



**Training Proposal for:**  
**Levlad, LLC**  
**Agreement Number: ET15-0126**

**Panel Meeting of:** June 27, 2014

**ETP Regional Office:** North Hollywood

**Analyst:** M. Webb

**PROJECT PROFILE**

Contract Attributes:	Job Creation Initiative Priority Rate Retrainee HUA	Industry Sector(s):	Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 450	U.S.: 450	Worldwide: 1,500
<u>Turnover Rate:</u>	3%		
<u>Managers/Supervisors:</u> (% of total trainees)	14%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$229,440		\$0	\$0		\$229,440

In-Kind Contribution:	100% of Total ETP Funding Required	\$237,672
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**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, Hazardous Materials, Literacy Skills, Manufacturing Skills	119	8-200	0	\$1,080	\$16.04
				Weighted Avg: 60			
2	Retrainee Priority Rate HUA	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Literacy Skills, Manufacturing Skills	74	8-200	0	\$1,080	\$12.03
				Weighted Avg: 60			
3	Job Creation Initiative Retrainee	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Literacy Skills, Manufacturing Skills	15	8-200	0	\$1,400	\$10.03
				Weighted Avg: 70			

It will be made a condition of contract that the trainees in Job Number's 2 & 3 will never be paid less than the statewide minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table.

**Minimum Wage by County:** Job Number 1: \$16.04 per hour for Los Angeles County; Job Number 2 (HUA): \$12.03 for Los Angeles County; Job Number 3 (Job Creation): \$10.03 for Los Angeles County.

**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

\$3.27 per hour may be used to meet the Post-Retention Wage for Job Number's 2 & 3.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>JOB NUMBER 1</b>		

Auditing Staff		3
Assemblers		12
Machine Operators		7
Pre-Weighers		7
Quality Control Staff		9
Compounding Staff		1
Warehouse Staff		1
Packaging Staff		2
Inventory Staff		1
Team Leaders		10
Facilities Maintenance		12
Compliance Staff		5
Documentation Staff		5
Research & Development Staff		5
Project Manager		5
Chemists		5
Accounting Staff		3
Frontline Manager		23
IT Support Staff		3
<b>JOB NUMBER 2</b>		
Auditing Staff		2
Assemblers		15
Machine Operators		20
Pre-Weighers		20
Quality Control Staff		2
Compounding Staff		5
Warehouse Staff		4
Packaging Staff		2
Inventory Staff		2
Team Leaders		2
<b>JOB NUMBER 3</b>		
Assemblers		2
Machine Operators		2
Pre-Weighers		2
Warehouse Staff		2
Packaging Staff		2
Compounding Staff		2
Chemists		2
Research & Development Staff		1

## **INTRODUCTION**

Founded in 1972, Levlad, LLC (Levlad) ([www.levlad.com](http://www.levlad.com)) is a manufacturer of personal care products and a subsidiary of Arbonne International, LLC. Products manufactured include cosmetics such as skin, facial and hair care, and other all-natural health and beauty aids. With an onsite micro lab, Levlad provides regulatory compliance reviews, quality control, and product development. The 200,000 square foot facility, located in the city of Chatsworth, also provides warehouse and distribution solutions for its customers. This will be Levlad's first ETP Agreement.

Levlad has established a new management team to create and implement a training plan to increase company leadership and provide Continuous Improvement topics in an effort to meet challenges faced in the cosmetics manufacturing industry. With new legislation proposed in 2013 under the Federal Safe Cosmetics and Personal Care Products Act of 2013 (Act), as well as current labeling and reporting standards, Levlad must improve in areas of quality/regulation management and cost control. [Note: The Act has oversight by the Federal Department of Health and Human Services.]

Due to an increase in the cost of raw materials and the need to meet regulations, Levlad must create alternatives in the manufacturing process to remain competitive. This includes eliminating waste by utilizing lean manufacturing tools. To improve efficiency, trainees will learn new skill sets in Manufacturing Skills and Continuous Improvement.

Levlad recently invested \$1.1 million dollars to upgrade manufacturing equipment at their facility. New pumps, blenders, conveyors, and feeders will be installed over the next year. As a result, production staff will receive training to operate all new equipment without interfering with the Company's regular manufacturing process.

The Company has also identified 81 trainees who would benefit from Vocational Training to improve communication, increase safety awareness, and expand vocabulary in the workplace. Training in this area will be customized so that trainees will become familiar with terms, definitions, and phrases associated with the Company. Vocational training will further allow trainees to fully participate in Levlad's Continuous Improvement Skills training which is critical for the growth of the business.

