



**Training Proposal for:  
Cork Supply USA, Inc.  
Agreement Number: ET15-0285**

**Panel Meeting of:** August 22, 2014

**ETP Regional Office:** Sacramento

**Analyst:** M. Mazzone

**PROJECT PROFILE**

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Solano	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: 74	U.S.:77	Worldwide: 300
<u>Turnover Rate:</u>	5%		
<u>Managers/Supervisors:</u> (% of total trainees)	13%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$98,300		\$0	\$0		\$98,300

In-Kind Contribution:	100% of Total ETP Funding Required	\$110,110
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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, Commercial Skills, Computer Skills, Continuous Imp., Hazardous Materials, Literacy Skills, Manufacturing Skills, PL - Commerical Skills, Management Skills	70	8-200	0	\$810	\$14.90
				Weighted Avg: 45			
2	Retrainee Job Creation Initiative Priority Rate	Business Skills, Commercial Skills, Computer Skills, Continuous Imp., Hazardous Materials, Literacy Skills, Manufacturing Skills, PL - Commerical Skills	26	8-200	0	\$1,600	\$12.19
				Weighted Avg: 80			

**Minimum Wage by County:** \$14.90 per hour for Job Number 1 and \$12.19 per hour for Job Number 2 for Solano 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

\$2.90 per hour may be used to meet the Post-Retention Wage in Job Number 1

\$1.19 per hour may be used to meet the Post-Retention Wage in Job Number 2.

**Wage Range by Occupation**

Occupation Titles	Wage Range	Estimated # of Trainees
Production Staff (Job No. 1)		22
Production Staff (Job No. 2)		15
Shipping & Receiving Staff (Job No. 1)		3
Shipping & Receiving Staff (Job No. 2)		2
Quality Technician (Job No. 1)		3
Quality Technician (Job No. 2)		1
Laboratory Technician (Job No. 1)		2
Incoming Inspection (Job No. 1)		1
Manager (Job No. 1)		7
Supervisor (Job No. 1)		5

Customer Service/Order Entry (Job No. 1)		9
Finance Representative (Job No. 1)		2
Finance Representative (Job No. 2)		2
Sales Representative (Job No. 1)		10
Sales Representative (Job No. 2)		3
Marketing Representative (Job No. 1)		2
Engineer (Job No. 1)		2
IT Specialist (Job No. 1)		2
IT Specialist (Job No. 2)		3

## **INTRODUCTION**

Established in Benicia in 1981, Cork Supply USA, Inc. (Cork Supply) (<http://www.corksupply.com/>) is a division of Cork Supply Group of Luxembourg. The business model for Cork Supply USA, Inc. (Cork Supply) focuses on the needs of wineries and is known for their “top of the bottle” products. The top of the bottle products include: Natural Corks, Technical Corks, Sparkling Wine Closures, Synthetic Closures, Screw Caps, Capsules, and Wire Hoods and Foils.

In addition to the wine bottle closure products, Cork Supply operates a cooperage where the business produces Natural French and American Oak barrels for the aging and storage of wine. The Benicia cooperage facility was founded and became operational in 2009. Cork Supply's barrel and cork customers include more than 1,000 wineries throughout the U.S. and the world.

### **Need for Training**

In 2012 Cork Supply developed a five year business plan to address the needs of the Company. A main focus of this plan is on the development of the cooperage facility and preparing this division to reach its full production capabilities. Demand for barrel production has steadily increased since the cooperage was founded and to meet the increase in demand, Cork Supply will implement a second production shift in the cooperage in 2015.

Cork Supply's business plan is also focused on the top of the bottle products. The goal on the production end is to reduce defects and improve production efficiencies through Lean Manufacturing. Sales and marketing staff will focus on improving the Company's market share by becoming more customer oriented and knowledgeable regarding company products.

Below are growth projections for Cork Supply over the next three years:

### **Sales Growth Projections:**

<b>Products</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Cork	+4%	+6%	+5%
Capsules	+2%	+12%	+13%
Cooperage	+ 9%	+33%	+16%

In addition, Cork Supply has purchased new equipment that will require staff training. The cooperage department received a new barrel sander machine in May, and the master cooper is

currently receiving train-the-trainer training from the manufacturer. In July the new laser printer machine will be delivered to the cork department and this machine will etch and engrave designs on the top of the bottle products.

