000 range, keeping the combined transaction in the $3.79–$3.98 million band.

Together, these updates demonstrate progress across sales, people, and M&A strategy—each step institutionalizing discipline, reinforcing accountability, and positioning Cardinal for sustained, profitable growth.

***Focus** – Outside Sales* | ***Pillar** – Biz Dev* | ***Deliverable** – Processes and System*

Reasoning:

The rationale for this week's business development work is to establish outbound sales as a disciplined, accountable function within Cardinal for the first time. Until now, growth has depended almost entirely on inbound demand and service fulfillment. That reliance limits scalability, because it leaves performance tied to market pull rather than organizational intent. Sustained expansion requires more than waiting for business to arrive—it requires a proactive sales engine designed to generate its own opportunities and build a transparent, measurable pipeline.

Launching outbound sales in a structured manner ensures that Cardinal does not begin with ambiguity or improvisation. By embedding client tiers, SOPs, and consistent messaging standards from the start, sales becomes a managed system rather than an unstructured activity. This structure guarantees that client ownership, data integrity, and CSR development all progress in tandem, creating accountability at the individual level while giving leadership visibility and control across the entire sales function.

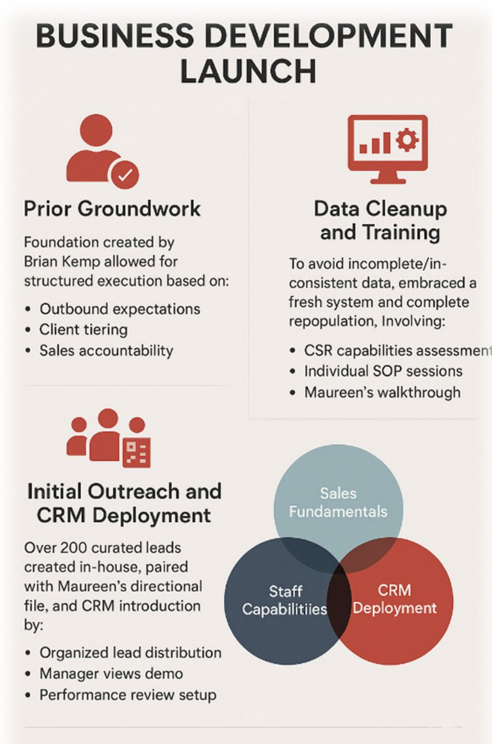
The strategic reasoning is straightforward: if outbound sales is to be a permanent driver of profitability, it must be designed with clarity, accountability, and scalability at its foundation. Establishing discipline at inception avoids future rework, prevents uneven practices, and positions Cardinal's sales capability on equal footing with the financial and operational rigor already being introduced elsewhere in the business. This is not about adding activity for its own sake—it is about institutionalizing business development as a core engine of growth, one that compounds effectiveness and strengthens enterprise value over time.

***Focus** – Outside Sales* | ***Pillar** – Biz Dev* | ***Deliverable** – Processes and System*

Methods:

The methods applied this week combined prior groundwork with structured execution to ensure business development was launched in a way that matched both proven sales fundamentals and Cardinal's current staff capabilities. The foundation built previously by Brian Kemp was critical, providing a baseline framework for outbound expectations, client tiering, and sales accountability. That work was extended through a fresh assessment of CSR abilities, which confirmed the need to pace adoption and training so that the team could build confidence and discipline without being overwhelmed.

An early constraint was the incomplete and inconsistent state of data in Cardinal's existing platforms. Rather than risk carrying forward inaccuracies, the decision was made to begin with a clean system and populate it deliberately. This choice shaped the week's activity: Mike Veach worked directly with each CSR and with Maureen to walk through the SOP documents and process flows in detail, ensuring understanding of expectations and daily use. Each CSR session was conducted individually to allow for focused training and comprehension, with the exception of Kitter, who departed early and was unable to return for her session.



Alongside training, more than 200 curated leads were compiled and organized to seed initial outreach. This list was deliberately built in-house to control quality and to provide Maureen with a master file for phased release, ensuring CSRs had a controlled, sustainable starting point. To complement this, Mike guided Maureen through the manager and reporting views in Zoho, demonstrating how activity, lead status, and CSR performance could be monitored and reviewed at a supervisory level.

The combined approach reflects the integration of three elements: sales fundamentals known to drive results, the current capabilities and learning pace of Cardinal's staff, and the deployment of a CRM in its cleanest, non-corrupted form. These methods ensured that the transition to outbound sales was neither theoretical nor burdensome, but practical, matched to the team, and immediately actionable.

Focus *– Outside Sales* | ***Pillar*** *– Biz Dev* | ***Deliverable*** *– Processes and System*

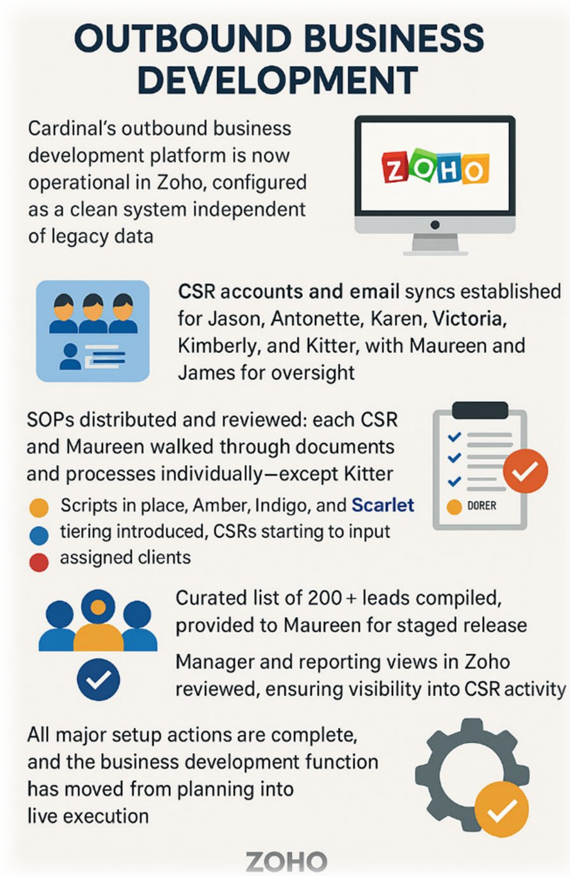
Status:

Cardinal’s outbound business development platform is now operational in Zoho, configured as a clean system independent of legacy data. CSR accounts and email syncs have been successfully established for Jason, Antonette, Karen, Victoria, Kimberly, and Kitter, with Maureen and James added for managerial oversight. All current email functionality remains intact.

SOPs have been distributed and reviewed, with each CSR and Maureen walked individually through the documents and processes by Mike Veach. Kitter was the exception, as she left before completing her session and did not return. Scripts are in place, and the Amber, Indigo, and Scarlet tiering structure has been introduced, with CSRs beginning to input assigned clients accordingly.

A curated list of over 200 leads has been compiled and provided to Maureen, who holds the master file and will distribute leads in stages. In addition, Mike reviewed Zoho’s manager and reporting pages with Maureen to demonstrate supervisory visibility into CSR activity and performance tracking.

