



**Training Proposal for:
Organic By Nature, Inc.**

Small Business ≤ \$50,000

ET16-0200

Approval Date: September 24, 2015

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

CONTRACTOR

- Type of Industry: Manufacturing

- Priority Industry: Yes No

- Number of Full-Time Employees
 - California: 87
 - Worldwide: 89
 - Number to be trained: 87
 - Owner Yes No

- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 12%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$49,764
- In-Kind Contribution: \$41,878

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 HUA Priority Rate	Business Skills, Computer Skills, Continuous Impr, HazMat, Mfg Skills	87	8-60	0	\$572	\$11.98
				Weighted Avg: 22			

- Reimbursement Rate: \$26 SB Priority
- County(ies): Los Angeles
- Occupations to be Trained: Administrative Staff, Sales Staff, Production Staff, Technical/Quality Staff, Supervisors/Managers, Owner
- Union Representation: Yes
 No
- Health Benefits: \$1.70 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source (TFS) located in Seal Beach will develop the proposal for a flat fee of \$2,900.
- Administrative Services: TFS will also perform administrative services for a fee not to exceed 13% of funds earned.
- Training Vendors: N/A

OVERVIEW

Organic by Nature, Inc. (OBN) (www.organicbynatureinc.com) is a contract manufacturing company located in the City of Long Beach. Organic and kosher certified, the Company follows strict protocols to manufacture dietary supplements using organic ingredients. Contract manufacturing services include formulation, blending, powder-filling, and bottling/packaging. Customers are also offered the option of purchasing OBN's line of standard organic certified pre-blends to reduce production costs (sourcing, processing, and blending).

Need for Training

OBN's employee population has increased by 12% in the last year. To meet demand, OBN must implement systematic processes into their manufacturing operations to increase efficiency and reduce production costs. The Company has established new metrics to ensure the facility is functioning at maximum efficiency: increase employee skill set, decrease manufacturing lead time, and improve inventory management.

Additionally, OBN invested in a new Material Requirement Planning (MRP) system used to route and schedule production jobs. Scheduling is currently completed through a manual spreadsheet system that is prone to human error, resulting in inaccurate data and information collecting that can effect production time. The new MRP system will reduce data entry errors, reduce lead time and production costs, and improve equipment performance.

Finally, trainees will also receive a substantial amount of training in chemical and microbiological analysis. FDA testing requires manufacturers of dietary supplements to increase testing capabilities. Third-party testing laboratories can charge high prices compared to in-house testing. Training will allow employees to test supplements and other products. Testing basics will include raw material testing, in-process testing, and finished product testing. Following training, in-house testing will become a major portion of the manufacturing lead time.

Training Plan

To remain competitive, OBN has developed a training plan that will implement Lean Manufacturing processes, reduce inventory fluctuation, increase staff leadership skills, and establish strategic performance indicators. Topics provided will streamline the production process while also providing clientele with high quality products.

Business Skills: Training will be offered to Administrative, Sales, and Technical/Quality Staff, and Managers/Supervisors. Course topics provided will improve communication, customer service, and leadership skills.

Computer Skills: Training will be offered to Administrative Staff, Production Staff, and Managers/Supervisors to ensure staff can utilize computer software programs used by the Company. Training provided will include MRP, Microsoft Office Suite Software, and Routing.

Manufacturing Skills: Training will be offered to Production Staff, Quality Staff, and Managers/Supervisors. Training will introduce trainees to new processes that will be implemented at the facility to increase efficiency.

Continuous Improvement: Training will be offered to all occupations. Staff will receive instruction in Lean Manufacturing Skills, Good Manufacturing Practices, and Process Improvement to improve all aspects of the production process.

Hazardous Materials: Training will be offered to Production Staff and Managers/Supervisors to make them aware of safety precautions that should be utilized when handling dangerous materials.

Temporary to Permanent Hiring

Due to demand, OBN may hire trainees in production positions that come under Panel guidelines for “temporary to permanent” employment. OBN has retained these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by OBN. Until then, the Company will not receive progress payments.

High Unemployment Area

Trainees in Job Number 1 work in Long Beach, a High Unemployment Area (HUA) exceeding the state average by at least 25%. For trainees in an HUA, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. OBN is asking for a 25% wage modification from \$15.97 to \$11.98.

RECOMMENDATION

Staff recommends approval of this proposal.

Exhibit B: Menu Curriculum**Class/Lab Hours**

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Service
- Effective Communication
- Inventory Control
- Key Performance Indicators
- Leadership
- Market Research
- Operational Procedures
- Product Innovation
- Reconciliation
- Teambuilding

COMPUTER SKILLS

- Enterprise Resource Planning (ERP)
- Material Requirement Planning
- Network & Server Management
- Office Suite Software
- Production Scheduling
- Shop Floor Data Collection
- WorkCenter Routing

CONTINUOUS IMPROVEMENT

- Good Manufacturing Practices
- Lead Time Reduction
- Lean Manufacturing Skills
- Process Flowchart
- Process Improvement
- Root Cause Analysis
- SMART Goals
- Total Quality Management

HAZARDOUS MATERIALS

- HazMat Handling
- Material Safety Data Sheets

MANUFACTURING SKILLS

- Chemical and Microbiological Analysis
- Equipment Operations
- Hazard Analysis and Critical Control Point (HACCP)
- Laboratory Procedures
- Material Handling Equipment
- Preventive Maintenance
- Production Equipment/Tools
- Product Formulation and Development
- Sanitation

- Setup Time Reduction
- Standard Operating Procedures (SOP)
- Troubleshooting
- Validation

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