Organization Audit Report For:

The Washington Operating Region
Triton Waste Disposal

June 22nd, 2007

Executive Summary

1. The purpose of this report is to provide an outside perspective on the overall health of the Washington Operating Region (WOR). Despite several company-wide reductions in force and reorganizations, WOR's leadership team has remained remarkably intact over the past several years. Therefore, any successes or performance improvements in WOR should rightly be attributed to John and his team, as should any performance deficits and areas of improvement.

2. Two keys to Triton Waste Disposal's success are superior assets and superior people. In terms of assets, WOR will likely be a 340M operating region delivering approximately 13 percent EBIT in 2007. As this performance is substantially lower than the CEO's 18 percent EBIT threshold, WOR is a fix or sell opportunity. This report provides information on whether John and his leadership team are capable of getting WOR to the next level.

3. On the positive side, the local citizenry generally has strong pro-environmental attitudes, the local economy is booming, and people tend to be well educated. These factors align very well with Triton's "Green is Good" branding campaign and extensive collection, disposal, recycling, and waste-to-energy footprint.

4. On the negative side, franchises make up 70 percent of WOR's business and severely impact the operating region's EBIT potential. In addition, WOR has a relatively old fleet and suffers from a severe leadership talent shortfall, labor relations have been strained, and there is little diversity in the leadership ranks. Although EBIT, safety, and customer service have seen some improvements over the past three years, maintenance costs, productivity, and customer service are not where they should be.

5. Given its current set of assets and liabilities, WOR is unlikely to get to the next level. Key barriers to WOR's growth include: (a) the lack of a compelling vision for the operating region; (b) concerns about EBIT growth strategies; (c) the WOR culture; (d) a dire lack of DM and RM talent; (e) shortcomings in HR; and (f) questions about John Hunt and his leadership team.

6. This report recommends that Triton Waste Disposal give WOR no more than two years to achieve the 18 percent EBIT threshold. But in order to improve the odds for success, the Operating Region General Manager, some of the District Managers, and the Senior Human Resource Manager should be replaced. The new leadership team will need to aggressively address some of the operating region's shortcomings identified in this report if WOR is to be retained as a Triton Waste Disposal asset.

Introduction

The purpose of this report is to provide an outside perspective on the overall health of the Washington Operating Region (WOR). In order to provide this information, Gordy Curphy spent four days reviewing various reports and interviewing key leaders about their perspectives on WOR's strengths and weaknesses. The conclusions and recommendations contained in this report are based on Gordy Curphy's interpretations and analysis of these data.

This report is divided into five sections, which include:

- **The Data Collection** section describes the methods used and the personnel interviewed in order to gather information about WOR.
- **The WOR Context** section provides some background and historical information about the operating region.
- **The Vision/Strategy** section provides information about the future direction of the operating region.
- **The Culture** section describes the key norms, values, and beliefs of WOR.
- **The Leadership Talent** section describes the capabilities of the Operating Region General Manager, his leadership team, and the Route Managers.
- **The Human Resource Function** section describes the strengths and weaknesses of this staff function
- **The Recommendations** section lists some of the steps that would help WOR reach the next level of performance.

Data Collection

Gordy Curphy spent a day at the Western Group headquarters to review WOR's 2005, 2006 and 2007 year-to-date results. He also conducted several interviews with Jim Thomas and Sheila Vasquez in April and May 2007 in order to gain their perspectives on WOR. Gordy also traveled to Seattle from 6-8 June 2007 and did 60-90 minute one-one one interviews with the following people:

- John Hunt — Operating Region General Manager
- Tim Cross — Director of Operations
- Joe Krek — Controller
- Tom Lewin — District Manager-NW
- Mike Pearl — Sales Manager
- Greg Howard — DM-Sno-King
- Tim Mackett — Customer Service Manager
- Dan Brunkow — DM-Seattle
- Ben Whitten — DM-Auburn
- Molly Benick — Senior HRM

Gordy did phone interviews on 12 June 2007 with the following individuals:

- Steve Wooden — DM-Spokane
- Ted Williams — DM-Wenatchee/Ellensburg

The interviews were structured to gather information about: (a) the individual and his or her specific responsibilities and challenges; (b) perceptions of the operating region's key strengths; and (c) recommendations for improving the operating region. All the interviewees were told that their comments were to remain strictly confidential but would be used to write a report on the strengths and recommendations for improving WOR's performance. In general, there was a very high level of agreement about WOR's strengths and improvement opportunities—so much so that it seems likely that some level of collusion occurred with some of the interviewees. This occurrence speaks volumes about WOR's current leadership and culture.

