



2025 Strategic Plan

MDI Board Retreat

July 20th, 2022

The Mission of **MDI**

*Serve people with disabilities by offering
inclusive employment opportunities and services*

MDI

Manufacturing | Packaging | Services
With Purpose.

CURRENT STATE



TRUSTED Minnesota manufacturer & inclusive employer with high-quality products & services.



Putting **PEOPLE** first is imperative for our health, our business & our communities.



Poised for growth & well-positioned to be leaders in workforce development & advocating for people with **DISABILITIES**.

MDI's 2021 Highlights

1 723 Mission Lives Impacted 

2 \$3M Increase in Commercial Sales 

3 > 80% Employee Engagement 

4 Rapid Response to Workforce Shortage 

5 \$781K in Development Dollars 

6 \$2.5M PPP Loan Forgiven 

7 10% Increase in Website Traffic & Media Placements 

8 Received USPS Top Key Supplier Rating 6 of 6 

9 Safe Installation of PP Extruder Support Equipment in GR 

0 Successful CEO Transition 

Vision

Our vision is meaningful employment opportunities for **ALL** people with disabilities.

THREE-PRONGED STRATEGY

GROW

Business Expansion



ENGAGE

Workforce Development



LEAD

Advocacy



AMBITIONS

Goal: **2,500** lives impacted by **2025**

2025 Strategy



Aligning people, processes, and products to grow MDI's Mission



Leverage new tools & techniques to improve access & experience



Utilize thought leadership to activate communities, partners & advocates

KEY Initiatives

- **Recruit, Develop, and Retain** an inclusive, diverse & equitable workforce
- **Grow Core Businesses** in Polypropylene, Medical Services, and Government
- **Align Business, Operations, & Supply Chain** (BOSC) through data, benchmarks, and best practices.

- Launch **Unified Work** to connect people with disabilities and employers nationally
- Increase access to **High Quality Training** via on-demand courses, Virtual Career Skills (VCS), Mobile Career Skills (MCS), and Virtual Reality classes
- Provide a **Wellness Program** that supports healthy living, mindfulness, and work

- Position MDI as a **Thought Leader** through policy papers, white papers, media, legislative meetings & coalitions.
- **Grow Success At Work (SAW)** to increase community support for MDI's Mission. (increase scholarships, and local community contribution committees)
- **Leverage S.T.E.(A).M. Education** framework for people with disabilities



Aligning people, processes, and
products to grow MDI's Mission

NOTE: The following information will illuminate the Key Initiatives. The details will be refined and aligned across the organization through our Traction VTO and our annual planning process.

Projected Operating Statement (1/2)

FY2023 to FY2025

Product Line	Forecast				Assumptions
	FY2022	FY2023	FY2024	FY2025	
USPS Plastic	\$ 19,017,138	\$ 18,970,000	\$ 19,539,000	\$ 20,125,000	3% Annual Growth -All Years
P/E	\$ 10,500,000	\$ 10,815,000	\$ 11,139,000	\$ 11,474,000	3% Annual Growth-All Years
PolyPropylene	\$ 1,000,000	\$ 1,650,000	\$ 2,062,000	\$ 2,578,000	65% -2023 & 25% -2024 & 2025 Annual Growth Rates
Commercial Services	\$ 2,150,000	\$ 2,322,000	\$ 2,508,000	\$ 2,708,000	8% Annual Growth Rate-All Years
Medical	\$ 1,350,000	\$ 1,458,000	\$ 1,677,000	\$ 1,928,000	8%-2023 & 15% -2024 & 2025 Annual Growth Rate
Support Development	\$ 500,000	\$ 515,000	\$ 530,000	\$ 546,000	3% Annual Growth-All Years
Hired Hands Services	\$ 100,000	\$ 103,000	\$ 106,000	\$ 109,000	3% Annual Growth-All Years
					No USPS Stamp Revenue Included in Forecast for FY2022
Total Revenue	\$ 34,617,138	\$ 35,833,000	\$ 37,561,000	\$ 39,468,000	
Contribution Margin	Forecast				CM%
	FY2022	FY2023	FY2024	FY2025	
USPS Plastic	\$ 9,189,000	\$ 9,166,000	\$ 9,441,000	\$ 9,724,000	48.3%
P/E	\$ 4,436,000	\$ 4,542,000	\$ 4,678,000	\$ 4,819,000	42%
PolyPropylene	\$ 309,000	\$ 627,000	\$ 784,000	\$ 980,000	38%
Commercial Services	\$ 405,000	\$ 697,000	\$ 752,000	\$ 812,000	30%
Medical	\$ 423,000	\$ 467,000	\$ 537,000	\$ 617,000	32%
Support Development	\$ 414,000	\$ 258,000	\$ 265,000	\$ 273,000	50%
Hired Hands Services	\$ 67,000	\$ 52,000	\$ 53,000	\$ 55,000	50%
Total Contribution Margin Before Adjustments	\$ 15,243,000	\$ 15,809,000	\$ 16,510,000	\$ 17,280,000	
CM%	44%	44%	44%	44%	



