



RETRAINEE - JOB CREATION

Training Proposal for:

Taylor-Listug, Inc. dba Taylor Guitars

Agreement Number: ET16-0143

Panel Meeting of: August 28, 2015

ETP Regional Office: San Diego

Analyst: J. Davey

PROJECT PROFILE

Contract Attributes:	Job Creation Initiative Priority Rate Retrainee	Industry Sector(s):	Manufacturing Multimedia/Entertainment Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Diego	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: 435	U.S.: 435	Worldwide: 910
<u>Turnover Rate:</u>	17%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

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;">\$428,440</td></tr> </table>	Program Costs	\$428,440	-	<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;">Total ETP Funding</td></tr> <tr><td style="text-align: center;">\$428,440</td></tr> </table>	Total ETP Funding	\$428,440
Program Costs												
\$428,440												
(Substantial Contribution)	(High Earner Reduction)											
\$0	\$0											
Total ETP Funding												
\$428,440												

In-Kind Contribution:	100% of Total ETP Funding Required	\$479,893
-----------------------	------------------------------------	-----------

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	Business Skills, Computer Skills, Continuous Impr, Literacy Skills, Mfg Skills, PL-Mfg Skills	429	8-200	0	\$720	\$15.93
				Weighted Avg: 40			
2	Retrainee Job Creation Initiative Priority Rate	Business Skills, Computer Skills, Continuous Impr, Literacy Skills, Mfg Skills, PL-Mfg Skills	98	8-200	0	\$1,220	\$13.28
				Weighted Avg: 61			

Minimum Wage by County: Job Number 1: \$15.93/hr. San Diego County;

Job Number 2: \$13.28/hr. San Diego 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 \$3.93 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Administrative Staff 1		18
Administrative Staff 2		3
Information Technology Staff 1		4
Information Technology Staff 2		1
Maintenance & Repair Staff		19
Manager 1		22
Manager 2		15
Manager 3		10
Production Staff 1		283
Production Staff 2		5
Production Staff 3		7
Production Staff 4		2
Sales & Marketing Staff		32
Sales & Marketing Staff		8
Job Number 2 – Job Creation		
Production Staff		98

INTRODUCTION

Taylor-Listug, Inc. dba Taylor Guitars (Taylor Guitars) (www.taylorguitars.com) is a privately owned manufacturer of high-quality acoustic and electric guitars. The Company was founded by Bob Taylor and Kurt Listug in 1974. Customers include major recording and performing stars such as Jewel, Jason Mraz, Taylor Swift, and Zac Brown. The Company is headquartered in El Cajon. It also operates a manufacturing facility in Mexico, a distribution warehouse in the Netherlands, and an ebony mill in Cameroon.

PROJECT DETAILS

Retrainee - Job Creation

In support of job creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

Taylor Guitars has been experiencing 10% annual growth the last several years and expects this trend to continue over the next several years. For this proposal, the Company will expand existing business capacity by committing to hire 98 new employees (Job Number 2). The Company's continued growth requires a focus on high-quality, intensive training that will provide workers with the technical skills to perform efficiently at high levels. 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.

Green/Clean Operations

Along with a strong commitment to quality, Taylor Guitars believes that building a guitar begins with a commitment to responsible management of natural resources. The Company is regarded as an industry leader in the areas of environmental stewardship and forestry partnerships.

Taylor Guitars' history of pioneering partnerships is reflected in its long collaborative relationship with GreenWood Global (GreenWood), a non-profit organization that empowers forest communities to support themselves through sustainable forestry practices. The Company's work with GreenWood in Honduras, has fostered a local, shared economy through which several forest communities harvest mahogany to make guitar necks using the small-footprint method of felling one tree at a time to minimize the impact on the delicate balance of the rainforest ecosystem.

Additionally, in Africa, Taylor Guitars owns and operates Crelicam, an ebony mill in Yaoundé, where it has brought its forward-thinking vision to life. The Company's procurement and milling of ebony offers both investment and enrichment to the local community. Its harvesting practices ensures that ebony is legally, sustainably and ethically harvested. For this effort, the Company was recognized for the 2014 Award for Corporate Excellence from the U.S. Department of State.

