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 Dunning Industries. This report covers the period from 2025-09-15 to 2025-09-19.

Executive Summary:

Cardinal Transportation's recent leadership training revealed a fundamental lack of cultural engagement and accountability, stalling all improvement initiatives and exposing deep-seated issues in employee commitment, managerial behavior, and organizational culture. After two failed cycles addressing both company-wide and personal workplace improvements, the program pivoted to establish a culture foundation as a prerequisite for progress. In Week 3, employees collectively assessed current vs. desired culture, authored a cultural statement ("At Cardinal our goal is to create a productive, inclusive and consistent team-based atmosphere that supports continued growth and two-way open communication to fuel a positive culture."), and designed architecture for exposition, engagement, stewardship, and visibility throughout the organization.

Organizational Challenges and Role Changes

Key personnel—particularly managers Maureen and Steve Shaffer—were identified as critical obstacles to progress. Maureen's restrictive control of cross-departmental communication and abandonment of business development initiatives prompted corrective organizational restructuring, including removal from her manager role and reassignment to Accounts Receivable and outreach, reinforcing the message that proactive engagement is non-negotiable for managerial roles. Steve Shaffer's toxic, resistant demeanor and disruptive behavior warranted separation from the company, with a recommended approach honoring his historical service while positioning the action as essential to Cardinal's modernization and future success.

Financial Impact of Cultural Transformation

Improving cultural discipline and closing feedback loops are projected to generate $332,000–$665,000 in recurring annual value, primarily through a 2% productivity lift and a 1% reduction in SGA linked to decreased rework. These gains can be converted directly into distribution, reinvestment, debt reduction, or employee programs—compounding the returns as cultural stewardship takes root.

Buckeye Acquisition Update

Negotiations for Buckeye Charters remain at an impasse due to a major valuation gap and disagreements on key deal terms. Cardinal's current offer ($3.62M) is well below Buckeye's ask ($5.2M), with additional seller objections on legal and commercial provisions. Progress depends on Cardinal's willingness to address Buckeye's minimum price and substantive contractual terms—negotiations are paused pending Cardinal's feedback.

Reasoning:

Week 1 focused on identifying individual improvement initiatives that each attendee could take ownership of to improve Cardinal. Each initiative was defined with clear improvement benefits to Cardinal, required stakeholder support identification, and resource mapping. However, upon return to Week 2, none of the attendees had made any meaningful attempts toward their initiatives. When questioned, responses varied from lack of time to forgetting to work on it, actually forgetting what their initiative was, and lack of necessary support from those identified as support people.

This complete failure forced a strategic pivot in Week 2 to focus on two critical items: taking responsibility for closing feedback loops to keep necessary stakeholders informed and engaged; shifting from company improvement initiatives to addressing personal roadblocks attendees were currently facing at work. Week 2 concluded with each attendee identifying either an issue inhibiting their job performance or a way to improve their work efficiency. Each attendee identified the impact on their ability/performance, required resources, necessary involvement, a concise encapsulating sentence to prevent scope creep, and a meeting/follow-up cadence to ensure feedback loop closure.

Week 3 revealed the same catastrophic engagement failure—only Derek, Denis and Kim had meaningfully engaged in the Week 2 process. Most shocking was the response from managers Maureen and Jess, who stated they could not remember their topics and had lost their notebooks containing their work. Their complete lack of concern for this failure was confounding, particularly given their management roles overseeing others who attended the sessions. When questioned about their disengagement, they deflected by questioning why they should spend time on this when they still had not received their reviews and other items they felt had not been followed up with previously.

