



Training Proposal for:
Dearden's
Agreement Number: ET15-0284

Panel Meeting of: August 22, 2014

ETP Regional Office: North Hollywood

Analyst: M. Paccerelli

PROJECT PROFILE

Contract Attributes:	Retrainee SET Job Creation Initiative HUA	Industry Sector(s):	Retail Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	Los Angeles, San Bernardino	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: 326	U.S.: 326	Worldwide: 326
<u>Turnover Rate:</u>	9%		
<u>Managers/Supervisors:</u> (% of total trainees)	0%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$172,500		\$0	\$0		\$172,500

In-Kind Contribution:	100% of Total ETP Funding Required	\$294,268
------------------------------	------------------------------------	-----------

TRAINING PLAN

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 HUA SET	Commercial Skills, Business Skills, Computer Skills	50	8-200	0-20	\$900	\$16.04
				Weighted Avg: 60			
2	Retrainee HUA SET	Commercial Skills, Business Skills, Computer Skills	104	8-200	0-20	\$900	\$12.03
				Weighted Avg: 60			
3	Retrainee Job Creation Initiative HUA SET	Commercial Skills, Business Skills, Computer Skills	20	8-200	0-20	\$1,200	*\$10.03
				Weighted Avg: 60			
4	Retrainee SET	Commercial Skills, Business Skills, Computer Skills	11	8-200	0-20	\$900	\$27.09
				Weighted Avg: 60			

*It will be made a condition of contract that the trainees in Job Number 3 will never be paid less than the statewide minimum wage as in effect at the end of retention (Final Payment) regardless of wage expressed in this table.

Minimum Wage by County: \$16.04 per hour in Job Number 1, \$12.03 per hour in Job Number 2 and \$10.03 per hour in Job Number 3 for Los Angeles County; and \$27.09 per hour in Job Number 4 statewide.

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 \$3.03 per hour in Job Number 2, \$1.03 per hour in Job Number 3 and \$3.86 per hour in Job Number 4 may be used to meet the Post-Retention Wage.

Job 1 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Accountant		2
Accounts Payable Clerk		2
Advertising Coordinator		1
Buyer		4
Cashier		1
Collector		3
Credit Analyst		8
Credit Interviewer		1
Export Clerk		1
Furniture Salesperson		24
Graphic Designer		1
Shipping Clerk		2

Job 2 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Accounts Payable Clerk		2
Cashier		10
Collections Data Entry Clerk		2
Collector		31
Credit Interviewer		8
Customer Service Clerk		1
Export Clerk		1
Furniture Salesperson		5
Graphic Designer		1
Inbound Collector		6
Legal Collector		3
Service Clerk		5
Shipping Clerk		10
Small Appliance Salesperson		2
Stock Records Clerk		3
Travel Department Auditor		1
Travel Salesperson		8
Verifier		5

Job 3 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Collector		5
Credit Analyst		1
Credit Interviewer		3
Furniture Salesperson		5
Legal Collector		2
Service Clerk		1
Small Appliance Salesperson		2
Verifier		1

Job 4 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Furniture Salesperson		9
Shipping Clerk		2

INTRODUCTION

Headquartered in Los Angeles, Dearden's (www.deardens.com) began as a furniture store in 1909 and has since added a wide variety of products and services providing a one-stop shopping experience to its customers. Dearden's sells consumer electronics, appliances, cellular phones, jewelry, skin care products, optical services, travel services, export services to Mexico and Central America.

The proposed training will be provided to employees in its store locations in Los Angeles, Van Nuys, Huntington Park, El Monte, Santa Ana, Commerce, Anaheim, Chino and Pico Rivera; and a distribution center in Rancho Cucamonga. Dearden's is eligible for ETP funding under Special Employment Training (SET) for frontline workers.

Dearden's customers are primarily in the low to middle income bracket, have a larger-than-average family, and a poor credit record. As an added service, Dearden's offers free income tax preparation services to its customers through H&R Block and has partnered with Salud California to help them sign up with the Affordable Care Act. Dearden's also provides free check cashing services and in-house credit services for purchases. Dearden's specializes in providing credit with interest tiers ranging from 19.99% to 39.99% to customers with little or no credit history. The average rate charged is 29.9%. Some 90% of Dearden's customers use this credit plan. Typically, only 10% are delinquent in payment. Dearden's does not repossess.

