



Training Proposal for:
Sysco Central California, Inc.
Agreement Number: ET17-0160

Panel Meeting of: July 22, 2016

ETP Regional Office: Sacramento

Analyst: W. Sabah

PROJECT PROFILE

Contract Attributes:	Retrainee Veterans SET HUA	Industry Sector(s):	Services Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	Stanislaus	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 315	U.S.: 315	Worldwide: 51,700
<u>Turnover Rate:</u>	5%		
<u>Managers/Supervisors:</u> (% of total trainees)	0%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$235,400		\$34,650 15%	\$0		\$200,750

In-Kind Contribution:	100% of Total ETP Funding Required	\$245,000
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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	Retrainee HUA SET	Business Skills, Commercial Skills, Computer Skills, Cont. Improv., PL - Commercial Skills	275	8-200	0	**\$714	*\$13.01
				Weighted Avg: 56			
2	Retrainee SET Veterans	Business Skills, Commercial Skills, Computer Skills, Cont. Improv., PL - Commercial Skills	5	8-200	0	\$880	*\$14.53
				Weighted Avg: 40			

*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. The highest minimum wage rate will prevail.

** Reflects Substantial Contribution

Minimum Wage by County: \$11.70 per hour for Job Number 1 (SET/HUA) and \$10.00 per hours for Job Number 2 (SET/HUA) in Stanislaus 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
Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Administrative Staff		20
Customer Service Staff		5
Lead		10
Marketing Staff		75
Support Staff		20
Technical Staff		15
Transportation Staff		70
Warehouse Staff		60
Job Number 2		
Technical Staff		1

Transportation Staff		1
Warehouse Staff		3

INTRODUCTION

Founded in 1938 and located in Modesto, Sysco Central California, Inc. (Sysco Central) (www.sysco.com) warehouses, distributes, and delivers a broad range of food products, beverages, food-service equipment, and supplies to restaurants, schools, hotels, assisted-living facilities, health care institutions, government facilities, and other businesses. Food and related products include fresh and frozen meat, poultry, seafood, fruits and vegetables, canned and dry products, paper and disposable products, cleaning supplies, kitchen equipment, and medical supplies.

The Company operates in central California and does not face out-of-state competition. As such, funding will be under Special Employment Training (SET). To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period.

Sysco Central is in the Wholesale Trade industry, which is a different designation from Retail Trade. As such, occupations paid by commission do not fall under the Panel's "lowest priority" for FY 2016/17, and may be included in training. [Note: The Company does not sell directly to individual consumers. See discussion of customer base above.]

PROJECT DETAILS

To remain competitive in the food service industry, Sysco Central is developing new ways to improve operation efficiencies and increase sales. The Company recently adopted various computer software programs such as Sysco Market Online, Sysco Market Express, Sysco Mobile, and Sysco Transportation System, which all require significant training. The new technology will allow Sysco Central to transition from paperless documents to computer systems, smartphones, and tablets to reduce waste and redundancy.

Training is needed for Warehouse Staff and Transportation Staff to improve operational processes and productivity in the warehouse. As sales increase, Warehouse Staff will require training to learn proper handling and accommodation of increased products. Transportation Staff will need training on wireless devices to track orders, reduce delivery errors, and reduce production costs. Employees will learn to work in teams, redesign processes and adapt to new technologies.

This will be the third ETP-funded training project in the last five years for Sysco Central. Under the previous Agreements, training was focused on the Project 212 Business Transformation Project, which created a foundation for the move to Cloud-based systems. The Company has now expanded its internet capabilities by implementing Sysco Market Express and Sysco Market Mobile. In this project, training will be focused on new technologies and introduce the advanced phase of training for repeated course topics. However, there will be no duplication of training in those courses.

Veterans Program

The Panel has established a higher reimbursement rate and other incentives for training California veterans. Sysco Central currently employs Veterans as a part of their full-time workforce (Job Number 2). The Company plans to establish an outreach program to recruit potential Veteran Candidates.

Training Plan

Sysco Central will provide between 8-200 hours of Class/Lab training and 0-60 hours of PL training. Training will be delivered by in-house trainers.

Business Skills (20%): Training will be offered to Administrative Staff, Customer Service Staff, Leads, Marketing Staff, Support Staff, and Technical Staff to improve customer contact, allow trainees to create marketing campaigns, and take advantage of opportunity related data. Training will be delivered in topics such as business value, internet marketing, revenue management, and product knowledge.

Commercial Skills (10%): 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 focus on best practices, diagnosing electrical system problems, order selection procedures and preferred work methods.

Computer Skills (50%): Training will be offered to all occupations. Training will guide workers through the features and functionality of the Company's internal software systems. With new technologies, staff can process customer orders, requests, sales and deliveries quickly and accurately to improve customer satisfaction. Training will also help staff become more proficient in the use of business software solutions in the areas of computer networking, document control and data administration.