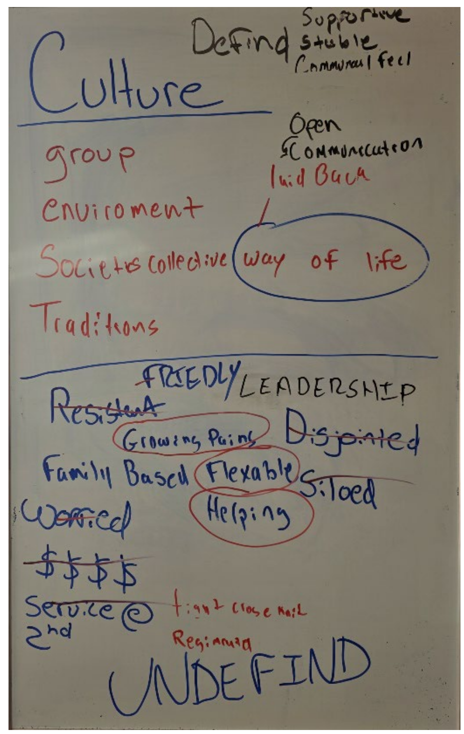
These responses from Maureen and Jess were echoed by other attendees who blamed others for not following up with them on their topics, despite specific training on overcoming lack of engagement through successful communication loop management. The pattern revealed that even when the focus shifted from improving the company to decreasing personal workplace hardships, attendees still found no value in engagement.

This consistent disengagement across two completely different approaches, company improvement and personal workplace improvement, exposed the deeper issue: Cardinal lacks the cultural foundation to support and foster a shared desire for success. The Week 3 pivot to cultural transformation became necessary as there was an obvious lack of culture at Cardinal capable of supporting and fostering a shared desire for success.

Methods:

The Week 3 cultural transformation approach was structured to address the fundamental disengagement revealed in Weeks 1 and 2. The process began by acknowledging Cardinal's leadership commitment through Roy's investment in training despite two consecutive weeks of participant non-engagement. This established the foundation for addressing deeper cultural issues rather than continuing ineffective individual initiative approaches.

The session opened by identifying the distinction between company-provided Mission Statements and Core Values versus culture. Participants discussed how companies provide and define Mission Statements and Core Values, while culture is a living, breathing fabric created through and by the employees. This distinction established that while leadership sets organizational direction, culture emerges from daily employee behaviors and interactions, making it the responsibility of the workforce to actively shape.



Process executed in Week 3:

1. Surface the current culture (employee words). Participants generated descriptors for how Cardinal's culture feels today: Resistant, Growing Pains, Job Insecurity, Family Based, Worried, Friendly, "Money first and Service second," Disjointed, Siloed, Non-Supportive, Non-Responsive, Not Defined, No Culture.

2. Define the desired culture (employee words). Participants then described the culture they want: Productive, Supportive, Open, Open Communication, Stable, Community Feel, Defined, Friendly, Flexible, United.

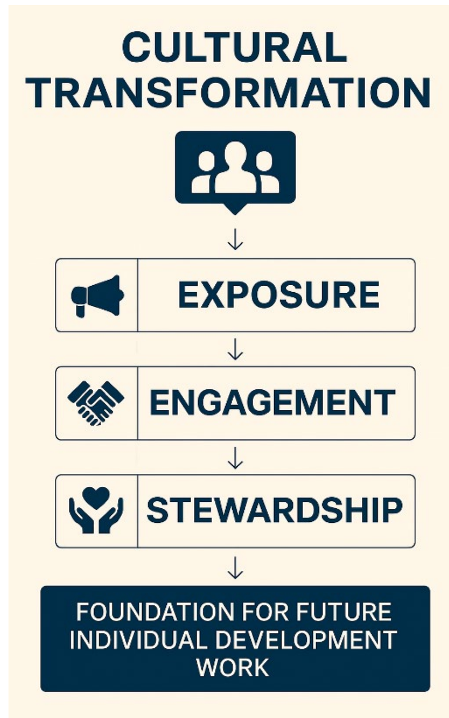
3. Confront the gap and assign responsibility. The group compared the two lists and explicitly connected the prior two weeks' non-engagement to a need for employees to actively create the culture they want through daily behaviors and closed communication loops.

