

DELEGATION ORDER



**Training Proposal for:
Innovative Machining, Inc.**

Small Business

ET17-0222

Approval Date: September 9, 2016

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: 25
Worldwide: 25
Number to be trained: 13
Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 16%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$19,604
- In-Kind Contribution: \$23,717

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 Impr, HAZMAT, Mgmt Skills, Mfg Skills	13	8 - 100	0-50	\$1,508	\$17.02
				Weighted Avg: 58			

- Reimbursement Rate: \$26 SB Priority
- County(ies): Santa Clara
- Occupations to be Trained: Accountant, IT Staff, Project Manager, Management Representative, Owner/Programmer, Quality Staff, Setup Staff
- Union Representation: Yes
 No
- Health Benefits: \$1.02 per hour

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: Manex in San Ramon will provide training in Continuous Improvement for a fee to be determined.

OVERVIEW

Innovative Machining, Inc. (Innovative Machining) (www.innomachcorp.com), located in Milpitas, manufactures customized machined components for the semiconductor, medical device, aerospace and high-tech industries. Innovative Machining’s Programmers uses CAD/CAM software to design, develop and produce high quality components based on customers’ specifications. Production workers use CNC Equipment to machine component parts to close tolerances; and to manufacture parts, tools, prototypes, fixtures, assemblies, and gauges. The Company bonds malleable materials such as aluminum or plastic to more arduous materials such as stainless steel, titanium, vespel and torlon.

This is Innovative Machining’s second ETP proposal. The last proposal laid the Company’s foundation for a structured training program. Training focused on the Restriction of Hazardous Substances (RoHS) Directive requiring all medical devices be compliant by July 22, 2014. Workers received training in product knowledge specific to materials meeting RoHS manufacturing compliance and new processes required for implementation.

The Company also introduced its workforce to Lean Manufacturing and Sigma Six Principles in order to improve productivity, eliminate waste, and integrate supply chains. Programmers received basic skills in Solidworks, a program utilized by customers for the development and design of 3D modeling product drawings. Accounting Staff received introductory skills in QuickBooks and Excel. The training allowed the Company to integrate processes in-house rather than out-sourcing, thereby reducing costs.

Since the prior proposal, the Company has added a new manufacturing line, hired 12 new workers, added a second shift (where 10 of the 12 workers were placed), and purchased two new machines – a robotics system for inventory distribution and a new CNC machine. In order to maintain growth and expansion, Innovative Machining must train and cross-train its workers.

Training Plan

All workers will receive training in Continuous Improvement, updated ISO 13485 (medical standards), and Lean Manufacturing. Training in Business, Computer, HAZMAT, Management and Manufacturing skills. The training in this proposal does not duplicate training delivered in the previous curriculum. Training will be provided by the company's internal trainers and third-party vendors.

Business Skills - Training will be offered to the Accountant, Project Manager, and Quality Staff in Strategies on Increasing Sales which focuses improving marketing and sales strategies.

Computer Skills - Training will be offered to the Accountant in intermediate/advanced QuickBooks, and Excel. The Programmer will receive training in intermediate/advanced SolidWorks and Surfcam. Training in CMM program will be provided to the Programmer and Setup Staff.

Continuous Improvement – Training will be offered to all occupations in Lean Manufacturing and ISO 13845 and 90011. Training in ISO 13845 Internal Audit will be provided to the Management Representative who is responsible for the implementation of the Company's auditing processes. Leadership and Building Team Morale skills will be delivered to department leads.

Manufacturing Skills – Training in equipment Setup and Operations, along with Machining Principles will be delivered to all staff with the exception of Accounting Staff. Workers will receive training on new machine and equipment operations and maintenance.

Hazardous Materials – Training will be delivered to Setup staff as specific to their job functions. Training will focus on skills to aid employees in hazardous material handling.

Management Skills – Training will be delivered to the Quality and Project Managers who were promoted to management positions since the company's last ETP contract. As the company has grown its workforce, these managers now manage 10 employees each. New job responsibilities require training in effective leadership, teambuilding, and improving employee morale as the company continues on its business expansion goals.

Computer-Based Training

A portion of the Manufacturing Skills in Machining Principles will be delivered via CBT, not to exceed 50% of the overall training hours.

Modification to the 60-hour Cap for Small Business

Innovative Machining requests a waiver to the Small Business cap from 60 hours up to 100 hours for five trainees: Management Representatives, Owner/Programmer, Project Manager, and Quality Staff. These occupations are managers or leads in their departments responsible for ensuring workers are trained and equipped with the skills necessary to meet daily job responsibilities. Additionally, Management Representatives will receiving training in auditing procedures and requirements as set by ISO 13485 and ISO 90011, which are highly complex courses and will require many hours to complete.

Each of the ISO training sessions consist of 40 hours. An additional 20 hours is required for the Internal Auditing procedures. These courses are essential for the company to maintain its ISO certifications. While not all five trainees will receive all of the courses, the company needs to have the flexibility to train up to 100 hours as they will also be taking courses in other areas. These individuals are in lead and management positions, are the company’s core group of trainers, and are responsible for the day-to-day operations. Therefore, a higher number of hours warrents the company needs for its continued growth and expansion needs.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0266	Milpitas	1/27/2014 – 1/26/2016	\$14,560	\$14,560 (100%)

Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 100

Trainees may receive any of the following:

BUSINESS SKILLS

- Strategies to Increase Sales

COMPUTER SKILLS

- SolidWorks
- Excel Intermediate
- Excel Advanced
- Excel for Power-Users
- QuickBooks
- Surfcam
- True-Vu
- CMM

CONTINUOUS IMPROVEMENT

- Kaisen Lean Manufacturing/Six Sigma
- ISO 13845 Update 2016
- ISO 90011 Update 2016
- ISO13485 Internal Audit

HAZARDOUS MATERIALS

- Hazardous Waste Management

MANAGEMENT SKILLS (management trainees only)

- Management and Leadership
- Building Employee Morale

Safety Training cannot exceed 10% of total training hours per-trainee

MANUFACTURING SKILLS

- Setup for Machines: HAAS, Kiwa, Mitsubishi, Okuma
- Machining Principles

CBT Hours

0- 50

MANUFACTURING SKILLS

- Machining Center Programming, Set Up & Operation (6 hrs)
- CNC Machining Center Setup and Operation (4 hrs)
- CNC Turning Center Programming, Setup & Operation (6 hrs)
- CNC Turning Center Setup and Operation (4 hrs)
- Turning Center Programming (4 hrs)
- Advanced Techniques with Basic CNC Features (4 hrs)
- Setup Reduction for CNC Machining & Turning Centers (4 hrs 47 min)
- Cycle Time Reduction for CNC (6 hrs)
- CNC Router Programming, Setup and Operation (12 hrs 30 min)

Note: Reimbursement for retraining is capped at 100 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee.