



RETRAINEE - JOB CREATION

Training Proposal for:

Ariat International, Inc.

Agreement Number: ET16-0451

Panel Meeting of: May 26, 2016

ETP Regional Office: San Francisco Bay Area

Analyst: L. Lai

PROJECT PROFILE

Contract Attributes:	Job Creation Initiative Retrainee Priority Rate	Industry Sector(s):	Warehousing Retail Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Alameda	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: 207	U.S.: 283	Worldwide: 418
<u>Turnover Rate:</u>	11%		
<u>Managers/Supervisors:</u> (% of total trainees)	20%		

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;">\$399,320</td></tr> </table>	Program Costs	\$399,320	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="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;">\$399,320</td></tr> </table>	Total ETP Funding	\$399,320
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In-Kind Contribution:	100% of Total ETP Funding Required	\$1,137,563
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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 Adv. Technology	164	8-200	0-40	\$2,070	\$17.30
				Weighted Avg: 115			
2	Retrainee-Job Creation Priority Rate	Business Skills, Computer Skills	34	8-200	0-40	\$1,760	* \$15.00
				Weighted Avg: 88			

* It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: Alameda County: Job 1 - \$17.02; Job 2 - \$14.19
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 (RETRAIINEES)		
Admin / Finance / HR		33
Design		8
IT Support I		10
IT Support II		1
Product Developers		13
Production		10
Sales / Marketing		38
Supply Chain		14
Manager/Supervisor I		32
Manager/Supervisor II		5
JOB NUMBER 2 (JOB CREATION)		
Admin / Finance / HR		3
Design		3
IT Support I		2
IT Support II		1

Product Developers		3
Retail Support		12
Sales / Marketing		5
Supply Chain		3
Manager/Supervisor		2

INTRODUCTION

Founded in 1992, Ariat International, Inc. (Ariat) is a manufacturer of innovative performance equestrian footwear and apparel. Featuring a patented technology designed to deliver stability, durability and comfort, Ariat pioneered the application of advanced athletic shoe technology into English riding boots and authentic Western boots. Ariat products are sold online, and in a network of 6,500 retail outlets throughout the world such as Boot Barn, Cavenders, and Tractor Supply Company.

Ariat is headquartered in Union City and has distribution centers in Hayward, CA and Louisville, KY. The Company is expanding its distribution activities from the Union City location, and plans to open its first retail store in Northern California in the fall of 2016.

PROJECT DETAILS

In April 2015, Ariat signed an exclusive licensing and sponsorship agreement with the International Equestrian Federation (FEI), the international governing body of equestrian sports, to develop a new co-branded product collection to launch in 2016.

In addition to expanding into new global markets to increase sales, the Company is considering how it can scale its business, and pursue new supply chain and product management software, to keep up with growth.

Retrainee - Job Creation

In this proposal, Ariat has committed to hiring 34 new employees (Job Number 2). The new employees are needed as the Company releases new products, increases online sales, and opens its first retail store in Northern California. The new employees will staff the new 3,000 sq. ft. retail store, and existing unused space at the Company headquarters.

The date-of-hire for all trainees in the Job Creation program 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.

Training Plan

All training will be conducted via Class/Lab, E-Learning, and CBT at the Company's facility in Union City.

Advanced Technology (5%) – Training will be offered to five IT Staff to support and manage all IT infrastructure systems from Data Center to all production server and application systems. Due to the high costs associated with training on expensive network equipment and sophisticated software, the Company is requesting the AT reimbursement of \$26 per hour. The training is estimated to cost \$92 per hour. The 1:10 trainer-to-trainee ratio will be maintained to allow for in-depth coverage of complex materials and personal attention from the instructor.

Business Skills (75%): Training will be offered to all occupations. Training will focus on Project Management, Communication, Product Knowledge, Strategic Planning, and other business-related job skills to improve overall performance related to individual job functions. This training will be delivered as Class/Lab and CBT.

Computer Skills (20%): Training will be offered to all occupations. Topics include Data Warehouse System, HR Systems, Retail POS, and SAP. This training will allow employees to effectively use various systems throughout the organization. This training will be delivered as Class/Lab and CBT.

Impact/Outcome

ETP-funded training will help the Company expand and grow its business. At the completion of training, 34 new and 164 incumbent workers will gain new and/or improved skills to improve efficiencies throughout the Company.

Commitment to Training

Ariat's 2015 training budget was \$120,000 per facility, and was primarily allocated to Onboarding, Leadership Development, Technical & Functional Skills, General Education, Compliance and a teambuilding suite.

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.