Projected Operating Statement (2/2)

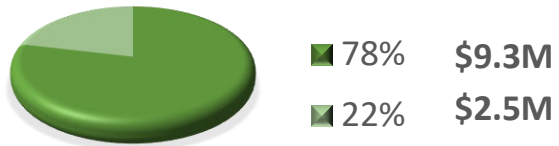
FY2023 to FY2025

	Forecast				Assumptions
	FY2022	FY2023	FY2024	FY2025	
Total Other Variable Costs	\$ 1,415,000	\$ 750,000	\$ 500,000	\$ 250,000	Factoring in Productivity Improvement
Total Semi-Fixed Mfg Costs	\$ 8,828,000	\$ 9,093,000	\$ 9,366,000	\$ 9,647,000	3% Inflation Factor
Gross Margin	\$ 5,000,000	\$ 5,966,000	\$ 6,644,000	\$ 7,383,000	
Total Selling and G&A Expense	\$ 6,178,000	\$ 6,363,000	\$ 6,554,000	\$ 6,751,000	3% Inflation Factor
Total Other Revenue And Expense	\$ 505,000	\$ 550,000	\$ 600,000	\$ 700,000	
Net Operating Surplus/(Deficit)	\$ (673,000)	\$ 153,000	\$ 690,000	\$ 1,332,000	
Employment Services, net	\$ (29,000)	\$ 100,000	\$ 200,000	\$ 300,000	Assume Workforce Development Grant from State of MN continues
MDI Real Estate, net	\$ (120,000)	\$ (100,000)	\$ (80,000)	\$ (60,000)	
Net Surplus / (Deficit)	\$ (582,000)	\$ 353,000	\$ 970,000	\$ 1,692,000	
Depreciation	\$ 1,825,000	\$ 1,975,000	\$ 1,975,000	\$ 1,975,000	New Extruder Increases Depreciation Expense
Interest Expense	\$ 88,000	\$ 79,000	\$ 70,000	\$ 60,000	Interest decreases with debt repayments
EBITDA	\$ 1,331,000	\$ 2,407,000	\$ 3,015,000	\$ 3,727,000	

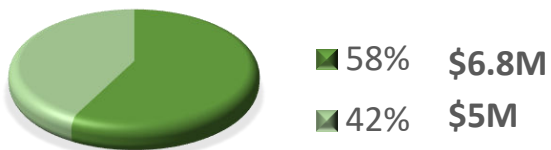
SALES

2021

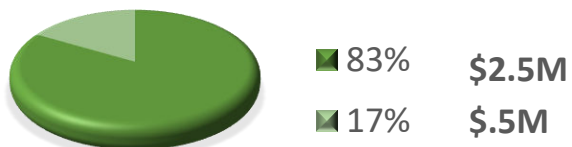
TOP "10" PLASTICS ACCOUNTS
\$9.3M OF \$11.8M



