



## RETRAINEE - JOB CREATION

**Training Proposal for:**

**Service Champions, Inc.**

**Agreement Number: ET16-0368**

**Panel Meeting of:** February 26, 2016

**ETP Regional Office:** San Diego

**Analyst:** S. Godin

### PROJECT PROFILE

Contract Attributes:	SET Job Creation Initiative Priority Rate Veterans	Industry Sector(s):	Construction Services  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Orange, 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: 185	U.S.:185	Worldwide: 185
<u>Turnover Rate:</u>	9%		
<u>Managers/Supervisors:</u> (% of total trainees)	0%		

### FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$379,440</td></tr> </table>	Program Costs	\$379,440	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$0	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Total ETP Funding</b></td></tr> <tr><td style="text-align: center;">\$379,440</td></tr> </table>	<b>Total ETP Funding</b>	\$379,440
Program Costs												
\$379,440												
(Substantial Contribution)	(High Earner Reduction)											
\$0	\$0											
<b>Total ETP Funding</b>												
\$379,440												

In-Kind Contribution:	100% of Total ETP Funding Required	\$427,000
-----------------------	------------------------------------	-----------

**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 SET Priority Rate	Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat	160	8-200	0	\$1,080	\$21.28
				Weighted Avg: 60			
2	Veterans Priority Rate SET Job Creation	Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat	8	8-200	0	\$3,080	\$13.73*
				Weighted Avg: 140			
3	Job Creation Priority Rate SET	Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat	65	8-200	0	\$2,800	\$13.73*
				Weighted Avg: 140			

\*It will be made a condition of the contract that the trainees in Job Number 2 & 3 will never be paid less than the statewide or local minimum wage rate (whichever is higher) 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: (SET Priority) \$21.28;

Job Numbers 2 & 3: \$13.76 Orange County; Los Angeles County: \$13.73;

**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 \$0.85 per hour may be used to meet the Post-Retention Wage.

**Other Compensation:** Incentive pay (“bonus”), which is a normal, recurring part of SCI’s employee compensation for all occupations, may be used, in addition to health benefits, for some trainees to meet the ETP minimum wage. Over the previous twelve months the bonus amount ranged from \$.06 to \$43.85 per hour. The average bonus amount was \$2.85 per hour. Approximately 37% of the staff from all occupations may need incentive pay, in addition to health benefits, to meet the ETP minimum wage.

SCI also has a formal Commission Plan that is a regular part of the compensation structure for Service Technicians/Installers and Lead Workers which is paid on a monthly basis and is based on a 4% commission rate for the sales achieved by the Technician. Over the previous twelve months, the Commission amount ranged from \$.08 - \$181.29 per hour. The average monthly Commission amount was \$18.54 per hour.

<b>Wage Range by Occupation</b>		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1 - Retrainee</b>	<b>WAGE RANGE</b>	<b>ESTIMATED # TRAINEES</b>
Service Technician/Installer/Lead Worker		100
Senior Service Technician/Installer		20
Frontline Supervisor/ Manager		5
Customer Service/Dispatch Staff		15
Corporate/Operations Support Staff		20
<b>Job Number 2 – Veterans Job Creation</b>	<b>WAGE RANGE</b>	<b>ESTIMATED # TRAINEES</b>
Service Technician/Installer/Lead Worker		5
Frontline Supervisor/Manager		1
Customer Service/Dispatch Staff		1
Corporate/Operations Support Staff		1
<b>Job Number 3 – Retrainee – Job Creation</b>	<b>WAGE RANGE</b>	<b>ESTIMATED # TRAINEES</b>
Service Technician/Installer/Lead Worker		40
Frontline Supervisor/Manager		5
Customer Service/Dispatch Staff		10
Corporate/Operations Support Staff		10

## **INTRODUCTION**

Founded in 2000 and headquartered in Orange County, Service Champions, Inc. (SCI) ([www.servicechampions.com](http://www.servicechampions.com)) specializes in installing, diagnosing, and repairing systems for Heating, Ventilation and Air Conditioning (HVAC). SCI recently moved to a new facility in Brea. The Company qualifies for funding under Special Employment Training (SET) guidelines as a priority industry specialty contractor not facing out-of-state competition.

## **PROJECT DETAILS**

SCI's training needs are driven by its strategic plan: to become the HVAC residential service company of choice in Southern California. To do this, the Company must distinguish itself from its competitors by providing high-level customer service.