According to company representative, the retail environment has been stagnant for years and countless retailers have failed in the industry. To remain viable and competitive, Dearden's has proposed a training program for its employees in the following areas:

- Customer Service - A major focus of the proposed training will be improving the skills and knowledge of employees who deal directly with our customers.
- Compliance - The number of regulators and the severity of penalties make it a must to consistently train in consumer privacy and debt collection. Training not only helps Dearden's remain compliant, but also adds valuable skills to employees for a multitude of jobs in the finance area.
- Sales – The Company needs to continually provide product training for its salespeople because a substantial amount of its business is consumer technology products which are constantly changing. In today's retail marketplace, brick and mortar retailers must have knowledgeable salespeople in order to compete with other sales channels.
- New business - Dearden's will be starting a new finance company. Although it will be financing a similar customer base, the methods of doing so will be very different and require new and existing employees to be trained in the new methods and regulations in credit granting, verification, and collections.
- Software – Dearden's customized in-house software continues to evolve which requires constant training to help keep the company remain competitive.

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.

Dearden's commitment to growing their business and expansion of services in financing and credit will warrant adding new employees. For the proposed training period, Dearden's is committed in hiring and training 20 new employees as shown in Job Number 3. 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.

PROJECT DETAILS

Training Plan

Training will be delivered by in-house subject matter experts and training vendors retained during the contract term. Training will take place at the Company's locations in California.

Business Skills (35%) – This training will be offered to all trainees and will focus on customer service, communication, sales and performance. Trainees will also receive Computer Based-Training (CBT) as a supplement to the class/lab training either as a prerequisite or as a follow-up to ensure trainee's competency in the subject matter. CBT is capped at 50% of the total training hours per trainee.

Commercial Skills (35%) – This training will be provided to Credit Analysts, Collectors, Verifiers, and Salespersons with specific topics in sales, finance, verification and collection tailored to the trainees needs.

Computer Skills (30%) – This training will be provided to all trainees and will focus on Spectrum, Dearden's custom software. Additionally, Graphic Designers will be offered Advanced Adobe Photoshop and Illustrator.

Commitment to Training

According to Dearden's representation, current training is estimated at \$30,000 per year, but is not separately budgeted or tracked. This training includes semi-monthly sales training for salespeople, annual safety training for shipping employees, compliance training for credit, collection and office personnel; and sporadic customer service training of various other personnel.

Dearden's 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.

Special Employment Training

Under SET, the participating employer is not required to demonstrate out-of-state competition. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period.

Wage Modifications

The 180 trainees in Job Numbers 1, 2 & 3 work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by 15%. The determination of HUA status is based on unemployment data from the Labor Market Information Division of the Employment Development Department. The company's locations in Los Angeles, Huntington Park, El Monte, and Commerce qualify for HUA status under these standards. Trainees in these locations qualify for wage modification which is being requested by Dearden's as outlined below:

- In Job Number 1, trainees qualify for the ETP Minimum Wage of \$16.04 per hour per trainee rather than the Statewide Average Hourly Wage in Los Angeles County.
- In Job Number 2, trainees qualify for the ETP HUA Minimum Wage of \$12.03 per hour per trainee in Los Angeles County. The Panel may modify the ETP Minimum Wage for these trainees by up to 25% if post-retention wages exceed the start-of-training wages.
- In Job Number 3, trainees fall under Job Creation and qualify for the ETP minimum HUA wage of \$10.03.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Dearden's retained the Jewish Vocational Services (JVS) in Los Angeles to assist with development of this proposal for a flat fee of \$13,253.88.

ADMINISTRATIVE SERVICES

Dearden's also retained JVS to perform administrative services in connection with this proposal for a fee 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:

BUSINESS SKILLS

- ✚ Customer Service
 - Customer Relations
 - Identifying Customer Needs
 - Telephone Skills
 - Handling Customer Service Requests
 - Resolving Customer Complaints
- ✚ Communication Skills:
 - Business & report writing/editing
- ✚ Sales:
 - Product Knowledge,
 - Presentation
- ✚ Performance:
 - Accounting
 - Marketing
 - Business Administration
 - Merchandising

