Training Proposal for:

Esterline Technologies Corporation

Agreement Number: ET16-0272

Panel Meeting of: December 4, 2015

ETP Regional Office: San Diego  Analyst: K. Campion

PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Priority Rate Retraine</th>
<th>Industry Sector(s):</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Priority Industry: ☑ Yes ☐ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Counties Served:</th>
<th>Orange, San Luis Obispo</th>
<th>Repeat Contractor:</th>
<th>☑ Yes ☐ No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Union(s):</th>
<th>☑ Yes ☐ No IAMAW District Lodge 947</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Number of Employees in:</th>
<th>CA: 1,695</th>
<th>U.S.: 4,576</th>
<th>Worldwide: 13,000</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Turnover Rate:</th>
<th>10%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Managers/Supervisors:</th>
<th>( % of total trainees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17%</td>
</tr>
</tbody>
</table>

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>$440,226</td>
<td>$0</td>
<td>$0</td>
<td>$440,226</td>
</tr>
</tbody>
</table>

In-Kind Contribution: 100% of Total ETP Funding Required $733,710
## 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>1</td>
<td>Retrainee Priority Rate</td>
<td>Business Skills, Computer Skills, Continuous Impr., Mfg. Skills</td>
<td>661</td>
<td>8 - 200 0 - 20</td>
<td>Weighted Avg: 37</td>
<td>$666</td>
</tr>
</tbody>
</table>

**Minimum Wage by County:** $16.02 per hour for Orange County; $15.07 for San Louis Obispo 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

Although employer provides health benefits, they are not being used to meet 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>Administrative Staff</td>
<td></td>
<td>103</td>
</tr>
<tr>
<td>Production Staff (Union workers)</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>Production Staff (non-Union workers)</td>
<td></td>
<td>265</td>
</tr>
<tr>
<td>Professional Staff I (Engineers, Buyers, Analysts)</td>
<td></td>
<td>123</td>
</tr>
<tr>
<td>Professional Staff II (Engineers, Recruiters, Specialists, Program Managers)</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Supervisor</td>
<td></td>
<td>58</td>
</tr>
<tr>
<td>Manager</td>
<td></td>
<td>52</td>
</tr>
</tbody>
</table>

### INTRODUCTION

Headquartered in Bellevue, WA., Esterline Technologies Corporation (Esterline) [www.esterline.com](http://www.esterline.com) is a global manufacturer principally serving aerospace and defense markets. The Company owns several manufacturing plants in Southern California which will participate in this proposal: Leach International Corporation in Buena Park, Kirkhill-TA Company in Brea, and Joslyn Sunbank Company, LLC in Paso Robles.

Additionally, Esterline is currently in the process of re-locating two of its small manufacturing plants (Auxitrol/Advanced Sensors and Norwich Aero Products, Inc.) from New York to California, to be co-located with Leach International in Buena Park.
All of the aforementioned companies are wholly-owned subsidiaries of Esterline Technologies Corporation. Esterline has designated Leach International to act as the lead employer for this training project, as the majority of the training will be conducted at the Buena Park manufacturing facility. Therefore, Leach International will coordinate the implementation and administration of all the proposed training. This will be the first ETP Agreement within the last five years between Esterline Technologies Corporation and ETP.

Leach International designs and manufactures high-reliable power switching and control components and equipment for aerospace, rail and high-end industrial applications. Kirkhill manufactures engineered, organic and in-organic elastomer based products, and also produces silicone seals for commercial and military aircraft, rocket and missile liner insulation materials. Joslyn Sunbank Company manufactures connection solutions products. Auxitrol and Norwich design and manufacture high-precision temperature and pressure sensors, liquid level and various other measuring devices.

**PROJECT DETAILS**

Esterline reports that in order to maintain its global competitiveness, increase capacity, and improve on-time delivery and quality scores, the Company is undergoing a comprehensive Lean Transformation across the entire organization, the *Esterline Operating System* (EOS). The EOS is made up of three key areas: Values & Principles, People Philosophy, and Esterline Enterprise Excellence (E3). Significant training is required to imbed E3 culture and Leadership principles into the organization. This is the first time in Esterline’s history that the Company has invested a significant amount of resources to develop and deploy the Esterline Operating System. The successful implementation of EOS will enable Esterline to reduce waste at all of its companies, streamline the production areas, and ultimately remain globally competitive.