TOP "10" PRODUCTS
\$6.8M OF \$11.8M

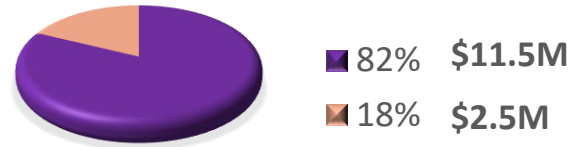


TOP "10" SERVICE ACCOUNTS
\$2.5M OF \$3M

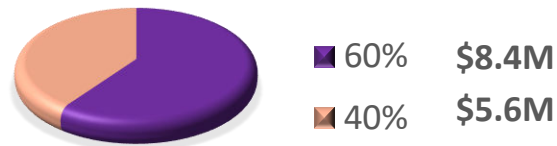


2025

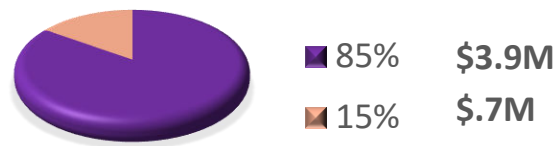
TOP "10" PLASTICS ACCOUNTS
\$11.5M OF \$14M



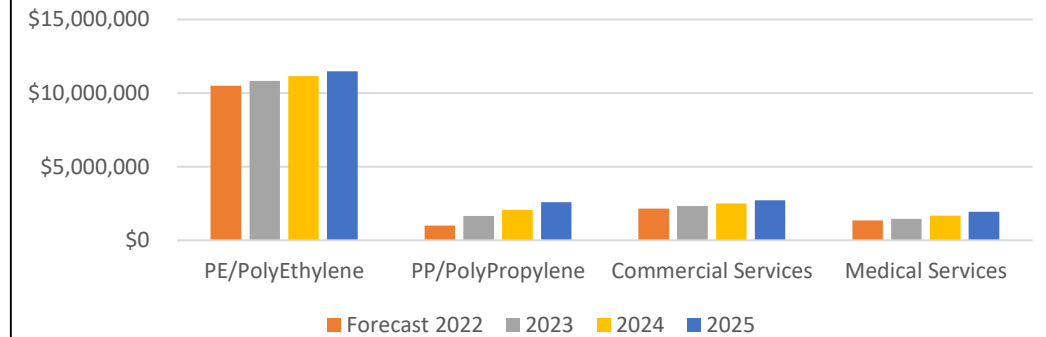
TOP "10" PRODUCTS
\$8.4M OF \$14M



TOP "10" SERVICES ACCOUNTS
\$3.9M OF \$4.6M



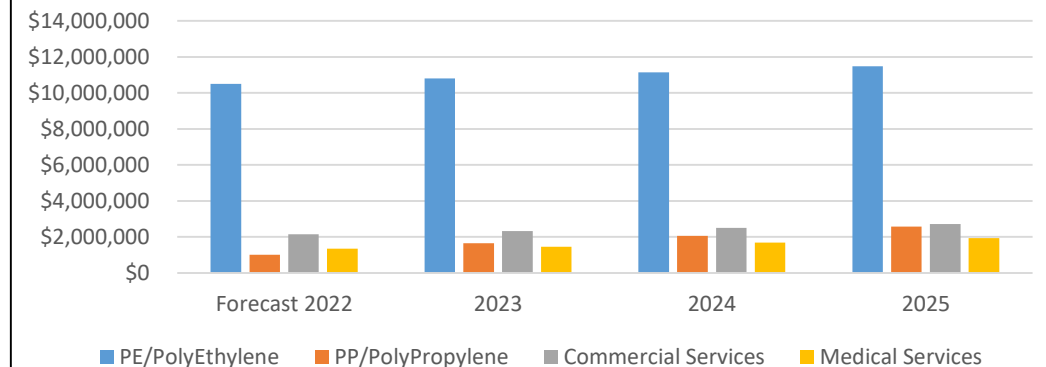
Revenue by Lines of Business



Total Commercial Revenue (Plastics & Services):

