

**DELEGATION ORDER**



**RETRAINEE - JOB CREATION**

**Training Proposal for:**

**The Sygma Network, Inc.**

**Agreement Number: ET16-0394**

**Approval Date:** March 1, 2016

**ETP Regional Office:** Sacramento

**Analyst:** W.Sabah

**PROJECT PROFILE**

Contract Attributes:	Retrainee HUA Job Creation Initiative Priority Rate SET	Industry Sector(s):	Warehousing Transportation/Logistics  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Joaquin	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: 140	U.S.: 140	Worldwide: 51,700
<u>Turnover Rate:</u>	2%		
<u>Managers/Supervisors:</u> (% of total trainees)	N/A		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$88,780		\$0	\$0		\$88,780

<b>In-Kind Contribution:</b>	<b>100% of Total ETP Funding Required</b>	<b>\$105,000</b>
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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	Priority Rate SET HUA	Business Skills, Commercial Skills, Computer Skills, Continuous Impr, PL-Comm Skills	110	8-200	0	\$738	\$11.70*
				Weighted Avg: 41			
2	Priority Rate SET HUA Job Creation Initiative	Business Skills, Commercial Skills, Computer Skills, Continuous Impr, PL-Comm Skills	5	8-200	0	\$1,520	\$10.05*
				Weighted Avg: 76			

\*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 (Final Payment) regardless of the wage expressed in this table.

**Minimum Wage by County:** Trainees must earn at least \$11.70 for Job Number 1 and \$10.00 for Job Number 2 in San Joaquin 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 \$0.98 per hour may be used to meet the Post-Retention Wage for Job number 1.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1</b>		
Administrative Staff		5
Customer Service Staff		5
Lead		5
Technical Staff		7
Transportation Staff		40
Warehouse Staff		48
<b>Job Number 2</b>		
Administrative Staff		1
Customer Service Staff		1
Transportation Staff		1
Warehouse Staff		2

## **INTRODUCTION**

Founded in 1984 and located in Stockton, The Sygma Network, Inc. (Sygma Network) ([www.sygmanetwork.com](http://www.sygmanetwork.com)) warehouses, distributes, and delivers a broad range of food products, beverages, food-service equipment, and supplies to chain restaurants throughout Northern California. The Company distributes to chain restaurants representing 32 food concepts. Customers include restaurants such as Panda Express, Checkers, Jenny Craig and Rally's. Sygma Network is a wholly owned subsidiary of Sysco Corporation located in Houston, Texas; however, Sygma Network operates out of a single site in Stockton.

Sygma Network is eligible as a single employer under the Special Employment Training (SET) provisions. As a transportation and warehousing company, Sygma Network is also eligible for priority industry reimbursement.

## **PROJECT DETAILS**

Sygma Network's growth is attributed to the acquisition of new accounts. The Company continuously develops and improves strategies to obtain new clients with its exceptional customer service. Training will keep workers well trained in policies, procedures and new technological advances in order to maintain its high-level customer service.

Additionally, training is needed to improve operation efficiencies for a quick turn-around delivery system. Sygma Network recently implemented a XATA Fleet Management system that uses an online, computerized, real-time reposting and mapping system for truck shipments. Training is required in this wireless system to track orders, reduce delivery errors, increase productivity and reduce production costs. All occupations will be trained in new processes related to merchandise and distribution, both of which are significantly impacted by the new technological updates and gadgets. Employees will learn to work in teams, redesign processes and adapt to new technologies.

### **Training Plan**

Sygma Network will provide Class/Lab training and PL. Training will be delivered by in-house trainers.

**Business Skills (20%):** Training will be offered to all occupations to enhance customer service, increase sales, and improve delivery times. Training topics will include category management, handling difficult customers, improving customer contact, operating procedures, putting the customer first, and time management.

**Commercial Skills (40%):** Training will be offered to Warehouse Staff and Transportation Staff. Training will update staff's knowledge of systems used in today's distribution vehicles and proper order selection procedures to reduce inventory shrinkage. Training will include course topics such as best practices, diagnosing electrical system problems, order selection procedures and preferred work methods.

**Computer Skills (20%):** Training will be offered to all occupations. Trainees will learn how to use a contact management system, laptop techniques, and smartphone applications to support customers. With new technologies, staff can process customer orders, requests, sales and deliveries quickly and accurately to improve customer satisfaction. Training will include course topics such as SYGMA desktop applications, tablet applications, laptop techniques and contact management.

**Continuous Improvement (10%):** Training will be offered to all occupations. This training is critical to Sygma Network's success because it will train small teams to solve problems to reduce waste, improve quality, improve food safety, and reduce returns. Staff will also become more confident in resolving immediate issues and communicating effectively with customers. Training will include course topics such as XATA Fleet Management System, change management, critical thinking, problem solving and quality assurance.

