



**Retrainee – Job Creation
Training Proposal for:
Q C M, Inc. dba Veris Manufacturing**

Small Business \leq \$50,000

ET15-0169

Panel Meeting of: June 27, 2014

ETP Regional Office: San Diego

Analyst: M. Ray

CONTRACTOR

- Type of Industry: Manufacturing

 - Number of Full-Time Employees
 - California: 61
 - Worldwide: 61
 - Number to be trained: 40

 - Out-of-State Competition: NAICS Code Eligible
 - Special Employment Training (SET): Yes No
 - High Unemployment Area (HUA): Yes No
 - Turnover Rate: 8%
 - Repeat Contractor: Yes No
- Priority Industry: Yes No
- Owner Yes No

FUNDING

- Requested Amount: \$30,160
- In-Kind Contribution: \$58,168

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, Mfg Skills, PL-Mfg Skills	35	8-60	0	\$754	\$15.98
				Weighted Avg: 29			
2	Retrainee Priority Rate SB <100 Job Creation Initiative	Business Skills, Computer Skills, Continuous Impr, HazMat, Mfg Skills, PL-Mfg Skills	5	8-60	0	\$754	\$14.00
				Weighted Avg: 29			

- Reimbursement Rate: Job #'s 1 & 2: \$26 SB Priority
- County(ies): Orange
- Occupations to be Trained: Production, Administrative Support, Supervisor/Manager
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$1.60 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source (TFS) in Seal Beach assisted in the development of this application for a flat fee of \$2,900.
- Administrative Services: TFS will also provide administrative services for an amount not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Q C M, Inc. dba Veris Manufacturing (Veris) was founded in 1987. Located in Anaheim, Veris manufactures electronic products such as printed circuit board, cable, and box-build components. The Company also offers conformal coating and testing services. Veris' products are used in medical, test and measurement, capital equipment, telecom and industrial markets.

This will be the second Agreement between Veris and ETP within the last five years. In its most recent ETP project (ET12-0395), the Company provided training to 22 trainees who received an average of 53 hours of training, the majority of which focused on continuous improvement skills

training in International Standards Organization certification and AS9100 to remain competitive in the electronics industry.

The Company representative reported that Veris' business needs have increased. In addition to its current market segments, Veris projects to gain a higher percent of market share from its new and emerging Aerospace and Defense industry markets. Most recently, the Company landed its first order from a stringent defense manufacturing company located in Irvine. With this new customer, the Company forecasts a 10% increase in revenue in 2014 and an additional 15% in 2015. In addition, Veris anticipates an additional three new customers in 2014. To prepare for this anticipated increase in business, Veris is moving from its 14,400 square-foot Anaheim facility to a 30,000 square-foot facility in Orange County by the end of 2014. The larger facility will accommodate additional equipment and enable Veris to pursue expanded mechanical assembly work to support growth and enable the Company to meet increased customer demands.

The increase in market segments will require Veris to develop a more specific training program to parallel the new and updated changes occurring within the Company. To do this, the Company must improve its manufacturing and business processes and services to retain and acquire customers. Through this proposal, Veris has committed to implement:

1. Aegis FactoryLogix – Veris has acquired a new control/tracking software system in August 2013 to be deployed on the shop floor in June 2014. This system is designed to provide real-time tracking of circuit boards and quality control on the manufacturing floor to ensure an error-free process.
2. Solder Paste Inspection (SPI) Machine – Veris has acquired a new solder inspection machine in December 2013 which is scheduled to be upgraded in July 2014. This machine is used to monitor and control the most crucial steps affecting finished quality of circuit boards to allow an automated method for performing in-process inspection on the assembly line.
3. Lean Principles – Veris will introduce Lean Manufacturing concepts to improve production process, product quality, and frontline leadership. Providing Lean principles will assist the Company to minimize waste.

In addition to training on system/equipment upgrades and Lean principles, the Company must continue to give workers the skills necessary to obtain and maintain certifications such as ISO.

Retrainee - Job Creation

Veris plans to hire five new employees in 2014 (Job Number 2): two Production Staff, two Administrative Support Staff, and one Supervisor/Manager. Through the Panel's Job Creation Initiatives funding, trainees must be hired within the three-month period prior to Panel approval or during the term of contract. Job Creation trainees need only meet the New Hire Minimum Wage by county. [Note: Veris may hire an additional 5-10 employees in 2015.]

Training Plan

Business Skills – Training will be provided to all job occupations in the areas of communication, product knowledge, and customer relations to give employees the skill set to effectively implement customer solutions to improve customer satisfaction.

Computer Skills – Training will be offered to all job occupations in the new tracking software system, ERP, Quote FX, and Materials Requirement Planning to provide trainees with the ability to streamline processes and improve customer responsiveness across all departments.

Continuous Improvement – Training will be offered to all job occupations. In addition to upgraded ISO and AS9100 training, trainees will receive Lean Manufacturing, NADCAP, and Process Improvement training to maintain and increase market segments while complying with quality standard requirements.

Hazardous Materials – Training will be offered to Production Staff. Training in Hazardous Materials Handling will help employees to effectively manage waste/spill operations to prevent injury or damage.

Manufacturing Skills – Training will be offered to all trainees to develop their skills in all areas of production, processes, and procedures. The majority of this training will focus on the new SPI machine as the Company prepares to acquire additional equipment in 2015. Training in various new and upgraded machineries will allow trainees to operate equipment more efficiently. Training topics such as Good Manufacturing Processes, Inspection Techniques, and Preventative Maintenance will provide the trainees with skills necessary to improve product quality and the Company's overall manufacturing processes.