4. Draft the Cultural Statement from participant language. Using words from the desired list, the group crafted and agreed upon a shared statement to anchor expectations and behavior:

"At Cardinal our goal is to create a productive, inclusive and consistent team-based atmosphere that supports continued growth and two-way open communication to fuel a positive culture."

Methods Continued:

5. On-ramp non-attendees and "meet people where they are." The team outlined how those who did not attend can engage with the statement, with a pathway from Exposure → Engagement → Stewardship, recognizing that different words will resonate for different people.



6. Stewardship by managers (word ownership and cadence). Managers discussed splitting up specific words from the statement (e.g., Stable, Supportive, Continued Growth) to steward and highlight at defined intervals, incorporating those themes into routine direction for their direct reports.

7. Recognition & reinforcement (employee-proposed). Establish culture-engagement boxes so employees can report observed culture-aligned behaviors; reported behaviors accumulate points that can be redeemed for gift cards, cash, or PTO hours.

8. Visibility in the workspace. Post the Cultural Statement throughout the company; consider wall paint in a visible area; place desk toppers/name plates for managers tied to their steward word; include the highlighted word in driver packets; use t-shirts featuring the highlighted word; and encourage employees to speak about and act on the statement in daily work.

9. Portal amplification. Use the internal community portal to spread, reinforce, and normalize participation (announcements, highlights, recognition tallies).

10. Stewardship lead named. Denis discussed the cultural focus initiative and committed to stewarding the Cultural Statement initiative going forward.

11. Baseline for re-engagement. Beyond creating the cultural "mesh," the intent is to establish a baseline of engagement that will be used to re-enter the Week 1–2 focus areas with greater traction.

This methodology addressed systemic cultural barriers first, providing the necessary foundation for future individual development work while creating immediate engagement opportunities for previously disengaged participants.

Status:

Shifted from stalled initiative follow-through to cultural realignment. Employees collectively assessed current versus desired culture, authored a Cultural Statement, and established the first framework for exposure, engagement, and stewardship.

- Engagement assessment completed. Confirmed continued failure of employee engagement with the simple, self-benefiting initiatives assigned in Week 2.
- Perception vs. behavior level-set. Aligned on how employees perceive themselves versus what their actions (or lack of action) actually convey.
- Current culture baseline captured. Conducted employee self-assessment of the current culture.
- Desired culture defined. Identified desired culture attributes.
- Cultural Statement produced. Synthesized the desired attributes into an employee-generated Cultural Statement.
- Inclusive wording for adoption. Incorporated a range of culture words/behaviors in the statement to enable broad engagement and meet employees where they are.
- Activation architecture designed. Developed a practical adaptation model—Exposure → Engagement → Stewardship—and created an Implementation Path to guide rollout.
- Techniques documented — exposure. Identified exposure methods (posting the statement throughout the company, wall paint option, common-area placement, manager desk toppers/name plates tied to steward words, inclusion in driver packets, optional t-shirts).
- Techniques documented — engagement. Identified engagement methods (culture-engagement boxes where employees submit observed behaviors; points tally toward rewards such as gift cards, cash, or PTO; amplification via the internal community portal).
- Stewardship assigned. Denis committed to serve as lead steward of the cultural movement; managers and supervisors to steward self-identified words/behaviors on an interval basis, working toward broader employee self-adaptive stewardship.
- Enablement delivered. Prepared an Implementation Path for Denis to use as a facilitation guide; offered continued availability to Denis and any employee for support.

To ensure traction and provide Denis with the necessary support to take on such an encompassing intuitive, I have set the Next on-site touchpoint for the week of September 29th. If this intuitive fails to expose, engage and create cultural stewards, we will need to consider canceling future Leadership and Management Training Sessions.

Impact:

The cultural foundation work has direct financial weight. By embedding dependable follow-up as a cultural expectation and reducing rework through stronger accountability, Cardinal captures between **$332,000 and $665,000 in recurring annual impact**. That range comes from modest, behavior-driven levers: a 2% lift in productivity worth $280,000 to $560,000, and a 1% reduction in SGA tied to rework worth $52,000 to $105,000. These gains are not abstract—they represent cash that can be redirected into owner distributions, reinvestment, debt reduction, or employee programs.