### **Productive Laboratory – Commercial Skills (10%)**

Productive Laboratory (PL) trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. Trainers must be dedicated to training delivery during all hours of training. Trainers have at least two years of operating experience and are considered subject matter experts.

Training will be provided to Transportation Staff and Warehouse Staff to supplement Class/Lab training. Trainees will be given real life projects. The trainer will observe the trainee and offer coaching and mentoring throughout the process. During the PL training, output and productivity is expected to decrease.

PL will strengthen trainees' understanding of equipment that includes: balers, forklifts, pallet jacks, scissor lifts, scrubbers, sweepers, tractors, and trailers. Trainees will be instructed on operation procedures as they observe the trainer. Trainees will then operate the equipment independently as the trainer observes. PL training will take place onsite and the trainer-to-trainee ratio will not exceed 1:3. The Company requires a higher ratio due to the limited number of equipment and trainers. As most equipment is in constant use, it is necessary to optimize the trainer and trainee's time when the equipment is available. After the successful completion of a PL training course, the trainer will sign off that the trainee is competent. PL will not exceed 60 hours per trainee.

### **Retrainee - Job Creation**

The Panel is offering incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

Sygma Network is rapidly growing and looking to increase sales by 10% in the next year. The Company will be acquiring a new national account and will require more warehouse storage and transportation resources. Since the new national account will expand the customer base significantly; the Company will need to expand their business capacity by adding newly-hired employees (Administrative Staff, Customer Service Staff, Transportation Staff, and Warehouse Staff).

Sygma Network has committed to hiring 5 new employees (Job Number 2). The date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract. These trainees will be hired into "net new jobs" as a condition of contract.

### **Special Employment Training/HUA**

Under SET, the participating employer is not required to demonstrate out-of-state competition. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period.

➤ Wage Modification

However, trainees in Job Numbers 1 and 2 work in San Joaquin County, a High Unemployment Area (HUA) with unemployment exceeding the state average by 25%. The determination of HUA status is based on unemployment data from the Labor Market Information Division of the Employment Development Department.

These trainees qualify for the ETP Minimum Wage rather than the Statewide Average Hourly Wage. Additionally, the Panel may modify the ETP Minimum Wage for these trainees by up to 25% if post-retention wages exceed the start-of-training wages. Sygma Network is requesting a wage modification to \$11.70 for Job Number 1 and \$10.00 for Job Number 2 in order to serve workers in lower-wage occupations.

### **Commitment to Training**

Sygma Network represents that ETP funds will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law. The Company's annual training budget per facility is approximately \$20,000 for new hire orientations, OSHA mandated training, sexual harassment prevention, first aid, company policies, staff development, and on-the-job training.

ETP funds will allow the Company to expand its class/lab training efforts and offer additional skills enhancements training to current and newly-hired staff to support the Company's growth plans.

➤ Training Infrastructure

National Training Company, Inc. will assist with ETP project administration. Sygma Network has also assigned a staff member as an administrative coordinator to schedule, collect, and submit the training rosters to the administrative subcontractor for data entry into ETP systems.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **DEVELOPMENT SERVICES**

Sygma Network retained National Training Company, Inc. in Irvine to assist with development of this proposal for a flat fee of \$5,000.

### **ADMINISTRATIVE SERVICES**

Sygma Network also retained National Training Company, Inc. in to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

### **TRAINING VENDORS**

N/A

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

8-200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- Category Management
- Handling Difficult Customers
- Improving Customer Contact
- Operating Procedures
- Putting the Customer First
- Time Management

**COMMERCIAL SKILLS**

- Best Practices
- Diagnosing Electrical System Problems
- Diagnosing Fuel Cells System Problems
- Order Selection Procedures
- Repair Computer Controlled Systems
- Preferred Work Methods
- Building Customer Orders
- Order Selection Procedures
- Preferred Work Methods
- Product Handling
- SYGMA Labeling Systems

**COMPUTER SKILLS**

- Computerized Inventory
- Contact Management
- Laptop Techniques
- Mobile Scanners
- Smartphone Applications
- SYGMA Desktop Applications
- Tablet Applications
- Wearable Computer Terminals

**CONTINUOUS IMPROVEMENT**

- XATA Fleet Management System
- Change Management
- Critical Thinking
- Coaching Skills
- Problem Solving
- Quality Assurance
- SYGMA Food Safety
- SYGMA Quality Standards
- Team Communication

Safety Training will be limited to 10% of total training hours per-trainee.

**PL Hours**

0-60

**COMMERCIAL SKILLS (trainer-to-trainee ratio cannot exceed 1:3)**

- Operating Balers
- Operating Forklifts
- Operating Electric Pallet Jacks
- Operating Scissor Lifts
- Scrubbers
- Sweepers
- Tractors
- Trailers
- Wearable Computer Terminals

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 60 hours per-trainee.