## RETRAINEE - JOB CREATION

Training Proposal for:

Cobham Advanced Electronic Solutions Inc.

Agreement Number: ET17-0418

Panel Meeting of: February 23, 2017

ETP Regional Office: San Diego  
**Analyst:** K. Campion

### PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Retraineep</th>
<th>Priority Rate</th>
<th>Job Creation Initiative</th>
<th>Industry Sector(s):</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>retractee</td>
<td></td>
<td></td>
<td>Priority Industry:</td>
<td>Yes No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counties Served:</td>
<td>San Diego</td>
<td></td>
<td>Repeat Contractor:</td>
<td>Yes No</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union(s):</td>
<td>Yes No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Number of Employees in:**
- CA: 1,450
- U.S.: 1,550
- Worldwide: 11,505

**Turnover Rate:** 1%

**Managers/Supervisors:** (% of total trainees) 7%

### FUNDING DETAIL

<table>
<thead>
<tr>
<th>Program Costs</th>
<th>(Substantial Contribution)</th>
<th>(High Earner Reduction)</th>
<th>= Total ETP Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>$149,440</td>
<td>$0</td>
<td>$0</td>
<td>$149,440</td>
</tr>
</tbody>
</table>

**In-Kind Contribution:** 100% of Total ETP Funding Required  
$155,570
**TRAINING PLAN TABLE**

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Priority Rate</td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 40</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Retrainee</td>
<td>Continuous Impr. Computer Skills Mfg. Skills Business Skills Hazardous Mat. PL-Mg. Skills</td>
<td>10</td>
<td>8-200 0</td>
<td>$400</td>
<td>$13.94*</td>
</tr>
<tr>
<td></td>
<td>Priority Rate</td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 20</td>
<td></td>
</tr>
</tbody>
</table>

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

**Minimum Wage by County:** Job Number 1 (Retrainee): $16.72 per hour for San Diego County; Job Number 2 (Job Creation Retrainees): $13.94 per hour for San Diego 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 $3.55 per hour may be used to meet the Post-Retention Wage.

**Wage Range by Occupation**

<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JOB NUMBER 1 (Retrainee)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Staff</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Customer Service Staff</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Engineer</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>IT Staff</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Production Worker</td>
<td></td>
<td>77</td>
</tr>
<tr>
<td>Sales &amp; Marketing Staff</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Technical Support Staff</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Supervisor/Manager/Director</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td><strong>JOB NUMBER 2 (Job Creation Retrainees)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Staff</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Customer Service Staff</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Engineer</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>IT Staff</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
INTRODUCTION


PROJECT DETAILS

Only the Cobham facility in San Diego will participate in this proposal. The Company has an additional California facility, under a different division, located in San Jose. The products manufactured at the San Jose facility are different from the products manufactured in San Diego, and the San Jose facility operates separately from San Diego. The San Jose division has its own active ETP contract, ET15-0396. This will be the Company’s third proposal in the last five years, the second for the San Diego facility.

In its first project, training focused on new quality initiatives and projected implementation of a new Enterprise Resource Planning (ERP) computer system designed to meet customer demands and support new business processes. The Company had invested more than $3M to convert from a SAP platform to an Oracle platform. However, training was delayed due to business issues with implementation (See Prior Projects). Training in the new ERP system is now scheduled to begin in the first quarter of 2017. This proposal will finish the training planned for the previous ETP Agreement. There will be no duplication of training for trainees who also participated in the prior contract. Curriculum content has been updated since the prior Agreement.

Cobham is a supplier to Orbital ATK Inc. a manufacturer of missile systems. Orbital is requiring Cobham to increase quality and detail of component manufacturing, testing, and shipping information. The Company will meet this requirement by implementing its new ERP system in 2017. The ERP system will allow the Company to meet customer requests quickly and forecast production accurately.

Additionally, Orbital is upgrading its missile system technology and requiring Cobham to modify its technical manufacturing processes. Employees will need training to meet manufacturing demands.

Retrainee - Job Creation

The Panel offers 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.
Cobham is expanding existing business capacity by adding newly-hired employees to existing administrative, customer service, engineering, management, production, and technical support functions. These hiring projections are based on projected sales, design, engineering and production requirements to meet current and future demand. The Company is committed to hiring at least ten new employees (Job Number 2). The date-of-hire for 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.

**Training Plan**

The majority of the training will be conducted by in-house instructors. Training vendors may be utilized if necessary.