➤ Training Infrastructure

Ariat's Learning & Development Manager and three HR Generalists will be dedicated to oversee the Administration. The Company has a FY16 training calendar established and is ready to begin training when the proposal is approved. The Company has an "All Boots Company" meeting every 6-8 weeks, as well as monthly Brown Bags to go over training schedules. Some training will be delivered by in-house staff.

OUT-OF-STATE VENDORS

Ariat is requesting approval to use two Out-of-State Vendors, BLC, located in Northampton, UK to provide technical training on leather; and STAHL, located in Netherlands, to provide technical training in footwear and testing. Amount to be determined.

RECOMMENDATION

Staff recommends approval of this proposal and the use of out-of-state training vendors.

DEVELOPMENT SERVICES

Ariat retained RSM US, LLP in San Diego to assist with development of this proposal for a flat fee of \$12,000.

ADMINISTRATIVE SERVICES

Ariat will also retain RSM to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

Ariat has identified the following California-based training vendors to provide training under this proposal: Decker Communications, Duarte, Coursera, Learn It!, MBTI/ CPP, Ken Blanchard Companies, Claremont EAP, and Lawroom.

Ariat's representative states that specialized training doesn't exist in California or the U.S. Less than 5% of the training will be delivered by the out-of-state training vendors for 17 product developers, product coordinators, and supply chain staff. The training will take place onsite at Ariat's California facilities and comply with the 1:20 trainer-to-trainee ratio.

Exhibit B: Menu Curriculum**Class/Lab Hours**

8 - 200

Trainees may receive any of the following:

ADVANCED TECHNOLOGY

- Advance Information Security
- Advanced Computer Networking
- Business Objects
- Front End Reporting Tools
- ITIL (Information Technology Infrastructure Library) Compliant System
- Linux
- Microsoft SQL Service
- Nimble SAN/NAS Storage
- Oracle Database
- POS Hardware
- Retail Platform
- Supply Chain Management Solutions
- Switches and Routers

BUSINESS SKILLS

- Building Business Acumen
- Business Writing
- Change Management
- Coaching
- Communication Skills
- Conflict Resolution
- Critical Thinking
- Dealing with Difficult People
- Delegation Skills
- Developing Executive Presence
- Finance for Non-Financial Professionals
- Increasing your Professional Effectiveness
- Influencing without Authority
- Leadership Skills
- Managing Across Generations
- Marketing Skills
- Master Critical Thinking
- Master Emotional Intelligence
- Mould in Product
- Negotiation Skills
- Presentation Skills
- Process Improvement
- Product Knowledge
- Project Management
- Stitching and Material Utilization
- Strategic Planning
- Supply Chain Elements
- Sustainability in Supply Chain
- Teambuilding
- The 5 choices to Extraordinary Productivity

- The 7 habits of Highly Successful People
- Time Management
- Understanding Leather

COMPUTER SKILLS

- ADP – Payroll System Applications
- Cognos
- Data Warehouse System
- GT Nexus Applications
- Human Resource Systems and Processes
- Learning Management Systems Applications
- Microsoft Office Suite (Intermediate and Advanced)
- Product Lifecycle Management Applications
- Retail POS (Point of Sale)
- SAP 102 – Fundamental (Intermediate)
- SAP 103 – Advanced
- Success Factors (Performance Management System)
- WebEx (Intermediate and Advance)

E-Learning Hours

0 - 60

BUSINESS SKILLS

- Teambuilding

COMPUTER SKILLS

- Microsoft Office Suite (Intermediate and Advanced)
- WebEx (Intermediate and Advanced)
- SAP

CBT Hours

0 – 40

BUSINESS SKILLS

- Branding Fundamentals (1hr 26m)
- Building Trust (1hr)
- Business Writing Fundamentals (1h 32m)
- Communication Fundamentals (2hr 5m)
- Communication Fundamentals (2hr 5m)
- Conflict Resolution Fundamentals (48m)
- Decisions (1hr 28m)
- Delegating Tasks to Your Team (50m)
- Effective Listening (1hr 8m)
- Influencing Others (1hr 21m)
- Leading with Emotional Intelligence (1hr 46m)
- Leading with Emotional Intelligence (1hr 46m)
- Managing Teams (1hr 23m)
- Motivating and Engaging Employees (1hr 50m)
- Negotiation Fundamentals (37m)
- Presentation Fundamentals (1hr 31m)
- Project Management Simplified (1hr 19m)
- Public Speaking Fundamentals (1hr 4m)
- Writing Business Reports (1h 58m)
- Writing E-Mail (1h 13m)

COMPUTER SKILLS

- Designing a Presentation (2hr 14m)
- Macros in Depth (2hr 44m)
- Pivot Tables in Depth (3hr 43m)
- PowerPoint – From Outline to Presentation (1hr 56m)
- Workbooks (1hr 29m)
- Working with Date and Times (1hr 20min)

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.