RETRAINEE - JOB CREATION

Training Proposal for:

The Cheesecake Factory Bakery Incorporated

Agreement Number: ET16-0277

Panel Meeting of: December 4, 2015

ETP Regional Office: North Hollywood **Analyst:** M. Paccerelli

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing Priority Industry: ☒ Yes ☐ No
Counties Served:	Los Angeles	Repeat Contractor:	☒ Yes ☐ No
Union(s):	☐ Yes ☒ No		
Number of Employees in:	CA: 7,585	U.S.: 37,249	Worldwide: 37,249
Turnover Rate:	17%		
Managers/Supervisors: (% of total trainees)	20%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	**Total ETP Funding**
$244,000		$0	$0		$244,000

In-Kind Contribution:	100% of Total ETP Funding Required	$216,000

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, Continuous Impr., Computer Skills, Mfg. Skills, Literacy Skills, PL-Mfg. Skills	200	8-200	0	$1,170	$15.97
				Weighted Avg: 65			
2	Retrainee Priority Rate Job Creation Initiative	Business Skills, Continuous Impr., Computer Skills, Mfg. Skills, Literacy Skills, PL-Mfg. Skills	10	8-200	0	$1,000	$13.31
				Weighted Avg: 50			

Minimum Wage by County: $15.97 per hour in Job Number 1 and $13.31 per hour in Job Number 2 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 $5.97 per hour may be used to meet the Post-Retention Wage in Job Number 1.
Up to $3.31 per hour may be used to meet the Post-Retention Wage in Job Number 2.

Job 1 & 2 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Bakery Operations Staff		104
Administrative Staff		52
Maintenance Staff		32
Manager/Supervisor I		12
Manager/Supervisor II		10

INTRODUCTION

The Cheesecake Factory Bakery Incorporated (CFB) (www.cheesecakefactory.com) started as a family bakery in Detroit in the 1940's, supplying cakes to local restaurants. In 1972, the bakery moved to Los Angeles, and by 1974, over 20 cheesecakes and other dessert assortments were being sold to hundreds of wholesale accounts, expanding CFB's distribution from Santa Barbara to San Diego.

In 1978, the Company opened its first restaurant in Beverly Hills, offering guests a high-scale dining experience. It was an immediate success and today there are over 200 restaurants around the world. The Company opened two baking facilities to serve its restaurants as well as

its national and international retail accounts in the Middle East, China, Canada and Mexico, and the military.

In 2012, as part of its aggressive growth plan, the Company opened its first international restaurants in Kuwait and Dubai. CFB is expecting the bakery operations to grow as the Company continues to open new restaurants in the Middle East, China and Mexico. The training in this proposal will be provided to the CFB's manufacturing plant in Calabasas Hills.

CFB stays competitive with industry leaders by adapting its supply to consumer demands introducing approximately 10 new products per month. As new products are being launched, CFB needs production on a large manufacturing scale, requiring employee skills training in various manufacturing areas. In addition, due to the rising cost of ingredients, commodities, transportation and utilities, CFB has to operate with a tight profit margin. Therefore, lean and efficient operation, with high quality production, is crucial to stay competitive.

In the past year, CFB had invested approximately $1M in new systems and equipment as listed below. These new systems and equipment will increase efficiency and strengthen the business. The training cost is not included in the purchase price.

- A new Oven System will feature a continuous flow of production conveyor belts to replace the current system that relies on individual racks being moved from separate ovens. This new system will require programming, maintenance, troubleshooting, setup, and will change the entire manufacturing process.

- A Tonelli Cream System eliminates the need for production staff to make smaller batches of whipped cream and fillings, and then transport them from freezer mixing areas to various areas of the plant. Now, staff can digitally mix batches and have them stored and pumped into areas as needed.

- Steam Kettles which are used to heat ingredients evenly and to mix two or more ingredients that must be heated at a controlled temperature (e.g. caramel, chocolate, etc.) in order to add them to the product mix or to decorate the cakes. Production staff must be trained to regulate the temperature, control the steam valves, fill, mix and drain the ingredients in the steam kettle, as well as check the proper functions and troubleshooting. Training is necessary in order to control and supervise the installation, assembling, and cleaning of the different parts of the machine.

- New Mettler Toledo Checkweigher & Metal Detector combo has the function of weighing the final products before they are sent to packaging. The machine must be programmed with the target weight of the product that is sent to the scale and ensures the actual weight is within the pre-established weight standards. If a product is too heavy or too light, the checkweigher will detect the problem and reject the product. This checkweigher has a built-in metal detector that scans the product for metal debris and rejects the products that test positive.

- New Cooling System will replace its current Freon cooling system which will dramatically change its freezer processes.

Training on the proper and safe operation of new equipment and production of new products, including cross-training, will enable trainees to be more versatile and knowledgeable in CFB's manufacturing processes.

Retrainee - Job Creation

In an effort to keep up with bakery demands as it continues to open new restaurants worldwide and obtain retail accounts, CFB is expanding its business capacity by adding 10 new employees to its bakery operations.

Trainees must be hired within the three-month period prior to Panel approval or during the term of contract. Newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage. Trainees will be hired into “net new jobs” as a condition of contract.

Temporary to Permanent

The Company is requesting to include five temporary-to-permanent trainees in Job Number 2. It is CFB’s hiring practice to retain the Bakery Operations’ Quality Assurance and Sanitation Staff and some Administrative Staff through a temporary agency with the intention of hiring them into full-time, permanent positions after training.

Once the Company determines that the temporary workers are familiar with specific skill sets, they will be hired into full-time, permanent positions. As such, they are eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency under the Panel’s temporary-to-permanent model. The Company understands that the retention and post-retention wage requirements cannot be satisfied until after they have been hired by CFB. Until then, the Company will not receive progress payments.

PROJECT DETAILS

Training Plan

In its first ETP project, CFB submitted a conservative training plan for $76k. As a first-time ETP contractor, this was to ensure that they were able to manage and implement the project on their own. In this proposal, CFB is expanding its training plan to include more course modules and more trainees who had minimal or no training in the first contract which covered the bakery’s operations and processes. To stay competitive, support new product and process implementation and equipment, CFB requires a highly trained workforce.

The Company must bolster its training and development infrastructure to meet demand. To work in a lean environment, training in multiple skills and competencies are needed for all occupations.

Continuous Improvement (20%) – This training will be offered to all occupations in order to improve bakery processes and help the Company remain competitive. Running the operation effectively and reducing waste are crucial parts of performance success.

Business Skills (5%) – This training will be offered to all occupations to improve communication, team building and leadership skills.

Computer Skills (5%) – This training will be offered to all occupations which will focus on Ross, the Company’s Enterprise Resource Planning system, used by all department involved in process flow. Ross users need to learn how to use and maximize the latest upgrade in the system. CFB also deals with a variety of systems that new and existing staff need to learn. In addition, Administrative Staff and Manager/Supervisors will also learn advanced and intermediate training on Microsoft Office.

Literacy Skills (5%) – This training will be offered to all occupations who must overcome language barriers in the workforce to improve employee teamwork and productivity.

Manufacturing Skills (65%) – This training will be offered to the Bakery Operations Staff, Managers and Supervisors on how to execute new processes on the floor. Trainees need to learn the new skills and techniques required to produce new cakes such as depositing, topping, setup, and finishing areas.

Productive Laboratory (PL)

The Panel adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum.

It has been challenging for CFB to train its workers in manufacturing processes and equipment operations. This training would be too expensive to replicate in a simulated setting. As the bakery rolls out its new product lines, the Bakery Operations staff needs to learn the new system and equipment as well as techniques required to make the new products. The trainees need to acquire new skills and perform them at the required line speed. Initial training will be provided for the basic skills, followed by training in a simulated environment. In order to get to the required skill level, however, trainees need to practice in a productive setting and encounter real world troubleshooting issues.