**Continuous Improvement** (20%) – This training will be provided to all occupations to make significant improvements to Cobham’s quality culture, including areas of error-free manufacturing, general manufacturing procedures, improving operating procedures, Lean Manufacturing, quality systems, root-cause analysis, troubleshooting processes, and waste analysis and elimination.

**Computer Skills** (15%) – This training will be provided to all occupations. Employees will learn to navigate the new ERP operating system. Additionally, they will receive training in desktop applications. Knowledge of these skills will increase output and accuracy of daily tasks.

**Manufacturing Skills** (35%) – This training will be provided to Production Workers and Technical Support Staff. Training on control systems, design standards & processes, equipment cross-training, inspection equipment, machine operation, maintenance procedures, soldering skills, supplier auditing, materials and equipment testing will help improve workplace efficiency and reduce manufacturing errors.

**Business Skills** (20%) – This training will be provided to all occupations except Production Workers. Cobham is improving its customer contact capability. Administrative Staff, Customer Service Staff, Directors, Managers, Supervisors, and Sales/Marketing Staff will learn ways to better communicate with customers. Trainees will receive training on coaching and mentoring, conflict management, customer service and sales skills, effective business reports, goal setting, negotiation skills, and project management. Training will help reduce order errors and improve communication with customers.

Engineers, IT Staff and Technical Support Staff will receive advanced training on effective writing, financial systems, negotiation skills, presentation skills, and project management to present technical specifications to better meet the needs of less technical audiences. Training will improve communication within the organization and improve workers’ understanding of products and manufacturing processes.

**Hazardous Materials** (5%) – This non-certified training will be provided to Production Workers and Technical Support Staff. Cobham uses hazardous materials to clean, prepare, plate, etch, and wash circuit boards. Trainees will receive hazard communication, hazardous materials, and hazardous waste skills training.

**Productive Laboratory** (5%)

Cobham requests Productive Lab (PL) in Manufacturing Skills for 20 Production Workers. Workers must learn how to operate technical, calibrated RF equipment housed in the production lab. During training, trainees will observe machine operation while the trainers demonstrate functions of the machines, show the trainee how to use the equipment, observe the trainee
using the equipment, correct incorrect behavior, and ultimately certify trainees competent on the equipment. Workers will need between 8 to 30 hours of training on each tool/equipment/process to become proficient. Some trainees could receive up to 100 PL hours; of which a maximum of 40 hours is reimbursable by ETP. The remaining hours are at Cobham’s expense.

The Company projects that 95% of the PL training will be provided in a trainer-to-trainee ratio of 1:1, however, if needed, Cobham requests a trainer-to-trainee ratio of 1:3. This will allow Cobham to train workers rapidly and have knowledgeable workers available to support the production process during times when product delivery is accelerated.

Temporary to Permanent Hiring

Cobham will train ten Production Workers (Job Number 1) under Panel guidelines for the Temporary-to-Permanent program. The Company has retained these employees on a temporary basis, with the intention of hiring them into full-time, permanent positions after training. The average time for “converting” temporary workers into full-time permanent employment is six months. It is expected that these workers will receive employer-paid share-of-cost for healthcare premiums while on temporary status, and upon hire into full-time permanent employment.

Under Panel guidelines for the Temporary to Permanent program, trainees must be eligible to participate in ETP-funded training pursuant to Unemployment Insurance Code Section 10201(c). Moreover, they cannot be enrolled as trainees until after they have been hired by Cobham into full-time, permanent employment. Until they are so hired, retention and post-retention wage requirements cannot be satisfied and the Company will not receive progress payments.

Director

Of the 15 management trainees in Job Number 1, two have the title of Director. However, these trainees are not executives who set company policy. Therefore these trainees are eligible for ETP reimbursement as management employees.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. Safety training is provided in accordance with all pertinent requirements under state and federal law. Cobham’s annual training budget is approximately $160,000 primarily allocated to new-hire orientation, OSHA-mandated training, sexual harassment prevention, first aid, basic computer skills, and some on-the-job training.

- Training Infrastructure

This project will be administered by the Human Resources department. The Senior HR Manager will be responsible for implementation of the training program. A Training Coordinator will schedule training classes, train supervisors on ETP recordkeeping requirements, and collect and file attendance rosters. Cobham will utilize a subcontractor for ETP administration services, including entering data into ETP on line systems.

The Company has increased the number of dedicated trainers on this proposal available to provide training. The Company has also assigned a dedicated Training Coordinator to take charge of the program and work closely with the trainers on a weekly basis to make sure training objectives are met even in times of high production.
RECOMMENDATION

Staff recommends approval of this proposal.

