



**RETRAINEE - JOB CREATION**

**Training Proposal for:**

**Ingram Micro Inc.**

**Agreement Number: ET15-0324**

**Approval Date:** November 18, 2014

**ETP Regional Office:** San Diego

**Analyst:** J. Davey

**PROJECT PROFILE**

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative SET	Industry Sector(s):	Services Technology/IT Transportation/Logistics Wholesale Trade Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Alameda, Los Angeles, Orange, Riverside, Sacramento, San Diego, Santa Clara	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: 1,500	U.S.: 4,065	Worldwide: 21,500
<u>Turnover Rate:</u>	4%		
<u>Managers/Supervisors:</u> (% of total trainees)	17%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$80,500		\$0	\$0		\$80,500

<b>In-Kind Contribution:</b>	100% of Total ETP Funding Required	\$121,828
------------------------------	------------------------------------	-----------

**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	Business Skills, Computer Skills, Continuous Improvement	75	8-200	0	\$450	\$14.90
				Weighted Avg: 30			
2	Retrainee SET	Business Skills, Computer Skills, Continuous Improvement	15	8-200	0	\$450	\$27.09
				Weighted Avg: 30			
3	Retrainee Job Creation Initiative	Business Skills, Computer Skills, Continuous Improvement	50	8-200	0	\$800	\$12.19
				Weighted Avg: 40			

**Minimum Wage by County:** Job 1: Alameda & Santa Clara Counties - \$16.25/hr.; Los Angeles - \$16.04/hr.; Orange - \$15.98/hr.; Riverside - \$14.90/hr.; Sacramento - \$15.59/hr.; San Diego - \$15.60/hr.

Job 2: Statewide - \$27.09/hr.

Job 3: Alameda & Santa Clara Counties - \$13.55/hr.; Los Angeles - \$13.37/hr.; Orange - \$13.32/hr.; Riverside - \$12.19/hr.; Sacramento - \$12.99/hr.; San Diego - \$13.00/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 \$1.99 per hour may be used to meet the Post-Retention Wage

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Corporate Support/Operations Staff I		13
Corporate Support/Operations Staff II		10
Finance/Accounting Staff I		4
Finance/Accounting Staff II		4
Information Services/Technical Staff I		5
Information Services/Technical Staff II		5
Sales/Marketing Staff I		5

Sales/Marketing Staff II		5
Warehouse/Logistics Staff		10
Managers I		7
Managers II		7
Occupation Titles – Job 2: SET Retrainee	Wage Range	Estimated # of Trainees
Corporate Support/Operations Staff		5
Information Services/Technical Staff		5
Sales/Marketing Staff II		5
Occupation Titles – Job 3: Job Creation	Wage Range	Estimated # of Trainees
Corporate Support/Operations Staff I		5
Corporate Support/Operations Staff II		5
Finance/Accounting Staff I		5
Finance/Accounting Staff II		5
Information Services/Technical Staff I		5
Information Services/Technical Staff II		5
Sales/Marketing Staff I		5
Sales/Marketing Staff II		3
Warehouse/Logistics Staff		5
Managers I		5
Managers II		2

## **INTRODUCTION**

Founded in 1979 and headquartered in Santa Ana, Ingram Micro Inc. (Ingram Micro) is one of the world's largest technology distributors, as well as one of the world's leading technology marketing, sales, and logistics companies. Ingram Micro creates value in the markets it serves by extending the reach of its technology partners, capturing market share for resellers and suppliers, creating innovative solutions comprised of both technology products and services. The Company supports global operations through an extensive sales and distribution network throughout North America, Europe, Middle East and Africa, Latin America and Asia-Pacific.

In 2005, Ingram Micro purchased AVAD, LLC, an industry leading distributor of home technology integration solutions for custom installers in the United States. The Company, now a subsidiary of Ingram Micro, will also participate in this training project.

Ingram Micro's headquarters facility in Santa Ana and the AVAD LLC corporate office in Sherman Oaks are eligible for standard retraining. The Ingram Micro Inc. locations in Mira Loma and Elk Grove are eligible for retraining under the Out-of-State Competition Provisions as a computer and computer equipment and software merchant to their customers located inside and outside of California. The remaining Avad LLC locations in Irvine, Livermore, Van Nuys, San Diego, and San Jose are to be funded under the Special Employment Training (SET) funds targeting frontline workers for AVAD's local Branch Sales Offices.

