



**Training Proposal for:
Harold Johnson Optical Laboratories, Inc.**

Small Business \leq \$50,000

ET15-0228

Panel Meeting of: July 25, 2014

ETP Regional Office: North Hollywood

Analyst: E. Fuzesi

CONTRACTOR

- Type of Industry: Manufacturing
Services
Priority Industry: Yes No
- Number of Full-Time Employees
California: 25
Worldwide: 25
Number to be trained: 16
Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 4%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$15,808
- In-Kind Contribution: \$12,000

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 SB <100	Business Skills, Computer Skills, Cont. Impr., HazMat Mfg. Skills, PL-Mfg. Skills	16	8-60	0	\$988	\$16.04
				Weighted Avg: 38			

- Reimbursement Rate: Job #1: \$26 SB Priority
- County(ies): Los Angeles
- Occupations to be Trained: Administrative Staff, Optical Staff, Owner
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$0.04 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source (TFS) in Seal Beach assisted with development for a flat fee of \$700.
- Administrative Services: TFS will also provide administrative services for the amount not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Harold Johnson Optical Laboratories, Inc. (HJOL) (www.hjol.com), founded in 1967, specializes in manufacturing custom optical components and lenses. Its customers are in the aerospace, research, semiconductor, motion picture, laser scanning, medical imaging, and industrial markets worldwide. From prototypes to production, HJOL’s products include spherical, prismatic, plano, and cylindrical lenses with various size, shape, surface and tolerance specifications as requested by customers.

The high cost of technology and the speed at which it is changing requires that manufacturers in the optical industry today to reinvest in technology. Digital technology is changing the way lenses are cut and surfaced. Joining computers to precision cutting devices has made it possible to cut almost any curve imaginable on a lens surface.

The high costs of equipment and software make it increasingly difficult for smaller, independent labs such as HJOL to handle these products in-house. As a result, many businesses outsource production to stay competitive. HJOL has been able to keep its manufacturing cycle in-house, except for a small fraction of production, such as Aluminum coating. HJOL has made investments in Computer Numerical Control (CNC) machines to keep up with the new, computer-driven technology. Demand for products specific to the technology has increased, necessitating a considerable amount of cross-training in manufacturing.

HJOL's competitive advantage remains its offering of sophisticated products with tight tolerances to customers' specifications. In addition, an increasing number of clients require the manufacturer to be ISO certified to meet the desired quality standards.

This is HJOL's first ETP Agreement. A combination of in-house trainers with a California-based vendor in ISO will provide the training described below.

Training Plan

Business Skills (5%) – This training will be offered to Administrative Staff and the Owner to better organize and plan HJOL's future growth. Using Vistage, a membership organization for small businesses to help members improve their businesses, trainees will learn different ways to grow the business, identify the most important needs and opportunities, and learn techniques to help overcome obstacles.

Computer Skills (5%) – This training will be offered to Administrative Staff to learn Microsoft Office to enable trainees to process information efficiently. Syspro, HJOL's new ERP Software, will increase efficiency by facilitating information visibility, analytic and reporting capabilities, business process modeling, workflow management, more customization, and cost control necessary to survive in a vastly more complex, customer-focused environment. The new skills will prepare trainees to plan, execute and control production more effectively and access the information needed to make real-time, informed and strategic business decisions to gain increased operational effectiveness.

Continuous Improvement (20%) – This training will be offered to all staff to embark on the ISO 9001 certification process required by many aerospace customers. Trainees will learn various aspects of quality management and ISO's best known standards. These standards will provide guidance and tools to ensure that products and services consistently meet customer's requirements, and that quality is consistently improved. The certification will allow HJOL to respond to new market opportunities, enhance customer satisfaction leading to repeat business.

Hazardous Materials (5%) – This training will be offered to all staff to comply with regulatory requirements, effectively manage chemicals, and take the necessary precautions to minimize exposures when working with and storing chemicals. Using proper control measures will eliminate the hazard through personal protective equipment, and administrative procedures.

Manufacturing Skills (30%) – This training will be offered to Optical Staff to improve the manufacturing system by cross-training certain employees to use different machines. This will allow HJOL to create a more flexible workforce and keep production flowing during absences, vacations and spikes in business. Trainees will get a fresh perspective and will have the opportunity to identify a more effective way to accomplish goals.

Productive Laboratory – Manufacturing Skills (35%)

Approximately 35% of the Curriculum will be provided in a PL setting in Manufacturing Skills. This training will allow 16 Optical trainees to gain practical experience in edging, shaping and polishing using CNC mills, and spherical and cylindrical polishing machines. Assignments may include “light weighting” mirrors by machining the rear side of the mirror. This process can take up to two weeks and require multiple configurations.

Trainees will be paired with in-house experts and receive approximately six hours of training in a simulated environment using “dummy parts” then trainees will transition into working with “real parts” receiving up to 20 PL hours with a 1:2 trainer-to-trainee ratio. Upon completion of the PL training, trainees will continue to receive an average of 40 hours of “on-the-job” training at the Company’s expense.

Staff has received the tasks and competencies to be reflected in the training, detailing support and articulating business needs. The quality and quantity of PL training is consistent with the Company’s business needs.

Contract Term Limitation

HJOL is requesting an additional 12 months (24 months total) added to the Agreement term. According to the Company’s representative, this business tends to be very cyclical at times, making it difficult to carve out the required time for training. In addition, after a training session is finished, trainees will need more time to allow them to gain more experience before moving on to the next topic. The additional 12 months will enable the Company to adequately address all training areas.

RECOMMENDATION

Staff recommends approval of this proposal including the contract term extension.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Planning/Organization

CONTINUOUS IMPROVEMENT

- ISO 9001

COMPUTER SKILLS

- Syspro Software
- Microsoft Office

HAZARDOUS MATERIALS

- Handling of Hazardous Materials

MANUFACTURING SKILLS

- CNC Machining
- Inspection
- Polishing

Productive Lab Hours

0-20 hours

MANUFACTURING SKILLS (Ratio 1:2)

- CNC Machining
- Cylindrical Grinding and Polishing
- Plano/Spherical Polishing
- Prism Manufacturing

Note: Reimbursement for retraining is capped at 60 total hours per trainee, regardless of method of delivery.