ACTIVE PROJECTS

The following table summarizes performance by Cobham’s San Jose division under an active ETP Agreement:

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Approved Amount</th>
<th>Term</th>
<th>No. Trainees (Estimated)</th>
<th>No. Completed Training</th>
<th>No. Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET15-0396</td>
<td>$199,110</td>
<td>06/30/2015–06/29/2017</td>
<td>330</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

ET15-0396: Based on ETP Systems, 1,513 reimbursable hours have been tracked to date for potential earnings of $28,531 (14% of approved amount). Training is ongoing through March 29, 2017.

The Contractor’s representative reports that the Company has experienced heavy growth during the term of the Agreement, which was unexpected. New hire trainees required more hands-on, on-the-job training than planned, which took resources away from planned ETP training for incumbent workers. Additionally, due to heavy production demands coupled with the Company’s growth, many trainees have been unable to be released to attend classes. As a result of these challenges, the San Jose division projects to earn approximately $37,922 or 19% of the Agreement amount by the end of the Agreement.

PRIOR PROJECTS

The following table summarizes performance by Cobham (formerly REMEC Defense & Space, Inc. dba Cobham Defense Electronics Systems) under an ETP Agreement that was completed within the last five years:

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Location (City)</th>
<th>Term</th>
<th>Approved Amount</th>
<th>Payment Earned $ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET15-0164</td>
<td>San Diego</td>
<td>7/08/2014–7/07/2016</td>
<td>$327,600</td>
<td>$198,648 (61%)*</td>
</tr>
</tbody>
</table>

*ET15-0164: The Company’s new Enterprise Resource Planning (ERP) system implementation was delayed and a substantial amount of training was never delivered. Additionally, Cobham was challenged with releasing trainees for training due to increased production demands. As a result of these challenges, the Company finished at 61% performance.

For the proposed Agreement, the new ERP system will be implemented by the end of 2017. Therefore, the Company needs to begin training in the first quarter of 2017. To ensure 100% performance, the Company has reduced the weighted average training hours (from 56 hours to 40 hours), reduced the number of workers to receive training, and is only requesting 75% of what they earned under the prior San Diego contract.

DEVELOPMENT SERVICES

Cobham retained National Training Company, Inc. (NTC) in Irvine to assist with development of this proposal for a flat fee of $7,000.

ADMINISTRATIVE SERVICES

Cobham also retained NTC to perform administrative services in connection with this proposal for an amount not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined
Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 200 Trainees may receive any of the following:

CONTINUOUS IMPROVEMENT

- Error Free Manufacturing
- General Manufacturing Procedure Training
- Improving Operating Procedures
- Leadership Skills
- Lean Manufacturing
- Measuring for Success
- Quality Systems Training
- Root Cause Analysis
- Scheduling & Planning
- Standard Work Instructions
- Team Building
- Train the Trainer
- Troubleshooting Processes
- Waste Analysis and Elimination

COMPUTER SKILLS

- Cobham Software Applications
- Computer Networking
- Enterprise Resource Planning (ERP) Systems
- Database Administration
- Internal Customer Applications
- Internet Applications
- Inventory Control
- Microsoft Office (Intermediate and Advanced)
- Oracle Software Applications
- Project Software

MANUFACTURING SKILLS

- Control Systems
- Design Standards & Processes
- Equipment Cross-Training
- Equipment Maintenance/Repair Skills
- Inspection Equipment
- Machine Operation
- Maintenance Procedures
- Mechanical Systems
- Microwave Assemblies
- Operating Procedures
- Production Systems
- Radio-Frequency Processors
- Soldering Skills
- Supplier Auditing
- Technical Specifications/Procedures
- Testing Materials and Equipment
- Tuning and Test Procedures
- Troubleshooting
- Using Equipment Safely
- Wire Bonding Skills

**BUSINESS SKILLS**

- Coaching and Mentoring
- Conflict Management
- Customer Service and Sales Skills
- Effective Business Reports
- Effective Writing
- Financial Systems
- Goal Setting
- Mentoring for Change
- Negotiation Skills
- Presentation Skills
- Proactive Listening
- Product Knowledge
- Project Management
- Time and Priority Management

**HAZARDOUS MATERIALS**

- Hazard Communication
- Hazardous Materials
- Hazardous Waste

**Productive Lab Hours**

0 – 40

**MANUFACTURING SKILLS** (max of 1:3 trainer-to-trainee ratio)

- Calibration Equipment
- Fault Detection Systems
- Inspection Systems
- Integrated Circuit Board Processors
- Material Handling
- Production Equipment
- Technical Tools
- Wire Bonding Equipment

Safety Training will be limited to 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.