Washington Operating Region Context

Customers: The bulk of the population and businesses in the state of Washington are located around Puget Sound, thus the four Puget Sound districts carry the bulk of the revenues for WOR. WOR residents tend to be better educated than their counterparts in other operating regions, and as a result, have stronger "environmentally friendly" attitudes. Recycling, alternative fuels, and sustainability generally all play well to the citizens of Washington.

Economy: The local economy is doing very well—companies such as Microsoft, Boeing, and others are drawing people to the Seattle area resulting in low unemployment rates. Some of the WOR districts in the Puget Sound area are seeing high growth due to strong commercial and residential real estate development; this is helping to increase trash volumes but also shrinking driver, technician, and customer service applicant pools.

Financial: In terms of annual revenue, WOR has been growing at about ten percent a year and will be a 340 million dollar operating region in 2007. EBIT has grown from 9 to 13 percent over the past three years. WOR is somewhat unique in that franchises make up approximately 70 percent of the revenue stream, which severely impacts EBIT potential. Although these franchise agreements guarantee Triton Waste Disposal a 10 percent EBIT, this is far short of the corporate target of 18 percent. Thus WOR must change these agreements and/or increase the margins on its non-franchise business in order to make up for its EBIT shortfall.

Safety: Up until a year ago WOR had an abysmal safety record. Since the dismissal of John Cheriga, the Washington Area Vice President, safety has improved dramatically. Some of these improvements are due to the conversion to an Automatic Side Loader fleet, the Zero Tolerance safety initiative, and aggressive safety enforcement by Route and District Managers.

Fleet: The average age of the WOR fleet is 9 years, which is somewhat greater than the 7.5 year Triton Waste Disposal average. Maintenance costs per hour are higher than the Triton Waste Disposal average and WOR leadership attributes these costs to fleet composition (Automatic Side Loaders) and age. It is uncertain how much these costs are due to fleet composition or a lack of follow through on pre- and post-trip inspections and periodic maintenance schedules.

Productivity: Commercial and residential productivity is lower in the WOR than in other regions. WOR leadership attributes this lower productivity to the difficulties in trash collection and the density of routes in the operating region.

Employees: Hourly employees at the WOR tend to be better educated than employees in other regions; many have one or two years of college or may even have four year degrees. Most of the districts have many long-term drivers and technicians and low turnover rates. Other districts are growing and need to hire 20-30 drivers and mechanics over the next year. The customer service function has historically had very high turnover rates, but the recent addition of a new Customer Service Manager has helped to dramatically improve Customer Service Representative retention.

Labor-Management Relations: Despite having a more educated workforce and low turnover rates, employee-management relationships have been strained. Many of WOR's hourly employees are unionized and recent contract negotiations with the Teamsters Union did not go particularly well. Although Triton Waste Disposal was able to keep wage increases to four percent per year and successfully added language that would make it easier to fire employees for life critical events, employees won major concessions in their health care benefit payments in the new contract.

Top Leadership: To a large extent the WOR senior leadership team has been remarkably stable. Although the Customer Service Manager has only been on board for about three months and the Senior Human Resource Manager for about two years, just about all the other top leaders in WOR have been in place for at least three years. Moreover, many of the senior leaders in WOR grew up in the Washington trash industry and have extensive operational experience and strong community relationships. Because top leadership plays such an important role in the current and future performance of WOR, more can be found about this group at the end of this report.

WOR's Current Reputation: Because of Triton Waste Disposal's historical focus on market share and revenues, major problems in other regions, and the fixed profitability of the business, WOR has not drawn the attention of the senior leadership at Triton Waste Disposal until relatively recently. However, WOR has been getting a lot more scrutiny because of the company's shift in focus from revenues to EBIT and emphasis on safety and good labor-management relations. As it currently stands, many of the people on WOR's top leadership team believe that they have the best region area in the company. Yet many of these same individuals have never worked outside the region and outsiders reviewing WOR's financial, productivity, maintenance, customer service, safety, and labor relations performance over the past three years tend to take a much dimmer view.

