



**Retrainee – Job Creation
Training Proposal for:
H. M. Electronics, Inc.**

Agreement Number: ET16-0366

Panel Meeting of: February 26, 2016

ETP Regional Office: San Diego

Analyst: J. Davey

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee Job Creation Initiative	Industry Sector(s):	Technology/Other Manufacturing Communication Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Alameda, San Diego	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 504	U.S.: 589	Worldwide: 649
<u>Turnover Rate:</u>	13%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$352,400		\$0	\$0		\$352,400

In-Kind Contribution:	100% of Total ETP Funding Required	\$372,490
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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, Computer Skills, Continuous Improvement Skills, Management Skills, Manufacturing Skills	420	8-200	0	\$720	\$16.46
				Weighted Avg: 40			
2	Retrainee Priority Rate Job Creation Initiative	Business Skills, Computer Skills, Continuous Improvement Skills, Management Skills, Manufacturing Skills	50	8-200	0	\$1,000	\$13.72
				Weighted Avg: 50			

Minimum Wage by County Job 1: Alameda County - \$17.02/hr.; San Diego County - \$16.46/hr.
 Job 2: Alameda County - \$14.19/hr.; San Diego County - \$13.72/hr.
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 \$3.00 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Administration		20
Business Application Programmers		14
Buyer/Planner		4
Credit & Collections		10
Engineer		20
Factory Service Specialist		60
Inside Sales Representatives		20
Install Coordinators		10
Machine Operator		30
Managers		20
Manufacturing Assembly		105
Material Planner		2

Material Support		30
Supervisors		10
Technical Support		50
Technician		15
Job Number 2		
Machine Operator		10
Supervisors		10
Technician		30

INTRODUCTION

Founded in 1971 and headquartered in Poway, H.M. Electronics, Inc. (HME) is a privately owned company that provides industry-leading wireless communication equipment, timer and software products to the quick service restaurant industry and high school and collegiate athletic programs. With the acquisition of Clear Com LLC in 2010, the Company has expanded its professional audio systems product line. HME now offers a wide selection of matrix, party-line and wireless intercoms for live event, church, military, and broadcast production applications. Both HME and Clear Com LLC meet ETP's out-of-state competition standards and eligibility for priority-industry funding as manufacturers.

The Company's markets continue to evolve as customer expectations grow, new technologies arise, and new opportunities emerge. Company growth and sustainability require the acquisition of new technologies and equipment, as well as a highly trained work force that can adapt to these changes, and use these new technologies and equipment. In addition, the Company is adding a new Enterprise Resource Planning (ERP) system that will change the way the Company currently operates.

In 2016 the Company plans to purchase up to \$2 million in new equipment to increase production: 3 Panasonic Mounters, Seika de-panelizer, a Koh-Young AOI system, PVA Coater, and Laser Etching system. It also recently spent \$1 million on a new Microsoft AX ERP System. Training staff on this new equipment and the new ERP system is a major focus of HME's training plan. The proposed ETP funding will allow the Company to expand its business and improve its competitive position to become a world-class manufacturer of wireless communication equipment.

PROJECT DETAILS

HME's first ETP contract focused on Lean Manufacturing training resources. The Company also invested in a comprehensive Leadership training program for Supervisors and Managers, manufacturing excellence and general business skills training. Although it provided most of its planned training hours, HME now needs to train a larger number of its workforce. Therefore, training in this new proposal will reach those who did not receive training in the first project.

In this new proposal, training will ensure its workforce is equipped with the knowledge needed to increase innovation, collaboration and competitiveness. With significant investments in new manufacturing equipment, new ERP, more online systems, and a growing workforce, the way that the Company delivers training will be progressing.

HME recognizes that training is an important component of its success and has used ETP funding in its first project to create a foundation for a learning culture. In the future, more on-demand, accessible training will be most effective for its diverse and growing workforce.

Retrainee - Job Creation

In support of job creation, the Panel offers 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.

To support development of new products and expansion of its market share, HME is committed to hiring new employees. During the two year term of the ETP Agreement, HME has committed to hiring 50 new employees (Job Number 2). To be eligible for reimbursement trainees must be hired within the three-month period prior to Panel approval or during the term of contract. The date of hire for all Job Creation trainees will be within 3 months before contract approval or within the term of the Agreement. Trainees will be hired into net new jobs as a condition of the Agreement.

HME already has the necessary space (office and manufacturing floor space) to meet its current production needs; however, in 2016 HME is expected to move to a larger facility as a result of anticipated business growth.