2022 @ \$15M; 2025 @ \$18.7M = Growth rate of 8.2% and \$3.7M

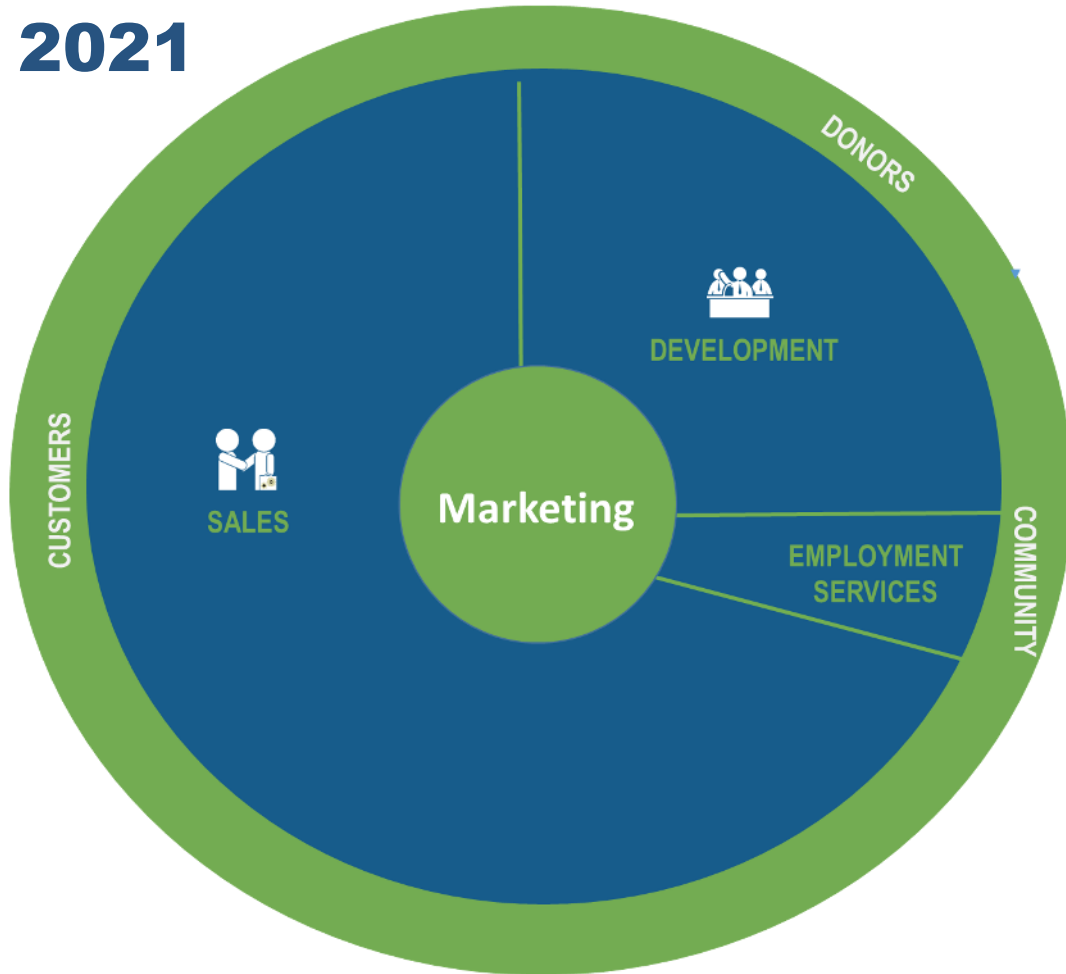
Revenue by Year for Lines of Business



MARKETING

THE HUB OF GROWTH

2021



2025



Additional Marketing resources will be required to support the 2025 Strategy while insuring that Sales and Development continue to receive the necessary support to grow.