In a service-driven industry, customer satisfaction levels can affect business. SCI training will focus on shortened service call response times: from the first call to customer service, through dispatch follow-up with the customer by the technician).

Smarter and more efficient heating and ventilation systems have become a major part of SCI's equipment and service offerings. Trainees must be knowledgeable on products and services to accurately promote the Company's full range. Additionally, the Company's installers and service technicians must remain up-to-date on the newest industry technologies and trends.

Training is also being driven by the recent purchase of a new companywide Enterprise Resource Planning System (ERP), ServMan, which will replace two older legacy systems. The new ERP system will improve processes and provide new functions such as paperless work orders and quote management; client and prospect management; mapping and route optimization tools and integrated accounting. The system is scheduled to go live during the second quarter of 2016 and all occupations will require training.

### **Retrainee – Job Creation**

SCI experienced an 18% revenue increase over the last 12 months and its employee count grew from 140 to 185. This trend is expected to continue during the term of the proposed Agreement. To support this expansion, the Company recently moved from a 20,000 to 45,000 square foot building in February 2016. The Company will also open two additional facilities (Los Angeles and South Orange County) during the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2016. To fully staff the new locations, SCI will hire 200 net new employees during the term of the Agreement, of which 73 are included in the proposed training plan (8 in Job Number 2 and 65 in Job Number 3).

The newly hired Service Technicians/Installers and Lead Workers will require extensive training (up to 200 hours) to develop the requisite skills needed to support the Company's growth plans. SCI will deliver an additional 120–200 training hours beyond the ETP-funded training.

SCI represents that the date of hire for all trainees in the Job Creation program (Job Number 2 & 3) will be within the three month period before contract approval or within the term-of-contract. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract and will meet ETP required wages.

### **Veterans Program**

SCI partners with local organizations such as "Hire-a-Vet" and "Hire-a-Hero" through participation in job fairs and with the Department of Veteran Affairs to actively recruit, train and employ veterans. SCI plans to hire 8 Veterans over the next two years.

Job Number 2 trainees must be veterans who have served on active full-time duty in the Armed Forces and were (a) honorably discharged; or (b) released from active duty because of a service-connected disability. Reservists who have served on active full-time duty, and who are still on reserve status, are also eligible to participate. The California National Guard is also considered to be a branch of the Armed Forces; and therefore, eligible to participate in the proposed training.

These trainees will receive a reimbursement rate of \$22 per hour and will meet ETP required wages. In this case, the Job Creation wage will apply as discussed above.

### **Training Plan**

Commercial Skills, Continuous Improvement and Hazardous Materials Handling training topics will be delivered by SCI's full-time training director. Business and Computer Skills training will be delivered by a combination of in-house staff and outside training vendors as needed.

**Business Skills (25%):** Training will be offered to all occupations. Trainees will receive customer relations, communication skills, advance sales, dispatch procedures, service coordination skills, and estimating skills/writing quotes. Trainees will also receive product knowledge and technology updates on equipment and services.

**Commercial Skills (35%):** Training will be offered to Service Installers/Technicians, Lead Workers and Frontline Managers/Supervisors. Trainees will receive technical job skills needed to support the Company's product offerings, services and customers. Training topics include residential indoor air quality, diagnostics/maintenance, maintaining merchandise inventory, warehouse skills and residential smart equipment. Trainees will be able to understand the core of product availability and types of issues that can arise with installation, repair and maintenance. Competency in these topics promotes a higher level of customer service and increased sales.

**Computer Skills (25%):** Training on the ServMan ERP software will be delivered to all trainees. Service Technician/Installers and Lead Workers will also receive training on computer and tablet applications such as credit card payment verification and customer financing options and the mobile module of the new ERP software.

**Continuous Improvement (10%):** Training will be offered to all occupations in leadership skills, problem solving, process improvements and Lean concepts to standardize processes and improve quality and efficiencies. Teambuilding and problem solving skills will lead to improved operations and promote enhanced interactions with both internal and external customers.

**Hazardous Materials (5%):** Training will be offered to Service Technicians/Installers and Lead Workers who work with hazardous materials. Trainees will receive hazardous materials handling, proper completion of material safety data sheets, and emergency cleanup protocol.