WOR's Future: Given the environmentally friendly attitudes of its customer base, its footprint in the state, and strong local economy, there appears to be a tremendous amount of potential in WOR. Yet because of its relatively low EBIT and the perceptions of the company's senior leadership, Triton Waste Disposal will need to decide whether

to retain, fix, or sell WOR. WOR is currently falling short of the 18 percent EBIT threshold but Triton Waste Disposal may want to retain an asset that guarantees a 10 percent return. Alternatively, Triton Waste Disposal may want to wait another year or so to determine whether WOR's strategies for boosting EBIT yield intended results. Or Triton Waste Disposal may decide to sell WOR and invest the proceeds in assets that yield better returns. If there ever was a time to drive large scale organizational change in WOR to improve its financial performance and public reputation, it would be now. The potential of the market combined with the uncertainty surrounding WOR's fate make for a very compelling burning platform.

Washington Operating Region Vision/Strategy

WOR's Three Pronged Strategy to Improve EBIT: John Hunt and the leadership team have developed three strategies for boosting EBIT in WOR over the three years. These strategies are to:

- Renegotiate all 72 city and county contracts.
- Establish a new recycling facility in Auburn.
- Establish a partnership with Green Island Energy.

If all three strategies are successful, then WOR has the potential to reach or exceed the 18 percent EBIT threshold. The three strategies make good business sense but there are some potential liabilities inherent in each strategy. With respect to contract renegotiations, WOR has successfully renegotiated several city contracts and has also walked away from at least one contract that did not yield the appropriate level of EBIT. However, there did not appear to be any type of master plan with respect to renegotiating the remaining contracts, which makes it difficult to track the progress of this strategy. There may be a master plan, but it was not readily apparent from the interview process. Moreover, some of the larger contracts may only yield 10 percent EBIT but still be difficult to walk away from.

With respect to the Auburn recycling facility, the original site for the new facility was turned down by the Auburn City Council. It was not clear whether WOR has identified or has a plan for gaining approval for a new site. It was also not clear whether there is any type of contingency plan if this new site is also disapproved. The third strategy involves annually diverting 500,000 tons of waste to the Green Island Energy trash to energy facility on Vancouver Island. Although WOR could be diverting trash as early as October, city, county, state, federal, and international approval will be needed before this strategy can be implemented. Given the multitude of regulatory bodies involved, it is easy to envision a number of delays to the approval process.

Finally, it is also uncertain whether all three strategies need to be successful for WOR to achieve an 18 percent EBIT. Financial estimates have the new Auburn recycling facility boosting EBIT by 1-2 percent; the same is true for the Green Island Energy strategy. Thus these two strategies alone, if successful, could boost EBIT to the 15-17 percent range. It is also clear that WOR will fall short of the 18 percent EBIT goal if either of these strategies fails. Although renegotiating and/or walking away from unfavorable franchise contracts should help improve margins; it is uncertain how successful WOR will be in winning the remaining contracts. Competitors might opt to place lower bids in order to win the contract, place pressure on Triton Waste Disposal's margins, or increase market share.

When all is said and done, WOR's three pronged EBIT improvement strategy seems logical and rational, but there are significant barriers to each strategy and there seems to be little if any contingency planning if any strategy fails. It seems likely that WOR will fall short of the 18 percent EBIT threshold unless it aggressively addresses the shortcomings to these three strategies and builds contingency plans in the event that any strategy falls short.

WOR's Vision: There does not appear to be any kind of compelling vision for the Washington Operating Region at this time. Instead, WOR's leadership team seems focused on the tactics of safely picking up trash. It is highly unlikely that Route Managers have a clear understanding of the three pronged strategy, much less hourly employees. And according to WOR's top leadership, Triton Waste Disposal's "Green is Good" branding campaign has had little impact on employees and customers in the Washington market. Yet if there was ever a operating region that could leverage the Green is Good campaign into EBIT improvement as well as a compelling vision of the future then it would be WOR. A majority of customers and employees already possess attitudes that are aligned with the Green is Good campaign and the threat of fixing or selling the asset should provide more than enough incentive to energize employees and drive change. But for some reason WOR lacks an inspiring vision of the future and the three pronged strategy appears to be a closely guarded secret.

Washington Operating Region Culture

An organization's culture can be defined as the norms, values, and beliefs that uniquely describe an organization. WOR has a very strong and distinctive organizational culture that can be defined by the following characteristics:

- Deferential to authority
- Respectful of hierarchy
- Insular and skeptical-not open to new ideas or people
- Self-righteous about how things get done
- Loyal
- Entrepreneurial

The key drivers of any organizational culture are the people at the top—culture is really a function of the work values and decisions of the top leader and his or her team. Thus the organizational culture at WOR is really a reflection of what John Hunt and his leadership team put a premium on and reward.