Job Number 1 trainees are employed at Ingram Micro's Santa Ana headquarters facility, the Mira Loma Distribution Center, AVAD LLC's corporate facility in Los Angeles, and the Ingram Micro Logistics Center in Elk Grove. Job 2 SET trainees will be trained at AVAD LLC's locations in Irvine, Livermore, Van Nuys, San Diego, and San Jose. Job Number 3, Newly-Hired retrainees will be employed at Ingram Micro's and AVAD LLC's centers at all nine locations identified for training in this proposal.

## **PROJECT DETAILS**

As a global company, Ingram Micro is continually expanding its products and services to new and existing customers. The global opportunity around cloud services continues to grow rapidly as businesses and consumers move to secure, anywhere, anytime computing. As a global organization, Ingram Micro Cloud is strategically aligned with the future of technology. The Ingram Micro Cloud Marketplace is a transactional online marketplace for channel partners and IT professionals to educate themselves, browse, buy, deploy and manage a comprehensive suite of cloud services with ease and efficiency directly from Ingram Micro.

The Company is expanding Ingram Micro Cloud, which features more than 200 solutions and 70 vendors, into a worldwide services organization to accelerate the adoption of cloud services. It now operates in approximately 170 countries and is clearly differentiated by its people, processes and platform. The new Ingram Micro online marketplace will adopt a global platform that is built to enhance the marketplace's capabilities and introduce a new series of cloud management services.

As part of its growing cloud services, Ingram Micro implemented a global organizational realignment earlier this year to more effectively align multiple business units and functional teams on a global level. Now that the Company has team members in the desired roles and organizational structures aligned globally, Ingram Micro must focus on building a greater global mindset through training. Team members now have peers in, and direct reports in other countries and regions.

In 2014 and 2015 the Company is focused on building frontline workers' ability to operate more effectively in its global work environments to ensure that team members are productive, engaged, and fully understand how to best function under the new organizational structure. Many of Ingram Micro's managers in California now manage more direct reports in other countries worldwide. This new management structure requires Ingram Micro to further advance their ability to coach, manage, train, and develop team members from afar with consideration of different cultural barriers and needs. In early 2015 the Company will be developing and delivering a manager development program for all managers throughout the organization to develop of these new skill sets.

Additional training initiatives include advanced strategic selling programs for its sales staff to support a more advanced, long-term approach to working with customers. The sales training programs will focus on detailed identification of relationships with customers, understanding the full competitive landscape and value proposition, and working to advance the Company's ability to influence the customer's success.

The Company intends to continue to broaden and migrate its capabilities in specialty product and service offerings across its global footprint. It will be critical for Ingram Micro to continue its capabilities and adaptability to new business models to make the Company a valued business partner with opportunities for growth and increased profitability.

## Prior Training

In the first project, training was to be conducted at the Elk Grove facility distribution center in Business, Computer, Continuous Improvement, Management and Literacy skills. However, they were unable to complete the project due to a reduction in staff resulting from the downturn in the economy at that time (se Prior Project Table).

In the second project, Ingram Micro's Santa Ana corporate and Mira Loma distribution center sought ETP funding primarily for a major SAP ERP system implementation that ran into delays and was eventually scrapped until the technical issues are resolved and the system can be fully implemented. However, the company was able to conduct other training for its workforce but performed at less than 70%. However, the Company did use a significant amount of ETP funding to provide training programs to help improve employee job knowledge and expertise. The Company saw a direct impact to the level of engagement of its associates relative to advancing their skills in a variety of areas based on their job roles and specific development plans.

For this third project, Ingram Micro will primarily focus on new business needs as described below. In addition, the Company will also provide new product training begun in the last project that was not delivered to those in need of training. SAP ERP training will be given to only key staff, such as Information Services/Technical Staff.

## 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.

Ingram Micro has committed to hiring 50 new Trainees must be hired within the three-month period prior to Panel approval or during the term of contract. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

Ingram Micro has acquired several companies in the past few years and needs to increase hiring new employees to support to these new facilities and functions. Training these new employees in skills such as business strategies, customer service/support, distribution/logistics/supply chain, and industry best practices will allow them to successfully integrate into the Ingram Micro business culture. In addition, to support the development and roll out of the new products and services, the Company must continue to add new employees. This will allow Ingram Micro to take on additional customers in the midst of its current growth pattern. The 50 Newly-hired retrainees that will be hired during the term of the Agreement represent 3.3% of the current California workforce.

