

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:**

**Morgan-Gallacher, Inc. dba Custom Chemical Formulators,
Inc.**

Small Business

ET17-0223

Approval Date: September 15, 2016

ETP Regional Office: North Hollywood **Analyst:** M. Webb

CONTRACTOR

- Type of Industry: Manufacturing
Services
Priority Industry: Yes No
- Number of Full-Time Employees
California: 43
Worldwide: 43
Number to be trained: 34
Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 10%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$25,844
- In-Kind Contribution: \$40,684

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 SB <100 Priority Rate	Business Skills, Computer Skills, Continuous Improvement, HazMat, Manufacturing Skills	30	8-60	0	\$754	\$16.48
				Weighted Avg: 29			
2	Retrainee SB <100 Priority Rate Job Creation Initiative	Business Skills, Computer Skills, Continuous Improvement, HazMat, Manufacturing Skills	4	8-60	0	\$806	*\$13.73
				Weighted Avg: 31			

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

- Reimbursement Rate: Job #'s 1 & 2: \$26 SB Priority
- County(ies): Los Angeles
- Occupations to be Trained: Distribution/Production Staff, Sales Staff, Administration Staff, Supervisor/Manager, Owner
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$3.83 per hour Job #2: \$1.08 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source (TFS) in Seal Beach assisted in development for a flat fee of \$2,900.
- Administrative Services: TFS will also provide administration services for a fee not to exceed 13% of payment earned.
- Training Vendors: N/A

OVERVIEW

Morgan-Gallacher, Inc. dba Custom Chemical Formulators, Inc. (CCFI) (www.customchem.com) is a powder production manufacturing plant located in Santa Fe Springs. The location consists of a main warehouse and three production buildings. Services provided include powder and liquid chemical blending, contract labeling and packaging, repackaging, and chemical product development.

Under the Company's prior ETP Agreement training was provided in "small packaging", a service that requires staff's close attention to detail in the use of a much smaller container. This training will continue for newly-hired workers and specific departments with a high level of accountability for inventory. Workers will receive additional training to extract information from their computer system, Chempax, to maintain an accurate inventory system.

CCFI has new leadership, Executives and Managers, who plan to implement new processes to increase sales, efficiencies, strategic planning, and better overall management of the Company. Recent changes include CCFI's joining the National Association of Chemical Distributors (NACD) which has specific operational requirements. Trainees must learn and implement new processes to ensure compliance with NACD standards.

All employees will be required to participate in training. Trainees will receive Continuous Improvement, Hazardous Materials, Computer, Manufacturing, and Business Skills training to streamline processes. Distributions/Production Staff will learn to better utilize tools, computer software, and equipment to minimize errors in the production process. Through Computer Skills training, trainees will learn to streamline data, and be knowledgeable of production queues, lead times, projected shipping dates, and financial reports.

Training Plan

CCFI customers demand quicker lead times, real-time inventory reporting, and compliance with ISO standards. The curriculum topics address customer demand through improved office and communication skills, and increased efficiencies and manufacturing capabilities.

Business Skills: Training will be offered to Administration Staff, Sales Staff, Supervisors/Managers, and the Owner to improve project management and customer relations. Course topics include Performance Indicators, Supply Chain, and Customer Service.

Hazardous Materials: Training will be offered to Distribution and Production Staff, and Supervisors and Managers. Trainees will learn the proper way to handle hazardous materials in a safe manner.

Computer Skills: Training will be offered to all occupations to ensure staff can utilize computer programs such as Microsoft Office and Chempax (MRP System).

Manufacturing Skills: Training will be offered to Distribution/Production Staff, Supervisors/Managers and the Owner. Staff will learn to operate new equipment as well as new processes increase efficiency and productivity.

Continuous Improvement: Training will be offered to all occupations to improve productivity and work processes. Distribution and Production Staff will receive Process and Productivity Improvement training. Managers, Administration and Sales Staff will receive Decision Making, Problem Solving, and Leadership training.

Job Creation

CCFI has committed to hiring 4 new employees (Job Number 2). CCFI customers continue high demand for quicker turn around times. To meet this business need, CCFI will increase its workforce to meet higher product levels and quicker shipping times. Occupations to be hired include Distribution/Production, Administration, and Sales Staff. Newly-hired workers will receive basic training in company sales strategies and business methodologies, company products, and equipment operation (blending/filling/packaging). Trainees will also receive Computer and Business Skills training to learn company software programs and new company goals to increase efficiency.

The date-of-hire for all trainees will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into “net new jobs” as a condition of contract.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0352	Santa Fe Springs	04/28/14- 04/27/16	\$49,920	\$25,523 (51%)

Training was not delivered as planned. Mid-way through the Agreement the CCFI contract representative was terminated and a new staff designated to head the ETP project. The number of training sessions provided decreased, and training was not properly documented.

CCFI is now better organized. Staff members assigned to manage training during the end of ET14-0352 received training on ETP requirements. Since they will be a part of the training process from beginning till end, the Company has a much better chance at earning 100% of ETP funding. Workers are now familiar with ETP record keeping requirements. This proposal has been right-sized to reflect prior project earnings.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Business Key Performance Indicators
- Communication Skills
- Computerized Scheduling
- Cost Accounting, Manufacturing and Pricing Control
- Concierge Customer Service
- Inventory Management
- Open Order Tracking & Planning
- R&D/Product & Application Knowledge
- Supply Chain
- Sales & Marketing Strategy
- Standard Operating Procedures

COMPUTER SKILLS

- MRP/ERP- Chempax
- MS Office- Excel, Access, Etc.

CONTINUOUS IMPROVEMENT

- Change & Culture Management
- Coaching & Mentoring
- Decision Making
- Leadership
- National Association of Chemical Distributors (NACD) Process
- Planning
- Problem Solving/Root Cause Analysis
- Process & Productivity Improvement

HAZARDOUS MATERIALS

- Hazardous Materials Handling

MANUFACTURING SKILLS

- Equipment Operation
- Operations Process
- Quality improvement
- Production Troubleshooting

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

Note: Reimbursement for retraining is capped at 60 total training hours per trainee, regardless of the method of delivery.