



Retrainee – Job Creation
Training Proposal for:
Guittard Chocolate Company

Fast Track \leq \$100,000

ET15-0149

Panel Meeting of: June 27, 2014

ETP Regional Office: San Francisco Bay Area

Analyst: A. Nastari

CONTRACTOR

- Type of Industry: Manufacturing
Wholesale Trade
Priority Industry: Yes No
- Number of Full-Time Employees
California: 228
Worldwide: 239
Number to be trained: 42
Owner Yes No
Mgr/Supr 4
Frontline 38
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training: Yes No
- High Unemployment Area: Yes No
- Turnover Rate: 5%
- Repeat Contractor: Yes No
- Substantial Contribution: Yes No

FUNDING

- Requested Amount: \$90,216
- In-Kind Contribution: \$115,416

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, Computer Skills, Cont. Imp., Mfg Skills, PL - Mfg Skills	36	8 - 200	0	\$2,106	\$16.50
				Weighted Avg: 117			
2	Retrainee Job Creation Initiative Priority Rate	Business Skills, Computer Skills, Cont. Imp., Mfg Skills, PL - Mfg Skills	6	8 - 200	0	\$2,400	\$14.00
				Weighted Avg: 120			

- Reimbursement Rate: Job #1: \$18 Priority Retraining
 Job #2: \$20 Job Creation/Retrainee
- County(ies): San Mateo, Solano
- Occupations to be Trained: Administrative Staff, Equipment Operators, Managers & Supervisors, Shipping/Receiving Staff
- Union Representation: Yes Warehouse Union Local 6,ILWU
 No
- Health Benefits: N/A
- Electronic Recordkeeping: N/A

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: N/A

OVERVIEW

Founded in 1868 in San Francisco, Guittard Chocolate Company (Guittard) is the oldest family-owned chocolate company in the United States. The Company continues under the direct leadership of Gary Guittard, the great-grandson of the founder, Etienne Guittard.

At the factory in Burlingame, the Company manufactures milk, dark and white chocolate products as well as pastel and chocolate coatings using all natural ingredients. Its complete manufacturing operation includes cocoa bean receiving, roasting, milling, mixing, refining, depositing, and packaging. Guittard's product line includes tasting bars, chocolate bars, baking products and gift samplers to wholesale and retail confectioners, as well as retail stores.

Guittard also operates a shipping/receiving (warehousing/distribution) facility in Fairfield which houses two high-speed packaging lines. Workers at both sites will be retrained to further improve productivity and to address expansion needs.

This is Guittard's fourth ETP proposal and, although similar, training under this proposal will be specialized for new production equipment in Fairfield, and new productivity software in Burlingame. The previous projects addressed increased business demands by setting standard production process. Production increased, overtime was reduced, and Guittard increased flexibility in its production scheduling.

Guittard also acquired Safe Quality Foods (SQF) Level 2 certification, which assures buyers that food has been produced, processed and handled according to the highest standards. The previous training also assisted with implementing operations at its new Fairfield facility. With ETP funds, Guittard trained newly hired Equipment Operators and Shipping/Receiving Staff. The Company is prepared to further expand operations in Fairfield and hire more workers to meet new opportunities.

A substantial contribution is not applied because the last two Agreements (ET12-0173 and ET09-0363) earned a total of \$139,320.

Union Support

Warehouse Union (ILWU) Local 6 supports the training of its represented workers in the occupations of Equipment Operators and Shipping and Receiving Clerks.

Expansion/Growth

Guittard has seen a substantial growth in product sales. Therefore the Company installed new processing and packaging lines at its Fairfield facility. These larger, higher output depositing lines require specialized training. Guittard plans to reassign workers with more tenure to new production processes and hire six new Equipment Operators to backfill the positions that will become available.

Guittard is also facing an increased demand from customers in the following areas: higher production and quality standards associated with the raw cocoa beans such as Fair Trade, Organic, Rainforest Alliance; more product formulas; and food handling/safety certifications attainment, and SQF Level 3, which it plans to pursue in 2015.