Training Plan

This is Taylor Guitars second ETP project. The first Agreement was completed over 5 years ago. In this proposal, Taylor Guitars will provide training to 429 incumbent and 98 newly-hired trainees in the following skills:

Business Skills (15%): This training will be offered to Administrative Staff, Information Technology, Sales and Marketing and select Managers. Trainees will receive skills to better manage customer relationships and increasingly complex projects and ensure better communication with internal and external customers. In addition, a focus on Export and New Product Development will allow the Company to continue to expand its opportunities for growth.

Computer Skills (10%): This training will be offered to all occupations. Production Staff and Managers will receive ERP and CAD/CAM training to ensure effective use of systems and equipment. Administrative and IT staff will be the focus for Microsoft Office in order to maximize efficiency within their job function and improve their productivity.

Continuous Improvement (10%): This training will be offered to all occupations. Training will help to sustain and enhance the Company's growth potential. Training in teams, problem solving, supply chain optimization, quality systems, six sigma, change management and performance management will help employees establish a continuous improvement mentality and work effectively within their teams and the organization as a whole.

Literacy Skills (5%): This training will be offered to Production Staff in Vocational English as a Second Language to enhance their workplace literacy and ensure that they can effectively participate in and benefit from all other training subjects.

Manufacturing Skills (25%): This training will be offered to Production Staff, Maintenance & Repair Staff and Managers to provide them with the skills to better manage increased production demands, avoid errors, improve problem solving and correct errors when they occur. Inventory and Logistics Management training will reduce inventory issues and ensure greater efficiency between departments. Solder, CNC and related Production Skills training will eliminate errors in the production process and ensure higher quality and output.

Productive Laboratory – Manufacturing Skills (35%)

Trainees may produce goods for profit as part of Productive Lab (PL) training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training. PL training will not exceed 40 hours per trainee, and the trainer-to-trainee ratio will not exceed 1:1.

Because Taylor Guitars manufactures some of the highest-quality guitars on the market today, employees who make these guitars must have the requisite hands-on skills to meet Taylor's exact standards. Most of the PL training will be delivered to the 98 newly-hired trainees. However, some incumbent workers will also receive PL in cross-functional training to broaden their skills to work in new positions within the company.

Workers spend a significant portion of their first 90 days in classroom and hands-on training in order to gain required technical knowledge and skills. Once the initial training has been completed, individuals are assigned to a department and learn additional skills related to that department's specialty. These workers continue learning specialty skills, working in small groups and individually with technical experts in their specialty.

The equipment and machines used in PL include wood binding jigs, drills, saws, boring tools, clamps, cauls, gluing equipment, and sanding and other wood working equipment. Additionally, some trainees who work on electronic components will receive training in wire cutting, stripping, soldering, winding machinery, and electronic measuring tools. Employees are coached and guided by technical experts in their departments.

Commitment to Training

Taylor Guitars provides job-specific training for employees in skills such as company orientation, guitar making basics, safety, and other job-specific skills. The Company also offers Lean, soft skills, strategic skills, and departmental training as needed. The Company delivers training in a blended learning approach that includes classroom, simulated lab, hands-on coaching and technology-driven methodologies. Annual expenditures for training historically average \$270K.

Taylor Guitars 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.

➤ Training Infrastructure

In May 2014, Taylor Guitars hired a Director of Training and Development to develop and direct a formalized training program.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

California Manufacturing Technology Consulting (CMTC) assisted with development of this proposal. Note: CMTC is eligible to receive 10% of the approved amount of funding for referrals such as this, under a marketing agreement with ETP, not to exceed \$15,000. In this proposal, the fee will be \$15,000. This fee does not affect the approved amount of funding.

ADMINISTRATIVE SERVICES

Taylor Guitars also retained CMTC in Torrance to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

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

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Sales Skills
- Business Writing
- Business Acumen
- Resolving Conflict
- Effective Meeting Skills
- Accounting
- Financial Analysis Skills
- Goal Setting
- Negotiation Skills
- Presentation Skills
- Providing Quality Customer Service
- Time Management
- Global Business and Exporting
- New Product Development

COMPUTER SKILLS

- Enterprise Resource Planning (ERP)
- Word Processing (Intermediate & Advanced Level)
- Spreadsheets (Intermediate & Advanced Level)
- Presentation Software
- Database Management
- CAD/CAM Software Training
- Internal HR Computer Program (Ultipro)