### **Retrainee - Job Creation**

The Panel offers incentives to companies that commit to hiring new employees. Training for newly hired employees is reimbursed at a higher rate and trainees are subject to a lower post-retention wage.

In this proposal, Levlad has committed to hiring 15 new employees (Job Number 3). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

## **PROJECT DETAILS**

### **Training Plan**

Training will be delivered in the following:

**Business Skills (30%):** Training will be offered to all occupations to ensure they are able to meet customer needs. Courses to be provided include Customer Service, Problem Solving & Decision Making, and Time Management.

**Literacy Skills (10%):** Training will be offered to all occupations that face language barriers in the workplace. Trainees will receive training in Vocational English and Basic Math to improve skill sets and develop better communication among staff.

**Computer Skills (10%):** Training will be offered to Auditing/Accounting Staff, Documentation Staff, and Managers to enhance skills in Microsoft Office. Trainees will learn how to utilize computer programs on a daily basis.

**Hazardous Materials (10%):** Training will be offered to all Production Staff (Assemblers, Quality Control, Machine Operators, Warehouse/Compliance/Packaging/Team Leaders, and Managers). Training in this area will ensure safety precautions take place when handling hazardous materials.

**Manufacturing Skills (15%):** Training will be offered to all Production Staff (Assemblers, Quality Control, Machine Operators, Warehouse/Compliance/Packaging/Team Leaders, and Managers). Trainees will receive job specific training on machinery/equipment to improve technical knowledge. Manufacturing practices such as Lockout/Tag-Out and Standard Operating procedures (SOP) will also be delivered to staff.

**Continuous Improvement (25%):** Training will be offered to all occupations to improve efficiency in all departments. Trainees will receive instruction in Process Improvement, 5S, and Value Stream Mapping.

### **Green/Clean Technology**

Along with the production of private labels, Levlad manufactures its own product line, *Nature's Gate*. The line is all-natural, crafted with botanical ingredients. The Company is committed to producing pure, safe, and beneficial products. Levlad's personal care and nutrition formulas are vegan certified and adhere to a strict purity and safety ingredient policy.

### **Commitment to Training**

The Company will continue to deliver training such as Safety Training, Sexual Harassment, New Employee Orientation, and other mandated training outside of this ETP project. Training is company-wide and job specific. Levlad spends approximately \$75,000 annually in training.

Levlad represents that 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.

#### ➤ Training Infrastructure

The Company has hired National Training Systems, Inc. to aide in the administration of the ETP program. A representative of Levlad has been assigned as the main point of contact for the duration of the Agreement.

### **HUA/Wage Modification**

The 62 trainees in Job Number 2 work in Los Angeles County, a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 15%. For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. Levlad request, a wage modification for these trainees.

**RECOMMENDATION**

Staff recommends approval of this proposal.

**DEVELOPMENT SERVICES**

Levlad retained National Training Systems, Inc. (NTS) in Ladera Ranch to assist with development of this proposal for a flat fee of \$17,800.

**ADMINISTRATIVE SERVICES**

Levlad also retained NTS to 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 Hours**

8-200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- Business Writing Skills
- Change Management
- Communication Skills
- Conducting Effective Meetings
- Conflict Resolution
- Customer Service
- Customer Relations
- Leadership Skills
- Performance Management
- Performance Metrics
- Presentation Skills
- Problem Solving & Decision Making
- Product Knowledge
- Project Management
- Sales Skills
- Sales & Marketing in a Global Economy
- Schedule Adherence & Availability
- Strategic Planning & Policy Deployment
- Time Management

**COMPUTER SKILLS**

- Microsoft Office Skills (Intermediate & Advanced)
- MS Excel
- MS Office
- MS PowerPoint

**CONTINUOUS IMPROVEMENT**

- 5S
- High Performance Work Teams
- ISO Technical Skills
- Leadership Skills
- Process Improvement
- Production Workflow
- Quality Improvement
- Value Stream Mapping

**HAZARDOUS MATERIALS**

- Hazardous Materials/Hazardous Waste Site Specific Training

**MANUFACTURING SKILLS**

- APICS Supply Chain Management
- Cross-Training
- Good Manufacturing Practices (GMP)
- Kaizen
- Lean Manufacturing Processes
- Machine Operations
- Machine Maintenance
- Preventative Maintenance
- Safety\*
- Sanitation & Chemicals
- Standard Operating Procedures (SOP)

**LITERACY SKILLS\*\***

- Basic Math
- Literacy
- Vocational English

- \*Safety Training cannot exceed 10% of total training hours per-trainee  
\*\*Vocational Skills Training cannot exceed 45% of total training hours per-trainee

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