



**Retrainee - Job Creation  
Training Proposal for:  
Hero Nutritionals, LLC**

<b>Small Business</b>
-----------------------

**ET16-0309**

**Approval Date:** December 18, 2015

**ETP Regional Office:** San Diego

**Analyst:** S. Godin

**CONTRACTOR**

- Type of Industry: Manufacturing
  
- Priority Industry:  Yes  No
  
- Number of Full-Time Employees
  - California: 39
  - Worldwide: 39
  - Number to be trained: 39
  - Owner  Yes  No
  
- Out-of-State Competition: Competitors Outside CA Customers outside CA
- Special Employment Training (SET):  Yes  No
- High Unemployment Area (HUA):  Yes  No
- Turnover Rate: 13%
- Repeat Contractor:  Yes  No

**FUNDING**

- Requested Amount: \$21,580
- In-Kind Contribution: \$20,922

**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, Continuous Improvement, Literacy Skills, Manufacturing Skills, PL Manufacturing Skills, OSHA 10/30	29	8-60	0	\$520	\$16.02
				Weighted Avg: 20			
2	Retrainee Job Creation Initiative SB<100 Priority Rate	Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Manufacturing Skills, PL Manufacturing Skills, OSHA 10/30	10	8-60	0	\$650	\$13.35
				Weighted Avg: 25			

- Reimbursement Rate: Job #'s 1 & 2: \$26 SB Priority
- County(ies): Orange
- Occupations to be Trained: Administrative/Accounting Staff, Manufacturing/Production Staff, Sales Reps, Marketing Staff, Quality Staff, Regulatory & Food Science Staff, Manager,
- Union Representation:  Yes  
 No
- Health Benefits: Job #1: \$2.52 per hour Job #2: \$3.35 per hour

**SUBCONTRACTORS**

- Development Services: California Manufacturing Technology Consulting (CMTC) in Torrance, CA assisted in project development at no cost.
- Administrative Services: CMTC will provide project administration services for a fee not to exceed 13% of earned ETP Funds.
- Training Vendors: To Be Determined

## **OVERVIEW**

Hero Nutritionals, LLC (Hero) ([www.heronutritionals.com](http://www.heronutritionals.com)) formulates, markets, and distributes a wide variety of vitamins, minerals and nutritional supplements for children and adults. The Company began in 1997 when it launched Yummi Bears®, the first children's multi-vitamin and mineral supplement formulated in a gummy delivery system. These supplements are also free of artificial colors, flavors, preservatives or sweeteners. Hero's products are allergen, gluten and dairy free.

Hero's scientific research team develops the formulation for each of its nutritional supplements which is then sent to a contract manufacturer. Once the supplements are produced, they are shipped to Hero for packaging and distribution.

As part of its strategic plan to increase business segmentation and market shares, Hero has decided to bring product manufacturing in-house and transition to a full manufacturing facility during the next 12 months. Approximately 20% of its products are now being manufactured in-house. Hero plans to increase production to two shifts when the current production personnel have acquired the necessary manufacturing skill sets.

Delivering the skills necessary to move to a high performance workplace will support the shift to in-house manufacturing. A planned software update to the Company's current ERP system is scheduled for the second year of the proposed ETP Agreement which will support the manufacturing segment of the business.

### **Retrainee - Job Creation**

In support of the shift to manufacturing in-house, Hero will hire 12 new employees of which 10 are included in the proposed ETP Agreement (8 Production Staff, 1 Manager, and 1 Administrative Support). These new workers will be hired within the three month period prior to Panel approval or during the term of the contract. The Company represents that these trainees will be hired into "net new jobs" as a condition of contract.

### **Temporary to Permanent Employees**

The Company estimates that at least six of the Production Staff trainees in Job Number 2 (Job Creation) will fall under the Panel guidelines for "temporary to permanent" employment. Hero will retain these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired. [Note: Because Hero only recently brought its manufacturing in-house, there is no historical data on the length of time these workers will remain temporary before converting to full-time permanent status.]

### **Training Plan**

With the assistance of ETP-funded training, Hero will be able to deliver formal, structured training by a combination of in-house subject matter experts and outside training vendors.

**Business Skills** – Training will be provided to all occupations as it relates to individual job functions in the areas of customer service, sales and marketing, communication, and product

knowledge. Administrative support and accounting staff will receive training in financial analysis and accounting skills. These skill sets will give employees the acumen to effectively implement customer solutions to increase customer satisfaction.

**Computer Skills** – Administrative support, Regulatory & Food Science Staff, Quality Staff and Sales/Marketing personnel will receive training in Database Management skills needed to perform job functions, generate reports and manage customer relationships. Microsoft Office Suite training will be offered to all trainees as it relates to individual job functions. The revision to the MAS-90 ERP system is scheduled for the second year of training and will streamline processes and improve internal and external customer responsiveness. Computer Skills training will be delivered through a combination of class/lab and e-learning.