John and his team value loyalty and getting results, react to initiatives or people from outside WOR with a high degree of suspicion, see corporate as a threat, and are very good at playing the victim. In terms of victimization, hardly anyone on the leadership team took responsibility for any of the shortcomings in the operating region—these were the result of bad employees, the unions, the competitors, various regulatory agencies, city politics, or ill-conceived corporate initiatives rather than any failures in WOR's leadership. This leadership team may also spend more time complaining about or finding loopholes in and work-arounds to various corporate initiatives rather than adhering to the spirit of the initiative and finding ways to get them implemented. To WOR's credit, once a metric or corporate initiative is embraced, such as EBIT or safety, top leadership will show a great deal of focus and perseverance until the metric is achieved. But many initiatives and metrics are either ignored or take much longer than necessary before being accepted in this operating region.

In the WOR culture one has to throw trash to know trash, thus candidates must spend at least 12-18 months as a driver before they "earn" the right to be considered as RM material. Experience and loyalty are more important than education or competence, thus highly qualified candidates from outside the industry are often rejected out of hand. And because the vast majority of the top leaders are white males from WOR, anyone who is not a white male from WOR is likely to be seen as an outsider. Non-white, non-WOR types can become insiders, but to do so will take a long track record of performance in WOR, unquestioning deference and loyalty to John and the leadership team, and the manifestation of similar attitudes towards Triton Waste Disposal.

The culture in WOR is so strong that sometimes people forget who they are working for. If it were up to the leaders in WOR, then things would be much better if they were left alone to pick up the trash. Leaders in WOR are very passionate about the waste industry and like being the captains of their own ships—they want a very high level of autonomy and latitude in running their operations and prefer doing things out of ease or convenience rather than following corporate procedures. And because they feel they know the waste industry better than anyone else, they see no reason to do things any differently. As a result, the functional staff in WOR spends a considerable amount of time cleaning up the messes that result from not following company policies and procedures.

Because of its "not invented here" mentality, tendency to reject any idea or person from outside the operating region, and propensity to blame factors outside the operating region for any shortcomings, the WOR culture does not possess a strong sense of urgency and is very resistant to learning and change. This is not a culture that easily adopts processes and procedures that would help boost productivity or efficiency, nor is it one that reflects and learns from past successes and mistakes. (Unless, of course, the new policies and processes were developed in WOR.) Top leadership will change their attitudes and behaviors, but it is more likely out of loyalty to John Hunt rather than for the good of the business. When all is said and done, WOR's culture is more of a liability than an asset with regard to helping the operating region achieve the next level of performance.

Washington Operating Region Leadership Talent

WOR is somewhat unique compared to other top leadership teams in the Western Group in that it has remained relatively intact for the past three years. Some individuals, such as Tim Cross, have been promoted from within, but for the most part the MAGM, Director of Operations, the six District Managers, the Controller and Senior HR Manager have been in place for at least two years. Many of these same individuals have been in the operating region and their current positions much longer. Because this team has remained relatively intact, WOR's performance for the past three years can and should be attributed to the top leadership team. The rest of this section describes the strengths and weaknesses of the different leadership groups in WOR.

John Hunt: With 38 years of waste industry experience and three years in the GM position, John has been in the top job long enough to have an impact on WOR's performance and culture. A hands-off and supportive leader, John gives his team a high level of autonomy in running their districts or functions. This

leadership style works well with the more experienced individuals on the leadership team but is less effective with those who may be new to the position or need extra guidance and coaching. The top leadership team is generally very loyal to John and credits him for getting them into their current positions. Because of this loyalty, these same individuals may be retention risks if John were dismissed.

WOR's three pronged strategy to improve EBIT and current culture of entrepreneurship and results orientation should be credited to John. So should the lack of a compelling vision; the lack of either detailed plans or contingency plans to go with the three EBIT improvement strategies; and the rejection of outsiders and new ideas, victim mentality, resistance to change, and not invented here aspects of the WOR culture. The positive and negative aspects of John Hunt's leadership is not likely to change, thus Triton Waste Disposal will need to decide if the benefits of keeping John in place outweigh the costs of doing so.