### **Retrainee - Job Creation**

In support of Job Creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

In this proposal, Cork Supply has committed to hiring 26 new employees (Job Number 2). To be eligible for reimbursement under this Job Number, the trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

Currently, Cork Supply's cooperage facility is only operating for one shift per day. Starting in 2015 the cooperage will implement a second shift, and Cork Supply must hire a sufficient number of employees to staff the second shift. The capacity of the existing cooperage will increase to meet demand with the facility operating a second shift and with the addition of the newly-hired employees. Employee hires will take place in January 2015 with training starting straightaway. The training program for Job Creation staff is expected to be completed within 12 - 15 months of hire. In addition, the projected growth of the Company allows for the hiring of additional sales representatives, IT specialists and finance professionals.

## **PROJECT DETAILS**

### **Training Plan**

Cork Supply USA, Inc. will provide trainees between 8–200 hours of Class/Lab and between 0–80 hours of Productive Lab training.

**Business Skills (8%):** Training will be offered to Sales Representatives, Marketing Representatives, IT Specialists, Engineers, Customer Service, Finance Representatives, Supervisors and Managers. The focus of business training will be on improving the interactions and relations with customers. Training topics will include Identifying Customer Needs, Resolving Customer Complaints, Product Knowledge, Communication Skills, Developing Sales/Marketing Strategies, Negotiating Skills, Presentation Skills, and Listening Skills.

**Literacy Skills (15%):** Training will be offered to Production Staff as determined by management through evaluation. English is not the primary language of some of Cork Supply's workforce. Staff will receive training from Solano Community College in Reading Comprehension, Shop Floor Language, Equipment Operation Language, Pronunciation, Writing Skills, and Applying Math to Job Functions.

**Commercial Skills (5%):** Training will be offered to all staff members as Cork Supply will be implementing a Wine Education Curriculum for their workforce. Cork Supply management believes that an educated workforce will positively influence the products that are provided to their customers. The goal is to teach staff how the work they perform can directly influence the products that are used by their customers.

**Management Skills (2%):** Training will only be offered to Managers and Supervisors that require training in how to provide effective leadership, improve efficiencies and to motivate staff. Training topics will include Teambuilding, Conflict Resolution, Effective Supervision, Leadership, Coaching and Motivation.

**Computer Skills (10%):** Training will be offered to IT Personnel, Customer Service, Engineers, Finance Representatives, Quality Technicians, Laboratory Technicians, Managers and

Supervisors. Training will focus on the Navision ERP system and the new modules that Cork Supply plans to purchase to enhance the systems capabilities. In addition, Engineers, IT Personnel and Sales Representatives will receive training on computer systems that are specific to their job duties to improve efficiency and customer service. Training topics will include courses such as CAD, Navision, Website Development, CRM – Salesforce, and Database Management.

**Manufacturing Skills (30%):** Training will be offered to Production Staff, Quality Technicians, Supervisors and Managers. Manufacturing training will focus on new equipment operations for incumbent workers and Job Creation staff. Staff will receive barrel sander, laser printer/etcher, sealing machine, shrink wrap machine, cork fire printer, Tig welder, band saw, circular saw, auto hoop press, Amas barrel bender and rivet press training. Training topics include Wood Working Skills, Assembly Operations, Blueprint Reading, PLC/CNC Equipment Operations, Quality Control, Machine Safety, and Shipping and Receiving.

**Continuous Improvement (27%):** Training will be offered to all occupations to improve efficiencies and reduce errors/defects. Production Staff, including supervisors and managers, will receive the majority of Continuous Improvement training. The focus of training will be Lean Manufacturing, 5S principals and Standard Operating Procedures. Other occupations will receive training to reduce errors and increase productivity. Training topics will include courses such as 5S, Lean Manufacturing, Problem Solving, Basic Quality Tools, Cycle-time Reduction Techniques, ISO, Standard Operating Procedures and Production Operations/Workflow.

**Hazardous Materials (2%):** Training will be offered to Production Staff, Supervisors and Managers. The focus of training will be Chemical usage, handling and Hazard Analysis and Critical Control Points. Training will prevent biological, chemical and physical hazards during the production process.

#### **Productive Laboratory/Out of State Training (1%)**

During PL trainees may produce goods for profit as part of the training, in the courses identified under the Curriculum and with no more than 2 trainees per instructor. The instructor must be dedicated to training delivery during all hours of training.

Cork Supply has Productive Lab training plans for 2 of their current Production Staff members in the cooperage facility. The cooperage utilizes both French and American Oak in the manufacturing of their wine barrels. As sales continue to increase, so does the need for wood. At this time, Cork Supply only has one master cooper authorized to evaluate and purchase oak.