### **Commitment to Training**

SCI spends in excess of \$425,000 per year on training. The Company provides the following training: new hire orientation, safety training, California labor laws and regulations, basic computer skills, violence in the workplace prevention, and sexual harassment prevention. The Company also has plans to add CPR Certification training for all Technicians/Installers. SCI has a dedicated training center and a full-time in-house Technical Training Director.

SCI states that ETP funds will not displace the existing financial commitment to training. Basic safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

### **Training Infrastructure**

SCI's HR Manager and HR Generalist will manage the project internally with support from the Technical Training Director. The Company has hired a third party administrator, Training Funding Partners, to assist with ETP administrative requirements.

### **Impact/Outcome**

Training will allow the Company to become a high performance workplace. Employees can become familiar with new technologies and will obtain skills to manage sustainable growth and provide long term career opportunities within the organization.

### **Special Employment Training (SET)**

Under Special Employment Training (SET), companies are not required to demonstrate out-of-state competition. These funds are designated for frontline workers only. To qualify under SET, trainees must be earning at least the Statewide Average Hourly Wage of \$28.37 at the end of retention.

However priority industries qualify for a SET wage modification of 25%. As such, the post-retention wage for Job Number 1 is \$21.28.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **DEVELOPMENT SERVICES**

SCI retained Training Funding Partners in Fountain Valley to assist with development of this proposal for a flat fee of \$27,500.

### **ADMINISTRATIVE SERVICES**

SCI also retained Training Funding Partners to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

### **TRAINING VENDORS**

To Be Determined

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

8 – 200

*Trainees may receive any of the following:***BUSINESS SKILLS**

- Building Customer Relationships
  - Creating Value and Earning Trust
  - Customer Follow Through
  - Relationship Building
- Business Processes & Procedures
- Communication Skills
- Customer Service Skills
  - Addressing Customer Inquiries
  - Customer Service Experience
  - Managing Expectations
  - Service Excellence
- Customer Service/Dispatch Procedures
- Equipment and Industry Overview
- Finance/Accounting Skills
- Residential Heating and Air Conditioning Industry/Equipment Overview (non-technicians)
  - Industry
  - Equipment
- Maintenance/Membership Programs
- Product Knowledge/Offerings
- Product Pricing Guides
- Sales/Marketing Skills
- Service Coordination Skills
- Writing Quotes/Financing
  - Invoice Writing/Financing
  - True Cost of Ownership

**COMMERCIAL SKILLS**

- Diagnostics/Maintenance
  - Diagnostics/Assessment
  - Providing Second Opinions
  - Equipment Maintenance
- Electricity/Voltage & Schematics
  - High Voltage & Schematics
  - Low Voltage & Schematics
- Heat Pumps
- Maintaining Merchandise Inventory/Warehouse Skills
  - Inventory Management
- Mechanical Refrigeration
- Principles of Electronics
- Residential Ducting/Installations
  - Servicing Residential Ductwork
  - Installing Residential Ductwork
  - Residential Insulation Installation
- Residential Environment Technology/Controls
  - Thermostats
  - Wireless Technologies/Controls

- Environmental Conditioning Technology
- Residential Indoor Air Quality
  - Evaluating/Testing Residential Indoor Air Quality
- Residential Smart Equipment
  - Heating Equipment
  - Cooling Equipment

### **COMPUTER SKILLS**

- Ascente Software Applications
- ServMan Enterprise Resource Planning System (ERP)
- Intermediate/Advanced Microsoft Office (Word, Excel, PowerPoint)
- Linux Equipment Portal
- Payment Card Certification
- Tablet Computer Applications
  - New ERP System – Mobile Module
  - Customer Financing Applications

### **CONTINUOUS IMPROVEMENT**

- Change Management Skills
- Leadership Skills
- Problem Solving Skills
- Process Mapping/Process Improvement Skills
- Project Management Skills
- Root Cause Analysis and Remediation
- Time Management Skills
- Lean Concepts
- Building High Performance Teams

### **HAZARDOUS MATERIALS**

- Completing Material Safety Data Sheets (MSDS)
- Handling Hazardous Materials
- Registration, Evaluation, Authorization & Restriction of Chemical Substances
- Emergency Response Protocol & Cleanup

Safety Training will be limited to 10% of a trainee's total training hours. This cap does not apply to Hazmat.

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