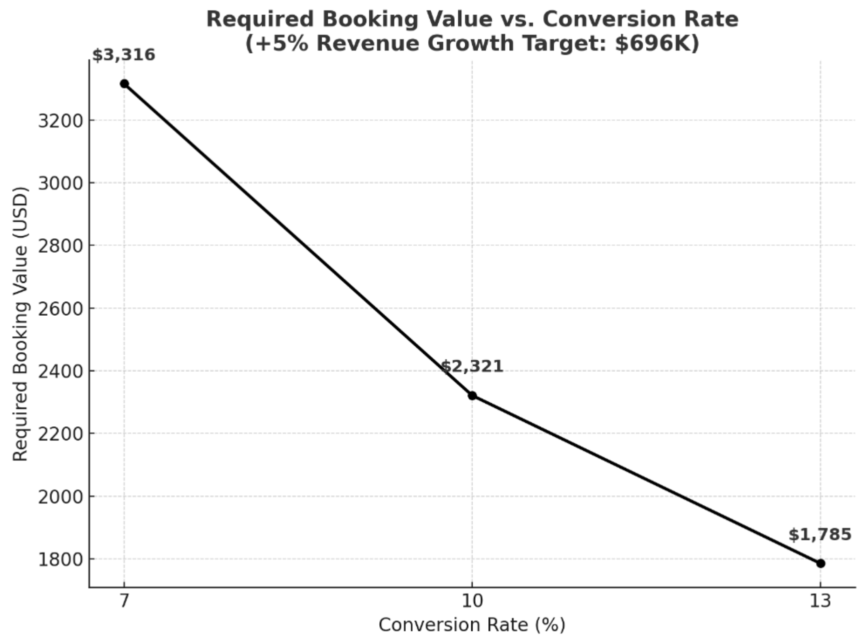
All major setup actions are complete, and the business development function has moved from planning into live execution, with CSRs now working inside a system designed to grow cleanly alongside their developing skills.



sensitive topics and reflect on recent changes further contributed to a culture of openness and continuous improvement.

Impact:

Cardinal's outbound sales engine is designed not just to add volume but to increase the average value of each booking by targeting institutional clients—corporate accounts, hospitals, universities, and multi-day charters—rather than everyday transfers. The baseline average across all jobs is about $1,800, but outbound is aimed at pushing that figure higher by focusing effort on premium segments.



At a 5% growth target, Cardinal must add about $696,000 in new revenue on top of the 2024 base of $13.9M. With 3,000 outbound activities projected annually, this means delivering roughly 387 incremental bookings at the $1,800 average price point—a conversion rate of about 13%. At Cardinal's current margins, that lift translates into $312,000 in gross profit and $165,000 in net income. With Zoho's annual cost of only $6,000, the return is about 2,650%, making outbound an exceptionally high-yield initiative.

Even at more conservative conversion levels, the math works. At a 10% conversion rate (≈300 bookings), each closed deal would need to average about $2,300 in revenue to hit the 5% lift. At a 7% conversion rate (≈210 bookings), that figure rises to about $3,300. These thresholds line up with the deliberate shift toward higher-value institutional clients, meaning outbound is not only a volume play but also a way to raise average booking size.

The bottom line: outbound activity creates a direct, measurable path from CSR calls to revenue and profit. It sets a clear performance bar—conversion rates in the 7–13% range—and ties success to capturing larger, more profitable accounts. The program pays for itself many times over, even under conservative assumptions, and positions Cardinal to lift both total revenue and average sale value in parallel.

***Focus** – Roles and Responsibilities* | ***Pillar** – People* | ***Deliverable** – Mang Reviews*

Reasoning:

Clearly defined roles and responsibilities are fundamental to effective management and leadership development. Without up-to-date and formally documented roles, James has been unable to conduct meaningful performance reviews for top-level managers, some of which are years overdue. This absence has weakened organizational alignment and accountability.

Regular employee reviews are essential for several reasons:

- They keep employees motivated, engaged, and satisfied by providing feedback, recognition, and opportunities for growth.
- They ensure a unified approach, direction, and understanding at the leadership level, reducing ambiguity, miscommunication, and conflicting priorities.
- They encourage transparency and reinforce performance standards, making expectations clear and consistent.

Failure to conduct top-level reviews can result in significant challenges:

- Declining motivation and morale among leaders, which can drive disengagement or turnover.
- Lack of accountability, with managers not held to clear standards or objectives.
- Fragmented strategy and direction, as managers may pursue competing or misaligned priorities.
- Erosion of trust in leadership processes, as employees perceive reviews as arbitrary or absent.