Continuous Improvement (10%): Training will be offered to all occupations. This training is critical to Sysco Central's success as training will help small teams solve problems, reduce waste, improve quality, improve food safety, and reduce returns. Problem Solving, Quality Assurance, Sysco Quality Standards, and Team Communication will increase responsiveness to customers' needs.

Productive Laboratory – Commercial Skills (10%)

The Panel recently 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. The instructor must be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring.

Sysco Central is requesting 60 PL training hours at a 1:3 trainer-to-trainee ratio in Commercial Skills. The Company has many pieces of equipment that require specialized skills to operate. The trainer will observe the trainee and offer coaching and mentoring throughout the process. PL training will be delivered to Transportation Staff and Warehouse Staff on operating procedures of various equipment such as Pallet Jacks, Forklifts, Trailers and Tractors. After a specified number of successful completions of the task, the trainee will be deemed competent. Trainees will also receive cross-training to strengthen the Company at its core (the Transportation and Warehouse Staff). The Company requires a higher trainer-to-trainee 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. Production is expected to decrease by approximately 10% during training and waste will be significantly higher.

PL training will supplement Class/Lab training to strengthen employees' understanding of printing tasks on each specific piece of equipment. Employing well-educated and experienced

staff will result in higher-quality products. Training will increase the potential for employee career growth.

Temporary to Permanent Hiring

Sysco Central intends to train 10 workers in Job Number 1 under Panel guidelines for the Temporary-to-Permanent program. The Company has retained these employees on a temporary basis, with the intention of hiring them into full-time, permanent positions after training. According to Sysco Central the average time for “converting” temporary workers into full-time permanent employment is 6 months.

Sysco Central is contracted with Staffing Network LLC, which provides them with workforce members for their Modesto location. Many of the entry-level Transportation Staff and Warehouse Staff are first employed in this manner. It is expected that these workers will receive employer-paid share-of-cost for healthcare premiums while on temporary status, and upon hire into full-time permanent employment.

Temp-to-Perm trainees cannot be enrolled in ETP-funded training until after they have been hired by Sysco Central into full-time, permanent employment. Until they are so hired, retention and post-retention wage requirements cannot be satisfied and the Company will not receive progress payments.

SET/HUA

Trainees in Job Number 1 work in Stanislaus 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. Sysco Central is requesting a wage modification to \$13.01 for Job Number 1 in order to serve workers in lower-wage occupations.

Substantial Contribution

Sysco Central is a repeat contractor with payment earned in excess of \$250,000 at the Modesto facility within the past five years. (See Prior Project Table.) Accordingly, reimbursement for trainees at the facility in Job Number 1 will be reduced by 15% to reflect the Company’s \$34,650 Substantial Contribution to the cost of training.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. The Company’s annual training budget per facility is approximately \$200,000 for new-hire orientations, OSHA mandated training, sexual harassment prevention, first aid, company policies, staff development, and on-the-job training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

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

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0318	Modesto	03/03/14 – 03/02/16	\$197,325	\$171,325 (87%)
ET12-0281	Modesto	02/01/12 – 01/31/14	\$249,060	\$177,456 (71%)

DEVELOPMENT SERVICES

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

ADMINISTRATIVE SERVICES

National Training Company will also 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

- Advanced Operating Procedures
- Business Value
- Category Management
- Delivery Tracking
- Food Cost Inflation
- Hispanic Marketplace Sales
- Innovative Food Solutions
- Internet Marketing
- Menu Analysis
- Procurement Procedures
- Product Knowledge and Sales Techniques
- Revenue Management
- Sysco Branded Products
- Traceability
- Train the Trainer

COMMERCIAL SKILLS

- Best Practices
- Diagnosing Electrical System Problems
- Diagnosing Fuel Cells System Problems
- Fleet Maintenance
- Loading Trucks More Efficiently
- Repair Computer Controlled Systems
- Preferred Work Methods

COMPUTER SKILLS

- Cyber Security
- Email Marketing Campaign
- MS Office (Intermediate and Advanced)
- MySysco Truck
- Relationship Management Tools
- Sysco Desktop Applications
- Sysco Market Online
- Sysco Market Express (Desktop)
- Sysco Mobile (Phone/Tablet)
- Sysco Transportation System
- Telogis Fleet Management

CONTINUOUS IMPROVEMENT

- Coaching Skills
- Problem Solving
- Procurement Efficiency
- Productivity & Innovation
- Sysco Food Safety
- Sysco Quality Standards
- Team Communication

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

Productive Lab Hours

0-60

COMMERCIAL SKILLS (1:3 Ratio)

- Electric Pallet Jacks
- Handheld Inventory Equipment
- Forklifts
- Order Selection Procedures
- Palletizing Equipment
- Product Handling
- Preferred Work Methods
- Sysco Labeling Systems
- Sweepers
- Temperature Control Instrumentation
- Tractors
- Trailers
- Warehouse Equipment

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