Staff will be trained how to qualify and purchase this raw material within Cork Supply's strict quality and pricing guidelines. Trainees will be taken with the master cooper to the forests to evaluate the health of the forest, environmental conditions, tree health and suitability to determine a fair market value. Two separate trips will be taken, one to the Eastern US and the second to France. Each trip will include 40 hours of training. During the trips the cooperage will cease production. The master cooper has over 25 years of experience and is able to understand and predict the various effects oak will have on any give wine. The Company is requesting out-of-state and out-of-country PL training for 40 hours per 2 trainees.

During PL training the trainer-to-trainee ratio will be 1:2 and, hours will be capped at 80 hours per trainee.

#### **Commitment to Training**

Cork Supply currently has an annual training budget of \$22,000 and includes state mandated safety training, new employee orientation and sexual harassment prevention training.

The Company 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.

### **RECOMMENDATION**

Staff recommends approval of this proposal including request for out-of-state and out-of-country PL training for 2 trainees.

### **DEVELOPMENT SERVICES**

Cork Supply retained Manex Consulting in San Ramon to assist with development of this proposal for no fee.

### **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**

- ❖ Business Plans
- ❖ Customer Service
- ❖ Sales
- ❖ Product Knowledge
- ❖ Communication Skills
- ❖ Marketing
- ❖ Finance for a Medium Sized Business
- ❖ Interpersonal Skills
- ❖ Conflict Resolution
- ❖ Team Building
- ❖ Report Writing
- ❖ Inventory Control
- ❖ Negotiating Skills
- ❖ Payroll Systems
- ❖ Presentations Skills
- ❖ Strategic Planning
- ❖ SWOT Analysis

**COMMERCIAL SKILLS**

- ❖ Wine Education

**COMPUTER SKILLS**

- ❖ Computer Networking/Support Systems
- ❖ CAD – Adobe Illustrator
- ❖ CRM – SalesForce
- ❖ Database Management
- ❖ Navision ERP Training
- ❖ IT Programming/Manufacturing Equipment support
- ❖ Intermediate & Advanced Microsoft Office
- ❖ Website Development and Maintenance

**CONTINUOUS IMPROVEMENT**

- ❖ 5S
- ❖ Basic Quality Tools
- ❖ Lean Manufacturing

- ❖ Problem Solving Skills
- ❖ Cycle-time Reduction Techniques
- ❖ Interpreting & Analyzing Data
- ❖ ISO Audit Principals
- ❖ ISO 9001/14001
- ❖ Front Line Workers Leadership Skills
- ❖ Maintenance (TQM)
- ❖ Process Control/Product Handling
- ❖ Production Scheduling
- ❖ Production Operations/Workflow
- ❖ Project Management
- ❖ Standard Operating Procedures

### **HAZARDOUS MATERIALS**

- ❖ Hazardous Analysis Critical Control Points (HACCP)
- ❖ Chemical Usage & Handling

### **LITERACY SKILLS**

- ❖ Comprehension Skills:
  - Communicating Common Work-Related Instructions
  - Equipment Operation Language
  - Job Related Vocabulary & Phrases
  - Multi-cultural Communication
  - Shop Floor Language
  - SPC Language
  - Understanding Schematics Used on the Job
  - Understanding Common Work Place-related Instructions
  - Reading Comprehension
- ❖ Oral & Writing Skills:
  - Basic Grammatical Structure
  - Presentation Skills
  - Pronunciation
  - Vocational Vocabulary & Phrases
  - Basic Writing Skills
  - Completing Job-related Forms
- ❖ Basic Math:
  - Applying Math to Job Functions

### **MANAGEMENT SKILLS** (Management/Supervisor trainees only)

- ❖ Management Training
- ❖ Leadership
- ❖ Coaching/Motivating
- ❖ Conflict Resolution
- ❖ Teambuilding
- ❖ Interpersonal Skills

**MANUFACTURING SKILLS**

- ❖ Assembly Operations
- ❖ Blueprint Reading
- ❖ Wood Working Skills
- ❖ PLC/CNC Controllers & Equipment
- ❖ Clean & Green Technology
- ❖ Equipment Maintenance
- ❖ Forklift Safety & Operations
- ❖ Quality Control & Final Quality Assurance
- ❖ Setup Reduction
- ❖ Shipping & Receiving
- ❖ Special Machines/Inspections
- ❖ Statistic Skills for Operations
- ❖ Warehousing Operations/Distribution
- ❖ Machine Safety

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

**PRODUCTIVE LAB HOURS**

0-80

**COMMERCIAL SKILLS**

- ❖ Wood Skills Development
  - Sourcing of Wood (27 hrs)
  - Wood Attributes (27 hrs)
  - Physical Properties (26 hrs)

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