By formalizing current roles and responsibilities, the company has created the structure needed for James to conduct effective, fair, and consistent reviews. This step restores accountability, aligns leadership under a shared direction, and fosters a culture of excellence and clarity across the organization.

Focus – *Roles and Responsibilities* | **Pillar** – *People* | **Deliverable** – *Mang Reviews*

Methods:

The need for creating clear roles and responsibilities was first uncovered through leadership and management training sessions. During these sessions, it became apparent that mid-level managers demonstrated uncertainty about their duties and scope of authority. This lack of clarity was not the cause but a clear indicator that performance reviews had not been occurring. That perception was reinforced by explicit statements from managers themselves, including one who, when asked why they were not conducting reviews with their direct reports, replied: *"Well, why would I? I haven't had one in over two years."*

To validate these observations, I spoke first with Roy, then with James (GM), and finally with Dennis (HR Manager). All three confirmed that reviews for mid-level managers had not been happening. In further discussion, James emphasized that he both valued and wanted to conduct reviews but did not feel equipped with the information required to evaluate his managers against clearly defined expectations.

To resolve this, I asked each mid-level manager to provide me with a written summary of their roles as they understood them. I then cross-referenced their self-assessments with available internal documentation and synthesized this with operational knowledge I knew to be accurate. This process allowed me to reconcile discrepancies, fill gaps, and establish a reliable framework for each position.

From this work, I created formalized roles and responsibilities for the HR Manager, Operations Manager, Safety & Training Manager, and Office Manager. At the same time, I developed supporting review documentation—including a structured self-assessment process and standardized evaluation forms—to ensure that the review process itself would be defined, reportable, and repeatable going forward.

Together, these steps provide James with both the clarity and the tools needed to conduct meaningful, fair, and consistent reviews, restoring a process that had lapsed for years and ensuring it remains embedded in the company's management system moving forward.

***Focus** – Roles and Responsibilities* | ***Pillar** – People* | ***Deliverable** – Mang Reviews*

Status:

All role and responsibility documents for the HR Manager, Operations Manager, Safety & Training Manager, and Office Manager have been completed. All supporting review process tools—including the pre-review self-assessment and standardized review forms—have also been created. James now has both digital and physical copies of these resources, ensuring that the framework is accessible and ready for implementation.

The next step will be for James to distribute the pre-review forms to his managers, schedule review sessions, and begin conducting the reviews. This will mark the first cycle of formalized managerial reviews in several years and will establish the baseline for a repeatable process going forward.

One note that arose during this process was Jessica's concern about her compensation relative to her current responsibilities and comparable roles in the market. She provided printouts from job and recruiting sites, which prompted a deeper compensation analysis. I conducted an in-depth review of her role, similar industry roles, and Columbus-market benchmarks. The findings are summarized in the accompanying Compensation Adjustment Plan, which supports a staged adjustment to align her pay with market midpoint while trying the increase to clear operational milestones.

Impact:

The establishment of formal roles, responsibilities, and a structured review process at Cardinal is projected to deliver measurable ROI by improving retention, strengthening accountability, and increasing engagement across the management layer.

Positive Financial Impact

Engagement & Productivity
Research shows engaged teams achieve **21% higher profitability** and **17% higher productivity** [1][2]. At Cardinal's revenue base of **$14.4M**, even a conservative **2–3% gain in output from better management alignment** equates to **$288K–$432K annually** in additional profit capture (at 23.7% margin).

Retention & Turnover
Organizations with consistent reviews report **14.9% lower turnover** [3]. Replacing an employee costs **50–200% of annual salary (or fully burdened labor cost)**, with executive turnover as high as **213%** [4][5][6]. With Cardinal's management cost base of **$598,200.95**, preventing even **one manager departure saves $300K–$600K**.