The critical link is that this return does not depend on new sales or external market conditions; it flows directly from cultural alignment and disciplined execution inside the business. By addressing disengagement through a shared cultural statement and embedding practices that reinforce follow-through, Cardinal translates intangible cultural progress into hard financial results. Even at the conservative level, this is enough to fund new benefits or a profit-sharing program; at the upper end, it provides the capital to seed expansion or offset major financing costs.

Most importantly, this impact compounds. As long as cultural stewardship and feedback loops are maintained, these improvements repeat year after year. That stability strengthens both day-to-day operations—fewer errors, less wasted effort, reduced stress—and Cardinal's overall enterprise value, since lenders and buyers consistently reward businesses that convert cultural discipline into dependable profit.

Lever	Conservative Impact
2% productivity lift via dependable follow-up	$280,000.00
SGA reduction from fewer rework cycles (-1%)	$52,000.00
Total Annual ROI	$332,000.00

Maureen's Role Change and Organizational Impact:

Information Control and Communication Bottlenecks

Maureen has been identified as a critical informational and functional roadblock at a key intersection point for Cardinal Transportation. She has established and enforced a restrictive communication protocol that requires all inter-departmental communication to flow exclusively through her position. This system prohibits:

- CSRs from speaking directly to Supervisors or Drivers
- Drivers or Supervisors from speaking directly to CSRs
- Any direct communication between operational departments

This controlled information flow represents the single largest complaint regarding communication barriers and has created the most significant impediment to efficient operational information exchange at Cardinal.

Managerial Performance Deficiencies

Leadership Training Non-Compliance:

When questioned about her lack of engagement with the Leadership and Management Training activities, Maureen provided unacceptable responses that demonstrate poor managerial accountability:

- Claimed she "didn't remember" her assigned tasks and "lost her notebook"
- When asked if this was acceptable behavior for any employee, particularly a manager, she responded that she "didn't really care"
- Stated she would not engage until unresolved issues she had brought to James were addressed
- Upon clarification, revealed the "issues" were simply not receiving her own performance review
- Threatened to withhold performance reviews for her direct reports until she received her own review

This interaction demonstrates Maureen's inability to operate at the expected level of managerial functioning and represents active defiance rather than professional leadership behavior.

Maureen's Role Change and Organizational Impact Continued:

Business Development Initiative Abandonment
Despite significant company investment in resources, time, and funds to create a comprehensive Business Development plan specifically tailored to her and her team, Maureen has actively disengaged from the initiative:

- No follow-up, instruction, direction, or engagement with CSR team on business development
- No utilization of provided tools and resources
- Complete abandonment of outlined meeting and reporting cadence
- Only communication was a single responsive email (not proactive engagement)

Consequences of Non-Engagement:

- Kim was forced to provide additional training sessions for three separate employees
- Two CSRs have never logged into the system
- All entered deals and tasks are currently overdue for all users
- Clear indication that Maureen has no intention of facilitating Cardinal's growth or improvement

Recommended Organizational Changes | Role Restructuring:

- Remove Maureen from CSR Manager position **(Kim is capable and interested)**
- Refocus her role on Accounts Receivable management
- Reposition to facilitate corporate outreach and social media (per James's direction)

Physical Workspace Changes:

- *Relocate Maureen from her current office* to available cube or alternative workspace
- This change serves both functional and cultural messaging purposes

Organizational Culture and Messaging
This restructuring is designed to deliver both functional and cultural impact by establishing clear organizational standards:

- Managers, leaders, and employees who are not proactive members of improvement and growth initiatives will not remain in positions where they can hamper necessary progress
- Cardinal requires an organizational shock to address the pervasive culture of:
  - Actively stunting progression
  - Loudly expressing perceived company shortcomings as excuses for non-performance
  - Active defiance for the sake of defiance
- Leadership and management positions are reserved for individuals committed to actively engaging in company betterment

This action establishes that accountability and proactive engagement are non-negotiable requirements for leadership positions at Cardinal Transportation.