CONTINUOUS IMPROVEMENT

- Teams and Team Building
- Problem Solving
- Communication Skills
- Leading Change
- Lean Manufacturing
- Environmental Management System (EMS) Implementation
- Six Sigma
- Quality Management Systems
- Supply Chain Optimization
- Strategic Planning and Policy Deployment
- Leadership Skills
- Time Management
- Performance Management

MANUFACTURING SKILLS

- Soldering
- Shop Math and Geometric Dimensioning & Tolerancing
- CNC Programming
- Surface Mount Technology: Manufacturing & Rework
- Through Hole Technology: Rework and Repair
- Production Skills

- Writing Standard Operating Procedures (SOPs)
- Quality System Requirements, Good Manufacturing Practices & Inspections
- Quality Inspection
- Manufacturing Logistics Management
- Production and Inventory Management
- Managing Build Loads
- Managing Inventory
- Machine Maintenance
- Material Safety Data Sheets
- Manufacturing Safety
- Fadal Operator Certification
- New Hire – 30 Day Training/Cross Training for Incumbents
 - Body Bind & Sand 1
 - Body Bracing 1
 - Body Assembly 1
 - Side Bending
 - Body Finishing 1
 - Neck Finishing 1
 - Sanding
 - Fitting
 - Gluing
 - Proper Tool Usage (Heat Gun, Hex Driver, Wire Cutter, Wire Stripper, Clamps, End Nippers)
 - Proper Equipment Usage (Winding Machine, , Eyelet Machine, Solder Gun, Access Panel Tester)
- New Hire – 60 Day Training/Cross Training for Incumbents
 - Body Bind & Sand 2
 - Body Bracing 2
 - Body Assembly 2
 - Side Bending
 - Body Finishing 2
 - Neck Finishing & Inspection
 - RFID Scanners
 - Miters
 - Round Over on Binding
 - Haloing
 - Using Jigs to Inspect Correct Alignment
 - Wire & Assembly Testers
 - Identifying Glue Excess
 - Identifying Gaps/Scratches/Dings
 - Identifying Misshapen Soundhole
 - Corrective Action
- New Hire – 90 Day Training/Cross Training for Incumbents
 - Wood Types
 - Repair
 - Spec Sheet
 - Model Identification
 - Laser Machine
 - Side Bending
 - Access Panel Assembly
 - Battery Cable Test
 - RFID scanners

- Mitters
- Round Over on Binding
- Haloing
- Using Jigs to Inspect Correct Alignment

LITERACY SKILLS

- Vocational English as a Second Language (VESL)

Productive Lab Hours

0-40

MANUFACTURING SKILLS (1:1 Trainer-to-Trainee Ratio)

- Fadal Operator Certification
- New Hire – 30 Day Training/Cross Training for Incumbents
 - Body Bind & Sand 1
 - Body Bracing 1
 - Body Assembly 1
 - Side Bending
 - Body Finishing 1
 - Neck Finishing 1
 - Sanding
 - Fitting
 - Gluing
 - Proper Tool Usage (Heat Gun, Hex Driver, Wire Cutter, Wire Stripper, Clamps, End Nippers)
 - Proper Equipment Usage (Winding Machine, , Eyelet Machine, Solder Gun, Access Panel Tester)
- New Hire – 60 Day Training/Cross Training for Incumbents
 - Body Bind & Sand 2
 - Body Bracing 2
 - Body Assembly 2
 - Side Bending
 - Body Finishing 2
 - Neck Finishing & Inspection
 - RFID Scanners
 - Mitters
 - Round Over on Binding
 - Haloing
 - Using Jigs to Inspect Correct Alignment
 - Wire & Assembly Testers
 - Identifying Glue Excess
 - Identifying Gaps/Scratches/Dings
 - Identifying Misshapen Soundhole
 - Corrective Action
- New Hire – 90 Day Training/Cross Training for Incumbents
 - Wood Types
 - Repair
 - Spec Sheet
 - Model Identification
 - Laser Machine
 - Side Bending
 - Access Panel Assembly
 - Battery Cable Test
 - RFID Scanners
 - Mitters

- Round Over on Binding
- Haloing
- Using Jigs to Inspect Correct Alignment

Literacy Training cannot exceed 45% of total training hours per trainee.
Safety Training will be limited to 10% of total training hours per trainee.

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