Accountability & Efficiency
Studies show accountability raises team performance by **12%** and can boost team effectiveness by up to **40%** [7]. For Cardinal, this translates to fewer errors, reduced rework, and greater throughput. A conservative **5% efficiency improvement applied to $14.4M revenue** equals **$720K in value capture**.

Risk Mitigation

- **Compliance protection**: Structured reviews reduce exposure to wrongful termination or discrimination claims, which cost U.S. employers an average of **$40K–$250K per case** [8].
- **Disengagement avoidance**: Disengaged employees cost employers **$3,400 for every $10,000 in salary** [9]. For Cardinal's $598K management payroll, this equates to ~**$200K annually in avoided waste**.

Impact Continued:

ROI Projection
Based on Cardinal's actuals, the introduction of structured roles and a repeatable review process is expected to yield:

- **$288K–$432K** in engagement-driven profit gains [1][2].
- **$300K–$600K** in avoided turnover cost if one manager departure is prevented [3][4][5][6].
- **~$720K** in accountability-driven efficiency [7].
- **~$200K** in avoided disengagement cost [9].

Total Potential Annual ROI: $1.5M–$2.0M+
This equates to **2.5–3.5× Cardinal's entire management labor cost base** ($598K) and represents a recurring annual benefit as the system becomes institutionalized.

Sources (Renumbered Sequentially)
[1] AIHR – *Employee Engagement ROI: The Business Case for Engagement*
[2] Awardco – *Employee Engagement ROI*
[3] ThriveSparrow – *ROI of Performance Management*
[4] PeopleHum – *ROI of Performance Management*
[5] Applauz – *Costs of Employee Turnover*
[6] Indeed – *Estimating Cost of Higher Turnover*
[7] Vorecol – *Accountability & Financial Performance*
[8] Workable – *Cost of Bad Performance Reviews*
[9] Gallup / PeopleBox / Leapsome – *Employee Disengagement and Engagement ROI*

Buckeye Acquisition Updates:

Asset-Purchase Valuation Update:

If this transaction is going to be conducted as an asset purchase, the valuation needs to be grounded in tangible assets and current financial performance. The most recent financials closed through July and year-to-date through August 21, 2025, show revenue of $2.40 million and net income of $678,000, which annualizes to roughly $3.7 million in revenue and $1.1 million in EBITDA. This validates that 2024's performance of $3.53 million revenue and $1.27 million net income was sustainable rather than anomalous.

On the balance sheet side, the updated August 21 figures reflect approximately $223,000 in working capital assets, down from the $300,000 used in earlier valuation summaries. Combined with the $2.72 million fleet fair market value, this yields a revised baseline asset enterprise value of approximately $2.94 million to $2.95 million.

Because there are no long-term contracts and no transferable goodwill recorded, any goodwill component would be minimal and limited to a local brand allowance of $0–$150,000 if needed for negotiation. This brings the asset-purchase valuation range to $2.94 million to $3.10 million, aligned with current financial performance and supported by the latest balance sheet detail.

Real Estate Narrative — 8240 Expansion Way, Dayton, OH:

The property was appraised at $930,000 as-is fee simple market value. An offer of $850,000 represents an 8.6% discount, which is within customary commercial real estate practice.

The discount is supported by:

- Integrated Sale: The real estate is tied to the sale of the operating business, giving the buyer leverage to negotiate both assets as a single package.
- Age of Improvements: Built in 2005, the building and yard are nearly 20 years old and will require ongoing capital maintenance.
- Location & Access: The site is in a secondary industrial corridor south of I-70, with the appraisal noting potential interchange congestion from the new Buc-ee's development.
- Environmental Assumption: The appraisal included an extraordinary assumption that the underground storage tank and related operations pose no contamination risk. While typical for this type of facility, confirmation is still required.