## Training Plan

Ingram Micro will provide a customized range of skills that will give its employees the ability to transition to its new global organizational structure, provide its clients a broader set of services and improve the overall skill level of its employees. Trainees will receive class/lab instruction in the following skills:

**Business Skills (50%):** This training will be offered to all trainee occupations and will provide supplemental business skills in areas such as business strategies, customer service/support, distribution/logistics/supply chain, industry best practices and new/upgraded products and services. This training will improve the ability of the workforce to provide better customer service and improve overall business management.

**Computer Skills (20%):** This training will be offered to all trainee occupations and will provide necessary supplemental computer skills in areas such as business information/data warehouse skills, intermediate/advanced Microsoft Office, and SAP. This training will enable the Company to properly use, manage, and improve the efficiency of these systems.

**Continuous Improvement (30%):** This training will be offered to all trainee occupations. The goal of Continuous Improvement Skills training is to improve the Company's efficiencies and productivity by implementing improved processes throughout the organization. It will be important for all occupations to receive training in areas such as creative/critical thinking, developing leaders, collaboration/innovation, and process/performance improvement in order for them to work efficiently in the growing and changing Ingram Micro environment and have the necessary skills to perform their job function.

### **Commitment to Training**

Ingram Micro provides on-going training including anti-harassment, OSHA safety training, new hire orientation, stress management, basic computer skills, performance management skills and other training. The Company expects to invest \$1.5 million in training for 2014 in California.

ETP funds will not displace the existing financial commitment to training.

Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **PRIOR PROJECTS**

The following table summarizes performance by Ingram Micro under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET09-0504	Elk Grove	4/1/09 – 3/31/11	\$73,872	\$0
ET12-0419	Santa Ana, Mira Loma, Elk Grove	6/30/12 – 6/29/14	\$154,836	\$81,157 (52.5%)

*See prior performance above for explanation.*

ET09-0504: Ingram Micro reports that training in its first ETP project was scheduled to be delivered at its Elk Grove facility. Company representatives at the Elk Grove facility report that they were unable to conduct any fundable training due to the downturn in the economy at that time. The Elk Grove facility had to reduce employee count shortly after the term of the Agreement began and was unable to release the remaining employees for training due to greater workload at reduced staffing levels.

ET12-0419: This project was developed to deliver training primarily for the implementation of a new SAP system. Due to implementation issues in other regions of the world, the Company decided to put the U.S. SAP implementation on hold, thereby reducing the amount of training Ingram Micro provided to its frontline workforce. The administration of the ETP project was also reassigned to the Learning & Development team after the SAP implementation was cancelled.

Ingram Micro will take the following steps to insure improved performance in this new proposal:

- SAP ERP implementation will not be the major focus of this training project. Instead the Company will focus on supplemental training to support its global realignment and Cloud services.
- With the experience gained in the previous ETP project, Ingram Micro's Learning and Development team now understands the ETP program, including project administration, tracking and training eligibility, and is now poised to effectively manage this next ETP project.
- The Company has reduced the funding request by almost 50% to be more in-line with what was earned in the previous ETP Agreement, which will also allow this Agreement to be more successful.
- The Elk Grove distribution and logistics center has stabilized its workforce so that training will lead to a more successful outcome.

### **DEVELOPMENT SERVICES**

Ingram Micro retained Training Funding Partners in Tustin to assist with development of this proposal for a flat fee of \$6,900.

### **ADMINISTRATIVE SERVICES**

Training Funding Partners will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

### **TRAINING VENDORS**

To Be Determined

**Exhibit B: Menu Curriculum****Class/Lab/E-Learning Hours**

8 - 200

Trainees may receive any of the following:

**Business Skills**

- Business Strategies
- Communication/Feedback/ Conflict Resolution
- CPIM (Certified in Production and Inventory Management) Certification
- CSCP (Certified Supply Chain Professional) Certification
- Customer Service/Support
- Distribution/Logistics/Supply Chain
- Finance/Accounting
- Industry Best Practices
- Negotiation/Influence
- New technologies Presentation Skills
- New/Upgraded Products/Technologies/Services
- Strategic Selling

**Computer Skills**

- Business Information/Data Warehouse Skills
- Cisco VoIP
- Cloud Computing
- Customer Relations Management (CRM) System
- Intermediate/Advanced Microsoft Office
- Microsoft Outlook
- SharePoint
- Systems/Programming/Technical Skills

**Continuous Improvement Skills**

- Collaboration/Innovation
- Creative/Critical Thinking
- Developing Leaders
- Increased Productivity/Efficiency
- ISO Training
- Leading Change
- Motivation/Engagement
- Process/Performance Improvement
- Quality Assurance/Quality Control
- Six Sigma
- Statistical Process Control

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