Marketing Analysis

OPEN = RESOURCE GAP

	SALES	DEVELOPMENT	EMP. SERV	ADVOCACY	INTERNAL COMM/ CEO
Resource	Katie Johnson Consultants & OPEN	Melissa McKeever OPEN & Intern	Melissa McKeever OPEN & Intern	Katie Johnson & Goff	OPEN
Gaps	<ul style="list-style-type: none"> No market research Low channel support LOB Resources Low mind share Low market share Execution of plan 	<ul style="list-style-type: none"> Slow donor growth Slow donor \$ Inconsistent / Lack of communications 	<ul style="list-style-type: none"> Start up products Content creation No brand awareness New target audience Strong strategic plan 	<ul style="list-style-type: none"> Content plan & execution Resources to tactically execute 	<ul style="list-style-type: none"> No communication plan CEO lack of visibility Ability to execute
Strategy	Lead Generation & Channel Marketing	Events & Content	Events & Content	Events & Communications	Events & Internal Communications
Outcome	<ul style="list-style-type: none"> + Leads + Revenue Account Growth New Resellers 	<ul style="list-style-type: none"> + Donors + Revenue Brand Awareness 	<ul style="list-style-type: none"> Brand awareness + Offerings Mission lives impacted 	<ul style="list-style-type: none"> + Funding + Mission Lives Impacted 	<ul style="list-style-type: none"> Enhanced employee engagement, retention and attraction + community support

Operations

Key Focus Areas

- Safety
- Engagement
- Productivity
- Polypropylene Extruder
- Innovation

Top three risks for Operations

- Workforce (process techs, die cut techs, maintenance techs, & production operators)
- BW die cutter (90% of all productions goes through this machine)
- Polypropylene extruder (contamination, hard brake)

2023 Productivity Goals

- Increase productivity by 10% companywide through training, automation, and accountability.

Large Capital Investments thru 2025

Potential

Amount \$	Project	Project Description	Primary Benefit
\$10,000,000	Minneapolis building	We need to determine if we will continue to lease our current space in Minneapolis or should we purchase.	Facilities and real-estate
\$1,500,000	Polyethylene Line two upgrade	The line is seventeen years old & spare parts are no longer available.	Maintenance of Business
\$1,500,000	Automation	We need to invest in more efficient large frame welders along with COBOT's due to work force shortages.	Efficiency
\$2,500,000	Silo enclosure	The silos in Grand Rapids are currently located outside. As a result, that site needs a storm water permit. The enclosure would eliminate the risk of any product leaving the site & keeping that location in compliance.	Facilities and real-estate
\$350,000 - \$1,000,000	Multi-color printing	There are two options that we are reviewing. The first is a manual carousel which can print up to eight colors. The second would be to add addition print sections in the BW die cutter.	Capacity