Buckeye Acquisition Updates:

Real Estate Narrative — 8240 Expansion Way, Dayton, OH Continued:

Supporting Chart — Offer Strategy vs. Appraisal

Position	Offer Price	% Below $930,000 Appraisal	Rationale
Initial Offer	$850,000	−8.6%	Integrated with business sale, age of facility, location/access, and appraisal's environmental assumption
Concession Position	$875,000	−6.0%	Seller counter position; still reflects identified considerations
Final Maximum	$885,000	−4.8%	Ceiling consistent with market norms for bundled business + real estate; conditional on due-diligence confirmation of environmental clean closure

Buckeye Acquisition — Updated Possible Structured Deal

1. Operating Company — Asset Purchase
Valuation Basis (updated August 2025)

- Fleet FMV (20 units): $2.72M
- Working Capital Assets: $223k
- Baseline Asset Enterprise Value: $2.94M–$2.95M
- Optional goodwill: $0–$150k
- **Asset-purchase valuation range: $2.94M–$3.10M**

Proposed Capital Stack

- 60% Cash at Close: ≈ $1.77M–$1.86M
- 25% Seller Note: ≈ $735k–$775k (5-year term, 6% fixed, secured by fleet)
- 10% Performance Earn-out: ≈ $295k–$310k, based on 24-month EBITDA thresholds
- 5% Indemnity Escrow: ≈ $145k–$155k, held 18 months to cover rep & warranty breaches

Critical Liability Protections

- Seller retains all pre-closing liabilities, including shareholder loans (~$588k), tax accruals, DOT fines, and any litigation.
- Indemnity survives indefinitely for fundamental reps; 18-month cap for business reps.
- Working capital peg: $223k (true-up dollar-for-dollar at Day 60 post-close).

Restrictive Covenants

- Non-compete: 3 years, 100-mile radius of any Buckeye terminal.
- Customer non-solicit: 24 months, covering top 25% of clients.
- Remedies: Injunctive relief plus offset against unpaid earn-out or seller note.

Lima Carve-Out

- Seller may retain Lima entity for up to 18 months.
- During this period, Lima operations must remain fully separate.
- Failure to divest by Month 18 forfeits 50% of unpaid earn-out and 50% of seller-note balance.

2. Real Estate — 8240 Expansion Way, Dayton, OH

Valuation Basis

- Appraised fee simple market value: $930k
- Offer: $850k (–8.6%)
- Concession: $875k (–6.0%)
- Final maximum: $885k (–4.8%), conditional on due-diligence confirmation of environmental clean closure

Structure

- Separate purchase agreement executed simultaneously with the operating company transaction.
- Fee simple title transferred free and clear of liens.
- Phase I environmental, title, and survey confirmations required.
- Taxes, insurance, and utilities prorated at closing.

3. Combined Transaction View

- **Operating company (asset purchase):** $2.94M–$3.10M
- **Real estate (separate purchase):** $850k–$885k
- **Combined transaction range:** $3.79M–$3.98M

Integration

- Both closings are simultaneous and interdependent.
- Buyer receives operating assets with full step-up basis and shields from legacy liabilities.
- Real estate conveys under a separate deed and agreement, priced consistent with appraisal but discounted to reflect age, location, and diligence assumptions

LOOKING FORWARD

NEXT:

- **Next Training Session Dates**
  Coordinate with Maureen for the next round of leadership and management training sessions, week of 9-15-2025

- **Buckeye**
  - Waiting to hear from Jeremy with 5th 3rd on financing options and structures
  - Incorporate Jermey's financing structure into possible deal structure
  - Deliver proposed deal structure to legal counsel, draft LOI

- **Business Development**
  Assess progress after 30 days and make necessary adjustments

This week's progress and achievements are represented by 75 billable project hours, totaling *$31,388.74*

As outlined in the associated Invoice, 45 of those hours represent my time, Elliott J. Culp Project Director, and 30 hours represent Mike Veach's, Business Development, hours.

Examined and approved by:

Elliott J. Culp Project Director Cogent Analytics	Roy Alonso President/Owner Cardinal Transportation