The Top Leadership Team: The Director of Operations, six District Managers, Controller, Customer Service Manager, and Senior Human Resource Manager have deep operational or functional expertise. Most of these individuals have 15-20 years of experience in human resources, call center, finance or waste operations, so technical know-how is not an issue with this group. Nevertheless, talent shortfalls in the Route Manager ranks has resulted in some of the District Managers being promoted into positions where they either lack the financial or leadership skills needed to succeed. Rather than providing them with additional guidance, training, and support, WOR seems to tolerate underperformance and place more value on loyalty than competence. Thus, many of the performance issues identified before an individual is promoted into a District Manager position are still in place six months later. As many as four of the six District Managers have significant development needs. The good news is that Tim Cross is starting to address some of these needs, but much more work is needed before any of the District Managers would be ready to move into a Director of Operations or General Manager position.

WOR also seems to tolerate bad leadership behavior as long as the individual gets his or her numbers. An example here is Dan Brunkow, the District Manager for Seattle. Dan seems to have a particularly toxic leadership style—one that is passionate about the business but also perpetually angry, highly skeptical of outsiders, good at blaming others, likely to retaliate over any signs of disloyalty, and leaves a trail of bruised people in his wake. Dan's style may achieve results but does not reflect the expectations Triton Waste Disposal has for its leaders; his inclusion as part of the top leadership at WOR reflects poorly on John and Triton Waste Disposal.

Route Managers: This sink or swim attitude with respect to leadership development at the District Manager level is even more problematic at the Route

Manager level. Virtually all of the District Managers said a lack of Route Manager talent is one of the biggest issues facing WOR. According to the Director of Operations, none of the 40 Route Managers are currently capable of moving into a District Manager role. This lack of Route Manager talent can be attributed to:

- False notions about what it takes to be a Route Manager.
- The rejection of outside talent that may be capable of moving into Route Manager roles.
- The large span of control for Route Managers, which leaves little time for training and development
- The lack of a comprehensive training and development program for Route Managers.

The false notions about what it takes to be a Route Manager and the rejection of outside talent is clearly a function of the WOR culture. Because all the District Managers grew up in Washington waste operations, they all believe the only way to be an effective Route or District Manager is to go through all the trials and challenges that they had to endure. Candidates who lack hauling or union experience are rejected out of hand or seen as a threat as they may be more capable than the people making the hiring decisions.

Some Route Managers in WOR can supervise as many as 35 drivers; with this many drivers and routes the operational and administrative aspects of a Route Manager's job are so overwhelming that there is little time left for development. So far development has been seen as a Human Resource or corporate rather than a District Manager function. The training programs that were developed and rolled out by Human Resources were often delivered in such a compressed fashion (out of insistence of the District Managers) that they resulted in little if any learning or behavioral change on the part of Route Managers. And any new skills that were learned were not reinforced by District Managers back on the job and quickly forgotten. The fact that the current slate of District Managers has been in place for some time and there is not a single succession candidate out of the 40 Route Managers indicates that District Managers have not been held responsible for the development of their people. Then again, if Route Managers were developed, then they could be seen as a threat to a District Manager.

The implementation of the three pronged strategy will depend greatly on the leadership capabilities of the six District Managers and 40 Route Managers. Given the current level of talent in these two positions, the future success of WOR is questionable.

Washington Operating Region Human Resource Function

Functional leaders in operating regions have difficult roles to play, as they report to both a corporate or regional functional head as well as the Operating Region General Manager. The best functional leaders keep their regional bosses informed, are good at implementing corporate and regional functional initiatives, and serve as a partner to the Operating Region General Manager. Less effective functional leaders have difficulties implementing corporate initiatives, fail to keep their regional bosses informed, or are not able to form tight partnerships with their Operating Region General Managers. Many times these functional leaders migrate into cop or janitor roles; they either doggedly enforce functional standards and processes or clean up the messes created by others who do not adhere to these standards. Joe Krek, WOR's Controller, is an example of an effective functional leader. Joe has done an admirable job creating a partnership with John Hunt while keeping his bosses at corporate and in the Western Region informed and happy.

Molly Benick is an example of a less effective functional leader. Although very smart, sharp, competent, and capable, Molly has not been able to create a partnership with John Hunt. In some ways the deck was stacked against Molly from the very beginning—the Senior Human Resource Manager she replaced was well liked. Moreover, Molly does not have a waste background, did not grow up in Washington area, is female, and is a person who questions the way things are done and is constantly looking for ways to improve the business. Being an outsider who was replacing someone loyal to the top leadership team, Molly had a very difficult row to hoe. The only way she was going to be accepted into the WOR culture was to get immediate and consistent results. In the WOR culture, results equal credibility, and in this regard Molly has fallen short.