Reasoning for Steve Shaffer's Termination:

Legacy Employee Transition Need
While Steve has demonstrated day-one commitment to Cardinal and Roy since the company's inception, it is now time for Cardinal to make the difficult decision that Steve cannot make for himself. Despite his tenure and historical loyalty, Steve's continued employment has become counterproductive to Cardinal's evolution and growth objectives.

Toxic Attitude and Resistance to Change
Steve exhibits a consistently toxic attitude toward any processes or procedures that do not align with his personal preferences. His behavior patterns include:

- Active defiance toward advancement and growth initiatives
- Vocal opposition to any process or procedure he was not involved in creating
- Systematic undermining of management decisions and company direction
- Negative commentary about other employees and management to anyone willing to listen

Disruptive Behavior During Leadership Training
Steve's conduct during Leadership Training Sessions has been unacceptably disruptive and unprofessional:

- Actively defiant and argumentative behavior
- Rude, sarcastic, and petulant responses
- Deliberate disruption of training sessions
- Unprofessional and nonsensical contributions
- Active campaign against training - speaking negatively about sessions "to anyone who would listen"

Workplace Hostility and Retaliation
Employees have specifically identified Steve as:

- Making their jobs more difficult, seemingly on purpose
- Engaging in retaliatory behavior for perceived wrongs
- Being loudly argumentative and confrontational
- Creating a hostile, non-functioning work environment that impedes progress

Steve's behaviors are so ingrained and constant that he appears unaware of their negative impact on colleagues and workplace culture.

Reasoning for Steve Shaffer's Termination Continued:

Misguided "Protector" Role
Steve has positioned himself as Cardinal's self-appointed protector and claims to be "the only one looking out for Roy." However, this protection is:

- Based on a nostalgic attachment to "the days of old at Cardinal"
- Preventing Cardinal's necessary evolution and modernization
- Protecting a version of Cardinal that no longer exists and cannot survive in the current business environment
- Counterproductive to the company's future success and sustainability

Critical Impact on Organizational Progress
Steve's influence at Cardinal is too significant to ignore:

- His negative impact prevents meaningful progress from being achieved
- His resistance to change undermines leadership initiatives
- His toxic behavior spreads throughout the organization
- The separation of Steve from Cardinal is essential for any substantial organizational advancement

Strategic Necessity for Termination
Steve's continued employment represents a fundamental barrier to Cardinal's transformation. While he believes he is protecting the company, his unwillingness to allow Cardinal to evolve has made his presence incompatible with the organization's future success.

The termination decision should be framed as allowing Cardinal to move forward while recognizing Steve's historical contributions.

Recommended Approach for Separation
Celebration and Recognition:

- Acknowledge and celebrate Steve's day-one commitment to Cardinal
- Thank him for a job well done during his tenure
- Ensure he understands the meaningful impact he had on Cardinal's historical success
- Frame the separation as allowing both Steve and Cardinal to move toward their respective futures

Key Message: This decision enables Cardinal to continue evolving while honoring Steve's significant contributions during the company's foundational years.

This termination is strategically essential for Cardinal's organizational health, cultural transformation, and future growth potential. Steve's removal from the organization will eliminate a primary source of resistance and toxicity, allowing positive change initiatives to take root and flourish.

Buckeye Update:

Cardinal Offer (Term Sheet Details)

- Cardinal's term sheet set a base purchase price of $3,620,000, including both fleet assets and real estate.
- Proposed payment structure:
  - 60% cash at closing
  - 25% seller promissory note
  - 10% performance earn-out
  - 5% indemnity escrow
- Working capital (A/R and inventory) would be subject to post-close adjustment.
- Asset coverage included fleet, real estate, operating permits, maintenance equipment, contracts, and customer relationships.
- Key protections and covenants: robust liability retention by seller, earn-out based on EBITDA, non-compete, customer non-solicit, indemnity, exclusivity, and break-up fee provisions.