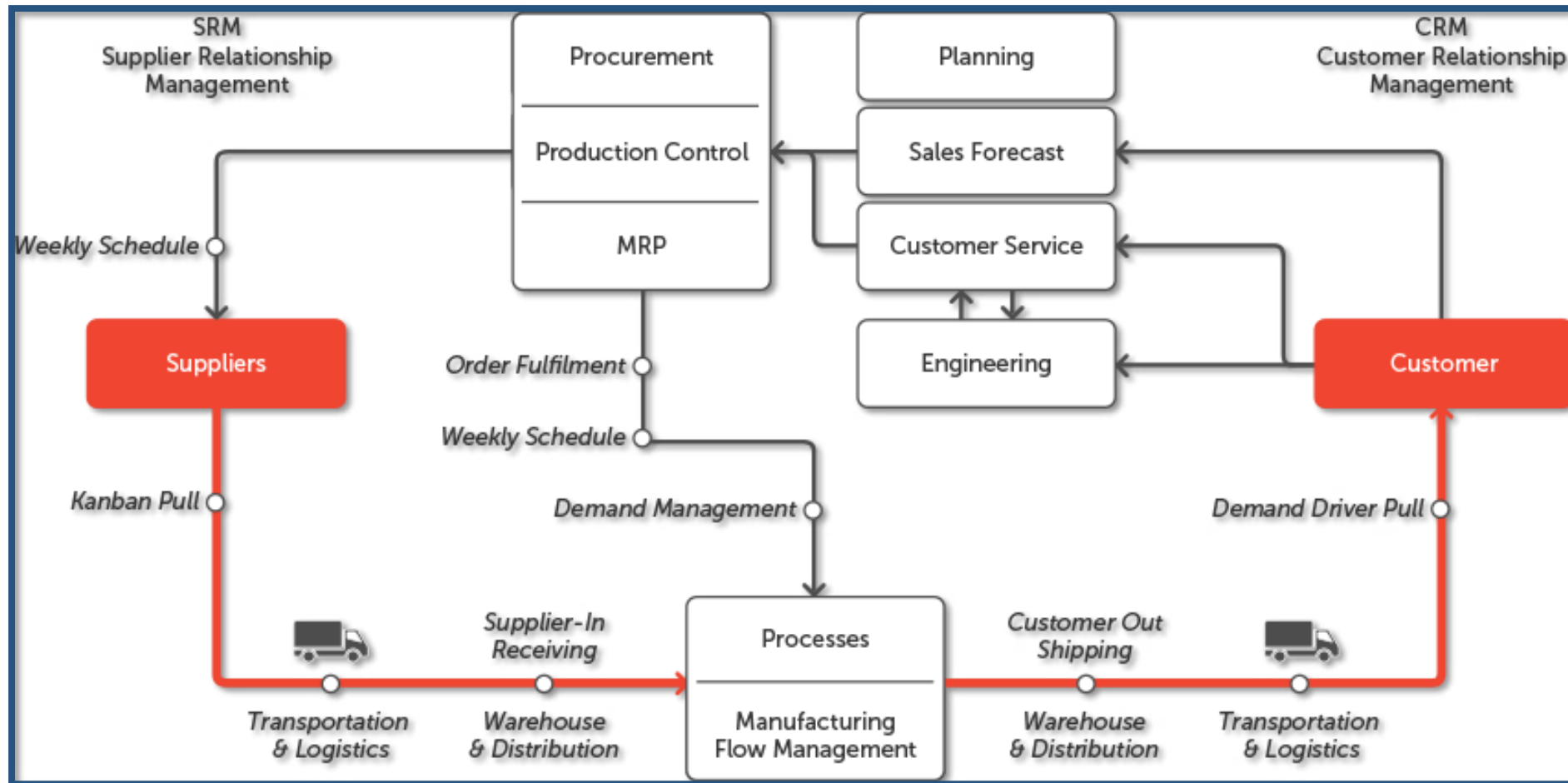
Supply Chain Optimization



Right Data at the **Right Time** to make the **Right Decisions**

1% improvement in COGS = \$350k

Example



RD

RT

RD

Right Data

Right Time

Right Decisions





Leverage new tools & techniques to
improve access & experience

NOTE: The following information will illuminate the Key Initiatives. The details will be refined and aligned across the organization through our Traction VTO and our annual planning process.





- Comprehensive services to help employers implement the *Unified Work Employment Model*
- Live and online training for business leaders and employees
 - Disability Awareness
 - Implicit Bias
 - Accommodations & Assistive Tech
- Strategic relationships with providers of services and staffing agencies to place individuals with disabilities

Develop and enhance the career skills people with disabilities need to join the workforce and advance their careers through the following programs:

Online Academy

- Full library of eLearning Modules
- Immersive Learning Experiences (VR/360)

Mobile Academy

Virtual Academy

Mission Lives Impacted



	2022	2023	2024	2025
Service	Q4	Q4	Q4	Q4
Unified Work Consulting		6 vetted consulting opportunities	12 vetted consulting opportunities	16 vetted consulting opportunities
Lives Impacted		30	150	250
Virtual Classes	10 courses completed	12 courses completed	10 courses completed	8 courses completed
Lives Impacted	100	150	100	75
Mobile Academy	Two Sessions - Pilot Complete	12 mobile courses offered 9 Instate and 3 Outstate	15 mobile courses offered 10 Instate and 5 Outstate	20 mobile courses offered 15 Instate and 5 Outstate
Lives Impacted	48	96	120	160
On Demand Platform/Videos	Soft Launch (pilot) 3 online	10 online courses	15 online courses	20 online courses
Lives Impacted	0	50	200	500
Virtual Reality	2 pilot videos completed	3 job specific VR simulations	7 job specific VR simulations	15 job specific VR simulations
Lives Impacted		30	50	200
Sub-Total	148	356	620	1,185