Over the past two years the Human Resource function has had difficulties with payroll and filling open requisitions. Some of these problems were due to software issues, others were due to District Manager's having unrealistic expectations about candidates, others were due shortfalls in human resources staff, and still others were self-inflicted. The consistent message from the rest of the top leadership team is that Molly is very busy but seems overwhelmed and unresponsive. District Managers have lost faith in the Human Resource function and complain about the lack or responsiveness or do work-arounds to fix human resource related problems in their districts.

The Human Resource function has two open positions and everything should be done to fill these requisitions as quickly as possible. Filling these positions would allow Molly to hand off payroll, benefits, and recruiting and focus on more strategic human resource issues, such as leadership development and succession planning. But even after these positions are filled it may be too late to turn around the reputation of Human Resources with the rest of the leadership team. At this level you must produce, and if after two

years there are still problems accomplishing the basics of the function then there are problems with the leader of the function. And in all fairness if the Controller or Customer Services Manager were still having problems auditing the books or responding to customer inquiries then they would not be looked at any differently than Molly Benick.

It is clear Human Resources can provide the guidance and processes needed to address the vision, strategy, performance, culture, labor relations, and leadership talent issues identified in this report. But as it currently stands Human Resources does not wield much influence in the operating region or have a seat at the table. This will remain the case as long as John Hunt is the Operating Region General Manager and will likely continue even if he is replaced. If John is removed then this action will likely be attributed to Human Resources, and if the top leadership team is anything it is loyal. It is highly likely that the top leadership team will harbor a high level of resentment against Molly if John is removed, and if John is not removed then Molly will not get a seat at the table and human resources will not be able to provide the services the operating region needs to get to the next level.

Recommendations

The following recommendations can be divided into three categories, which include People, Vision/Strategy, and Culture:

1. Replace the ORGM. Although the leadership team is very loyal to John Hunt and some of these individuals might leave the company if he is let go, it will be very difficult for the operating region to get to the next level if John stays in the ORGM role. It will likely be much easier to create a compelling vision, create plans for and communicate the three pronged strategy, change the culture, upgrade WOR's leadership talent, and achieve the next level of performance with a new ORGM.

2. Upgrade District Manager and Route Manager talent. Some of the District Managers need to be replaced and some of those that remain need a considerable amount of development and coaching. Hiring and development practices must be changed to allow talented outsiders to move into District and Route Manager roles. The span of control for some Route Managers must be reduced in order to provide time for development, and District Managers and Human Resources must work together to create a comprehensive Route Manager development program.

3. Give WOR no more than two years to carry out its three pronged strategy to achieve an 18 percent EBIT margin. The potential of the operating region is too great to sell the asset in the near future.

4. Clear up the areas of responsibility between District Managers, Route Managers and Human Resources. Currently there is a high level of confusion and uncertainty about who does what in the recruiting, hiring, on-boarding, and development processes.

5. Make sure the Human Resource function is fully staffed. The function currently has two open positions and there is simply too much transactional and strategic work to be done to run the function without a full compliment of staff.

6. Replace the Senior Human Resource Manager. Molly Benick is a very talented human resource professional, but her reputation among WOR's top leadership is so tainted and the human resource needs of the operating region are so great that both she and WOR would be better off with a new Senior Human Resource Manager. Ideally Molly would be moved into another Senior Human Resource Manager position in the company.

7. Have the new ORGM create a compelling vision for WOR that is built upon the potential of the operating region, the Green Is Good branding campaign, and the threat of fixing or selling the asset.

8. Make the ORGM responsible for creating a master plan for the renegotiation of city contracts and create metrics to track progress. Do business case analyses to determine the EBIT impact of various contract renegotiation scenarios and create contingency plans.

9. Make the ORGM responsible for creating contingency plans for the Auburn recycle facility and Green Island Energy partnerships. Do business case analyses to determine the EBIT impact of the different contingencies.

10. Change the WOR culture to be more receptive to outside ideas and change and more employee-friendly. The easiest way to change this culture will be to change the top leadership in WOR.

11. Give WOR no more than two years to carry out its three pronged strategy to achieve an 18 percent EBIT margin. The potential of the operating region is too great to sell the asset in the near future. But if the above changes are made and WOR cannot achieve the EBIT threshold, then the asset should be sold.