



Training Proposal for:
American International Industries, Inc.

Agreement Number: ET16-0146

Panel Meeting of: August 28, 2015

ETP Regional Office: North Hollywood

Analyst: M. Reeves

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 733	U.S.: 733	Worldwide: 740
Turnover Rate:	12%		
Managers/Supervisors: (% of total trainees)	8%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$306,684		\$0	\$0		\$306,684

In-Kind Contribution:	100% of Total ETP Funding Required	\$413,757
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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 Priority Rate	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Management Skills, Manufacturing Skills	213	8-200	0	\$1,260	\$15.97
				Weighted Avg: 70			
2	Retrainee Priority Rate HUA	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Management Skills, Manufacturing Skills	133	8-200	0	\$288	\$11.98
				Weighted Avg: 16			

Minimum Wage by County: Job Number 1: \$15.97 per hour for Los Angeles County
Job Number 2 (HUA): \$11.98 per hour for Los Angeles County
Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.
Used to meet the Post-Retention Wage?: Yes No Maybe
 Up to \$1.98 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Accounting/Finance Staff		8
Administration/Human Resources Staff		20
Customer Service Staff		8
Information Technology Staff		5
Maintenance Staff		24
Marketing/Advertising Staff 1		29

Marketing/Advertising Staff 2		10
Manager/Supervisor 1		19
Manager/Supervisor 2		8
Operations/Production Staff		42
Sales Staff 1		6
Sales Staff 2		3
Transportation Staff		6
Warehouse Staff		28
Job Number 2 (HUA)		
Administration/Human Resources Staff		9
Customer Service Staff		10
Maintenance Staff		9
Operations/Production Staff		59
Transportation Staff		3
Warehouse Staff		43

INTRODUCTION

American International Industries, Inc. (American International) (www.aiibeauty.com) is a manufacturer and distributor of innovative beauty products for men and women. American International was founded in 1972 and is located in Commerce. The Company has nearly 40 brands of products that are sold to various retailers such as Walmart, Target, Walgreens, and CVS, as well as boutique and beauty supply establishments.

PROJECT DETAILS

American International has been operating with the same software system for more than 20 years, and the Company has determined that its legacy system no longer meets its needs. Therefore, the Company is in the process of converting to a new Windows-based Enterprise Resource Planning (ERP) system. This conversion will bring about complete changes to the Company's processes, hardware, and software capabilities. Consequently, employees must learn the functionality of the new system and how it will impact their respective day-to-day job responsibilities.

American International has invested over \$1.7 million in new hardware and software for its new system. The new ERP system is projected to go live during the first or second quarter of 2016 and a significant amount of training must be provided to all users prior to the launch date. ETP funding will allow the Company to provide the level of training necessary to fully integrate the Company's core business operations. Training will take place at the Company's facility in Commerce and be delivered by a combination of in-house subject matter experts and experienced outside training vendors.

In addition to the extensive training to facilitate the ERP system implementation, the Company has developed a comprehensive training plan that includes Business Skills, Continuous Improvement, Management Skills, Hazardous Materials Handling, and Manufacturing Skills to

ensure that all processes and procedures continue to move the Company towards becoming a high performance workplace.

Training Plan

Business Skills (10%) - Training will be offered to all occupations. These training modules are designed to help employees improve their communication, product knowledge, and customer service skills. Trainees will learn to perform business-related tasks more effectively, and interact more successfully with internal and external customers.

Computer Skills (55%) - Training will be offered to all trainees to facilitate the successful implementation of the new ERP system that fully integrates all aspects of the Company's processes and network infrastructure. Training will include updates to production equipment software. This training is designed to increase worker productivity by empowering system users to manage projects and multiple sources of data, process orders, respond quickly to problems, and perform tasks with greater efficiency.

Continuous Improvement (5%) - Training will be offered to all occupations. This training will focus on process improvements and problem solving methodologies that enhance productivity through frontline leadership and team building.

Hazardous Materials (5%) - Training will be offered to Maintenance and Operations/Production staff. These trainees will learn safe handling procedures for hazardous materials, including propane.

Management Skills (10%) - Training will provide Managers and Supervisors with the leadership, motivation, and decision making skills necessary to become more effective leaders in a high-performance workplace.

Manufacturing Skills (15%) - Training will be offered to Operations/Production and Maintenance staff. This training is designed to improve product quality, reduce production errors/waste, and enhance the Company's overall manufacturing process. These training modules will include Lean Manufacturing philosophies and equipment operation skills.

High Unemployment Area Wage Modification

All trainees in this proposal work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by at least 25%. The Company's facility in Commerce qualifies for HUA status under these standards.

For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. American International is requesting the wage modification of \$11.98 for 133 trainees (Job Number 2).

Commitment to Training

ETP funds will not displace the existing financial commitment to training. The Company spent approximately \$50,000 on training in 2014. Company-funded training includes sexual harassment prevention, new hire orientation, labor laws, and on-the-job training, as needed. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

The Company will assign an internal Project Manager to serve as the overall team lead for this project. Additional assistance will be provided by Human Resources and IT staff, as well as a steering committee for the ERP implementation. The Company has also retained an outside administrative consultant to ensure that training documentation adheres to ETP requirements.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Tax Credit Co. in Los Angeles assisted with development of this proposal for a flat fee of \$10,000.

ADMINISTRATIVE SERVICES

Tax Credit Co. will perform administrative services for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

Epicor Software in Irvine will provide Computer Skills training for a fee to be determined. Other trainers will be identified for ETP record-keeping purposes, as they are retained.

Exhibit B: Menu Curriculum

Class/Lab Hours

8 - 200

Trainees may receive any of the following:

BUSINESS SKILLS

- + Business Performance
- + Effective Communication
- + Customer Service
- + New Product Knowledge
- + Strategic Planning
- + Business Writing
- + Conflict Management
- + Interpersonal Skills
- + Project Management

COMPUTER SKILLS

- + Production Equipment Software
- + Intermediate and Advanced Microsoft Office Suite
- + ERP Implementation Topics

CONTINUOUS IMPROVEMENT

- + Leadership Skills
- + Team Building
- + Decision Making
- + Statistical Process Control
- + Handheld Scanners

HAZARDOUS MATERIALS

- + Waste Handling
- + Dealing with Toxic Spills
- + Hazardous Materials Procedures
- + Handling Propane

MANAGEMENT SKILLS (Managers and Supervisors Only)

- + Coaching
- + Leadership
- + Motivation
- + Decision Making

MANUFACTURING SKILLS

- + Production Procedures
- + Equipment Operations
- + Production Cross Training
- + Precision Measurement
- + Fork Lift Operation
- + Lock Out Tag Out
- + Lean Manufacturing/SixS

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.