MDI

	2022	2023	2024	2025
Service	Q4	Q4	Q4	Q4
Employees	320	350	380	400
Contracted Employees	329	329	320	350
Scholarships	43	100	150	200
Community Employment Services	50	75	100	150
Influenced	100	150	168	225
Sub-Total	842	1,004	1,118	1,325

Unified Work + Core MDI

Total Lives Impacted	990	1,360	1,738	2,510
----------------------	-----	-------	-------	-------

Anticipated Unified Work Incremental Cost

	2022	2023	2024	2025
On-demand Learning Platform	\$ 20,000.00	\$ 50,000.00	\$ 150,000.00	\$ 200,000.00
Mobile/Virtual Academy	\$ 100,000.00	\$ 120,000.00	\$ 150,000.00	\$ 200,000.00
Business consulting	\$ 5,000.00	\$ 25,000.00	\$ 100,000.00	\$ 150,000.00
Virtual Reality	\$ 15,000.00	\$ 150,000.00	\$ 250,000.00	\$ 250,000.00
Total	\$140,000.00	\$345,000.00	\$650,000.00	\$800,000.00

Please note this does not include current staff positions in 2022.

Talent to Hire

IT

Marketing

Project Manager

Consulting

Trainers

Learning and Development

Virtual Reality

Growth in MDI Development Income

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Individuals	135,000	150,000	175,000	200,000
Foundations & Corporations	450,000	500,000	575,000	650,000
Events	<u>125,000</u>	<u>150,000</u>	<u>175,000</u>	<u>200,000</u>
Total	710,000	800,000	925,000	1,050,000

Notes:

Seek national funding 2023 and forward

State funding is not projected

Capitol campaign is not included

Future resources will be required

Wellness Program

The program is intended to **improve and promote health and fitness** with our employees. Preventive health and wellness benefits are designed to help maintain or improve employees' behavior to achieve better health and to reduce health risks. By warding off health problems or lowering their incidence among employees, MDI could save on long-term health costs.

- **Physical** - learn to incorporate regular activity into their daily lives to help achieve and maintain healthy fitness levels.
- **Nutrition** - learn the importance of a healthy diet and how to prepare nutritious meals. Increase access to healthier options in our four plants.
- **Mindfulness** – becoming self-aware with the ability to focus on the present moment, while calmly acknowledging and accepting one's feelings, thoughts, and bodily sensations.



Utilize thought leadership to activate communities, partners & advocates

NOTE: The following information will illuminate the Key Initiatives. The details will be refined and aligned across the organization through our Traction VTO and our annual planning process.

Thought Leadership

Leverage our history of success and current access to talented employees with disabilities to accelerate the learning and enthusiasm of others. The goal is to increase employment opportunities for people with disabilities and raise MDI's brand to give increasing creditability and funding for Unified Work.

- **Training and Development**
- **Barrier Reduction**
- **Employment Models**
- **Benefits - Hiring People with Disabilities**
- **Effective Accommodations**

MDI Cares Councils

Name Could Change

Employees at each of our four plants will implement strategic community involvement activities in their local communities. The councils will be made up of operators, functional and support staff at the plant. SMT and Plant Management can offer ideas but are excluded from final investment decisions regarding the council. They all will share the common goal of ensuring that MDI is investing its financial and human resources to help meet our business objectives while serving local communities.

The MDI Cares Councils seek to recognize issues important to our communities, build effective relationships with community leaders, and work to help improve standards for people with disabilities and promote vibrant communities.

Some of the responsibilities:

- Partner with **SAW** Committee and GRACF to execute strategic initiatives
- Identifying community needs and aligning them with MDI capabilities
- Planning and promoting individual and group volunteer opportunities
- Developing partnerships with local schools, nonprofit, and civic organizations
- Identifying opportunities for employees to engage in civic activities
- Evaluating the impact of MDI's efforts in the community