Training Plan

HME will conduct training at its 2 facilities in Alameda and Poway in the following skills:

Business Skills (15%) - Training will be offered to all occupations in Communication Skills, Customer Service, Business Writing, Sales & Marketing, and Project Management. Training will provide staff with the necessary skills to increase their knowledge and help them perform their jobs more effectively.

Computer Skills (25%) - Training will be offered to all occupations in the skills necessary to support the Company's new ERP system, as well as provide the specific software training in Intermediate/Advanced MS Office, IP Networking, Matrix Basics, and other related software.

Continuous Improvement (25%) - Training will be offered to all occupations and will consist of a continuation of Lean Manufacturing principles and skills to those trainees who have received minimal training, Problem Solving, 5S, Team Building, ISO 9001, and IPC-610 Certification and other skills designed to improve product quality and efficiency.

Management Skills (5%) - Training will be offered to Managers and Supervisors in Performance Management and Conflict Resolution.

Manufacturing Skills (30%) – Training will be offered to Factory Service Specialists, Manufacturing Assembly, Machine Operators, Supervisors, and Technicians in new Assembly Equipment Operation, New Equipment Skills, Repair Practices, Fasteners, and other related equipment operation and machine skills. This training will focus on the correct, efficient, and safe operation of new and existing equipment.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. HME reports that it has conducted Lean Enterprise Training, Communication Skills, Management Development, and job-specific skills training as needed. The Company reports that it spends approximately \$30,000 - \$50,000 annually on training.

HME has provided job-specific new-hire training, new Supervisor/Manager training, business skills, new technology and equipment training, and other training as needed. HME has used a variety of methodologies to deliver training, including class, on-the-job, and computer-based training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

HME is prepared to start training upon Panel approval. The Company has internal staff who will schedule training and administer the training project. The Company will also receive assistance with the development and administration of this project from DLI & Associates, Inc.

RECOMMENDATION

Staff recommends approval of this proposal.

CURRENT CONTRACT PERFORMANCE

The following table summarizes performance by HME under the current ETP Agreement:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0307	Poway	2/24/14 – 2/23/16	\$229,300	\$0 (0%)

Based on ETP Tracking System, 12,193 reimbursable hours have been tracked for potential earnings of \$224,884 (98% of approved amount). The Contractor projects final earnings of \$224,884 (98% of approved amount). To date, HME has \$125,792 earned in process for 163 of the 237 trainees who completed both training and retention. The remaining 74 trainees will complete retention by the end term date of the Agreement.

DEVELOPMENT SERVICES

HME retained DLI & Associates, Inc. in San Juan Capistrano to assist with development of this proposal for a flat fee of \$2,500.

ADMINISTRATIVE SERVICES

DLI & Associates, Inc. will also perform administrative services in connection with this proposal for a fee not to exceed 10% 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

- Business Writing Skills, Email
- Communication Skills
- Customer Service
- Customer Relationship Management
- Project Management
- Sales and Marketing
- Statistics/Data Analysis
- Time Management

COMPUTER SKILLS

- Access
- Microsoft:
 - AX
 - AX Development
 - Office – Intermediate/Advanced
 - Project
 - Visio
 - SharePoint
- Business Intelligence/SQL Training
- Conference Training
- IP Networking
- Illustrator Fundamentals
- Matrix Basics
- Matrix Advanced
- Video Production
- Web Development

CONTINUOUS IMPROVEMENT

- 5S
- Avante/New Hire –Retraining
- IPC-610 Certification
- ISO 9001
- ISO Auditor
- Lean A3
- Lean Manufacturing and Process Flow
- Lean Leadership
- Problem Solving
- Process Mapping
- Product Overview
- Team Building
- Technical Support Practices

MANAGEMENT SKILLS (Managers Only)

- Conflict Resolution
- Management Skills for Managers and Supervisors
- Performance Management

MANUFACTURING SKILLS

- Assembly
- Assembly and Component Identification
- Circuits & Electronics Training
- Configuration Management (CM) Training
- Documentation
- Electro Static Discharge – ESD
- Equipment/Machinery Training
- Exchange and Receiving Documentation
- Factory Service RMA Creation Customer Repair
- Fasteners
- Hardware Identification and Installation
- Intercom Application Overview
- Inventory Control
- Manufacturing Practices
- Material/Stock Control Purchasing Practices
- Materials Requirements Planning-MRP
- New Equipment Training
- Repair Practices
- Safety
- Shipping and Handling
- Wireless Basics
- Wireless Advanced and Partyline
- Workmanship Standards Training

* Safety Training is capped at 10% of a trainee's total training hours

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