



**Training Proposal for:
Agraria San Francisco, Inc.**

Small Business \leq \$50,000

ET15-0128

Panel Meeting of: June 27, 2014

ETP Regional Office: North Hollywood **Analyst:** E. Fuzesi

CONTRACTOR

- Type of Industry: Manufacturing
Wholesale Trade
Priority Industry: Yes No
- Number of Full-Time Employees
California: 9
Worldwide: 10
Number to be trained: 9
Owner Yes No
- Out-of-State Competition: Customers Outside CA
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 0%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$32,760
- In-Kind Contribution: \$32,068

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee SB <100 Priority Rate	Business Skills, Computer Skills, Continuous Impr., Mfg. Skills, PL - Mfg. Skills, PL - Cont. Impr.	6	8-160	0	\$3,640	\$16.04
				Weighted Avg: 140			
2	Retrainee SB <100 Priority Rate HUA	Business Skills, Computer Skills, Continuous Impr., Mfg. Skills, PL - Mfg. Skills, PL - Cont. Impr.	3	8-160	0	\$3,640	\$14.02
				Weighted Avg: 140			

- Reimbursement Rate: Job #'s 1 and 2: \$26 SB Priority
- County(ies): Los Angeles
- Occupations to be Trained: Administration Staff, Production Staff, Owner
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$2.96 per hour; Job #2: \$2.76 per hour

SUBCONTRACTORS

- Development Services: The Rocher Group in Los Angeles assisted with development for a flat fee of \$1,500.
- Administrative Services: The Rocher Group will also provide administrative services for an amount not to exceed 10% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Founded in 1974, Agraria San Francisco, Inc. (Agraria) (www.agrariahome.com) designs, manufactures, and distributes home fragrance products such as reed diffusers, candles, potpourri, and bath/body items. In 2004, the current owners purchased Agraria and moved its headquarters and manufacturing facilities to Los Angeles. Since then, Agraria's product line has been expanding from four initial lines to over a hundred different items in the home fragrance market.

The product lines are designed in-house and the majority are manufactured in the Company's Los Angeles facility. Some custom components for fragrances, packaging, and bath & body items are contracted out for manufacturing and then assembled in-house. Agraria serves many different segments of the market including retailers and distributors. The Company also has licensing contracts with hotel amenities programs such as Sysco Guest Supply and hotels (recently selected by InterContinental Hotels & Resorts worldwide to provide bathroom amenities in its 170 hotels). Agraria is currently in negotiations with Herend Porcelain Partnership, Boston International, and other large organizations.

During the economic downturn, Agraria experienced a reduction in sales and revenue. However, the Company adapted by innovating, launching new products and accompanying lines, and studying customers' buying patterns. The Company also redesigned its website to increase its worldwide footprint. Through innovation and proactive measures, Agraria was able to avert layoffs. The Company is looking to continue innovation through a well-planned, robust training program by improving efficiencies, increasing productivity and standardization, and maximizing sales by refining product delivery and customer service/relations.

High Unemployment Area

All trainees in this proposal work in a designated High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company's location in the City of Los Angeles qualifies for HUA status under these standards.

➤ Wage Modification

For trainees employed in a HUA, the Panel may modify the ETP Minimum Wage by up to 25%, if post-retention wages exceed the start-of-training wages. Agraria is requesting the HUA wage modification of 13% for three trainees in Job Number 2 from \$16.04 per hour to \$14.02 per hour.

Training Hours

Small business proposals are capped at 60 hours per trainee unless the contractor can justify an increase. Agraria is requesting a maximum of 160 hours of ETP-funded training with a weighted average of 140 hours for Administrative and Production Staff. The additional hours are requested to meet Agraria's high standards for improving trainees' skills in Customer Service/Relations (12 hours), Product Knowledge (12 hours), Continuous Improvement (16 hours), and Manufacturing Skills (90 hours).

The high number of hours in Manufacturing Skills is due to the critical need to adhere to global industry and shipping standards and compliance regulations. Agraria sells to the U.K., Japan, and China; these countries alone have different packaging requirements, labeling standards, insert production, duty regulations, and air quality management. ETP funding will be a supplement to the ongoing training the Company provides to ensure that staff effectively produces and adheres to its quality standards.

Training Plan

The introduction of new technology, software, and processes require workers to develop a more technically proficient skill set. The Company has designed a thorough training plan to equip its workforce with the skills needed to drive future growth and effectively manage changes driven by a competitive business environment.

Business Skills – Training will be offered to all staff to improve business performance in all areas that is customer-facing. By increasing customer service levels, product knowledge, and communication skills in combination with additional business skills training, Agraria will create greater efficiencies in its business management practice with the overarching outcome to increase employee job satisfaction and revenue.

Computer Skills – Training will be offered to all staff to service customers more efficiently by learning the technology skills to automate office processes. Agraria also needs to continuously maintain a marketing presence that elevates the brand through graphic representation.

Continuous Improvement – Training will be offered to all staff to improve inventory control and production schedules to better monitor production costs and efficiency. Assembly standardization will create a more rewarding customer experience and build a stronger customer-base.

Manufacturing Skills – Training will be offered to Administrative and Production Staff. Production operations, assembly procedures, and manufacturing practices need improvement and are paramount to Agraria's success. Agraria's goal is standardize production, assembly, packaging, and delivery of goods to customers to honor the Company's mission and long history of outstanding product-lines.

Productive Laboratory

The Panel adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting in which trainees may produce goods for profit as part of the training. For PL courses identified in the Curriculum, the instructor must be dedicated to training delivery during all hours of training. The Curriculum includes TQM as PL, which will allow the Company to demonstrate/train in various packaging standards that differ depending on the country of destination.

In this proposal, approximately half of the training will be dedicated to Manufacturing Skills and Continuous Improvement in a PL setting to allow 7 employees to gain practical experience in properly assembling parts into whole products to meet quality requirements. In order to be proficient, trainees will receive Class/Lab in conjunction with PL. An average of 20 hours of PL will be provided; however, some employees may receive up to 50 hours of PL.

Trainees will use assembly tables, heating equipment, cutting tools and adhesives. The trainers will show employees how to correctly assemble and package to successfully fulfill customer orders. The trainers will be present full-time to demonstrate, monitor, and evaluate. Lower production levels are expected to correct errors and mistakes. Upon completion of PL, trainees will continue to receive a substantial number of hours of "on-the-job" training at employer's expense. Trainer-to-trainee ratio may vary but will not exceed 1:3. Trainers are in-house subject matter experts who are exclusively dedicated to instruction for the entire reported training time.

RECOMMENDATION

Staff recommends approval of this proposal including the wage modification and the increase in the maximum training hours.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-160 Trainees may receive any of the following:

BUSINESS SKILLS

- Business Performance
- Communication Skills
- Customer Relations
- Customer Service
- Financial Services
- Handling Customer Requests
- Identifying Customer Needs
- Interpersonal Skills
- Inventory Control
- Marketing
- Negotiating
- Product Knowledge
- Project Management
- Resolving Customer Complaints
- Telephone skills

COMPUTER SKILLS

- Graphic Representation
- Management and Accounting Systems
- Manufacturing Resource Planning
- Office Automation

CONTINUOUS IMPROVEMENT

- Decision Making
- Coaching
- Just-in-Time Processes
- Leadership
- Motivation
- Process Improvement
- Production Operations/Workflow
- Production Scheduling
- Quality Concepts
- Statistical Process Control
- Teambuilding
- Total Quality Management

MANUFACTURING SKILLS

- Assembly Procedures
- Cross-Training in Production Equipment/Skills
- Inventory Control
- Manufacturing Practices
- Parts of Product Manufacture
- Production Operations
- Warehousing

Productive Lab

0-50

CONTINUOUS IMPROVEMENT

- Total Quality Management

MANUFACTURING SKILLS

- Assembly Procedures
- Cross-Training: Equipment Operation
- Manufacturing Practices
- Parts of Product Manufacture
- Production Operations
- Warehousing

Note: Reimbursement for retraining is capped at 160 total hours per-trainee, regardless of method of delivery.