**Continuous Improvement** - All occupations will receive training in a variety of continuous improvement topics needed to improve processes and successfully integrate manufacturing at the facility. Training in Team Building, Leadership, quality concepts and process improvement will help workers standardize processes, control quality and improve efficiencies. Team Building and Decision Making will lead to improved operations and promote enhanced interactions with both internal and external customers.

**Literacy Skills** – Vocational English as a Second Language training will be delivered to selected Manufacturing/Production Staff. Training will focus on building job-specific communication skills and improving technical competencies

**Manufacturing Skills** – Production Personnel and select Managers will receive training in new equipment operations, maintenance and troubleshooting. Standard operating procedures will be developed and applied to each piece of equipment. Good Manufacturing Practices will reduce waste, improve quality, and lengthen the life of the equipment. Regulatory and Food Science Staff will also receive training in Safe Quality Food 2000 (SQF 2000) and Hazardous Analysis and Critical Control Points (HACCP). SQF 2000 is an internationally recognized system that provides verifiable assurance that the Company's products have been produced in accordance with all SQF standards. HACCP is a food safety management system that achieves its function through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling to manufacturing and distribution of the finished product.

### **Certified Safety Training**

OSHA 10/30 -This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom training for journey-level workers and 30 hours for frontline supervisors. The coursework is geared to construction work, and also manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

### **Productive Lab (PL) Manufacturing Skills**

PL-Manufacturing Skills will be offered to 10 incumbent and 10 newly-hired Production Staff. Tasks will focus on machine set-up, operation, maintenance & troubleshooting. The trainers are in-house subject matter experts who are exclusively dedicated to instruction for the entire reported PL training time. Hero has provided ETP staff with a list of tasks and competencies to substantiate the PL hours proposed for ETP funding.

PL trainers will be qualified to instruct and deliver the course content and material. Trainers will demonstrate specific set-up, operation, documentation, and inspection processes for each piece of machinery. They will observe trainees, correcting for errors, and ensure that safe and correct

techniques are used. Trainers will document all training daily. Trainers will certify trainees on the aforementioned tasks once the trainees are deemed competent. At the conclusion of PL, trainees will be competent in the various production processes and techniques included in the PL curriculum; and will be able to meet minimum productivity standards.

The Company anticipates production will be lower during PL as trainees will not be expected to produce at the same output level in order to focus on product quality. PL will allow trainees to acquire the skills sets needed to become competent in the operation of the machinery without the pressure of normal production requirements. PL will be delivered in a 1:1 trainer-to-trainee ratio and trainees will receive up to a maximum of 24 PL hours in manufacturing processes detailed in the curriculum.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

## **Exhibit B: Menu Curriculum**

### **Class/Lab/E-Learning Hrs**

8-60

Trainees may receive any of the following:

#### **BUSINESS SKILLS**

- + Sales & Marketing Skills
- + Product Knowledge
- + Customer Service Skills
- + Communication Skills
- + Financial & Accounting Skills

#### **COMPUTER SKILLS**

- + Microsoft Office Suite Skills
- + Database Management
- + Enterprise Resource Planning (ERP) Software MAS-90

#### **CONTINUOUS IMPROVEMENT**

- + Project Management
- + Time Management
- + Leadership Skills
- + New Product Development
- + Lean Manufacturing Concepts
- + Process & Quality Skills
- + Team Building & Decision Making Skills
- + Coaching

#### **LITERACY SKILLS**

- + Vocational English as a Second Language (VESL)

#### **CERTIFIED SAFETY TRAINING**

- + OSHA 10/30

#### **MANUFACTURING SKILLS**

- + Confectionary Skills
- + Safe Food Quality
- + Product Inventory Management
- + Food and Drug Administration Current Good Manufacturing Practice (FDA cGMP)
- + Hazard Analysis Critical Control Point (HACCP)
- + FDA Requirements
- + Food and Drug Administration Current Good Laboratory Practices (FDA cGLP)
- + Corrective and Preventive Action (CAPA)
- + Equipment Set up & Operation
- + Standard Operating Procedures

**PL Hours**

0 – 24

**PRODUCTIVE LAB (PL) (limited ratio 1:1)**

-  Equipment Set Up & Operation
  - Dust Collection Unit
  - Boiler Unit
  - Compounding Unit
  - Stacker
  - Depositor
  - Blender and Mixer
  - Compressor
  - Finishing Unit
  - Bottling Unit
  - Packaging Machine

**E-Learning Hours**

0-60

**COMPUTER SKILLS\***

-  ERP (MAS-90) Skills
-  Microsoft Office Suite Skills
-  Database Management

\*Please note that Computer Skills training topics will be delivered via a combination of class/lab and/or E-Learning.

Literacy Training cannot exceed 45% of total training hours per-trainee.  
Safety Training will be limited to 10% of total training hours per-trainee.

Note: Reimbursement for retraining is capped at 60 total hours per-trainee, regardless of method of delivery. PL is capped at 24 hours per-trainee.
---