Training Plan

In this Proposal, Guittard's Manufacturing Skills will include new equipment operations for its Fairfield facility, and production processes cross-training. Continuous Improvement practices will help achieve international level of SQF Level 3, and Computer Skills training will include new software-based productivity program, RedZone.

RedZone, is a network-based system using iPads at each work station and for all of Production and Maintenance Management. By the completion of the software implementation, all real-time data will be transmitted to the MP2 system eliminating hand written documentation.

RedZone will tie-in with its Preventive Maintenance program, MP2. The system will capture real-time operational data, such as run time, down time, reasons for down time (entered by

operator), and pounds produced per hour. Currently, MP2 data is captured from supervisors' hand written work orders then entered by a clerk. Training on this system will help Equipment Operators Managers and Supervisors improve line efficiencies and reduce downtime and operating costs. The software program will be implemented at its Burlingame facility.

Business Skills – Training in Communication and Conflict Resolution will be offered to all occupations. The training supports processes required by SQF Certification, on-going production line communication, and software system implementations.

Computer Skills – Training in software programs MP2/Preventive Maintenance and RedZone will be provided to all occupations. Guittard's new programs will be a major change in documenting operational data.

Manufacturing Skills – Training will be offered to Equipment Operators, Managers, Supervisors, and Shipping/Receiving Staff. Training will consist of new equipment operation and cross-training in production line processes. Equipment Operators will receive training on the basics of tempering, depositing, cooling and packaging. Training is extensive and specific for each position. Operators require a high degree of understanding the various product holding tanks, product piping/supply lines, holding kettles, the chocolate tempering process, the nuances of the depositing process, cooling tunnel and packaging operation in addition to all the various products produced (true chocolates, chocolate compounds, pastels).

Continuous Improvement – Training in topics required to achieve SQF Level 3, will be offered to all occupations. To achieve Level 3, Guittard must train and implement stringent documentation, verification and validation process of its entire production. It must also provide supporting methods of monitoring productivity and real-time product quality levels.

Productive Lab (PL)

PL in Manufacturing Skills will be provided to three Equipment Operators delivered by the equipment manufacturer's representative who is authorized to train, oversee installations and start-ups, troubleshoot and make necessary repairs. Training on the new equipment will include new unloading, pumping and holding systems, new electrical control systems, product depositors, cooling tunnels, boxing and bagging packaging equipment.

The trainer-to-trainee ratio for PL will not exceed 1:3. Training will consist of an average of 27 hours per-trainee to a maximum of 80 hours.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Guittard under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET12-0173	Burlingame Fairfield	11/09/21 – 11/08/13	\$88,578	\$68,400 (77%)
ET09-0363	Burlingame Fairfield	1/5/2009 – 1/4/2011	\$98,280	\$70,920 (72%)

Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Communication Skills (Interpersonal/Written)
- Conflict Resolution

COMPUTER SKILLS

- RedZone Program
- MP2/Preventive Maintenance Program

CONTINUOUS IMPROVEMENT

- Production Operations/Workflow
- SQF programs
- Leadership Skills

MANUFACTURING SKILLS

- Production Operations
 - Productivity Programs
- Equipment Operation and Maintenance
 - Cross-training in Production Equipment

Productive Lab

8 – 80

MANUFACTURING SKILLS

- New Equipment Operation (Fairfield)
 - Two Depositing Lines
 - Tank Storage through Packaging

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



Warehouse Union Local 6

INTERNATIONAL LONGSHORE & WAREHOUSE UNION

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April 14, 2014

ETP Panel Member and Executive Staff
Employment Training Panel (ETP)
1065 East Hillsdale Blvd., Suite 415
Foster City, CA 94404

Dear Panel Member and Executive Staff,

I am writing on behalf of Warehouse Union Local 6, ILWU. We are in support of the proposal being submitted to the Employment Training Panel from Guittard Chocolate Company.

Thank you for your attention.

Sincerely,

WAREHOUSE UNION LOCAL 6, ILWU

Fred Pecker, Secretary Treasurer

cc: Gery Allen, CEO
John Cortez, Chief Steward