



RETRAINEE - JOB CREATION

Training Proposal for:

Ares Operations LLC

Agreement Number: ET16-0179

Panel Meeting of: September 25, 2015

ETP Regional Office: North Hollywood

Analyst: E. Fuzesi

PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative	Industry Sector(s):	Financial Services Priority Industry: <input type="checkbox"/> Yes <input checked="" 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: 375	U.S.:674	Worldwide: 810	
<u>Turnover Rate:</u>	4%			
<u>Managers/Supervisors:</u> (% of total trainees)	5%			

FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$150,000</td></tr> </table>	Program Costs	\$150,000	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">(Substantial Contribution)</td> <td style="width: 50%; text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$0	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Total ETP Funding</td></tr> <tr><td style="text-align: center;">\$150,000</td></tr> </table>	Total ETP Funding	\$150,000
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In-Kind Contribution:	100% of Total ETP Funding Required	\$650,897
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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	Business Skills, Computer Skills, Cont. Impr.	256	8-200	0-6	\$540	\$24.52
				Weighted Avg: 36			
2	Retrainee Job Creation Initiative	Business Skills, Computer Skills, Cont. Impr.	14	8-200	0-6	\$840	\$28.85
				Weighted Avg: 42			

Minimum Wage by County: Job Number 1, Standard Retrainee: \$15.97 for Los Angeles County. Job Number 2, Retrainee-Job Creation: \$13.31 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

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1 (Retrainee)		
Administration Staff I.		32
Administration Staff II.		18
Administration Staff III.		1
Administration Support Staff		56
Senior Administration Support Staff		3
Client Support Staff I.		27
Client Support Staff II.		11
Client Support Staff III.		11
Client Support Staff IV.		2
Finance Staff I.		45
Finance Staff II.		25
Finance Staff III.		4
Legal Staff I.		8
IT Staff		2
Manager I.		5
Manager II.		4
Manager III.		4

Job Number 2 (Job Creation)		
Administration Staff I.		1
Administration Support Staff I.		2
Client Support Staff I.		3
Finance Staff I.		3
Finance Staff II.		1
IT Staff		2
Legal Staff I.		2

INTRODUCTION

Founded in 1997, Ares Operations LLC (Ares) (www.aresmgmt.com) is a publicly traded, global asset management company specializing in the tradable credit, direct lending, private equity, and real estate markets. Headquartered in Los Angeles, Ares has seven additional US locations and is present in 10 countries, serving North America, Europe, and Asia. This will be Ares's first ETP Agreement. The Company's Los Angeles facility will participate.

Ares designs and builds investment products providing investors more diversification and investing options that match their declared financial objectives using a systematic process for deploying, operating, maintaining, upgrading, and disposing of clients' funds. Ares's services include portfolio analysis, forecasting, investment advice, implementation of investing strategies, and performance analysis. Primary customers include; investors from large pension funds, university endowments, sovereign wealth funds, banks and insurance companies.

For the past few years, financial and investment industries have been under increasing federal and foreign state regulatory changes, resulting in an increase in mandatory report filings. In May, 2014 Ares became a publicly traded partnership. Ares now has new regulatory standards to abide by, impacting the majority of the core processes and systems. During this period of significant changes, Ares is in the process of reviewing and improving the core processes to increase value for customers that will, in turn, support growth. Ares's growth strategy includes diversifying product and service offerings which add complexity to business operations.

In order to meet compliance and regulatory standards and gain capabilities that will support product expansion, Ares initiated several technology projects, processes and organizational changes. The proposed ETP training will allow the Company to operate to industry standards, meet customer requirements, as well as equip associates with the necessary skills to meet the changing environment of becoming a public company.

Retrainee - Job Creation

In support of job creation, the Panel is offering incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

Ares has committed to hiring 14 new employees (Job Number 2). The date-of-hire for all trainees will be within the three-month period before contract approval or within the term-of-contract. These trainees will be hired into "net new jobs" as a condition of contract.

Ares is forecasting a 15% annual growth over the next two years across all business platforms. As such, Ares anticipates additional hiring and ongoing training, enabling them to expand and enter into new markets.

