



**Training Proposal for:
Hunter Technology Corporation**

Fast Track ≤ \$100,000

ET15-0129

Panel Meeting of: June 27, 2014

ETP Regional Office: San Francisco Bay Area

Analyst: A. Nastari

CONTRACTOR

- Type of Industry: Manufacturing
- Priority Industry: Yes No
- Number of Full-Time Employees
 - California: 205
 - Worldwide: 205
 - Number to be trained: 180
 - Owner Yes No
 - Mgr/Supr 8
 - Frontline 172
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training: Yes No
- High Unemployment Area: Yes No
- Turnover Rate: 18%
- Repeat Contractor: Yes No
- Substantial Contribution: Yes No

FUNDING

- Requested Amount: \$81,000
- In-Kind Contribution: \$81,526

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, Manufacturing Skills	180	8 - 200	0	\$450	\$16.25
				Weighted Avg: 25			

- Reimbursement Rate: \$18 Priority Retraining
- County(ies): Santa Clara
- Occupations to be Trained: Adminstrative Staff/Sales, Engineers, Material Handlers, Managers, Production Staff, Supervisors
- Union Representation: Yes
 No
- Health Benefits: \$4.72 per hour
- Electronic Recordkeeping: N/A

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: PEAK Consulting, Santa Clara, will provide training in Continuous Improvement.

OVERVIEW

Hunter Technology Corporation (Hunter), located in Milpitas, is a full range provider of electronics manufacturing services (EMS). This includes printed circuit board (PCB) design, layout, assembly, PCB high density interconnect fabrication, contract manufacturing, and test systems integration. The Company's customer base is in the military, medical, and industrial electronics industries. Hunter is also an Original Equipment Manufacturer (OEM) for radio frequency products. The Company recently opened a high-reliability new product introduction center in Silicon Valley.

Hunter reports that 30% of the products it manufactures are destined for high-level products supporting government contracts in defense, communications, aerospace and other areas. The remaining 70% of manufactured products are for the medical and instrumentation goods.

This is Hunter's third ETP Proposal. In its first two projects, training was designed to establish and build upon Lean Manufacturing processes in 5S, 7 Manufacturing Wastes, Decision Making, Problem Solving and some Demand Flow Technology. The second project also trained

in AS 9100 Certification processes to support new equipment operations, an updated ERP system, and AutoCad and design programs for product and factory layout. In September 2012, Hunter acquired Spinnaker Microwave, Inc. However, that workforce did not transition to Hunter until January 2013. The acquisition increased Hunter's workforce by 17 employees, all of whom will participate in the ETP-funded training.

In October 2013, Hunter acquired another company, NBS Designs, Inc. (NBS Designs), which was also in the EMS market. This acquisition added production capacity and market presence. At this point in time, Hunter's workforce increased by almost 100%, adding another 126 employees.

Hunter has designed a training plan for all new members of the Hunter-team, as shaped by the acquisitions, to provide consistent information and bring cohesiveness. Trainees who participated in the first two ETP Agreements will not repeat the same courses, but will receive skills that are more advanced. Only workers who are new to Hunter will receive training in the courses previously offered.

A substantial contribution does not apply since the Company earned a total of \$99,794 between the two Agreements for training at the same facility.

Expansion

The purchase of NBS Designs' expanded Hunter's portfolio, allowing the Company to provide higher quality products and services in the EMS industry. Hunter is now in the position to attract a broader and more diverse account base, meet demand responsiveness, provide technical expertise, support product reliability and maintain financial strength.

Hunter is positioning for an FDA certification as required for further expansion into the medical industry. Therefore, all employees will be trained on FDA regulations, an area that was not part of the prior projects. The Company continues to market to highly regulated and compliance-driven automotive, aerospace and defense industries, all requiring updated skills in new technologies essential for maintaining a competitive edge. It will expand services in the following areas:

- Product development hardware & software development;
- PCB design; component engineering; mechanical design; DF(x) – Valor Trilogy; test development & implementation; board bring-up;
- Product life cycle manufacturing solutions; and
- Advanced diagnostics and repair-schematic level debug, flying probe testing.

Training Plan

The majority of Hunter's training plan will be delivered to its Production Staff. Administrative Staff and Managers from the newly acquired Company will be trained on Hunter's methods and procedures, newly acquired products and customer requirements. Staff who directly interface with external customers will receive customer service training. All employees will receive training on FDA compliances. All training will be conducted in a Class/Lab environment, which will be delivered by Hunter's internal trainers.

Business Skills – Training in Customer Skills and Communication will be provided to all occupations who have direct contact with external customers.

Computer Skills – Training will be offered to all occupations in the Company’s ERP system. The system supports more efficient material procurement, better management of materials flow between stock and manufacturing, and provides better visibility to materials and transactional status for day to day management.

Continuous Improvement – Training will be provided to all occupations in FDA Certification requirements, LEAN Manufacturing, and Process Validation. Teambuilding will be provided to all occupations to create a cohesive workforce. Leadership skills will be offered to Managers, Supervisors and key personnel that lead teams within their departments.

Manufacturing Skills – Training will be provided to Engineers, Managers, Material Handlers, Production Staff, Sales Staff and Supervisors. Training will consist of new product design, Surface Mount Technology production processes, and new equipment operations.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET12-0199	Santa Clara	11/9/2011 – 11/8/2013	\$59,706	\$59,706 (100%)
ET09-0110	Santa Clara	7/1/2008 – 6/30/2010	\$167,400	\$40,088 (24%)

The Company’s attributes low performance on its ET09-0110 Agreement to economic issues that it faced during the term. Hunter had to: 1) reduce its workforce, and 2) set training aside to meet manufacturing demands.

Since that Agreement, Hunter committed to better performance on its ET12-0199 by hiring a Human Resources Manager whose essential responsibility was to ensure the Company’s training plan was delivered as planned and that its training hours were accurately documented and recorded for ETP purposes. The Company’s commitment resulted in 100% performance. Hunter’s new proposal is developed at a conservative rate to again ensure successful performance.

Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 200

Trainees may receive any of the following:

BUSINESS SKILLS

- + Costumer/Communication
- + Risk Management

COMPUTER SKILLS

- + ERP

CONTINUOUS IMPROVEMENT

- + Process Validation
- + Leadership
- + FDA Training
- + LEAN Training
- + Risk Management
- + Teambuilding

MANUFACTURING SKILLS

- + Surface Mount Advanced Technology & New Machines
- + Inspection and Test
- + Test and Work Instruction
- + Preventive Maintenance

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