



**Training Proposal for:**  
**Merle Norman Cosmetics, Inc.**  
**Agreement Number: ET15-0482**

**Approval Date:** June 24, 2015

**ETP Regional Office:** North Hollywood

**Analyst:** M. Reeves

**PROJECT PROFILE**

Contract Attributes:	Retrainee Priority Rate	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: 360	U.S.: 400	Worldwide: 450
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	18%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$98,280		\$0	\$0		\$98,280

In-Kind Contribution:	100% of Total ETP Funding Required	\$149,637
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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 Impr, Mfg Skills	130	8-200	0	\$756	\$15.97
				Weighted Avg: 42			

**Minimum Wage by County:** \$15.97 per hour 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  
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
Administrative Staff		30
Customer Service Staff		4
Production Staff		46
Research/Development/Design Staff		14
Sales/Marketing Staff		12
Manager/Supervisor		24

**INTRODUCTION**

Merle Norman Cosmetics, Inc. (Merle Norman) ([www.merlenorman.com](http://www.merlenorman.com)), founded in 1931, develops, manufactures and distributes a full line of skin care and color cosmetic products. The Company's products are sold through approximately 1,300 independently owned and operated Merle Norman Cosmetic Studios in the United States, Canada and Mexico.

Merle Norman is headquartered in Los Angeles and has two additional locations in Sylmar and Memphis, Tennessee. The Merle Norman line includes hundreds of tried-and-true products that address the full spectrum of skin care and color needs for all women. To ensure optimum quality, the Company researches, develops, manufactures and packages products in-house. To ensure freshness, the products are shipped daily.

**PROJECT DETAILS**

Merle Norman has begun to implement and customize its new Enterprise Resource Planning (ERP) system developed by SysPro. After years of using a home-grown data system, the Company realized that its dated technology was impeding business growth and its ability to adequately serve franchise customers. ETP funds will help launch an initiative in the coming weeks to facilitate this transition. The new ERP system will set the stage for e-commerce (the ability to reach customers through internet sales) which is beyond the capability of the Company's current infrastructure.

Additionally, to maximize utility of the new ERP system and improve overall operations, Merle Norman plans to upgrade supply chain operations, and employee skills.

## **Training Plan**

**Business Skills** (8%) – This training will be offered to Administrative, Customer Service, and Sales/Marketing Staff who interface regularly with franchisees and customers. Trainees will learn effective customer relations and sales techniques.

**Computer Skills** (76%) – This training will be offered to all occupations. Employees need to be trained on software solutions that are not currently being used to their full potential. Areas of focus will include e-commerce and information and data management. All employees must receive training in the functionality and capabilities of the new ERP system.

**Continuous Improvement** (8%) – This training will be offered to all occupations. Workers will learn problem-solving and process improvement methodologies to promote effective leadership and team building.

**Manufacturing Skills** (8%) – This training will be offered to Production Staff and Managers/Supervisors. Supply Chain Management training will teach workers how to become better stewards of inventory in order to achieve greater overall efficiency.

## **Commitment to Training**

Merle Norman spends an estimated \$250,000 annually on training at its California locations. The Company currently provides on-the-job training related to specific job functions. 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 identified two internal lead personnel to oversee training delivery, scheduling, and tracking. The Company has also retained an administrative subcontractor to ensure that training administration and documentation adhere to ETP requirements.

## **RECOMMENDATION**

Staff recommends approval of this proposal.

## **DEVELOPMENT SERVICES**

Merle Norman retained California Manufacturing Technology Consulting (CMTC) in Torrance to assist with development of this proposal. [Note: CMTC is eligible to receive 10% of the approved amount of funding for referrals such as this, under a marketing agreement with ETP, not to exceed \$15,000. In this proposal, the fee will be \$9,828. This fee does not affect the approved amount of funding.]

## **ADMINISTRATIVE SERVICES**

Merle Norman also retained CMTC to perform administrative services 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**

-  Customer Service
-  Sales

#### **COMPUTER SKILLS**

-  Enterprise Resource Planning

#### **CONTINUOUS IMPROVEMENT**

-  Leadership
-  Lean Manufacturing
-  Change Management
-  Problem Solving
-  Team Building

#### **MANUFACTURING SKILLS**

-  Supply Chain Management

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