PROJECT DETAILS

Training will focus on developing staff's understanding of core business processes and providing skill development specific to trainees' roles and responsibilities. As regulatory compliance is becoming an important part of Ares's business, learning these requirements will ensure compliance when audited. Training will be facilitated using Class/Lab and Computer-Based Training (CBT) methods. Consulting services will be employed where necessary skills or knowledge is not available in-house.

Training Plan

Business Skills (34%) – Training will be offered to all staff to complete tasks in a consistent and compliant way across all lines of business. As a result, Ares's core processes will be scalable to support business growth plans. Effective Communication will improve employees' competence in speaking, observation, listening and comprehension. Project Management skills will equip trainees for the challenges of the constantly evolving business environment, building a solid foundation of techniques and tools covering the entire project life cycle. Employees will be trained on the importance of project scope and gathering requirements, creation of project plans, assessment of project risk, and effective management of multiple projects.

Computer Skills (16%) – Training will be offered to all staff to learn to fully utilize the new software system, Oracle. Training will cover changes in workflow and processes to accommodate the new technology centralize and standardize processes, and implement controls for timely reporting to investors and the Company. Microsoft Office training will provide staff with essential skills in the latest applications to increase efficiency, functionality, and technical skills, making technical collaboration easier.

Continuous Improvement (50%) – Training will be offered to all staff to respond to continuing changes in the industry and customer requirements. This will enable Ares to systematically and efficiently adapt to customer and industry needs, reduce lead time and remain competitive in the long term.

Impact/Outcome

ETP funding will help the Company transition to a Lean business environment, engage in change management, and implement Oracle Fusion technology. Training is part of Ares's retention strategy to demonstrate loyalty and commitment by offering employees the opportunity to learn and grow with the business, and support individuals' long-term career goals. In order to grow efficiently, current and new processes need to be scalable. Associates will be trained to develop standard work for all business processes which will support new employee onboarding and compliance.

Commitment to Training

Ares represents that ETP funds will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Ares's training budget is \$200,000 annually in California. This includes skills training such as communication, project management, continuous improvement, software application training, and negotiation skills. Other training also includes leadership training offered to managers and potential leaders to develop them for potential promotional opportunities. The proposed contract will allow Ares to formalize more training programs, improve content and structure, and reach a greater number of employees to make a significant impact on the operation.

➤ Training Infrastructure

Training will be orchestrated through the Human Resources and Transformation Departments. HR Managers will be responsible for collecting and filing the signed rosters. The Continuous Improvement (CI) Coordinator and HR Manager will be responsible for training team leaders and supervisors to properly follow the steps to document training using the proper forms and submit them to HR and CI Staff.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Ares retained The IM Group in Fairfield, CT to assist with development of this proposal for a flat fee of \$2,875.

ADMINISTRATIVE SERVICES

Ares retained The IM Group in West Hollywood to perform administrative services in connection with this proposal for an amount not to exceed 13% of payment earned.

TRAINING VENDORS

PricewaterhouseCoopers of Los Angeles has been retained to provide Continuous Improvement training for a fee of \$4,500. Other trainers will be identified for ETP record-keeping purposes, as they are retained by Ares.

Exhibit B: Menu Curriculum

Class/Lab Hours

8 - 200 Trainees may receive any of the following:

BUSINESS SKILLS

- Effective Communication
- Management Training for Individual Contributors
- Negotiation Skills
- Project Management

COMPUTER SKILLS

- Microsoft Office Access (Intermediate/Advanced)
- Microsoft Office Excel (Intermediate/Advanced)
- Microsoft Office Outlook (Intermediate/Advanced)
- Microsoft Office Word (Intermediate/Advanced)
- Oracle Fusion

CONTINUOUS IMPROVEMENT

- ARES Management System
- Coaching, Leadership & Team Building
- Kaizen
- Lean Awareness
- Lean Principles
- Problem Solving
- Process Mapping
- Quality Tools
- Standard Work
- Strategy Deployment
- Value Stream Mapping
- Visual Metrics
- Waste Identification
- Workshop Management

CBT Hours

0-6

COMPUTER SKILLS

- Microsoft Office Excel – Advanced (1 hr.)
- Microsoft Office Excel – Intermediate (1 hr.)
- Microsoft Office Word – Advanced (1 hr.)
- Microsoft Office Word – Intermediate (1 hr.)
- Oracle Fusion (2 hrs.)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee.