



**Training Proposal for:  
 Trader Joe's Company  
 Agreement Number: ET15-0277**

**Panel Meeting of:** August 22, 2014

**ETP Regional Office:** North Hollywood

**Analyst:** N. Weingart

**PROJECT PROFILE**

Contract Attributes:	Retrainee	Industry Sector(s):	Retail
			Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	Statewide	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: 14,093	U.S.: 32,765	Worldwide: 32,765
<u>Turnover Rate:</u>	18%		
<u>Managers/Supervisors:</u> (% of total trainees)	17%		

**FUNDING DETAIL**

Program Costs	-	[Substantial Contribution]	[High Earner Reduction]	=	<b>Total ETP Funding</b>
\$624,000		\$0	\$0		\$624,000

In-Kind Contribution:	100% of Total ETP Funding Required	\$908,121
-----------------------	------------------------------------	-----------

**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	Business Skills, Commercial Skills, Computer Skills, Continuous Impr., Mgmt. Skills, OSHA 10/30	1,040	8-200	0-45	\$600	\$14.90
				Weighted Avg: 40			

**Minimum Wage by County:** \$16.25 per hour for Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, and Santa Cruz Counties; \$16.04 per hour for Los Angeles County; \$15.98 per hour for Orange County; \$15.60 per hour for San Diego County; \$15.59 per hour for Sacramento County; and \$14.90 per hour for all other counties.

**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

\$2.82 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>Retail Stores</b>		
• Crew Member (Cashier, Stock)		500
• Mate (Team Leader)		110
• Captain (Manager)		173
<b>Warehouse Distribution Center (WDC)</b>		
• Warehouse Staff		126
• Kitchen Staff		24
• Logistics Staff		30
• Administration Staff		34
• Manager/Supervisor		17
<b>Headquarters</b>		
• Support Staff 1		7
• Support Staff 2		7
• Manager/Supervisor		12

**INTRODUCTION**

Trader Joe's Company (TJC) ([www.traderjoes.com](http://www.traderjoes.com)), founded in 1958 and headquartered in Monrovia, is a grocery retailer currently operating over 400 stores in 37 states, including 175 in California. The Company sells a wide range of products including produce, dairy, grains, meats,

pastries, frozen goods, vitamins and supplements, and beverages. TJC also operates its own distribution and kitchen/food preparation facilities under the name World Class Distribution, Inc. (WCD). Both companies are subsidiaries of TACT Holding Inc. TJC primarily serves California customers, but also operates in eight other states (Arizona, Colorado, Idaho, New Mexico, Nevada, Oregon, Utah, and Washington). Approximately 26% of its business is outside of California. As such, the Company meets the Panel's out-of-state competition standards.

TJC's retail stores are distinguished from competitors by a unique selection of foods, customer service-oriented practices, and product value and pricing. Buyers travel the world to find innovative, rare, and appetizing foods. Every store features 12 new unique products each week, approximately 80% under the Trader Joe's private label, containing no synthetic colors, artificial flavors, preservatives, MSG, added trans fats, or genetically modified ingredients. TJC reportedly ranks very highly in national customer satisfaction surveys.

WCD, comprised of facilities in Chino, Fontana, and Stockton, was formed in 2009 to bring warehousing in-house, and more efficiently distribute product to the growing chain of Trader Joe's stores. It also houses the kitchen function that helps design and test new products, cuts bulk cheese into individual retail units, and assembles ready-to-eat salads to optimize freshness and quality. WCD is continually expanding to support TJC's expansion into new states.

### **Need for Training**

Reportedly, TJC experiences a 10% increase in sales each year. In 2013, TJC opened 17 new stores and added 1,755 new jobs. Another 12 stores are scheduled to open in 2014. To maintain strong sales, promote growth, keep customers interested in new products, and drive internal change, TJC has undertaken two important initiatives for its incumbent retail store staff: retail store restructuring; and the "WOW" customer experience.

The restructuring initiative involves organizing staff into teams (a customer experience team, a product team, and an office team) to focus on improvements, and increasing team leader skills to assume additional store management responsibilities, direct change, and move up the promotional ladder. Since April 2014, TJC has promoted over 1,000 store crewmembers and mates, creating the need to backfill positions and hire new workers.

The "WOW" customer experience focuses on product knowledge and enhanced customer satisfaction. Crewmembers must be well-versed in unique product options such as gluten free, vegetarian, vegan, kosher, fat-free, and low sodium. They are also expected to understand that customer satisfaction is a high priority, and that customers always come first.

In addition to retail, WDC operations are also in transition. TJC continually adds to, or modifies its selection of prepared foods, and updates preparation techniques, distribution equipment, best practices, government requirements, and computer systems that run the facilities. Staff must keep abreast of these changes to maintain safe, efficient operations.

## **PROJECT DETAILS**

### **Training Plan**

TJC's goal is to focus on learning activities that produce well-informed team members that are more knowledgeable, engaged, and passionate about the business. The overall objective of training is to promote staff development to drive profitable sales and growth.

**Business Skills (30%)** – This training will be offered to all occupations to provide better ways to identify customer needs, solve customer complaints, learn about new products, and improve product mix, display, merchandising, and sales. Trainees will learn better communication and public speaking skills, as well as best practices for their respective departments and job duties.

**Commercial Skills (25%)** – This training will be offered to WCD Kitchen Staff in proper food preparation, cleaning and sanitation procedures, best practices, and equipment usage, calibration, and safety measures. Workers will be cross-trained in different food preparation stations for flexibility and coverage.

**Computer Skills (15%)** - This training will be offered to all occupations in various software applications and enhancements that run the stores, kitchens, warehouse, and corporate operations.

**Continuous Improvement (26%)** - This training will be offered to all occupations to facilitate restructuring and customer service initiatives, and meet company growth objectives. Trainees will learn skills to improve individual performance, foster process improvement, and enhance quality at all levels. Leadership skills will help supervisory staff and team leaders coach and mentor teams, develop employee skills, and improve operations in a positive work environment.

**Management Skills (2%)** - This Training will be offered to newly-promoted and incumbent Managers and Supervisors to gain the skills they need to become the next generation of TJC leaders. Training will teach the best managerial qualities and practices, employee performance and development, and how to successfully execute company objectives and overcome obstacles. [Note: Management Skills Training is only offered as Computer Based Training (CBT)]

**OSHA 10/30 (2%)** - This training will be delivered to WDC staff to heighten safety awareness and foster a safe work environment. The Panel has approved funding for OSHA 10/30 training, consisting of 10 hours for frontline workers and 30 hours for supervisors. The coursework must be approved by, and the instructors must be certified by Cal-OSHA. When delivered via (CBT), all training must be done in a classroom with a certified instructor present. ETP will only consider payment earned upon completion of the full 10-or 30-hour course, which are excluded from ETP's 10% safety training and 50% CBT limitations.

### **Computer-Based Training (CBT)**

The Curriculum includes up to 45 hours of CBT in Business Skills, Computer Skills, Continuous Improvement, and Management Skills to supplement class/lab training.

### **Training Infrastructure**

Training will begin upon Panel approval, and will be held at corporate headquarters and individual store and distribution center locations throughout the state. Classes will be given by expert in-house staff. TJC's Leadership and Development Manager in corporate headquarters will oversee and administer the training program. Individual store and WCD Managers will be directly responsible for coordinating and conducting all training, and for capturing and submitting training attendance records. Corporate staff will collect training data and interface with the Company's third party administrator for enrollment and tracking (see Administration Services below).

### **Commitment to Training**

TJC spends approximately \$2,843,662 annually on training for all California facilities. The

budget covers new-hire orientation, harassment training; basic and intermediate Microsoft Office; basic job skills, management courses, and basic safety. All training is mandatory and all occupations receive training. Most training is done via class/lab, supplemented with a small amount of CBT. Training is normally job specific but may include companywide initiatives that affect the entire workforce.

ETP funding will allow TJC to supplement its current training efforts in order to keep up with the rapid pace of store openings and workforce growth. ETP funds will enable the Company to provide more training hours to each individual, and to strengthen its management team. TJC represents that ETP funds will not displace the existing financial commitment to training, and that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **DEVELOPMENT SERVICES**

TJC retained KPMG LLP in Woodland Hills to assist with development of this proposal for a flat fee of \$24,593.

### **ADMINISTRATIVE SERVICES**

TJC also retained KPMG LLP 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**

- Accounting Best Practices
- Business Overview
- Business Performance
- Communication Skills
- Confidentiality
- Corporate Separateness
- Customer Service
- Dispatch
- Passport Program for New Hires
- Product Knowledge
- Public Speaking
- World Class Distribution (WCD) Best Practices (Human Resources, Operations, Payroll, and Warehouse)

**COMPUTER SKILLS**

- Advanced Excel
- Ascentis
- GOLD Stock / Warehouse Management System Updates
- HRIS System Updates
- Human Resources Online
- Point-of-Sale System
- SAP
- TruckMate System

**CONTINUOUS IMPROVEMENT**

- Assertiveness in a Team Environment
- Coaching and Mentoring
- Diversity in a Team Setting – Working with Divergent Viewpoints
- Engagement
- Giving Needs-Based Feedback
- Inspection and Quality Procedures
- Leadership
- Managing Teams
- Process Improvement Tools and Techniques
- Quality Fundamentals
- Teambuilding
- Workstyles

**COMMERCIAL SKILLS** \*

- Ready-Made Food Preparation
- Business Continuity for Kitchen Operations (Emergency Preparedness )
- Cleaning and Sanitation Procedures
- CFR 1910 Federal Food Industry Standards
- Equipment Operation
- Hazard Analysis and Critical Control Points (HACCP) Certification
- Hazard Communication Protocols
- Hazardous Materials Handling
- Kitchen Best Practices
- Kitchen Equipment Calibration
- Oil Spills
- OSHA 40
- Safe Quality Food (SQF) Institute Certification

\*Safety is capped at 10% of a trainee's total training hours (excluding OSHA 10/30)

**OSHA 10/30** \*\*

- OSHA 10 (must complete 10 hours)
- OSHA 30 (must complete 30 hours)

\*\*Certified Instructor

**COMPUTER BASED TRAINING (CBT) Hours**

0 - 45

**BUSINESS SKILLS**

- Business Etiquette 101 1 hr
- Email and Business Writing Workshop 6 hr
- How to Read Financial Statements 1.5 hr

**COMPUTER SKILLS**

- Outlook Tips, Tricks & Techniques 1 hr
- Social Networking & Marketing Techniques 1 hr

**CONTINUOUS IMPROVEMENT**

- Collaboration Skills in the Workplace • 1 hr
- Critical Thinking & Problem Solving Skills • 1 hr
- Dealing With Shifting Priorities and Changes • 1 hr
- Dealing With the Dreaded "C" ... Conflict in the Workplace • 1 hr
- Developing Trust and Respect in the Workplace • 1 hr
- Effective Goal-Setting and Planning • 3 hr

- Group Goal-Setting & Project Planning • 1 hr
- High-Powered Strategies for Innovative Problem Solving & Decision Making • 1 hr
- How to Be an Outstanding Communicator • 6 hr
- How to Build Strategic Thinking Skills • 6 hr
- How to Handle Conflict and Confrontation • 6 hr
- Managing Multiple Projects, Competing Priorities & Tight Deadlines • 6 hr
- People Side of Project Management • 1 hr
- Secrets of Clear Communication • 1 hr

**MANAGEMENT SKILLS \*\*\***

- Assertiveness Skills for Managers & Supervisors • 6 hr
- Bad News Performance Reviews • 1 hr
- Coaching and Mentoring Skills for Leadership Success • 6 hr
- Effective Criticism & Discipline Skills for Managers • 1 hr
- Employee Development Plan • 1 hr
- How to Be an Inspirational Leader • 1 hr
- How to Deal with Unacceptable Employee Behavior • 6 hr
- How to Effectively Lead Interdepartmental Work Teams • 1 hr
- How to Keep Your Employees Engaged & Inspired • 1 hr
- Improving Mediocre Employee Performance • 1 hr
- Keys to Improve Employee Accountability • 1 hr
- Management Skills for First-Time Supervisors • 6 hr
- Manager's Guide to Overcome Barriers to Execution • 1 hr
- Manager's Guide to Overcoming Barriers to Execution • 1 hr
- Managing Cross-Generational Teams • 1 hr
- Managing Temporary Workers, Contractors & Consultants • 1 hr
- Preparing High-Potential Employees for Leadership • 1 hr
- Supervisors Guide to Giving On-Target Directions, Helpful Feedback, & Constructive Criticism • 1 hr
- Supervisor's Role as Trainer & Coach • 6 hr

\*\*\*Courses for Managers and Supervisors only.

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours per trainee, excluding OSHA 10/30.