Productive Laboratory – Manufacturing Skills

The Panel has adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training, in the courses identified under the Curriculum and with no more than ten trainees per instructor. The instructor must be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring.

For the first time, through this proposal, Veris requests PL training in Manufacturing Skills topics such as AOI, SPI, Juki SMT, Selective Solder, Conformal Coating, X-Ray, and Inspection tools to be delivered to approximately 25 existing and newly-hired Production Staff. Trainees may receive all of their training hours in PL-Manufacturing Skills or a combination of class/lab including PL hours. However, training is capped at less than half allowable hours per-trainee (20 hours out of possible 60 hours). Training will be specific to the type of equipment and/or process to ensure trainees receive a broader understanding of the entire manufacturing process.

Veris states that PL trainers will be qualified and/or machine-certified to instruct and deliver the course content and material. Trainers are responsible for directing the operations and instructions as well as providing immediate feedback to the trainee as work is performed. Trainers will document all training daily.

The Company anticipates production will be lower during PL as trainees will not be expected to produce the same output level to focus on quality of product. This will allow trainees to acquire the skills to become competent in the operation of the equipment without the pressure of normal production requirements.

PL trainees will be trained with a trainer-to-trainee ratio between 1:1 and 1:3 and hours will be capped at 20 hours per trainee.

Prior Performance

Although Veris fell short of achieving maximum ETP earnings, training provided under the prior ETP project (ET12-0395) helped the Company to attain and maintain quality certifications. Veris reports that the proposed training differs from the prior project mainly due to the new and upgraded software systems, machineries, and manufacturing processes acquired to support its recent increase in customer demands. This proposal has been “right sized” to the amount earned previously.

This proposal may include employees who participated in the previous contract, and some Curriculum topics are repeated. However, Veris has confirmed that the subject matter has been updated and/or improved, so there will be no duplication of training in those courses. In addition, the proposed project will include several newly hired employees who have not received any ETP training in the past.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET12-0395	Anaheim	5/11/12 – 5/10/14	\$45,630	\$30,290	(66%)

ET12-0395: The last day of ETP training was 2/10/14. Veris has documented 1,165 eligible training hours to equal \$30,290 in potential earnings for 22 trainees who completed retention. The contract closeout invoice is currently being processed by ETP.

According to Veris representative, the primary factor behind the low prior performance was because Veris’ Administrative Staff did not adequately identify the ETP training for its in-house trainers. Consequently, although training was provided, trainers did not document ETP-eligible training.

Since then, Veris has developed a strategic process to raise company-wide training awareness and to ensure all training provided is documented. To ensure success in the new project, the Company has outlined their step-by-step administrative process as follows:

- Administrative Staff to identify all ETP-eligible training for its in-house trainers;
- Attendance rosters and other ETP-related resources are readily accessible to all trainers and supervisors/managers;
- Trainers are held responsible in ensuring that attendance rosters are completed accurately; and
- The President of the Company to play a more active role in managing ETP training and ensuring that trainers submit all attendance rosters on time.

Accordingly, this project has been right-sized to \$30,160 to more mirror earnings in the prior Agreement. The weighted average training hours requested for each retrainee is 64% less than in the previous Agreement.

Exhibit B: Menu Curriculum

Class/Lab Hours

8 - 60 Trainees may receive any of the following:

BUSINESS SKILLS

- + Coaching
- + Communication
- + Conflict Resolution
- + Customer Relations
- + Finance
- + Goal Setting
- + Inventory Control
- + Leadership
- + Marketing & Business Development
- + Product Knowledge
- + Project Management
- + Team Cohesiveness

COMPUTER SKILLS

- + Accounting
- + Aegis Factory Logix
- + CircuitCam
- + Crystal Reports
- + Vantage by Epicor - ERP
- + Vantage - MES
- + Materials Requirement Planning
- + MS Office
- + MS Project
- + Quote FX

CONTINUOUS IMPROVEMENT

- + 5S
- + AS9100
- + ISO9001-2008
- + ISO13485
- + Lean Manufacturing
- + National Aerospace & Defense Contractors Accreditation Program Compliance Processes (NADCAP)
- + Process Improvement
- + Productivity Improvement
- + Quality improvement

HAZARDOUS MATERIALS

- + HazMat handling

MANUFACTURING SKILLS

- + AOI Inspection and Programming
- + Blueprint Reading

- ✚ DEK Stencil Printer
- ✚ Equipment Operation, Maintenance, & Troubleshooting
- ✚ Good manufacturing processes
- ✚ Hand Soldering to J-Std
- ✚ Inspection Techniques
- ✚ IPC-610
- ✚ Juki SMT Pick and Place Machine
- ✚ Material Requirements Planning
- ✚ Pillarhouse Selective Solder
- ✚ Preventative maintenance
- ✚ Programmable Conformal Coating Machine
- ✚ Surface Mount Technology (SMT) and Stencil Operation
- ✚ Statistical Process Control (SPC)
- ✚ Technical Devices Wave Solder Machine
- ✚ VI Technology SPI Machine

Productive Lab

0 - 20

PRODUCTIVE LAB – MANUFACTURING SKILLS

- ✚ AOI Inspection and Programming
- ✚ DEK Stencil Printer
- ✚ Equipment Operation, Maintenance & Troubleshooting
- ✚ Hand Soldering to J-Std
- ✚ Inspection Techniques
- ✚ Juki SMT Pick and Place Machine
- ✚ Pillarhouse Selective Solder
- ✚ Preventative maintenance
- ✚ Programmable Conformal Coating Machine
- ✚ SMT and Stencil Operation
- ✚ Technical Devices Wave Solder Machine
- ✚ VI Technology SPI Machine

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