COMMERCIAL SKILLS

- ✚ Consumer Financing
 - Check Cashing
 - Retail Installment Financing

COMPUTER SKILLS

- ✚ Spectrum
- ✚ Adobe Photoshop (Advanced)
- ✚ Illustrator (Advanced)
- ✚ Microsoft & Excel & Word (Advanced)

CBT Hours

0 – 20 hours

BUSINESS SKILLS

✚ **FURNITURE SALES TRAINING**

Selling with Service

- Introduction (.25 hours)

Greet the Customer

- Introduction (.25 hours)
- The Friendly Approach (.25 hours)h
- The Purpose Statement (.25 hours)

- "I'm Just Looking" (.25 hours)
- The Re-Approach (.25 hours)

Present Solutions

- Introduction (.25 hours)
- The Presentation (.25 hours)
- Preparing Effective Demonstrations (.25 hours)

Discovering Customer Needs

- Introduction (.25 hours)
- Discovery Questions (.25 hours)
- Buying Motives (.25 hours)
- Discovery Skills (.25 hours)

Close with Confidence

- Introduction (.25 hours)
- Buying Signals (.25 hours)
- Closing the Sale (.25 hours)
- Handling Objections (.25 hours)

PRODUCT KNOWLEDGE TRAINING

Upholstered Furniture

- Sofa Styles (.25 hours)
- Parts of a Sofa (.25 hours)
- Chair Styles (.25 hours)
- Back Styles (.25 hours)
- Arm Styles (.25 hours)
- Skirt and Base Styles (.25 hours)
- Upholstery Options (.25 hours)
- Motion Furniture (.25 hours)
- Construction (.25 hours)
- Additional Furniture (.25 hours)

Casegoods

- Common Woods (.25 hours)
- Wood Preparation (.25 hours)
- Wood Joinery (.25 hours)
- Wood Finishes (.25 hours)
- Quality and Care (.25 hours)
- Tables (.25 hours)
- Dining Room Chairs (.25 hours)
- Dining Room Pieces (.25 hours)
- Bedroom Pieces (.25 hours)
- Occasional Pieces 1 (.25 hours)
- Occasional Pieces 2 (.25 hours)

Leather Furniture

- Tanning Process (.25 hours)

- Leather Finishes (.25 hours)
- About Leather (.25 hours)

Mattresses

- Mattresses (.25 hours)
- Bed Styles (.25 hours)
- Choosing a Mattress (.25 hours)

Fibers and Fabrics

- Fiber Facts (.25 hours)
- Natural Fibers (.25 hours)
- Synthetic Fibers (.25 hours)
- Upholstery Fabrics (.25 hours)
- Decorative Trim (.25 hours)

Rugs and Flooring

- Rug History and Design (.25 hours)
- Machine-Made Rugs (.25 hours)
- Handmade Rugs (.25 hours)
- Rug Care (.25 hours)
- Flooring (.25 hours)

ROOM DESIGN TRAINING

Introduction

- Course Introduction (.25 hours)

Design Principles

- The Purpose of Room Design (.25 hours)
- The Elements of Design (.25 hours)
- Principles of Design (.25 hours)
- Fundamental Elements of a Room (.25 hours)

Understanding Color

- Learning About Color (.25 hours)
- The Psychology of Color (.25 hours)
- How to Use Color (.25 hours)

Room Solutions

- Design Styles (.25 hours)
- Accessorizing (.25 hours)
- Placing Furniture (.25 hours)
- Diagramming a Room (.25 hours)

PROFESSIONALISM / CUSTOMER SERVICE TRAINING

Course Introduction

- Course Introduction (.25 hours)

Retail Essentials

- Setting and Achieving Sales Goals, Part I (.25 hours)
- Setting and Achieving Sales Goals, Part II (.25 hours)
- Dress for Success (.25 hours)
- Courtesy (.25 hours)

Prospecting

- Business Card Marketing (.25 hours)

Telephone Skills

- Telephone Skills Introduction (.25 hours)
- Prepare to Take and Make Phone Calls (.25 hours)
- Create Engaging Conversation (.25 hours)
- Respond to Customer Complaints (.25 hours)
- Common Telephone Tasks (.25 hours)

Selling Your Store's Credit Plan

- Introducing Your Store's Credit Plan (.25 hours)
- Presenting Your Store's Credit Plan (.25 hours)
- Closing the Sale with Your Store's Credit Plan (.25 hours)

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.