Trainees will first learn the new techniques, and then practice on the product while the lines are either running slowly or staffed with more employees. Designated trainers will show trainees the new techniques, then coach and evaluate them on the process, and follow with an internal certification test to verify trainees' knowledge and skills. Proficiency will be determined when staff is able to function efficiently on the line and cakes being produced to the required standard. A list of PL Task and Competencies was provided to ETP staff.

Instruction in a classroom or simulated setting is not an adequate means of training delivery because trainees must learn how to operate large machinery like cake slicers that are connected to air pressure tanks, butter cutters also connected to tanks, large batter depositors, commercial size steam kettles and mixers, etc. In most cases, the equipment will not fit in a classroom or be too costly to provide in a simulated lab setting. For example, the "Salty Caramel Cheesecake" has a different decoration and setup compared to the "S'mores Cake" with an entirely different crumb setup, production and slicing cakes of varying sizes and combinations. These cakes require skills training in every area from mixing, depositing, topping, setup, finishing, labeling, and packaging areas.

During PL, trainees will operate various equipment such as are cake slicers that are connected to air pressure tanks, butter cutters also connected to air tanks, large batter depositors, commercial size steam kettles and mixers, crumb blenders, packaging machines, and forklifts. Each task will consists of learning and practicing the procedures to become efficient, proficient and error-free in specific skills, learning new depositing, decoration, and topping techniques, quality assurance requirements, new shipping, receiving, sanitation, and cleaning procedures

PL training will be provided at a 1:1 trainer-to-trainee ratio. CFB will deliver up to 40 hours of PL training per trainee. Each PL event is structured and has specific skills trainees must learn and demonstrate proficiency in before the trainer signs off. Trainees are evaluated on knowledge, skill, and productivity.

Upon completion of the PL training, an additional 40 hours of on-the-job training will be provided at the Company's expense. The trainers are in-house subject matter experts exclusively dedicated to instruction for the entire reported training time. As a result, additional training may be needed. CFB expects lower production turnout for the first several shifts until the PL trainee's skills meet the speed and quality requirements.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. In support of continuous employee development, The Company's current training budget is approximately $100,000 and covers New Hire Orientation, OSHA-mandated training, Sexual Harassment Prevention, Cyber security, Trainer Skills and Facilitation Skills.

Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by CBF under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned $ %
ET13-0347	Calabasas Hills	04/05/13 – 04/04/15	$76,500	$76,500 (100%)

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

8-200 Trainees may receive any of the following:

BUSINESS SKILLS

- 7 Habits
- Accounting
- Communication
- Motivation
- Team Building
- Supervisory Skills
- Time Management
- Coaching
- Leadership

CONTINUOUS IMPROVEMENT

- 5S (Sort, Set in Order, Shine, Standardize, and Sustain)
- Fundamental 5
- Process Improvement
- Leadership
- Auditor Training
- Root Cause Analysis
- Designated Trainer Certification

COMPUTER SKILLS

- Business Objects
- MS Office (Intermediate and Advanced)
    - Excel
    - Outlook
    - Access
    - PowerPoint
    - Publisher
    - Visio
- Ross
- Technical Services
- Kronos
- Taleo
- Cognos

MANUFACTURING SKILLS

- Equipment Operation
- Maintenance Skills
- Quality Assurance (Lab and Floor)
- Food Safety
- Good Manufacturing Practices
- Baker's Math

LITERACY SKILLS

- Vocational English as a Second Language (VESL)

Productive Lab
0-40

PL – MANUFACTURING SKILLS (1:1 RATIO)

- Cake Decoration
- Crumb Blending
- Depositing
- Equipment Operation
- Finishing
- Freezer Operation
- Labeling
- Maintenance
- Mixing
- Oven Operation
- Packaging
- Pre-Scaling
- Programming
- Quality Assurance
- Ready to Eat Food (Cream, Mousses, Icing)
- Receiving
- Sanitation
- Set-up
- Shipping
- Topping
- Troubleshooting
- Test Runs
- Quality Reviews
- Product Quality Guidelines (PQGs)

Literacy Training cannot exceed 45% of total training hours per-trainee
Safety Training cannot exceed 10% of total training hours per-trainee

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 40 hours per-trainee.