Additionally, Esterline’s Product Lifetime Management (PLM) software system manages the data and key processes involved with developing new products. All of the Company’s Computer-Aided-Design designs, product design data, documentation, and Bills of Materials are managed within PLM. Training in new computer modules and systems is critical to successfully implement PLM.

**Training Plan**

Esterline has developed a comprehensive training plan for its California workers to jumpstart its Lean transformation and PLM training. The majority of the training will be conducted via class/lab; however, to supplement the class/lab training, a small percentage of training will be conducted via computer-based-training (CBT). Training will be delivered by a qualified in-house instructor and training vendors.

**Business Skills** (10%) – This training will be provided to Administrative Staff, Professional Staff, Supervisor, and Managers in order to strengthen product knowledge, improve customer relations and optimize inventory control techniques.

**Computer Skills** (20%) – This training will be provided to Administrative Staff, Professional Staff, Supervisors, and Managers in order to ensure trainees can navigate through all operation systems and Integrated Material Management and accounting systems, including the Company’s new PLM system. Trainees will learn how to optimize system usage to increase efficiency.

**Continuous Improvement** (50%) – This training will be provided to all occupations. Trainees will learn techniques to eliminate waste and streamline operation areas through training in EOS. Leadership skills and Quality training will also be provided to help develop leaders and to provide them with skills for change management. Esterline projects that an effective lean
transformation will result in an increase in capacity which provides the ability to add new business with minimal cost. It will support increased customer satisfaction through continuous improvements which will result in higher on-time-delivery & quality scores.

**Manufacturing Skills (20%)** – This training will be provided to Production Staff. Trainees will learn Production and Equipment Operation Skills, and manufacturing practices to develop a continuous improvement culture in which employees drive improvements that create a competitive edge for the business.

**Union Support**

The International Association of Machinists and Aerospace Workers, Distract Lodge 947, has submitted a letter of support for training its Production Staff workers at Leach International.

**Commitment to Training**

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. The Company spends an estimated $300,000 annually on training at its California facilities in training topics such as new-hire orientation, sexual harassment prevention, mission, vision, and values training, ethics training, basic computer skills, on-the-job training, basic supervisory skills, regulatory training, and general job-specific training required to meet quality and customer requirements. Esterline reports that ETP funds will allow the Company to train more people in a more expedient manner than it would have been capable of without it.

- **Training Infrastructure**

The VP of Human Resources and the Sensors & Systems Human Resources Director at Leach International will take responsibility for oversight of this project. Additionally, the Company will have dedicated internal Training Coordinators at each facility responsible for scheduling, tracking training, and providing monthly reports to Senior Management at each facility. Further, there will be an ETP Contract Administrator that will collaborate with the business unit training coordinators to consolidate ETP documentation. A subcontractor will perform specific ETP project administration including enrolling and tracking trainees in ETP systems.

**RECOMMENDATION**

Staff recommends approval of this proposal.

**DEVELOPMENT SERVICES**

Esterline retained CalTraining, Inc. in Upland to assist with development of this proposal for a flat fee of $5,000.

**ADMINISTRATIVE SERVICES**

CalTraining, Inc. will also 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:

**BUSINESS SKILLS**

- Inventory Control Techniques
- Sales & Product Knowledge Training
- Payroll Systems Training
- Customer Service Skills
- Program Management Training

**COMPUTER SKILLS**

- Operation Systems
  - Product Lifetime Management (PLM) Training
  - ERP management skills Training
  - SAP Training
  - Oracle Training
  - Applicant Tracking System (ATS) Training
- Integrated Material Management and Accounting Systems
  - Computerized Scheduling Training
  - Sales Forecasting Training
  - Material Resource Training
  - Planning, Inventory Control System Training
  - Cost Accounting Skills Training
  - Engineering & Document Control System Training

**CONTINUOUS IMPROVEMENT**

- Esterline Operating System (EOS) Lean Manufacturing Principles & Tools
  - 5S – Sort, Set In Order, Shine, Standardize, Sustain
  - Flow - Continuous Flow Techniques
  - Takt Time Training - Pace of production
  - Kaizen Events
  - Kanban (Pull System)
  - Process Mapping Techniques
  - Standard Work techniques
  - Real Time Problem Resolution Techniques
  - Single Minute Exchange of Die (SMED) training
  - Line Back Logistics Training
  - Visual Controls Training
  - Train-the-Trainer
- Leader Effectiveness Training (LET)
- Nadcap and corrective action training
- Quality Procedures/ISO compliance techniques
- Accelerated Implementation Methodology (AIM)
- Zodiak Business Acumen and Financial Drivers
- 4 Keys to Change
- Coaching/Mentoring Skills
MANUFACTURING SKILLS

- Production Operations – Equipment and Skills Training
- Parts and Products Manufacturing Techniques
- Equipment Operation Methods
- Assembly Procedures Training
- Understanding Inventory Control Training
- Warehousing Techniques
- Manufacturing Practices
  - CNC Programming
  - CNC machine operation Techniques

CBT Hours

0 – 20

CONTINUOUS IMPROVEMENT

Managing The Performance Of Others

- Clarifying Performance Expectations (90 Min)
- Conducting Performance Reviews (90 Min)
- Planning for Performance Discussions (90 Min)

Maximizing Your Supervisory Potential

- Delegating for Shared Success (90 Min)
- The Hallmark of Supervisory Success (90 Min)

Coaching Others for Top Performance

- Developing Others (90 Min)
- Giving Recognition (90 Min)
- Providing Constructive Feedback (90 Min)
- The Principles and Qualities of Genuine Leadership (90 Min)

Problem-Solving Results: Solutions, Improvements, And Innovations

- Problem-Solving Results: Connecting People and Process (90 Min)
- Problem-Solving Results: Exploring Gaps, Causes, and Solutions (90 Min)
- Problem-Solving Results: Deciding on a Solution (90 Min)
- Problem-Solving Results: Making it Happen (90 Min)

Trainer Development

- Adult Learning Techniques (180 Min)

Accelerating Team Productivity

- Building Team Pride and Purpose (90 min)
- Developing Team Agility: Day-to-Day Tools (90 Min)
- Negotiating Resources for Your Team (90 Min)
- Resolving Conflicts within your Team (90 Min)

Achieving Stellar Service Experience

- Caring for Customers (90 Min)
- Dazzling Your Customers (90 Min)
- Expanding Customer Relationships (90 Min)
- Guiding Customer Conversations (120 Min)
- Healing Customer Relationships (90 Min)
- Reaching for Stellar Service (90 Min)
- Serving a World of Customers (90 Min)
- Teaming Up for Seamless Service (90 Min)
Achieving Superior Sales Performance: Professional Selling Skills
- Module 1: Need Satisfaction Selling (45 Min)
- Module 2: Opening (45 Min)
- Module 3: Probing (75 Min)
- Module 4: Supporting (70 Min)
- Module 5: Closing (45 Min)
- Module 6: Connective Skills (65 Min)
- Module 7: Addressing Indifference (80 Min)
- Module 8: Resolving Customer Concerns (120 Min)

Activating Change
- Activating Change: Individual Contributor Version (180 Min)
- Activating Change: Manager Version (90 Min)

Leadership For Results – Workload Management
- Building Trust Under Pressure: The Basic Principles (90 Min)
- Identifying Work Priorities and Setting Verifiable Goals (90 Min)
- Managing Your Priorities (90 Min)
- Personal Strategies for Navigating Change (90 Min)

Coaching Others for Top Performance
- Developing Others (90 Min)
- Giving Recognition (90 Min)
- Providing Constructive Feedback (90 Min)
- The Principles and Qualities of Genuine Leadership (90 Min)

Connecting With Others: Listening And Speaking
- Listening in a Hectic World (90 Min)
- Speaking to Influence Others (90 Min)

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.
Executive Director
Employment Training Panel
1100 “J” Street, 4th Floor
Sacramento, CA 95814

September 25, 2015

RE: ETP Training Program

The International Association of Machinist and Aerospace Workers District 947 supports Leach International/ Kirkhill in pursuing the proposed ETP training program in California, which will provide our members with the skills needed to meet customer requirements, which in turn will provide a gainful work for our members.

Sincerely,

[Signature]

Daniella Ferioli
Business Representative
IAMAW District 947
(619) 453-1851