Buckeye Response – Valuation Gap

- Bill indicated the two parties are "very far apart if the purchase price is 3.6M".
- Buckeye's counterproposal: "We would sell our Dayton business for not less than 5.2M including building. … We would need 4M cash and could do a 1.2M loan for 5 years at 5% interest".
- Buckeye requests to retain all inventory and receivables and has referenced a prior $6M business valuation from its accountant.

Process & Information Flow Issues

- Buckeye conditioned further information sharing on a Cardinal commitment to their $5.2M ask:
  - "If Cardinal is willing to pay 5.2M…we will continue to answer questions and provide more information. If we are providing items for months and Cardinal comes up 200,000 more, we would be wasting our time."
- Elliott clarified Cardinal cannot agree to price or terms until more diligence is completed, and that such agreement traditionally follows the process rather than precedes it.
- Cardinal remains open to ongoing dialogue but needs more information (especially on asset composition), with Elliott noting that:
  - "There was no target price provided by Buckeye at the onset of these communications. … It is usually through this process that a purchase price is agreed upon."

Additional Seller Objections – Broader Than Price

- Bill explicitly stated: “I do know a lot of the items listed in the 6 pages would have to be changed”.
- This indicates significant disagreement with both commercial and legal terms in the term sheet, not just headline valuation.
- Potential areas of friction:
    - Payment mix (earn-out, escrow sizes)
    - Asset and working capital treatment
    - Non-compete and non-solicitation scope
    - Liability allocation
    - Penalties for Lima carve-out
    - Break-up fee amount and exclusivity window

Summary & Next Steps

- The parties remain at an impasse, with progress dependent on Cardinal leadership’s stance regarding Buckeye’s minimum price.
- Dialogue is paused pending Cardinal’s feedback and possible call scheduling with Buckeye’s team.
- Further negotiation will require Cardinal to address not just valuation, but substantive revisions to key deal terms.

This report presents a comprehensive Fair Market Value (FMV) assessment for Buckeye Charters, Ltd., a regional charter and transit operator. Two standard valuation methods are applied independently in this analysis: a blended market/income approach and a cash flow (DCF) approach. Each method’s rationale and results are outlined, followed by a combined perspective that averages both methods. An optional nominal goodwill value is also considered. The goal is to provide a professional yet clear basis for a suggested purchase price that is defensible to both the client and their legal counsel.

	Rate	Principal
LOC I/O for 12 Months	7.50%	$2,000,000
RE	6.80%	$744,000
Seller Fin	5%	$1,200,000

Total Purchase Price	Total RE Price	Operating Business Price
$5,200,000	$900,000	$4,300,000

LOC		$2,000,000
RE Loan	$744,000	
Seller Fin		$1,200,000
	$156,000	$1,100,000
	Cash To Closing	$1,256,000
	Total Amount Financed	$3,944,000

	Year 1	Year 2	Year 3	Year 4	Year 5
	$150,000	$368,124	$368,124	$368,124	$368,124
	$68,148	$68,148	$68,148	$68,148	$68,148
	$271,740	$271,740	$271,740	$271,740	$271,740
Debt Service	$489,888	$708,012	$708,012	$708,012	$708,012
EBITDA @ 3% Growth	$1,430,000	$1,472,900	$1,517,087	$1,562,600	$1,609,478
Net Cash Flow	$940,112	$764,888	$809,075	$854,588	$901,466
ROI	23.84%	43.23%	63.74%	85.41%	108.27%

LOOKING FORWARD

See LifeCycle Agreement

This week's progress and achievements are represented by 45 billable project hours, totaling *$18,838.21*

As outlined in the associated Invoice, all 45 of those hours represent my time, Elliott J. Culp.

Examined and approved by:

Elliott J. Culp
Project Director
Cogent Analytics

Roy Alonso
President/Owner
Cardinal Transportation